Towards a Framework for Integrating and Evaluating Corporate Social Investments in Extractive Sector Business Operations in Sub-Saharan Africa

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Abstract: This paper sets out to suggest a framework for integrating and evaluating extractive sector Corporate Social Investments (CSI) in the business operations of extractive firms in Sub-Saharan Africa. It designates CSI as voluntary programs that aim to enhance development opportunities for host countries and communities to extractive firms in the region. The underlying premise of this paper is that CSI interventions are often claimed to be developmental but there is neither a straight link between CSI and development nor guarantees that this can be achieved in ways considered just, balanced and sustainable. It, therefore, suggests that the extent to which CSI can deliver on development opportunities will depend on the way it is structured, effectively integrated into the business operations of firms and monitored for intended results. The bone of contention therefore is on how to determine development-oriented CSI. To address this concern, this paper develops the front and backend activities approach to integrating CSI in the business operation of firms and evaluating its developmental impact on the target communities. This framework builds on existing literature and the novel concepts of CSI applicability and CSI effectiveness. It also introduces the notion of results-based CSI. This is not only in terms of inputs and activities, but most importantly, in terms of outcomes and impact of CSI interventions.

Keywords: Corporate Social Investments, Corporate Social Responsibility, Sustainable Development, Extractive Sectors, development

I. INTRODUCTION

This paper advances a framework for evaluating extractive sector corporate social investments (CSI) in resource-rich communities in Sub-Saharan Africa. This proposition is being considered at a time when CSI is receiving greater emphasis as a fundamental theme in sustainable development and is fast becoming a trendy claim in the corporate culture of extractive firms working in sub-Saharan Africa. CSI is considered here as corporate community development activities aimed at maximizing value retention in resource extraction for host countries and communities to extractive firms. This definition will be revisited momentarily. Preliminary evidence shows some degree of CSI awareness among extractive firms operating in Sub-Saharan Africa (UNECA & AU, 2011). The CSI claims of these firms however have been heavily criticized as amateurish and passive (Gond and Moon, 2011). This study sets out to question the circumstances under which CSI can be considered an effective practice in the business operations of extractive firms in Sub-Saharan Africa. It aims to suggest a framework for monitoring effective extractive sector CSI policies and practices and evaluating them for results. Some methods of CSI integration have been suggested in the literature. This includes suggestions from the International Finance Corporation of the World Bank (IFC, 2010) as well as the Shared Value proposition by Porter and Kramer (2011). This study does not discard them. It builds on these ideas by advancing the novel concepts of CSI applicability and CSI effectiveness and incorporating the notion of results-based CSI as opposed to activity-based CSI. These all add up to advance the front and back-end activities CSI evaluation framework. By using this approach, multinational companies and development stakeholders in Sub-Saharan Africa will be able to standardize CSI practices and determine and reward effective CSI efforts against failing ones. This is not only in terms of CSI inputs and activities, but most importantly, in terms of outcomes and impact of social investments. The paper sets off by examining key background issues in this subject area. This includes situating CSI within the wider area of CSR as retained in this study. It examines the case for CSI integration and inherent weaknesses in CSI claims by extractive firms. This opens the leeway to developing the novel concepts of CSI applicability and CSI effectiveness and its associated front and back-end activities approach to evaluating extractive sector CSI.

II. KEY BACKGROUND ISSUES

CSI and the wider area of CSR and Sustainability

CSI as conceptualised in this study falls within the wider area of corporate Social Responsibility (CSR). The first challenge in discussing the concept of CSR lies in the inconclusive debates on a generally accepted definition of the term. This paper relates CSR to the commitment of companies to behave ethically while contributing to improving the quality of life of its stakeholders. Ethical expectations here relate to Harold Bowen’s famous premise in his work, “Social Responsibilities of a Businessman”. To him, the success of the business sector cannot be justified by profits alone but also by how business pursues other actions and policies which ameliorate economic problems and helps society achieve its economic goals (Bowen, 1953). Hence, the notion of ‘ethical expectation’ in this study looks beyond making profits as determined by market forces. It designates CSR as actions and activities by business firms aimed at articulating wider societal good and at
validating their status as good and ethically conscious corporate citizens. Key oft-cited areas in CSR include corporate community development programs, implementing sound environmental practices, respecting laws, instituting good labour practices and workplace safety measures, as well as providing quality products to customers (Figure 1). It is the corporate community development component of CSR that shapes the idea behind CSI in this study.

Figure 1: The wider area of CSR as conceptualized in this study (Source: Yungong, 2017)

Community development has been defined in several ways. Community Planning.net (2009) refers to it as local self-help activities undertaken by communities to solve local development welfare problems. The International Council for Mining and Metals – ICMM (2012) designate it as “the process of increasing the strength and effectiveness of communities, improving people’s quality of life and enabling them to participate in decision-making to achieve greater long-term control over their lives”. From the foregoing definition, CSI is conceived in this paper as voluntary activities in the broader area of CSR in which firms undertake to enhance inclusive development opportunities for recipient groups and communities. These activities should potentially ensure improvements in the development welfare of host communities. For CSI to be considered effective, it has to move from the mere availability of activities to build corporate community relations (CSI applicability) to a process that significantly meets community development needs (CSI effectiveness).

