

**MASTER CLASS 2018**

**A Collaborative Approach to Project  
Community Risk Management**

**Andrew Modise**

**Fuligystix (Pty) Ltd**

**andrew.modise@fuligystix.co.za**



# MODULE 1

## UNDERSTANDING THE PROJECT CONTEXT



# CONTENTS

## **Situational Analysis (PESTELS)**

- Political
- Economic
- Social
- Technological
- Environmental
- Legal
- Structural

# SOCIAL RISK

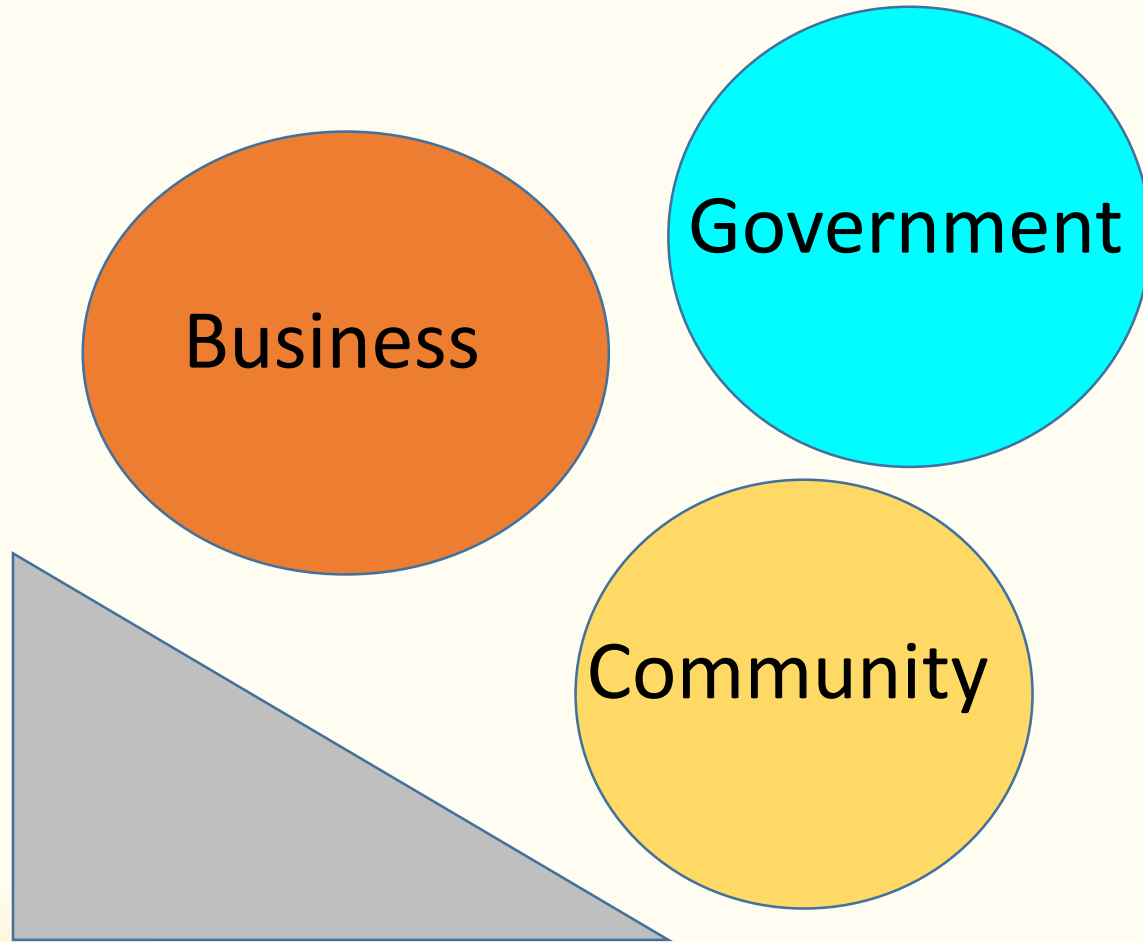
- Global Risks Report 2018 (World Economic Forum)
  - ✓ social instability and unemployment or under-employment are real risks to be watched
- Risk Report 2018 (IRMSA)
  - ✓ structurally high unemployment/under-employment is the number one risk out of the top 10 country risks, both in terms of likelihood and impact
  - ✓ SA is least prepared to deal with this risk

