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Towards collective business action and cross-sector collaboration in responsible competitiveness clusters in southern Africa

Ralph Hamann, Daisy Kambalame, Sean de Cleene & Nkosithabile Ndlovu¹

Responsible competitiveness clusters are cross-sector collaboration initiatives focused on identifying and acting upon synergies between sustainable development and economic competitiveness objectives. By means of three case studies in southern Africa this paper investigates the incentives, opportunities and challenges encountered in the emergence of such clusters. The first case study focuses on a regional response to the development challenges encountered in a South African mining area, the second describes efforts to make the Malawian agriculture sector more inclusive and competitive and the third discusses options for enhancing the competitiveness of the Lesotho textile sector. The paper concludes with a discussion of the role of international trade networks, the institutional framework, public sector support and internal governance processes as key factors influencing the initial level of success of these initiatives.

1. INTRODUCING RESPONSIBLE COMPETITIVENESS

Responsible competitiveness builds upon terms such as corporate social responsibility (CSR) and corporate citizenship, which may be broadly defined as proactive efforts by companies in support of sustainable development (see for instance the special edition on corporate citizenship of *Development Southern Africa*) (Development Bank of Southern Africa, 2006). Responsible competitiveness refers to the hypothesis that more strategic CSR efforts, linked to collective business action and improved collaboration between business, government and civil society, can contribute to various elements of competitiveness, including improved productivity, market access and supply-chain reliability. It 'frames the public policy and business challenge to create conditions where an economy's productivity is enhanced by businesses taking explicit account of their social, economic and environmental performance' (AccountAbility, 2004:1; see also Zadek, 2006).

An important aspect of this notion is that the business case for CSR, which has been a dominant theme in the literature (for example, Griffin & Mahon, 1997; Margolis & Walsh, 2003), is 'scaled up' from the traditional emphasis on the individual firm to a new albeit tentative focus on industry sectors and geographic or administrative regions. This is motivated by the need for both CSR and public policy to respond in a more effective, collaborative manner to the systemic, complex challenges posed by sustainable development, as well as the increasing pressures for enhanced competitiveness. (In this regard, responsible competitiveness relates closely to the notion of 'making

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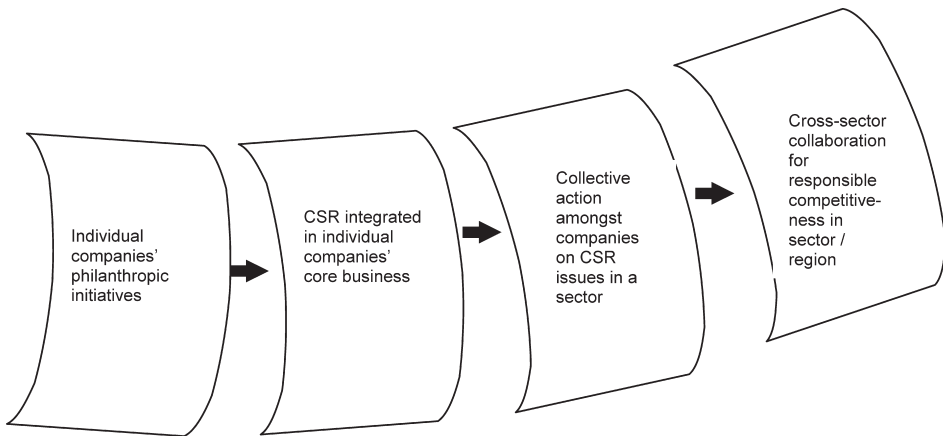


Figure 1: Progression of CSR from individual companies' philanthropic action to collective multi-stakeholder action

Source: Authors' Figure.

markets work for the poor' (Ferrand et al., 2004:1; Marais, 2006.) This view of CSR progression from corporate philanthropy – the most basic view of CSR – to successive stages of greater integration in core business, collective action within a sector and multi-stakeholder collaboration for responsible competitiveness is illustrated in Figure 1.

Whereas the hypothesis of responsible competitiveness is relatively well defined and intuitively appealing, clear evidence remains elusive, especially because of the complex and unpredictable linkages between actions at the level of the firm and the various elements of competitiveness at larger scales of analysis. If the business case remains unproven due to the multifaceted relationships between social and economic performance at the firm level (see, for example, Margolis & Walsh, 2003), then this complexity is even more daunting in the 'scaled-up' version of responsible competitiveness. Similar uncertainties exist even in the more narrowly defined relationship between collective action in clusters and competitiveness (Schmitz & Nadvi, 1999; Raines, 2002).

The notion of responsible competitiveness implies a need to investigate new models of collective decision making that correspond to the shift from firm-level processes to industry sectors and regions and this has been framed in terms of responsible competitiveness clusters. Clusters have been defined as 'geographic concentrations of interconnected companies and institutions in a particular field' (Porter, 1998:78), though various geographic scales of analysis have been applied. Clusters are seen to contribute to the enhanced competitiveness of firms and subsectors through more effective dissemination of technology and knowledge, as well as improved access to markets and specialised suppliers and workers. In a quest 'to understand the processes that lead to success or failure' of such initiatives in developing countries, Schmitz & Nadvi (1999:1504) noted the following.

