



EMERALD POINTS

# SOCIAL MANAGEMENT RESPONSIVENESS IN BUSINESS

CESAR SAENZ



# SOCIAL MANAGEMENT RESPONSIVENESS IN BUSINESS

This page intentionally left blank

# SOCIAL MANAGEMENT RESPONSIVENESS IN BUSINESS

BY

**CESAR SAENZ**  
*ESAN University, Peru*



United Kingdom – North America – Japan – India  
Malaysia – China

Emerald Publishing Limited  
Howard House, Wagon Lane, Bingley BD16 1WA, UK

First edition 2023

Copyright © 2023 Cesar Saenz.  
Published under exclusive licence by Emerald Publishing Limited.

**Reprints and permissions service**

Contact: [permissions@emeraldinsight.com](mailto:permissions@emeraldinsight.com)

No part of this book may be reproduced, stored in a retrieval system, transmitted in any form or by any means electronic, mechanical, photocopying, recording or otherwise without either the prior written permission of the publisher or a licence permitting restricted copying issued in the UK by The Copyright Licensing Agency and in the USA by The Copyright Clearance Center. Any opinions expressed in the chapters are those of the authors. Whilst Emerald makes every effort to ensure the quality and accuracy of its content, Emerald makes no representation implied or otherwise, as to the chapters' suitability and application and disclaims any warranties, express or implied, to their use.

**British Library Cataloguing in Publication Data**

A catalogue record for this book is available from the British Library

ISBN: 978-1-83753-015-1 (Print)  
ISBN: 978-1-83753-014-4 (Online)  
ISBN: 978-1-83753-016-8 (Epub)



**ISOQAR**  
REGISTERED

Certificate Number 1985  
ISO 14001

ISOQAR certified  
Management System,  
awarded to Emerald  
for adherence to  
Environmental  
standard  
ISO 14001:2004.



INVESTOR IN PEOPLE

*Dedicated for*

my children who always fight to achieve their dreams;  
my wife who always supported me in my dreams;  
my parents who tried hard to educate me;  
my sisters who encouraged me to continue.

This page intentionally left blank

# CONTENTS

<i>About the Author</i>	ix
Introduction	1
1. Corporate Social Management Canvas	5
2. Defining Community	23
3. Social Value Proposition	35
4. Social Channels	45
5. Relationship With the Community	57
6. Key Social Resources	65
7. Key Social Activities	77
8. Key Partners	89
9. Social Investment Structure	99
10. Social Benefits	111
<b>Part I: Applying the Canvas for the Analysis and Transformation of Social Conflicts</b>	
Case Study: Chevron Nigeria Case	125
Case Study: Quellaveco Project	135
Case Study: The Tintaya Copper Mine	143
<b>Part II: Applying the Canvas in the Design of Social Management</b>	
Case: Mining Company in Peru	155
Case Study: Electric Generation	161
Case: Hydroelectric Power Plant in the Philippines	165
Case Study: Mines and Wines, Xstrata Coal Beltana Mine	171

This page intentionally left blank

## ABOUT THE AUTHOR

**Cesar Saenz** is a Researcher and Consultant in Social Management in the extractive industry. He also is a Professor of the Department of Administration at ESAN University. He holds a PhD from ESADE and an MBA from ESAN University, and a student exchange program in Rotterdam School of Management, Erasmus University of Holland. He is the author of the two books: *Return on Investment in Corporate Responsibility: Measuring the Social, Economic, and Environmental Value of Sustainable Business*, Emerald Publishing (2018), and *Creating Shared Value to Get Social License to Operate in the Extractive Industry. A Framework for Managing and Achieving the Social License to Operate*, Emerald Publishing (2021). Cesar has also published many articles related to Social License to Operate in the mining industry.

This page intentionally left blank

# INTRODUCTION

The extractive industry is very complex and controversial because, on the one hand, it generates benefits for the extractive companies and the economies of the host countries. However, on the other hand, it generates environmental pollution, social conflicts, and very little development in the communities near its operations. However, in this learning process, companies are making significant progress in the company-community relationship that allows them to generate trust and achieve community development.

Like any other industry, the extractive industry needs to work in a predictable environment, and a central component to achieving this certainty is the social aspect, that is, to achieve and maintain good relations with the communities near its operations. Achieving this certainty requires adequate social management that allows the company to operate with peace of mind and achieve its business objectives.

Therefore, knowing the main elements of adequate social management to maintain a good relationship with the communities is relevant in the business management of the extractive sector. These elements of social management should allow companies to analyze the current situation of their relationship with communities, detect weaknesses, and design improvements in social management to achieve the social license to operate.

The book presents the social management canvas in the extractive industry, which aims to determine the company's social management level of response. In other words, if the company has constant conflicts with the communities, the social management canvas will determine which elements of social management must be improved to achieve an understanding of the communities. On the other hand, if the company wishes to design its social management strategy, the canvas will allow it to analyze the elements and the level of response of each of them to achieve an optimal social response and gain the communities' trust.