CSI, as conceived here, is part of the wider sustainability puzzle – a concept emphasising interconnectedness, harmonious coexistence and the productivity of both man-made and natural systems for several generations to come (Saiaia, 2015). It is intimately related to the concept of sustainable development and should contribute to it – the idea that the use of productive resources should benefit the wider society, not only in terms of improving people’s lives and well-being but doing so in ways that are ecologically safe and harmonious for the future (Moran et al., 2007). While CSI has been hailed for its development potential (UNECA and AU, 2011; IFC, 2010), the general attitude expressed in scholarly literature suggests that CSI is only being amateurishly and passively integrated into the business operations of extractive firms and lacks the capability, motivation and disposition that permits proper involvement in mainstream development work (Smith, 2008; Halme et al., 2012; Frynas, 2008). This raises the question of how to measure and evaluate effective CSI practices and the extent to which CSI can be considered as a tool that can provide meaningful contributions to mainstream development work.

**CSI integration in the business operations of extractive firms - business society relations**

CSI integration is the process of incorporating social investment concerns in the business operations of firms. It is governed by business society relations. Generally, business drives diverse forms of economic activities that are concerned with the production, distribution and consumption of goods and services. It is motivated largely by making profits as highlighted in Adam Smith’s invisible hand conjecture in “The Wealth of Nations”. He maintains that it is by maximising profits that businesses are either advertently or inadvertently led to promoting the interests of the wider of society (Smith, 1776; Friedman, 1970). However, the CSI integration process as well as business-society relations in this study looks beyond just one-way traffic informed by the profit motive. It views business society relations as both strategic and altruistic (Baron, 2007) which respectively tie with the notion of “stakeholder management” and “social CSR” (Hillman and Keim, 2001) as illustrated in Figure 2 below.

Figure 2: Business society relations (Source: Yungong, 2017)

The altruistic notion of CSI/CSR integration and its social CSI/CSR equivalent is one-directional. This entails businesses giving to society without expecting returns. This is development contributions in their purest form as would obtain in mainstream development work. The strategic notion of CSI/CSR as well as its stakeholder management equivalence expects the CSI integration process to be reciprocal. It is motivated purely by the expectation of a return on social investments – giving to communities as a profit-making business model. Vogel (2009,) observes the same by indicating that altruistic CSI is motivated by social considerations while strategic CSI focuses on “doing good to do well”. Nonetheless, either approach to CSI/CSR integration is expected to have some positive impact on the
bottom line (Galbreath, 2006) – making some business gain which can be monetary or non-monetary by nature.

The raison d’être for CSI integration in extractive sector business operations is driven by the controversial public face of the extractive sector where sustained demand for resources coexists with high levels of poverty and underdevelopment. This tends to support the resource curse theory. Firms in this sector face increasing accusations of neglecting the needs and concerns of society for profits (Parast and Adams, 2012). The benefits from their operations tend to accrue mainly to extractive companies and a handful of elites while the local population bear the social cost of resource extraction in terms of missed development welfare opportunities that should come with resource extraction. This paradox has led to the branding of the extractive sector operations as “controversial industries” (Cai et al, 2012). This raises questions regarding the difference extractive sector CSI can make to build positive business-society ties and to contribute to society’s welfare beyond just making business profits. Such contributions should take into account public-private partnerships within different levels of government, and between multilateral and bilateral development agencies, to take on development functions. The key challenge in this entire process lies in understanding what should be the most efficient method to determine whether CSI is making effective development contributions or not. The CSI evaluation framework in this study is an attempt to address the above concerns with special regard to resource-rich environments in Sub-Saharan Africa.

The case for Extractive Sector CSI in Sub-Saharan Africa

Sub-Saharan Africa is home to mineral resources that are indispensable to the daily life of every modern economy. Known mineral potential includes some of the largest reserve of bauxite, cobalt, industrial diamonds, manganese, phosphate rock, platinum group metals and zirconium. Besides minerals, Africa is richly endowed with oil resources. At the moment, Africa boasts 17 oil-producing countries, some of which are OPEC members: Angola, Nigeria, Libya and Algeria - with Gabon abandoning membership in 1996. With huge tracts of the continent still unexplored and unexploited, a good share of the world’s mineral exports is from Africa which only constitutes about 20 percent of the global landmass (KPMG Africa Limited, 2013). The continent’s crude oil reserves reached 124.2 billion barrels in 2012 - up from about 57 billion barrels in the 1980s. Further estimates show a potential for continued upward growth with offshore reserves not less than 100 billion barrels. Proven natural gas reserves in Africa more than doubled the 210 cubic feet proven in the 1980s - reaching up to 509 trillion cubic feet in 2012 (ibid). These resources play a significant role in attracting foreign investments and stabilising Africa’s balance of payments receipts.