# SETTING THE SCENE...

- National Development Plan
  - ✓ poverty
  - ✓ inequality
  - ✓ unemployment
  - ✓ challenges eliminated or reduced by 2030
- Dysfunctional local municipalities – role substitution

*...from a “revolution of rising expectations” to a “revolution of rising sensitivities” (Charles Sykes)*

# TRIPARTITE DISEQUILIBRIUM...



- “Wet duck” syndrome
- Role confusion/denial
- Unrealistic expectations
- Power dynamics
- Lack of trust

# PROJECT CONTEXT (1)

- All projects take place within a specific situation
  - ✓ internal environment
  - ✓ external environment
- Understand the internal environment
  - ✓ project deadline vs social engagement
  - ✓ profit vs sustainability
  - ✓ business risk vs social risk

# PROJECT CONTEXT (2)

- Understand the external environment
  - ✓ identify the barriers for effective project execution and completion – eg politics, social demands
  - ✓ identify the project enablers – eg local collaboration
  - ✓ determine the impact of the project on the community
  - ✓ impact on the company's brand and reputation
  - ✓ future business for the company in the same area
- PESTELS analysis – useful tool for situational analysis



# 1. POLITICAL FACTORS

- Ruling Party – policies, impact and service delivery
- Perceptions and reality of corruption
- Intra-political rivalry
- Inter-political rivalry
- Emerging debates, eg land
- Election term and decision-making – impact on project timelines

## 2. ECONOMIC FACTORS

- Employment
  - ✓ local labour bias and how it will be absorbed
  - ✓ expectations – local labour rates and future projects
- Unemployed – skills development and stipends
- Procurement
  - ✓ “set asides” for local business
  - ✓ enterprise and supplier development
  - ✓ expectations – rates for goods and services

### 3. SOCIAL FACTORS

- Values of the community – social cohesion and religion
- Demographics – affect dominant/emerging culture
- Education
  - ✓ pass rate, employment and further studies
  - ✓ early childhood development support
- Health – state of health facilities
- Work centers – impact of distance from home to work

## 4. TECHNOLOGICAL FACTORS (COMMUNICATION)

- Demographics and level of education
- Affordable smartphones and data
  - ✓ proliferation of relatively inexpensive smartphones
  - ✓ cheap and quick communication – easier information sharing and group mobilisation
- “Community information networks” – stokvels and funerals

# 5. ENVIRONMENTAL FACTORS

- Pollution - project impact
  - ✓ waste management
  - ✓ dust and noise
- Improved infrastructure
  - ✓ safety and distance impacts
- Impact on local space
  - ✓ communal food gardens
  - ✓ informal playground

## 6. LEGAL FACTORS

- Respect for the rule of law
  - ✓ payment for municipal services
  - ✓ “self-made” supporting infrastructure – eg road humps
  - ✓ application for community protests
- Responsiveness of law enforcement agencies
  - ✓ SAPS - “Post-Marikana” consequences
  - ✓ “community justice system”

# 7. STRUCTURAL FACTORS

- Identify local community/business structures
  - ✓ when were they established?
  - ✓ who are the formal and informal leaders?
  - ✓ what's their main agenda?
  - ✓ who are the members and what's their loyalty?
  - ✓ Constitution, Disciplinary Code?
  - ✓ Regular meetings?
- Umbrella and rival organisations?

# DISCUSSION

As the Project Manager (PM) of ZK Construction, you have been meeting with Motsamai, a community leader, on a monthly basis for the last three months to update him on the progress of the road maintenance project.

On Monday morning, you receive a call from the foreman that a group of community members have stopped the project. They want to know why the PM has been meeting with Motsamai who is not representing any organisation.





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