

# Social economic development: journey to excellence or road to nowhere?

 By [Reana Roussouw](#)

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The term 'best practice' is fast becoming one of those catchphrases that management seems to use in every second meeting. "We need to adhere to global best practice in safety...", "It is not considered best practice to do this...", "Environmental best practice asks of organisations to..." - and so the list goes on.

To *adhere* to industry best practice, one needs - first and foremost - to assume that there is an exact standard of measurement in place - a *benchmark* - to determine how you, as a company, are performing against the industry's target for what is considered 'best practice'. If not, how will you know?

## Standards not yet evolved

In the majority of industries such exact standards of measurement already exist. However, in some less 'mature' industries, these assessment standards have not yet evolved to a level where everybody who works in the industry is on the same page as to what the 'best practice' standards are. This is typically the case with socio economic development (SED).

Over the past few years, in the absence of recognised industry best practice standards, the SED industry has adopted numerous and widely varying implementation models. However, the ongoing global recession, among others, has forced companies to scrutinise these models and ask whether they truly set standards that ensure *effective* SED efforts.

Further compounding the issue is a growing global social and environmental conscience. Companies no longer have the luxury of trial-and-error investments in the face of this onslaught on their sustainability and increasing global poverty.

## Narrowing focus

The narrowing focus on triple bottom-line and sustainability reporting has also put the quest for SED 'best practice' (for the lack of a better word) in the spotlight. The Global Reporting Initiative (GRI 3) requires companies to report on the impact of their social development efforts -- direct and indirect, intended and unintended, positive and negative.

It is *not* considered SED best practice to window-dress development projects. SED best practice should quantitatively and qualitatively show - against a distinct set of clearly defined indicators - that development efforts bring about a notable change (be it positive or negative) in the community.

The days of claiming 'best practice' by simply referring to anecdotal stories, pictures and unsubstantiated claims of

numbers are over. SED best practice is *not* the continuous donation of money simply because "we have to". SED best practice proves that a company's development efforts hypothetically ensure a licence to operate, improve its BEE rating, mitigate business risks and bring in x amount of money for the business.

### **"Out-of-the-box" tick-box approach**

SED best practice therefore requires an "out-of-the-box" tick-box approach, as the challenge is to find creative, customised solutions for the unique circumstances of every company while adhering to generally accepted standards or best practice principles.

- **SED must be *strategic***

First and foremost, SED best practice asks for an *integrated* approach. SED should be integrated with the entire business strategy of a company. It should not be a mere standalone department owing its existence to a company's need to indicate recognition of the social and environmental impact of its operations. It should not only exist to mitigate threats to the company's long-term success due to these impacts, either.

It means that SED projects must be part of an organisation's core business, operational and brand objectives and therefore these projects must be carefully selected to align with and support these objectives. The more integrated the SED project is with the organisation's core business, the more likely it is to succeed, as it will have true commitment at all levels.

For instance, if you are in the business of fashion retail, funding a chicken farm is not a strategically aligned SED initiative. But funding an organic cotton farm - where scarves, beanies and other cotton accessories are produced as part of a community-training project - *is* strategically aligned with core business.

Why? Because it means your company can leverage different resources, capabilities and competencies at its disposal, eg, skills, infrastructure and technology, and link these to enterprise development and ultimately the company's recruitment and procurement processes.

- **Way of life**

Resonating strategic SED through an organisation's core business, its operational and brand objectives, as stated above, requires commitment throughout the organisation at every level. The entire organisation needs to adopt a way of thinking where SED is considered in every business decision. Only then SED will live up to the principle of being *strategic* and render true value to all stakeholders.

- **Afford SED the importance it deserves**

To *live* successful SED throughout the organisation implies active leadership by the CEO, supported by specialist practitioners. These individuals are not merely staff who have a passion for upliftment and apply their general understanding of the industry and good management skills; they are highly knowledgeable individuals with a thorough understanding of sustainable development concepts.

- **Meaningful stakeholder engagement based on sound research**

Embarking on an SED project based on assumptions of community needs, and aimed only at compliance, is doomed from the start. It *cannot* achieve sustainable benefits for all parties involved - a basic best practice principle - as it wreaks of a one-sided affair with only the benefit of limited parties at heart.

SED best practice is based on an in-depth assessment of community and company needs and on a *modus operandi*

of consultation with all stakeholders.

Finally, even if you embark on a project based on these principles, you need to obtain all-round buy-in from and participative management by all parties involved to ensure long-term success and sustainability.

- **Establish worthy partnerships**

Strategic SED also establishes collaborative partnerships with other trusts or organisations. If the organic cotton scarves-project partners with a paper company to produce recycled packaging, it will *further* add to the strategic nature of the project.

If these products in turn, are creatively packaged, marketed to an increasing number of socially minded customers, and then sold as a funky brand in-store, the project is a winning recipe. It ticks all the boxes of sustainable SED best practice - it provides capital, teaches skills, builds capacity, facilitates access to markets, completing 'the full circle'.

- **Claim a licence to operate**

The cotton scarves-project, in addition, builds the company's brand and advocates its social conscience in-store by tapping into the hearts and minds of its consumers, providing them with opportunities to facilitate ethical consumer buying and spending, while at the same time raising awareness and consciousness about the importance of sustainable socio economic development.

Finally, the progress, impact and return of the project must be monitored year-on-year, evaluated and assessed to ensure that the SED department can substantiate the claims it makes and report on these claims without window dressing.

- **Long-term commitment**

It is important to note, however, that you can in theory 'comply' with all these principles, but in reality, the true impact and return of your programme on the community and the business, can be negligible if you do not 'complete the circle'.

In most instances, this requires companies' on-going, long-term financial commitment and meticulous resource planning as it is clear that true 'best practice' SED projects require much more than financial quick-fixes.

## **SED - the future**

It is an exciting, yet daunting time for the SED industry.

I firmly believe that the industry is at a crossroads. The need for more effective SED models and an intensified quest for global best practice are forcing funders and practitioners to critically assess the successes and failures of the past to arrive at a new baseline: are their SED efforts on a road to nowhere, or are they following the journey to excellence in socio-economic development?

## **ABOUT REANA ROUSSOUW**

Reana Rossouw is the owner of Next Generation Consultants <https://nextgeneration.co.za/>, a management consulting firm. She is regarded one of South Africa's leading experts in impact management and measurement, social and impact investment, socio economic and sustainable development. Contact her on tel +27 (0)83 4400654, email [rossouw@nextgeneration.co.za](mailto:rossouw@nextgeneration.co.za) and connect with her on LinkedIn.

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