Positioning Stakeholder Engagement Theory on Governance of Communal Farms: A Proposed Framework for Land Governance in South Africa

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Abstract: Stakeholder theory has been acknowledged by many scholars to be the most important framework that promote business ethics. The theory asserts that organisations need to consider the interest of groups affected by the organisation. Arguably, the theory has been commonly applied in many organisations and the results of the theory in promoting a long-term success business have been proven by academic literature. Therefore, this paper proposes the application of stakeholder engagement theory in governance of communal farms in South Africa. It is argued in this paper that, land managed through Communal Properties Associations (CPAs), does not yield successful results. It should be noted that there are models that have been put in place to ensure an effective governance of land but there is a whole range of governance problems that emanate from governance of CPAs themselves, the community and the government. In the whole analogy of the systems of managing the land through the CPA model, it becomes clear that governance principles are a problem in CPA farms. Hence, the paper seeks to use the existing literature to propose the positioning of stakeholder engagement theory as a governance model to ensure that land reform, restitutions and redistributions programmes in the country are administered fairly and equally to the deserving South African citizens. The paper concludes that this framework should be regarded as a starting-point for communal farms to better reap some kind of benefits from the engagement of different stakeholders in communal farming to promote the benefits of the citizens and minimise the negative effects that causes failure in governance of communal farms.

Keywords: Communal Farms, Communal Properties Associations, Framework, Governance, Stakeholders & Stakeholder Engagement Theory

1. Introduction

Like other African countries, land debate on both the use and management in South Africa still remains a heated topic (Nel, 2016; Charman, Tonkin, Denoon-Stevens & Demeestere, 2017; Friedman, 2018). The use of land and management thereof, has been debated by both politicians and academics with little consensus on how best land in the country should be managed. Different models on how land should be governed has been proposed since the beginning of land reform programmes with little success, i.e. the Communal Properties Associations (CPAs) have been introduced to govern communal farms on behalf of the historically disadvantaged beneficiaries, however the model seems not to be working (Mamabolo & Tsheola, 2017). Consequently, existing literature indicate that approximately 16 million to 19 million South Africans who live within rural areas, 90% that is located on communal land (Kitchin & Ovens, 2013) practice different economic activities on communal farms, with little success. It should be noted that "land in South Africa is approached differently and the administration thereof, requires all sorts of rights, formal and informal processes to be registered and administered through different institutions" (Mamabolo & Tsheola, 2017:161). Arguably, all institutions responsible for land administration and management in the country have been considered to be very slow to correct the imbalance of the past. In the whole analogy of the systems of managing the land through the CPA model, it becomes clear that governance principles are a problem in CPA farms. Hence, the paper seeks to propose the position of the framework to ensure that land reform, restitutions and redistributions programmes in the country are administered fairly and equally to the deserving South African citizens.

Notably, a vast number of studies conducted on issues of land reform, restitution and redistribution and tenure (Cousins, 2009; Bennett, Ainslie & Davis, 2010; Agrawal, & Benson, 2011; Mulder, 2011; Nicolson, 2012; Claassens, 2014) show a backlog on land reform projects but not necessarily the effective governance of communal land in the country. That is, the general debate on issues
of land reform with much emphasis on legalising black ownership of restitution and redistribution of land, without much emphasis on how best African communities should govern land projects for the country’s economic benefits. As a result, models on how best communal farms can be managed should be proposed. It is against this background that this paper proposes a stakeholder engagement theory as a starting point for CPAs leadership to govern communal farms in the South Africa. It should be noted that, the theory has been in existence for years and has been acknowledged by many scholars to be the most important framework that can promote business ethics (Gibson, 2000; Freeman, 2004; Freeman, Wicks & Parmar, 2004; Fontaine, Haarman & Schmid, 2006; Neef & Neubert, 2011; Harrison & Wicks, 2013). However, it is not evident if the theory was applied in governance of communal farms in the country because it is argued that land managed through Communal Properties Associations, does not yield successful results. Therefore, this paper argues, instead, that CPAs leadership should start by identifying all relevant stakeholders and engage them through the stakeholder in the decision making process for better benefits of the citizens and minimise the negative effects that causes failure in governance of communal farms.

