THE EFFECTS OF CORPORATE SOCIAL RESPONSIBILITY ON COMMUNITY DISPUTE RESOLUTIONS IN THE SOUTH AFRICAN MINING SECTOR

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DECLARATION

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I, the undersigned, **Keabetswe Modimoeng**, hereby declare that this thesis is my own work and that it has not been submitted to any other institution for degree award or other purpose.
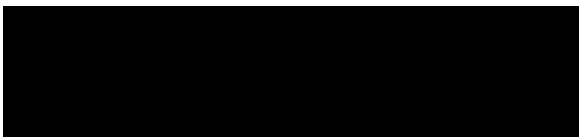
Prior to submission of this thesis, the student contributed a chapter and presented at The Southern African Institute of Mining and Metallurgy: *Mining, Environment and Society Conference 2015, Johannesburg.*
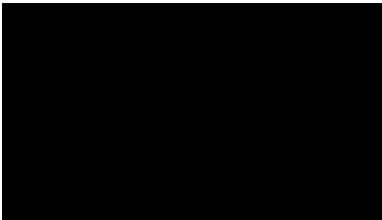
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ABSTRACT

The South African mining sector has over the years been perceived to be exploitative and not responsive to the investment interest of immediate stakeholders where they extract (local communities and labour). The perception of non-investment has resulted in amongst others, extensive community and labour unrests leading up to mass killings of mine workers at Marikana by the South African Police.

The South African government has enacted policies to guide Corporate Social Responsibility (CSR) for the sector but the historic problems associated with this sector persists. As a result of community concerns around mining CSR, communities are mobilising around civic organisations, with the aim of brining the mining sector to account and fostering community development in their localities. This research explores and analyses if the mining sector adheres to CSR in their ventures and how communities perceive the sector's activities and CSR approaches.

The epistemological foundations of this research are mainly positivist adopting theoretical assumptions of the stakeholder theory. The research methods are however those of mixed methods – quantitative sequential qualitative methods. The subsequent research designs are a survey in the quantitative methods and exploratory interviews in the qualitative methods. Data was gathered using a survey questionnaire in the quantitative methods and recorded phenomenological interviews in the qualitative methods. Data was gathered from a sample of 200 community members in the two sampled mining areas of Marikana (100) and Carletonville (100). The former is a platinum belt and the latter is an old gold mining area. To augment quantitative data from the field survey sequential qualitative data was collected through semi-structured interviews (phenomenological interviews) with mining company executives, government leaders, trade unions leadership as well as community members in Makhado and Tshikondeni mining sites.

The researcher encountered various limitations including travels to remote areas with lengthy distances on gravel roads, and respondents' "over-researched" attitudes especially in Marikana and Makhado.

The findings suggest that the mine workers' location, living and working conditions influence their understanding and therefore definition of CSR. Although numerous CSR definitions emerged in the case of Marikana CSR was equated to basic service provision similar to those provided for by the municipality like houses, schools, roads and clinics. In the case of Carletonville which is a well-developed mining town, CSR meant skills development, local enterprise development and provision of bursaries. It emerged that the majority of community members are not aware of the CSR programmes implemented in their localities. Respondents further cited collusive corrupt activities between the mining companies, traditional authorities and municipal leadership as the main deterrent to CSR and to local economic development. Overall findings suggest that the mining sector is adherent to CSR legislation at the minimal level but this does not meet the needs and expectations of community members. The mismatch between community expectations and their understanding of CSR does not align with government policy on CSR requirement of the mining sector.

The study recommends, among others, that bold and decisive government enforcement of penalties, which include consistent revoking of mining licences for non-CSR compliance by mining companies. The thesis also highlights the implications for managers as the rise of civic organisations propels a new engagement approach between mining companies and communities. This new approach would have inherent challenges such as delays in reaching consensus and exposing mining companies to internal community politics. Additionally, the study recommends future research be focused on evaluating constitutional powers of traditional leaders in relation to community interests in mining CSR. Furthermore, research could be conducted to establish previous compliance records on post-mining social commitments and environmental rehabilitation of mining companies in South Africa.

This thesis brings to the fore, an illustration of the emergent bargaining power communities has and how it compels mining corporates to engage with communities more consultatively. Failure to do so, result in situations such as Coal of Africa impasse in the Makhado area where losses amounting to billions of Rands are incurred.

DEDICATION

"Luck is when opportunity and hard work meet half way".

These are the words I vividly recall sharing with my late sister, words she took to her social media platform. I lived on to uphold these words beyond her mortal presence on earth.

This thesis is dedicated to:

- My late sister, Didintle Modimoeng (28/10/1993 - 25/05/2014). Fulfilling my dreams is a symbol of being alive. I woke up from an illusion of a guaranteed tomorrow the day you took your last breath. Till we meet again, for I believe we will.
  Robala boroko morwadia Kgabo, tsaya thari o belege, o reetse dilelo tsa morafe wa Bakgatla, o re nesetse pula ya medupi-ya-tsheola!

- My late cousin brother, Adv. Ralepang Omphile Bogatsu (16/03/1989 - 25/05/2014). My Chief Justice, I have soldiered to the end Jim. Keep skating my G, 36 Chambers!
  Motlokwa wa mafeta kgomo a je motho- thakadu seepela tse dingwe matsatsa!

- My late grandmother, Gaitsiwe Emma 'Emzo' Modimoeng. (1934-1999). '*Nkabi'* has done this in your loving memory.

Lastly, this research project is dedicated to:

- All the mine workers and mining community members in South Africa. Those I have interacted with during the course of this study and earlier during my journalism years. I know your struggles, for I have walked with you.

ACKNOWLEDGMENTS

This was certainly a life changing journey. For this accomplishment, I praise my living God and ancestors to whom I am eternally grateful.

I thank my academic mentor and supervisor, Prof. Fulufhelo Godfrey Netswera. No words can do justice to my heartfelt gratitude. *Ndo livhuwa nga maanda muthannga wa ha-Mainganye!*

My parents, Kgomotso and Mamotsei Modimoeng. There is something you profoundly did right in our upbringing, I am longing for that recipe. This way, I salute you! My grandmother, Moipone Malingaan Johanna Morule, and my grandfather Kgosimore Eleke Modimoeng (who sadly passed on during the examination phase of this thesis) for the prayers and encouragement during times of despair. For my brother Ofentse - you have always believed in your *Guerrilla* - much as I believed in you. We can write a book about bitter and painstaking sacrifices in the pursuit of one's dream.

The glue that made the centre hold, my beloved wife Omphile. Here we stand. You have made the biggest sacrifice, endured long nights alone, throughout the duration of my research, coinciding with our second pregnancy. *O mmabana o e tshwere ka fa bogaleng.* You were instrumental in this journey. My son, Rangadi Olaotse Modimoeng, *moremogolo go betlwa wa taola, wa motho wa ipetla. Kgabo*!

My precious daughter and sister, Atsile Didintle Modimoeng. *Morwadia Kgabo*, you were born in the midst of a revolution! A period where a man's courage of conviction and unwavering commitment to a dream were scrupulously tested. And what did daddy do? He kept his head high and soldiered on, regardless! *C'est La Vie.*

Thanks to all respondents and informants in my research, mining executives, and union leaders. Special revolutionary gratitude to former President of the Republic of South Africa, *Mkhululwa,* Comrade Kgalema Petrus Motlanthe who availed himself to personally share his wealth of experience on the subject matter. Much appreciated MK!

Spirits Unchained
Prof. Keorapetse Kgositsile, 1971

Rhythm it is we
walk to against the evil
of monsters who try to kill the Spirit
It is the power of this song
that colors our every act
as we move from the oppressor-made gutter

Gut it is will move us from the gutter
It is the rhythm of guts
blood-black, granite hard
and flowing like the river or the mountains

It is the rhythm of the unchained Spirit
will put fire in our hands
to blaze our way
to clarity to power
to the rebirth of real men......

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LIST OF ABBREVIATIONS

AMD	: Acid Mine Drainage
AMCU	: The Association of Mineworkers and Construction Union
ANC	: African National Congress
BBBEE	: Broad-Based Black Economic Empowerment
BRICS	: Brazil, Russia, India, China, and South Africa
COAL	: Coal of Africa
CSR	: Corporate Social Responsibility
DMR	: Department of Mineral Resources
EFF	: Economic Freedom Fighters
GDP	: Gross Domestic Product
HDSA	: Historically Disadvantaged South African
IEE	: Indigenisation and Economic Empowerment Act
ISO	: International Organisation for Standardisation
JSE	: Johannesburg Stock Exchange
LED	: Local Economic Development
MACUA	: Mining Affected Communities United in Action
MEJCON-SA	: Mining and Environmental Justice Community Network of South Africa
MIACC	: Mokopane Interested and Affected Communities Committee
MPRDA	: Mineral Petroleum Resources Development Act
NUM	: National Union of Mineworkers
OECD	: Organisation for Economic Co-operation and Development
SD	: Sustainable Development
SED	: Socio Economic Development
SLP	: Social and Labour Plan
ZCM	: Zambia Chamber of Mines
ZCCM	: Zambia Consolidated Copper Mines

CHAPTER 1

OVERVIEW OF THE STUDY

1.1 INTRODUCTION

This is the first chapter of the study, providing an overview of the structural flow of the thesis. The chapter begins with a definition of Corporate Social Responsibility (CSR) and Sustainable Development, which are the central concepts to this research. Chapter one also details a synopsis of the research problem, research aims and what each chapter in this thesis contains.

1.1.1 Definition of Corporate Social Responsibility

According to Moir (2001), The World Business Council for Sustainable Development defines CSR as the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

In other instances, CSR is seen as a side contribution, but Marsden (2001) argues CSR is about the core behaviour of companies on the environmental and economic responsibility for their total impact on the societies in which they operate. CSR is not an optional add-on nor is it an act of philanthropy. A socially responsible corporation is one that runs a profitable business that takes account of all the positive and negative environmental, social and economic effects it has on society.

The International Organisation for Standardisation report (ISO, 2010) regards Social Responsibility as the duty or obligation of an organisation for the impact of its decisions and activities on society and the environment, through transparent and ethical behaviour that:

- contributes to sustainable development, including health and the welfare of society;
- takes into account the expectations of stakeholders;
- is in compliance with applicable law and consistent with international norms of behaviour; and

- is integrated throughout the organisation and practised in its relationships.

According to ISO Report (2010), the ISO 26000 Social Responsibility Standard is not a management standard - this means therefore that it cannot be used for certification purposes. Nonetheless, it is an important set of guidelines that can help companies, particularly those in the mineral industry; achieve their CSR goals on a 'beyond compliance' approach.

The United Nations Economic Commission for Africa (ECA, 2011) has also conducted various studies across the African continent on mining sustainability, legislation and CSR in which it argues for the development of frameworks compelling mining companies to invest in CSR - as lack thereof makes community concerns peripheral and any CSR contributions just charity.

According to Hopkins (2012), CSR is concerned with treating the stakeholders of the firm ethically or in a responsible manner. 'Ethically or responsible' means treating stakeholders in a manner deemed acceptable in civilized societies. Social includes economic responsibility. Stakeholders exist both within a firm and outside. The wider aim of social responsibility is to create higher and higher standards of living, while reserving the profitability of the corporation, for peoples both within and outside the corporation.

Furthermore, CSR comprises of doing much more than the minimum prescribed by the law. Lea (2002) defines CSR as being about businesses and other organizations going beyond the legal obligations to manage the impact they have on the environment and society. In particular, this could include how organizations interact with their employees, suppliers, customers and the communities in which they operate, as well as the extent they attempt to protect the environment.

The evolution of CSR according to the ECA (2011) has led to the mining industry accepting that implementing community development programmes and behaving as responsible corporate citizens are good business practice. The ECA (2011) further argues mining companies now accept that for communities living in areas in which

they operate, to live without basic services such as water, health care, electricity and sanitation is unacceptable for good business.

Produce and distribute wealth

Stakeholder Management

Sustainable business practices

Ethical Sytems
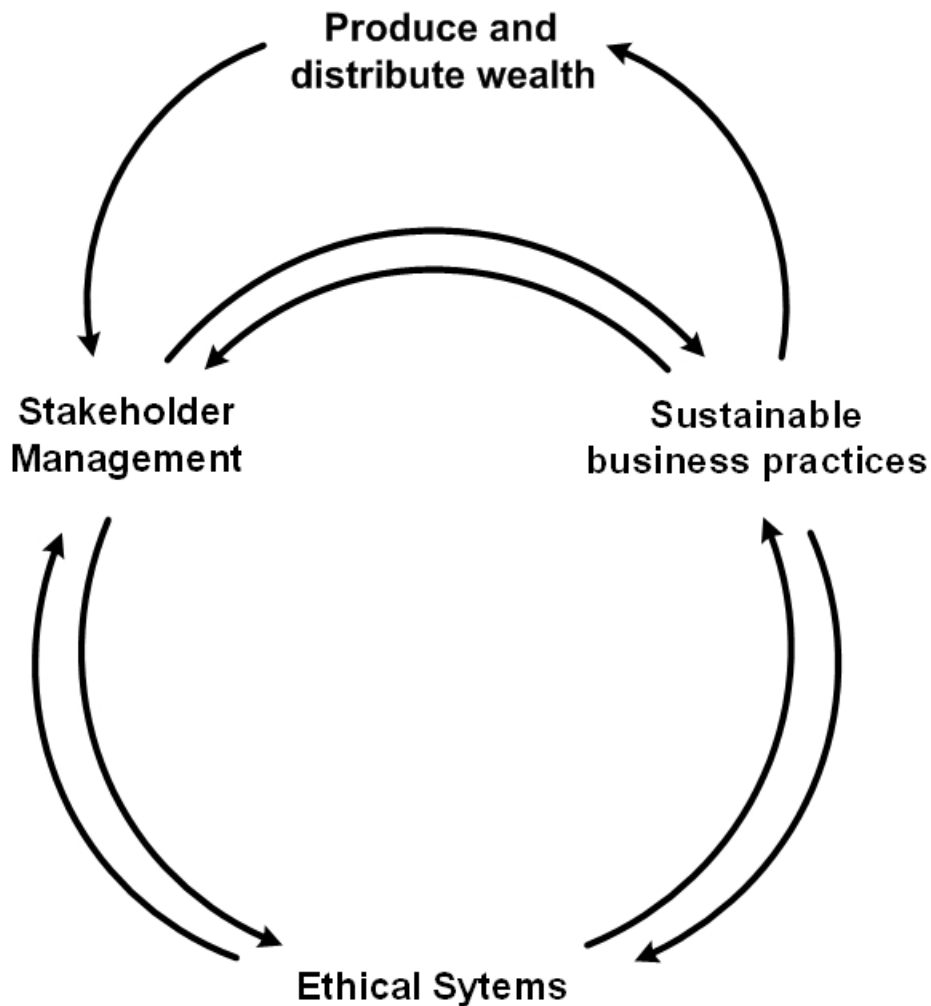
Figure 1.1 Corporate Social Responsibility as a System

According to Smith (2011), the arrows in Figure 1.1, demonstrate the flows that influence behaviours between the parts and affects the overall structure of the system. Understanding the interrelationships and processes of change reinforces the system and keeps the corporation's CSR activities in balance. Producing and distributing wealth, stakeholder management, ethical systems and sustainable management practices managed individually, or excluding one or more of the components, causes the CSR system to collapse.

While CSR is very relevant in extractive sectors where resources and labour is exploitable, CSR is however relevant in other business sectors. CSR is for instance of particular interest to specific industry sectors such as telecommunications, banking and mining. According to Wu and Shen (2013) a banking corporation is generally encouraged to adopt CSR because of its perceived benefits to both macro and micro-performances. Macro-performance includes environmental improvement and reduction in social inequality. Micro-performance includes reputation enhancement, potential to charge a premium price for products as well as the enhanced ability to recruit and to retain high quality workers. The most attractive lure is that firms adopting CSR can gain financial benefits that are greater than the ensuing costs, thereby improving financial performance in the long run.

Within the mining industry, CSR is seen to be important because public opinion of the sector as a whole is poor; opinion of natural resource extraction industries is influenced more by concerns over environmental and social performance than by performance in areas such as product pricing, quality, and safety (Jenkins and Yakovleva, 2006).

The importance of CSR in the mining, oil and gas industries has resulted in formalised regulations to how organisations should be of social benefit to communities in which they operate. According to Raufflet, Cruz and Bres (2014), the ethical and governance dimensions of CSR regulations in the mining sector focus on the transparency and integrity of the company in its relations with different stakeholders. The environmental dimension targets pollution, waste and natural degradation. The community relations aspects are not considered a sub-division of the social dimension because of the importance of social acceptability in the mining, oil and gas industries.

The research agenda of CSR as articulated in Godfrey and Hatch (2007) asserts that CSR activity is not one comprehensive activity but rather a collective name for many different activities. Thus, philanthropy and environmental remediation represent different kinds of social involvement, not merely different manifestations of a firm's commitment to its communities. Aggregation of socially responsible behaviours, focusses to how a firm's overall social involvement impacts the comprehensive world

in which managers and stakeholders operate; this level of aggregation fits well with the abstract dictates of both micro-economic modelling and moral philosophizing.

Godfrey and Hatch (2007) further argues the strong first step in advancing research is to stop thinking about a theoretical firm's global CSR and start modelling actual firm's tangible CSR – the specific actions, policies, or activities through which managers concretely execute a philosophical commitment to social goals.

This study fits into the research agenda of CSR as defined by Godfrey and Hatch (2007), Raufflet, Cruz and Bres (2014) and Jenkins and Yakovleva (2006), among others, because it examines community definition of this concept and therefore how such definition influences their perception of the actual impact of mining companies' CSR activities in their lives. Furthermore, the research explores the mining sector's CSR commitments within their mining communities as well as adherence to the CSR legislation. This examination of the mining sector CSR impact includes the identification of how the lives of community members and employees have improved or degenerated over the years and how these outcomes relate both to the government CSR legislation or CSR implementation by the mining sector.

1.2 RESEARCH PROBLEM

The mining sector has provided South Africa with numerous economic opportunities as well as an array of its biggest problems since colonial era to date. Two important developments in this sector are obvious:

Firstly, (Brand South Africa, 2015) argues that despite a declining contribution to the Gross Domestic Product (GDP) and employment, South Africa's minerals value chain remains a pillar of the economy and a major global player, accounting for a significant proportion of world production and reserves. The sector contributes 8.6 percent - some R263-billion - to the GDP. The contribution includes creation of over 500 000 direct jobs and an additional 500 000 indirect jobs. The mining sector accounts for 50 percent of forex, 12 percent of investment and 13.2 percent of corporate tax receipts. South

Africa is a major supplier of coal, platinum group metals, gold, diamonds, chrome, iron ore, vanadium and manganese.

Secondly, despite the huge turnover and economic activities of the industry, the mining industry continues to be associated with insufficient employee wellness programmes like housing, clean water and sanitation provision, poor provision of health facilities and as a result in prolonged wage-related labour disputes are witnessed (Dlangamandla, Jika, Ledwaba, Mosamo, Saba and Sadiki, 2013). Agitated neighbouring communities often cite lack of local economic development in the provision of roads, basic services such as housing, water, electricity and sewerage as their main concerns.

Thirdly, government has put numerous legislation to guide good CSR practices in the implementation of CSR programmes by the mining sector. Even with new government legislation, the problems that are reflected above however persists. Community protests and labour disputes associated with the lack of CSR implementation remains the order of the day.

The research problem is located between the first and the third observation, that is, despite a mild economic performance of the sector and despite the guidance given by government legislation on the implementation of CSR in the mining sector, why is it that various social ills associated with poor or non-existence of CSR persist? Such ills include but are not limited to the broad categories of social, environmental and health. Below is a brief exploration of these articulated problems associated with CSR implementation in the mining sector or its lack thereof:

1.2.1 Health problems

SA News.Gov (2015) states the South African government has set aside R1.5-billion that will go towards compensation for mining- related pneumoconiosis which includes silicosis asbestosis, TB, chronic obstructive airways disease, progressive systematic sclerosis and lung cancer among others.

Silicosis has been prominently recorded as one of the most potent diseases to affect the mining industry in South Africa. According to Swart (2013), several other lawsuits were lodged and could cost the South African mining industry billions in compensation for gold mine workers suffering from silicosis.

The South African Medical Journal (2014) contends one in every 100 gold miners in SA has been dying annually for at least the past 10 years - and the mortality rate, fed by the HIV/TB epidemic, shows no sign of changing anytime soon. An additional 4 percent of gold miners are repatriated home (medically boarded) every year owing to ill health (mainly lung disease). These workplaces related repatriation figures are roughly five times the national workforce average.

Swart (2013) further argues that silicosis has plagued gold miners in Southern Africa for more than a century and mining companies have appeared to be slow towards tackling the problem. By 1983, about half a million workers were employed in South African gold mines, the greatest number at any point in the history of mining. In 2016, a South African High Court (Corke, 2016) handed a landmark judgment for class action suits seeking damages from gold companies for up to half a million miners who contracted the fatal lung diseases silicosis and tuberculosis underground. This problem is further explored in-depth in chapter two.

1.2.2 Environmental problems

According to Toyana (2016), the challenge of mining water pollution is so endemic that it is compelling the South African government to charge mining firms two-thirds of the cost for treating polluted water emanating from their century-long operations in Johannesburg's mining belt. The mining acid rehabilitation costs to government are estimated around R600 million a year.

The mining industry has also been closely linked to the severe water contamination in South Africa particularly in former and current mining towns, with the most prevalent being the acid mine drainage (AMD). According to Thelwell (2014), AMD first hit the headlines in 2002, when flooding in the West Rand Basin released 20 million litres of polluted water into the surrounding areas. Yet it is estimated that 90 percent of AMD

comes from abandoned mines that were operating more than a century ago - leaving today's taxpayer to foot the bill.

Olalde (2016) notes the South Africa's Department of Mineral Resources (DMR), holds a list of 6,000 "derelict and ownerless" mines, which became the government's problem over the years when the former owners disappeared. While the DMR slowly rehabilitates those mines — at a rate of about 10 per year — companies continue to walk away from operations such as Blyvooruitzicht in Carletonville, and both mining companies and the government are slow to accept responsibility. This problem is well expatiated in chapter two.

1.2.3 Social problems

The mining sector has historically contributed to among others, the migrant labour system in Southern Africa. Historically black people could not live in "White South Africa"- the urban and developed economic areas, as a result their families were left in their "homelands" in the rural areas. This segregation further escalating the destruction of family lives. The South African mining industry was according to Mazibuko (2013) founded not only on minerals, but also on cheap African labour recruited from the country's rural areas and neighbouring states.

The Labour Market Review (2007) states that at the time of the 1987 mine workers strike, 477 000 migrant workers were employed on the mines. By 2001, the figure had more than halved to just over 200 000 with rising gold prices, in the mid-2000s employment rose to over 260 000 in 2006.

As a result of workers leaving their homes and moving to mining towns, this has also created a huge housing provision backlog and a surge in informal settlements- which has become the responsibility of government.

Highlighting the financial intensity of the housing backlog in the South African mining sector, Nicolson (2015) notes that about R419 million was spent on upgrading informal settlements in mining towns in five provinces with R1 billion ring-fenced for 2015. The overall aim being the provision of 19,000 housing opportunities. The Department of

Human Settlements agencies have also ring-fenced another R1-billion for integrated human settlements in priority mining towns.

Reflecting on what came to be known as the "Marikana Massacre" Gavin Hartford; who is a transformation and strategy consultant to the mining industry, (Dlangamandla, et al 2013) contends that there is no doubt that the extreme poverty and inequality in South Africa (amongst the worst in the world according to the Gini coefficient), provide the social and economic context for heightened expectations of amongst others wage increases by mine workers.

Although the Mineral and Petroleum Resources Development Act, of 2002 makes it compulsory for amongst others 26 percent ownership of mines to be in the hands of historically disadvantaged South Africans (HDSA) – referring to all persons and groups who have been discriminated against on the basis of race, gender and disability), the levels of compliance by mining companies have not been satisfactory to the expectations of government.

According to Quintal (2015), more than 300 notices have been sent to companies in the South African mining industry that have not complied with stipulations in the mining charter regarding transformation, following the 2014 Department of Mineral Resources (DMR) review. Further discussions of the social ills associated with the mining sector are reflected in chapter two.

1.3 RESEARCH AIMS AND OBJECTIVES

The central aims of the thesis are to:

a) examine the relation between mining CSR activities and community disputes; and

b) evaluate the relationship and relevance of existing corporate policies, government legislative framework and approaches to CSR within the South African mining industry

The *aims and objectives* are fully tabulated in the research map below.

Research problem	Aim	Objectives	Questions	Research rationale	Underlying theory	Hypothesis
- Despite a mild economic performance of the sector and guidance by government legislation on CSR implementation;	1. Examine the relation between mining CSR activities and community disputes	1: Establish how CSR projects and programmes are identified	1. How are CSR projects and programmes identified?	If CSR priorities of the mining sector resonate with community needs and expectation	Stakeholder theory	There is misalignment between mining sector CSR priorities and communities (Jenkins and Obara, 2008)

various CSR social ills persist in:
 	
Social:
 - *migrant labour;*
 - *social basic
  service provision
  housing shortage*
	2. Evaluate the relationship between corporate policies and government legislative framework and CSR	2: Establish if CSR programmes and projects have resonance with the interests and ideals of communities	2. Do CSR programmes and projects resonate with community interests?	If CSR priorities of the mining sector resonate with community needs and expectation	Stakeholder theory	There is misalignment between mining sector CSR projects and community interests (Jenkins and Obara, 2008)

Environmental: - *acid mine drainage;* - *air pollution;* - *sinkholes*	approaches within the South African mining industry	*3:* Identify the shortcomings in mining CSR activities for improvement by mining companies for the benefit of communities	3. What are the shortcomings in mining CSR activities for improving community benefit?	Ensure that there is alignment and mutual benefit in CSR activities	Stakeholder theory	None
Health - *silicosis;* - *tuberculosis;* - *lung cancer*		*4:* Establish whether CSR is regarded as a strategic business management function or is practised solely for compliance purposes; and	4. Is CSR a strategic business management function of mining companies or practised for compliance?	Ascertain if CSR is an ad-on or perceived burden by mining companies	Stakeholder theory	CSR is not a strategic business management function but practiced for compliance purpose. (Nesvadbová, 2009)
		5: Ascertain if consultative CSR implementation could save mining company resources than reactive CSR	5. Could consultative CSR save mining company resources than reactive CSR?	Ascertain if consultative CSR practice is mutually beneficial than reactive CRS	Stakeholder theory	Consultative CSR saves company resources (Raufflet, Cruz and Bres, 2014)

Table 1.1: Research Map

The theoretical assumptions and approach to this research resides in the stakeholder theory. According Maurer (2007), the Stakeholder theory assumes that different groups have different means and amounts of power. The power depends on the firms' dependency on the stakeholder group to provide resources, the degree of access the group has to political processes, to the mass media, or more generally on their potential and willingness for collaborative grouping with other stakeholders. Therefore, responsiveness is sorted based on the perceived powers or importance of the stakeholder group that is involved in the issue. This theory is thoroughly explored in chapter three.

1.4 SIGNIFICANCE OF THE STUDY

The study produces insights aimed at assisting stakeholders within the South African mining industry to engage more cordially around the implementation of CSR. This includes the need for developing appropriate policy frameworks for regulating mining business activities and social partnerships between local communities and mining companies.

The study furthermore illustrates the importance of community engagement on CSR decisions as a way to avert disputes and loss of production by mining companies. Thus, it highlights the importance of complying with legislative requirements and shows the regrettable consequences of non-enforcement.

1.5 SCOPE OF THE STUDY

The study was conducted among various mining stakeholders that include mining management, workers, workers' unions and the general community members. The focus of the research was on mining communities in the three provinces of Gauteng (Carletonville), North West (Marikana) and Limpopo (Makhado).

Figure 1.2 Study research communities map

Copyright (Khumo Media 2016: K Modimoeng PhD study)

These research communities illustrated in figure 1.1 above were chosen for the following reasons:

- **Carletonville:**

  A mining town in Gauteng province situated 80 kilometres south west of Johannesburg. The area has a rich history of gold mining, with some shafts having already reached their mining lifespan and closed off. The selection of Carletonville in this study provides a unique opportunity to engage with respondents who have experienced mine closures and have been exposed to

mining for a long period of time. The communities surveyed in the areas of Carletonville include Kokosi, Wedela and Khutsong townships;

- **Marikana:**

  Marikana is a platinum rich mining area situated in the North-West province, 42 kilometres from Rustenburg and 112 kilometres from Johannesburg. The mining protests that resulted in the tragic August 2012 shootings of mining workers remains a thorny subject in South Africa's mining industry. The study sought to establish views of community members and workers in Marikana three years after these tragic events. Lonmin, the mining company in Marikana has experienced a lot of pressure from society on its alleged role in the deaths of workers. The findings of the Farlam Commission of Inquiry into the shootings (Nicholson, 2015) found that Lonmin did not sufficiently try to engage with workers on ending the strike, or protect its employees ahead of the fatal shootings; and

- **Makhado:**

  Makhado is a coal mining area in the Vhembe district of Limpopo province, 450 kilometres north of Johannesburg. The community of Makhado has launched a complete onslaught against mining prospects by Coal of Africa mining company. The selection of the Mudimeli community in Makhado was an opportunity to capture the extent of the rising community voices on mining developments especially where mining activities threaten the community members' access to basic services such as water.

1.6 RESEARCH OUTLINE

This thesis is divided into seven chapters as outlined below:

Chapter One: Introduction

Chapter one sketches the problem statement which is the basis of the study. The chapter also highlights the significance of undertaking the study research aims and objectives.

Chapter Two: Literature review

Chapter two observes the evolution of CSR literature over the past 60 years and how its implementation in the mining industry has also evolved in recent times. This chapter observed selected regional and international countries' CSR mining legislation and how it is modelled towards community development.

Chapter Three: Theoretical and conceptual foundation

The chapter reviews the theoretical literature on extractionism and extractive industries in society. Related theories such as the theory on extractivism, stakeholder theory and dependency theories are also discussed. Foregrounding this research with a relevant theory provides proper justification on how to explain the behaviour of the mining industry and to test the theory's relevance or applicability.

Chapter Four: Research methodology

The chapter addresses the research methods and design. Focus is on the research processes that were followed in order to execute this entire research project from questionnaire design and interview guides, the methods of data collection (fieldwork) and data analysis techniques. The chapter also provides some clarification of the research ethics that applicable and applied in this research.

Chapter Five: Analysis of data

This chapter focusses solely on the analysis and interpretation of the mine workers, community members and mine bosses' feedback data. Survey data was coded and captured into the Statistical Package of Social Sciences (SPSS) for analysis purposes. Graphs, tables and photographs are used to present the findings. The data which was collected using a survey questionnaire was also coded into SPSS for analysis purposes. The chapter utilises graphs and photographs to present the findings, and substantiating text for further narration.

Chapter Six: Discussion of results

This chapter looks at the outcomes of analysis and its relevance and implications against policy, practice and theory. The chapter also positions literature and examines how it relates to the findings by highlighting the significant areas of agreement and disagreement between the finding and literature.

Chapter Seven: Conclusions

This last chapter evaluates if the study aims and objectives are met in light of the existing findings. The chapter also draws conclusions on amongst others the distinctive contribution of the thesis. The last section of the chapter is focussed on a discussion of recommendations that the researcher draws from the findings for, amongst other things, practical intervention, policy development and policy review as well as future or further research.

CHAPTER 2

LITERATURE REVIEW

2.1 WHAT IS CSR?

There are various definitions of CSR by various research institutions, governments and consultancy bodies. Central to these definitions is the relationship between business and the society in which it operates.

The Ethical Performance (2003) defines CSR as the responsibility of a company for the totality of its impact, with a need to embed society's values into its core operations as well as into its treatment of its social and physical environment. Responsibility is accepted as encompassing a spectrum – from the running of a profitable business to the health and safety of staff and the impact on the societies in which a company operates.

Woodward-Clyde (1999) provides a definition which sees CSR as a 'contract' between society and business wherein a community grants a company a license to operate and in return the matter meets certain obligations and behaves in an acceptable manner.

According to Ethics in Action Awards (2003), socially responsible companies consider the full scope of their impact on communities and the environment when making decisions, balancing the needs of stakeholders with their need to make a profit. Which implies CSR is a term describing a company's obligation to be accountable to all of its stakeholders in all its operations and activities.

2.2 THE EVOLUTION OF CSR

It can be argued that the practice of CSR has in essence existed alongside the existence of corporates themselves. This line of argument suggests therefore, that corporate social responsibly is as old a practice as are corporate institutions. The documentation and legislation of CSR however is a very different matter altogether – and more recent than the actual practice.

Existing literature suggests that the documentation of the concept is no older than 70 years. CSR has evolved with contributions by many authors over the past 60 years. Some of the reasons and factors influencing the evolution of CSR are the ever-changing economic landscape and global business practice within which CSR is embedded. CSR implementation in the mining sector has also evolved over the years. In South Africa, the evolution of CSR in the mining sector is unfolding in our own eyes as communities are continuously becoming more vocal about their specific needs and call for a consultative approach to mining operations within their communities, while also agitating for changes in government legislation.

This chapter discusses the evolution of CSR globally from the 1950s, right through to the 2000s. Furthermore, the chapter pays specific attention to the contextual background of mining in the South African economy, the rise of civic organisations, trade unionism and the nationalisation of mines debate.

2.3 CSR OVER THE YEARS

2.3.1. CSR in the 1950s

Prior to the 1950s big American corporates and wealthy individuals had started establishing foundations (corporate or private) as formalised organisations through which their huge profits could, among others, be channelled to "charitable work" and to avoid hefty inheritance tax that was introduced by the Roosevelt administration. Carnegie Foundation was established in 1905 to invest heavily into education, Rockefeller and Ford Foundations founded respectively in 1913 and 1936 invest in

diverse community upliftment programmes. Foundations (corporate, community and private) vary in the regions or locality that they service and the focus or scope of their work (Council on Foundations, 2015).

According to Caroll (1999) during the 1950s, the primary focus of CSR was on business responsibility to society, but there was scant discussion that linked CSR with the benefits or profits that businesses derived from their operations within the communities where they operate.

Caroll (1999) notes that in the early writings on CSR it was referred to more often as social responsibility (SR) than as CSR because the age of the modern corporation's prominence and dominance in the business sector had not yet occurred or been noted. According to Caroll (1999), the 1953 publication *Social Responsibilities of the Businessman* by Bowen is argued to mark the beginnings of the modern period of literature on this subject. As the title of Bowen's book suggests, there apparently were no business women during this period, or at least they were not acknowledged in formal writings.

Bowen in the 1950s defined social responsibilities of businessmen as a concept which refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society". According to Caroll and Shabana (2010), William C. Frederick, a noted contributor to the CSR literature, argued that there were three core ideas about CSR that stood out in the 1950s. These included:

- the idea of the manager as public trustee;
- the balancing of competing claims to corporate resources; and
- corporate philanthropy – business support of good.