Despite this huge resource potential, Africa still relies heavily on Official Development Assistance (ODA) to support long-term sustainable development (Moyo, 2009; World Bank, 2013). Its citizens are entitled to share in the natural resource wealth through development programmes provided by the state but this function has been failing. Basic development problems like poverty persist. The number of extremely poor people rose from 290 million in 1990 to 415 million in 2011. Poverty did not begin to decline until 2002 - a decline has been painfully slow and lagging behind all other regions (WBG, 2015). Africa trails the rest of the world in global competitiveness (more than half of the 20 lowest-ranked countries in the World Economic Forum Global Competitiveness Index are from sub-Saharan Africa. Profound infrastructural deficits impede the provision of social services like health care and education (Schwab, 2014). This supports Paul Collier’s classification of many African countries under his ‘bottom billion’- group of countries said not only to be ‘falling behind’ in their development process but also trapped in perpetual underdevelopment (Collier, 2007).

The weak relationship between natural resources and development in sub-Saharan Africa highlight the fact that both market-based and state systems have fallen short of generating adequate sustainable development opportunities for the citizens of resource-rich countries in Sub-Saharan Africa. These shortcomings have been created by a “weak state capacity” or lack of political will to make development work for ordinary citizens (Smith, 2008). Global markets sometimes become very hostile for Africa – are driven by an entrepreneurial mindset in which shareholder value takes precedence over issues of the common good. They are generating massive outflow of wealth than is retained for developmental purposes (Bond, 2006). These difficulties are compounded by poor governance, irrational behaviour and short-sightedness of political elites and their attendant sub-optimal resource extraction policies (Loehr, 2014; Rajan, 2011 ;). Such impediments sum up in the much-heralded theory of the resource curse.

Generally, attempts to resolve the natural resource-development paradox confronting many African countries have concentrated on mainstream approaches. These include privatisation and liberalisation of the resource sector; measures to increase revenue capture, promote public investments as well as the efficient distribution of the fallouts of natural resource wealth between the rich and the poor (Sachs, 2007). Others include the development and strengthening of state institutions that deal with resource extraction - notably natural resource extraction companies, foundations and funds (Stiglitz, 2007; Humphreys and Sandbu, 2007). Greater transparency and accountability in resource extraction as well as procedures for auctioning natural resource rights, have also been considered (Johnston, 2007; Cramton, 2007). The implementation of effective local content policies (Tordo et al., 2013) and revision of codes to include inter-sector links that are articulated with macroeconomic objectives have been highlighted (Campbell, 2007; 2009).
These measures notwithstanding, the current state of development in Africa is an indicator that both state and market-based systems have proven elusive in generating adequate sustainable economic opportunities, especially for the poor and the underprivileged. The gravity of the resource-development predicament further lies in the non-renewable nature of extractive resources compared to development processes that lag behind their high depletion rates. This raises the already high risk of lost development opportunities for many African countries and highlights the case of CSI as a supplementary strategy that can contribute to unlocking the development potential of resource-rich countries in Africa. The CSI component in resource extraction is not been recommended as a substitute to mainstream development initiatives, neither are they being suggested as a process in which multinational companies in Africa should receive fiscal benefits for strengthening corporate community development work. CSI is being recommended as a way to fill development gaps created by weak state capacity before the benefits of mainstream development work by the state trickles down to local communities where extractive sector firms work. Its potential benefits include addressing infrastructural weakness and gaps in social service provision such as roads, schools, medical centres as well as poverty alleviation in remote locations (Ismail, 2009). On the company side, effective CSI allows for the extraction of resources in ways that avoid grievances and widespread discontent experienced in places such as the oil-rich Niger Delta (Abegunde, 2014). CSI integration in the business operations of extractive firms, therefore, is also in the “enlightened self-interest” of companies. They are always under immense pressure to share the benefits of resource extraction with host communities who often have blocked operations (UNECA and AU, 2011). One challenge that remains however is how to distinguish failing CSI efforts from succeeding ones in terms of the applicability and effectiveness of CSI practices. This is the central concern this study sets out to resolve.