2. Stakeholder Engagement Theory and Governance of Communal Farms

The theory is traced back from an ancient scholar Freeman (1984), who defined it as "groups and individuals who can affect, or are affected by the achievement of an organisation’s objectives". Clearly, the definition has been popularly applied in many writings on stakeholder engagement with the intention to assist in managing individuals in business organisations. Despite the fact that the theory has in many decades been accepted as the most important commonly used model for business ethics, however there is little record on how effective stakeholders can best assist in governance of communal farms. Contrary to that, Musenwa, Mushunje, Chimoya, Fraser, Mapiye and Muchenje (2008;241) suggested stakeholder collaboration in constructing and maintaining community infrastructures but not necessarily in governance of communal farms. While, on the other hand, Neef and Neubert (2011:179) proposed "stakeholder participation in agricultural projects as a framework for reflection and decision-making". However, it can be argued that governance comes before the success of agricultural projects; hence this paper proposes a governance theory in farming before benefit production.

Notably, communal farms achieved by South African Communal Property Associations have a variety of economic activities such as livestock farming, field crops, game farming, citrus and a combination of livestock, (Department of Rural Development and Land Reform, 2016:19) for profit beneficiation. These economic activities can be considered the most contributors to the Gross Domestic Product (GDP) in the country if successful governance mechanisms are in place. Since stakeholder theory has been argued to promote business ethics therefore, all CPAs should identify relevant stakeholders and engage them in their farm management for better development and sustainability. It is also evident in scientific literature that stakeholder theory provides for a more effective and responsible leadership role in an organisation as it assists in enhancing the manner in which organisations relate to their multiple stakeholders (Amaeshi & Crane, 2006; Greenwood, 2007; Maak, 2007; Ayuso, Rodríguez, García-Castro & Ariño, 2011). Of late, stakeholder theory has been applied by many scholars as a strategic management tool (Sinclair, 2011; Zakaria, 2011) that ensures an effective stakeholder engagement in an organisation (Amaeshi & Crane, 2006; Sinclair, 2011; Girard & Sobczak, 2012). Arguably, the theory can be used to guide the CPA leaderships, the government, different agencies involved and beneficiaries to work closely together for the success management of economic activities in communal farms. Accordingly, stakeholder engagement will promote good governance principles such as accountability, responsiveness, participation, effectiveness and efficiency, equity and inclusiveness in governance of communal farms. This is supported by Pienaar (2009) who asserts that good governance should be regarded as an important governance mechanism in land administration. Hence, it is argued in this paper that good governance can be maintained through positioning stakeholder theory as a starting point for communal farmers to improve their land governance. Despite the fact that Donaldson and Preston (1995) argue that the normative approach of business in stakeholder theory is unpredictable and suggest that modern property rights is fundamental in most organisations, in the context of communal farms the theory will provide for a more focused approach in the sense that all stakeholders invited will be familiar with the vision communal farms in the country.
3. Who are Stakeholders in Communal Farming?

Historically, the issue of identifying relevant stakeholders in governance of communal land has always been ignored in governance and that can be argued to have emanated from lack of cooperation from all parties involved. Contrary to that, the question on who should be involved in the decision making process has never been easy for organisations to answer as many organisations fail dismally. Hence stakeholder engagement should be seen as a managerial practice that directs how managers should operate in their organisation. This model can be applied in governance of communal farms because it consists of different methods of engagement at different levels. Accordingly, all stakeholders such as beneficiaries (community members) and the CPAs (chairperson, treasurer & secretary) community leaders, government officials and non-government organisations or agencies such as Agriculture South Africa (AgriSA), Agribusiness, provided they are invited to form part of the stakeholder group should through the stakeholder engagement model, discuss the planning process of economic activities in communal farms and the outcomes thereof.

Concannon, Meissner, Grunbaum, McElwee, Guise, Santa, & Leslie (2012:985) assert that organisations should better address stakeholder engagement based on three questions: Who are stakeholders in an organisation? What roles and responsibilities can stakeholders have in the organisation? And how can stakeholders be engaged? Therefore, this proposed model of engagement can become a tool in enhancing governance of communal farms in the country. Arguably, in responding to the question on who are stakeholders in communal farming, the table below tries to answer who are stakeholders in communal farming.