Caroll and Shabana (2010) highlights that, as management was professionalising, companies had to think not just about profits but also about their employees, customers and the public at large.

2.3.2. CSR in the 1960s

In the 1960s, Walton developed the concept of 'new social responsibility' which he went on to describe as recognising the intimacy of the relationships between the corporation and society and realising that such relationships must be kept in mind by top managers as the corporation and the related groups pursue their respective goals (Caroll and Shabana, 2010). The CSR literature expanded significantly during the 1960s, and it tended to focus on the question of what social responsibility actually meant and its importance to business and society.

Caroll and Shabana (2010), further notes views of various scholars on CSR in the 1960s as follows:

- According to Davis (1960) social responsibility referred to 'businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest;

- Frederick (1960) argued that business resources should also be used for broad social goals;

- McGuire (1963) suggested that social responsibility urges corporations to assume certain responsibilities to society which extend beyond their economic and legal obligations; and

- Murphy (1978) argued that the 1960s and early 1970s were the 'Awareness' and 'Issue' eras of CSR. This was a period of changing social consciousness and recognition of overall responsibility, involvement in community affairs, concern about urban decay, correction of racial discrimination, alleviation of pollution, and the continuing philanthropic era in which there was a focus on charitable donations by businesses.

2.3.3. CSR in the 1970s

The 1970s was a decade in which corporate social responsibility, responsiveness and performance became the center of discussions.

Caroll and Shabana (2010) noted the views from various scholars on CSR in the 1970s as follows:

- Ackerman (1973) and Murray (1976) argued that what was really important was not that companies were 'assuming a responsibility', but that companies were responding to the social environment; and

- Frederick (1978) formalized this distinction by differentiating corporate social responsibility termed 'CSR 1' from corporate social responsiveness termed 'CSR 2'. CSR 1 emphasized companies 'assuming' a socially responsible posture, whereas CSR 2 focused on the literal act of responding or of achieving a responsive posture towards society.

Caroll 1999 further notes that in 1971, the Committee for Economic Development (CED) in its publication titled *Social Responsibilities of Business Corporations* provided a fresher perspective on CSR wherein the following observations were made:

- Business functions by public consent, and its basic purpose is to serve constructively the needs of society to the satisfaction of society. The CED noted that the social contract between business and society was changing in substantial and important ways;

- Business is being asked to assume broader responsibilities to society than ever before. Furthermore, the CED noted that business assumes a role in contributing to the quality of life and that this role is more than just providing goods and services;

- Noting that business, as an institution, exists to serve society, the future of business will be a direct result of how effectively management of businesses respond to the expectations of the public, which are always changing; and

- Public opinion polls taken during 1970s by Opinion Research Corporation found that about two thirds of the respondents thought business had a moral obligation with respect to achieving social progress in society, even at the possible expense of profitability.

The CED further articulated a three-concentric-circles definition of social responsibility that included an inner, an intermediate, and an outer circle.

Efficient execution of economic functions.

Exercise economic functions with sensitivity to changing social values and priorities.

Emerging and still amorphous responsibilities business should assume in order to become more involved in improving the social environment.
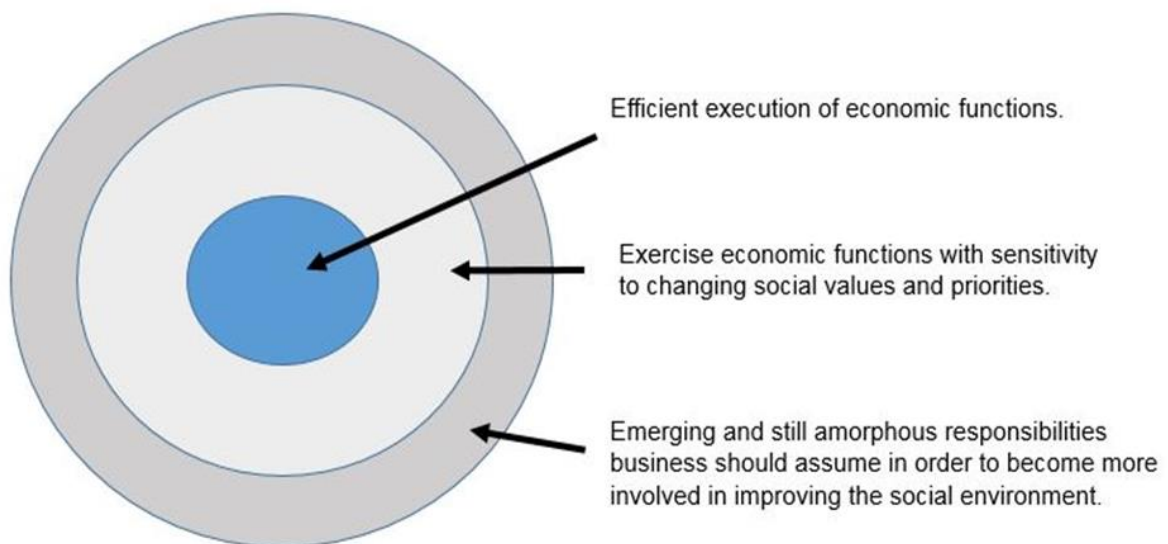
Figure 2.1 CED Model for Corporate Responsibility (Source: CED, 1971)

- The inner circle: focused on the basic responsibility business has for its economic function—that is, providing products, services, jobs, and economic growth'

- The intermediate circle: focused on responsibilities that business has to exercise its economic activities in a sensitive way, by always being alert to society's changing social values and priorities. Some early arenas in which this sensitivity was to be expressed included environmental conservation; relationships with employees; and meeting the expectations of consumers for information, fair treatment, and protection from harm; and

- The CED's outer circle: referred to newly emerging and still ambiguous responsibilities where business should be involved to help address problems in society, such as urban blight and poverty.

In 1979, academic Archie B Carroll developed a model of CSR regarding business firms as the economic engine of society, widely referred to as Total Social Responsibilities model, and incorporating profitability as a dimension among the four responsibilities, (Henderson, 2005):

Social responsibility categories
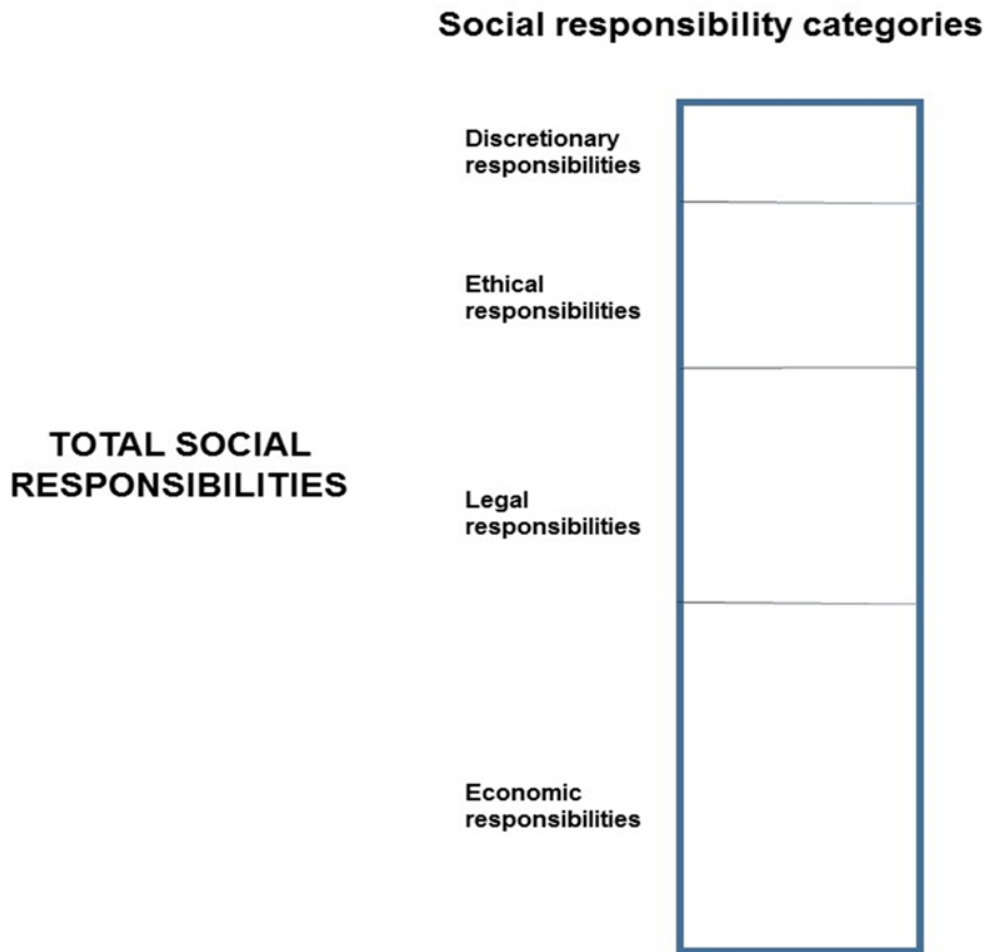
Figure 2.2. The Total Social Responsibilities model (Source: Henderson, 2005)

The proportions of the various dimensions or responsibilities outlined in figure 2.2 suggest the relative magnitude and importance of each responsibility:

a. The economic responsibility is interested in the business' ability to generate profits;
b. The legal responsibility is interested in the business' ability to conform to local, state, federal, and relevant international laws. e.g., environmental compliance;
c. The ethical responsibility is interested in the business' ability to meet other social expectations, not written as law (e.g. avoiding harm or social injury, respecting moral rights of individuals, doing what is right, just, fair); and
d. The discretionary responsibility is interested in the business' ability to meet extra behaviours and activities that society finds desirable (e.g. philanthropic initiatives such as financial contribution to various kinds of social or cultural enterprises).

2.3.4. CSR in the 1980s

In the 1980s, however, business and social interests came closer and firms became more responsive to their stakeholders. In addition, researchers on the issue focused on developing new definitions of CSR; developing alternative or complementary concepts and topics.

In Crane, McWilliams, Matten, Moon and Siegel (2008), Caroll maintains the issues embraced as the most important for CSR in the 1980s to include business practices with respect to environmental pollution, employment discrimination, consumer abuses, employee health and safety, quality of work life, deterioration of urban life and the questionable abusive practices of multinational corporations.

The two very important 'alternative themes to CSR that were developed during the 1980s are: stakeholder theory and business ethics. The stakeholder theory was interested in defining what responsibilities business ought to fulfil. According to Kakabadse, Rozuel and Lee-Davies (2005) the stakeholder concept addresses the concept of whom business is, or should be accountable to, and making both concepts of stakeholder and business ethics interrelated. Kakabadse et al. further argues from a rather business-driven perspective, stakeholder theory interests lie in three premises:

   a. Organisations have stakeholder groups that affect and are affected by them

   b. These interactions affect specific stakeholders and the organisation

   c. Perspectives of salient stakeholders affect the viability of strategic options

Crane et al (2008). states the 1980s was a period of widely-reported ethical scandals that brought the public's attention to managerial and corporate wrong-doing. Some of the scandals included the controversy over companies doing business in South Africa, in an apparent support of apartheid. When apartheid was declared a crime against humanity and the United Nations boycotted South Africa; multinational corporates questioned their business ethics practices and a few corporates like Barclays, Chevron

withdrew their operations from South Africa. Some of the multinational corporates that continued their operations in South Africa during apartheid are even today charged with collusion and aiding the apartheid system against their expected CSR and therefore liable for the atrocities that were perpetuated during the apartheid system.

Another significant milestone in the CSR space occurred in 1987, when the Brutundland commission, appointed by the United Nations to study the connection between development and the environment published a report "Our common future", (Crane et al. 2008). The report introduces the term 'Sustainable development' defining it as development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

2.3.5. CSR in the 1990s

According to Leite and Padgett (2011), during the 1990s the idea of CSR became almost universally sanctioned. CSR was also coupled with strategy literature, and finally, in the 2000s CSR definitively became an important strategic issue to many companies, since institutional changes made social and environmental sustainability an important source of institutional legitimacy of firms, to the point where firms have some social responsibilities as well as legal responsibilities incorporated. The 1990s also ushered the phrase "triple bottom line" (TBL) which was articulated more fully by John Elkington in his 1997 book *Cannibals with Forks: the Triple Bottom Line of 21st Century Business.*

Zu (2008) argues the idea behind the TBL is that a corporate's ultimate success or health can and should be measured by not only the traditional financial bottom line or financial profitability, but also by its social/ethical and environmental performance. TBL captures an expanded spectrum of values and criteria for measuring organisational (and societal) success: economic, environmental and social, it means expanding the traditional reporting framework to take into account environmental and social performance in addition to financial performance.
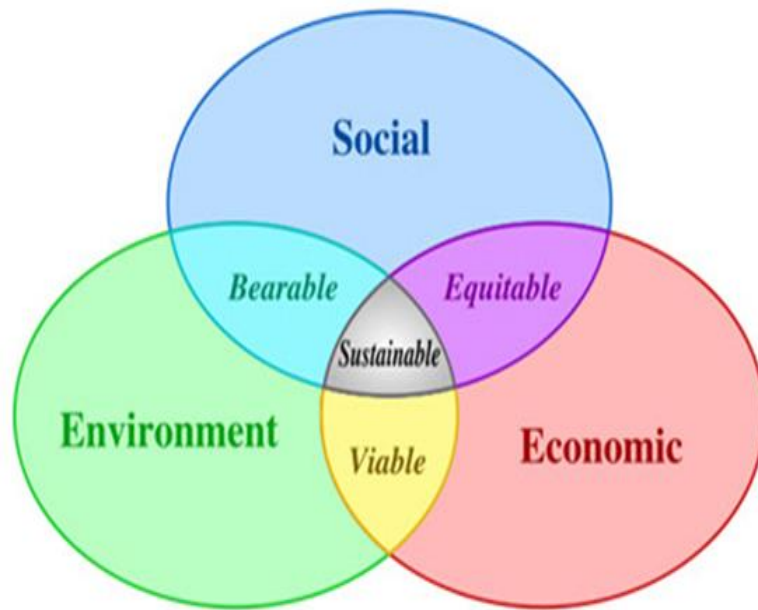
Figure 2.3 Triple bottom line (Adapted from Zu 2008)

2.3.6. CSR in the 2000s

Caroll (2010) argues that by the 2000s, the emphasis on theoretical contributions to the concept and meaning of CSR had given way to empirical research on the topic and a splintering of interests away from CSR and into related topics such as stakeholder theory, business ethics, sustainability, and corporate citizenship.

From a business point-of-view, the interesting CSR 'best practices' moved centre-stage. This was consistent with the relentless call on the part of the business community for the 'business case' for CSR. A major book cataloguing these best practices, targeted at a business audience, was written by Philip Kotler and Nancy Lee in 2005 on how the CSR approach establishes a new way of doing business that combines the success and the creation of value with a respectful and proactive attitude towards stakeholders.

According to a study by Visser (2010), a comparison was made between CSR first generation 1.0 and the second-generation CSR 2.0. Visser argues that during the 21st century paternalistic relationships between companies and the community based on philanthropy gave way to more equal partnerships. Defensive, minimalist responses to social and environmental issues were replaced with proactive strategies and investment in growing responsibility markets, such as clean technology. Reputation-conscious public relations approaches to CSR are no longer credible, so companies are judged on actual social, environmental and ethical performance, and on whether things are improving on the ground in absolute, cumulative terms.

CSR 1.0	CSR 2.0
Paternalistic	Collaborative
Risk-based	Reward-based
Image-driven	Performance-driven
Specialized	Integrated
Standardized	Diversified
Marginal	Scalable
Western	Global

Table 2.1 Shifting CSR principles (adapted from Visser, 2010)

According to Lantos (2001), there are three kinds of CSR and they are ethical, altruistic and strategic.

Ethical CSR: the demand for firms to be morally responsible to prevent injuries and harm that could be caused by their activities;

Altruistic CSR: a true voluntary caring, even at possible personal or organizational sacrifice; and

Strategic CSR: is exhibited when a firm undertakes certain caring corporate community service activities that accomplish strategic business goals.

2.4 CSR THEORY

Several theoretical frameworks have been used to examine CSR. McWilliams and Siegel (2001) recalls how through the evolution of CSR in the 1970s, Friedman viewed investing in CSR as a symptomatic of an agency problem or a conflict between the interests of managers and shareholders. Managers use CSR as a means to further their own social, political, or career agendas, at the expense of shareholders. According to this view, resources devoted to CSR would be more wisely spent, from a social perspective, on increasing firm efficiency.

Wright and Ferris (1997) empirically tested the CSR theory and found that stock prices reacted negatively to announcements of divestment of assets in South Africa. The findings were interpreted as being consistent with agency theory.

In assessing the ethical behaviour of firms, Russo and Fouts (1997) studied CSR from a resource-based view of the firm perspective and found that environmental performance and economic performance are positively linked and that industry growth moderates the relationship, with the returns to environmental performance higher in high-growth industries. Russo and Fouts (1997) further tested the resources -based hypothesis on 243 firms over two years, using independently developed environmental ratings. Results indicate that "it pays to be green" and that this relationship strengthens with industry growth.

McWilliams and Siegel (2001) further argues, CSR can be viewed as a form of an investment in relation to the theory of the firm, in which it is assumed that the management of publicly held firms attempts to maximize profits and social favour.

One way to assess investment in CSR is as a mechanism for product differentiation. In this context, there are CSR "resources" and "outputs." A firm can create a certain level of CSR by embodying its products with CSR attributes (such as pesticide-free fruit) or by using CSR related resources in its production process (such as naturally

occurring insect inhibitors and organic fertilizers). As such, it seems natural to consider the nature of the markets for CSR attributes and CSR-related resources.

According to Campbell (2007), it is important to recognise that the institutional terrain within which corporations operate is not static. Instead, there are dynamic pressures that ebb and flow, causing this terrain to shift over time. As a result, Campbell (2007) developed the following eight propositions in relation to the CSR theory:

- *Proposition 1*: Corporations will be less likely to act in socially responsible ways when they are experiencing relatively weak financial performance and when they are operating in a relatively unhealthy economic environment where the possibility for near-term profitability is limited.

- *Proposition 2*: Corporations will be less likely to act in socially responsible ways if there is either too much or too little competition. That is, the relationship between competition and socially responsible corporate behaviour will be curvilinear.

- *Proposition 3:* Corporations will be more likely to act in socially responsible ways if there are strong and well enforced state regulations in place to ensure such behaviour, particularly if the process by which these regulations and enforcement capacities were developed was based on negotiation and consensus building among corporations, government, and the other relevant stakeholders.

- *Proposition 4:* Corporations will be more likely to act in socially responsible ways if there is a system of well-organized and effective industrial self-regulation in place to ensure such behaviour, particularly if it is based on the perceived threat of state intervention or broader industrial crisis and if the state provides support for this form of industrial governance.

- *Proposition 5:* Corporations will be more likely to act in socially responsible ways if there are private, independent organizations, including NGOs, social movement organizations, institutional investors, and the press, in their environment who monitor their behaviour and, when necessary, mobilize to change it.

- *Proposition 6:* Corporations will be more likely to act in socially responsible ways if they operate in an environment where normative calls for such behaviour are institutionalized in, for example, important business publications, business school curricula, and other educational venues in which corporate managers participate.

- *Proposition 7:* Corporations will be more likely to act in socially responsible ways if they belong to trade or employer associations, but only if these associations are organized in ways that promote socially responsible behaviour.

- *Proposition 8:* Corporations will be more likely to act in socially responsible ways if they are engaged in institutionalized dialogue with unions, employees, community groups, investors, and other stakeholders.

2.5 VARIOUS COMPARATIVE UNDERSTANDINGS OF CSR

CSR is not only confined to the mining sector and is practiced across various sectors. Below is highlight of how CSR is practiced in various sectors

2.5.1 CSR in the banking sector

According to Lentner, Szegedi and Tatay (2015), the 2008 financial crisis drew attention to the necessity of CSR in this sector also, increasing the need for trust, as well as accountability and transparency that lead to it. Besides the role of an intermediary which channels savings into investments, traditionally considered as the main social function of financial institutions, the need for ethical and responsible conduct has led to financial and investment processes pointing beyond the protection of the legitimate interests of depositors and owners.

Lentner et al (2015) further notes although banks have smaller direct impact on the environment, their indirect environmental and social responsibility may increase if they grant credit to companies which pollute the environment, produce unsafe products or violate human rights. This way banks act as mediators of sorts, which may cause significant damages.

Wu and Shen (2013) argues banks conducting CSR can attract more loans and deposits than non-CSR banks because CSR creates a brand name and a sense of identity among the customers. Thus, companies use CSR to increase customer loyalty and build reputation as the greater contribution of a firm to social welfare will improve its reputation.

Wu and Shen (2013) further states the impacts of CSR on interest rates differ for various motivations in different market structures. Banks engaging in CSR with altruistic motives do not use interest rate to influence the net interest income because the goal of engaging in CSR is not to increase profit. In contrast, banks conducting CSR with strategic motives use the rate to influence net interest income that can substantially raise profit.

Figure 2.4 The CSR Map of banks

THE CSR MAP OF BANKS
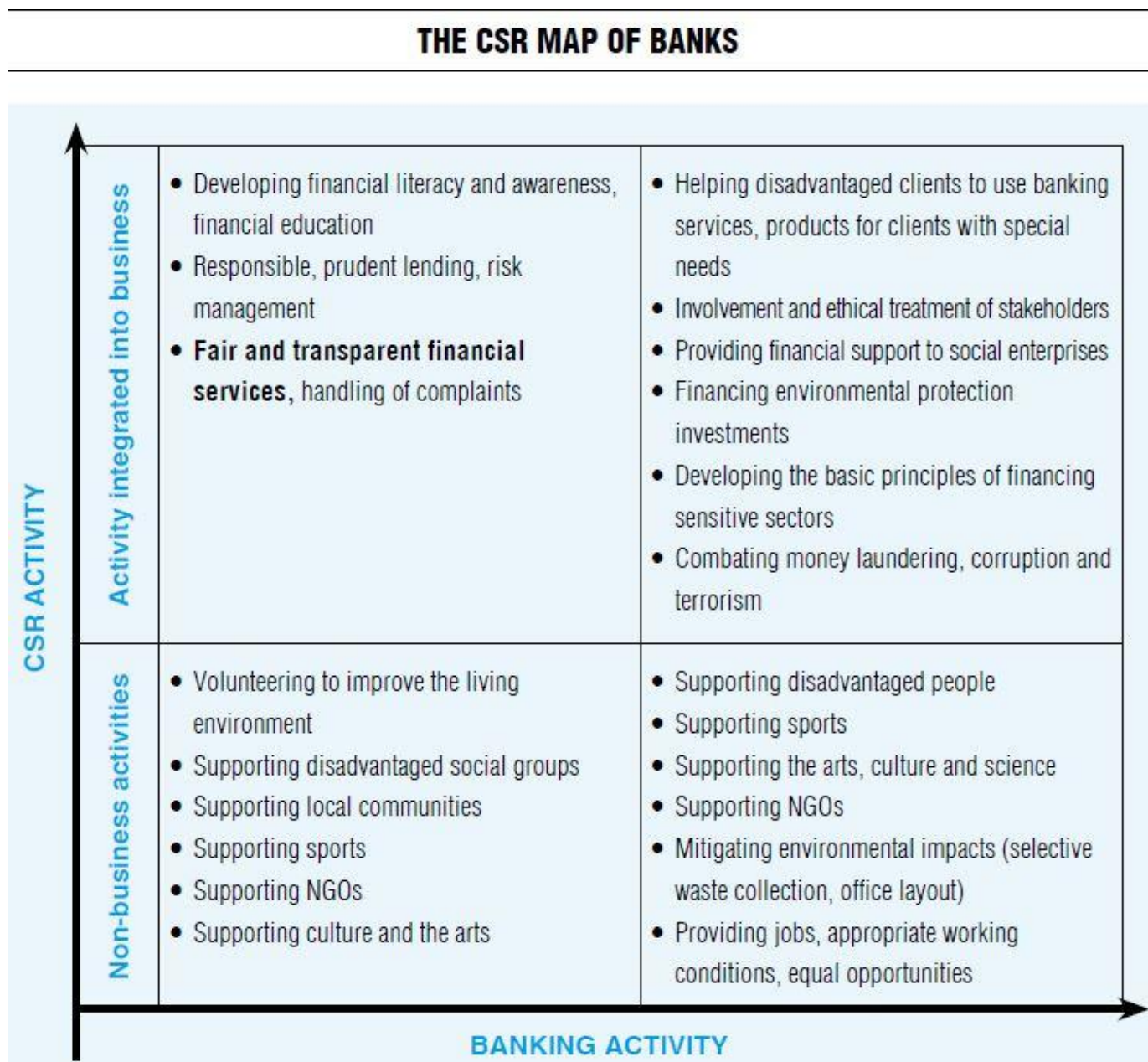
Adapted from Lentner, Szegedi and Tatay (2015)

2.5.2 CSR in the mining sector

The shift towards CSR and tackling the challenges posed by sustainable development in the mining industry is characterised by numerous developments both within the industry and more widely in the role of business, (Jenkins and Yakovleva 2006). Structural changes in the mining industry over the last decade have led to

unprecedented access to new regions for mineral exploration, eased by the liberalisation of mining policies and regulations in developing countries, which have led to unprecedented access to new regions for mineral exploration but may also increase the potential for conflict with a wide range of stakeholders.

According to Frynas (2005), for mining companies, CSR is the manifestation of a move towards greater sustainability in the industry. CSR is a means by which companies can frame their attitudes and strategies towards, and relationships with, stakeholders, be they investors, employees or, as is salient here, communities, within a popular and acceptable concept.

There are a number of business reasons aside from external pressure why mining companies invest in communities through their CSR programmes. Frynas (2005) outlines these as:

- Obtaining a competitive advantage - community investment programmes are used to aid the awarding of concessions as companies appearing to be socially responsible are often favoured in this process.
- Receiving and maintaining a stable working environment – CSR initiatives are occasionally initiated as a means of 'buying' the local communities' agreement to allow a company to operate.
- Managing external perceptions and maintaining a good reputation – CSR initiatives are used for PR purposes.

Jenkins and Yakovleva (2006) further notes investors are increasingly more interested in investigating the social, environmental and ethical dimensions of a company before investing in it. A process of screening out companies that perform badly in these areas is known as Socially Responsible Investing. Disclosing social and environmental information is crucial for the mining industry to shake off a hitherto negative image among such investors.

Inequitable distribution of resource-based benefits can cause tension and conflict within and between communities and the funds for community development projects may be misappropriated. Jenkins and Obara (2008) argues in many mining communities the systems in operation require local chiefs to disperse mining revenues throughout the community. Such funds are often used on immediate consumption rather than long-term projects and the accumulation of social capital needed to sustain communities.

2.5.3 CSR in aviation

CSR in the aviation sector is centred more around environmental consciousness and preservations. According to Anttila and Kretzschmar (2010), increasing public concern for the environment and climate change, and the role airlines play in those issues has caused airline industry to receive a lot of negative attention.

Environmentalism in the airline industry encompasses reduction of all forms of pollution and waste, with the focus point being on carbon dioxide emissions. Airline business has reached maturity in most developed countries, where both business and leisure travel are common place. In developed countries, such as the UK, share of emissions produced by airline industry stands at 5.5 percent, whereas share of global emissions stands at 2 percent.

Airline companies primarily produce emissions in flight, maintenance and airport operations, as well as waste in on-board catering and logistic processes. Most of these processes are influenced and operated by external suppliers or partners, meaning that in order to reduce waste throughout its operation, an airline must collaborate with its partners and suppliers (Anttila and Kretzschmar, 2010).

2.5.4 CSR in Law

CSR within the legal fraternity has not been widely publicised although practiced mainly through pro bono services to underserved communities and clients. According to Mullerat and Brennan (2011), activities carried out by law firms under the CSR banner fall into four broad categories:

- Legal pro bono activities, where legal pro bono services are provided free of charge to needy individuals or organisations
- Other pro bono activities, where volunteers from the firm assist with deserving causes in other ways
- Financial support and charitable donations and;
- Internal policies with an ethical dimension, including human rights, risk management, environmental government policies applied within the firm

2.6 THE RELATIONSHIP BETWEEN CSR AND DISPUTE RESOLUTION

Calliess and Renner (2009) argues the performance of CSR does not lie in providing dispute resolution to businesses or consumers but in a benefit to the global economic system. Such benefit is the regulation of corporate behaviour which levels the playing field for economic actors in terms of production standards by internalising external effects of corporate behaviour. CSR provides a good example of how (corporate)

behaviour may be regulated by social norms, its violations being sanctioned predominantly by public opinion.

According to Kovick and Rees (2011), company-community disputes were currently the most under-served, in terms of existing access to effective remedy. Community representatives may be less experienced with grievance-handling than trade unions and other worker representatives or NGOs, and therefore unaware of various mechanisms. For example, claims brought by affected communities may not always create a legal cause of action, but may nevertheless reflect impacts that companies and communities can find mutual interest in addressing.

Centre for Social Responsibility in Mining (2009) argues mining companies have not always included "conflict" as a core element in their sustainable development or corporate social responsibility frameworks. At the operational level, community relations practitioners usually have front-line and face-to-face contact with aggrieved parties to understand their perspectives, concerns and issues. From there, it is (more often than not), community relations practitioners who work to resolve issues and, in the case of more complex issues, involve other departments and functions in seeking resolution.

The relationship between Stakeholder engagement, CSR and dispute resolution discussed further in chapter three.

2.7 CONTEXTUAL BACKGROUND TO MINING IN SOUTH AFRICA

There are four main factors that characterise the history of mining in South Africa, namely: the contribution of the sector to the overall economy and its performance; the contribution of the sector to employment in South Africa and the sub-region; the contribution of the mining sector to the development of infrastructure and the environment or lack thereof; and finally the social ills associated with or borne out of the mining sector. Each of these factors is described in summary below:

2.7.1 Economy

Davenport (2013) captures the contribution of the mining sector towards the South African economy in a profound way:

> *To say that the mining industry has played a defining role in the course of South Africa's history, at least the last century and half, would be no great exaggeration. Nowhere else in the world has a mineral revolution proved so influential in weaving the political, economic and social fabric of a society.*

Davenport further states that in 2012, the mining sector accounted for:

- 50 percent of South Africa's exports;
- Provided 1,3 million jobs;
- Paid 17,2 percent of the total corporate tax; and
- the industry's direct contribution to the gross domestic product (GDP) has in the recent past been declining.

The above figures on mining sector contribution are best illustrated by the fact that during the early 1930s, when gold and diamonds almost wholly dominated the industry, as well as exports, mining was directly accountable for roughly a quarter of South Africa's entire GDP.

According to Nisbet (1981), a study made of the total production of the mining industry in 1978, for instance, showed the mining industry's contribution to the gross domestic product is 44, 5 percent. Similarly, the industry is responsible for the creation of jobs both within itself and in other industries, which could amount to 100 000 for the period 1981 to 1985.

By 2013, the mining sector directly contributed 8 percent to GDP, although the Chamber of Mines insists that indirect linkages bring the figure closer to 18 percent of GDP (Davenport, 2012). According to Diale (2014), although there was no mining CSR

legislation during apartheid period, the change of attitude by the mining companies was not necessarily only propelled by the new post-apartheid state.

The international declarations and standards, through globalization in areas such as trade liberalization, privatization and private-public partnerships pushed South African mining companies towards a CSR direction. In this case, the mining industry had to contend, adjust and shift in attitude with respect to managing development programs – a shift from a heavy-handed, controlling approach to engaging with multiple stakeholders with multiple interests (Diale, 2014).

These CSR developments were due to the gradual re-integration of South Africa's capital markets with international markets, and the mining houses experienced increasing pressures to adapt to international expectations. These institutional changes could be traced back to the 1970's, specifically in 1973 through the joint establishment of the 'Chairman's Fund' by the two of the leading mining houses, i.e. Anglo American and De Beers. Diale (2014) further explains this was meant to tackle some of the social issues in non-white communities. This was followed by the 'Urban Foundation' established in the wake of the 1976 Soweto uprisings, the aim of which was primarily to ameliorate unbearable living conditions in the country's townships inhabited by predominantly the black section of South Africa's population.

Philip (2015) concurs that in the 1970s Anglo American, through its Urban Foundation, began upgrading education and infrastructure in the townships. In addition, American companies operating in South Africa during apartheid were subject to the Sullivan Code. Invented in 1977, it was a set of principles that compelled American companies to run their South African operations using American human rights and social justice principles.

2.7.2 Employment

Nisbet (1981) highlights during 1980, mining was more important in the South African economy than ever, employing about 710 000 people and remaining the major supplier of foreign exchange.

On the mining sector's recent contribution to South Africa's employment figures, a study by Smit (2013) found that the mining and related industries not only employs over one million people – spending R78 billion in wages and salaries – but is the largest contributor by value to Black Economic Empowerment (BEE). The other significant contribution being that mining provides job opportunities for unskilled and semi-skilled people.

Malherbe (2000) states even after a decade of downsizing, mining still employed 551 677 people in 1997. Of that group, 62 percent, or 343 922 people, were employed on gold mines, and a still large 207 755 on the rest of the sector. The main source of mining labour had traditionally been Southern Africa outside of South Africa. Events during 1973-1975 were the start of renewed focus on South African recruitment: In this period, recruitment from Malawi came to a complete standstill and recruitment from Mozambique plummeted precipitously. The drop in Malawian recruitment was due to an aircraft accident in April 1974 in which 72 Malawi miners were killed. In the wake of the accident, the government of Malawi banned recruitment for South African gold mines.

Malherbe (2000) further notes the drop in Mozambican mine workers coming to South Africa was related to the change in government in 1974/75, as workers could not obtain travel documents. The political developments in the frontline states also had spillover effects on the attitudes of mineworkers. A 1976 study directed by Professor Dunbar Moodie found that Mozambican miners were committed to Frelimo, listened eagerly to Radio Mozambique and criticised white management as "colonialist, capitalist and exploitative of workers". The report, however, also found that they were hard-working and "submissive", "well-behaved" and "eager to please" (Malherbe, 2000).

According to Gwatidzo and Benhura (2013), based on data collected from Statistics South Africa and the Department of Mineral Resources there was a steady decline in the mining sector's direct employment contribution to total employment in the country. In 2000, the mining sector contributed 4.5 percent of the country's jobs, this decreased to 4.3 percent and 3.9 percent in 2005 and 2010, respectively. The decline could be due to the country's employment growth outpacing that of the mining sector. The total number of employees in South Africa increased from 9.329 million in 2000 to 13.645 million in 2012, showing a 46.3 percent increase. Concurrently, the number of mining sector employees increased from 421 000 to 513 000, a 22.9 percent increase, (Gwatidzo and Benhura, 2013).

The formation of TEBA by various mining companies to systematically attract foreign labour shows the close coordination of how the Chamber of Mines was party to souring of cheap labour. According to Faku (2014), South African mining companies, under the auspices of the Chamber of Mines of South Africa, established the agency- TEBA in 1902. The aim was to help the fledgling Witwatersrand mining industry to source cheap labour from neighbouring countries and the former homelands. During that time, TEBA was blamed for abetting the exploitation of mineworkers, who were forced to live in single-sex hostels with little or no rights. TEBA was re-launched in early 2000s as a black-owned mining services company.