Weaknesses of the CSI Integration Process: The Key problem

Despite the assumptions that CSI can contribute to development, the link between CSI and development is still a tricky one just as there is between resource extraction and development. CSI is almost an expectation for companies to take on the functions of government (Smith, 2008). This is impractical as development fraught with its enormous challenges is not a core business function. It becomes important to realise that achieving development is no easy task even if extractive sector businesses are committed to the CSI cause. To some, CSI is a tall order especially as the adoption of CSR/CSI by some companies often follows other imperatives other than the pursuit of developmental objectives (Bondy, 2006). To Halme et al., (2012) the development potential of CSI is still hampered by intra-organisational obstacles including short-term profit maximisation, business-unit based incentive structures and uncertainty avoidance. Porter and Kramer in the ‘shared value’ premise maintain that the challenge of business to serve society has heightened due to a disconnection between CSI strategies and business strategies (Porter and Kramer, 2011). Frynas (2008) refutes the often-claimed positive link between CSR/CSI and development on four counts. These include a lack of empirical evidence that CSR can solve macro development problems. Contributions have been limited to only micro-level development activities often cited in research works. Secondly, CSR is susceptible to analytical limitations which impede its ability to resolve complex developmental problems. Thirdly, the business case for CSI dominates the development case. Finally, corporate governance is dominated by the profit motive and not developmental issues. Frynas therefore, concludes that CSR/CSI agendas seem inappropriate for addressing international development goals. Jamali and Mirshak (2006) complement this view by adding that despite high CSR/CSI awareness among companies and the good intentions that come with it, CSR/CSI interventions have remained amateurish and sketchy. Gond and Moon (2011), reiterate Frynas’ (2008) view by adding that CSR, (as a wider area of CSI), is fraught with conceptual challenges which pose interpretational problems. This is not only in terms of its theoretical underpinnings but also in how it is practised. These criticisms raise problems of understanding among stakeholders and how to make CSI resources deliver on development objectives. On its part, UNECA and AU (2011) maintain that coordination between state planning and investment and a CSR investment (as a wider area of CSI), is inadequate in many African countries. CSI, it adds, also comes at the risk of extractive firms taking on government functions as highlighted in Smith (2008) and IFC (2010). However, better coordination between state planning and investment and corporate outlay under CSR it is said could improve the value of both streams of expenditure (UNECA and AU, 2011). The absence of such coordination poses problems on the effectiveness of CSI in resolving development problems.

With the aforementioned weaknesses, the central question then becomes: under what circumstances can CSI integration be regarded as a viable development tool? What is good CSI and how can it be determined? This study seeks to address these burning concerns by suggesting a framework for evaluating CSI practices and making the necessary adjustments that can enable CSI to deliver on its intended objectives. It suggests that the extent to which CSI can deliver on development opportunities will depend on the way it is structured and effectively integrated into the business operations of firms and monitored for optimal results. This is the basis for postulating the idea of front and backend activities approach to CSI.

III. THE BUILDING BLOCKS OF THE FRONT AND BACK-END ACTIVITIES APPROACH

The front and back-end activities approach suggested in this study, builds on the twin concepts of CSI applicability and CSI effectiveness. They can be evaluated in the business operations of extractive firms at two distinct but interrelated
levels – lower level formative evaluation and higher-level results-based evaluation. These concepts apply to CSI at three distinct though overlapping pathways (the business-oriented pathway, the developmental pathway and the mixed pathway to CSI). They further provide a foundation for advancing the principles of CSI effectiveness as well as the front and back-end activities proposition for evaluating CSI integration in the business operations of extractive sector firms.

Conceptualising CSI Applicability and CSI Effectiveness

CSI applicability refers to the extent to which CSI has become an important issue as per corporate policies and activities. In basic terms, it refers to issues of CSI awareness and responding to them through CSI programmes as reflected in company policies and reports. CSI effectiveness, on the other hand, looks beyond the mere presence of CSI policies, activities and projects. It includes the quality of CSI activities in terms how they are conceived, efficiently integrated into the business operations of extractive firms, and evaluated for results – with regards to the outcomes and impacts of CSI projects on target communities. Effective CSI should also demonstrate strong alignment with broader national/international sustainable development goals as well as with the development concerns of the local communities. Hence the conceptualisation of CSI applicability and CSI effectiveness here builds on gaps in CSR/CSI literature as already seen earlier.

The concept of CSI applicability and CSI effectiveness is premised upon the fact that it is often taken for granted that the profession and practice of CSR/CSI will necessarily amount to just, balanced and sustainable development outcomes for host countries and communities. May authors as seen earlier, tend to disagree with this assumption - citing the disconnection between business and CSI strategies. The accuracy of the expectation that CSI can contribute to development is therefore conditioned to a greater extent by the strategic orientation of CSI, how well all development stakeholders effectively plan and respond to its implementation, and the quality of CSI integration activities.

In conceptualizing CSI, it is assumed that development is no longer the sole responsibility of mainstream development actors. This is supported by views highlighted in “The Future We Want” document by the UNGA (2012) adopted by United Nations member countries. This is because experience has shown that mainstream development actors left on their own cannot sufficiently handle the development challenges facing society today. Besides, all societal stakeholders are either part of the problem or solution to current development challenges. Effective development solutions, therefore, require concerted efforts and broader multi-stakeholder engagement/responsibility.

