

MODULE 2

THE LEGITIMACY OF THE LOCAL COMMUNITY AS A STAKEHOLDER



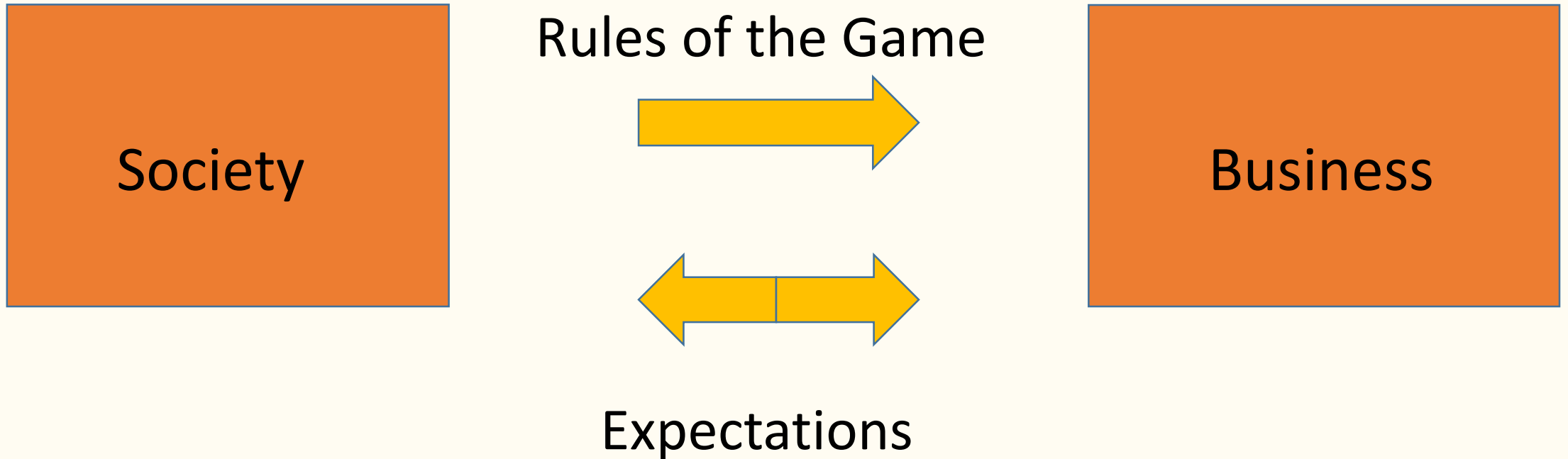
CONTENTS

- Socio-Political Environment
- Social Contract
- The Community as a Stakeholder

SOCIO-POLITICAL ENVIRONMENT

- The socio-political environment is constantly changing
- Factors
 - ✓ “democratic dividend” – expectations not realised
 - ✓ social values – quest for dignity and better life
 - ✓ demographics – expectations of “millennials”
 - ✓ radical economic transformation (RET)
 - ✓ decolonisation and “free” education
 - ✓ land expropriation without compensation

SOCIAL CONTRACT (1)



SOCIAL CONTRACT (2)

- “Today it is clear that the terms of the contract between society and business are, in fact, changing in substantial and important ways. Business is being asked to assume broader responsibilities to society than ever before, and to serve a wider range of human values....Inasmuch as business exists to serve society, its future will depend on the quality of management’s response to the changing expectations of the public”

(The New Social Contract, Business Week, July 3, 1971)