TEBA in the mid-eighties recruited 500 000 mineworkers through 300 rural offices in Botswana, Lesotho, Malawi, Mozambique, South African homelands, and Swaziland (Motlatsi, 2008). Motlatsi (2008) further argues that given TEBA's transformation and re-launch, it could play the leading role in following-up on all outstanding mining industry claims, estimated to be about 12 000 cases, worth more than R1-billion. About 60 percent of TEBA's income is obtained from recruitment, placement and post-employment services.

Faku (2014) states, James Motlatsi, the founding president of the NUM, acquired TEBA from the major gold producers through an economic empowerment deal nine years ago. TEBA, which has a R200 million turnover, was expected to transform the mining industry under Motlatsi's ownership, but the pace has been slow. Faku (2014) further notes the role played by Graham Herbert, the managing director of TEBA committing TEBA to working on solutions to the mining sector's problems. One of the most important being the R5 billion owed to 900 000 ex-mineworkers through provident funds over the past 10 years, because many beneficiaries did not know they are owed money.

> *"Looking back over the last 20 years, I don't think anybody can be proud to have allowed the social conditions for mineworkers and their families to have deteriorated to this point. It is regretful it has taken the Marikana tragedy… to make people aware of the problems,"*

> *"For example, mineworkers still did not receive the benefits of medical examinations because there were not enough facilities to X-ray lungs, and not enough doctors to assess the X-rays. Herbert said.*

2.7.3 Environment and infrastructure

2.7.3.1 Acid mine drainage

Greenpeace Africa (2011) defines acid mine drainage (AMD) as the flow of polluted water from old mining areas. Depending on the area, the water may contain high levels of salts, sulphate, iron, and aluminium, toxic heavy metals such as cadmium and cobalt, and radioactive elements. This contaminated water can pollute soil and water supplies as it spreads underground and flows into streams and rivers.

The flow of acid mine drainage into South Africa's surface and ground water systems is having devastating consequences that are both far-reaching and long-term. According to Greenpeace Africa (2011), the consequences of AMD include degrading the quality of our water systems, poisoning of food crops, endangering human health, and the destruction of wildlife and eco-systems, infrastructure and heritage sites.

The South African Bishop's conference in 2011 released a report titled *Acid Mine Drainage – A Legacy of Mining in South Africa* with the following observations:

- 1.6 million people were living in townships near to, or even in, one of the 400 zones marked as being affected by mining waste;

- Some communities living in the rural areas adjacent to the mines in western Gauteng and North West Province are dependent on groundwater from boreholes, owing to the lack of municipal water; and

- The surrounding farming communities and people living in informal settlements use groundwater and surface water for drinking purposes, to water livestock, and to irrigate crops. In cases where the water used for irrigation is contaminated by acid mine water, the potential exists for metal bio-accumulation in crops with a consequent human health risk.

South Africa needs to spend as much as R10-billion to make toxic water leaking from abandoned mine shafts drinkable, Crowley (2014).

2.7.3.2 Municipal challenges

Mining companies utilise a huge portion of municipal infrastructure such as water, electricity and roads. This places a strain on these facilities and requires frequent maintenance. Failure by some mining companies to keep up with regular municipal services payments negatively affects community members as services are often cut.

A recent case in June 2015, of water services being cut off from the community by the Merafong Municipality in Gauteng province due to the liquidated Blyvooruitzicht "Blyvoor" gold mine failure to service its R195 million municipal debt.

Mathews (2015), a mining journalist for the Financial Times in South Africa notes:

> The Merafong municipality cut off water supply to the schools and houses, citing an unpaid bill of almost R200 million, some of which had been outstanding since 2007. Little of value is left of the old Blyvooruitzicht gold mine near Carletonville. Years of declining production culminated in its liquidation in 2013. Since then, anything movable has been sold by the liquidators or stripped by illegal miners.

> The Blyvooruitzicht property is still occupied. There is a golf course, three schools educating about 2 000 children, and about 8 000 people living in 950 mine houses. The liquidators have agreed to sell the houses to a property developer.

Blyvooruitzicht community members shared their frustrations and inconveniences with the Louw (2015) of the Potchefstroom Herald newspaper since the water was cut off. The community initially rejected a municipal offer to deliver water by tanker, but were forced to accept the arrangement at a later stage.

> *"…We did not want to accept the arrangement because Blyvoor has a serious crime problem and it is easy for someone to sabotage our drinking water. In the past, people have thrown dirty nappies into the water tankers. Another reason is that the mayor has warned us that this service could be interrupted as a result of problems with the trucks delivering the water,"* Mr Pule Molefe, a concerned member of the community, explained to the Potchefstroom Herald.

The Merafong situation shows the extent at which failure by a local mining company to meet its municipal financial obligations resulting in services being cut off, could affect the wellbeing of community members.

Were all these a manifestation of the lack of legislative requirements about corporate CSR to the environment in the past? Did the companies oblige or were there no

guiding principles? The researcher comments on ethical, social and strategic principles of CSR observed or negated by the mining sector from the above literature.

2.7.4 Social ills emanating out of poor CSR in the mining sector

2.7.4.1 Illegal mining

South African mines are disreputably unsafe with high levels of fatalities. This is partly ascribed to the old methods of mining that have not changed much over the last 150 years. According to Motala (2014), thousands of semi and illiterate miners who use explosives to blast rocks into smaller pieces that are then carried to the surface where the gold is extracted carry out gold mining.

The trend of illegal mining, known as *Zama Zama*- a isiZulu expression for "hustlers" has grown significantly over the years at operational and functional mines in the shadows and away from the scrutiny of mine management. Motala (2014) defines *Zama Zamas* as miners who operate outside the regulated system of gold mining and do so independently:

> *Given the high levels of unemployment and poverty, hundreds of men descend into old and dangerous disused mines and spend weeks in dark and dangerous tunnels removing gold bearing ore that then gets refined and finds its way onto the formal market. Small groups of illegal miners basically use the same technique with very little by way of safety or communication technology at their disposal. So their level of danger is considerably higher in an already dangerous system.*

> *In a 2007 report, the Institute for Security Studies estimated that 10% of all gold mined in South Africa is stolen each year. Government estimates the value of the gold theft business at R5.6bn a year. Some estimates indicate that the numbers of workers involved in these operations now equal the numbers of those employed formally on the mines.*

Illegal mining activities also affect the social harmony amongst community members who feel *zama zamas* contribute to the escalating levels of crime including rape, cable theft, robberies and gang violence. Crowley (2014) argues that criminal convictions for illegal mining are increasing, with 100 people sentenced already in 2014. While prison terms can range from three years to five years, miners are often caught without ore, which they process underground, so can only be charged with trespassing.

In 2014, there were recorded incidents of illegal miners being trapped underground resulting in urgent rescue operations by the police. Some illegal miners died, while some sustain critical injuries in the process of being rescued. Upon resurfacing, they are arrested and criminally charged for taking part in illegal mining. According to Motala (2014), reports emerged of illegal miners being trapped below the surface on the West Rand, Johannesburg when a rival group stole their gold and trapped them underground by blocking off their exit. About thirty miners were rescued, but they indicated that over a hundred were still trapped below them. Official rescue teams initially tried to reach the trapped miners but soon gave up stating the presence of dangerous underground gasses and unstable rock that prevented them from entering and mounting a rescue operation. The relatives and friends of the trapped miners then had no alternative but to step in and go down the mines to retrieve the bodies themselves.

2.7.4.2 Asbestosis

Due to asbestos mining activities in some parts of South Africa, resultant diseases such as asbestosis and mesothelioma have plagued workers and ordinary community members. According to Fontaine (2015), malignant mesothelioma is a rare, asbestos-related cancer that forms on the thin protective tissues that cover the lungs and abdomen.

Braun and Kisting (2006) argues during early years of the industry, independent producers worked on small surface deposits, which not only exposed them to asbestos

but also produced widespread environmental contamination, thus blurring any distinction between occupationally and environmentally acquired disease.

What is striking to any contemporary visitor to the asbestos mining regions in the Northern Cape, Limpopo, or Mpumalanga Provinces is the sheer number of people who suffer from asbestos-related disease, many of whom did not work in the mines. Mesothelioma among men and women in their 30s and 40s is not uncommon. Virtually every resident has a relative or friend who is sick or who has died from what residents call "asbestos." (Braun and Kisting, 2006). Asbestosis is one of the key indicators of during and post-mining destruction.

2.7.4.3 Silicosis

Nall (2013) defines Silicosis as a condition caused by inhaling too much silica over a long period. Silica is a crystal-like mineral found in sand and rocks, such as granite. Silica can have deadly consequences for people who work with stone, concrete, glass, or other forms of rock.

Graham (2012) maintains risks of silicosis and of HIV exposure exponentially increase the risk of tuberculosis in mine workers, and regards South Africa's miners among the workers worst affected by silicosis in the world.

Graham (2012) adds: According to the Department of Health's Tuberculosis Strategic Plan for South Africa 2007–2011, the gold mining industry may have the highest incidence of tuberculosis in the world, with prevalence ranging from 3 000 to 7 000 per 100 000 miners per year. Nationally, the prevalence of tuberculosis was 920 per 100 000 in 2008. The World Health Organisation considers an incidence of 250 per 100 000 per year to be a "health emergency."

There has also been an increase in the cases for legal recourse by silicosis-infected former mineworkers through Legal Aid South Africa, an independent statutory body with a mandate to provide legal aid to those who cannot afford their own legal representation.

One of the widely publicised victory for workers on a silicosis case against a mining company is the 10 year long claim by 23 mineworkers against Anglo American South Africa, concluded in 2013. According to the Legal Resources Centre (2013), of the 23 miners cited in the claim, eight – mainly from South Africa and Lesotho – have died since the litigation was lodged in 2004.

> *"…I am happy that I will receive the compensation because we depended on charity to survive. It is sad that some of our colleagues have not lived to see the settlement process started," said Joseph Hempe, 57, from the Eastern Cape, who worked at the President Steyn mine between 1983 and 1998."*

The scourge of Silicosis has also resulted in deep feelings of vengeance and bitterness towards mining companies by the victims. In Ledwaba and Sadiki (2016), Zwelendaba Mgidi a retrenched mine worker who lost his job in 2008 after being diagnosed of Silicosis shares his bitterness towards the mining industry. His first job was at Loraine Gold Mine in the Free State province of South Africa, in 1983:

> *If I can get my health back. That's what would make me the happiest, getting my health back. This is a very bad sickness. I can't even walk to the gate.*

> *When I go to get my pension money, I have to walk long distances. Even taking a bath is very difficult. Everything is difficult.*

> *Those who owned the mines, I hate them, I hate them very much. But it is pointless because I don't even know their names". Said* Zwelendaba Mgidi

2.7.4.4 HIV/Aids and Tuberculosis

According to Smallhorne (2013), tuberculosis (TB) and HIV are matching companions. Such is TB's prevalence in South Africa that most South Africans have been exposed to the TB bacterium somewhere along the line, but those with HIV are far more likely to develop active TB. South African health minister, Dr Aaron Motsoaledi, cited in Stuckler, Basu and McKee (2010) states:

> *"…If TB and HIV are a snake in Southern Africa, the head of the snake is here in South Africa. People come from all over the Southern African Development Community to work in our mines and export TB and HIV, along with their earnings. If we want to kill a snake, we need to hit it on its head."*

Smallhorne (2013) advances a similar view that migrant labour is an acknowledged driver of the HIV/AIDS epidemic and adds that migrant miners aged 30–44 are 15 percentage points more likely to be HIV positive and having a migrant miner as a partner increases the probability of infection for women by 8 percentage points.

During the 1990s, most major mining companies introduced HIV and Aids programmes that included elements such as awareness campaigns, training peer educators and nurse counsellors, free condom distribution in the workplace and voluntary counselling and testing (VCT). The infection rate among miners rose exponentially and the impact on communities close to mines has been huge.

According to Smallhorne (2013), the Benchmarks Foundation reported in a 2007 study titled *"The Policy Gap: A review of the corporate social responsibility programmes of the platinum mining industry in the North-West Province",* that:

> *"…In an interview with a medical doctor working at the world-famous Tapologo Aids Hospice serving informal settlements such as Freedom Park it was claimed that the HIV infection rates at these informal settlements are currently between 50% and 57%. The high rate of infection is as a result of the interaction*

between mineworkers and sex workers in the surrounding informal settlements."

Stuckler et al (2010), argues the ability of states to address these risks is undermined by the cross-border flows of miners, stakes, and dispersion of responsibility across state institutions.

2.7.5 Best CSR practices in the South African mining sector

In the midst of social challenges, concerns and protest actions by some mining communities, it is not all doom and gloom. According to Trialogue, a social investment analytics company, Anglo American is the best CSR practitioner in South Africa. Anglo American spent R643-million in CSR for the 2013/2014 financial year (BE Mining, 2015).

An Anglo-American company statement in (BE Mining, 2015) reads:

Anglo American's dedicated Corporate Social Investment (CSI) arm in South Africa, the Chairman's Fund, has for the 10th year been voted South Africa's best company in CSI with the greatest development impact.

The results were gathered from a recent perception survey, conducted by Trialogue, with both corporates and non-profit organisations (NPOs) in South Africa. It revealed that Anglo American was top of the pile when it comes to successfully communicating CSI programmes and achieving reputational benefits.

Speaking about this achievement, Norman Mbazima, Chairperson of Anglo American's Chairman's Fund said, "Our top ranking in this survey can be attributed to the competency of management as well as full respect and engagement with beneficiaries. It is a credit to the positive change our CSI activities have achieved in our local communities."

He goes on to say, "We're committed to not only being a good corporate citizen but to making a genuine difference in the communities surrounding our operations, and in South African society as a whole. In all our efforts as a

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company, we work towards delivering sustainable value that makes a real
difference now and for the future. We currently have a broad range of initiatives
under our CSI banner across the country that are helping thousands of people
take greater control of their lives."

2.7.6 International view on mining CSR

The relationship between commercial mining and the economic and social development of host countries is complex and often contentious. Global mining companies are large and influential institutions whose investments have the potential to generate significant economic benefits for regional and national economies, but also to have disruptive economic, social and environmental impacts.

Mining companies are inherently connected to the problems of poverty and hardship in their host countries. Companies operating in those environments have a choice, they insulate their projects from the realities of the local social and economic conditions by functioning as enclaves, or they seek to integrate their projects within the local economy and make efforts to improve the quality of life for local populations.

The International Council on Mining and Metals (ICMM)'s own case study work has found that in some countries such as Chile, Ghana, and Brazil, mining areas have enjoyed stronger poverty reduction and social development performance than non-mining areas.

Concerns around CSR acceptability and appreciation by beneficiary communities are a global phenomenon. According to Dashwood (2012), "for mining companies, a most salient risk is opposition from the local communities in which they operate. Failure to establish and maintain good community relations could result in a company losing its 'social license to operate', even when the company possesses the regulatory license to operate.

ICMM (2014) released a report titled Enhancing mining's contribution to the Zambian economy and society in which it tracks the pertinent issues concerning mining Social investment and partnerships. The following observations were made:

a. Mines spend a lot on social investments, but with mixed results and residual suspicion from local communities;
b. To improve social investment performance more systematic monitoring of the outcomes of social investments against a baseline of data is needed;
c. Regular surveys and more effective means of communication with local communities could form part of enhanced monitoring and help to rebuild trust;
d. Better co-ordination is needed: between mining companies themselves and with other stakeholders, such as local government, development agencies and NGOs; and
e. Mining companies could better align their social investment programs with the district-level development plans and poverty reduction strategies. This will, however require sufficient capacity at local government level, which is currently lacking. Mines could potentially redirect some of their efforts towards supporting capacity in areas such as budgeting and planning.

According to Sarkar (2012), the world's second largest mining company, Rio Tinto acknowledges the importance of seeking a long-term commitment to local communities so that social and economic well-being is safeguarded and, where possible enhanced through the mine's life and beyond. Rio Tinto further argues 'every operation should understand and interact constructively with its local communities and assist their development in ways, which apply principles of mutual respect, active partnership and long term commitment.'

Richards (2009) recommends mining companies should intensify efforts for poverty reduction and dispute resolution mechanisms at local levels through "mining clusters" as done in Chile. The "mining clusters" model incorporates mine management and community leadership forums resulting in the growth of small enterprises at Escondida mine.

In 2012, Global audit firm KPMG conducted a social impact research in the Peru mining industry where it uncovered community discontentment on CSR affairs. Over the last twenty years, Peru has been one of the fastest growing countries in South America, where most of this economic growth can be linked to the performance of the mining sector. According to the (KPMG report 2012) the mining sector in Peru has been linked to pollution and social abandonment.

'The country's current economic success is not benefiting mining communities, where local groups are responding to this situation by gaining political power and/or through social unrest. The following are examples of these reactions:

a. In Puno, one of the poorest areas in Peru, local communities have blocked airports and brought the city to a halt during a two-week long anti-mining demonstration;

b. A large copper mining company, with operations in the southern region of Peru, lost their permit to operate because their water project was not accepted by the local community; and

c. In November 2011, anti-mining groups immobilized for ten days the locality of Andahuaylas in the south of Peru. Their main goal was to stop all mining operations and future plans in the region.

Other community related challenges in the international mining space are articulated by The Bench Marks Foundation report (2012), which states it is important that any CSR programme introduced into an area as heavily mined as for example the Bojanala District (broader Rustenburg area), takes into consideration the challenges faced by the people residing in that district.

The Natural Resources Cluster of the Business Partners for Development's quarterly briefing note (2013), identify the following as contributing factors for the escalation of mining community disputes into violence. They include:

a. The legacies of past projects, implemented at a time when social safeguards were less rigorous – examples include land acquired without compensation, and redundant facilities that pose a danger to local children;

b. Countries in transition from state control to market liberalization, resulting in, for example, increased unemployment from privatisation and political violence;

c. Ineffective regulatory framework for the distribution of resource rents; and

d. Populist political movements, especially during elections.

In a study -focussing on the Australian mining sector, titled *The costs of conflict with local communities in the extractive industry,* Davies and Franks (2011) suggests: The extractive industry has the potential to significantly transform environments, communities and economies. At times, such transformation may manifest in conflicts or disputes between a resource developer and local communities, or even complete breakdown of the company's social licence to operate — with associated costs for the company, local communities, and the broader public.

2.8 RISE OF CIVIC ORGANISATIONS IN SOUTH AFRICAN MINING SECTOR

The South African mining sector has over the past 20 years experienced the rise of civic organisations. Community members - particularly residents of communities situated near mining operations, are beginning to lobby collectively in South Africa and are doing so through links with Non-governmental organisations (NGOs) and through their own established local organisations.

The unsavoury relations between mining companies and civil organisations in South Africa were more illustrated at the annual Mining Indaba conference in Cape Town. The Mining Indaba conference is a gathering of mining leaders, experts and stakeholders. Instead of meeting under one roof, the mining civic organisations comprising of church, civil society and NGOs established their own gathering called the Alternative Mining Indaba.

According to the organisation Business-Humanrights (2015), the objective of the Alternative Mining Indaba was to provide an international platform for civil society organizations including National Christian Councils and interfaith groups, to share

experiences, mobilise as well as motivate mining communities to strengthen their work on advocacy and the development of strategic tools that empower them.

2.8.1 Mining Affected Communities United in Action (Macua)

MACUA was formed in December 2012 following a dialogue among mining affected communities, hosted by ActionAid International South Africa (AAISA) and the International Alliance on Natural Resources in Africa (IANRA), representing communities in 8 provinces across South Africa.

A 2013 MACUA discussion document states:

> A coordinating committee was elected to begin the process of uniting communities in a broad movement aimed at presenting the voice of communities who have not been consulted in the process of allocating mining licences, development of communities and the distribution of mining income and who bear the brunt of the health and environmental degradation and impact of mining.

> The Coordinating Committee has embarked upon a process of consultation and collaboration with a range of mining stakeholders including workers, civil society organisations and communities, with a view to building broad consensus on a campaign to gather a comprehensive mandate from mining affected communities, which will be formulated in a Peoples Mining Charter. The campaign to gather a mandate from communities is envisaged to include engagement with communities at community level, which will be consolidated at a regional level and will culminate in a national congress of mining affected communities who will endorse the "Peoples Mining Charter'

Since formation, MACUA has participated in community-related marches at local levels through its local level-aligned structures such as the Bapo-ba-Mogale Liaison Committee in Marikana. According to Fin24 (2014), MACUA in August 2014 marched

under the theme *"nothing about us without us"* to the government-arranged Mining Lekgotla in Johannesburg, where amendments to the MPRDA were discussed. Reading MACUA's memorandum of demands to the Chamber of Mines of South Africa, Methodist Church bishop Paul Verryn said:

> *"…Communities will not accept the scraps from the table of the masters. We demand our rightful place within a democratic South Africa for which our forefathers died and for which we continue to struggle so that our children are not cursed with the colonial heritage of poverty while they live in a wealthy country."*

Bruce (2015) claims MACUA represents over 70 community based organisations across South Africa.

2.8.2 The Mining and Environmental Justice Community Network of South Africa (MEJCON-SA)

According to Centre for Environmental Rights (2012), MEJCON-SA was formed in October 2012 as a network of communities, community based organisations and community members whose environmental and human rights are affected, directly or indirectly, by mining and mining-related activities. MEJCON-SA's objectives, as per its Constitution are:

1. To promote and defend the environmental and human rights of communities both directly and indirectly affected by mining; and to ensure the sustainable use of mineral resources;

2. to train, develop and capacitate community members;

3. to access information including information about mining, law, rights, processes and impacts and to share and distribute that information amongst affected communities;

4. to support and assist community champions, community organisations and the members of both directly and indirectly affected communities; and

5. to engage all relevant role-players including government at local, provincial and national level, industry, civil society organisations, non-governmental organisations, traditional authorities and the institutions created in terms of chapter 9 of the Constitution of the Republic of South Africa Act 108 of 1996.

Centre for Environmental Rights (2012) further states MEJCON-SA's major achievements to date as inclusive of the following:

- Making written submissions to the DMR on the proposed amendments to the MPRDA, 2002. Three of its members also made an oral presentation to the DMR in March 2013; and

- Making a presentation to the National Assembly's Portfolio Committee on Mineral Resources on 18 September 2013 on its written submissions to this Portfolio Committee on the Mineral and Petroleum Resources Development Amendment Bill, 2013.

At a local community activism level, MIACC, an affiliate of MEJCON-SA led a violent community protest action in November 2014 against platinum miner, Platreef in Mokopane, Limpopo province. The protest was over lack of sufficient consultation and clarity ahead of mining activities.

According to Kings (2014), Platreef aims to inject $1.6 billion in investment and create 10 000 jobs as well as 20 percent shareholding to communities. However, this has not deterred the community on 26th November 2014 from embarking on a full-blown violent protest action against the mining company. Kings (2014) further states, the main concern according to MIACC is that the mine does not have the support of the community to operate on their land and has not explained how communities will benefit from proceeds of mining activities.

2.8.3 The Marikana Massacre and subsequent local community disputes

On 16 August 2012, a tragic incident occurred at a platinum mining company, Lonmin's Marikana mine, where 34 striking mineworkers died during a shootout confrontation with the police. Lonmin Mine is situated in the tribal land of the Bapo ba Mogale community.

According to SA History (2013), the South African Police Service opened fire on a crowd of striking mineworkers at Marikana. The fateful event left 34 mine workers dead, 78 wounded and more than 250 people arrested. The protesting mine workers were demanding a wage increase at the Lonmin platinum mine. The event was the biggest incident of police brutality since the advent of democracy and it revived memories of the brutality suffered during Apartheid under its security police force.

As a result of the Marikana massacre events, community concerns around the mining company's CSR contributions have grown with the formation of various community organisations such as Bapo ba Mogale community liaison Committee and *Serodumo Sa Rona*, a group named after a Setswana language expression which means 'our pride'.

Since most South African mining companies are located in rural areas, where land belongs to the community, administered through the tribal authorities, the most vulnerable being black people, Du Preez (2013) states the reliance on traditional and municipal leadership brings high levels of expectations on the part of community members for the delivery of basic services such as water, electricity, schools and job creation.

According to Timse (2015), Lonmin announced a R546 million empowerment share transaction deal with the Bapo ba Mogale community in 2014. The deal resulted in Serodumo sa Rona taking Lonmin and the Bapo ba Mogale Traditional council to court

in June 2015 citing 'lack of sufficient consultation and transparency on the empowerment deal'.

> *"…One of our primary concerns is that nearly nothing is known by the community about the terms of the transaction or its consequences,"* a community leader said. The deal was signed in July last year at a community meeting where people were asked to vote on the deal allegedly without having seen the agreement.

> According to a press release announcing the deal the following day, Lonmin said that transactions reflected in the agreement would enable it to meet its black economic empowerment target.

> Under the agreement, the community will waive its statutory right to receive royalties from Lonmin's operating companies in exchange for a lump sum payment that will be used by the Bapo to buy shares in Lonmin.

The establishment of community lobby groupings means mining communities now have a consolidated position arguably independent of political formations, traditional leadership, trade unions and are able to advocate for their specific needs. However, this calls for a more consultative and collaborative approach towards CSR and sustainable development implementation.

2.9 THE ROLE OF TRADE UNIONISM IN SOUTH AFRICAN MINING SECTOR

Mine worker activism in the South African mining sector dates back to the early 1900s with the most memorable incident being the 1920 mineworkers strike where 70 000 African miners downed tools demanding higher wages (SA History, undated). The formation of the National Union of Mineworkers (NUM) in 1982 was a giant leap in the politics of the anti-apartheid movement and workers' right in South Africa.

2.9.1 National Union of Mineworkers (NUM)

According to Patel (2012), the formation of NUM in 1982 was the first successful formation of a "black" mining union since the African Mineworkers Union was mercilessly quashed by the state in a 1946 strike. Patel (2012) notes that since its formation, the NUM certainly has done a great deal to improve the lot of mineworkers in this country. There is a semblance of humanity, a grudging acceptance from mine owners that mine workers too are human beings.

Working by the motto, "Only the best for the mineworker", NUM created opportunities for ordinary mineworkers to contribute to the decision-making processes of the union. Moreover, as the union grew, so too did its successes. The mineworkers' provident fund, established in 1989, is reported to be worth more than R10 billion. The NUM is a founding member of the Congress of South Africa Trade Unions (COSATU), which is in alliance with the South African Communist Party (SACP) and the ruling party, the African National Congress (ANC).

According to the NUM website (NUM.org.za), it supports the relevance of the tripartite alliance constituted by the ANC, SACP, and COSATU. The NUM also believes that its successes at the shop floor can be enhanced by supporting the correct political party in power, which is the ANC as the leader of the alliance, and the governing party in South Africa. The alliance is a unique model and appropriate to advance the National Democratic Revolution a programme intended to entrench a free non-sexist, non-racial and prosperous society that respects worker rights.

Until 2012, the NUM has been the largest trade union representing workers in all sectors of the mining industry in South Africa, with a membership of over 300 000 workers. This changed after the Marikana massacre when rival union, The Association of Mineworkers and Construction Union (AMCU) gained the majority worker representation in the platinum mining sector.

The NUM's successes in the past include securing the phasing out of single-sex hostels and the inclusion of decent housing for mineworkers in the mining charter and establishing an educational trust fund (JB Marks Education Trust) for the dependants of NUM members to get tertiary education.

According to information from the JB Marks Education Trust (2015):

> The JB Marks Education Trust Fund was established by the NUM in 1997. It was named after JB Marks who was a president of the African Mineworkers' Union. The motivation behind establishing the Fund was to address the need for black educated graduates entering the mining, energy and construction sectors.
>
> NUM has always been an advocate for the advancement of its members in terms of; health and safety, collective bargaining, legal issues and education. When the union was formed in 1982, a huge number of its members were illiterate. Furthermore, NUM has also been a strong advocate for the establishment of the Adult Basic Education programs in the workplace.

2.9.2 The Association of Mineworkers and Construction Union (AMCU)

According to Marais and Prinsloo (2013), AMCU has grown exponentially since it was started at BHP Billiton's Douglas Colliery in 1999 after the ousting of AMCU president Joseph Mathunjwa from the NUM.

AMCU represents about 120 000 members, is now the majority union at the world's top three platinum mining companies Lonmin, Impala Platinum and Anglo American Platinum. In 2012, AMCU joined and latter championed an independent workers led violent R12 500 wage strike action at Lonmin, which resulted in police opening fire on mineworkers, killing 34. Since the Marikana massacre, AMCU maintained the "living wage" demand of R12 500 and led a five months long strike - the longest in South African history in 2014.

Shabalala (2014) argues the platinum sector faces a painful restructuring, with job cuts almost inevitable - in part because of the losses incurred during the AMCU strike. The rise of AMCU has also been attributed to the proximity of the NUM to the ANC, and the latter is perceived to weaken the independence of the NUM. Marrian (2014) contends that:

> The huge defection from the NUM to the militant AMCU is partly a manifestation of the division that had been brewing in unions over many years. COSATU's character was changing from representing blue-collar workers to one dominated by white-collar workers largely represented by public-sector unions. The distance between members and leaders grew, a labour elite emerged and shop-floor issues gave way to national politics.

2.10 POLITICAL DEBATE ON NATIONALISATION OF MINES

2.10.1 African National Congress (ANC)

With the perceived slow pace of transformation since apartheid ended; calls for nationalisation of mines in South Africa are growing advocated largely by the civil society. Impatience is certainly growing in mining communities, as they would like to see the ANC implementing the ideals of the Freedom Charter. According to the ANC (2012), the Freedom Charter was the 'statement of core principles' of the South African Congress Alliance, which consisted of the ANC and its allies at the time- South African Indian Congress, the South African Congress of Democrats and the Coloured People's Congress. It is characterised by its opening demand; *The People Shall Govern!*

ANC Youth League discussion document on the Freedom Charter notes the following clauses in relation to in relation to mining wealth:

- The People Shall Share in the Country`s Wealth;
- The national wealth of our country, the heritage of South Africans, shall be restored to the people;
- The mineral wealth beneath the soil, the Banks and monopoly industry shall be transferred to the ownership of the people as a whole; and

- All other industry and trade shall be controlled to assist the wellbeing of the people.

The ANC Youth League under the leadership of Julius Malema during the period 2008 and 2011 pushed that the nationalisation of mines debate be reconsidered at the ANC's elective conference in Mangaung in 2012. The calls for the conference to adopt nationalisation as a policy were unsuccessful and the (ANC conference resolution 2012) states the following as an alternative to nationalisation of mines:

- The state must capture an equitable share of mineral resource rents through the tax system and deploy them in the interests of long-term economic growth, development and transformation;

- Mining should create safe and decent work, and mineral extraction should not compromise local communities or the environment. Government should urgently conduct a comprehensive review of whether mining companies are meeting their obligations regarding social and labour plans, including those stipulated by the Mining Charter and MPRDA. Social plans must be effectively integrated with community and municipal development programmes; and

- There is a need to develop mineral knowledge linkages by encouraging youth to study science and engineering, and providing incentives for this including free education up to first year university level for these subjects. We must also expand investment in research and development that contributes towards innovation that supports beneficiation.

Ramaphosa (2011), who in 2012 was elected ANC deputy president and in 2014, South Africa's deputy president argues:

We should learn from many countries that have tried this option and failed. Successful countries have always shied away from reinventing a wheel that does not move.

It is highly plausible that the call for nationalisation of mines arises in the context of a mining industry that has been seen to profit from a commodities boom, but

fallen short of the commitments made in the Mining Charter. In its 2009 review of progress in the implementation of the charter, government found very little transformation had been achieved. Diversification of management and core-skilled workers has been minimal.

White men continue to dominate top management and technical positions and earn much more than their black counterparts.

The mining industry needs to own up to these shortcomings, as do government and other stakeholders. They need to focus greater effort and apply greater urgency to meeting these objectives, not merely to forestall any move towards nationalisation, but because transformation is an economic, social and moral imperative.

The mining industry is huge, powerful, effective and efficient. It still accounts for one third of the market capitalisation of the JSE and continues to act as a magnet for foreign investment.

There are some who justifiably view the call for nationalisation with concern, as a threat to sustainable economic growth and stability. This concern should not however blind us to the fundamental point that is being made - that South Africa needs to urgently attend to the problems of unemployment and disempowerment.

The enormity of these problems demand that we look beyond a narrow nationalisation debate to the fundamental economic challenges that we must confront. It demands that meaningful engagement takes place across society on economic challenges we all face. It requires that we set aside partisan interests and resist efforts to ridicule or belittle each other's views.

The mode of debate needs to change. Business should demonstrate not merely that it is opposed to nationalisation, but, more importantly, that it is truly committed to economic transformation. By the same measure, the youth league needs to ensure that the pursuit of economic freedom does not become ensnared in a sterile exchange about nationalisation that fails to address the underlying challenges. We are all called upon to do something rather than retreat to our respective ideological trenches.

We should seize this opportunity to work together to accelerate meaningful and sustainable change. Let us rather nationalise the acquisition of skills and the economic empowerment of mining communities.

Ramaphosa's view on nationalisation of mines in South Africa is a serious depiction of how the ANC may views this debate considering his political office and the influence he holds in the country.

2.10.2 Economic Freedom Fighters (EFF)

Since his expulsion from the ANC in 2012, Mr Julius Malema went to form a political party - the Economic Freedom Fighters (EFF) which six months after its formation won 26 seats in the national parliament. The EFF is steadfast on the nationalisation of mines and other strategic sectors of the economy.

EFF (2014) in its election manifesto stated the following as envisaged benefits of nationalised mines in South Africa:

a. An increased fiscus for, and therefore more resources for, education, housing, healthcare, infrastructure development, safety and security and sustainable livelihoods for our people;

b. More jobs for our people because state-owned and controlled mines will increase the local beneficiation and industrialisation of mineral resources. This will, in turn, reduce the high levels of poverty consequent of joblessness;

c. More equitable spatial development because state-owned and controlled mines will invest in areas where mining occurs;

d. Better salaries and working conditions in mines because state-owned mines will increase the mining wage and improve compliance with occupational health and safety standards;

e. Greater levels of economic and political sovereignty, as the state will be in control and ownership of strategic sectors of the economy, which produce mineral resources needed around the world; and

f. The profits that the state will generate from ownership and control of Mines will gradually loosen the taxes on private individuals.

2.11 MINING CORPORATE SOCIAL RESPONSIBILITY LEGISLATION

2.11.1 Social licence to operate

In South Africa, official mining licences are only issued if there is compliance with various formal legislative requirements. However, it is important to explore the concept of *social licence to operate (SLO)*. The distinction between social licence and legislative requirements is explained below.

Social licences

According to Sustainable Business Council (SBC, 2013), the phrase "social licence to operate" was first mentioned by an executive of Placer Dome at a 1997 World Bank meeting describing an essential requirement for the future survival of the mining industry. The term was originally used mainly by industries that are reliant on extractive use of natural resources. These industries were the first to be seen to have a visible impact in a world of finite resources. In order to maintain the support of the communities in which they operated, industries needed to demonstrate transparency and responsibility as well as encourage a more open dialogue on the trade-offs between development and the environment.