1. In developing economies, incipient clusters are generally more successful if they have trade networks linking them to international markets. The relative absence of such networks in East and southern Africa (Pedersen, 1997) is an important constraint in this regard. On the other hand, more advanced clusters (such as in the South

- African clothing industry) have experienced significant pressure with regard to international trade in the wake of increased liberalisation.
2. Incipient clusters are more likely to succeed in the context of effective sanctions and trust between their constituent role players and within the trading network. McCormick (1999:1547) emphasised institutional factors related to 'product and labour markets, contract enforcement and the institutions of government', but also 'the ways in which different communities provide for the needs of their members [and] the rules surrounding trust'.
 3. Policy responses in aid of clustering need to take into account the priority needs of diverse kinds of clusters. Incipient clusters with predominantly small firms may require special emphasis on improved networking (for example in the form of a network broker), whereas more advanced clusters may benefit from increased awareness of the need to innovate, possibly based on international benchmarking. The government can also play an important role in mediating between conflicting interests.

The notion of responsible competitiveness clusters augments the cluster debate by emphasising the role that social or environmental considerations can play in contributing to clusters' competitiveness. It is argued that responsible competitiveness clusters 'could create geographically specific competitive advantage within one or several sectors based on the effects of interactions between the business community, NGOs [non-governmental organisations] and wider civil society, and the public sector focused on the enhancement of corporate social and environmental performance' (Copenhagen Centre & AccountAbility, 2002:3).

The value of the cluster concept is in highlighting the importance of the inter-relationships between different role players in achieving long-term benefits for all parties. However, perhaps greater attention needs to be paid to the often-significant obstacles or complexities related to collective action and cross-sector collaboration. As noted by Schmitz & Nadvi (1999:1510), this is 'a matter of political, and not just economic, analysis'. Efforts at establishing or expanding responsible competitiveness clusters are unlikely to be free of conflict or tension. This is particularly because the benefits of responsible competitiveness at sector or regional levels are unlikely to be felt by companies in the short term. Indeed, there are likely to be initial sacrifices or at least investments that will need to be made by individual organisations and the longer-term benefit is unlikely to be clearly determined or certain. Furthermore, the benefit will be broadly spread, thus making definitive cost-benefit analyses difficult for individual organisations. There is also the possibility of 'free-riders', who do not contribute to the process but nevertheless benefit from it. For these reasons, responsible competitiveness relates to the classic collective action problem (Hardin, 1968).

Given these challenges, important lessons are likely to be drawn from the concept of interest-based negotiation, which provides a framework within which participants can 'focus on interests, not positions', 'invent options for mutual gain' and 'insist on objective criteria' for the process and outcome of decision making (Fisher & Ury, 1981:11-2). Many of these criteria have become common parlance in guidance for multi-stakeholder partnership (for example, BPD, 2002; World Economic Forum, 2005) or related concepts, such as collaborative governance (Donahue, 2004), but they remain no less important and challenging.

Furthermore, in the context of criticism of partnerships between business and other stakeholders (for example, Bruno & Karliner, 2002), the issue of accountability has

become especially prominent. It has also become important because it can be argued that business-led partnerships have not lived up to the promises made during the World Summit on Sustainable Development in 2002, where such partnerships were touted as a significant contributor to sustainability (for a survey in South Africa, see African Institute of Corporate Citizenship, 2004). Accountability in partnership governance requires appropriate measures at various levels, including the relationships between negotiating parties and their constituencies and between the partnership governance structure, the various partners and the broader community.

Finally, the emergence of a responsible competitiveness cluster is not a simple, linear process. Interactions between diverse role players are likely to be characterised by complexity and unpredictability (Axelrod, 1997; Hamann et al., 2005). This emphasises the likely need for a process of adaptive, flexible management that seeks to make the most of the inevitable shifts in power and possibilities within the system.

2. THE CASE STUDIES

This paper investigates, by means of three exploratory case studies in southern Africa, some of the complexities, challenges and opportunities related to the emergence or establishment of responsible competitiveness clusters. The first case study focuses on a regional response to the development challenges encountered in a South African mining area, the second describes current efforts in the Malawi agriculture sector and the third considers options for enhancing the competitiveness of the Lesotho textile sector. The case studies were chosen on the basis of their relevance to the research theme. They all include an explicit effort to facilitate collective business action and cross-sector collaboration, motivated by a need to respond to both sustainable development and competitiveness objectives.

The case studies are exploratory in nature, in that they seek to identify inductive patterns in the relationship between actors' perceptions and actions (Flick, 2002). They do not seek to prove or disprove the overarching responsible competitiveness hypothesis (though this might be an important issue for further research, within the constraints mentioned above). Rather, they provide a contextualised investigation of whether the concept is useful in understanding and possibly enhancing policies, actions and outcomes within particular regions and sectors, with an emphasis on identifying key opportunities and challenges. In this process, particular attention is paid to the range of contextual and procedural issues identified in the literature above and these are reconsidered in the ensuing discussion.