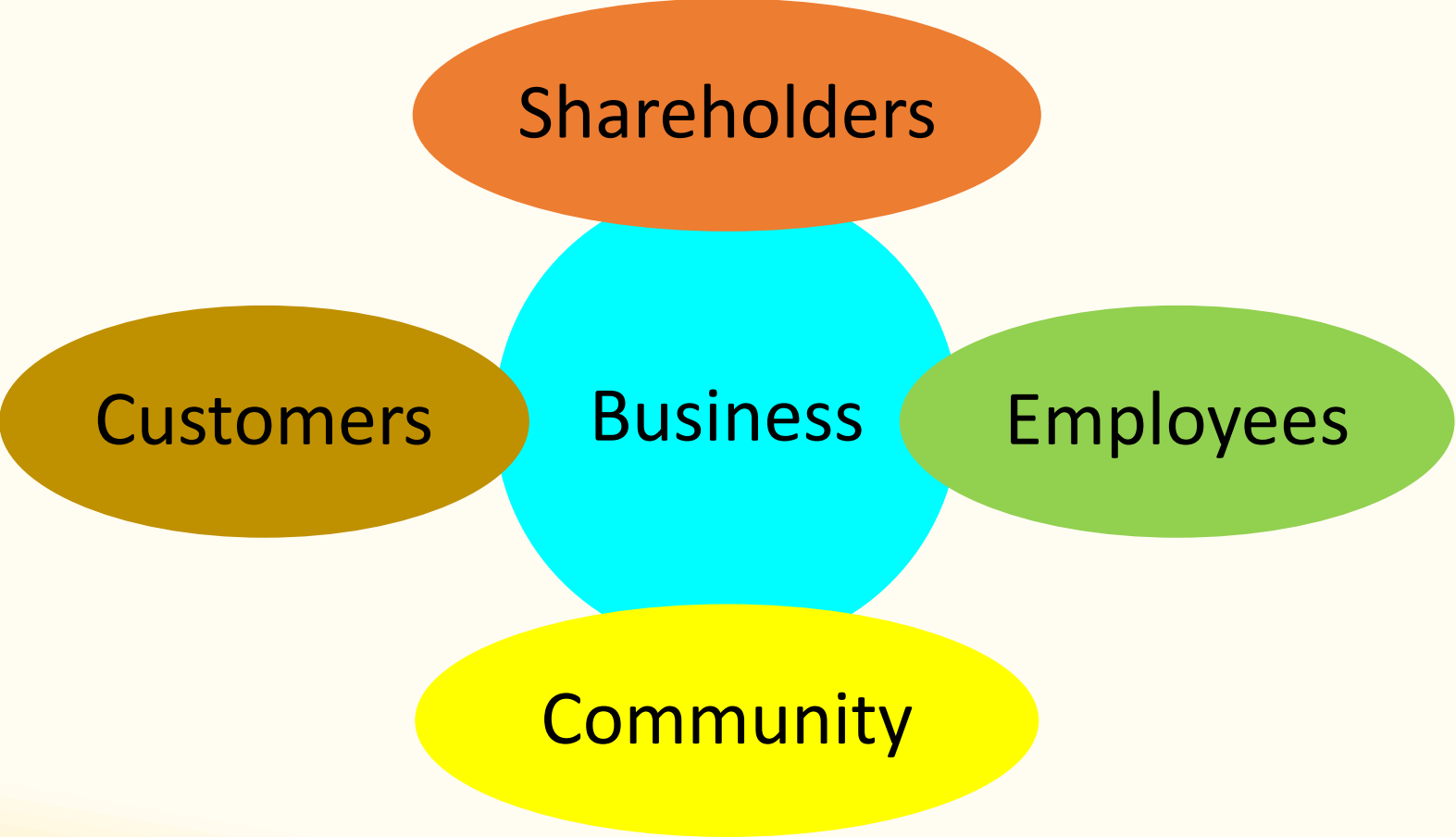
THE COMMUNITY AS A STAKEHOLDER (1)

- Stake – an interest or share in an activity or enterprise
- Types of stakes
 - ✓ an interest
 - ✓ a right – legal, moral
 - ✓ ownership

THE COMMUNITY AS A STAKEHOLDER (2)

- Stakeholder – affected by and can affect the company's....
 - ✓ objectives
 - ✓ actions
 - ✓ decisions
 - ✓ policies
 - ✓ practices