There is no single commonly accepted definition of a social licence to operate. SBC (2013) notes the following as a summation of the main concepts associated with the term SLO:

a. a measure of confidence and trust society has in business to behave in a legitimate, transparent, accountable and socially acceptable way;

b. it does not derive from a need for legal or regulatory compliance, instead it is deemed to be the foundation for enhancing legitimacy and acquiring future operational certainty, realising opportunities and lowering risk for the business;

c. an unwritten contract between companies and society for companies to acquire acceptance or approval of their business operations; and

d. the relationship required for this contract to operate relies on trust and consistency between parties, quality information being provided, accountability, flexibility and transparency from all parties.

Various instances of mining developments being delayed, interrupted, and even shut down due to public opposition have been extensively documented. The reasons that may contribute to the public protests and opposition to the mining operations are broad and numerous, including but not limited to their perceptions of operational dust and noise, impact on or perceived future risks relating to groundwater quality and quantity, mine extensions that necessitate relocation of local communities, and cost of living increases due to the influx of mine labour and housing speculation (Moffat & Zhang 2014).

The Mudimeli community protests against the establishment of mining operations by the Coal of Africa in Makhado municipality is a prime example that a legal licence to operate from government is no longer sufficient to guarantee mining operations. Without the social licence or approval by the local communities; protests and legal actions against prospecting companies could derail mining operations. The social contract (between mining companies and local communities) is therefore becoming a very important requirement that can guarantee the approval by local communities thus ensuring the sustainability of the mining operations.

For mining companies, it is increasingly evident that obtaining a formal licence to operate from governments and meeting regulatory requirements is no longer enough without a firm social licence to operate in place. The section below discusses mining legislation arrangements in the African subcontinent and specifically those of South Africa, Zambia, Zimbabwe and Malawi. The choice of these different countries is informed by the following reasons:

Zambia: based on the country's experiences with regard to nationalisation of mines in the 1960s and the subsequent collapse of the economy that was heavily reliant on the copper mining industry;

Zimbabwe: an active mining country which shares a border with South Africa, and whose mining activities were developed by the same mining forbearers as in South Africa likes of Cecil John Rhodes. Zimbabwe experienced total economic collapse after implementing its land nationalisation policies in 2000 (Freeth, 2015); and

Malawi: a mineral rich country that is also confronted by severe underdevelopment and is a donor dependant country, with about 37 percent of the country's budget coming from foreign aid (Dionne, 2014).

2.12 REGIONAL MINING CSR LEGISLATION

Legislative requirements are formal and binding pieces of law passed by the legislature of a given country. Legislative requirements or policies differ from social licence requirements in that the latter is not a formal agreement.

2.12.1 South African legislative arrangements

Smit (2013) notes from a report by the Chamber of Mines South Africa the following important mining estimates:

- South Africa's total mineral reserves are estimated at $2.5 trillion;
- The mining sector contributing 18 percent of GDP and over 50 percent in foreign exchange earnings;
- The sector brings in an annual income exceeding R330 billion and accounts for 20 percent of all investment in the country;
- All the revenue generated is spent somewhere – of the R441 billion in expenditure which the mining industry generates, R407 billion is spent locally and therefore further stimulates economic activities; and
- Mining also contributes significantly to the State Treasury – around R17 billion in corporate tax and R6 billion in royalties. Having helped found the JSE, mining houses still provide around 30% of its market capitalisation.

Historically (before 1994), mining companies were not obliged to contribute towards the social transformation of Africans in particular. As Sorensen (2011) states, after the change of government in South Africa in 1994, mining legislation "…has sought to redistribute the mineral wealth of the nation to include those selectively excluded previously by virtue of their ethnicity". In order to achieve this the government took over custodianship of all the mineral resources of the country: common law, 'old-order' mineral rights were replaced by limited, 'new-order' rights which had to be applied for both existing and new mineral projects. These were granted at the discretion of the

Minister of Mineral Resources, subject to the applicant meeting certain socioeconomic criteria.

In terms of Chapter 2 (Bill of Rights) in the Constitution of the Republic of South Africa, 1996, section 24 (b) (iii), a provision is made that:

> *"…Everyone has the right to have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that – secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development".*

This section of the constitution paved the way for the promulgation of Mineral and Petroleum Resources Development Act (MPRDA), No 28 of 2002.

The South African government through the MPRDA Act 28 of 2002 introduced the Social Labour Plan (SLP regulation 46) as a way of standardising and regulating mining investments towards social development. Mining companies in South Africa are thereafter obliged to comply with the requirements of the SLP guidelines. Failure to comply with these guidelines could result in the legal mining license being revoked. The following are the objectives of the SLP, as outlined in the guide (SLP Guidelines, October 2010, 05):

(i)   Promote economic growth and mineral and petroleum resources development;

(ii)   Promote employment and the advancement of the social and economic welfare of all South Africans;

(iii)   Ensure that holders of mining or production rights contribute towards the socio-economic development of the areas in which they are operating as well as the areas from which the majority of the workforce is sourced; and

(iv)   Utilise and expand the existing skills base for the empowerment of historically disadvantaged individuals in South Africa.

The Department of Mineral Resources uses the terminology of Sustainable Development instead of CSR. However, regardless of the variation in terminology, the desirable output is the same between the two definitions and both have the ultimate goal of positively influencing the lives of community members who are located around the mining company's jurisdiction.

Following the World Summit on Sustainable Development in 2002, the erstwhile Department of Minerals & Energy (now referred to as Department of Mineral Resources) initiated a programme to develop a national strategic framework to guide the mining and minerals sector in South Africa towards sustainable development. The strategic framework is known as Sustainable Development through Mining (SD Mining). According to SD Mining (2006), sustainable development is:

- A continuous process and has the potential to lead to wealth creation, poverty alleviation, as well as human and social development. It allows for enhancement of the natural environment without detriment to communities and generations to come. Universal analyses and standard solutions for sustainable development will rarely be applicable in all scenarios, as it takes different forms depending on local livelihoods, sectorial contexts, existing institutions and resources; and
- A broad concept encompassing amongst others, the full mineral resources value chain, expectations of a range of stakeholders and complex regulatory environments. Achieving the vision of sustainable development therefore needs to be guided by a framework to ensure synergy between stakeholder efforts and directed progress in this regard.

In order to include the mining industry in the developmental agenda of the country, the government of South Africa in consultation with the mining industry stakeholders passed the Mineral Petroleum Resources Development Act of 2002 (MPRDA), wherein the Mining Charter was developed.

The Mining Charter

The Broad-Based Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry, known as the "Mining Charter" is a South African government instrument designed to effect sustainable growth and meaningful transformation of the mining industry.

The aim of the Mining Charter is to "…design and plan all operations so that adequate resources are available to meet the closure requirements of all operations." According to DMR (2010:11), the Mining Charter seeks to achieve the following objectives:

(a) To promote equitable access to the nation's mineral resources to all the people of South Africa;

(b) To substantially and meaningfully expand opportunities for HDSA (Historically Disadvantaged South Africans) to enter the mining and minerals industry and to benefit from the exploitation of the nation's mineral resources;

(c) To utilise and expand the existing skills base for the empowerment of HDSA and to serve the community;

(d) To promote employment and advance the social and economic welfare of mining communities and major labour sending areas;

(e) To promote beneficiation of South Africa's mineral commodities; and

(f) Promote sustainable development and growth of the mining industry.

Key Elements of the Charter are:

a) *Ownership:* This is to effect meaningful integration of HDSA into the mainstream economy, to achieve substantial change in racial and gender disparities in ownership of mining assets. The initial target set was to achieve a minimum of 26 percent ownership by HDSA by 2014;

b) *Procurement and Enterprise Development*: Requires that the mining industry procure from Black Economic Empowerment (BEE) entities – a minimum of 40 percent of capital goods by 2014, ensuring that multinational suppliers of capital goods annually contribute a minimum of 0.5 percent of annual income generated from local mining companies towards socio-economic development of local communities into a social development from 2010;

c) *Beneficiation:* Translate comparative advantage in mineral resources endowment into competitive advantage as support to enhance industrialization in line with State development priorities. This will have to be pursued by mining companies offsetting the value of the level of beneficiation achieved by the company against a portion of its HDSA ownership requirements not exceeding 11 percent;

d) *Employment Equity:* is aimed at achieving workplace diversity and equity at levels of the company for social cohesion, transformation and competitiveness. It requires every mining company to achieve at least 40 percent demographic representation by 2014. These companies must also identify their existing talent pools to ensure high level operational exposure in terms of career path programmes;

e) *Human Resource Development:* mining companies are to invest a percentage of annual payroll in essential skills development. The skills development targets are set as follows:

- 2010 = 3 percent;
- 2011= 3.5 percent;
- 2012= 4 percent;
- 2013= 4.5 percent; and
- 2014= 5 percent.

f) *Mine Community Development:* is consistent with the principles of social license to operate wherein mining companies must invest in ethnographic community consultative and collaborative processes prior to implementation/development

of mining projects. Mining companies should conduct an assessment to determine the developmental needs in collaboration with mining communities and identify projects within the needs analysis for their contribution to community development in line with Integrated Development Planning (IDPs), the cost of which should be proportionate with the size of the investment;

g) *Housing and Living Conditions:* is meant to ensure human dignity and privacy for mine workers is attained as opposed to the dehumanising system of single sex hostels. In this regard, the mining companies should ensure the following in improving the housing and living conditions for mine workers – convert/upgrade hostels into family units; attain the occupancy rate of one person per room; facilitate home-ownership options for all mine employees in consultation with organised labour – initially targeted for 2014;

h) *Sustainable Development and Growth of the Mining Industry:* mineral resources are non-renewable in nature and thus any exploitation of such resources must emphasise the importance of balancing associated economic benefits with social and environmental needs without compromising future generations. This will involve; improvement of the industry's environmental management, industrial health and safety performance and stakeholder undertaking to enhance the capacity and skills in relevant South African research and development facilities in order to ensure quality, quick turn-around, cost effectiveness and integrity of such facilities. To this end, mining companies in South Africa are required to utilise South African based facilities for the analysis of samples across the mining value chain; and

i) *Reporting (Monitoring and Evaluation):* This feature requires that mining companies must report their levels of compliance as per this charter as contemplated by section 28(2) (c) of the MPRDA.

According to Diale (2014), most mining companies embrace the provisions of the Mining Charter for convenience and compliance and not so much out of necessity. The State on the other hand (through the DMR) seems to be on the back foot due to

lack of enabling environment to enforce compliance. The penalties for non-compliance, considering the huge amounts of profits that mining companies make, is disappointingly low (i.e. R100 000 or $11 765) and does not present any challenge whatsoever to non-complaint companies.

The DMR has been accused by labour unions and community organisations for failing to enforce mining companies' compliance to the Mining Charter. Consequences for non-compliance vary from fines to withdrawal of mining licences and suspension of mining activities.

According to Peyper (2015), currently mines that are non-compliant with the charter can be fined a maximum of R500, 000, but that is hardly a deterrent in an industry where R400-billion is generated. Ramatlhodi (2015) who was the minister of the DMR highlighted the following from the 2014 Mining Charter compliance report:

- **Ownership:** there's no consensus on the applicable principle and the courts are being approached to resolve the matter on an urgent basis;

- **Housing and living conditions:** 63 percent of mining licence holders with hostels have converted hostels to either family and/or single units. The drive to improve the living standard of mineworkers has not fully been realised. More needs to be done to address the broader objective of ensuring that mineworkers live in decent accommodation;

- **Employment Equity (EE)**: The percentage breakdown of mineral rights holders that met the set 40 percent EE target by 2014 for each category are:

Employment equity target	Percentage
Top management (Board)	73%
Senior management (EXCO)	50%
Middle management	56%
Junior management	68%
Core and critical skills	79%

Table 2.2 Employment equity targets for the 2014 Mining Charter review

- Procurement and Enterprise Development: The breakdown percentage of how capital goods, services and consumables were procured by mining companies from Historically Disadvantaged South Africans (HDSAs).

Measured target for mining companies	Percentage
Met the target of procuring capital goods from HDSAs	42%
Met the target of procuring services from HDSAs	33%
Met the target of procuring consumables from HDSAs	62%

Table 2.3 Procurement and Enterprise Development

- **Human Resource Development:** 36.8 percent of companies have HRD spent the targeted 5 percent of total annual payroll on training;
- **Mine Community Development:** 47 percent of mine community development projects are between 75 percent and 100 percent completion; and
- **Sustainable Development:** Except for the analysis of samples in South Africa, the performance on sustainable development has not met expectations.

2.12.2 Zambian legislative arrangements

Zambia is the world's largest cobalt producer. According to Zambia Ministry of Commerce Trade and Industry (2015):

- The traditional focus of the Zambian economy has been mining and quarrying, in particular the mining and refining of copper and cobalt;
- Zambia holds 10 percent of the world's copper internationally;
- Copper and cobalt made the country one of the most prosperous in Southern Africa between 1965 and 1975, accounting for 95 percent of export earnings and contributing 45 percent of Government revenues;
- In 2003 mining brought in US$730 million - 64 percent of total export revenue, making it Zambia's largest foreign exchange earner, and contributed 7.76 percent to the Gross Domestic Product (GDP); and
- Copper production for 2003 was 349814 tonnes and cobalt production in the same year 6493 tonnes.

Mining Review (2013) noted in 2010 that the mining and quarrying sector accounted for 9.9 percent of Zambia's real gross domestic product (GDP) compared with a revised 9.3 percent in 2009. The country's real GDP rose between 2009 and 2010 by 7.6 percent with mining and quarrying accounting for 18 percent of the total increase.

According to Noyoo (2007), the driving force behind the colonisation of Zambia was the discovery of mineral wealth, especially copper. The first mineral deposits of copper were discovered in 1903. Henceforth, the copper industry would dominate and define the country's development prospects in years to come.

In spite of the fact that Zambia was a leading copper producer and exporter – the profits were not re-invested into raising the quality of life of Zambians or for the development of the Zambian infrastructure. There were high poverty levels at independence and political freedom did not initially translate into human wellbeing for the majority of Zambians.

Noyoo (2007) tracks Zambia's Mining CSR legislative journey as follows:

- The new Zambian government tried to convince big business to come to the fold and be a partner in the development of the newly independent nation. However, the mining giants, majority of whom were foreign, were only interested in expropriating profits. Consequently, on 19 April 1968 all foreign and expatriate enterprises were nationalised;
- From 1968-1991, the state was the key actor in shaping the economic and social development agenda of the country. Nationalisation of foreign firms also paved the way for the creation of parastatal organisations that became major catalysts in the area of social investment. These organisations were also channels, through which government could begin to increase the scope of social welfare provision, raise employment and reignite economic activity in various ways;

- The mining conglomerate - the Zambia Consolidated Copper Mines (ZCCM) – that materialised from the nationalisation of the Roan Selection Trust and the

Anglo-American Corporation became a major player in CSR in the country thereafter;

- ZCCM mirrored the state's developmental philosophy and supplied social amenities much wider in scope than those offered during the colonial period, including free education for miners' children, alongside subsidised housing and food, electricity, water and transport;

- ZCCM literally operated a "cradle to grave" welfare policy, even subsidising burial arrangements for the dead. Emphasis of CSR was on the provision of free or subsidised social services as a way of reducing poverty. ZCCM's CSR scope covered, among others, agriculture, education, healthcare and sports, and recreation activities. The overarching thrust of CSR in this era was employment creation and job security;

- Zambia, which had created a comprehensive welfare system, could no longer guarantee services to its citizens. Companies that offered heavily subsidised social services were operating below par and merely became drains on the economy. The downturn of the economy had effectively began after 1974;

- A new government that was elected in 2001 adopted a cautionary approach towards privatisation. From 2002, Zambia's economic prospects changed for the better. The country's GDP grew by an estimated 5.8 percent in 2006. The country also exhibited a single inflation rate of 9.3 percent for the first time in decades (as of September, 2007); and

- In spite of the positive outlook, the benefits have not trickled down to the rest of the population. The living conditions of the majority of Zambians are still very unsatisfactory.

Presently, there is no clear legislative framework governing CSR in Zambia, and this is neither stipulated in the Mines and Minerals Development Act of 2008. There are no

tangible guidelines for firms on how to implement mining CSR in the country. This is not withstanding the above-mentioned legislative regimes in Zambian mining including nationalisation of mines in 1968.

Noyoo (2007) further states that in 2006, the Zambian government made proposals for the development of a policy on Public-Private-Partnerships (PPPs). About 70 percent of the population of Zambia is estimated to live below the poverty line and at the same time, new mining firms have been reaping huge profits and paying very low corporate taxes of 25 percent as well as royalties of 0.6 percent (which are one of the lowest in the world).

Zambia is an example of a country where nationalisation of mines worked very positively on in the short term but had catastrophic outcomes in the long term for the productivity of the sector and for the beneficiaries of its originally very generous CSR schemes. According to the Benchmark Foundation (2008), the privatisation of ZCCM, which was actively encouraged by the donor community as a means of reducing corruption, inefficiency and waste, was supposed to bring new investment to the Copperbelt, reinvigorating the local economy and restoring its severely degraded and contaminated environment. In reality, despite all the talk about CSR and sustainable development, the new mine owners have shown a remarkable reluctant to assist the cash-strapped local councils with the processes of improving social service provision. They are even less inclined to shoulder some of the burden of cleaning up ZCCM's environmental legacy.

2.12.3 Zimbabwean legislative arrangements

Matsika (2010) summarises the history of the mining sector and its contribution to Zimbabwean economy as follows:

- Zimbabwe is an active producer of gold, coal, platinum, asbestos, diamonds and base metals;

- At its peak in 1986, the Zimbabwe mining sector contributed about 7 percent to GDP;

- Mineral shipments for 2008 amounted to US$676m, which represented about 51 percent of total export shipments and 3.8 percent of GDP;

- Around 1996, the mineral industry in Zimbabwe was a major contributor to the world supply of chrysotile asbestos, ferrochromium, and lithium minerals. Gold production was the leading sector in 1996 with outputs exceeding 24 metric tonnes; and

- With relative political and economic stability around 1999, mineral exports accounted for about 45 to 51 percent of Zimbabwe's foreign currency earnings. In addition, mining was a direct employer of up to 60,000 people with numerous others in the entire value chain of the support industries.

On the employment front, Sibasa (2013) noted that while the mining sector in Zimbabwe employed 59 000 people at the peak of its performance in 1995, the decade of recession saw the figure dropping to 33 000 in 2009 before climbing back to nearly 45 000 in 2012.

The mining sector and indeed CSR are at a turning point in Zimbabwe. There is renewed industry interest in the country's considerable mineral resources. Moyo and Mabhena (2014) argue that the attention and the proposed regularization of the Indigenization and Economic Empowerment Act 14 of 2007 have put the sector very much in public view. A proposal that some share of the required Zimbabwean ownership of mining companies (under the Indigenization Act) could be accounted for by CSR activities has put CSR even higher on the national agenda.

Because of mining companies being located in remote rural areas, they have been drivers of community development through provision of various forms of infrastructure such as roads, schools, hospitals, water, electricity, and support for adjacent agricultural projects.

The Zimbabwe Chamber of Mines (ZCM) has been leading a dialogue with government on how the possibility of credit for CSR in the sector might be defined and addressed. According to Moyo and Mabhena (2014), this initiative of the Chamber of Mines is consistent with an established interest in CSR across all sectors in Zimbabwe. For example, a Corporate Governance Code is currently being prepared by an alliance of the Zimbabwean Leadership Forum, Institute of Directors and Standards Association of Zimbabwe. The code will contain the best practice principles in relation to investor capital. In fact, since the early 1990s and in addition to activities generated in connection with government's 1994 Environmental Impact Assessment Policy, there have been a series of business initiatives in Zimbabwe concerning CSR. These initiatives include:

- 1992: establishment of the Environmental Forum of Zimbabwe by companies concerned with environmental issues;
- 2003: creation of the Zimbabwe Business Forum against HIV/AIDS, which promoted workplace programs;
- 2004: the Confederation of Zimbabwe Business produced a Business Ethics Charter; and
- 2010: "Investing in Zimbabwe's Future" Corporate Social Responsibility Awards launched by the United States of American Embassy and the American Business Association of Zimbabwe.

Mate (2002) adds that regularizing the activities of small-scale mining sector within a legal framework would create opportunities for growth and enhance social development. Zimbabwe has lagged behind in terms of the establishment of an enabling legal and policy framework for sustainable and equitable mineral resource development. The country has fast-tracked economic empowerment through the indigenisation legislation.

The model of Zimbabwe's Indigenisation and Economic Empowerment (IEE) law places prominence on wealth creation through broad-based participation of indigenous people in economic activity (Musarurwa, 2012).

Murombo (2010) further argues that the IEE Act is suitably tailored to promote inter and intra-generation equity in the mining sector in Zimbabwe and to ensure that current mining activities do not prejudice the interests of future generations in mineral resources. Zimbabwe's economic and social empowerment strategy is aimed at ensuring equitable distribution of the benefits that accrues from mineral resources especially with regard to the legally and politically disempowered local communities such as the Chiadzwa communities in the Marange diamond fields of Zimbabwe.

Kanyenze, Kondo, Chitambara and Martens (2010) highlight that the mining law in Zimbabwe allows for private-sector ownership of mining concerns. The ownership structure of businesses involved in mining ranges from those listed on the Zimbabwe Stock Exchange, government-owned and limited-liability companies, foreign-owned and indigenous companies, co-operatives and syndicates.

There are differing views on when CSR orientated legislation started in Zimbabwe. Kanyenze et al (2010:194) suggest that the first time that the issue of broadening the ownership of mining was raised was when the Zimbabwe Programme for Economic and Social Transformation was announced in 1998, one of whose objectives was economic empowerment in the mining sector. On the contrary, Murombo (2010) argues the overarching statute governing the mining sector in Zimbabwe is the Mines and Minerals Act enacted in 1961 which is proposed for amendment and the IEE Act.

The introduction of the indigenization policies sought to ensure that all large companies with a net asset value exceeding \$0.5m would be required to have a minimum indigenous shareholding of 51 percent within a period of five years, (Matsika, 2010). Considering that indigenisation has been on the cards for more than a decade, the major investor concerns stem from the empowerment threshold which is currently considered high - at 51 percent.

Organisations such as the Chamber of Mines have proposed a minimum direct equity participation of 15 percent for the mining sector and the use of empowerment credits. These would include social and infrastructure spending, local procurement of inputs,

assistance to small scale miners, release of mineral rights, creation of new businesses, skills development and other socially and economically desirable expenditure.

2.12.4 Malawian legislative arrangements

Malawi is a mineral rich country with reserves of uranium, coal, diamonds, lime, gemstones and mineral sands. According to Curtis and Hajat (2013), Malawi produced:

- minerals worth Malawian Kwacha (MK) 21.9 billion (US$ 514,106 million) in 2010 and MK 23.7 billion (US$ 418,705 million) in 2011;
- It exported MK 17.8 billion (US$ 314,410 million) in 2010 and MK 18.6 billion (US$ 328,604 million) in 2011. Uranium produced by Paladin at its Kayelekera mine accounts for most production and exports; and
- Mining exports were worth $114 million in 2010, equivalent to 10 percent of all exports, and $123 million in 2011.

Chisoni (2014) attributes the CSR discussions and considerations to the 'strained' economic conditions in Malawi but laments lack of formal government regulation. CSR is part of the daily talk of companies and communities including government. However, CSR in Malawi is not regulated by any policy or legal documents; as such, it is an idle talk. It is a mere interest topic for many stakeholders with both positive and negative ramifications. Now with the booming of the extractives industries, if CSR has no legal and policy framework to regulate it, specifically, the mining sector will operate at its own imaginations. The danger of this is that the Malawian government is seriously seeking to attract direct foreign investors in this sector and direct foreign investors are:

a. foreigners who may not necessarily care about the plight of poor Malawian communities for as long as they pay their taxes to government; and

b. they are driven by market forces and are profit oriented and as such, additional "charity" roles may appear to be demanding or unnecessary.

The Benchmark Foundation (2008) research confirms that unlike in South Africa, the mining corporations in Malawi are not encumbered by any legislation, charters or empowerment programmes. Given that the mining industry is in its infancy, this would be an opportune time to ensure that a proper social, economic and environmental regime is affected. However, outdated mining legislation, the parliamentary impasse and the country's seemingly eagerness for foreign investment will most probably see Malawi repeat all the possible mistakes of its neighbours in making mining corporations accountable and responsible.

The above suggests that the mining companies in Malawi have no defined roles and responsibilities to abide by as far as CSR is concerned and are not compelled to contribute towards any societal development programmes beyond their own operations. Curtis and Hajat (2013) hold a similar view as Chisoni (2014) that Malawi's current mining legislation has several deficits, with the four below being the most critical:

- First - the process for granting mining licences vests huge powers and discretions in the Minister of Mines and does not require consultations with other stakeholders such as parliament or civil society;
- Second - many of the key terms under which companies operate in Malawi are determined by bilateral negotiations rather than consistent application of the law. The Mines and Minerals Act states, for example, that royalty rates are fixed by 'the mining licence concerned', i.e., in individual agreements. This is a recipe for special treatment being accorded to some companies, and is prone to corruption;
- Third - Malawi lacks key provisions in its mining legislation that could maximise the benefits to the country: the Mines and Minerals Act says nothing about companies being required to source a proportion of their supplies from Malawi ('local content') and neither are there provisions to ensure that communities in mining areas financially benefit from mining revenues; and
- Fourth - Malawi lacks regulation, or adequate regulation, in certain areas, although uranium mining is proceeding rapidly, there is no law or regulations

governing this while protection for people displaced by mining is also inadequate.

Although the Malawian government has since January 2013 committed itself to revising the mining legislation, civil society regards the progress as slow. Mtika (2015), an investigative journalist for the Nyasa Times based in Malawi conducted a study on the negative side effects of uranium mining on labourers and community members in the northern district of Mzimba. The study found that the villagers felt cheated and have been demanding answers to a litany of issues such as lack of consultations, what government is doing about environmental impact assessment, issues of safety and the mining companies' commitment to CSR.

According to Mzembe, Ngawenja and Meaton (2013), the lack of updated CSR mining legislation in Malawi- considering its reliance on the outdated Mines and Minerals Act (1981) and the Environmental Management (EM) Act (1996) has been seen as a gateway for non-CSR compliance. In so doing many foreign companies tend to contaminate the environment and shoulder no burden towards community development. Mtika (2015) highlights that in Mzimba district, about 250 kilometres from capital city Lilongwe, communities there have been drinking water contaminated with hazardous metals, courtesy of Australian Mining Company Globe Metals and Mining Limited. This is despite the Australian Government's expectation that their companies should comply with all domestic (Australian) applicable laws and obligations when operating abroad and to conduct their businesses according to best practice.

Mzembe et. Al (2013) further argues major concerns have been the weak institutional capacity of the government to enforce corporate regulations and actions taken by some powerful multinational companies to influence the Malawian government to support weak regulatory regimes of corporate conduct.

2.13 INTERNATIONAL VIEW ON MINING CSR LEGISLATION

The section below discusses mining legislation arrangements internationally, focusing specifically on Canada and India. The selection of these two countries is informed by the following reasons:

Canada is at a phase of redefining its mining CSR strategy to be applicable both within the country and abroad. The mining CSR strategy would be binding on all mining companies operating in Canada and is aimed at increasing societal benefits from mining activities;

India is one of the leading global mining regions, which albeit the mineral wealth, has high levels of poverty and underdevelopment. The government of India introduced wholesale CSR legislation for all industries, with strong emphasis on mining. India is also South Africa's trading partner through the BRICS (Brazil, Russia, India, China, and South Africa) organisation.

2.13.1 Canada

Canada has mineral deposits of gold, Iron ore, copper, nickel, uranium and zinc. According to the Mining Association of Canada (2014), the Canadian mining industry has the following significant contribution to the country's economy:

A major employer:

- Approximately 380,000 people across Canada work in the mining and mineral processing industries;
- Mining is the largest private sector employer of indigenous peoples in Canada on a proportional basis, and employment is poised to increase;
- Canada has one of the largest mining supply sectors globally with more than 3,400 companies supplying engineering, geotechnical, environmental, financial and other services to the mining operations; and
- Those who work in the mining sector in Canada enjoy the highest wages and salaries of all industrial sectors in Canada with an average annual pay exceeding $110,000, which surpassed the average earnings of workers in

forestry, manufacturing, finance and construction by a range of $31,000 to $46,000 for those sectors.

An economic engine:

- Mining contributed $54 billion to Canada's Gross Domestic Product (GDP) in 2013;
- The industry accounted for 19.6 percent of the value of Canadian goods exports in 2013;
- Canada's value of mineral production was nearly US$43.6 billion in 2013; and
- The mining industry's payments to Canadian federal and provincial governments total US$71 billion in taxes and royalties over the last decade (2003-2012).

Canada is entering the second phase of its mining regulation space and has developed a CSR strategy *"Doing Business the Canadian Way: A Strategy to Advance Corporate Social Responsibility in Canada's Extractive Sector Abroad".* This strategy builds on experience and best practices gained since the 2009 launch of Canada's first CSR strategy, "Building the Canadian Advantage: A Corporate Social Responsibility Strategy for the Canadian Extractive Sector Abroad."

According to Canada CSR (2014), the enhanced CSR Strategy demonstrates the Government of Canada's expectation that Canadian companies will promote Canadian values and operate abroad with the highest ethical standards. It also outlines the Government's initiatives to help Canadian companies strengthen their CSR practices and maximize the benefits their investments can provide to those in host countries.

The key elements of the enhanced CSR strategy include:

- Strengthened support for CSR initiatives at Canada's diplomatic network of missions abroad, aimed at ensuring a consistently high level of CSR-related service to the Canadian business community around the world. Building

networks and local partnerships with communities, and reinforcing Canadian leadership, excellence, and best practices in the extractives sector;

- Increased support and additional training for Canada's missions abroad to ensure Trade Commissioners and staff are equipped to detect issues early on and contribute to their resolution before they escalate;

- Re-focusing the role of the Office of the CSR Counsellor, including strengthening its mandate to promote strong CSR guidelines to the Canadian extractive sector, while advising companies on how to incorporate such guidelines into their operating approach. The CSR Counsellor will also build on the work conducted at missions abroad by refocusing efforts on working to prevent, identify and resolve disputes in their early stages;

- In situations where parties to a dispute would benefit from formal mediation, the CSR Counsellor will encourage them to refer their issue to Canada's National Contact Point (NCP), the robust and proven dispute resolution mechanism, guided by the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises on responsible business conduct, and active in 46 countries;

- Companies are expected to align with CSR guidelines and will be recognized by the CSR Counsellor's Office as eligible for enhanced Government of Canada economic diplomacy. As a penalty for companies that do not embody CSR best practices and refuse to participate in the CSR Counsellor's Office or NCP dispute resolution processes, Government of Canada support in foreign markets will be withdrawn; and

- Inclusion of benchmark CSR guidance released since 2009, namely the United Nations' Guiding Principles on Business and Human Rights, and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

Canada has a multifaceted approach to help Canadian extractive companies mitigate social and environmental risks and improve their CSR performance, as well as their contribution to host country benefits.

The wide range of the Government's efforts aimed at helping Canadian extractive sector companies improve their awareness and integration of CSR guidance into their practices can be grouped into the following sets of activities:

1. Promoting and advancing CSR guidance;
2. Fostering networks and partnerships;
3. Facilitating dialogue towards dispute resolution; and
4. Strengthening the Environment Affecting Responsible Business Practices.

Taken together, these activities represent a comprehensive approach to advancing CSR, to help companies succeed in a manner that creates value for them and for those affected by their activities. Canada seeks a well-regarded and globally competitive extractive sector, and works to broaden the local development benefits that extractive sector investment can bring to communities.

Compared to African states such as Malawi and Zimbabwe, Canada is leading in terms of consistency towards having clearly defined mining CSR policies.

2.13.2 India

A Euromoney Institutional Investor Company (2015) captures India's mining sector contribution to GDP as follows:

- Mining contributed some 2.8 percent to India's GDP and 9 percent of the GDP of the industrial sector in the 2015 financial year;
- As of March 31, 2014, India had 3,461 operational mines, excluding fuel, atomic and minor minerals;
- Eleven states out of India's 28, accounted for 94 percent of the total number of mines as of March 31, 2014;
- Mining accounted for some 9 percent of public sector, and 1 percent of private sector employment in the 2012 financial year; and
- The sector is estimated to employ 700,000 people, including seasonal workers.

According to Researchers Club (2015), India ranks fourth amongst the mineral producing countries in the world. However, for the locals, the abundance of natural mineral resources does not always mean prosperity. The states like Jharkhand, Orissa, Andhra Pradesh, Rajasthan, Chhattisgarh, Madhya Pradesh and Karnataka are rich in mineral resources but are relatively backward. These seven big mining states also account for a third of India's population but at the same time, they are extremely poor.

In pursuit of a solution and bridging the wealth divide, the Indian Government has enacted a mandatory CSR by introducing the landmark provision in the Companies Act, 2013 i.e., section 135 - making CSR mandatory across all business sectors.

The provisions of this Act (Indian Express, 2014) are:

"…eligible companies having net worth of Rupees five hundred crores (US$76 million) or more, or turnover of one thousand crores (US$153 million) or more, or net profit of Rupees five crores (US$768 thousands) or more during any financial year shall contribute 2% of its average net profits towards CSR activities"

By inclusion of this section in the Companies Act of 2013 India has become the first nation ever where CSR is statutorily mandated transversely to all industries. There must not be a distinction between charity, religious donations and sustainable philanthropy models when defining what mandatory CSR spending is. The mandate dictates setting up a CSR committee consisting of three or more directors with at least one Independent Director. The committee is entrusted with policy formulation in accordance with schedule VII of the Act. The committee is also responsible for regulating and monitoring the expenses incurred on various activities like promotion of education, promoting gender equality, eradicating extreme hunger and poverty, empowering women, reducing child mortality, ensuring environmental sustainability to mention a few.

The board of directors have to play an active role in the CSR initiative at various stages, including identification of the activities, approving the policy, and disclosing its contents in the board's report and on the company website. It is left at the sole discretion of the company to decide the manner in which the company want to spend the CSR funds.

Enforcing legislation is often very difficult, with some companies looking for loopholes in the system towards non-compliance. India's mandatory CSR legislation is also seen to have some leniency towards enforcement and penalties.

Indian Express (2014) found it surprising to note that though the new Act has mandated contribution by the eligible companies towards CSR activities there is no stringent provision in place to guard against and deal with non-compliance. Moreover, the only requirement in case of failure to comply is a disclosure report by the Board of Directors. The Act lacks precise penal provision in case of non-compliance hence compliance is difficult to achieve. The Act however provides a general penal provision under Section 450 of the Companies Act, 2013 wherein in case of non-compliance with any of the provisions of the Act the company or any officer of the company who has defaulted may be forced to pay a fine.