Data generation included document research and interviews with key informants, including representatives from companies and business associations, national and – if relevant – local government, labour organisations and NGOs. In some instances it included periods of participant observation and focus group discussions. Most of the research for the South African case study was conducted in 2003 (for a more detailed discussion of this particular case study, see Hamann (2004)), though a few follow-up discussions were conducted with informants in subsequent years. In the case of the Lesotho study, most interviews were held in late 2004, while a follow-up discussion was held with a key informant in early 2007. The Malawi case study was based on an explicit action research approach (Reason & Bradbury, 2000), since the second and third authors of this paper are directly involved in the initiative under discussion. To complement this approach, the first author held discussions with another third-party informant in early 2007.

3. MINING IN THE RUSTENBURG AREA, SOUTH AFRICA

The case study area is the mining region surrounding the town of Rustenburg in the North West Province, which includes a range of large and mostly old platinum mines owned by Anglo Platinum, Impala and Lonmin (respectively, the largest platinum companies in the world, a smaller platinum mine owned by Aquarius Platinum and chrome mines owned by Samancor, a subsidiary of BHP Billiton at the time of the research) and Xstrata. In total, these mines employ between 70 000 and 80 000 workers, though this number fluctuates depending on industry and mine cycles.

The Rustenburg area is almost entirely dependent on mining and it is confronted with severe sustainable development challenges. The mining activity in the area has led to significant immigration of employment seekers. This influx, in conjunction with the termination of the apartheid state's severe population control measures after 1994, has led to the growth of large informal settlements or squatter camps (see Figure 2). These settlements are especially prominent around the mines' single-sex hostels – large residential compounds traditionally used for migrant workers – and they present the area with its most pressing social and infrastructure problems, including high levels of poverty, HIV/AIDS, substance abuse and crime and violence. Significantly, the informal settlements around the mines are a source of risk to the mines' competitiveness. Interviewed on this topic, Anglo Platinum's regional coordinator for socio-economic development said

We have to find a solution to informal settlements. . . They are bringing us a number of social ills. There are high levels of crime. There was a serious conflict a few years ago, when people were shot. If there are conflicts in



Figure 2: Squatter settlement close to one of the mines in the case study area
Photograph by R. Hamann

the informal settlements, it spills over to us. If a guy gets shot on his way to the shaft, that impacts on us, it impacts on our image, our reputation and it impacts on our productivity.

Although the mining companies have tried to counteract the growth of the informal settlements around the mines, including also revised labour procurement and housing practices, these efforts have yielded few results. This is primarily because any one party alone cannot deal with the challenge of the informal settlements.

1. There have been fundamental disagreements regarding responsibility for the informal settlements. Local government has the statutory responsibility for infrastructure planning and development, but there are also widespread perceptions that the mines have primary responsibility for social problems around the mines, due to the historical system of migrant labour and the continued reliance on single-sex hostels. It has taken a long time for the involved parties to see the informal settlements as a shared responsibility.
2. Any practical solution to improving conditions in the informal settlements will need to involve multiple parties. For a start, the traditional authority of the Bafokeng tribe, which has been reluctant to allow any formalisation of the settlements, owns much of the land occupied by informal settlers in the study area. Agreements as to available land, compensation and the necessary infrastructure investments will require all relevant parties to be involved, including the squatters. As another Anglo Platinum manager said, 'We will only be able to deal with the informal settlements through a multi-stakeholder approach.'

There are additional reasons why maintaining the mines' competitiveness requires greater collaboration amongst the mining companies and between them and other stakeholders. For instance, the mines require large and increasing amounts of water and, together with the town's growing water demand, this necessitates the construction of a new high-capacity, long-distance water pipe to the area. By itself, local government is unlikely to fulfil this requirement within the necessary time frame. Hence the mining companies have identified the need to initiate and manage the process collectively and in collaboration with relevant role players. Anglo Platinum's socio-economic development coordinator noted that

In the past, it was the responsibility of government to provide services like water and electricity; but if we sit down and wait for local government, we will not be a profitable organisation – that synergy in tri-sector partnerships is absolutely critical.

It is thus clear that there are compelling reasons why collective action amongst the mining companies, as well as cross-sector collaboration, are prerequisites for both the sustainable development and the continued competitiveness of the mining operations in the area. Importantly, this need has long been realised. For instance, a consultant's report on the informal settlements noted that 'There is... no coordinated strategy in place to sufficiently manage the problem, [resulting] in uncoordinated development and unnecessary duplication of skills and facilities' (Plan Associates, unpublished:1).

In recent years, there have been a number of initiatives to improve development coordination in the region. Local government or the tribal authority, as well as mining companies have initiated these. Most significantly, since 2001 there has been an attempt by local government to convene a Joint Development Forum to coordinate planning for

bulk infrastructure provision and local economic development. The overarching reasons for the failure of this initiative deserve some consideration.

The first reason relates to a lack of commitment and clarity within local government, premised on the uncertainties regarding governance jurisdiction and responsibility between elected local government and the tribal authority. In this context, it should be noted that, in the wake of the transition to democracy in 1994, national policy on local government has been in a state of flux, with clear structures and processes emerging only fairly recently.