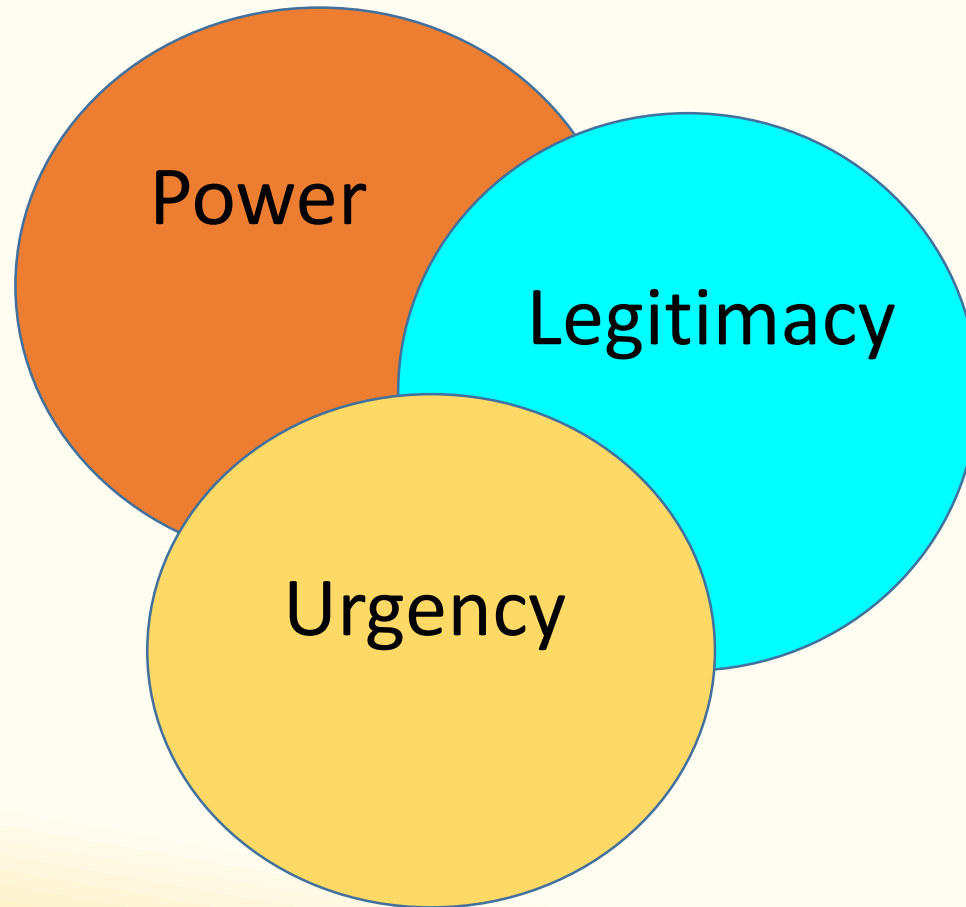
THE COMMUNITY AS A STAKEHOLDER (3)



THE COMMUNITY AS A STAKEHOLDER (4)

| Primary Stakeholders | Secondary Stakeholders |
|--|---|
| <ul style="list-style-type: none">• Shareholders• Managers and employees• Customers• Local communities• Suppliers• Government | <ul style="list-style-type: none">• Industry associations• Media• Political commentators• Competitors• Social pressure groups• Academic institutions |

THE COMMUNITY AS A STAKEHOLDER (5)



Legitimacy

- validity of claim

Power

- ability to produce an effect

Urgency

- call for immediate response

THE COMMUNITY AS A STAKEHOLDER (6)

- Community buy-in and actions can impact project....
 - ✓ implementation
 - ✓ cost
 - ✓ timelines
 - ✓ safety
 - ✓ compliance to regulations and standards
 - ✓ objectives
- Seek opportunities for collaboration

DISCUSSION

During the project planning meeting intended to look at the resource requirements, there is a long debate on whether or not to make budget provision for the position of a Community Liaison Officer (CLO).

The Project Sponsor turns to the Accountant and asks if its necessary to budget for a CLO given the tight budget. Jacques, the PM, is sitting next to the Accountant. What should Jacques do?



FULIGYSTIX