Prasad (2014) emphasises the Indian government's suggested CSR activities include measures to eradicate hunger, promote education, environmental sustainability, protection of national heritage and rural sports, and contributions to prime minister's relief fund. The company can implement these CSR activities on its own, through its non-profit foundation or through independently registered non-profit organisations that have a record of at least three years in similar activities.

2.14 CHAPTER SUMMARY

The chapter looked at the evolution of CSR at a global level and how it was phased into the South African mining industry starting with support of education and leniency on the working conditions. From the reviewed literature, the historic and current contribution of the mining sector to the South African economy is discussed including how the global sanctions against apartheid pushed mining companies in South Africa towards CSR.

Environmental and health destructions associated with mining activities are also addressed in light of existing legislation. More collaborative efforts towards CSR, and aligning CSR to the business objectives and growth strategy as advocated in the SLP regulations would, if implemented correctly reduce the philanthropic image of CSR into a dual role of profitability and societal benefit. From the literature reviewed, it is also evident that the past experiences of exploitative relations between companies and the broader society in South Africa has a bearing on the levels of trust between stakeholders.

The emergence of lobby groups and community formations calls for a new approach in CSR relations as beneficiaries would like to have a broader say on the kinds of investments allocated for them by mining companies. This is more crucial as the CSR demands of communities are more towards the delivery of basic services and the improvement of the quality of life.

The situation in South Africa is getting dire as the country in now on the 22nd year of democratic government, which started in 1994. There is a sense of desperation brewing amongst the people hence some even go to the extent of calling for the nationalisation of mines and other strategic sectors of the economy, with the hope that if ownership is fully in the hands of government, perhaps communities would derive much benefit.

This chapter documented observations from the mining CSR legislations of selected countries within the African Continent (Malawi, Zambia and Zimbabwe) and from other continents (Canada and India). It can be concluded that countries such as Malawi and Zambia do not have stringent mining CSR legislation compared to South Africa, Zimbabwe, Canada and India. The reason for lack of precise CSR legislation in Malawi and Zambia seem to be a political realism that economic prosperity and specifically to lure international mining investors – the country may have to bend backwards. In the case of Zambia, which had a very strong CSR outlook immediately after independence, it currently seems to be influence by the need to rebuild the collapsed mining sector and the economy. It is equally evident that international organisations seem to put pressure on small countries like Zambia and Malawi as preconditions for development support grants. These conditions generally work to the detriment of CSR and the development of the local communities.

Canada, India and South Africa seem to have much clearer mining CSR legislations. In the case of South Africa however, based on the 2014 Mining Charter review (Cf. Chapter 2: Section 2.3.1), there seems to be little or none tangible measures taken against non-compliance by mining companies. The same conclusion can be made about India, which seems to have highly progressive CSR legislation but lacks compliance enforcement measures. There are no specific good examples from literature wherein enforcement is properly managed. Australian legislation requires that their companies observe Australian regulations even when they operate internationally; however, it is evident that there are serious transgression with their African operations and no evidence that the Australian government is able to enforce required compliance levels.

The next chapter, (Chapter 3) looks at the theoretical and conceptual foundation of the study.

CHAPTER 3

THEORETICAL AND CONCEPTUAL FOUNDATION

3.1 INTRODUCTION

This chapter, the theoretical framework of a research project, relates to the philosophical basis or underpinnings on which the entire research is premised. The chapter provides the link between existing theories and theoretical conceptions with the practical research undertaking of this investigation (Mertens, 1998).

There are specifically three theories that are examined in this research. The first theory is that operations of the mining industry are informed by "extractive industrial practices". The theory of extractivism is interested in extreme capital accumulation, exploitation of resources, that is, labour and environment, among others, and inconsideration of the interest of affected communities or stakeholders. The second theory of interest in this research is that of dependency. Dependency theory suggests that big industries as is first world countries are highly dependent on the exploitation of the poor communities as it is of third world countries in order to sustain themselves. The reverse side of this dependency equation is that some portions of the poor communities cultivate this dependency for their exclusive benefit. The third is stakeholder theory. Stakeholder theory assumes that the success of any organisation depends on how it relates to its major stakeholders.

3.2 EXTRACTIVE INDUSTRY

GIZ (2013) explains that mines and oil extraction sites are often located in indigenous territories or depend on infrastructure that cuts through these territories. This kind of location poses a threat to the indigenous communities' cultural identity and often depriving them of their ancestral lands and habitats. What is more, resource extraction destroys forests and soils, contaminates groundwater and endangers human health.

In a report, *Extractive Industries: optimising value retention in host countries,* commissioned by the United Nations, Sigam and Garcia (2012) define an extractive industry as a process that involve different activities that lead to the extraction of raw materials from the earth (such as oil, metals, mineral and aggregates), processing and utilization by consumers. These processes take place within host countries and home countries of operating companies, as well as consuming markets. The resulting global value chains as well as the value distribution along the production chain and the stakeholders can be impacted by local content policies that are increasingly becoming a strategic factor in investment decisions and the formulation of public policy for industrial development.

Gamu, Le Billon and Spiegel (2015) argue that CSR is widely viewed by extractive industry actors as a means to reduce poverty at local and regional levels. However, concerns exist as to whether;

- Companies are genuinely committed to socially and environmentally responsible practices
- CSR addresses the structural roots of mining-induced poverty; or
- Extractive companies may even use CSR as a subtle form of political interference or public relations exercise.

For instance, poorly managed community development initiatives can generate pernicious forms of dependence when companies dole out social investments in an ad hoc and reactionary manner. This may be particularly problematic in regions and communities in which the state has been historically absent and companies are treated as pseudo-state actors (Gamua et al., 2015). More troubling, social investments can easily influence the political dynamics of local communities as extractive companies can use them to co-opt particular groups and fragment the collective power and political voice of affected communities.

While extractive companies frequently promote the contributions their CSR activities have made to poverty reduction, caution is warranted when interpreting this as

definitive empirical evidence of CSR's poverty reducing effects. On this note De Beer and Swanepoel (2013) argues that philanthropic practices in the previous century must be replaced with social responsibility. Focus should be placed in projects that "build human capabilities through;

- educational investment,
- empowerment of individuals and communities,
- improved health,
- human capital,
- rural development,
- the building of sustainable livelihoods,
- Arts and culture and in the protection of the environment.

Disputes within mining communities emanate as a result of various factors. These disputes necessitate the qualities of a well-skilled professional on the part of the mining company, geared to deal with the complexities of community development exhaustively.

Figure 3.1 Companies in the extractive sector can adjust their approach to societal issues

Making once off reactive social investments	→	Building a portfolio of strategic programs with a long-term economic development strategy
Setting organisational structures that separate social investment staff from business staff	→	Creating processes that help integrate social investment and the business
Incentivising on-time, low cost delivery	→	Incorporating social performance into compensation packages
Measuring investments in communities by dollars spent	→	Measuring investments in communities by societal and business outcomes
Trying to solve societal issues by going at it alone	→	Building partnerships with government, NGOs, and other companies to solve societal issues

Adapted from http://sharedvalue.org/extracting-purpose

3.2.1. Extractionism as a framework

The study is based on a hypothesis that "communities do not deem mining houses to be part of the community in which they operate, nor contribute sufficiently towards social development." Such a hypothesis is informed by the definition of "extractionism"- defined in Ratigan (2012) as follows:

> *Taking money from others without creating anything of value, anything that creates economic growth or improves our lives. In an extractionist system, you actually lose value at an increasing rate over time. Instead of giving people incentives to make good deals where both sides can benefit, the system rewards those who take and give nothing in return. Such people are commonly known as thieves.*

In the study, extractionism is viewed as a framework that explains how corporate and individual behaviour manifests itself. Ratigan (2012) concludes that 'sadly' America and many other countries across the globe have adopted extractionism as their chief economic policy, "building it into our present systems for everything from trade and tax policies to banking."

According to Rogers (2010), there is an evident fact that the mining and other extraction industries move away when the mineral resources is depleted. Extraction capitalism is not about making products or improving society or about making jobs. It is not even about making money. It is about moving wealth from one class of citizens to another.

3.2.2. Extractivism as a framework

Extractivism is a broad term used to describe the process of exploration, exploitation and export of natural (minerals and oil) resources without any further processing prior to exportation and has its roots in Latin America (Huber, 2014).

Verdum (2010) argues as it transpires in Africa, numerous countries in Latin America follow the path of a resource intensive economy such as Brazil, Peru, Venezuela and Bolivia, where exports are driven by the extraction of natural resources.

Huber (2014) further maintains there are three types of extractivism: depredating, cautious and indispensable extractivism.

Development approach	Dominant type of extractivism	Explanation
Conventional extractivism	Depredating/predatory extractivism	No consideration of social and environmental impacts, limited influence of government
Neo-extractivism	Cautious/moderate extractivism	Nationalism (state increases control of natural resources), consideration of environmental and social problems, but extractivism remains the dominant industry in the economic system which involves sacrifices in other areas.
Post-extractivism	Indispensable/basic extractivism	Natural resource extraction is limited, alternatives are introduced and stricter regulations are implemented

Table 3.1 Extractivism a developmental approach; (Adapted from Gudynas, 2010)

- Depredating extractivism represents manipulative activities where no contemplation is given to environmental and social impacts, and is also referred to as "predatory extractivism"; and

- Cautious or "moderate extractivism" in Gudynas (2010), includes environmental and social concerns in the resource extraction process, while natural resources remain the dominant driver of economic growth. Indispensable extraction aims to reduce material extraction to the lowest possible level and to find possible replacements like recycling.

3.2.3. The asbestosis case in South Africa: an example of extractionism

South Africa was one of the major suppliers of asbestos to the world, having produced 97 percent of the world's crocidolite and 100 percent of the amosite and was the fifth-largest producer of chrysotile, accounting at one point for 3 percent of the value of South Africa's mineral exports (Naidoo, 2008).

In an article titled *Outlawed asbestos leaves trail of death, suffering, claims and mining shame*, Naidoo (2008) argues asbestos with its serious and life-threatening health hazards, in the form of mesothelioma and asbestosis, have had far-reaching and disastrous effects on not only South Africans, but also people exposed to the fibres from this mineral globally.

The final regulations to enforce the prohibition of the use of asbestos in South Africa were gazetted in March 2008 after decades of campaigning.

Carnie (2005), highlights that South Africa, a major world supplier of asbestos for nearly a century, closed its last asbestos mine in 2001, while being under increasing pressure to ban asbestos completely.

The closure of asbestos mines and its ban in the country did not go without any economic slump, as Carnie (2005) notes total asbestos usage in South Africa had declined by about 40 percent between 2000 and 2002. While a National Economic Development and Labour Council study estimated that by banning asbestos, South Africa could save nearly R27-million every year in disease compensation and health costs.

Naidoo (2008) further states asbestosis and pleural diseases primarily affect people who have worked with asbestos in mining, manufacturing, and building maintenance debris removal. This includes those who worked in mining and milling in the mining

industry, in transporting and loading asbestos, by rail and through harbours, factory workers in asbestos products manufacture, such as pipes, building materials and brake linings, and those exposed to asbestos in power stations, locomotives, ships, boiler rooms, buildings and fire insulation, and, in some cases, carpentry and roofing activities.

South Africa reportedly has the highest incidence of mesothelioma in the world, with data suggesting that 400 to 500 patients are diagnosed with mesothelioma a year. Asbestos has left its death verdict on miners, workers and mining communities in South Africa – without any 'miracle' to date to cure the related illnesses of this mineral (Naidoo, 2008).

3.3 DEPENDENCY THEORY

Dependency theory developed in the late 1950s under the guidance of the director of the United Nations Economic Commission for Latin America, Raul Prebisch. Prebisch and his colleagues were troubled by the fact that economic growth in the advanced industrialised countries did not necessarily lead to growth in the poorer countries (Ferraro, 1996).

Indeed, their studies suggested that economic activity in the richer countries often led to serious economic problems in the poorer countries. Such a possibility was not predicted by neoclassical theory, which had assumed that economic growth was beneficial to all even if the benefits were not always equally shared.

According to Ferraro (1996), Prebisch's initial explanation for the phenomenon was very straightforward: poor countries exported primary commodities to the rich countries who then manufactured products out of those commodities and sold them back to the poorer countries. The "Value Added" by manufacturing a usable product always cost more than the primary products used to create those products. Therefore,

poorer countries would never be earning enough from their export earnings to pay for their imports.

Inge (2011) argues dependency theory is essentially about the progressive 'creaming off' of surplus value from economic agents as one approaches the centre, or metropolis, such that this value eventually accrues at the centre. Capitalism is posited as the 'contagion' by which this process is transmitted and in this sense, perhaps performs the very antithesis of the putative 'trickle down' effect espoused by unbalanced growth theory. It must be understood, in this context, that, "dependency is a continuing relationship not confined to an imperialist past but continuing in the neo-imperialist present"

Prebisch's solution, in Ferraro (1996) was similarly candid as it suggests poorer countries should embark on programs of import substitution so that they need not purchase the manufactured products from the richer countries. The poorer countries would still sell their primary products on the world market, but their foreign exchange reserves would not be used to purchase their manufactures from abroad.

Graaff (2007) contends the dependency theory was born amidst the Cold War and the majority of the writers on dependency theory came from the Third World. It is an insight into how development and underdevelopment occurred in the Third World, dependency theorists believed that the world is separated into wealthy core countries and poor peripheral countries.

In the South African mining context, where mining has been a leading economic driver for over a century, Graaff (2007) further noted the economies of countries such as Lesotho and Mozambique revolved entirely around providing migrant labour to the South African mining industry.

Modimoeng (2008) highlights the plight and dependency of workers employed by the mining industry and some even through subcontracting companies. The growing shift of employment from permanent to contract workers is causing problems in the mining and construction sectors as it compromises union representation. Modimoeng (2008) further exposes a case of a mine contract worker employed by JIC Mining Services, who takes home R10.80 after deductions from a gross income of R1 200. About R890 is compulsorily deducted for "hostel and transport". Another worker earned R2 021.08, but paid R1 700 for hostel and transport, and after other deductions took home R241.83.

Dependency theorists would argue that the activities of South Africa as a semi-peripheral/sub-imperial power are blocking the development of its peripheral countries. What is even worse, there is very little possibility of these countries becoming developed. What South Africa establishes in its peripheries is an empty and sterile form of capitalism. Their economies are sterile because they have been recruited into the service of South Africa's economy (Graaff, 2007).

Dependency theory would assume the mining industry thrives when mining activities take place in under-developed areas where they are able to attract vulnerable workface that is desperate for income.

3.4 STAKEHOLDER THEORY

3.4.1 What is a stakeholder?

According to Freeman and Reed (1983) a stakeholder is any identifiable group or individual who can affect the achievement of an organisation's objectives or who is affected by the organisation's achievement of an organisation's objectives. An identifiable group or individual on which the organisation is dependant for its continued survival.

Post, Preston and Sachs (2002) regard the stakeholders in an organisation as individuals and stakeholders that contribute either voluntary or involuntarily to its

wealth-creating capacity and activities, and are therefore its potential beneficiaries and or risk bearers. Furthermore, Post et al (2002) argues the fundamental idea is that a stakeholder has a stake in the operation of the firm in the same sense that business partners have a common stake in their venture or players on a team a common stake in the outcome of a game. Stakeholders share a common risk, a possibility of gaining benefits or experiencing losses or harms as a result of corporate operations.

3.4.2 Types of stakeholders

There are various forms of stakeholders with different needs an ethical consideration. Table 3.2 below, adapted from Parboteeah and Cullen (2013) explores the different types of stakeholders and their ethical considerations.

STAKEHOLDER	ETHICAL ISSUE
Customers	• Product safety • Truth in advertising • Fair price
Shareholders	• Fair return on investment • Adequate management of company • Accurate financial reporting
Employees	• Discrimination • Sexual harassment • Child labour and sweatshops • Employee safety
Suppliers	• Impact of suppliers in environment • Exploitation of labour • Supply chain management
NGOs	• Environmental performance • Labour relations • Supplier sourcing issues
	• Following local laws • Respecting local environment

Host community/country	• Use of local labour
Government	• Lobbying • Regulation

Table 3.2 Typical stakeholders and their needs

According to Parboteeah and Cullen (2013), from a strategic management perspective, a strong stakeholder management approach is likely to help a company achieve and maintain strategic competitive advantage. A strong stakeholder management system means a company has a good relationship with its various stakeholders.

• Shareholders

Ong (2006) defines a shareholder as an individual, group or organisation that owns one or more shares in a company, and in whose name the share certificate is issued. Shareholders can be either institutions or individuals. The shares owned by the shareholders gives them a right to part of the company's profits. Minority shareholders are shareholders who have no control of the firm, as they own less than 50 percent of the company's shares. Majority shareholders own more than 50 percent of a company's shares. Ong (2006) highlight by controlling more than half of the voting interests in the company, the majority shareholder has a very significant influence in the business operations and strategic direction of the company.

• Employees

According to Bourne (2009), an organisation's employees may often be included in the category of CSR particularly when the organisation reduces expenditure (and headcount) in the interests of shareholder value. Employees can be greatly affected by success or failure of the firm, have invested in the organisation (skills and experience), are financially dependent on the success of the organisation, and are often dependent on their workplace for social relationships, self-identity and self-actualisation: the company has duties to employees.

- The community

Local communities have a number of interests in the companies which operate in their region. These companies will be employing large numbers of local people and it will be in the interest of sustained employment levels that companies in the locality operate in an efficient way. Should the company's fortunes start to decline then unemployment might rise and could lead to part of the workforce moving away from the area to seek jobs elsewhere.

However, local communities would also be concerned that companies in the area act in an environmentally friendly way as the last thing they would want is pollution in local rivers, in the soil or in the atmosphere generally. It is therefore in the local community's interest that companies in their locality continue to thrive but do so in a way that takes account of local and national concerns.

Becattini, Bellandi and De Propris (2009), a local community is defined as a working and living place that is shaped by the collective and individual behaviours of its people; by local economic and social institutions, and by the constant mutual exchanges with the outside world.

- Government

Chinyio and Olomolaiye (2009) argues government can be counted as stakeholders in some way as they certainly affect organisations and groups through their fiscal and regulatory policies. Governments could have an interest in the operations and existence of cetin organisations. For instance, in terms of operations, some governments have regulated the tobacco industry obliging the latter to warn that its products can kill. Another instance of the influence of government as a stakeholder can be seen in the food industry wherein manufacturers have been compelled through regulations to label their food products in certain ways.

- Non-governmental organisations (NGOs)

A non-government organisation is defined as an organisation undertaking activities not done by the state or private sector. Such an organisation is not-for-profit and there are no dividends paid to shareholders Louw (2012).

Doh and Teegen (2003) states NGOs may also act as intermediaries in business-government relationships. In this capacity they may influence the direction and intensity of business-government exchanges indirectly, or serve as the main agent through which such exchange occurs; for example, when governments and businesses are engaged in a negotiation over the terms of a consent decree.

Doh and Teegen (2003) further states NGOs may alter the nature of the interaction between business and government. In some instances NGOs may be the vehicle through which the business-government relationship operates, serving as mediators of this relationship, such as in their roles in the joint implementation projects on global warning.

3.4.3 A critique of stakeholder theory

Weiss (2014) notes the dominant critique of the stakeholder theory by some scholars is that corporations should serve only shareholders since they own the corporation. The following criticisms of stakeholder theory have been offered by scholars (Weiss, 2014):

1. Negates and weakens fiduciary duties managers owe to shareholders;
2. Weakens the influence and power of stakeholder groups;
3. Weakens the firm; and
4. Changes the long-term character of the capitalist system

Amann, Pirson, Dierksmeier, Von Kimakowitz and Spitzeck (2011) argues one continued criticisms levelled at stakeholder theory is the absence of a clear measure of success. Consequently, managers lack a performance benchmark and it is featured that the risk of managerial deviance will increase. Also, without any objective measure, accountability would be low and there would be no way for external stakeholders to control managerial action.

Another problem that stems from the stakeholder theory is relating to the range and diversity of stakeholders, some critics also accuse stakeholder theory of being "superfluous", by which they mean that the intent of the theory is better achieved by relying on the hand of management to deliver social benefit where it is required, (Fernando, 2009). The stakeholder model also stands accused of opening up a path to corruption and chaos; since it offers agents the opportunity to divert wealth away from shareholders to others, and so goes against the fiduciary obligations owed to shareholders (a misappropriation of resources).

3.4.4 Stakeholder management

According to Chinyio and Olomolaiye (2009), stakeholder management is about relationships between an organisation and its stakeholders. These relationships impact on individuals and organisations both positively and negatively. Stakeholders need to be managed in order to minimise their negative impacts and ensure that they do not hinder the achievement of goals by individuals and organisations.

Stakeholder management dictates that an organisation should relate with many constituent groups and should engender and maintain support of these groups by considering and balancing their relevant interests.

Weiss (2014) argues that the stakeholder management approach is based on an instrumental theory that argues "a subset of ethical principles (trust, trustworthiness, and cooperativeness) can result in significant competitive advantage. At the same time this approach includes analytical concepts and methods for identifying, mapping and evaluating corporate strategy with stakeholders.

3.4.5 Stakeholder engagement

It is also quite common to talk about public participation or community engagement when talking about engaging with stakeholders. Uyeda (2010) defines stakeholder engagement is a process where stakeholders participate, to varying degrees, in particular aspects of a project or business operation. In a similar vein, public participation is any process that involves the public in problem-solving or decision-making and uses public input to make better decisions.

Stakeholder engagement occurs not only at the operational level but in some mining companies at the corporate level as well. The objectives of the corporation for engaging NGOs and other stakeholders at the corporate level are, (Malhotra 2001):

1. To identify priority environmental and social objectives of a global nature
2. To provide an early warning of issues of concern
3. To expand public and investor approval of the corporation

Malhotra (2001) further explores the Placer Dome stakeholder engagement approach which yielded positive results:

> Placer Dome, a mining company has held stakeholder roundtables at approximately 6month intervals at various localities (Sydney, Australia; Vancouver, Canada; Washington, DC; and Denver, Colorado).

> Meetings generally involve a dozen or more NGOs and half as many Placer Dome staff. The themes of the meetings have evolved from initially exploring the concept of sustainability, to developing indicators of performance, to identifying possibilities for monitoring progress and verifying reports, to developing requisite sustainability competencies, and finally to establishing structured approaches for monitoring progress, advising the corporation, and addressing specific issues. The experience of Placer Dome is that this process has accelerated the corporation's decisions on significant issues and concerns to stakeholders, has deepened mutual understanding and trust, and has provided a basis for engagement and possibly collaboration on a broadening range of global and site-specific issues.

Botin (2009) notes in the category of community development and stakeholder engagement the majority of large gold mining companies have:

- Formal social and community policies and consult with stakeholders;

- Offer education and training to members of the local community; contribute to community activities such as schools and clinics;

- Cooperate with NGOs, industry associations, and government on social programs; and

- Have established philanthropic foundations.

To be sure, some of these activities are required by existing government policies, and regulations. However, many go beyond mere compliance. Key approaches are disclosure of policies, independent audits of performance and public reporting, (Botin, 2009).

3.4.6 Stakeholder engagement and firm (industry) performance

Harrison and Wicks (2013) contends that consistent with stakeholder theory, academic measures of organizational performance should be measured from the perspective of multiple stakeholders to capture as much value as possible. For example, in order to gain a more complete picture of the value created or destroyed in a large scale organizational change such as moving a headquarters or engaging in an acquisition, studies of these sorts of phenomena should include measures from the perspective of several stakeholder groups such as customers, employees, shareholders, suppliers and local communities, rather than focusing on just one.

These measures should also address the idea that more value is created when the firm provides a level of utility to a stakeholder that goes above the norm (happiness). Consequently, the best measures allow firms to be compared to other firms in general or to firms in their industries, (Harrison and Wicks, 2013).

Jeffery (2009) notes the benefits to companies of engaging in a meaningful way are various, including enhanced reputation, strengthened capabilities, improved relations with regulators, better ability to mitigate risk, and potential access to new consumers, new product ranges and new business models. Such stakeholder engagement is a necessary but not sufficient condition for organisations to become 'good' or 'great' social performers, particularly due to the contribution that this process can make to

positive and material changes in the organisation's organisational behaviour and internal structure.

3.4.7 The relationship between Stakeholder engagement and CSR

Successful stakeholder engagement is critical to the realisation of most CSR initiatives, especially if one defines CSR as an organisation's willingness to be accountable for the impact of its operations on stakeholders- employees, suppliers, competitors, communities, governments, the media and so on, Lindgreen, Vanhamme, Kotler and Maon (2012).

Conflict is not unusual in stakeholder engagement processes. When firm and other stakeholders come together around important issues, traditional assumptions that social agendas and profit goals are incompatible may surface. Many of the engagements among stakeholders are highly adversarial, with each party blaming the other for the problem. According to Lindgreen (2012), there are great differences in opinion about appropriate solutions and there is considerable debate about what constitutes responsible action on the part of business, government, the public and consumers.

Nesvadbová (2009) notes that according to the Stakeholder theory, the success of the organization depends primarily on how well relationships are managed with many key groups, which include customers, employees, suppliers, financiers and other important community organizations with which it cooperates. Mining community protests discussed in chapter 2 illustrate how the stakeholder theory translates within the South African mining space, and the strained relations between mining companies, mine workers and local community members.

3.4.8 The relationship between Stakeholder engagement, CSR and dispute resolution

Pressures from and conflicts with three main stakeholder groups have shown to be especially relevant for extractive industry companies in the past. The first and most directly affected stakeholder group are the local communities who are displaced by or located in the vicinity of mining and oil development (Lindgreen et al., 2012).

A multinational entity's interpretation of sustainable development increasingly also means corporate community involvement and responsiveness to local needs. The other stakeholder group is the international non-governmental organisations who often support community claims and shape the public opinion about the individual companies. These issues, according to Lindgreen et al. (2012) often include revenue transparency, climate change as well as environmental and human rights impacts of extractive industries.

Idowu, Capaldi, Fifka, Zu and Schmidpeter (2015) argues conflict can be seen as an outcome of corporations engaging in stakeholder control and management and this may come at the cost of genuine stakeholder engagement. The former involves an assessment of external stakeholders' power with a view to minimising the impact of conflict. The latter involves creating a viable relationship between the corporation and its stakeholders based on mutual respect, dialogue and collaboration.

Conflicts can exist at different levels within stakeholders' engagement cycle and pose varying remedial challenges. According to Idowu et al (2015), conflicts among the internal stakeholders of an organisation (for example, managers and employees) are often predicable and managed through accepted mechanisms. However, conflicts between corporations and external stakeholders (for example, governments, activist groups, communities) are less predictable and require a range of conflict management strategies to contain or resolve them.

According to Runnels (2010), the public increasingly expects to see corporations' express proper contrition for their errors. Likewise, corporate leaders, policy makers, and scholars have long recognized that corporations can and should be more responsive to public expectations of ethical corporate behaviour. The modern CSR movement advocates improved corporate behaviour. The movement asks corporations to broaden relationships with multiple stakeholders and to conform to society's rules—those embodied in both law and ethical custom. In recent years, CSR has focused on corporate governance as a means through which CSR precepts may be incorporated into business decision-making processes.

Runnels (2010) further highlights views by critics who perceive modern CSR movement as being effectively co-opted by corporate marketing strategies, arguing that the movement is now little more than an elaborate public-relations charade whereby corporations perform certain prescribed rituals while continuing to conduct business as usual. In conflicts and disputes, apologies do have a central role to play in corporate dispute resolution. According to Runnels (2010), at their fullest, apologies should:

1. Acknowledge the legitimacy of the grievance and express respect for the violated rule or moral norm;

2. Indicate with specificity the nature of the violation;

3. Demonstrate understanding of the harm done;

4. Admit fault and responsibility for the violation;

5. Express genuine regret and remorse for the injury;

6. Express concern for future good relations;

7. Give appropriate assurance that the act will not happen again; and, if possible; and

8. Compensate the injured party.

3.5 THEORETICAL ASSUMPTIONS TO BE TESTED

This research takes in its approach the following theoretical assumptions emanating from the theories discussed in this chapter:

- Mining companies operate based on extractionism and thus are extractionist in their approach to mining operations. The asbestosis and acid mine drainage cases in chapter 2 provide a pre-test evidence in support of this theory.

- Extractionists are not cognisant of stakeholder centric values are more concerned about profits over protecting the environment and societal benefits; and

- Even though mining companies invest in communities, it is as a result of legislation and they invest the bare minimum

3.6 CONCLUSIONS

The three theories that are discussed in this chapter are most appropriate in defending the behavioural tendencies of the mining sector. There is already sufficient evidence in literature that suggests that the mining sector is an extractivist industry; the sector also operates along the lines of dependencies and there is very little to suggest a healthy relationship with all stakeholders exist for mutual benefit in the industry.

The chapter has also suggested four theoretical assumptions that are worth testing through the findings of the research. The next chapter (Chapter 4) looks at the research methodology or processes that are utilised in gathering the important data necessary to answer among others, the research objectives and the theoretical assumptions that are posed in this particular chapter.

CHAPTER 4

RESEARCH METHODOLOGY

4.1 INTRODUCTION

This chapter presents the research methods of choice in the execution of this study and the reasons why these methods are the most appropriate. The chapter also explains the research methodologies; that is, the population, sampling and data collection instruments used. Not only does the chapter explain the methods but also details the experiences and challenges encountered by the researcher throughout his fieldwork activities.

This chapter is very important because research methods and methodologies describe the conceptualised research processes as well as their outcomes in research execution. Research methods and methodologies are the research procedures and techniques that were used to gather and analyse data and the research findings are highly dependent on the application of these processes. The question of methodological bias and replicability can be gauged by assessing applied methods and methodologies.

This chapter (Chapter 4) is structured as follows: Section 4.2 discusses the research paradigms that are the epistemological conception of the research problem and research question; Section 4.3 discusses the research method and design, Section 4.4 discusses the research methodologies or research processes, dedicated to the discussion of the research approach, strategy and tactics. It describes the population of study, techniques that were used get a sample of the population from which data was gathered, methods that were used to collect data, and tools and techniques used to analyse data and attain conclusion.

4.2 RESEARCH PARADIGM

Paradigm issues are a major concern in mixed methods research. According to Hall (2012), the choice of an appropriate paradigm is seen as a necessary step to justify the use of mixed methods. Yet there is still disagreement over what constitutes an appropriate paradigm or paradigms. Three approaches to paradigm choice have been identified (Hall, 2012). namely:

- the a-paradigmatic approach;
- the multiple paradigm approach; and
- the single paradigm.

The a-paradigmatic approach

The a-paradigmatic stance sidesteps the paradigm issue by ignoring it. Teddlie & Tashakkori (2003) propels Patton's claim that methodology is independent of the epistemology that gave rise to it. This can be true only in a very general sense in that, say, empiricism mandates some kind of observational method but it does not specify any particular method. It is, however, at the point of interpretation of the information gained by using a research method that epistemology plays a role.

A multi paradigm approach

The advantages of an epistemological orientation that accommodates the simultaneous appreciation of multiple perspectives have been captured in Das 1993. Under a multi paradigm approach to inquiry, the function of theory shifts from that of "truth proving" to "insight seeking". Since theories will no longer be competing for a single prize of being mostly nearly true, the simultaneous acceptance of several incompatible theories will no longer be problematic. What will matter is how much insight and understanding can be extracted from the entire constellation of theories generated from the several paradigms in use.

The single paradigm

The third paradigmatic position that can be taken by mixed methods researchers is the single paradigm approach. In this stance, researchers adopt a single paradigm that encompasses both qualitative and quantitative research methods. Two such paradigms have been identified as contenders for this approach, namely pragmatism and the transformative approach. This approach at least in principle overcomes the problem inherent in the multiple paradigm approach of the difficulties involved in attempting to integrate paradigms based on fundamentally different assumptions, (Hall, 2012).

Neither of the paradigms reflected in the bullets above can encompass the wide range of mixed methods research currently employed. Hall (2012) further points out "…it is time to bring in a second generation of theoretical considerations about the shape and reasons for mixed methods research." What is needed is a paradigm that does not limit the range of topics to be researched, nor the methods that can legitimately be used to conduct research and can accommodate the mixing of qualitative and quantitative methods in use.

The next section looks at the positivist and interpretative paradigms. The two are relevant for the study based on aspects of being able to test the scientific theory through the positivist and the researcher's direct experience of the surveyed environment- under interpretive. Explained and referenced in 4.2.1 and 4.2.2 below.

4.2.1 The positivist paradigm

The positivist paradigm asserts that real events can be observed empirically and explained with logical analysis. According to Kaboub (2008), the criterion for evaluating the validity of a scientific theory is whether our knowledge claims (i.e. theory-based predictions) are consistent with the information we are able to obtain using our senses. Positivist research methodology (methodological individualism) emphasizes micro-level experimentation in a lab-like environment that eliminates the

complexity of the external world (for example social, psychological, and economic linkages between unemployment, and crime or suicide). Policies are then prescribed based on conclusions derived via the "scientific method" (for example, job training for the unemployed, antidepressants for the suicidal, and jail time for the criminal).

Dudovskiy (2015) argues that positivism as an epistemology is associated with the following set of disadvantages:

- Firstly, positivism relies on experience as a valid source of knowledge. However, a wide range of basic and important concepts such as cause, time and space are not based on experience;

- Secondly, positivism assumes that all types of processes can be perceived as a certain variation of actions of individuals or relationships between individuals; and

- Thirdly, adoption of positivism in business studies and other studies can be criticized for reliance on status quo. In other words, research findings in positivism studies are only descriptive and may be predictive but they lack insight into in-depth issues regarding cause for existing behaviour.

Kaboub (2008) above captures the component of the positivist paradigm that is relevant to this research in that it provides criterion for evaluating the validity of a scientific theory in relation to the information we are able to obtain using our senses. Through the positivist paradigm we would observe the community and workers' experiences and expectations regarding the mining industry's CSR role.

4.2.2 Interpretative paradigms

According to Tudor (2013), the interpretative paradigm embraces a wide range of philosophical and sociological thought that shares the common characteristic of attempting to understand and explain the social world primarily from the point of view of the actors directly involved in the social process.

Furthermore, Reeves and Hedberg (2003) argues that the "interpretivist" paradigm stresses the need to put analysis in context. The interpretive paradigm is concerned with understanding the world as it is from subjective experiences of individuals. They use meaning (versus measurement) oriented methodologies, such as interviewing or participant observation, that rely on a subjective relationship between the researcher and subjects. Interpretive research does not predefine dependent and independent variables, but focuses on the full complexity of human sense making as the situation emerges. This is the interpretive approach that aims to explain the subjective reasons and meanings that lie behind social action.

The interpretivist researcher enters the field with some sort of prior insight of the research context but assumes that this is insufficient in developing a fixed research design due to complex, multiple and unpredictable nature of what is perceived as reality (Edirisingha, 2012). The researcher remains open to new knowledge throughout the study and allows it to develop with the help of informants. The use of such an emergent and collaborative approach is consistent with the interpretivist belief that humans have the ability to adapt, and that no one can gain prior knowledge of time and context bound social realities (Edirisingha, 2012).