The Canvas allows the analysis of social management of the company graphically, on a single page, where all the elements of social management and their interrelationships are shown. This permanent analysis will allow you to

achieve a high level of social management response and maintain the trust of your communities.

The social management canvas has nine elements: Defining the community, the Social Value Proposition, Social Channels, Community Relationships, Key Social Resources, Key Social Activities, Key Partners, Social Investment Structure, and Social Benefits.

In order to present the canvas and its applications, the book is divided into two main parts; the first part refers to the theoretical part of the social management Canvas where the response levels of each element of the canvas are defined, and the second part refers to the application of the canvas in real cases of social conflicts and the design of corporate social management.

The first part is made up of the following chapters: *Chapter 1* describes the importance of Corporate Social Management in the extractive industry, presents the social management canvas, as well as the degree of response of social management and finally presents examples of the application of the canvas in the design of social management and the analysis and transformation of social conflicts. *Chapter 2* presents the element “Defining the Community,” where the company has established the community it will work with to achieve its development, then describes how the company determines the communities inside and outside the area of influence, and finally describes the risks that arise when the company defines its community and leaves aside other communities close to its area of influence. *Chapter 3* presents the “Social Value Proposition” element through the various strategic options that the company can assume in its relationship with the community. These strategies can be business-oriented, compliance, paternalistic, sustainable, or multi-actor. *Chapter 4* describes the “Social Channels” element, highlighting the importance of citizen participation and communication channels between the company and the communities, which can be legalistic, closed bi-directional, open bi-directional, and open macro bi-directional. *Chapter 5* presents the element “Relationship With the Community,” which is evaluated by way of managing social projects, and presents the different types of management with the community, from management oriented to the company, co-management between the company and the community, and the strategy called community management. *Chapter 6* presents the element “Key Social Resources,” that is, the various resources that the company can use to contribute to the development of the communities. These resources can be internal and external. The internal resources can be corporate governance, code of conduct, sustainability strategies, shared value strategies, indigenous peoples policies, community relations policies, and social funds. In contrast, the external resources that the company can use can be framework agreements with

communities, local development plans, national standards and international standards of behavior. *Chapter 7* presents the “Key Social Activities” element, i.e., the company’s activities to implement the social value proposition; these activities can be failures – corrective, preventive, and proactive. *Chapter 8* presents the “Key Partners” element and its importance in achieving community development and the types of partnerships that the company can choose to implement its social projects. *Chapter 9* presents the element “Social Investment Structure,” where the concept of social investment and its evolution over time is defined, the various sources of financing for social investment. Finally, the importance of integrating private social investment with government development plans is described. *Chapter 10* presents the element “Social Benefits,” where the concept of shared value in extractive companies is presented, the materiality of the extractive sector’s relevant issues, and the use of shared value strategies are analyzed. Finally, according to the shared value strategy used, the degree of social benefits is described.

The second part of the book emphasizes the application of the canvas in two critical topics of social management with communities. The first is the application of the canvas in the analysis of social conflicts in the extractive sector, where the application of the canvas is presented in two moments, before and after the conflict, that is, the level of response of the social management before and after the conflict will be known. It will be possible to appreciate how the company has improved its social management on some canvas elements. For this purpose, case studies of the mining sector and the oil industry are presented. The second application of the canvas is made in the design of social management, where the company defines the level of response of each element of the social management of the canvas, depending on its context and its thinking about how it should be the relations with the communities to achieve the social license to operate. To achieve this, case studies are presented.

This page intentionally left blank

# CORPORATE SOCIAL MANAGEMENT CANVAS

## 1. DESCRIBE THE IMPORTANCE OF CORPORATE SOCIAL MANAGEMENT

The objective of extractive companies is to create value for all their stakeholders. The relationship with the communities is vital to starting a project or continuing operating, so corporate social management is vital in the extractive business.

Achieving community acceptance and approval of extractive projects has become an element of permanent study by academia and company executives. In addition, having the social license to operate allows company executives to focus on the business, giving them more freedom to continue generating value for their shareholders.

The extractive business is long term, so the relationship with the communities is dynamic; that is, there will be moments of acceptance of projects and moments of rejection of extractive projects, so companies must manage to prevent social conflicts, take care of this relationship with the communities, and seek the best way to manage their relationship with them.

A corporate company operates in different countries, with different cultures, languages, and regulations, so each extractive project has different characteristics and contexts. Consequently, no single corporate social strategy can be replicated in all the company's operations, so it is essential to properly design the corporate social management considering the different variables and contexts of each place of operation.

Every time the company needs to make an economic investment, it must think about the environmental and social impacts generated, so it must

adequately design a social value proposition that allows it to gain the trust of its communities.