The second reason pertains in the first instance to the mining companies' lacking incentives and willingness to collaborate with each other. This has been partly due to their competitive impulse, as argued by Impala's regional manager for corporate social investment with regard to the companies' CSR initiatives: 'Every company wants to be seen to be doing much more than what the others are doing, so there is always that competition.' Furthermore, companies' commitment to regional coordination has been limited. There has been insufficient senior management buy-in into previous efforts at establishing a multi-stakeholder forum, resulting, for instance, in the delegation of low-ranking employees as company representatives. Local government officials argue that the primary reason for this lack of commitment has been companies' reluctance to take responsibility for social issues around the mines, especially the growth of informal settlements.

However, it appears from the interviews that most of the companies operating in the area are now willing to accept a shared responsibility for the informal settlements, premised also on the growing understanding of informal settlements as a business risk. To some extent, this is also reflected in the companies' public reports for 2006, though more so in Lonmin's and Anglo Platinum's reports than in that of Impala. There is also an increased awareness that cross-sector collaboration is required to this end, with a central role for local government. For instance, the Anglo Platinum regional coordinator for socio-economic development stated in an interview that Anglo Platinum has made a high-level commitment to developing, first, a forum for the major producers in the area and, as a second step, a tri-sector forum bringing together key representatives from government, business and civil society. The most recent Anglo Platinum (2006:71) sustainability report stated that

One of the most notable consequences of the rate of development [in the Rustenburg area] is the recent proliferation of informal settlements and structures within the municipality (both in free-standing individual settlements and backyards). In response to these challenges, the municipality, in partnership with Anglo Platinum, embarked on a process to prepare a five- to ten-year housing strategy... The project was funded by Anglo Platinum but under the leadership and ownership of the municipality. In addition, Anglo Platinum provided technical assistance.

As noted in the quote above, some of the companies have identified local government capacity as a crucial prerequisite for successful collaboration and their representatives have alluded to targeted support to this effect, particularly for councillors. The relationship between mining companies and local government is thus potentially progressing towards a situation where some companies are providing targeted support to local government, so that it can better fulfil its statutory responsibilities and facilitate improved regional coordination. This support includes, in particular, targeted human resource

development, though it needs to be undertaken sensitively and transparently to prevent allegations of corruption or cooptation. In essence, companies must learn to 'lead from behind' in facilitating a process towards responsible competitiveness in the region.

4. THE MALAWI AGRICULTURE SECTOR

Malawi is one of the least developed countries in the world and one of the very few stable countries where poverty levels have continued to increase over recent years (World Bank, 2007). Agriculture contributed about 35 per cent of the gross domestic product (GDP) in 2005 (World Bank, 2007) and about 90 per cent of the foreign exchange earnings (70 per cent of exports are based on tobacco alone) and it supports about 90 per cent of the total population (Torres, 2000). Nevertheless, the agriculture sector is plagued by severe problems. Inadequate farm infrastructure, poor provision of extension services and a low skills base have all restricted smallholder farmers' ability to produce commercially viable quantities of marketable outputs and as a result most agricultural activity is still primarily basic subsistence farming. In addition to the persistent threat of famine (manifested most recently in the food crisis of 2002) (Dorward & Kydd, 2004) and the ongoing challenge of child labour (Malawi has the highest incidence of child labour in southern Africa) (Otaney et al., 2006), agricultural production is decreasing and the sector is also struggling to diversify away from the dominant role of tobacco (B Maynard, Director of Together Ensuring Children's Security, Malawi, 10 April 2007, personal communication).

Though the concept of CSR is still very new in Malawi, a number of agriculture companies have initiated CSR programmes in order to respond to growing expectations amongst local stakeholders and to mitigate specific social and environmental risks. On the basis of both informal conversations with a number of key industry representatives and public statements at workshops and meetings, it can be argued that several companies have begun to move beyond seeing CSR as simply a mechanism to gain their licence to operate, to seeing it rather as a way for the sector to collectively build a sustainable and viable economic base for the country. Furthermore, individual companies' lack of financial and other resources has also motivated collaboration among companies and between business and other role players. Partnerships are hence a means to make the most of limited resources and to leverage new resources (BPD, 2002). Bearing in mind the crucial role of donors in the Malawi economy, a significant incentive for collective business action was the insistence by agencies such as the World Bank that financial support for initiatives involving business be based on a collective, inclusive approach (B Maynard, personal communication).

Partnerships in Malawi have developed from issue-specific ones to bigger and more complex ones involving a range of participants and aimed at a broader set of issues focused on responsible competitiveness. An important starting point for such efforts in Malawi has been a collaborative initiative called Together Ensuring Children's Security (TECS), which focuses on eradicating child labour. Originating from an initiative by the tobacco industry (a critical analysis of which is provided by Otaney et al. (2006)), TECS has now grown beyond that sector and involves close to 20 companies (predominantly in the agriculture sector, including four tobacco companies) and a number of NGOs and government organisations.

TECS sees the root causes of child labour as multifaceted in nature and premised on poverty. Its strategy is to engage on several fronts: improving localised food security,

the provision of safe water, access to firewood and education. TECS functions as a central project coordinator, brokering the services of a variety of civil society and government actors to work with funds provided by the private sector or leveraged from other donors in order to work towards agreed outcomes on reducing child labour in the agricultural sector. Local stakeholders in business and government see the partnership as effective because, *inter alia*, TECS provides business with a single interface for dealing with what is considered a complex and multifaceted issue. This collective approach allows for reduced management costs and a more significant impact than would be achievable on an individual basis.