Therefore, the goal of interpretivist research is to understand and interpret the meanings in human behaviour rather than to generalize and predict causes and effects.

Ontology	Positivist	Interpretivist
Nature of 'being'/ nature of the world	Have direct access to real world	No direct access to real world
Reality	Single external reality	No single external reality
Epistemology		
'Grounds' of knowledge/ relationship between reality and research	Possible to obtain hard, secure objective knowledge	Understood through 'perceived' knowledge
	Research focus on generalization and abstraction	Research focuses on the specific and concrete
	Thought governed by hypotheses and stated theories	Seeking to understand specific context
Methodology		
Focus of research	Concentrates on description and explanation	Concentrates on understanding and interpretation
Role of the researcher	Detached, external observer	Researchers want to experience what they are studying
	Clear distinction between reason and feeling	Allow feeling and reason to govern actions
	Aim to discover external reality rather than creating the object of study	Partially create what is studied, the meaning of phenomena
	Strive to use rational, consistent, verbal, logical approach	Use of pre-understanding is important
	Seek to maintain clear distinction between facts and value judgments	Distinction between facts and value judgments less clear
	Distinction between science and personal experience	Accept influence from both science and personal experience
Techniques used by researcher	Formalized statistical and mathematical methods predominant	Primarily non-quantitative

Table 4.1. Ontology and epistemological differences of positivism and interpretivism (Adopted from Carson, Gilmore, Perry and Gronhaug, 2001)

Interpretive research is relevant to this study in the researcher experiences what he is studying by being presently involved during all stages of research to gain first-hand experience if the conditions of respondents. Unlike the positivist approach that focuses on generalisation and abstraction (Cf. figure 4.1 above).

4.3 RESEARCH METHOD AND DESIGN

This is a mix method study that brings qualitative and quantitative research methods together wherein qualitative research methods complement the interpretivist paradigm and the quantitative methods complement the positivist paradigm interests. Barratt, Choi and Li (2011) notes there are several data sources for various research designs. These sources include;

- Interviews either structured (interview tool remains fixed) or
- semi-structured (interview tool is updated based on emerging data),
- observations (e.g., plant tour, attendance at meetings), and
- archival sources (e.g., documents, historical records, organizational charts, and production statistics).

While some researchers have used only one method others have used multiple methods for the purpose of "triangulation" of data from different sources. Using multiple data sources provides increased reliability of data and stronger substantiation of constructs and propositions, Baratt et al. (2011).

Types of Mixed Methods Design (Cont.)
Sequential Designs

Sequential Explanatory Design (7.4a)

QUAN	→	qual

QUAN Data Collection	→	QUAN Data Analysis	→	qual Data Collection	→	qual Data Analysis	→	Interpretation of Entire Analysis

Theoretical Lens	Timing	Integration	Purpose	Priority
Implicit (Post-positivist lens)	Sequential – beginning with quantitative phase	Interpretation stage	Complementarity and/or expansion	Quantitative data
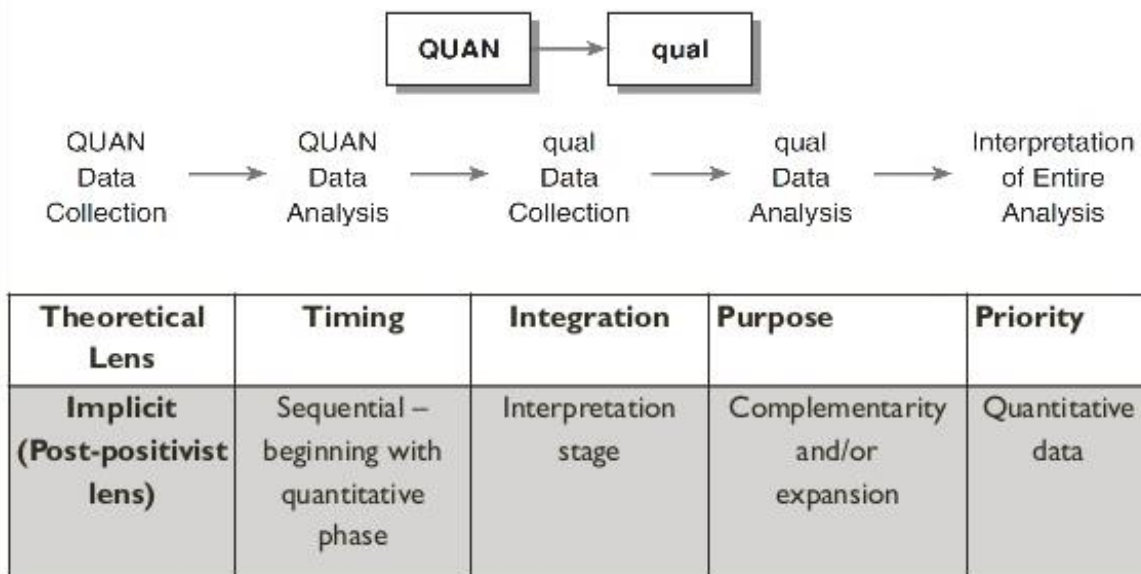
Figure 4.1. Types of mixed methods design (Source: Creswell, Plano Clark, Gutmann, & Hanson, 2003).

According to Creswell, Plano, Clark, Gutmann and Hanson (2003), the mixed-methods sequential explanatory design consists of two distinct phases: quantitative followed by qualitative. In this design, a researcher first collects and analyses the quantitative (numeric) data. The qualitative (text) data are collected and analysed second in the sequence and help explain, or elaborate on, the quantitative results obtained in the first phase. The second, qualitative, phase builds on the first, quantitative, phase, and the two phases are connected in the intermediate stage in the study.

The rationale for this approach is that the quantitative data and its subsequent analysis provide a general understanding of specific trends and aggregated behaviour in relation to the research problem. Creswell (2003) notes the qualitative data and their analysis refine and explain those statistical results by exploring details regarding how

participants' views, perceptions, attitudes are formed in relation to the trends established in quantitative results.

This study used the methods sequential, starting with the quantitative phase by collecting questionnaire data from communities and mineworkers. Quantitative phase is followed by the qualitative phase of the study – wherein the semi structured questions (interview guide) had been utilised to collect data through interviews. The study findings are analysed separately in different chapters starting with the quantitative aspects and followed by the qualitative analysis. The integration of all the findings is made in the conclusions and recommendations chapter.

The plan or proposal to conduct research, involves the intersection of philosophy, strategies of inquiry, and specific methods. According to Creswell et. al., (2003), to reiterate, in planning a study, researchers need to think through the philosophical worldview assumptions that they bring to the study, the strategy of inquiry that is related to this worldview, and the specific methods or procedures of research that translate the approach into practice.

Research design checks the choice of the specific research methods that were used to collect and analyse the data. From the two methods adopted in this research, that is, quantitative and qualitative methods, subsequently a descriptive and an exploratory research designs were adopted respectively. A descriptive design falls within the domain of quantitative methods, is concerned with "what is" and an exploratory design falls within the domain of qualitative research, and is concerned with gaining or discovering insights about a situation (Maree, 2012). The adoption of both these methods and subsequent designs constitute mixed methods design.

The study therefore made use of mixed-methods approach incorporating both qualitative and quantitative methods. Maree (2012) argues a typical type of study that employs this approach would be the use of a survey to first establish attitudes of

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participants towards a topic and then follow up with in-depth interviews to learn about individual perspectives on this topic. Thus the researcher collects quantitative survey data as well as individual qualitative interview data.

According to Forza (2002), in formulating the questions, the researcher should ensure that the language of the questionnaire is consistent with the respondent's level of understanding. If a question is not understood or interpreted differently by respondents, the researcher will get unreliable responses to the question, and these responses will be biased. The researcher also has to choose between an open-ended (allowing respondents to answer as they choose) or closed question (limiting respondents to a choice among alternatives given by the researcher).

For this study, the qualitative approach was needed for the semi-structured interviews with mining company executives to ascertain their views on mining industry CSR, their community engagement approaches and legislative requirements. The quantitative method was applied through the formulation and administration of survey questionnaires to mine workers and community members. Forza (2002) further argues, closed questions facilitate quick decisions and easy information coding, but the researcher has to ensure that the alternatives are mutually exclusive and collectively exhaustive. Another choice in formulating the questions is the mix of positively and negatively worded questions in order to minimize the tendency in respondents to mechanically circle the points toward one end of the scale.

4.4. RESEARCH METHODOLOGIES

This section discusses the research methodologies that are simply research processes used in, among others, sampling participants, data collection instruments and data analysis methods. Wisker (2007) asserts that a research project or dissertation rests on the chosen methods and methodologies. The type of research problem and research questions therefore dictates the kinds of research methods and methodologies you use. If you wish to collect quantitative data, you are probably measuring variables and verifying existing theories or hypotheses or questioning them.

4.4.1. Population and sampling

The target population in this study is defined as mineworkers, community members, labour union leaders and mining company executives. The selection of mining companies was based on the developments that have occurred in the recent past, in particular - the Marikana shootings of 2012, Coal of Africa's community protests against the development of a mine in Makhado, and Sibanye Gold being a relatively newly-formed mining company. The researcher sought to get a good respondent representation as possible:

(a) Mining company executives

The reason for choosing mining company executives is because they are often confronted by conflicting situations regarding CSR, that is, national legislation and community demands versus limited financial means at their disposal and shareholders profit demands. Interviews with mine executives also enabled the researcher to compare the responses of surveyed community members with those of mine managers;

(b) Union leaders

Union leaders formed part of the survey because of the role they have in taking forth worker's concerns and demands in the workplace. They also have personal views and experiences to share regarding CSR in the mining sector as they were previously ordinary workers.

One of the selected mining companies, Coal of Africa declined the researcher an interview opportunity at the tail end of the fieldwork, after weeks of promises. The researcher proceeded to collect interview data from the communities affected by the Coal of Africa expeditions.

4.4.2 Sampling methods and size

According to Maree (2012), the question of how big the sample should be in a specific survey is usually not easy to answer since there are a number of factors to consider. Three factors that largely determine the sample size are:

- Type of statistical analyses planned;
- Accuracy of results required; and
- Characteristics of the population

The sampling size of this study is computed on table 4.1 below.

Region	Township/Area	Surveyed audience	Number
Rustenburg	Marikana	Mine workers	50
		Community members	50
Carletonville	Khutsong		
	Kokosi	Mine workers	50
	Wedela	Community members	50
Total number of completed questionnaires			**200**

Table 4.2 Survey questionnaires sample size

In purposive sampling, the researcher samples with a purpose in mind so that the desirable section of the population is purposefully included in the research. The researcher usually would have one or more specific predefined population groups from which data is sought (Social Research Methods, 2006). The researcher had a clear defined target population, which is mining community members and related stakeholders, mineworkers and mining companies' executives. The research process was limited to these target respondents. Barbour (2008) contends that in purposive sampling, the researcher selects interviewees or focus group participants by virtue of characteristics that are thought by the researcher to be likely to have some bearing on their perceptions and experiences.

4.4.3. Data collection instruments and processes

4.4.3.1. Data collection instruments

(a) Pilot questionnaire design

The two pilot questionnaires were designed mainly from literature information for mineworkers, also referred to as labourers, and another questionnaire for general community members.

The mineworkers' pilot questionnaire consists of 35 questions, with the first 16 questions tackling demographic data and the remaining 19 Likert-type scale questions on the respondent's views and experiences of CSR activities by the local mining companies. The community pilot questionnaires consist of 40 questions, with the first 10 focussed on demographic data and the remaining 30 being Likert-type scale questions on the respondent's views and experiences of CSR activities by the local mining companies. The head of the household completed the community questionnaires.

(b) Photography

Photography was used to share the researcher's observations at various locations. Captured images were taken to illustrate the observed socio-economic, environmental and general human conditions within the surveyed communities. According to Yin (2015), photographs and reproductions represent a third mode of displaying qualitative data. The photographs may be of the participants or places in the study or of other artifacts or features of the environment relevant to the study.

4.4.3.2 Pilot study

(a) Importance of pilot questionnaires

According to Cargan (2007), a pre-test or pilot study is a means of checking whether the survey can be administered and provides accurate data. More specifically a pilot study is designed to answer the following questions:

- Are there enough directions for those conducting the survey to administer it, collect it, code it and report it?
- Are the procedures standardised?
- Is the necessary information being provided?
- Are the questions being asked appropriate for the people being surveyed? and
- Is the information being obtained consistent- are items included that can be assessed for internal consistency?

Cargan (2007) further states in order to answer the questions above the researcher should perform the following four procedures in the pilot test:

1. Give the survey a fair pilot study by anticipating the actual conditions of the survey and the planning necessary for handling them;
2. Select a sample for the pilot study that is similar to those that will be selected for the survey and large enough to produce meaningful results;
3. Test for validity by making sure that all the main topics have been included; and
4. Test for reliability by checking the format of questionnaire and the clarity of the questions being asked

(b) Pilot survey site - eMalahleni mining communities

The researcher conducted a study at eMalahleni in Mpumalanga province. eMalahleni was previously known as Witbank and is a mining town between Johannesburg and the capital city of Mpumalanga, Mbombela.

Figure 4.2 eMalahleni map

According to The Housing Development Agency (2013), eMalahleni has a population of 395 466 people. Although there are substantial mining activities in eMalahleni, people in eMalahleni are relatively poor with almost 57 percent (of the economically active population) earning no income at all.

The dominant economic sector in eMalahleni is mining, which contributes to more than 46 percent of the Gross Value Added (GVA) of the municipality. The type of mining done in eMalahleni is also relatively labour intensive - it employs more than 28 percent of eMalahleni's people. All other economic sectors contribute less than 10 percent each of the GVA of eMalahleni.

Question number (questionnaire)	Question	What the question intends to show	Justification from literature	Position of literature
12	Mining companies' CSR activities are more of a public relations exercise for good media coverage than genuine community development	How community members view CSR contributions by mining companies	CSR theory	Community members have varying intellectual levels and interpretation of CSR intent (Kovick and Rees, 2011)
17	The mining company in my area has contributed much more in our community than other mining companies have done in other areas	If community members compare CSR contributions of various companies in their localities	CSR theory	Equitable distribution of CSR (Jenkins and Obara, 2008)
19	Once our neighbouring mine reaches the end of its production life, it will be difficult for many of our community members to survive	The degree of economic reliance on mining companies	Dependency theory	Mines should also in the course of operation intensify poverty reduction (Richards, 2009)

23	Community members should be consulted more often on the kind of development initiatives they need	Do community members want to have a view in the direction of CSR	Stakeholder theory	Valuable CSR investments have failed to kick off due to poor community consultations (Timse, 2015)
24	Mining companies only contribute towards community development because of legislative requirements	Do community members perceive mining CSR as genuine effort of compliance driven	CSR theory	Reasons why mining companies do CSR (Frynas, 2005)
26	Government should withdraw the mining rights of companies that do not develop communities	The level of community interest on CSR versus overall mining activities	Stakeholder theory	Corporations will be more likely to act in socially responsible ways if there are strong and well enforced state regulations in place (Campbell, 2007)
38	Do you think mines are doing enough to protect and rehabilitate the environment?	Community views on impact of mining on the environment	Stakeholder theory	Environmental impact of mining affects health, i.e. Acid Mine Drainage (Greenpeace Africa, 2011)

Table 4.3 Seven critical questions from Community members pilot questionnaire

Question No	Question	What the question intends to show	Justification from literature	Position of literature
19	Mines underpay workers and instead use the money for CSR activities	Perceptions of mine workers towards CSR	Dependency theory	Dependency theory is essentially about the progressive 'creaming off' of surplus value from economic agents as one approaches the centre, or metropolis, such that this value eventually accrues at the centre. Inge (2011)
20	Mineworkers should embrace CSR because it benefits them as they also reside in local mining communities	If mine workers see themselves as part of the community	Stakeholder theory	Equitable distribution of CSR (Jenkins and Obara, 2008)
24	Once our mine reaches the end of its production life- and shuts down operations, it will be difficult for me to find a job outside the mining industry	Ascertain the broadness of the skills set workers have and if they are only dependent in the mining sector	Dependency theory	Mines should also in the course of operation intensify poverty reduction (Richards, 2009)
29	Government should withdraw the mining rights of	To ascertain the level of dependency that mine	Dependency theory	Corporations will be more likely to act in socially responsible ways if there

	companies that do not develop communities and underpay workers	workers have on mining companies		are strong and well enforced state regulations in place (Campbell, 2007)
30	The government of South Africa should nationalise mines and own majority equity shares in mining companies	To see the if mine workers believe there would be better benefits for communities and workers under a nationalised mining regime	Extractionism	Taking money from others without creating anything of value, anything that creates economic growth or improves our lives. In an extractionist system, you actually lose value at an increasing rate over time.
31	Local traditional councils should be the chief custodians of the mines on behalf of the local communities	To see the mineworkers interpretation of the power relations between mining sector stakeholders. I.e. companies and local traditional councils	Stakeholder theory	Stakeholder theory states the success of the organization depends primarily on how well relationships are managed with many key stakeholder groups Nesvadbová (2009)
33	Do you trust mining companies' management?	Establish the trust levels between stakeholders	Stakeholder theory	The stakeholder theory critique cites corruption and chaos; and misappropriation of resources by stakeholders. (Fernando, 2009).

Table 4.4 Seven critical questions from Mineworkers pilot questionnaire

4.4.3.3 Lessons from the pilot questionnaires fieldwork

(a) Length of interviews

The number of questions on both questionnaires seemed long as respondents lost concentration during the interview process. During the survey process, it also became evident that some questions were of a repetitive nature and could be combined into one question maintaining the same meaning. Both pilot questionnaires took an average of 35 minutes to complete, and most respondents would have preferred 20 minutes.

(b) Sensitive questions

Most questions were warmly received, but respondents seemed uncomfortable with the household monthly income question, which they all eventually responded to.

(c) Language and terminology

Based on the pilot respondents, most of the mineworkers and community members have an education level of grade 12 and below. Through the research process it became evident that the respondents preferred questions translated into local isiZulu language although they could grasp the essence of the message in English. Usage of key terminologies such as CSR and Sustainable Development was not well understood, but preferred "Community development" and "Community upliftment" as the key words.

(d) Complicated questions

Through translation, questions were eventually easier to understand and respondents expressed understanding of the questions. The questionnaire should not have and/or questions as this also creates some confusion to respondents and during data analysis.

(e) Date and time factor

The pilot survey took place during the last week of June, which is winter period in South Africa. South Africa experiences longer nights (dark time) and shorter days (sunshine). This means considering the 6h00am to 6h00pm working shifts of mineworkers, the researcher only had about two hours daily in the evenings – weekdays, to administer the questionnaires to mineworkers.

It also became evident during the pilot survey that respondents are not easy to interact with or participate in the survey during month end periods particularly on the day of receiving their monthly earnings - and the following two days thereafter. They prefer to be spending time with their families and friends, socialising and enjoying the benefits of financial access.

(f) Logistics experience

Lodging by the researcher was often difficult to find in mining communities as sub-contracting companies reserve longer-term accommodation for their consultants. This was the case in eMalahleni and the researcher had to travel about 360km daily between home - Johannesburg and eMalahleni. Moving between various sections of the mining communities also requires a bigger vehicle as the roads are not tarred, or when tarred have many potholes.

4.4.4. Fieldwork

The main fieldwork for this research was conducted across three provinces, namely Gauteng, North West and Limpopo over a period of four months (June to September 2015).

Final survey questionnaire

According Maree (2012), when the questionnaire is designed the researcher had to keep in mind what type of data will be generated by the questions and the statistical

techniques that will be used to analyse it. The designing of the questionnaire requires the researcher to give attention to the following:

- Appearance of questionnaire;
- Question sequence;
- Wording of questions; and
- Response categories

The study made use of informants, listed in table 5.4 below, who together with the researcher conducted face-to-face surveys with the targeted respondents in selected communities. The face-to-face setting enabled the researcher to grasp the gestures, emotions and mood of respondents towards certain questions.

Questionnaires were introduced prudently to the respondents to ensure a high response rate. For self-administered questionnaires, cover letters accompanied the questionnaires briefly presenting the purpose and context of the study, objectives and the researcher's background.

The survey questionnaires were designed inline to the aims and objectives of the study and responses were located within a five point Likert-type scale ranging from 5 – strongly agree to 1 - strongly disagree. Part one of the questionnaires was used to gather demographic data of the respondents to ensure perception and attitudes are related according to age, gender and education qualifications. Part two focussed on data collection on the respondents' understanding of CSR and its relation to living conditions as well as the impact thereof.

Based on the pilot survey experiences, the final questionnaires for both the mine workers and community members were reduced to a total of 30 questions each. Repetitive questions are merged into one question and presented in a more direct manner. The final questionnaire required about 20-25minutes to administer and borrowed lessons on simplicity of language, lack of repetitiveness, direct and precise questions from the pilot survey outcomes.

Semi-structured in-depth interviews

Harrell, Melissa and Bradley (2009) maintain semi-structured interviews are used often in policy research. In semi-structured interviewing, a guide is used, with questions and topics that must be covered. The interviewer has some discretion about the order in which questions are asked, but the questions are standardised, and probing may be provided to ensure that the researcher covers the correct material. This kind of interview collects detailed information in a style that is somewhat conversational.

Given the varying contexts of the study and different settings of surveyed mining communities, the researcher made use of the semi-structured interviews to delve deeply into the topic and to understand thoroughly the answers provided.

The specific areas of interest that the researcher wanted to cover include the mining union's views on existing mining legislation, and mining executives' views on how existing legislation affects business. The researcher also sought to establish whether mining companies invested in CSR because of legislation, or if it was voluntary and would still be done without legislation.

Voss, Tsikriktsis and Frohlich (2002) highlights that much, but not all field data will be collected through interviews. The effectiveness of case research will, in part, be dependent on the skills of the interviewer. One needs to keep previous interviewee responses in mind while simultaneously probing with the current informant, and be very aware of the significance of what is left unsaid as well as what is said, and so on. The researcher should also be a good listener and not be trapped by preconceptions.

Figure 4.3 Nature and approach of semi-structured interviews in research

Amount of Control Exercised Determines Place on Interview Continuum

Control

Unstructured — Semi-structured — Structured

Kind of Interview

- Could you describe the various kinds of training you use?
- PROBE: Who develops your training?
- PROBE: How often do you adjust your training?
- PROBE: Who receives your training?

Adapted from (Harrell, Melissa and Bradley: 2009)

4.4.5 Tabular description of interviews

Interviewee	Dates of interviews	Place of interview
Interviewee A	18 February 2015	Rosebank, Johannesburg
Interviewee B	1 July 2015	Northcliff, Johannesburg
Interviewee C and D	21 July 2015	Vuwani, Vhembe District, Limpopo province
Interviewee E	21 July 2015	Makhado airstrip
Interviewee F and G	22 July 2014	Mudimeli village, Makhado
Interviewee H	22 July 2015	Farm, Makhado
Interviewee I	23 July 2015	Tshikondeni village, Venda
Interviewee J	27 July 2015	Birchwood Centre Hotel, Boksburg
Interviewee K	28 July 2015	Legal offices, Killarney
Interviewee L	29 July 2015	Lonmin offices, Melrose Arch
Interviewee M	31 July 2015	Fego Café, Sandton

Table 4.5 Semi structured interviews respondents' information

Region	Township/Area	Dates	Surveyed audience
Rustenburg	Marikana	6 – 14 July 2015	Mine workers and Community members
Carletonville	Khutsong	15 -18 July	Mine workers and Community members
	Kokosi	19, 24 - 26 July	
	Wedela	27 July - 6 August	

Table 4.6 Questionnaire fieldwork timeline

4.4.6 Challenges encountered during the fieldwork study

(a) Over-researched mining communities

The researcher found respondents in all the surveyed mining communities - that is three different provinces with dissimilar mining commodities, to be initially unease and impatient with the surveying request. In Marikana, some have even voiced their concerns about the continuous influx of researchers visiting their community for inputs which as they say never translate into any visible developmental outcomes for them.

In Makhado, a respondent frankly requested payment for the interview citing previous experiences with academic researchers who came, obtained information and left nothing for them.

> *"…and before that, may I want to know. What are you doing? What are you really doing because there is a difference between researches and where are you going to send this information. Because the other part is a consultant to me. When you do work, is my time and my ideas. How do we compensate that?*
>
> *The reason why, there is a bill that we are busy on it. That you academic people you come and seek the information from the people of the living library, because we are talking about the living library. It is not a dead one, where you read from the books itself. Now after seeking that information, you find out that the people or the university institution already have been having that fund internationally. Go and do the research of this. And then the student should have to go to the community.*
>
> *And yet, you are going to get what? Doctorate. And the university? The whole money goes to the university. There is no free things"*

In order to manoeuvre somewhat unwelcoming research terrains, the researcher had to rely on help from informants in various areas as it became evident that community members were more receptive if you were with one of their own. There are high levels of mistrust in mining communities, especially in Marikana.

Respondents also complained about academic researchers who come to their communities, extract information and few months down the line the same person is appointed to senior managerial position within the mining company - and becomes the perpetrator of their concerns.

Informant name	Area
Informant 1	eMalahleni
Informant 2	Marikana
Informant 3	Wedela (Carletonville)
Informant 4	Khutsong and Kokosi (Carletonville)
Informant 5	Makhado (Mudimeli village)
Informant 6	Makhado

Table 4.7 Informants who helped during the pilot and main research process

The use of informants was also helpful with moving around the communities, overcoming language barriers in and minimising risks of getting lost and manoeuvring crime hot spots within the communities.

The researcher is Setswana speaking, with fluency in English and basic understanding of isiZulu. Although Marikana is in the North-West province, which is predominantly Setswana speaking, the dynamics within the community are different, as there happened to be more Xhosa speaking workers than any other language. Thus, the researcher relied on informants for translations. A similar situation occurred during the Makhado and Tshikondeni leg of the research where the population is predominantly TshiVenda speaking.

Photo 4.1 The infamous "Koppie" where 34 mine workers were killed by the police on 16 August 2012

Photo by Keabetswe Modimoeng 2015

(b) *Accommodation*

Lodging proved to be very scarce within mining communities due to their distance from the main CBD. As a result, the researcher resorted to driving between the research sites and his home in Johannesburg. This is with exception of Makhado where the researcher was hosted by one of the informants at his family farm.

(c) *Roads*

The road infrastructure in the surveyed mining communities was a huge challenge that also affected the scheduling of interviews and travelling times. The researcher drove long distances on gravel-dirt roads and where the roads were tarred; there were many potholes.

Photo 4.2 Gravel road leading to Tshikondeni Mine, in Limpopo stretching over 80km

Photo by Keabetswe Modimoeng 2015

(d) *Funding*

Funding proved to be a big challenge throughout this study. The allocated research grant of R15 000 from the university was only sufficient to cover the travels associated with the pilot study and printing of survey questionnaires. In essence, the research project was self - funded by the researcher.

The bulk of the costs incurred were petrol, accommodation for proximity to the study supervisor in Polokwane - Limpopo and provision of a stipend to research informants for their time and assistance with the data gathering processes.

4.4.7. Data coding, Capturing and data analysis

4.4.7.1. Coding of survey data

According to Maree (2012), it is a good practice to write a short description or definition for each category, and give examples or quotes from the text that illustrates the meaning of the category; but make sure that you are able to relate these to the data source and context within which they were generated.

Quantitative data was coded into numbers and categories and each of the responses on the questionnaires allocated a particular category. The codes of the pre-coded questions were simple and directly captured as is; however, the researcher developed a codebook for the open-ended questions first. The coded data was captured into the IBM software – Statistical Package for Social Sciences (SPSS) spreadsheet for analysis.

The analysis of quantitative (survey data) in this research is conducted at two levels, i.e., descriptive and inferential statistical analysis. For descriptive data analysis, frequency tables were computed in order to determine trends associated with the statistical mean, mode and standard deviation. Tables and figures are presented in chapters six and seven reflecting on these important descriptors that are also thoroughly explained within the text.

This research raised a few theoretical assumptions (Cf Chapter 3: Section 3.5) and hypothesis (Cf Chapter 1: Section 1.3 Research map). In order to test these various assumptions, inferential statistical analysis was computed, specifically hypothesis testing. Various demographic variables like gender, age, education and location among others were used to test variation in attitude, perceptions and outlook regarding CSR implementation in the mining communities. A person Chi-Squared test (univariate analysis) is computed throughout chapter 5 to test various associations.

4.4.7.2. Coding of interview data

Creswell (1994) explains the generic steps for coding and analysing qualitative – audio-taped data as follows:

1. Reading through all the transcripts carefully with a purpose of getting a general sense of the whole and underlying meaning of the transcripts;
2. Picking a single shortest or most interesting transcript and going through it once again;
3. Making a list of topics or clusters to get similar topics;
4. Going back to original data and abbreviating the topics as quotes and writing quotes next to the appropriate segments of the text;
5. Developing the most descriptive wording for the topics and converting them into categories by grouping related topics;
6. Making final decisions on abbreviations for each category and alphabetising existing data;
7. Assembling the data material belonging to each category in one place and performing a preliminary analysis; and
8. Recoding the existing data.

All recorded audio from the semi-structured interviews were transcribed word-for-word from the beginning to the end to ensure no meaning is lost (See appendix 9). The transcripts were thoroughly read and common themes highlighted from all transcribed interviews. Post coding of respondents' responses resulted in the identification of six themes. The themes were made up of common and more repetitive issues raised by different respondents from all surveyed regions.

Furthermore, Maree (2012) contends coding is the process of reading carefully through your transcribed data, line by line, and dividing it into meaningful analytical units. When you locate meaningful segments, you code them. Coding is thus defined as marking the segments of data with symbols, descriptive words or unique identifying names.it simply means that whenever you find a meaningful segment of text in a transcript, you assign a code or label to signify that particular segment.

4.5 RESEARCH ETHICS

Research ethics were observed and upheld during the entire research process. Aspects such as voluntary participation of respondents, informed consent, respondents' anonymity and confidentiality, respect for the cultural practices and norms of the various communities were upheld throughout the data collection and analysis processes.

Furthermore, the researcher carried a letter outlining the purpose of the study from the university (attached as Appendix 1). This letter was produced every time the researcher petitioned participation of an individual or access from a particular authority in the study communities. Respondents were made aware that they could withdraw from the survey at any time, should they feel unease with the research process, without any penalties or repercussions.

The researcher also made means to verify the age of respondents - all to be above 18 years old to avoid a situation of minors being surveyed without full grasp of what their rights are. On the issue of the language, although the researcher had to rely on informants in some other instances, the researcher also made efforts not to make respondents feel less important for their lack of English proficiency.

According to Neuman (2006), the following aspects are particularly essential when carrying out field research:
   (a) The aims of the research be communicated to the research subjects and participants;
   (b) Participation in the research study was voluntary and this was explained before data collection process;
   (c) Information provided by participants was treated as confidential at all times (i.e. no information on any particular subject shall be released to third parties); and
   (d) Confidentiality was adhered to so that the respondents felt free to rate their responses honestly without fear or favour.

4.6 CONCLUSIONS

In this chapter the mixed methods research approach adopted in this study has been thoroughly discussed. This includes the use of survey questionnaires and semi-structured in-depth interviews that were the main techniques in this study were also discussed and well justified for appropriateness in gathering the required data.

The researcher used the questionnaire conscious of its strengths and limitations and the given limitations to the application of the questionnaire were complemented by the interviews as it is well explained in the design section (Cf. Chapter 4: Section 4.4.3). The piloting of the survey questionnaire was a very important aspect of this research. It gave the researcher some insight into the possible flaws of the instrument and the importance of utilising a research informant, among other things. If the main fieldwork was undertaken without being pre-ceded by the pilot; numerous errors would have minimised the quality and suitably of the data that was gathered.

The use of semi-structured interviews was much necessary; as too-structured interviews would stifle the flow of interviews. The respondents needed the space to express their views within the context of the study but not restricted to specific questions as this could also restrict inputs. The researcher also found more valuable inputs coming as the respondents had elaborated further without the researcher's interruptions.

In the next chapter (Chapter 5), the research findings are presented and discussed. The findings are analysed and interpretations of the data is also provided.

CHAPTER 5

ANALYSIS OF DATA

5.1 INTRODUCTION

This is the main chapter that presents the findings of the field study. This particular chapter comprises three sections as follows: Section 1 presents findings from the survey undertaken among mine workers. Section 2 presents survey findings from the community survey and section 3 presents qualitative interview findings from interviews with mine management and workers union.

Quantitative data in this chapter presented in sections 1 and 2 are analysed and presented at both descriptive and inferential statistical analysis level. Frequencies, cross tabulations as well as hypothesis testing methods like Person Chi-Squared tests are computed.

Qualitative data which is presented in section 3 from mine management and workers' unions was gathered through phenomenological interviews (with a guide) was analysed using qualitative thematic analysis methods as explained in chapter four.

The presentation in this chapter starts with a general description of participants (descriptive data) by reflecting participants' gender, townships and housing status among others and subsequent sections present information on the perceptions of living conditions, migration and perceptions on corporate social responsibility.

5.2 SECTION 1

FINDINGS FROM MINE WORKERS

The mine workers' survey was undertaken at two major South African mining regions of Carletonville in Gauteng Province which is a gold mining region and at Rustenburg in the North-West Province which is largely a platinum mining region. A total of 100 mine workers participated in the survey; 50 from Carletonville and Rustenburg respectively.

Of the interviewed mine workers in Carletonville making up 50% of the total study respondents, 25% were from the township of Wedela, 19% from Kokosi and 6% from Khutsong. The other 50% research participants from the Rustenburg region were all from the township of Marikana.

5.2.1 Demographic presentation of Participants

5.2.1. a) Gender

The mining industry has been male-dominated since inception in South Africa. According to Motshegwa (2015), the new South African legislation supports female representation in mining, such as the Mining Charter and MPRDA which states that there should be a 10% female representation in mining occupations as well as female ownership of mineral rights.

5.2.1. b) Gender by township

The majority of the mine workers who responded were male (68%) and the balance (32%) were female respondents. The findings on Table 5.1 show that workplace female representation based on survey participants is higher in Marikana (18%) compared to (14%) that of Carletonville.

Gender	Township				Total
	Wedela	Kokosi	Khutsong	Marikana	
Male	9	2	3	18	32
Female	16	17	3	32	68
Total	25	19	6	50	100

Table 5.1 Gender by township (N=100)

5.2.1. c) Gender by qualification

Research findings show that not a single female mine worker (0%) had an undergraduate degree, compared to (3%) males with undergraduate degrees. On the contrary, females were the least (9%) of those who have no grade 12 qualification compared to (36%) of males without grade 12 qualification.

The high number of males without grade 12 can be attributed to the recruitment drive of mining companies as they often look for semi-skilled workers for production-based jobs where a grade 12 qualification is not a prerequisite.