CSI contributions to sustainable development outcomes are always in the explicit staged as the central pursuit of CSI/CSR activities, but in the implicit, these activities are only secondary or subordinate to the interests of business. This is due to short-term profit maximization and business unit-based incentive structures as highlighted by Halme et al (2012). These factors usually lead to a gap between profession and practice in the conception and implementation of CSI activities and for CSI to naturally trade-off more for ‘doing good’ for the ‘wellness of businesses than ‘doing good’ for the ‘wellness of the wider society. To ensure that CSI moves from applicability towards effectiveness, it is required that the quality of CSI integration outcomes match the sustainable development expectations of all development stakeholders in the extractive sector.

The CSI integration process is often governed by competitive and sometimes conflicting stakeholder interests managed on either a win-win or win-lose basis as seen in the notion of the natural resource paradox affecting resource-rich African countries (Barmer et al., 2012). These interests could be tangible/material like financial gains or intangible like wielding power or gaining a good public image. Tangible and intangible interests can be mutually reinforcing. For CSI in natural resource extraction to be effective, it should be achieved on a win-win-basis for all development stakeholders. It assumes that CSI applicability is more a win-lose orientation for all development stakeholders although it tends to favour business only for the short term.

The principles/criteria for CSI effectiveness

The potential of CSI to contribute to development outcomes should be guided and influenced by the principles of CSI effectiveness. These principles are guided by weaknesses that are inbuilt in the integration of CSI into the business operations of firms as seen earlier. They include:

i. Effective CSI integration activities should build on a clearly elaborated CSI strategy. This strategy should state explicitly how the company sets out to implement the theory of change behind its CSI intervention and the standards against which it holds itself to account.

ii. CSI strategies ought to be sufficiently communicated to both internal and external stakeholders. This allows them to evaluate CSI efforts and activities. In the same light, for CSI to be effective, extractive companies should be open to communicate and to discuss CSI issues. This helps build public trust.

iii. Effective CSI should be results-driven. Its activities should be set against well-defined performance targets and indicators to permit effective evaluation of CSI initiatives.

iv. Effective CSI initiatives should be multi stakeholder-driven and participatory. They should be conducted based on partnerships and collaboration with other stakeholders – (based on CSI self-regulation and CSI co-regulation).

v. Effective CSI initiatives should be economically, socially and environmentally sustainable as reflected by multiple stakeholder views. There should be a
vi. Effective CSI communication/reporting should take into account both successes and shortcomings in CSI efforts. Such successes and failures should reflect multi-stakeholder perspectives based on self and co-evaluation of current practices.

vii. Effective CSI reporting should focus on results: not only lower-level results but also higher-level results at the outcome and impact levels of the results chain.

viii. In the same light, CSI should not only be measured in terms of financial inputs made, (volume of spend) and activities, but most importantly, in terms of the results that a company has produced or can produce at the outcome and impact level of CSI interventions.

ix. The benefits of CSI activities should be widespread and inclusive. They should foster the principles of shared prosperity for all.

x. CSI initiatives should improve or demonstrate a strong potential to improve the welfare of all individuals and groups - irrespective of gender or societal status - especially the poor.

xi. These principles can be reviewed and updated time after time, to ensure that CSI effectively responds to the sustainable development aspirations and expectations of all development stakeholders. This review could target specific CSI projects/company activities or the general CSI practices as may be required. They make room for the front and back-end activities proposition for evaluating CSI integration.

Levels of CSI Evaluation and CSI Integration Pathways

Based on the aforementioned premises and principles. This study suggests that CSI applicability and CSI effectiveness can be evaluated at two major levels. The first is a lower-level formative evaluation. This level of evaluation deals with the quality of CSI integration activities. Its focus is on the quality of the strategic approach or activities to ensure that CSI interventions align with intended sustainable development outcomes and impacts. The second is a higher-level summative evaluation process. It is based on the quality of the CSI results produced from such activities: that is CSI effectiveness from a results-based standpoint. The focus of the higher-level evaluation is to determine the results of CSI interventions on host communities at outcome and impact levels of the results chain.

There are three distinct and sometimes overlapping pathways or CSI orientations which the evaluation of CSI applicability and CSI effectiveness can follow. They all define the purpose behind CSI. These are the business-oriented, the development-oriented and the hybrid or the mixed pathway (Figure 3).

Figure 3: CSI pathways/orientation (Source: Yungong, 2017)

The business-oriented pathway to CSI is inward-looking in terms of business interests. Its focus is on core business objectives, especially profit maximisation but in ways that demonstrably help local communities and host countries to address some of their development needs and priorities. This CSI path can be enacted as either inclusive business or as a strategic community investment. It resounds with the thoughts of Friedman (1970); the stakeholder school of thought of how business contributes to societal welfare (Freeman et al., 2010); shared value proposition of Porter and Kramer (2011) and strategic community investment principles of the IFC (2010). These ideas advocate CSI in ways that sustain and support business objectives under prevailing market circumstances.