Table 1 depicts identified relevant stakeholders in communal farming with the intention to provide a more efficient and effective governance of communal farms. The involvement of the abovementioned stakeholders must be encouraged to form part of governance of communal farms and play their major role in ensuring the success of land reform programmes. It is widely acknowledged that since the inception of the land reform programme the South African government had already spent millions of Rands on land restitution to correct the imbalance of the past with regard to farm ownership. As a result,

<table>
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<tr>
<th>Stakeholders</th>
<th>Engagement Role</th>
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<tr>
<td>Farmers</td>
<td>Responsible for the economic activities such as crop farming, game farming, livestock farming, and lodging in communal farms.</td>
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| Community beneficiaries | • Present their different views on each economic activity each farm decides to undertake in their communal farms.  
• Agree on profit sharing generated through economic activities. |
| Communal Properties Associations leadership (Chairperson, Deputy Chairperson and Treasurer or Secretary) | • Responsible for governance of communal farms on behalf of the beneficiary communities.  
• Present annual report to the relevant stakeholders.  
• Convene monthly and quarterly meeting to engage with stakeholders on the progress of their communal farming business. |
| Government Departments | • Provide both physical and human capital support to communal farms.  
• Monitor economic activities in communal farms |
| Agriculture South Africa (AgriSA) | AgriSA promotes the development, profitability, stability and sustainability of primary agriculture in South Africa by means of its involvement and input on national and international policy and the implementation thereof (https://www.agrisa.co.za). |
| Agriculture Business (Agbiz) | Agbiz’s function is to ensure that agribusiness plays a constructive role in the country’s economic growth, development and transformation, and to create an environment in which agribusinesses of all sizes and in all sectors can thrive, expand and be competitive (http://agbiz.co.za). |
| Agricultural Research Council | The Agricultural Research Council is a premier science institution that conducts research with partners, develops human capital and fosters innovation to support and develop the agricultural sector (https://www.arc.agric.za). |

Source: Author (2018)
land restitution does not only involve commercial farms only but also include small-scale farmers and communal farmers. The situation in governance of communal farms is likely to improve if proper governance principles can be enforced through the engagement of relevant stakeholders. Evidently, scholarly debates (Freeman et al., 2004; Concannon et al., 2012) indicate different important levels and approaches to engage stakeholders in an organisation. O’Riordan and Fairbrass (2014:123) assert that “the main challenge in stakeholder theory is failure to identify whom they are responsible to and how far their obligation extends”.

Contrary to that, Ayuso et al. (2011) and Girard and Sobczak (2012) are of the opinion that positive relationship with stakeholders is important for an organisation. Hence, it is argued in this paper that effective stakeholder engagement can help reduce conflict (Mathur, Price & Austin, 2008; Redpath, Young, Evely, Adams, Sutherland, Whitehouse, Amar, Lambert, Linnell, Watt & Gutierrez, 2013) and poor management in land governance, because all stakeholders involved will be engaged in the decision making process. For instances communal farms in South Africa are governed by CPAs who comprises of various families that have once stayed together as a community and not necessarily sharing surname or clan relation (Bradstock, 2005; Lahiff, 2009; Roe, Nelson & Sandbrook, 2009) and if there is conflict among families then the engagement of other external stakeholders can help in reduction of such conflict.

4. Applying Stakeholder Engagement Principles on Stakeholders Identified in Communal Farms

To provide clarity on why it is important to position stakeholder engagement in governance of communal farms, the paper discusses different levels in which relevant stakeholders can be engaged in governance of communal farms in the country. However, one can argue that involvement of many stakeholders can threaten governance. For instance, the Department of Rural Development and Land Reform (2016:11) noted that, “involvement of external interference in most CPAs where the land has minerals or good agricultural potential, there are also some threats associated with such land”. For example, the influence of external parties, like business people and political figures, adversely affects the coherence of communities. That is, in some instances this leads to the rightful beneficiaries not benefitting from the benefits that accrue to the project while non-members derive benefit. Once relevant stakeholders are identified, then the action plan should start with knowing how to engage them for development and sustainability of communal farms. Therefore, all identified relevant stakeholders, should be engaged through the following principles identified by Bolt (2011:4):