TECS and related initiatives provided a platform for companies (again spearheaded by tobacco companies, which are most in the international spotlight) to investigate a broader, more collaborative approach to CSR. This led to a one-day workshop involving over 50 participants from agricultural companies and government and development agencies such as the World Bank focused on developing a collaborative approach to address the underlying framework for doing business and to promote competitive advantage and innovation in the sector. This culminated in the Malawi Growing Sustainable Agri-business Campaign, which seeks to bring about a more competitive sector as a whole, as well as improved livelihoods for smallholder farmers, by improving agricultural practices and enhancing support. An explicit aim is to move these farmers from subsistence farming towards small-scale agri-business farming.

The campaign is managed by a multi-stakeholder taskforce and coordinated by a group of organisations made up of the African Institute of Corporate Citizenship, the Malawi United Nations Global Compact Network and the coordinator of TECS. Participating companies need to demonstrate a commitment to dedicated action in areas such as skills development, the showcasing of appropriate technologies, the development of alternative financing mechanisms for small-scale farmers and small-scale rural enterprise development. They also need to be committed to promoting existing initiatives, sharing knowledge and advocating policy initiatives for the sustainable growth of the agricultural sector.

The campaign is a fairly recent initiative and it is too early to assess its higher-level impacts. Nevertheless, its initial success includes the fact that company executives are meeting among themselves and with other leaders on both a regular and an *ad hoc* basis, motivated by an awareness of the need for collaboration to respond to common problems. Such interaction was not taking place before. The collaboration is also motivated by its ability to leverage donor-funding support, as mentioned above. An early success in this regard is the provision of about US\$100 000 by the German development agency GTZ, to be matched by the private sector for, *inter alia*, the establishment of model farms that are to link business competitiveness and sustainable development objectives. These farms are to illustrate the benefits of joint action between various industry participants and to provide for innovation and experimentation (such as trials of new crops, including grapes) and training and job opportunities for young people (B Maynard, personal communication).

The challenge of facilitating such initiatives is illustrated by the difficulties experienced in developing a governance framework and mobilising sufficient momentum, especially given the broad nature of the partnership's aims and the participants' often-disparate objectives and capacities. A key requirement has been the creation of an atmosphere of mutual respect for the different partners involved and the establishment of a regular

communication platform. The latter has played an important role in creating a sense of shared purpose and equal participation within the partnership. A contributing factor to this communication platform was an informal round-table dinner involving key representatives from business and other groups, which was hosted once a month by the campaign coordinators. These dinners were also the starting point for another prominent collaborative initiative led by the business sector, called Malawi Business Action Against Corruption (Fitzgerald & Ngombe, 2006).

5. THE TEXTILE SECTOR IN LESOTHO

The important role of the Lesotho textile industry is widely acknowledged, as it is the most significant employer in the country, with about 45 000 employees (ComMark Trust, 2005). It accounts for about 20 per cent of GDP and more than 70 per cent of exports (Lesotho National Development Corporation, 2005) and it relies significantly on US-based retailers making use of the US African Growth and Opportunity Act (one retailer, Gap, is responsible for about one-third of Lesotho's total garment exports). The industry is labour-intensive and entry-level skills requirements are low, so it has a significant impact on alleviating poverty.

However, with the lapse in early 2005 of the World Trade Organisation (WTO) Multi-Fibre Agreement, which allowed limits to textile imports from China and, thus, protected other countries' textile exports, Lesotho's clothing industry has encountered severe challenges. Six factories closed and many others reduced their production rates in the first half of 2005, resulting in the loss of about 6500 jobs (ComMark Trust, 2005) (though this was also in part due to a drop in the value of the dollar during this period). However, most of these factories have since reopened, partly because of the committed responses from both industry and government, as discussed below (M Bennet, Coordinator for the ComMark Trust in Lesotho–Maseru, Lesotho, 4 October 2004 and Stellenbosch, South Africa, 14 March 2007, personal communication).

Over and above mitigating the negative impacts of potential factory closures and reduced production rates on workers and communities, there is an urgent need for innovative means of enhancing the industry's competitiveness. Importantly, this need has been recognised by all stakeholders involved, with particular emphasis on the potential linkages between CSR and competitiveness. The clearest illustration of this was a large conference held in May 2006 with 200 delegates including the Prime Minister and senior representatives of government, manufacturers, trade unions, major buyers such as Gap and Levi's and international agencies, including the World Bank, International Labour Organisation and United Nations Development Programme. The title of the conference was 'Destination Lesotho: On the Road to Responsible Competitiveness'.