The development-oriented CSI pathway follows the altruistic notion of CSR: purist’s notion of CSI. It is more outward-looking and includes generation of community development benefits with very little or no concern for direct profits or financial returns on such investments. Benefits are reckoned in terms of the impact and value such an investment makes on recipient communities. This model does not suggest total disconnection from the core business, neither does it means that it creates no value for business. What it suggests is that profit maximisation is not the sole intent of development-oriented CSI initiatives; meaning this pathway is not guided by returns on social investments. It can be enacted through corporate philanthropy, social business activities as well as strategic social investment. The developmental path to CSI constitutes the core of CSR and all issues associated with it.

The mixed or hybrid CSI narrative balances both the altruistic and strategic notion of CSR. It is based on the achievement of both development-oriented and the business-oriented CSI pathways. In theoretical terms, it is an ideal situation which accords equal concerns for development and for business undertakings. On the mixed CSI narrative, profit maximisation and development welfare concerns are mutually inclusive of each other. It is to be achieved on a conceptually win-win basis. Hence this pathway follows the “win-win” game theory principle.

IV. THE FRONT AND BACK-END ACTIVITIES

PROPOSITION

The front and back-end activities proposition build on the
The middle phase is characterised by CSI project implementation activities, including implementation evaluation. This evaluation tracks changes, the extent to which commitments are being adhered to as well as community perceptions to gain insights for measuring and improving performance. Evaluation should include participatory methods.

The back-end is characterised by outcome and impact evaluations as well as learning activities. CSI activities are reviewed in this phase to find out if the results of a CSI intervention were achieved at the outcome and impact levels and if they are effective and sustainable. It provides a feedback loop into the system to improve performance. Hence, these three phases are interrelated and mutually reinforcing to ensure overall CSI effectiveness.

This suggested approach builds upon existing systems and approaches in literature but suggests that the evaluation of CSI applicability and CSI effectiveness on this system can be approached from several different vantage points, depending on the intention, (goal), and the purpose of the evaluation. The purpose could be to evaluate the quality of the strategic approach to CSI integration activities used by companies to ensure that CSI integration activities meet intended sustainable development outcomes and impacts. This mainly concerns the front-end and middle phase issues, (integration and implementation activities).

The second vantage point to evaluate CSI applicability and CSI effectiveness is in the quality of the results produced.

From this vantage point, the purpose is to determine CSI effectiveness judged from a results-based evaluation perspective. The intended objective is to determine whether the goals and objectives of integrating CSI activities were reached in terms of outcomes and impacts on beneficiaries to CSI interventions. As stated earlier, for CSI activities to be effective from either standpoint mentioned in this system, they will have to match the sustainable development expectations of key development stakeholders, verifiable against set principles guiding the CSI process.

The front and Back-end approach uses the results-based monitoring and evaluation system to determine CSI applicability and CSI effectiveness. This constitutes the second component of the approach (Figure 5). The results-based monitoring and evaluation system is one that uses traditional monitoring and evaluation systems together with an assessment for results (Imas and Rist, 2009). It is based on a theory of change and uses the results chain - how a CSI intervention is expected to lead to desired results (Kusek and Rist, 2004). The chain is the sequence of inputs, activities, and outputs that are expected to improve the outcomes and impacts of an intervention (Gertler, et al., 2011).

Inputs are resources that are used in a CSI intervention; activities are things that are being done with the inputs; outputs are the products and services derived from the activities; outcomes are short term results that should lead to impact, which is the long term results of the intervention (Watkins, 2012). The outcomes and impacts of the CSI intervention are measured against indicators, which are variables for tracking progress towards expected results of the CSI intervention and targets - the amount of change expected to occur during and after CSI activities (Imas and Rist, 2009). The inputs, activities, and outputs section of the results chain constitute the front-end and middle phase of this approach to evaluating CSI integration activities while the outcomes and the impact sections constitute the back-end section of the system.

CSI applicability and CSI effectiveness are determined along the results chain as per CSI integration activities/strategies in comparison to the theory change - as reflected in the expectations and aspirations of CSI stakeholders. The majority of approaches to CSI integration in the literature focus largely on specific processes for integrating CSI activities, but the front and back end activities approach elaborates on the evaluation part of the CSI implementation process. This approach is adaptable to a wide range of
activities in different contexts of evaluating business and development outcomes. The question now is on how to this approach can be applied. This is the subject matter of section the ensuing section.

**Application of the Front and Back-End Activities Approach**

The application of the front and back-end activities approach as discussed above should be guided by key elements each applicable to one of the three phases of the approach. These are the elements of context (at the front-end), the element of compliance (in the mid-phase), and the element of result (at the back end) as illustrated in Figure 6. These together build up the evaluation strategy based on the front and back-end activities approach to CSI.