4.1 Information

This principle of engagement ensures how stakeholders are well informed about the processes and outcomes of an organisation (Greenwood, 2007; Rensburg & de Beer, 2011). The importance of this principle is to provide stakeholders with balanced and objective information. This include accountability and responsibility for submission and presentation of corporate documents such as vision and mission of where the organisation is going, economic business plans, annual, research and financial reports (Boesso & Kumar, 2007; Brown, de Jong & Levy, 2009). This should be a starting point for all communal farms under land reform programmes to provide relevant information to all stakeholders involved, so that they can be able to assist them with direction. For instance, the AgriSA is responsible for promoting development, profitability, stability and sustainability of primary agriculture. As a result, AgriSA can then save government some millions of Rands on land restitution programmes by providing relevant information in line with agricultural activities to emerging farmers in communal farming. That is, CPAs leadership should invite AgriSA as an external stakeholder that will assist them with development initiatives on how they can grow their business in communal farming. Arguably, this method of engagement can assist CPAs leadership to account to all the above mentioned stakeholders who have different roles to play in the development and sustainability of communal farms in the country.

4.2 Consultation

It is widely acknowledged that consultations of different stakeholders can be done through weekly, monthly or quarterly meetings. As a result, organisations can only decide on which method of consultations can best suit their organisations and this can be done through different forms of consultations (Amaeshi & Crane, 2006; Greenwood,
2007; O’Riordan & Fairbass, 2008) and that include among others surveys, focus groups, one-on-one meetings, public meetings and workshops and on-line feedback and discussion (Gao, Lee & Zhang, 2006). However, that also depends on the nature of organisations. Most organisations prefer a common method of one-on-one meetings because all stakeholders involved will be able to voice their concerns in formal meetings of their organisations (O’Riordan & Fairbass, 2008). In the case of communal farms, it is the responsibility of CPA leadership who govern communal farms on behalf of the community beneficiaries to ensure that they consult with the Department of Agriculture, Department of Local Economic Development, Environment and Tourism and the Department of Rural Development and Land Reform as the relevant stakeholder departments responsible for their success thereof. These three departments have different roles with regard to restituted land, for example, assistance in workshops and training, financing and skills transfer, monitoring and dispute resolutions in communal farms.

### 4.3 Involvement

Many scholars (Maignan, Ferrell & Ferrell, 2005; Greenwood, 2007; Maak, 2007; Ayuso et al., 2011) have acknowledged that involving multi-stakeholder forums, advisory forums, consultative committees and participatory decision making processes can assist to improve stakeholder engagement in an organisation. Rensburg and De Beer (2011) also note that engaging stakeholders in the decision-making process to governance also remains a global debate. Additionally, it becomes clear as to who is involved in the organisational decision-making process (Manetti, 2011). Firstly, the involvement of government departments will assist in monitoring and ensuring compliance to the constitutional mandates of communal farms. Secondly, involving the Agricultural Research Council will help with relevant research that aims at developing human capital and fosters innovation to support and develop of communal farmers in the agricultural sector.

Accordingly, most restitution farms in the country failed because they were argued to be non-competitive. Therefore, the involvement of Agribiz is to ensure that agribusiness plays a constructive role in the country's economic growth, development and transformation, and create an environment in which agribusinesses of all sizes and in all sectors can thrive, expand and be competitive. That is, with the support from Agribiz, communal farmers have a starting point to firstly present their agricultural business plans for economic competitiveness purposes.

### 4.4 Collaboration

Similar to involving principle of engagement, collaborative of joint ventures and multi-stakeholder initiatives is important in stakeholder engagement. In this regard collaboration of both internal and external stakeholders must move in one direction with the intention to impact and enhance growth in the organisation (Freeman, Wicks & Parmar, 2004). Notwithstanding the belief that collaboration with stakeholders enhances problem solving and reduces conflict among stakeholders (Desai, 2017). However, one can argue that solving complex problems in groups often pushes an organisation to a more comfort zone because the belief is that through collaboration of external and internal stakeholders, there are always unresolved issues, as they all have different opinions. The Department of Rural Development and Land Reform (2016) explains that conflict among CPAs in communal farming remains a challenge and to a particular extent some CPAs are associated with poor governance due to conflict. Despite conflict among beneficiaries, the CPA Annual Report 2015/2016 noted that CPA members, should be provided with training and capacity building within CPAs and the creation of platforms for CPA members to share lessons and experiences with other CPAs that have been successful in managing their affairs. Hence collaboration from responsible stakeholder's department is considered important in putting governance of communal farms on a sound operating footing.