5.2.2 Living conditions

Living conditions of workers referred to in the study include housing, perceptions of the current living standards in comparison to the living standards during the apartheid period in the South African mining industry, access to basic infrastructure and sanitation as well as survival prospects beyond the production life-of-mine. The researcher equally made observations regarding the living conditions and such observations are equally presented here in photography like the conditions of the roads, housing infrastructure and access to basic municipal services like water.

5.2.2.a) Housing

Proper housing provision to workers in the mining industry is still a serious service delivery backlog as 80% of the respondents were not in mining company provided houses. Only the remaining 20% participants are housed by the mining company in properly build housing infrastructure. According to the MPRDA (2010) mining

companies were legislatively mandated to facilitate home ownership options for all mine employees in consultation with organised labour by 2014. It seems that this aspect of the legislative requirement has not been attained to date.

At Marikana Township, a total of 86% of all participants in this research live in corrugated iron structures compared to 89.9% in Carletonville who live in brick structure homes. A test of the likelihood of association (Person Chi-Squared tests) between housing structure and mining region suggest a strong association at 0.000%. There is therefore a significant difference in housing structure between the Marikana and Carletonville mining towns or regions and the likelihood is that miners in Marikana are subject to housing in corrugated iron while those at Carletonville are subject to brick housing structures.

Figure 5.1 Type of house structure within the mining community (N=100)
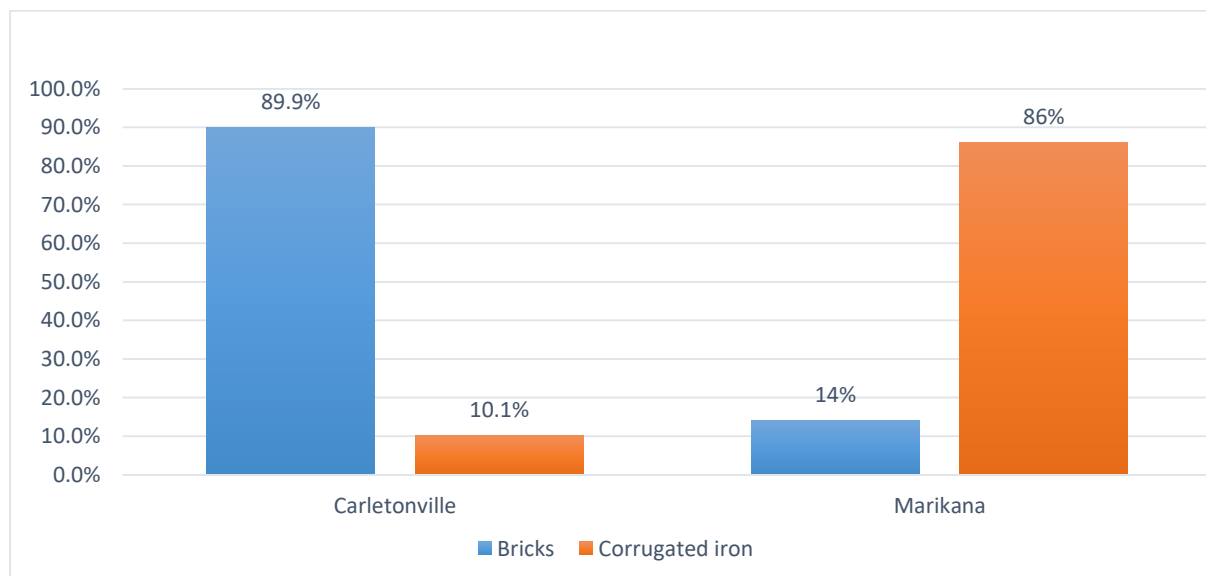
The corrugated iron structures are often in informal settlements (as is the case in Marikana) which are a walking distance from the mining shaft. As a result, these "shanty towns" lack basic municipal services like electricity and water sanitation. Marikana respondents noted the lack of sufficient housing while they are in visible

close proximity to the mine shafts as an indication of how much Lonmin is not doing enough for the neighboring communities.

Photo 5.1 A boy carries a bucket of water from a communal tank in Marikana

Photo by Keabetswe Modimoeng 2015

5.2.2. b) Living conditions compared to apartheid period

One would expect that the living conditions of miners have changed over time from a highly migrant based system to established family conditions that enable the families and children of the miners to attend schools, access medical amenities and entertainment facilities within the mining vicinity. These expected changes are a social expectation from the general South African public and both the local municipality and mining companies are expected to bring about this necessary change. The improvement of living conditions of the miners and their families is a true CSR expectation whose results can be made easily visible and its impact highly – socially positive. To ascertain if there has been improvement in living conditions over time;

participants were asked to compare living conditions now and during the apartheid era and table 5.2 shows such comparisons.

Region	Township	Improved	Deteriorated	The same	Total (%)
Carletonville	Wedela	72	24	4	100
	Kokosi	68.4	26.3	5.3	100
	Khutsong	66.6	16.7	16.7	100
Rustenburg	Marikana	12	12	76	100
Total (%)		41	18	41	100

Table 5.2 Current living conditions compared to apartheid era (N=100)

The findings show that (76%) of Marikana surveyed mine workers are of the view that living conditions have remained the same over time. Taking the findings on housing provision section 5.3.1 into consideration, it shows that lack of housing for Marikana workers (86% in corrugated iron houses) informs the way they view progress in housing or lack thereof since 1994.

According to figure 5.1, Carletonville mine workers (69%) believe the standard of living has improved compared to the period under apartheid. This outstandingly compares to the 12% view held by Marikana mine workers on the same point. A Person Chi-Squared test of associated likelihood shows a significance difference of 0.000% between Carletonville and Marikana. The test results suggest therefore that there is significant difference in perception regarding improved living conditions. These perceptions are influenced by the township or mining region where research participants find themselves. Miners in Marikana are likely to view conditions to have stayed the same and miners in Carletonville are likely to view living conditions as improved since 1994.

The percentage of mine workers from all surveyed communities with a view that living conditions have remained the same compared to the period under apartheid rule (41%) equals those who think there has been an improvement (41%). Only 18% hold a view that living conditions have deteriorated. One the one hand, the respondents who hold a view that the living conditions have deteriorated - cited corruption, white ownership of the economy and nepotism by those who are politically connected as the main reasons informing their perceptions. On the other hand the provision of houses, roads, school, clinics and social grants appeased those with a view that the living conditions have generally improved over time. The levels of unemployment and crime were attributed to drawn similarities between the current government and the apartheid government by those who think there have not been any improvements since the democratic era in South Africa.

Photo 5.2: Shack dwellings in Marikana, directly opposite the Lonmin mine shafts

Photo by Keabetswe Modimoeng 2015

5.2.2. c) Envisaged living conditions beyond mining production lifespan

The question of whether or not participants in the survey will be able to survive beyond the life span of the mining production yielded significant difference in opinion with the Marikana respondents holding a view that once the mining companies reach end of production life, it will be difficult for them to survive while the Carletonville respondents believe that they will be able to survive beyond the mining production lifespan in their area. Person Chi-Squared tests of association yields statistical significant differences at 0.000% suggesting that the respondent's township or mining region influences the perception on whether or not he/she will be able to survive beyond the mining production in their areas. It does look as if the Carletonville mining families are well integrated into the normal township neighborhood over the years. The fact that 89.9% of Carletonville mining families live in brick houses (Cf figure 5:1) suggests that they are housed in permanent housing structures than is the case with the Marikana families.

Figure 5.2. Would it be difficult to survive once the mine reaches end of production life (N=100)
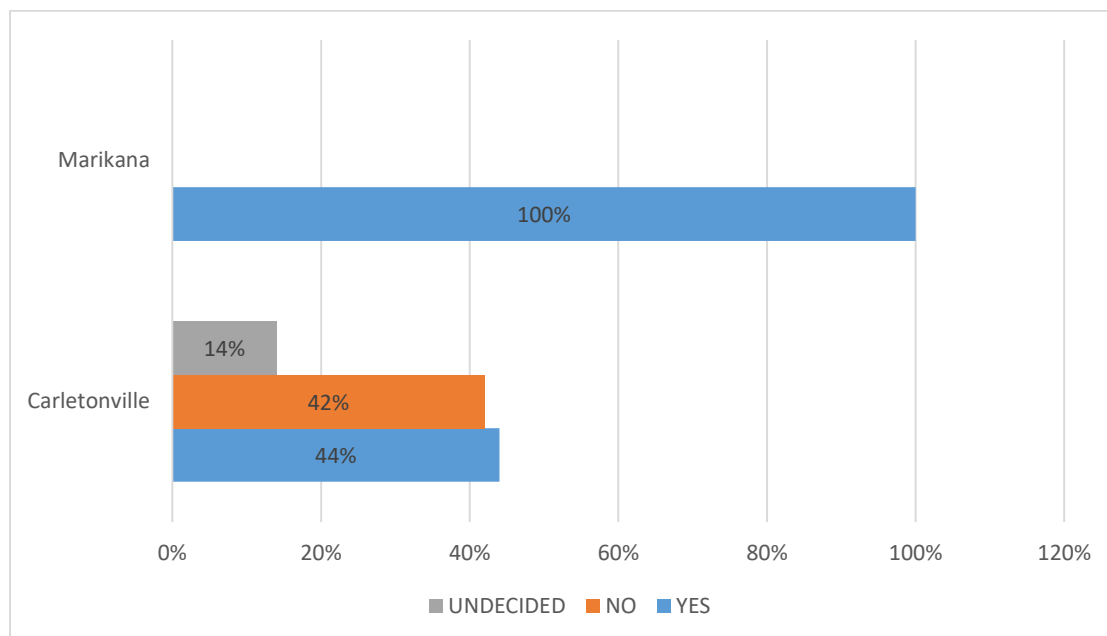
The respondents in Marikana cited the challenging experiences and far-reaching socio economic impacts during the 2014 five months long strike as an indication of how life would be once production ends. Limited employment opportunities outside the mining industry, reliance on mining companies for income and lack of alternative employment industries were also cited as the main reasons that would make life unbearable by Marikana mine workers. Some of the Carletonville respondents (within the 42%) have cited their age and qualifications as advantage points to strengthen employment prospects elsewhere when the mines reach the end of production life.

5.2.3. Labour Migration system

Literature suggests that the mining industry has historically survived on the backbone of a migrant labour system (Davenport, 2013). The consequences and effects of the migrant labour system are well documented and include the destruction of family lives, the spread of diseases like HIV/Aids, among others (Lurie, 2014). The migrant labour system is still dominant as 66% of the respondents are migrant workers and only the remaining 34% of the workforce surveyed is made up of locals.

Figure 5.3 Migrant labour data per township and region (N=100)
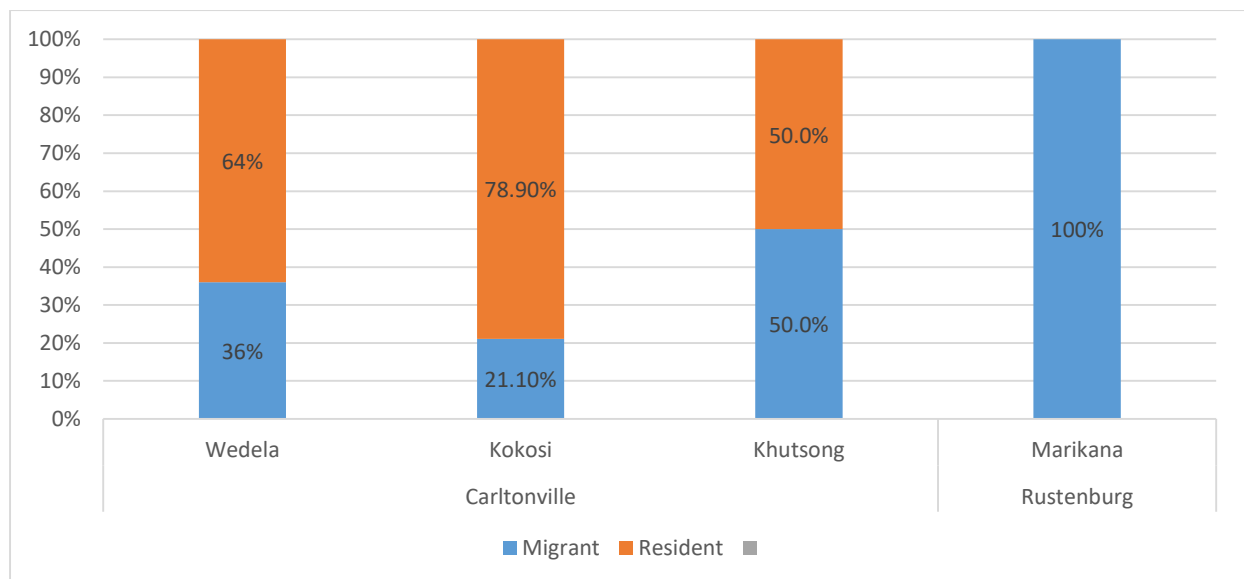
In Marikana, 100% of the respondents were migrant workers, with some mine workers originating from other parts of the North-West province and others from different parts of the country such as Eastern Cape, Northern Cape, Gauteng and KwaZulu Natal. Those from neighboring countries are predominately from Lesotho and Swaziland. The findings on living conditions and housing (section 5.3.1) which indicate that 86% of Marikana respondents live in corrugated iron structures, partly relates to the finding that 100% of Marikana respondents were migrant workers. These findings show that the migrant labour system influences the escalation of shack dwellings where mine workers are not provided any housing by the mining company. The Pearson Chi-Squared test of association yields significant differences between the nominal variable Township and migration at 0.00%. These test outcomes suggest that respondent's town or mining region does influence the respondent's migration status. In the case of these results; there is high probability (100% probability) that mine workers in Marikana are migrant employees and mine workers at Carletonville are township residents.

Reasons for opting to work in the mining sector were probed and answers varied showing that more than half (66%) of the mine workers are working in the mining industry because they were offered jobs when they applied. Bonuses and good salaries attracted 23% of the workers who responded to this survey while CSR activities only inspired 1% of the respondents to join this industry.

The historical migrant labour system was highly gender biased as was employment itself in numerous industries including the mining sector towards males (Davenport, 2013). The findings of this research however show an interesting "emerging trends" that migrants are no longer males. An average of 66.2% male respondents of this survey and 65.6% female were migrant workers. Person Chi-Squared test of association however does not show any significant differences between male and female (gender) as a variable that influences the migration status of the participants.

5.2.4 Corporate social responsibility in the mining industry

5.2.4. a) Define CSR

Participants in this survey were asked to define corporate social responsibility. The purpose of the question was to ascertain the level of understanding of what CSR means to respondents than assume that they all know and understand the concept. To ensure that the researcher does not infuse some level of bias towards the definition, the question was left open-ended and post coded into a numeric. The findings suggest that the mine workers' location, living and working conditions influence their understanding and expectations of CSR.

In total, there were nearly 15 definitions that participants ascribed to CSR. The findings show a huge difference in opinion between the mine workers in Marikana and those in Carletonville. The Person Chi-Squared tests revealed a significant difference of 0.00% in definition of the CSR between the Marikana mine workers and the Carletonville mine workers. The Marikana mine workers believe CSR is about provision of houses, schools, roads and clinics – the amenities which they seem to lack the most. On the other end, Carletonville mine workers believe over and above provision of houses, there should also be assistance with regard to skills development, local enterprise development and provision of bursaries. The definition provided by the Marikana respondents has strong resonance with their living conditions like absence or normal housing and other basic services like roads and schools.

Opinion	Strongly disagree	Disagree	Unsure	Agree	Strongly agree
Should mine workers embrace CSR activities	38	5	9	8	40
Companies only make CSR contributions due to legislative obligations	3	3	21	11	62

Withdrawal of mining rights for CSR non-compliant companies	12	1	1	8	78

Table 5.3 Mine workers' views on CSR (N=100)

5.2.4. b) Embracing CSR activities

A five-point Liker scale question (1 = strongly disagree 5 = strongly agree) was asked of participants "if mining company's employees should embrace CSR because it benefits them as they are also community members." This question was meant to establish the view of mine workers towards their personal embracement of CSR since they are major stakeholders as both employees and members of society. While 48% agreed citing the fact that they earn salaries and still benefit from CSR activities, which means they benefit both ways as workers and local residents; 43% disagreed. Those who disagreed stated that they have not seen the actual benefits of CSR as it is not prioritised by mining companies. Some respondents cited that CSR money may be misused and diverted for self-enrichment by mine management in the process.

			Embrace CSR					
			Strongly disagree	Disagree	Unsure	Agree	Strongly agree	Total
Township	Wedela	Count % within Township	1 4.0%	1 4.0%	0 0.0%	4 16.0%	19 76.0%	25 100.0%
	Kokosi	Count % within Township	1 5.3%	0 0.0%	0 0.0%	4 21.1%	14 73.7%	19 100.0%
	Khutsong	Count % within Township	0 0.0%	0 0.0%	0 0.0%	0 0.0%	6 100.0%	6 100.0%

Marikana	Count % within Township	36 72.0%	4 8.0%	9 18.0%	0 0.0%	1 2.0%	50 100.0%
Total	Count % within Township	38 38.0%	5 5.0%	9 9.0%	8 8.0%	40 40.0%	100 100.0%

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	89.120[a]	12	.000
Likelihood Ratio	113.134	12	.000
Linear-by-Linear Association	60.210	1	.000
N of Valid Cases	100		

a. 14 cells (70.0%) have expected count less than 5. The minimum expected count is .30.

Table 5.4. Employee embracement of CSR

What is interesting about this finding is that majority of respondents (80%) from Marikana disagreed that employees should embrace CSR while more than 90% in the case of Carletonville believed that mine employees should embrace CSR. A Person Chi-Squared test of association shows a 0.00% significance outcome suggesting that the township of the respondents influences their perception on whether to embrace or not embrace CSR. The likelihood suggests that Carletonville mining employees would embrace CSR and Marikana mining employees would not. This finding may suggest a deemed level of optimism about chances of CSR outcomes on the part of the Marikana employees. It would be a realism that they have lived in squalor conditions for long and chances of CSR activities are therefore slim.

5.2.4. c) Mining companies only invest in CSR because of legislative obligations

A combined 73% is of the view that had it not been of legislative requirements, mining companies would not voluntarily invest in CSR. This is a significant outcome considering that besides the respondents who are unsure (21%) only 6% hold a view that mining companies would still perform CSR without legislative obligations, in other words, voluntarily. In Marikana 90% of surveyed mine workers believe that mining companies only invest in CSR because of legislative requirements compared to 56% holding a similar view in Carletonville. This research finding confirms the theoretical assumption that investment in communities is a result of legislative requirement and that investments are a bare minimum.

5.2.4. d) Mining rights of companies not complying with CSR legislation should be withdrawn

Overall (78%) of the surveyed workers are of the view that companies not compliant with CSR obligations should have their mining licenses revoked. Those in favor of the withdrawal of mining licenses argues that it would force mining companies to comply and as a result speed-up development in neighboring communities.

Surveyed Marikana mine workers (100%) believe that mining licenses of non-CSR compliant companies should be revoked. This is compared to 72% holding a similar view in Carletonville, with 2% unsure and 26% disagreeing - as they argue the revoking of mining licenses would translate into job losses.

5.2.4. e) CSR reporting in the media

The question was aimed at ascertaining mine workers' views on whether mining companies are active in communicating their CSR programs and how they perceived such communication. The Person Chi-squared tests showed a 0.000% significant difference of opinion. In Marikana 92% of respondents hold a view that mining companies do not really develop their communities as it is often reported in the media, compared to 20% of Carletonville respondents.

5.2.5 Workplace activism and protests

5.2.5. a) The 2014 Marikana five months long strike

The respondents share symmetrically opposing views as 100% of Marikana respondents believe the five months long strike was a good idea which yielded good results. This is contrasted by the view of Carletonville mine workers 98% of whom holding a view that the strike was a bad idea and lasted too long. It is however important to note that in Carletonville, the question of the duration of the strike could have been clouded by the 2012 Marikana shootings – as Marikana seem to be anonymous with the killing of mine workers. If this assumption is true, then the response to this question may have been influenced by that particular incident. Person Chi-Squared test results yielded a significant difference of 0.000% regarding perception on the effect of the strike by township.

Marikana respondents identify the good that came out of the 2014 strike action as:

- Salary increases although not the initial R12 500 wage demand;
- An overall increase in workers' bargaining power; and
- An increase in the amount of respect given to workers by management.

Carletonville respondents identify the bad that came out of the strike as:

- Loss of lives (referring to the August 2012 strike);
- An escalation in workers' debt levels due to the 5 months long strike. Some workers lost their homes and cars due to bank repossessions; and
- Huge possibility of job losses as the platinum sector couldn't regain the financial losses a year later

5.2.6 Trust barometer and Affirmative Action policies

5.2.6. a) Trust barometer

The table below presents an overall barometer of trust between the mining workers and mine management as well as the trust by employees in affirmative action policies. It is quite evident from these findings that there is very poor trust in both and more specifically in mine management.

	Yes %	No %	Undecided %
Trust between mine workers and mining management	5	89	6
Do mining companies respect affirmative action policies?	19	67	14

Table 5.5 Trust barometer and Affirmative Action policies (N=100)

			Trust			Total
			Yes	No	Undecided	
Township	**Wedela**	Count	1	20	4	25
		% within Township	4.0%	80.0%	16.0%	100.0%
	Kokosi	Count	0	17	2	19
		% within Township	0.0%	89.5%	10.5%	100.0%
	Khutsong	Count	0	6	0	6
		% within Township	0.0%	100.0%	0.0%	100.0%
	Marikana	Count	4	46	0	50
		% within Township	8.0%	92.0%	0.0%	100.0%
Total		Count	5	89	6	100

% within Township	5.0%	89.0%	6.0%	100.0%

Symmetric Measures

		Value	Asymptotic Standardized Error[a]	Approximate T[b]	Approximate Significance
Interval by Interval	Pearson's R	-.277	.086	-2.854	.005[c]
Ordinal by Ordinal	Spearman Correlation	-.276	.087	-2.845	.005[c]
N of Valid Cases		100			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Table 5.6 Trust barometer by region

The Person Chi-Squared test of association shows a 0.05% which implies the difference in opinion between the two groups is marginally significant and not strongly significant. Trust relations between mine workers and mine management are distinctively poor across all surveyed regions. A resounding 89% of surveyed mine workers do not trust mine management, compared to 5% who have expressed trust, and the remaining 6% being undecided. The findings show that 92% of surveyed Marikana workers do not trust mine management, while in Carletonville 86% of workers do not trust management. Interestingly all the Khutsong surveyed mine workers (100%) expressed distrust for mine management.

The reasons for the lack of trust are cited to include corruption, lack of visibility and transparency on worker issues, concerns over bonus percentages and failure to improve occupational health and safety. Those who have expressed trust have cited mine management's academic qualifications which would imply 'they know what they are doing'.

5.2.7. Affirmative action policies in the workplace

In Marikana, 100% of the surveyed mine workers hold a view that Affirmative Action policies are not adhered to by the mining companies. Collectively majority of the surveyed mine workers (67%) from all regions are of the view that affirmative action policies of government - aimed at redressing the socio-economic imbalances created by apartheid, are not adhered to by mining companies. The policies are advocating for previously disadvantaged individuals (black people) to occupy strategic positions at the mining companies.

According to 19% of Carletonville mine workers, mining companies do adhere to affirmative action policies. About 14% on Carletonville workers were undecided. Majority of Carletonville mine workers (67%) argues that mining companies fail to promote black people to managerial positions as preference is largely given to white people.

5.2. 8 Mine ownership and control

5.2.8. a) Chief custodian of the mines on behalf of local communities

Opinion	Percentage (%)
Traditional leadership council	4
Local municipality	5
National government (as it currently is)	29
Community based organisation (CBO)	62
Total	**100**

Table 5.7 Chief custodian of the mines

Majority (62%) of the respondents would prefer community based organisations to be the chief custodians of the mines on behalf of the people. The prevailing arrangement of government as the main custodian was supported by 29% of the respondents. The lowest support went to local municipality (5%) and traditional leadership council (4%).

From the findings it is evident that mine workers predominately hold a view that communities are the ones who are capable to effect the necessary developments in their areas. The findings also highlight a lack of confidence in the municipalities and traditional leadership structures for any intermediary role. Respondents also cited their preference of CBOs on the basis that they are elected by the community and would be easily held accountable or even replaced if they do not meet their obligations.

			Community custodian				
			Traditional leadership council	Local municipality	National government (as it currently is)	Community based organisation	Total
Township	Wedela	Count	0	4	13	8	25
		% within Township	0.0%	16.0%	52.0%	32.0%	100.0%
	Kokosi	Count	0	1	7	11	19
		% within Township	0.0%	5.3%	36.8%	57.9%	100.0%
	Khutsong	Count	0	0	4	2	6
		% within Township	0.0%	0.0%	66.7%	33.3%	100.0%
	Marikana	Count	4	0	5	41	50
		% within Township	8.0%	0.0%	10.0%	82.0%	100.0%
Total		Count	4	5	29	62	100
		% within Township	4.0%	5.0%	29.0%	62.0%	100.0%

Symmetric Measures

		Value	Asymptotic Standardized Error[a]	Approximate T[b]	Approximate Significance
Interval by Interval	Pearson's R	.246	.112	2.514	.014[c]
Ordinal by Ordinal	Spearman Correlation	.388	.096	4.166	.000[c]
N of Valid Cases		100			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Table 5.8 Chief custodian of mines on behalf of the community by region

The Person Chi-Squared test of association shows a 0.014 value which indicates significant differences in opinion by respondents from different mining townships. Majority of respondents from Marikana (82%) believe that the community based organisations should be trusted with custodianship of the mines while majority of those from Carletonville thinks that national government should be the custodian.

5.2.8. b) The nationalisation of mines debate

The sentiment of community ownership as seen in 5.8.1 above is also reflected on the nationalisation of mines question. An average of 59% of the respondents would want to see local communities automatically controlling majority shares in all of the surrounding mining companies as they believe would increase development in favor of communities.

			Government should nationalise mines	Local communities should control 51% shares	Current mining legislation is fine as is	Total
Township	Wedela	Count	1	10	14	25
		% within Township	4.0%	40.0%	56.0%	100.0%
	Kokosi	Count % within Township	1 5.3%	11 57.9%	7 36.8%	19 100.0%
	Khutsong	Count % within Township	0 0.0%	3 50.0%	3 50.0%	6 100.0%
	Marikana	Count % within Township	10 20.0%	35 70.0%	5 10.0%	50 100.0%
Total		Count % within Township	12 12.0%	59 59.0%	29 29.0%	100 100.0%

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	21.904[a]	6	.001
Likelihood Ratio	23.553	6	.001
Linear-by-Linear Association	17.912	1	.000
N of Valid Cases	100		

a. 5 cells (41.7%) have expected count less than 5. The minimum expected count is .72.

Table 5.9 Nationalisation of mines

The Person Chi-Squared test of association shows a 0.01% value which implies that there are significant differences in opinions on the nationalisation of mines issue per townships. For instance, none of the surveyed workers in Khutsong (0%) is holds a view that the government of South Africa should nationalise the mines compared to 20% holding a similar view in Marikana. In Wedela, 56% holds a view that the current legislation is fine the way it is, compared to 10% holding a similar view in Marikana.

5.2.9 Environmental care

The question sought to establish mine workers' views on how their mining companies handle environmental considerations.

Opinion	Percentage (%)
Do not care for the environment during operations period	50
Only focus on environmental rehabilitation afterwards	2
Do not invest enough on rehabilitation of the environment post mining activities	1
Only focus on making profits	47
Total	**100**

Table 5.10 Mining companies approach to environmental care

			Environment				
			Do not care for the environment during operation	Only focus on environmental rehabilitation afterwards	Do not invest enough on rehabilitation of the environment post mining activities	Only focus on making profits	Total
Township	Wedela	Count	3	0	1	21	25
		% within Township	12.0%	0.0%	4.0%	84.0%	100.0%
	Kokosi	Count	3	1	0	15	19
		% within Township	15.8%	5.3%	0.0%	78.9%	100.0%
	Khutsong	Count	0	0	0	6	6
		% within Township	0.0%	0.0%	0.0%	100.0%	100.0%
	Marikana	Count	44	1	0	5	50
		% within Township	88.0%	2.0%	0.0%	10.0%	100.0%
Total		Count	50	2	1	47	100
		% within Township	50.0%	2.0%	1.0%	47.0%	100.0%

Symmetric Measures

	Value	Asymptotic Standardized Error[a]	Approximate T[b]	Approximate Significance
Interval by Pearson's R Interval	-.696	.066	-9.605	.000[c]
Ordinal by Spearman Ordinal Correlation	-.708	.067	-9.913	.000[c]
N of Valid Cases	100			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Table 5.11 Workers views on environmental care by townships

None (0%) of the surveyed mine workers in Khutsong and Wedela holds a view that mining companies focusses on environmental rehabilitation afterwards. The views are important given Carletonville's history of closed shafts and operations by various gold miners in the past. It implies that the respondents have not witnesses any rehabilitation.

The Person Chi-Squared test of association yielded 0.000% results showing significant difference in opinion across surveyed mine workers across townships. However, the responses are more location specific. Marikana mines are still operational thus the respondents would not have a direct experience in Marikana regarding post-mining rehabilitation compared to those in Carletonville areas. Based on ongoing operational experiences, 88% of Marikana respondents believe mining companies do not care for the environment during operations.

In Khutsong, 100% of the surveyed mine workers think mining companies only focus on making profits for shareholders and nothing about the environment. They cited un-rehabilitated sinkholes, dumping of waste within the reach of communities as the main reasons for their view. The above findings from mine workers confirm the two theoretical assumptions (Cf Chapter 3: Section 3.5) that (i) mining companies operate

on the basis of extractionism and (ii) mining companies are more concerned with profits over the environment.

Photo 5.3 Cloud of smoke from a Lonmin shaft which is 100 meters away from the closest residential community

Photo by Keabetswe Modimoeng 2015

Communities surveyed in Marikana raised concerns regarding the air pollution that is illustrated in photo. Surveyed community members expressed concerns about the effects of air pollutions which they say results in them suffering from sinuses, tuberculosis, asthma and eye infections. During the survey process, the researcher also experienced some unpleasant smells from the burning gases that shown in the picture above.

5.3 SECTION 2

FINDINGS FROM COMMUNITY SURVEY

The community members' survey was undertaken at two major mining regions of Carletonville in Gauteng province and Rustenburg in the North-West province. A total of 100 community members participated in the survey; 50 from Carletonville and Rustenburg respectively.

Of the interviewed community members in Carletonville making up 50% of the total study respondents, Wedela accounted for 33%, 7.5% from Kokosi and 9.5% from Khutsong. The other 50% of Rustenburg respondents all came from Marikana. Data in this section is presented at descriptive and inferential statistical analysis level for purposes of testing existing hypothesis.

Data from community survey that is presented in this section were collected using structured questionnaire (See Appendix 5) supplemented by structured interviews with other key respondents. Questions for the study were developed in-line with the research objectives as already discussed in the research methodology chapter (Chapter 4).

Community members are those residing within the vicinity of the mining operations. They may be working for a mining company, have a family member working for a mining company or are involved in a different employment sector outside the mining industry even though they reside within the mining community.

5.3.1 Demographic Presentation of Participants

5.3.1. a) Gender

The male dominant nature of the mining industry can also be seen on the demographics of the surveyed community members (Figure 5.4).

5.3.1. b) Gender by region

The majority of the community members who responded at both regions were male (70% in Carletonville and 62% in Marikana). Female representation is slightly higher in Marikana (38%) compared to (30%) Carletonville.

Figure 5.4 Community Gender by region (N=100)
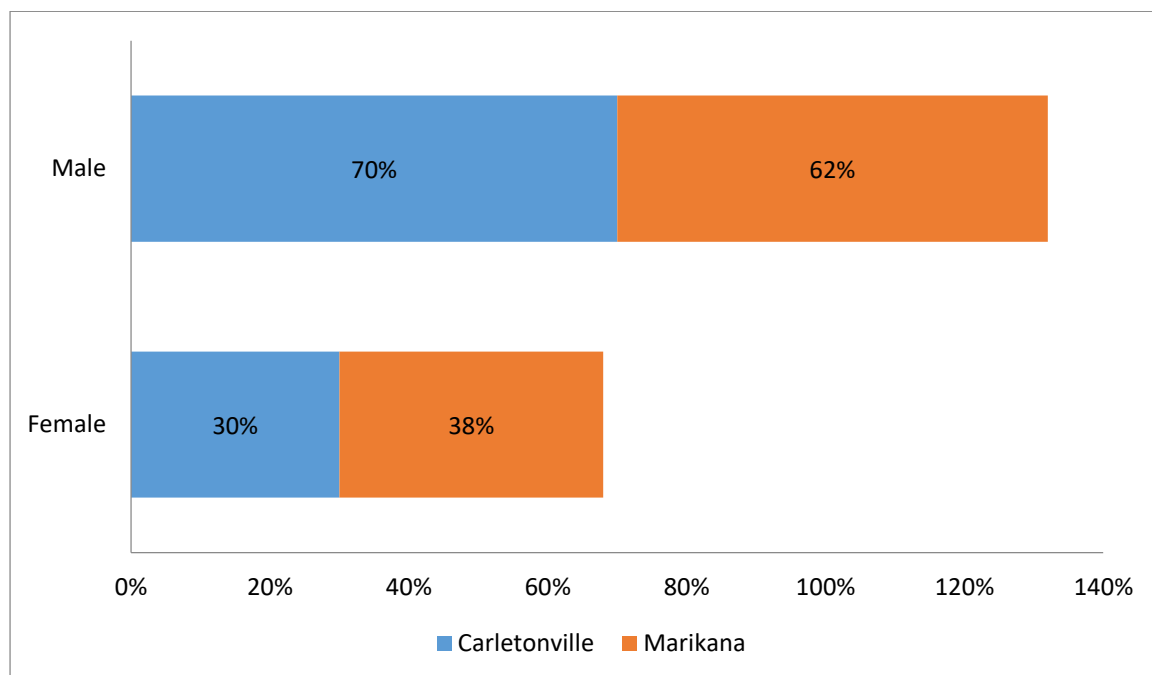
5.3.1. c) Qualifications by gender

Surveyed community members at both regions predominately had a matric qualification as their highest academic qualification. The least represented were those respondents with senior degrees of Btech or Honours, with none (0%) of the female respondents and (1.5%) of males holding a senior degree. The findings show a similar trend in qualifications of males and females within the surveyed communities, and this could be as a result of the increasing opportunities for women in the mining sector.