Figure 6: Alignment of evaluation elements with the proposed CSI approach (Source: Yungong, 2017)

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<th>FRONTEND</th>
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<th>MID-PHASE</th>
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<td>CSI externally required for better results</td>
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<td>Implementation-evaluation often considered</td>
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<td>Sustainability strategies are incorporated in CSI strategies</td>
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<td>Effective partnerships to tackle UN issues</td>
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<td>Dialogue with national and international development goals</td>
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<td>CSI reporting functions are available</td>
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<th>BACKEND</th>
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<td>CSI targets and indicators set are often met</td>
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<td>Business doing enough to address CSI concerns</td>
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<td>Importance of CSI for success of business and development</td>
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As indicated in Table 1 above, the front-end stage gives way to the mid-phase part of the evaluation chain. Mid phase activities for integrating CSI concerns in the business operations of firms deal mainly with CSI implementation activities and is guided by the element of compliance (Table 1 and Figure 6). Compliance refers to the level of faithfulness to which things stated or professed are matched by action: things done to ensure that planned targets are met. This means that companies, just like other stakeholders, will have to indicate the extent to which things stated/ things expected are effectively carried out - the gap between profession and practice. In every case, company claims are cross-checked with neutral perspectives from other key sector actors to determine the CSI applicability and effectiveness gap. Key activities here include implementation of the planned CSI agenda as conceived in the earlier stage and the incorporation of monitoring functions each step of the way towards agreed outcomes.

The Back-end (Table 2) of the evaluation examines the degree to which CSI expectations are met as depicted by CSI monitoring and evaluation functions. It deals with the desired CSI results at outcome and impact levels. This stage is guided by two key elements – the elements of results and sustainability (Figure 6 and Table 1). Here, company claims are to be checked with other stakeholder perspectives on whether CSI activities are delivering intended outcomes and generating the desired impact. For CSI to be effective at this stage, it has to reflect the sustainable development expectations of all stakeholders in the natural resources sector. The element of sustainability here does not only reflect social, economic, and environmental sustainability but also the idea that CSI activities should be implemented in a way as to outlast company support – meaning there should be a strong potential for continuity when company support to CSI ceases to exist.
The extent to which there is a match or mismatch from stakeholder views and different verification sources provides a basis for determining CSI applicability and CSI effectiveness by extractive sector firms. A perfect match depicts a drive towards effectiveness and disparities/discrepancies in the extent of applicability.

V. CONTRIBUTIONS OF THE FRONT AND BACK-END APPROACH

Some applicable approaches to integrating CSI activities

Evaluating CSI applicability and CSI effectiveness will often be defined largely by strategic elements guiding the CSI integration process. Instead of creating an entirely new method, the suggested framework for evaluating CSI integration activities in this study builds on the weaknesses of existing ones. This section looks at some of these approaches and their weaknesses.

The International Finance Corporation - IFC (2000 and 2010), in its community investment guides, recommends seven key steps to approaching CSI integration activities (Table 2). It requires that companies respectively assess the business and the local contexts where strategic community investment activities are being carried out. This concerns the first two steps. The purpose is to gain an understanding of both internal and external issues that are critical in providing a strategic direction to the community investment process. In the third step, companies are expected to carry out community engagement activities to ensure greater stakeholder involvement and ownership.

<table>
<thead>
<tr>
<th>Step 1</th>
<th>Step 2</th>
<th>Step 3</th>
<th>Step 4</th>
<th>Step 5</th>
<th>Step 6</th>
<th>Step 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assess the Business Context</td>
<td>Assess the Local Context</td>
<td>Engage Communities</td>
<td>Invest in Capacity Building</td>
<td>Set the Parameters</td>
<td>Select Implementation Models</td>
<td>Measure and Communicate Results</td>
</tr>
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</table>

(Source: Adapted from IFC, 2010 data - 2015)

It is essential for the identification of priority areas for potential investments. Capacity-building activities come in at the fourth position. The sole purpose is to target the right people and to build the right skills at the right time and overtime. In the fifth stage, companies can now engage in setting the parameters. These include defining the type of activities the company will support, and the way projects are designed and implemented. This leads to the sixth stage where the company will need to figure out how best to deliver the project/program by selecting the right implementation model and partners. In the seventh and last stage, the company measures and communicates the results. In this stage, the CSI implementation process moves away from strategy, and how much it should spend in the process, towards questions regarding whether objectives are being achieved.

This seven-step approach to integrating strategic community investment emphasises the need for five core elements that should determine community investment outcomes for all stakeholders. They also provide a basis for evaluating the integration of community development activities in the extractive sector business operations. These elements include the need for community investment to have a clear strategy. Secondly, the core business objectives of the company with those of the local communities, civil society, and government, should be aligned with one another to create value. Thirdly, the community investment process should be multi-stakeholder driven. In the fourth place, it should be sustainable and lastly measurable to permit tracking and communicating results and achievements.