### 4.5 Empowerment

The aim of this method of engagement is to give knowledge empowerment to the community by ensuring public participation. Public participation has been identified as an important principle in governance (Reed, 2008; Wesselink, Paavola, Fritsch & Renn, 2011). That is, among the community beneficiaries there are those who can be empowered and be able to assist other small-scale farmers in their area of jurisdiction, if they participate in the decision making process of communal farms. For instance, empowerment of different groups such as the youth and women who are often excluded...
from farming activities can be empowered and also form part of governance structures in communal farming. However, it should be noted that women empowerment in all fields of the society still remains a critical challenge. Mkhabela (2007), Myeki, Mmbengwa & Ngqangweni (2014) and Ngomane (2017) assert that women empowerment particularly in the agricultural sector can resolve the socio-economic challenges in poverty stricken rural areas. Consequently, female farmers are for the most part producing relatively small volumes of produce on relatively small plots of land (Farmer’s weekly, 2016). In the context of this paper, empowerment in agriculture will promote both empowerment and food security through support provided by relevant stakeholders such as AgriSA, Agricultural Research Council and the Department of Agriculture in the country. With agriculture having been identified as one of the major drivers of the economy (Limpopo Department of Agriculture, 2013) contribution from communal farmers, should also be taken into consideration. Therefore, the government must ensure that all farmers are empowered with different skills required to promote development and sustainability of land restitution programmes in the country.

5. Benefits of Stakeholder Engagement in Communal Farming

Since the theory is regarded the best in assisting organisation to function smooth (Gibson, 2000; Freeman, 2004; Freeman, Wicks & Parmar, 2004; Fontaine, Haarman & Schmid, 2006; Neef & Neubert, 2011; Harrison & Wicks, 2013), in the case of communal farms the theory will provide direction of where farm management is and should be going for long-term benefits. It is argued in this paper that, the theory will, firstly, assist managers or CPAs leadership in communal farms to firstly identify people who may be affected by the organisation’s decision as their major stakeholders, so that they can be able to engage them in the decision-making process of their farms. Secondly, once farm managers have identified their major stakeholders, they should therefore provide stakeholders with balanced and objective information which includes accountability and responsibility for submission and presentation of corporate documents such as annual and financial reports. Thirdly, consultations of different stakeholders in communal farms can be done through weekly, monthly and quarterly as suggested in stakeholder engagement theory principles. Therefore, positioning this theory will also help CPAs to understand the importance of one-on-one meetings with their stakeholders, because it is along those lines that it is believed that all stakeholders will be able to voice out their concerns in formal meetings they hold either monthly or quarterly. Fourthly, the involvement of external stakeholders such as the Department of Agriculture; Department of Rural Development and Land Reform and the Department of Local Economic Development, Environmental and Tourism, will provide relevant support, for example assistance in workshops and training of new emerging farmers, financing and skills transfer for both active and new emerging farmers and regular monitoring which intends to reduce dispute in communal farms. Lastly, collaboration of both internal and external stakeholders must move in one direction with the intention to impact and enhance growth in communal farms. That will also help to enhance problem solving and reduce conflict among the CPAs and beneficiaries themselves. Accordingly, restituted farms are supposed to benefit the beneficiaries in different African communities (Anseeuw & Mathebula, 2008; Sebola, 2014). To date, the benefits of redistributed and restituted farms registered with different government departments to ensure sustainability in the country is not known. Hence it is proposed in this paper that, positioning stakeholder engagement theory in communal farms will assist CPAs leadership to better understand the needs of the stakeholders involved and consider their interest in any decision taken that affect the economic viability of communal farms in South Africa.

6. Conclusion

Stakeholder engagement theory should be considered a starting point for governance of communal farms through CPAs in the country. The argument put forth in this paper is that the theory suggests different principles that should be regarded as primary to the benefit of all stakeholders involved in communal farming. As discussed in this paper, applying stakeholder engagement theory in communal farms assets that CPAs will better understand the needs of the stakeholders involved and consider their interest in any decision taken that affect the economic viability of communal farms in South Africa. All principles of engagement if clearly applied among stakeholders, then an effective governance of communal farms can be maintained. The paper conclude that this framework should be regarded as a starting-point for communal farms to better reap some kind of
benefits from the engagement of different stakeholders in communal farming to promote the benefits of the citizens and minimise the negative effects that causes failure in governance of communal farms.

References