There are two overarching potential linkages between aspects of CSR and competitiveness in Lesotho's textile industry: the first relates to enhanced productivity and supply-chain reliability and the second to improved market access. With regard to productivity, enhanced labour relations policies and employee skills development, at factory, firm and sector levels, can have important benefits in terms of productive capacity and staff morale and retention. It may be argued that this link was not traditionally made in the Lesotho factories, which were criticised in 2002 by the Clean Clothes campaign for exposing workers to seven-day working weeks, compulsory and unpaid overtime, low wages, environmental degradation and other abuses (De Haan & Phillips, 2002). Increasing pressure and the imposition of codes of conduct by the buyers did not seem to make a

significant difference, with a 2002 study arguing that ‘factories are paying lip service to the provisions of the codes of conduct’ (Salm et al., 2002:40).

More recently, there has been more widespread recognition of the requirement for improved labour policies and, more particularly, enhanced skills development training for current and prospective employees in order to ensure the industry’s continued competitiveness. This is expected to have measurable benefits both for factory productivity and the reliability of the supply chain, which is particularly relevant in the context of current initiatives to integrate the manufacturing process vertically, upgrade service packages and gain access to European markets (Salm, 2004; M Bennet, personal communication).

Furthermore, as in other southern African countries, there is a growing need for companies in Lesotho to initiate proactive policies and strategies for dealing with HIV/AIDS, in order to lessen its effects on labour productivity. This is particularly so considering the link between the textile industry, its current challenges and the spread of HIV/AIDS as a result of the increased prevalence of commercial sex work among factory employees around the factories. Though the textile industry’s initial participation in NGO-led initiatives in this regard was tentative, it has now organised itself into a collective initiative called Apparel Lesotho Alliance to Fight AIDS (Hanisch & Chen, 2006).

Social and environmental performance is also becoming a factor in access to markets and finance. As noted by the International Finance Corporation and the World Bank (IFC & World Bank, 2006:6), ‘Bilateral and multilateral trade agreements and international financial institutions are increasingly incorporating labour and environmental standards as requirements for increased trade benefits and financing’. International experiences suggest that CSR-related initiatives can play an important role in maintaining or expanding market access:

Producers [in Cambodia] succeeded in retaining their international buyers post-Multi-Fibre Agreement by the attention paid to labour standards, their reputation as a ‘sweatshop free’ country and an upgrade of their transparent, credible and voluntary monitoring and reporting system’ (Financial Investment Advisory Services, 2006:6).

These considerations have led to an explicit lobbying strategy based on collaboration between Lesotho manufacturers and government. As reported in the *New York Times* (12 March 2005)

Not long ago, Lesotho government officials and textile factory managers blitzed Congress, the White House, major retailers in New York and San Francisco and a trade show in Las Vegas with a well-honed argument: Lesotho may not always be the cheapest, but it is dependable, honest, and squeaky clean on human rights and sweatshop issues that have embarrassed American retailers like Nike in the past. That, the nation’s trade minister says bluntly, may not always be true of certain competitors.

A crucial role in these various initiatives in Lesotho is being played by an NGO called the ComMark Trust, with the Trust’s Lesotho coordinator stressing the importance of maintaining a flexible approach in order to respond to issues as they arise (M Bennet, personal communication). Over and above various initiatives, including projects on HIV/AIDS, improved industrial relations and a co-financing scheme for workers’ training aimed at increased productivity, the Trust plays a facilitative role in positioning the Lesotho apparel sector within the Ethical Trading Initiative (ComMark Trust, 2005). This

initiative is a London-based alliance of companies, NGOs and trade union organisations focused on promoting the ‘implementation of corporate codes of practice which cover supply chain working conditions’ (Ethical Trading Initiative, 1998–2007). Based on the improved adoption of these codes by Lesotho manufacturers, Lesotho was identified as an ethical sourcing destination by the Ethical Trading Initiative in 2005. Related initiatives are considering the potential for targeted labelling and marketing schemes that link responsible production practices to support for African producers, with current efforts including a dedicated clothing line created by Irish musician Bono that imports apparel from Lesotho and targets socially conscious consumers.

The Ethical Trading Initiative and related initiatives are given support by the Multi-Fibre Agreement Forum, an international group of brands and retailers, international institutions, trade unions and NGOs established in early 2004 in order to ‘better understand the implications of the end of the Multi-Fibre Agreement, particularly for workers and communities, and to explore how best to promote collaborative approaches to mitigating negative impacts and taking advantage of new opportunities’ (Multi-Fibre Agreement Forum, 2005). The Multi-Fibre Agreement Forum’s activities are at a global level, but it has identified Lesotho as a country deserving particular attention and a Lesotho committee has been established within the Multi-Fibre Agreement Forum, comprising representatives from Gap, ComMark Trust and others.

The Ethical Trading Initiative and the Multi-Fibre Agreement Forum also illustrate the important role played by some of the large brands and retailers. A diverse range of local stakeholders, including labour, have emphasised in interviews that some of the main clients of the Lesotho producers, especially Levi’s and Gap, have been among the most important drivers of responsible competitiveness in the industry (though other large clients have been less proactive). Of particular significance was the public commitment by Gap and Levi’s to continue buying from Lesotho suppliers, despite the likely existence of cheaper suppliers elsewhere.

Buyers did not ‘cut and run’ after the end of the [Multi-Fibre Agreement] quota. . . [but] chose to remain and work in a common effort to improve worker rights. . . and to help Lesotho to improve competitiveness and thus ensure a more sustainable apparel industry in the country (Jackson, 2006).