Porter et al., (2011) suggest another step by step approach based on the ideas of shared value. This is a four-step model in which companies in the initial stage identify the social issues to target, make the business case for targeting such issues (step 2), track progress (step 3), and then measure results and use insights to unlock new value (step 4). Gradl and Knobloch (2010) suggest the three-phased four-step approach for developing inclusive business models. These include the development phase, (identification of opportunities, market analysis, finding solutions, and developing the product). The implementation phase, (securing funding, engaging partners, leveraging local capacities, and testing the model), and the growth phase, (understanding the impact, adapting the model, expanding it locally, and then exporting it to other countries). Various approaches within the area of inclusive business development have been proposed by the UNDP Private Sector Division. These include approaches in Inclusive Market Development Handbook (UNDP, 2010a), Assessing Markets (UNDP, 2010b), Brokering Inclusive Business Models (UNDP, 2010c), and Guide to Partnership Building (UNDP, 2010d).

These step by step approaches have their advantages. They provide clear instructions and activities that can be followed both by professionals and newcomers in the conception and implementation of CSI programs/projects. They serve as quick reference guides for ensuring that CSI activities effectively respond to current needs and intended objectives. Their comprehensive nature will cover a plethora of CSI applicability and effectiveness concerns. Users usually find them very adaptable on the ground as they can be easily referred to for supportive information on any stage of the CSI implementation process. However, the shortcomings of these step by step processes are that they concentrate on integration and implementation activities, (more on strategy), with very limited attention on how to evaluate the applicability and effectiveness of the CSI implementation process. These step by step processes also look overly prescriptive and ignore the issues of differential user needs. Their strongest motivation is not driven by the need to tackle development concerns but rather to overemphasise the business case for tackling such concerns. Hence, CSI interventions to them are only necessary when they coincide with business objectives. While
profitability is central to the sustainability of every business endeavour, focusing more on the business case undermines the dynamics that drive CSI in the first place (Campbell, 2012). Besides, these step by step processes carry the suggestion that every other CSI implementation and CSI evaluation process is the same, but in some contextual realities, some key steps may lose their relevance. Even when all the steps are relevant, successful CSI implementation may not necessarily follow a sequence. Based on company experience and previous operations, some steps and their requirements may already have been completed as part of daily business activities thereby rendering them redundant. These approaches often suggest a system with a loopback mechanism to the initial phase of the system which weakens their potential for implementation evaluations during the life of a single intervention. Even when applied to newer projects, operational realities on the ground may never be the same for previous lessons to retain their validity.

How the front and back-end differ from other approaches

The core question now is how the proposed approach here differs, overlaps, or complements existing approaches and how its activities can be evaluated. This approach is called the front and back end activities approach, (front and back-end approach for short). It integrates two major components; one that describes how CSI activities can be implemented (CSI integration process), and the other that suggests how its activities can be evaluated. This differs from most approaches described in the literature in that it is less prescriptive and allows room for more context-specific implementation and evaluation of CSI integration activities. Most approaches only suggest that an evaluation is necessary for the CSI implementation process but don't specify what type of evaluation is required; how and where this could be done and on what basis and using what parameters. This is one weakness that the front and back-end approach in this study seeks to address. Moreover, this approach focuses on the developmental case as the single most important motivation for CSI efforts. It does not suggest that the business case for CSI be scrapped but rather that every CSI effort, when effectively conceived and implemented, has the potential to benefit all stakeholders: businesses and host communities and countries alike. These benefits may not necessarily be financial or based on the company’s bottom line but could be reputational as well.

VI. CONCLUSION

The purpose of this paper was to suggest the front and back-end activities approach to evaluating effective extractive sector CSI. CSI is considered as activities in the broader area of CSR which seek to effectively and significantly contribute to poverty reduction and which enhance inclusive development outcomes for recipient groups and communities where extractive sector firms operate in Sub-Saharan Africa. The paper assumed that there are hardly clear roles or requirements as to what constitutes effective CSI. It suggests the idea of CSI applicability and CSI effectiveness as a major building block for advancing the front and back-end activities approach. The extractive sector is accorded particular attention due to the impact its activities often have on the communities where extractive firms work in Africa. Besides this, firms in this sector are often ranked among the richest economic entities in the world but the countries and communities in Sub-Saharan Africa, where they work are often very poor – lacking in basic infrastructure. This is evident in the extractive resource and development paradox confronting many African countries. It fuels CSR and sustainability debates which are fast becoming compelling prescriptions for extractive firms. Since there are no guarantees that CSI can effectively contribute to resolving development problems, this study attempts to develop a framework that can guide extractive companies and other sector stakeholders in ensuring that CSI becomes a viable development contributor – through integrating CSI and evaluating it for results. This framework builds on the weaknesses of other CSI integration strategies which often fail to articulate how CSI evaluation can be integrated with CSI strategies.

REFERENCES