Having adequate corporate social management that generates acceptance from the communities favors the company in the short and long term. In the short term, the company will operate without the risk of stoppages due to road blockades or social conflicts and will have a more stable environment that allows it to plan its business properly. In the long term, the corporation will increase its reputation and have more possibilities to open new projects in different parts of the world. Likewise, an excellent corporate reputation allows it to attract investors to carry out new projects.

Maintaining a good relationship with communities is good business for companies. However, achieving this is a long and continuous learning process that requires strategic thinking that considers communities as unique stakeholders, i.e., there must be a balance between the development of the company and the development of communities. This strategic balance will allow the company to have an accurate picture of the extractive business and generate all the necessary conditions and tools to prevent social conflicts and generate social value while operating the business.

The objective is then to get the communities to see the company as a good neighbor and consider the company's presence as necessary for the development of the community. Receiving the continuous support of the communities and their authorities is the result of a good corporate social management.

Corporate social management is defined as the set of activities required to achieve and maintain a good relationship with the communities, achieve the development of both the company and the communities, and thus gain acceptance and approval of the company's economic and social projects.

## 2. THE CANVAS OF CORPORATE SOCIAL MANAGEMENT IN THE EXTRACTIVE SECTOR

The origin of the Corporate Social Management Canvas is rooted in the Business Model Canvas (BMC) created by Alex Osterwalder (2010), a tool that allows companies to design and improve their business model. This business model has new components: Customer segment, value proposition, channels, customer relationship, essential resources, key activities, partners, cost structure, and revenues. Since its creation, applications of the BMC have emerged for other specific management fields, such as marketing and business sustainability.

Since corporate social management in the extractive sector implies activities to get the approval of community, the BMC has had to be adapted to create the Canvas of corporate social management.

Corporate social management involves defining the communities impacted by the company's operations, so a social value proposition must be designed to be attractive to the communities and achieve their acceptance. Likewise, communication channels are needed to inform the communities and gather their concerns and aspirations, and then jointly manage the implementation of this social value proposition with the communities. For this implementation, it is necessary to use the internal and external resources of the company to carry out vital social activities and find partners who can support social investment. Finally, it is necessary to define the amount of society that can provide funds to implement the social value proposition to achieve the expected social benefits. Fig. 1 presents the Canvas of corporate social management.

The Canvas of corporate social management describes nine necessary components of corporate social management in the extractive sector. These components are described below:

*Defining communities.* The company must define the impacted communities that will receive benefit from the company within a range of options. These communities can be communities within the company's area of influence, those beyond the area of influence, or the territory where the company is located.

*Social value proposition.* The company must offer a social proposal to obtain the support of the communities within a range of options: business-oriented strategy, compliance strategy, paternalistic strategy, and sustainable strategy.

*Social channels.* The company must generate communication channels with the communities to inform about its projects and receive their concerns within the following alternatives: legal, closed, open, and executive communication channels.

*Relationship with the communities.* The company must define the type of relationship it wants to have with the communities according to the following alternatives: management by the company, co-management between the company and the community, or community management.

*Key social resources.* The company must use the resources for the implementation of the value proposition. Resources can be internal and external.

*Key social activities.* The enterprise must perform social activities to inform and implement the social value proposition. These key social activities can be failed-corrective, preventive, and proactive.

*Key partners.* The company must seek partners to achieve community development and improve its social management, for which it can choose from the following alternatives: working without partners or obtaining partners from other sectors, such as the government and the private sector.

*Structure of social investment.* The company must consider the structure of the social investments that both the company and its partners contribute to implementing the value proposition.

*Social benefits.* The company must consider the social benefits to the various stakeholders generated by its social investment projects within the following alternatives: no social benefits, social benefits limited to the company's value chain, social benefits limited to improving the company's environment, and social benefits extended to the territory.

### 3. KNOWING THE DEGREE OF RESPONSE OF CORPORATE SOCIAL MANAGEMENT

When problems arise with communities, companies must identify which component of social management has weaknesses and redesign this component to improve the social management.

Knowing the degree of response of social management allows companies to know the weaknesses and strengths of each component of the social management, and then to design strategies to improve it.

Instructions for calculating the degree of responsiveness of corporate social management.

- (1) The values shown in [Fig. 1](#) should be considered. These values are: 0: very low, 1: low, 2: good, and 3: very good
- (2) It is recommended to heed the following order: 1. Defining the community, 2. value proposition, 3. social communication channel, 4. relationship with the community, 5. key social resources, 6. key social activities, 7. key partners, 8. social investment structure, and 9. social benefits.
- (3) Starting with the first element of the Canvas, defining the community: The company must define the communities it will work with to achieve community development. The value assigned to each community must be respected. For example:
  - If the company works only with the community within the area of influence, a value of 1 should be assigned to that element.