International Journal of Scientific Research and Engineering Development-– Volume 2 Issue 5, Sep – Oct 2019

Available at www.ijsred.com

RESEARCH ARTICLE OPEN ACCESS

Corporate and Community Sector Open Immersion Approach in Africa

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Abstract

Studies have shown that corporate community initiatives are important for creating neighborhood relationships and extending corporate influence in the wider community. This article seeks to highlight a number of initiatives in which corporations can implement corporate community initiatives through the use of stakeholder theory and social capital. The article further discusses the management implications of each initiative discussed in this paper and seeks to highlight how corporations can improve corporate community involvement in Malawi. The literature on CCI can be separated into three major streams. The first stream stresses on the motives of CCI,the second research stream concentrates on the consequences of CCI activities and the third and the mostly widely studied stream consists of research that conceptualizes the different kinds of implementation and governing strategy of CCI.

Keywords Corporate social responsibility, Stakeholder theory. Social capital, Social network. Community

Introduction

Stakeholder Theory and Corporation Behavior

The idea of corporate community involvement (CCI) recognizes that business corporations serve the community that represents a differentcluster of stakeholders (i.e. individuals and organizations), who live and exist within the large coverage boundary (in which the business operates) and are embedded in complex network structures and cultural systems, such as families, associations and interest groups. CCI activity is concerned with the implementation of any corporate social initiatives to support these stakeholders who live within the community in which the business operates ('community stakeholder' thereafter), focusing on demonstrating the corporation's commitment to socially responsible acts. Although the existing studies usually imply that CCI is more in link with corporate philanthropy than business strategy other studies indicate that corporations have been using CCI to gain strategic benefits, such as reputation enhancement and strengthening of corporate–community relationships. In this section, we attempt to evaluate the managerial motives of corporations' CCI activities using this three-pronged framework.

Briefly, under the descriptive model of corporate behavior, manager's attempts to use CCI to explain the nature of the company and establish a specific organizational identity that reflects the concerns of the community stakeholders. Under the instrumental model of corporate behavior, manager'seffort to use CCI to attain the desired business objectives and generate a competitive gain within the communal stakeholder network environment. Under the normative model of corporate behavior, managers attempt to use CCI to attend to the benefits of all the community stakeholders on the basis on the underlying moral principles, and also to balance their conflicting interests to promote community solidity.

Descriptive Model: Formatting the Organizational Identity

Brenner and Cochran (1991) suggest that corporate behavior will be influenced by its stakeholders' values regarding how organizations should behave, because organizations have reciprocal contractual rights and duties with them. When managing CCI activities from this perspective, managers focus on identifying whom the community stakeholders are, their claims on the corporation, and how the social initiatives propose to address these claims to act in accordance with their shared perceptions and express the specific corporate value that is highly weighted by the community stakeholders. This approach permeates the corporation's thinking and practices, and is dictated by the community stakeholders' interests and how these evolve over time. More specifically, there is symmetry between the nature of the organization and the shared perceptions held by its community stakeholder group. Organizational identity can be considered as a collective value that best describes what the corporation is, because it informs how and why corporations relate to their stakeholders in the ways in which they do.

Instrumental Model: Creating Competitive Advantage

Instrumental stakeholder theory attempts to explore the relationship between a corporation's business performance and its stakeholder management (Jones 1995). Gilbert and Rasche (2008) suggest that instrumental stakeholder theory seeks to establish whether it is beneficial for an organization to engage with its stakeholders. In this sense, if a corporation continuingly invests in certain community-based social initiatives (i.e. donations), in return, its community stakeholders will allow it to continue to access certain resources from the community network that are critical to its operation (license of operation). Jones (1995, p. 423) refers to this social contract as 'a metaphor for the relationship between the corporations and its various stakeholders group', which includes informal agreements between the parties to the relationship. Corporations do not always try to develop contractual relationships with their community stakeholders, which represents a missed opportunity to generate competitive advantage based on efficiency by reducing agency, transaction and free-rider costs. In competitive settings, a corporation that has better relationships with its community stakeholder network is able to outperform its competitors.

Thus, we argue that, when the dominant model of corporation behavior is instrumental, the corporation will attempt to focus on creating competitive advantage when designing its CCI activities.

Normative Model: Balancing Community Interests

Normative stakeholder theory, the last aspect of the stakeholder typology, encapsulates three aspects of stakeholder theory (descriptive, instrumental and normative), whereby managers ought to view the interests of the stakeholders as having intrinsic worth and so pursue the interests of multiple stakeholders. More specifically, normative stakeholder theory concerns how managers should deal with corporate stakeholders by acknowledging the validity of diverse stakeholder interests and attempting to respond to all their legitimate interests within a mutually supportive framework on the basis of certain underlying moral principles. In a sense, managers need to accommodate all the stakeholders' concerns and deal with them simultaneously according to moral principles. The reason for a corporation to engage in certain activities (i.e. give something back to the community) is because it is the right thing to do. Managers should take action based on the benefits of the communal stakeholders who may not necessarily be in immediate interest of the corporation's business success. Despite this clear focus on what managers should do under the normative motive, it is nevertheless not always possible to attend to all the stakeholders' interests simultaneously, due to the conflict and dissension between different stakeholders' 'opinions' about the social roles of the corporation, as well as the restriction of the availability of corporation's resources, so managers must make difficult choices to prioritize various stakeholder claims at different points in time and in different situations. Researchers refer to this attempt as 'balancing stakeholder interest' Reynolds et al. note in their article that 'balancing stakeholder interests in a process of assessing, weighing and addressing the competing claims' among stakeholders, which 'ultimately includes behavior that brings some kind of resolution to conflicting stakeholder needs or requests' Thus, we argue that corporations' motivations in managing their CCI activities in a way that will balance the community interests represent a normative desire to treat all stakeholders equally.

