A COLLABORATIVE APPROACH TO PROJECT COMMUNITY RISK MANAGEMENT

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MODULE 1

UNDERSTANDING THE PROJECT CONTEXT

CONTENTS

Situational Analysis (PESTELS)

- **P**olitical
- **E**conomic
- **S**ocial
- **T**echnological
- **E**nvironmental
- **L**egal
- **S**tructural

Risk Report 2020 (IRMSA) – Top Country Risks

- Sparseness of unified and ethical leadership
- Continuing private and public governance failures
- Failure to root out deeply entrenched corruption
- Ill-conceived land reform policy
- Extreme weather events and climate change
- Insufficient electricity / energy
- Disruptive technologies
- Failure / delay to implement economic reform

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

Business

Government

Community

- Role confusion/denial
- Unrealistic expectations
- Power dynamics
- Lack of trust

Project Context

- 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
- 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

Key Factors

Political Factors

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

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

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

Technological Factors

- 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

Key Factors

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

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"

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.

MODULE 2

THE LEGITIMACY OF THE LOCAL COMMUNITY AS A STAKEHOLDER

CONTENTS

1 Socio-Political Environment

2 Social Contract

3 The Community as a Stakeholder

Constantly Changing Socio – Political Environment

"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

"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

2

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

3

- Business
  - Customers
  - Shareholders
  - Community
  - Employee

THE COMMUNITY AS A STAKEHOLDER

4

- **Primary Stakeholders**

Shareholders, Managers and employees, Customers, Local communities, Suppliers, Government

- **Secondary Stakeholders**

Industry associations, Media, Political commentators, Competitors, Social pressure groups, Academic institutions

5

- **Legitimacy -** validity of claim
- **Power -** ability to produce an effect
- **Urgency -** call for immediate response

6

- Community buy-in and actions can impact project
- Cost and implementation 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?

MODULE 3

COMMUNITY ENGAGEMENT PROCESS

CONTENTS

1. Community Dynamics
2. Community Engagement
3. Community Engagement Process
4. Strategic Community Negotiations
5. Attributes of the Community Practitioner
6. Building an Effective Organisational Risk Culture

COMMUNITY DYNAMICS

- Representivity – community vs groups
- Fragmentation of groups
  - intra-group rivalry
  - inter-group rivalry
  - competition for resources
- Exploitation and manipulation of unemployed youth
- Legitimacy of leadership

EVOLUTION OF DEMANDS

Income imperative...

Employment → Sub-contracting → Core business

WHAT IS RISK?

- **Risk**
  - effect of uncertainty on company objectives
  - Variation of actual outcome from expected outcome
- **Risk management** – coordinated activities to direct and control an organisation with regard to risk
- **Strategic risk**
- **Operational risk**
- **Project risk**

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ELEMENTS OF RISK

- **Risk event** – what could happen
- **Impacts** – what impacts could it have
- **Causes** – how could it happen
- **Controls** – detect, prevent or reduce consequences
- **Level of risk** – severity and likelihood
- **Owners** – ownership of risks and controls

COMMUNITY RISK

- Set of risks posed by the community to a project
  - project objectives
  - safety of personnel
  - compromise of asset protection
  - cost implications
  - business viability
  - future business
  - brand and reputational damage

COMMUNITY RISK ASSESSMENT

1. Risk Identification

- Situational analysis – foundation information
- What might affect the achievement of project objectives

2. Risk Analysis

- Causes of and risk controls
- Impacts and likelihood
- Levels of impacts

3. Risk Evaluation

- Understand risk to make decisions about future actions
- Preventative controls to treat relevant causes
- Mitigating controls to treat relevant impacts
- Rank and prioritise risks

COMMUNITY ENGAGEMENT

Community engagement – the process by which an organisation involves the community/public who may be affected by its decisions and actions

Capacity to engage – attitude, skills and institutional alignment

Cost of engagement – long process of managing often misaligned or conflicting objectives and expectations

Benefit of engagement – secure support and buy-in for mutually beneficial outcomes

COMMUNITY ENGAGEMENT

Key Considerations

- Search and identify those who will be affected
- Involve the community in actions that affect them
- Influence of decisions and actions – two-way process
- Seek community views on their participation
- Engage in good faith – transparency and facts
- Communicate and keep promises

Principles

- Proactive engagement
- Integrity - foundation
- Trust relationship
- Transparent and open communication
- Honesty in dealing with expectations
- Respect for human rights
- Accountability – behaviour and influence
- Deliver on promises
- Rule of law

Engagement Forum – PSC / PLC

- Terms of Reference
  - mandate
  - participants
  - meetings
  - scope
  - communication
  - governance
  - engagement support
- Code of Conduct

COMMUNITY ENGAGEMENT PROCESS
Objectives
Identify
Analyse
Engagement Plan
Review Roll- out
Monitor and Measure

STAKEHOLDER MAP
Power
Keep Satisfied
Manage Closely
Keep Informed
Contain
Influence

COMMUNITY ENGAGEMENT PROCESS

- Engagement plan
  - stakeholder
  - objective
  - key messages
  - method of engagement
  - stakeholder and company interests
  - desired outcome
  - timeline
  - responsible
- Review roll-out
  - assess how plan is being implemented
- Monitor and measure
  - monitor engagement process
  - develop appropriate measures

STRATEGIC COMMUNITY NEGOTIATIONS

- Identify the leaders, it's difficult to negotiate with a crowd
- Select a safe and conducive environment – assess all threats
- Determine the "negotiations capacity" of the leaders
- Avoid the trap of confusing the interests of leaders with the interests of the community
- Balance between short-term cost vs long-term gain
- Clear agenda and focus on the real issues

ATTRIBUTES OF THE COMMUNITY PRACTITIONER

- Understand the local community dynamics
- Ability to communicate clearly
- Advanced listening skills
- High level of patience
- Capacity to manage disorder and willingness to debrief
- Manage conflicting roles – company vs community
- Deliver on your promises!!

COMMUNITY LIAISON OFFICER

- Engagement forum – consultation and endorsement
- Compile clear job description and KPIs
- Manage recruitment process
- Avoid "political creep"
- Commit to Code of Ethics
- "Bridge" between project and stakeholders
- Personal safety during protests

BUILDING AN EFFECTIVE ORGANISATIONAL RISK CULTURE

- Organisational risk culture – informs attitude and approach towards community risk
- Risk culture
  - company values
  - leadership involvement
  - views about the community as a stakeholder
- Community risk is business risk
- Collaboration yields sustainable results!!

DISCUSSION

The PM, Jacques, receives a call from the local police Station Commander that a group of protesters have stopped the project and demand to speak to him. Jacques shouts at the Station Commander, "Do your job, why don't you arrest those hooligans!!"

What should Jacques do?

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