Furthermore, the linkages between Lesotho’s trade networks and larger, international initiatives such as the Multi-Fibre Agreement Forum have proven vital in influencing the international trade agenda. To illustrate, consistent and coordinated lobbying by these international initiatives has contributed to the extension of the African Growth and Opportunity Act’s third-party fabric provision until 2015. (This provision allows countries such as Lesotho to import textiles – commonly from East Asia – and export value-added products to the US. It was due to expire in 2006.)

The Lesotho experience also highlights the importance of government as a convener of dialogue between the various parties and its commitment more generally to achieving improved responsible competitiveness:

[Buying] companies are showing increased interest in Lesotho because they appreciate the engagement of the government – the Minister of Trade and Industry comes together with key players every two weeks to work out any issues that there might be (A Salm, quoted in *Lesotho Update*, the Whitaker Group, 2006).

Nevertheless, significant challenges remain. Despite important advances in recent years, many of the producers remain uncertain about the link between CSR measures and competitiveness. Furthermore, considering the low profit margins of these businesses, there is a perennial funding gap for more long-term, proactive investments in responsible competitiveness.

6. DISCUSSION AND CONCLUSIONS

The case studies show that there are powerful incentives and important opportunities for collective business action and cross-sector collaboration aimed at responsible competitiveness in southern Africa. The studies show that these incentives and opportunities are recognised by key role players and a variety of initiatives have sought to translate the incentives into action. However, the studies also illustrate how these efforts are faced with significant implementation challenges, with the result that the initiatives described in these studies show only tentative signs of institutionalised collaboration and initial success.

The Lesotho experience is perhaps the most promising, since in this case concerted collaborative efforts at both the international and national level have helped the apparel industry to rebound in the wake of the cessation of the Multi-Fibre Agreement. In Malawi, clear benefits are yet to be seen, but initial successes include improved trust and communication between diverse role players, the establishment of a relatively clear plan of action and the leveraging of both donor and private sector funds. Although the need for improved cross-sector collaboration has been recognised the longest in the South African mining case study area, this experience attests perhaps most clearly to the significant challenges in institutionalising such collaboration.

Table 1 provides a comparative overview of the incentives, opportunities and challenges identified in the case studies with regard to four contextual and process factors emanating from the discussion in the introduction to this paper: (1) the role of international trade linkages, (2) the institutional framework and the extent to which it provides for effective sanctions and trust, (3) the role of public sector support for the cluster and (4) the internal governance, accountability and management structures and processes established in the cluster.

The comparison of case studies in Table 1 shows the crucial role that international trade linkages can play in motivating and supporting collaborative efforts towards responsible competitiveness – most explicitly in Lesotho and, to a lesser extent, in Malawi. Multi-national corporations that are clients in such networks emerge as potential key supporters of and contributors to collaborative action in developing countries, as they identify such an approach as an effective way to respond to their CSR commitments to customers and investors. The Lesotho case also shows how clusters can emerge at various scales in support of each other, with the Multi-Fibre Agreement Forum – in effect a responsible competitiveness cluster at the international level – providing important support to and benefiting from post-Multi-Fibre Agreement collaborative efforts at the national level in Lesotho.

The institutional framework is perhaps one of the most important factors influencing the effectiveness of cross-sector collaboration, as illustrated in the South African mining case study. Significant institutional changes taking place after the 1994 transition to democracy, overt or lingering conflicts between stakeholders and low levels of trust

Table 1: A comparative overview of the three case studies

Factor of success or failure	Mining in the Rustenburg area, South Africa	Malawi agriculture sector	Textile sector in Lesotho
Role of international trade linkages	Very limited, due to the relatively anonymous, long-term supply contracts in the platinum and chrome industries. Though some suppliers may raise CSR-related issues with producers, international investors exert more significant pressure.	This has played a crucial role particularly where multinational companies (especially tobacco companies) have put pressure on and encouraged local agriculture firms and other stakeholders. The dependence on a relatively insecure export market has been an important incentive to establish a responsible competitiveness cluster.	International trade linkages have played a pivotal role in motivating and supporting collaborative efforts in Lesotho, especially because of the threats posed by changes in the trade regime and also through the efforts of clients such as Gap and Levi's. These linkages have also included a responsible competitiveness cluster at the international level in the form of the Multi-Fibre Agreement Forum, which has, inter alia, allowed for the consideration of international best practice in Lesotho.
Institutional framework: effective sanctions and trust in relationships	This is an important factor impeding progress in the Rustenburg case. The institutional framework has been characterised by significant flux, with local government in particular struggling to establish its statutory responsibilities. Difficult relationships between local government and traditional authorities, conflict between mining companies and local communities and a general atmosphere of suspicion and low levels of trust exacerbates this.	Relatively low capacity limits the ability of government to play a leading role. The responsible competitiveness initiative has been able to build some levels of trust and improved relationships within the private sector and between stakeholders, but there are also concerns that business leadership and self-regulation are insufficient to guard the public interest.	The role of national government has been limited, especially in terms of sanctions, considering also the investor friendly policies established by the government to attract investors to the country. Pressure from international clients in terms of employment practices has arguably been more significant. Trust between the various role players was not prevalent from the outset but had to be built, premised, inter alia, on a strong commitment shown by the national government.