CCI Activities and the Creation of Social Capital

The definitions of social capital vary. From the perspective of the relationship, Bourdieu (1986), in his classic article, 'The Forms of Capital', describes how capital (depending on its field and function) presents itself in different forms and can be converted (under certain conditions) from one form into another, while 'social capital' is made up of connections of networks that actors can draw upon as resources. From the perspective of collective bonding, Coleman (1994) defines social capital by its function as an aspect of social structure that facilitates certain actions of the individuals within the structure, while Putnam (1995) refers to social capital as the networks, norms and social trust (the features of social organization) that enableorganization and collaboration for shared benefit. Adler and Kwon (2002), in their seminal article, encompass both of these perspectives, as well as the broader senses of the forms of capital, to define social capital as 'the goodwill' and can affect access to information, influence attitudes and produce solidarity among the network actors. In this sense, a corporation's CCI activities can be considered as an act of developing its social capital.

Organizational Awareness

The motive for CCI in a descriptive model of corporation behavior is to create a positive organizational identity, whereas the structural dimension of social capital is developed through the creation of contacts amongst the organization and its community stakeholders. If combined, these conditions would produce a specific strategic direction of 'organizational awareness', which emphasizes the creation of a positive organization identity and the need to ensure that the community stakeholders are fully aware of it. More specifically, the corporate managers seek to differentiate their corporation from others by explaining to the community stakeholders the nature of the corporation in a positive way, to develop connections with them. In this situation, the corporate managers attempt to construct a desirable organizational identity by designing the corporation's CCI activities in such a way that can help to describe what the corporation is and, at the same time, enable them to distribute the message to the community stakeholders and generate referrals. The goal of the corporate managers is to generate as much public awareness as possible about the corporation's positive organizational identity through engaging in CCI activities without creating a negative community perception that the corporation is over-commercializing its social efforts within the community. This throws into question the corporation's overall motive regarding CCI investment. With good communication competence, a corporation is able to raise the awareness of its positive organizational identity through its CCI activities.

Organizational Accountability

Using the descriptive model of corporation behavior to develop the relational dimension of social capital, the corporation aims to obtain 'organizational accountability' through its CCI initiatives. To demonstrate accountability, Schedler (1999) suggests that A is responsible to B as soon as A is pleased to notify B about A's actions (past or future) and choices, to defend them, and to suffer penalty in the case of ultimatewrongdoing. Thisconceptcanbeappliedtoalargeaudience (i.e. the community stakeholders) to enable the corporation to developtrustamongthataudiencethroughengaginginaCCI activity that is perceived as 'accountable'. The corporate managers will design a CCI activity to gain trust as part of social reporting for the determination of informing and justifying its business activities and its social and ecological decisions with regard to the community. Burke (1999) suggests that, by developing a trusting relationship with the corporation, the individual stakeholder (community stakeholder) will respect and comply with the corporation's rules, regulations and procedures. In other words, as the corporation gains trust among its community stakeholders, it will find it easier to influence the rules, regulations and procedures that are favorable to its operations and develop a competitive advantage. A key component in the development of trust is to lessen the degree of uncertainty. In order for a trustee to earn a trustor's trust, the trustee must be known for displaying acceptable behavior by the trustor. The more predictable the trustee'sconduct, the lower risk the trustor will face regarding working with the trustee. These CCI activitieshelp to decrease the uncertainty that the community stakeholders may feel regarding the corporation's operations, and enhance the trust that the community stakeholders have with regard to the corporation.

Network Accessibility

In the instrumental model of corporation behavior—the structural dimension of social capital situation—the strategic direction is 'network accessibility'. The development of the structural dimension of social capital enhances the corporation's ability to reach and access a large number of local connections. When the corporate managers design and manage CCI by developing access to local connections under the instrumental model of corporate behavior, the strategic intention is to enhance the corporation's accessibility to community-based resources through interacting with a large number of community stakeholders and influencing their behaviors to obtain information or resources that favor the corporation's operations. In some extreme cases, these connections may influence the local legislative and regulatory agenda in favor of corporations accessing the necessary information and resource. This idea of increasing the convenience of the access to community-based information and resources is especially helpful for a corporation that is planning international expansion.

Network Collaboration

A corporate manager who manages CCI according to the instrumental motive, to develop the cognitive dimension of social capital, is headed in the strategic direction of'network collaboration'. The CCI activity is designed to focus on establishing goal congruence between a company and its communal stakeholders regarding several important social issues in the community with the purpose of enhancing the collaboration among the community stakeholders in this network relationship. A corporation tends to try to avoid being the sole resource provider for its CCI-related investment by forming alliances with its community stakeholders. The corporation is usually the major employer in the area. Such CCI activity may help to enhance the degree of collaboration within the community network through the corporation's leadership in consolidating the community's resources. The competitive advantage of the corporation is derived from uniting the community stakeholders' social interests, leveraging the community relationships against new entries, and enhancing its bargaining power with activist groups.

Community Interaction

The strategic direction of the corporation, that it tries to accomplish according to the normative motive to develop the structural dimension of social wealth, is known as 'community interaction'. The corporation attempts to balance the community's interests by designing a CCI activity that will increase its reach and access to the community stakeholders and so better understand their concerns. To ease the increasingly intense and often conflicting demands of the different community stakeholder groups, the corporation needs to find a way to nourish these relationships and address their demands accordingly.

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