Role of public sector support

The public sector's role in terms of local government is constrained by issues mentioned above. National government has played a crucial role through the Minerals and Petroleum Resources Development Act of 2002, which exerts significant pressure on companies to contribute to local socio-economic development. This has led to more committed efforts at developing collaborative responses in the area.

As noted, the role of the public sector in terms of national government is relatively limited. International aid agencies, on the other hand, play a crucial role in motivating and supporting collaborative efforts by participating in deliberations and providing financial support.

National government has shown a strong commitment to a collaborative approach and this has included an important role as facilitator of dialogue focused on responsible competitiveness (such as the fortnightly meetings convened by the Minister of Trade and Industry during one period). The government has also been involved in the international trade negotiations and lobbying premised on responsible competitiveness.

Governance, accountability and management structures and processes within the cluster initiative

The governance structures established in past collaboration initiatives have not been able to offset the institutional challenges mentioned above. In particular, the local government has not been able to play the necessary leadership role, though current efforts by mining companies may contribute to growing this capacity.

In both of the featured initiatives, governance was based on a representative board, as well as a coordinator or a taskforce comprising independent facilitators. Participants' trust in these facilitators was an important factor in the tentative success of these initiatives. Mechanisms to enhance regular communication among participants, such as a monthly round-table dinner conversation, contributed to improved trust and buy-in from participants.

Governance of the cluster has relied on the above-mentioned convening role played by the government, as well as the catalyst role played by the ComMark Trust, which provided ongoing motivation for collaboration but emphasised an adaptive, flexible approach to respond to upcoming issues.

have impeded the establishment of a committed collaborative approach to dealing with the area's socio-economic challenges. Local government has struggled to play a leadership role in convening a collaborative approach to socio-economic development in the area, though this capacity may increase in part due to support from the mining companies. Such support is likely to become a more prominent feature of business–government interactions in Africa (Hamann et al., 2005) and it deserves careful investigation to assess whether indeed it supports the public interest.

In the South African case, the national government is only indirectly involved through the implementation of national legislation that is providing crucial incentives for companies to contribute more to local socio-economic development. In the other cases, the national prominence of the initiatives described in the case studies brings about a more direct involvement by national government. This has been most successfully implemented in Lesotho, where the government is playing an important convening role, among others. It is clear that the issue of scale significantly affects the level of participation and relative importance of cluster participants, including the different levels of the state, local, provincial and national.

The Lesotho and Malawi examples also illustrate the important potential role played by both international aid agencies and third-party facilitators (ComMark Trust in Lesotho and the African Institute of Corporate Citizenship in Malawi). These facilitators show the importance of the trust that can be generated by organisations without a direct vested interest, the value of informal and regular communication focused on identifying common interests (exemplified by the monthly round-table dinners hosted by the African Institute of Corporate Citizenship in Malawi) and an approach emphasising adaptive, flexible responses to challenges and opportunities as they arise.

Perhaps most importantly, Table 1 suggests a significant inter-relationship between the various factors of success or failure identified in the Introduction. Particularly noteworthy is the relationship between external factors, especially the institutional framework and the internal governance mechanisms of the collaborative initiative. Analysts of industry clusters have tended to see factors such as the institutional context as independent variables influencing the trajectory of clusters (McCormick, 1999; Schmitz & Nadvi, 1999). However, it is apparent that collaboration initiatives such as those considered in this paper have the potential to influence the institutional context at the regional or sector scale markedly (notwithstanding the caution that institutions take more time to change than commonly expected) (North, 1994). Wood & Valler (2001:1142) argued in a similar vein: 'Examining the construction of institutions as a geographical and historical process highlights the recursive relationship between social practice and institutional form.'

To illustrate, multi-stakeholder collaboration in the textile and clothing industry at both the international and national level has contributed to influencing regulatory institutions, such as African Growth and Opportunity Act's third-party fabric provision and various regulations of the Lesotho national government, ranging from labour laws to the provision of serviced land (M Bennet, personal communication). It is relatively safe to assume and was generally accepted by interviewees that cross-sector collaboration was a key contributor to these institutional shifts, which would have been less likely through unilateral or bilateral action.

Furthermore, collaborative initiatives also have the potential to affect 'softer' institutions markedly. The case studies show the crucial role of trust and regular communication for collaboration, but they also show that the collaborative initiatives can contribute to building

these requirements. In other words, there is the potential for a virtuous circle of effective collaborative governance leading to enhanced levels of trust and deliberative communication and vice versa. Sometimes small and innovative changes to the established ways of cross-sector interaction can make an important difference. The monthly dinners hosted in Malawi for leaders from government and business and other role players, coupled with the resulting tangible agreements, actions and outcomes (such as the model farms), are an example of how relatively simple mechanisms can contribute to improved trust and authentic communication. Trust is a necessary but of course not a sufficient condition for effective cross-sector collaboration and the design of collaborative governance structures and processes that foster trust among diverse role players is just another of the many responsible competitiveness themes that are worthy of further investigation.

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