Figure 5.5 Qualifications by gender at all surveyed regions (N=100)
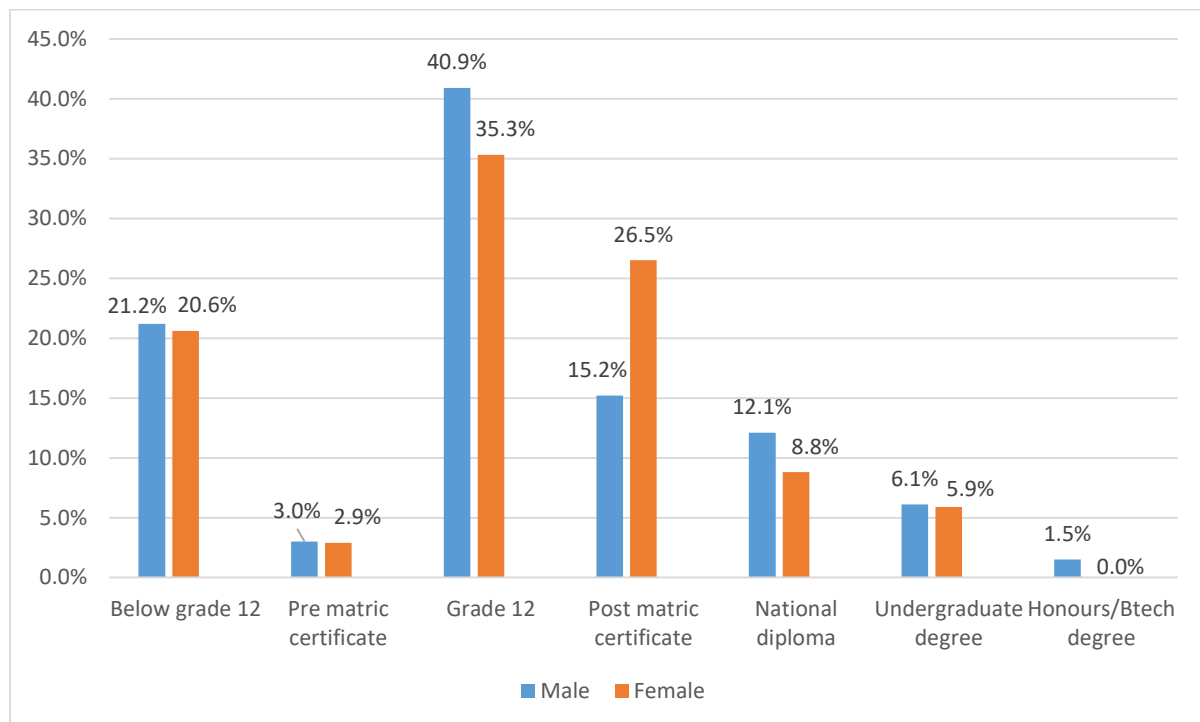
5.3.2 Period of residence and employment within mining community

The period of residence is informed by the period the community member or family member has been working in the mining industry or has been within the mining community.

5.3.2. a) Period of service within the mining industry

Research findings show that 70% of Marikana community respondents had never worked within the mining industry, compared to 54% in the same situation in Carletonville. Interestingly 42% of Carletonville and 44% Marikana respondents were not employed by the local mining company nor had a family member employed by a mining company. This data (community survey) therefore provides us a balanced view of CSR by respondents who are generally out of the mining employee families and therefore counterbalance the findings of the employee survey.

Considering there are families within mining communities that do not derive their household income from the mines, such respondents tend to focus on CSR projects and are not bothered much about issues relating to worker wages.

Figure 5.6 Period of service within the mining industry (N=100)
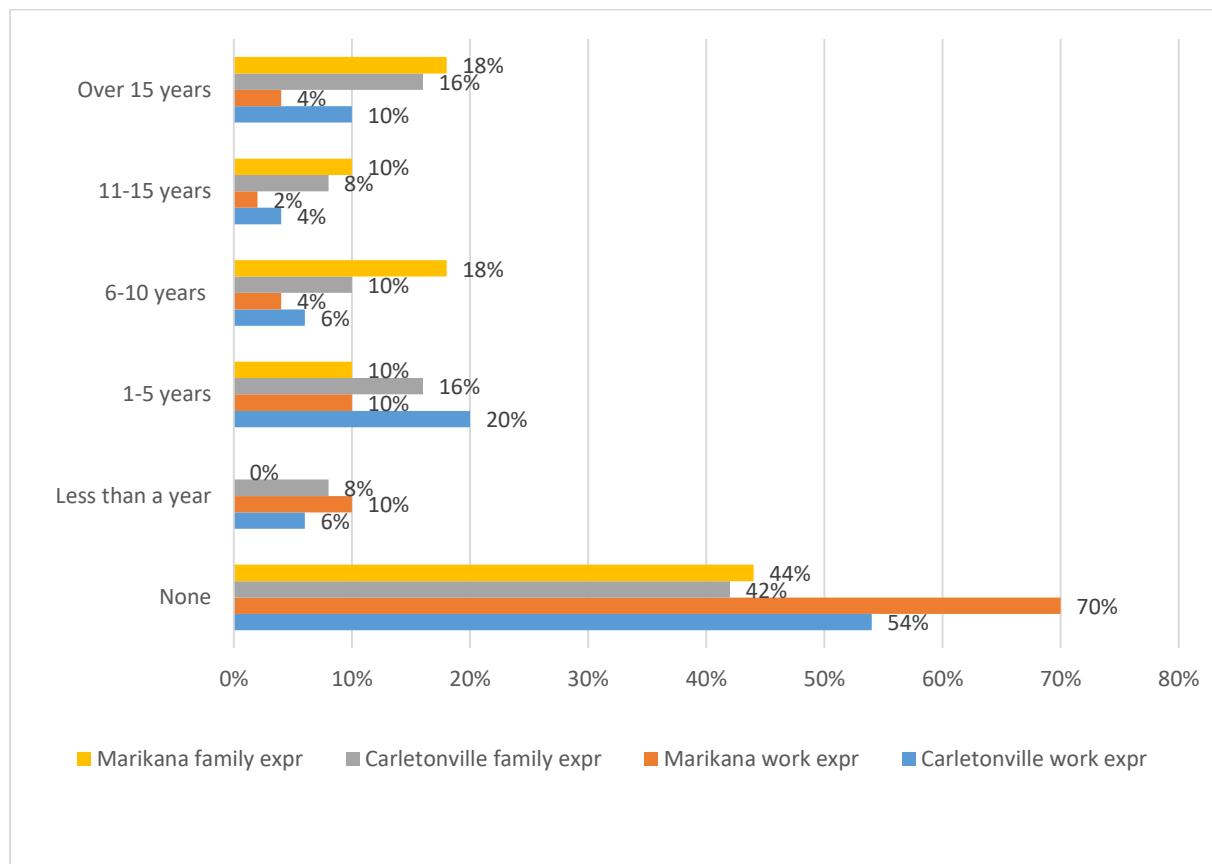
5.3.2. b) Reason for residing within a mining community

Respondents found themselves residing within a mining community for various reasons, ranging from parent work for a mining company (19%), the respondent working for a mining company themselves (17%), parent previously worked for a mining company (17%), spouse works for a mining company (4%) and child employed by a mining company (1%). The majority (43%) of respondents was made up of those who had "other" reason for working in a mining company. The "other" reasons include being born in the area, and working within the community but not employed by a mining company while others came looking for employment.

5.3.3 Living conditions

According to the MPRDA (2010), mining companies should contribute towards the upliftment of communities through meaningful contribution towards community development. The findings cover house structure type, combined household income and current living standards and all of these variables are compared to the period under apartheid rule as part of living conditions.

5.3.3. a) Combined household income per month

Majority of surveyed Marikana respondents (48%) subsist on a combined monthly family income of between R5000 and R10 000, compared to 20% in Carletonville. The findings illustrate that surveyed Carletonville community members have higher earnings than those in Marikana as none (0%) in Marikana had combined household earnings above R20 000 compared to 32% who are earning above this level in Carletonville.

Figure 5.7 Household income per month by region (N=100)
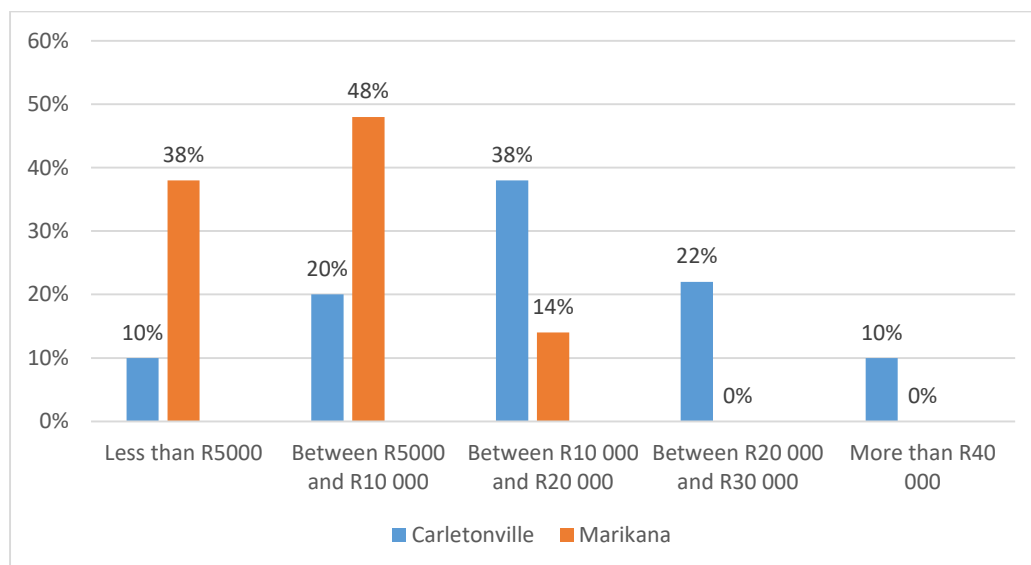
The Pearson Chi-squared test of association yielded a 0.000 value which indicates significant differences in household income between the two surveyed regions. In Marikana 38%) of surveyed respondents survive on a household income of less than R5000 a month, compared to 10% in the same situation at Carletonville.

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	28.577[a]	4	.000
Likelihood Ratio	35.363	4	.000
N of Valid Cases	100		

a. *2 cells (20.0%) have expected count less than 5. The minimum expected count is 2.50.*

5.3.3. b) Housing

There are significant differences in living conditions between the two mining regions in relation to housing. Pearson Chi-squared test of association of 0.000% is illustrated below by 52% of Marikana surveyed community members who live in corrugated iron structures compared to none 98% of Carletonville residents in brick houses. It is important to note that this does not suggest lack of shack dwellings in Carletonville, as discussed above.

Figure 5.8 Type of house structure within the mining community by region (N=100)
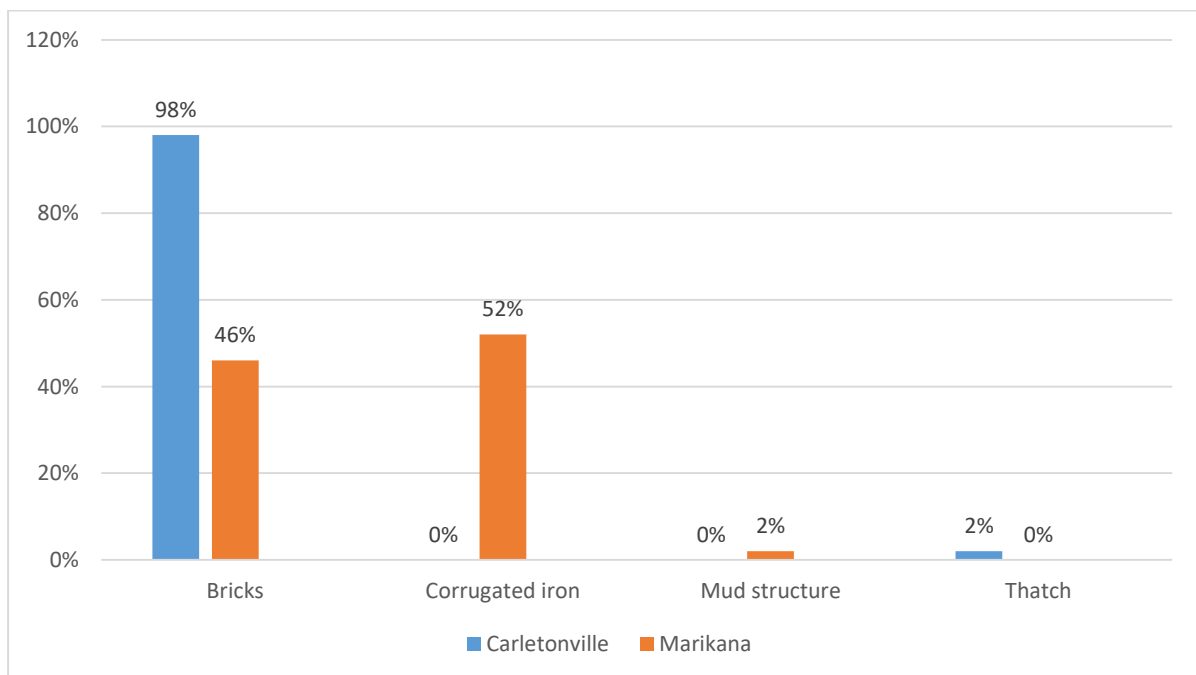
Almost all (98%) of Carletonville respondents live in brick house structures compared to 46% in Marikana. The presence of brick house structures in this section compared favorably to the findings of the mine workers survey which shows that 86% of mine workers in Marikana live in corrugated iron houses (Cf. Figure 5.1).

Photo 5.4 Pigs indulge in mud at the Marikana informal settlement, which is barely 100 meters opposite the mine shafts

Photo by Keabetswe Modimoeng 2015

5.3.3. c) Electricity and Roads

The nature of the informal settlements is that they are generally illegal settlement areas. Informal settlements are therefore not prioritised in the provision of municipal services such as roads, electricity and water since the residents are not supposed to reside there in the first instance. Both Marikana and Carletonville have parts of their communities residing in corrugated iron structures on the doorsteps of mines. This presents a situation as seen in Photo 5.5 below whereby shacks are erected next to a mine shaft, with power lines crossing over the residential area whilst the residents do not have electricity.

Photo 5.5 Un-electrified informal settlement next to a mine shaft in Wedela

Photo by Keabetswe Modimoeng 2015

The researcher found the condition of roads within surveyed mining communities difficult to drive in, as they were either dirt roads or tarred with lots of potholes. Marikana community members lamented the dust from mining trucks driving up and down the community. Community members also complained that the poor quality of roads made it difficult for them to get sufficient access to public transport services as taxi drivers either overcharged them based on condition of roads or subjected them to distant collection and drop-off spots.

Photo 5.6 Condition of roads passing in front of the Lonmin mine in Marikana

Photo by Keabetswe Modimoeng 2015

5.3.3. d) Living conditions compared to period under apartheid

Although the apartheid regime was characterised by lack of service provision to black population, racial segregation, and was even declared a crime against humanity (Dugard, 2015) by the United Nations General Assembly in 1966, some 56% surveyed community members in Marikana versus 14% in Carletonville see no difference in living conditions in the mining communities now as compared to the apartheid period.

There is significant difference in opinion regarding living conditions now and during apartheid as presented by a Person Chi-squared test value of 0.000%. The Marikana community believes that conditions have not changed and community members in Carletonville believe that there have been significant changes since apartheid days as reflected in figure 5.9.

Figure 5.9 Living conditions compared to period under apartheid by region (N=100)
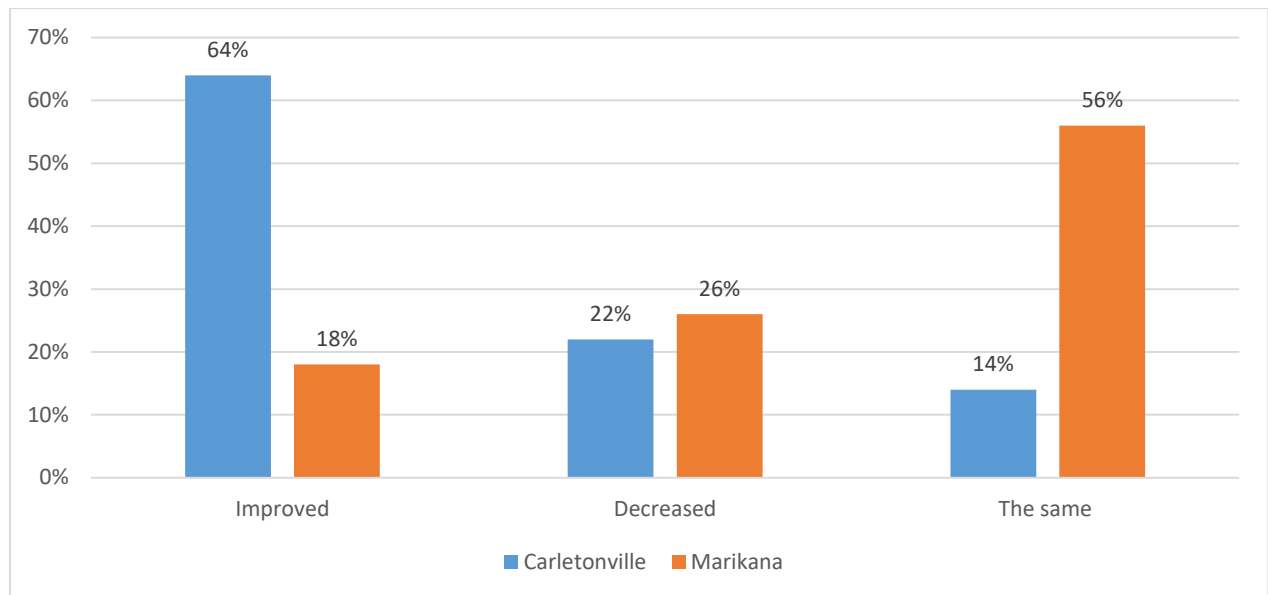
The glaring disparities in living conditions in the two regions are reflected in the figure above. In Carletonville, surveyed community members (64%) think the living conditions have improved compared to 18% holding a similar view in Marikana. On this point, respondents cited provision of houses, roads, electricity and an increase in wages as the reasons for the perceived improvement.

High levels of unemployment, corruption, lack of housing and white people's dominance of the economy are cited as the main reasons for the view that living conditions remain the same.

5.3.4 CSR in the mining communities

5.3.4. a) CSR definition

Local communities were requested to define CSR. The drive of the question was to establish the level of understanding of CSR and decode the personal interpretations of the concept by various community members. Such an undertaking would also show how the community members' location, living and working conditions influence their understanding and expectations of CSR.

According to the findings, CSR has a significantly different meaning to community members in Marikana as opposed to those in Carletonville. The Pearson Chi-squared test yielded 0.000% value indicating a significant difference in definition by the two mining regions. In Marikana for instance, no one (0%) of the respondents cited skills development, enterprise development or investing in alternative industries as a key component of defining CSR. This is in contrast to Carletonville where 16% of the respondents view local enterprise development as part of CSR, 18% defined CSR as encompassing skills development, and 2% hold a view that investing in alternative industries is a defining component of mining CSR. Marikana community respondents predominantly view CSR largely as provision of housing, water, electricity, schools, clinics and recreation facilities. There is a very close relationship between the definitions provided by community members to that given by the mine employees.

5.3.4. b) CSR reporting in the media

The question was aimed at establishing how the community respondents in both areas view CSR media reporting by mining companies - if any. A significant variation in opinions, Pearson Chi-squared test value of 0.000% indicates the situation is different at respondents' communities. For instance, 60% of respondents in Marikana are of the view that mining companies do not really develop communities as it is often reported in the media, compared to 28% holding a similar view in Carletonville. On the other end, 40% of Carletonville respondents feel that mining companies' CSR reporting is neither more of a public relations exercise than genuine community development nor is insufficient as compared to media reports - a view compared to 8% of Marikana community respondents.

5.3.4. c) Should workers embrace CSR as they are also community members?

The findings to this question show a hostile attitude towards CSR by Marikana respondents. For instance, 76% of Marikana community members strongly disagree that mine workers should embrace CSR, in sharp contrast to none (0%) of Carletonville members holding a similar view. The Pearson Chi-squared test yielded a 0.000% value, indicating significant difference in this opinion between the two mining regions. Surveyed community members in Marikana argued there was no point in embracing CSR that is non-existent. These findings mirror outcomes of the mine employee survey.

5.3.4. d) Should mining companies offer jobs instead of CSR investment?

Community respondents from Marikana and Carletonville hold significantly different views to the proposition that mining companies offer jobs instead of investing in other CSR activities. A Pearson Chi-squared test of 0.000% reveals the significant differences in opinions in the two mining regions. In Marikana, 80% of the respondents strongly agree that CSR should be replaced by creation of employment whereas only 14% hold a similar view in Carletonville.

Figure 5.10 Job creation instead of CSR by region (N=100)
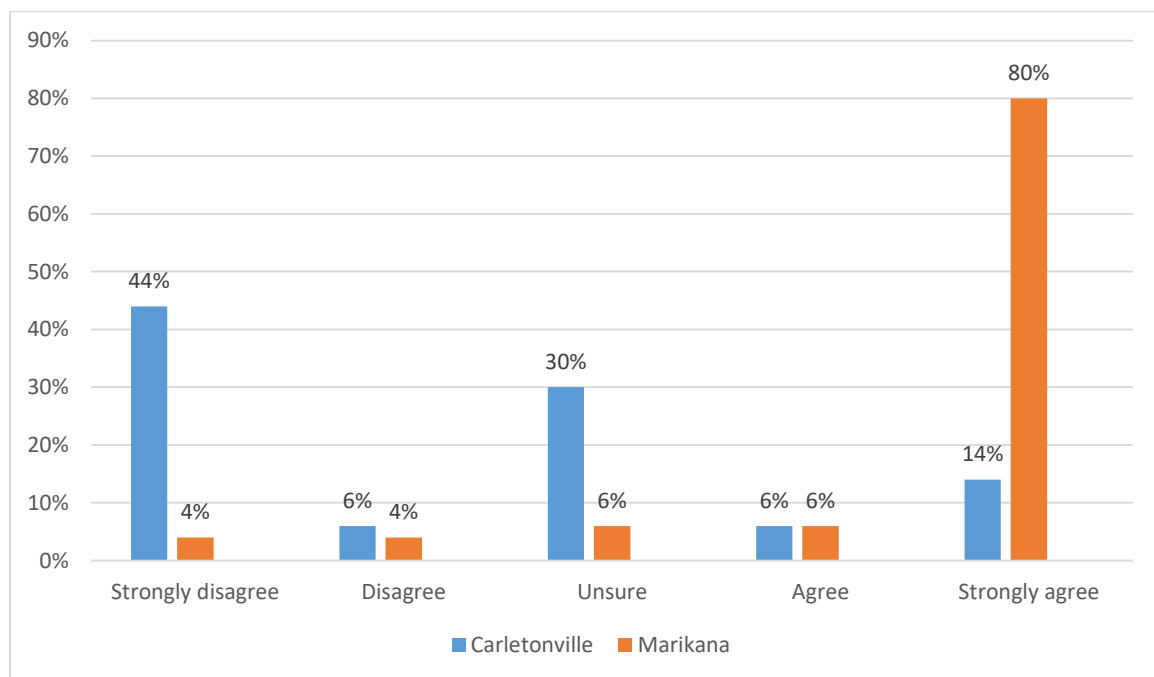
Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	48.037[a]	4	.000
Likelihood Ratio	54.032	4	.000
N of Valid Cases	100		

a. 4 cells (40.0%) have expected count less than 5. The minimum expected count is 2.50.

The 44% of Carletonville respondents who strongly disagree cited high levels of unemployment and the observation that jobs benefit individual workers whereas CSR

benefits the whole community. The 14% in strong agreement contends that the mines should focus on job creation whilst the municipality focusses on social development. According to (80%) of Marikana respondents who strongly agree that CSR should be discontinued in favor of job creation argue that people need jobs to be able to feed themselves and their families as that would translate to "self-development". Others within the (80%) highlight:

- lack of CSR visibility; and
- CSR as a "waste of money" on unsustainable projects, to be reason enough for CSR to be scrapped.

5.3.5 Communication channel between mining companies and community members

Because communication between communities and the mine is highly important; community members were asked about the most preferred structure through which the mine and community should communicate. The following structures were identified as most relevant communication channels:

- Traditional leadership council;
- Local municipality;
- Community organisation; and
- Directly through mass meetings

Figure 5.11 Preferred communication channel between mining companies and communities by region (N=100)
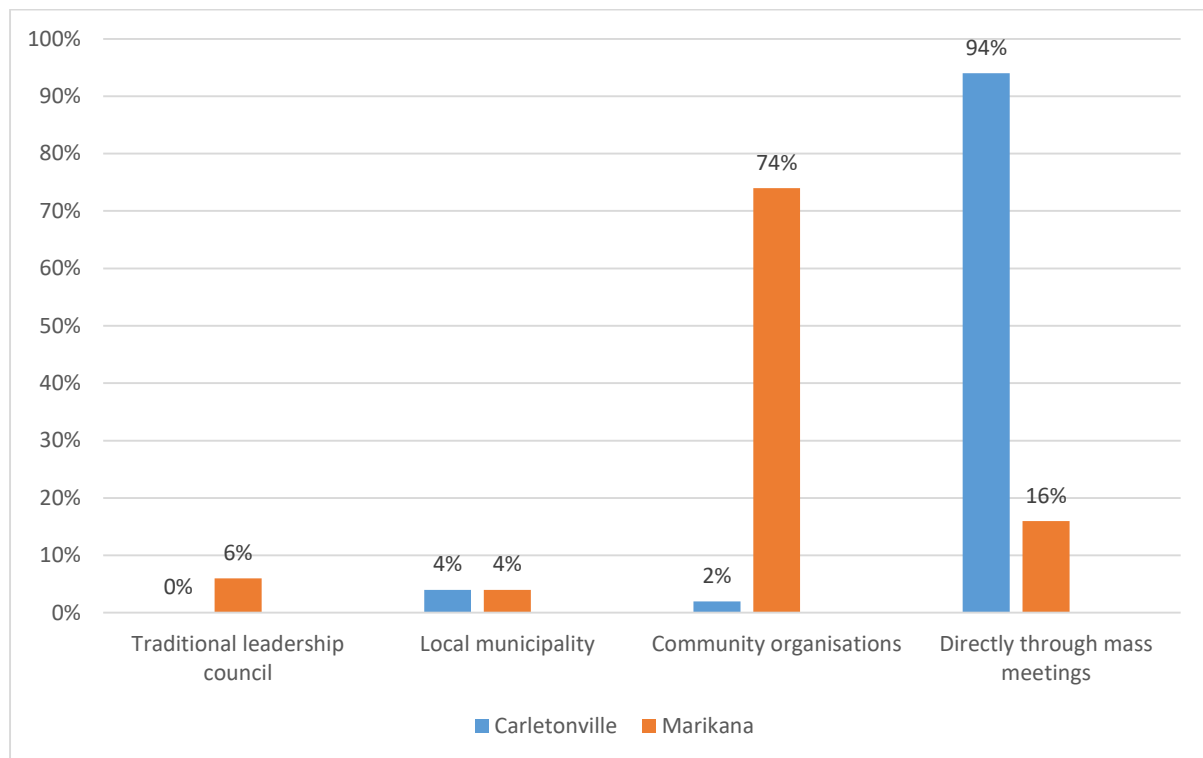
Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	64.760ᵃ	3	.000
Likelihood Ratio	78.214	3	.000
N of Valid Cases	100		

a. 4 cells (50.0%) have expected count less than 5. The minimum expected count is 1.50.

The Pearson Chi-squared tests resulted of 0.000% shows a significant difference in opinions between the two mining regions. An overwhelming 94% of Carletonville surveyed community members, compared to 16% in Marikana hold a view that communication between mining companies and the communities should be conducted directly through mass meetings. In Marikana however there is a very strong preference (74%) for engaging community organisations.

5.3.6 Withdrawal of mining licenses for CSR non-compliant companies

Surveyed community members in Marikana seem to have run out of patience with what they term a lack of community development and a total disregard of the government mining legislation by the mining sector. As a result, 90% of respondents in Marikana compared to 66% in Carletonville are of the view that mining companies not compliant with CSR legislation should have their mining licenses withdrawn by government, notwithstanding the inherent job losses. Such a strong stance shows a community that has ran out of patience. The Pearson Chi-squared tests of 0.000% shows the significant differences in opinions between the two mining regions. Carletonville community members hold significantly opposing views on the withdrawal of mining licenses whereas in Marikana, the view is that "no community development, no mining permit".

Figure 5.12 Views on withdrawal of licenses for non-compliant CSR companies by region (N=100)
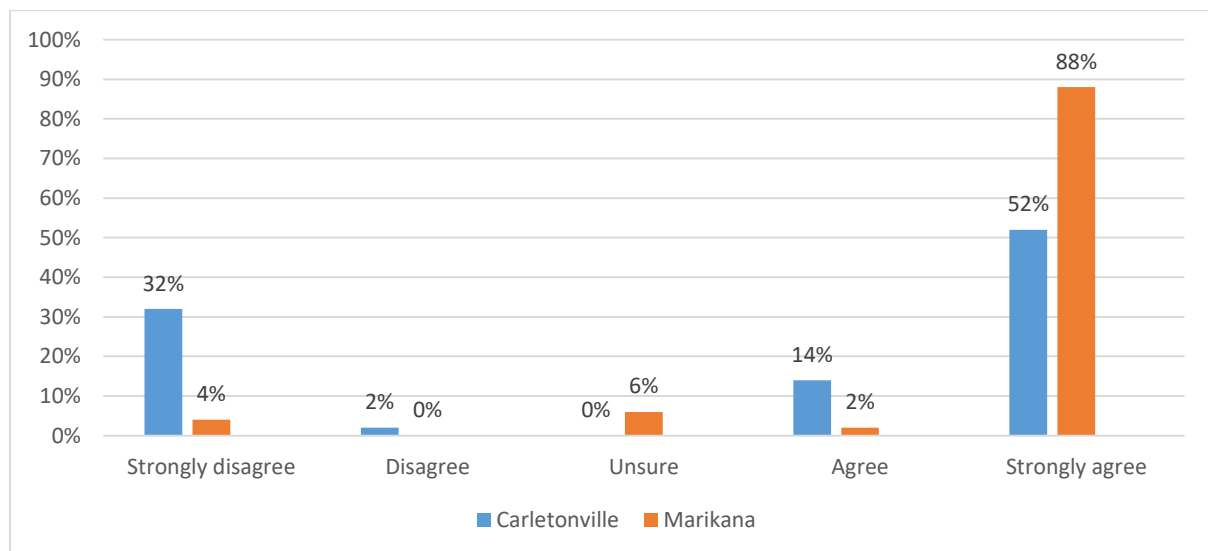
Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	24.017ᵃ	4	.000
Likelihood Ratio	27.684	4	.000
N of Valid Cases	100		

The contradiction in Carletonville is shown by 32% strongly disagreeing with the withdrawal of mining licenses and 52% strongly agreeing with the motion of withdrawing mining licenses. Those opposing the withdrawal of licenses argue that jobs are more important than CSR and that the loss of jobs as a result of withdrawal of licenses would only increase social challenges and poverty in communities.

5.3.7 Preferred approach on the employment of locals by mining companies

A significant difference in opinion emerged on the approach that mining companies should take when dealing with issues of local community employment. A Pearson Chi-squared test of 0.001% shows a significant difference in opinions between the two mining regions.

Community respondents were given the following three options to choose the preferred local employment approach from:

- Only employ people from local communities
- People from local communities must be given first preference for job opportunities
- Employment should only be based on skills and qualifications

Figure 5.13 Strategy for employment of locals by regions (N=100)
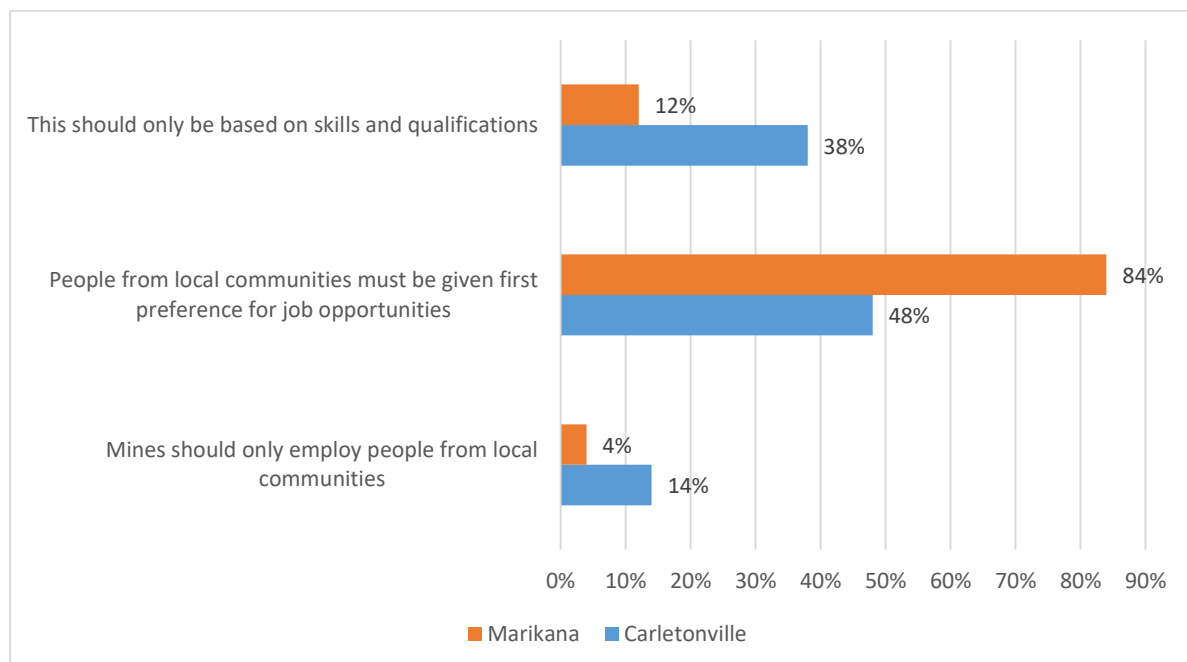
Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	14.447[a]	2	.001
Likelihood Ratio	15.017	2	.001
N of Valid Cases	100		

a. 2 cells (33.3%) have expected count less than 5. The minimum expected count is 4.50.

Marikana community respondents (84%) believe that locals should be given first preference on employment opportunities, and this is in comparison to 48% of Carletonville respondents with a similar view. Carletonville respondents lead in opinion with 38% suggesting that employment should be based on skills and qualifications, compared to 12% of Marikana respondents with a similar view. Those calling for the exclusive employment of locals in Carletonville (14%) compares to only 4%) holding a comparable view in Marikana.

5.3.8 Mine ownership and control

The mine ownership issue has been heavily debated in South Africa over the years and during the ANC 2012 Conference in Mangaung. In-depth discussion on the various arguments contained in Chapter 3. The Mining Charter calls for effective (26%) ownership as a requisite instrument to effect meaningful integration of historically disadvantaged South Africans (MPRDA, 2010).

5.3.8. a) Nationalisation of mines debate

Although majority of respondents from both Marikana and Carletonville hold a view that mines should be nationalised in one way or the other, their views differ significantly regarding the nationalisation approach that should be taken. A Pearson Chi-squared test value of 0.001% explains the differences in approaches preferred by the different mining communities of Marikana and Carletonville as depicted in figure 5.14.

Figure 5.14 Views on nationalisation of mines debate in South Africa per region
(N=100)
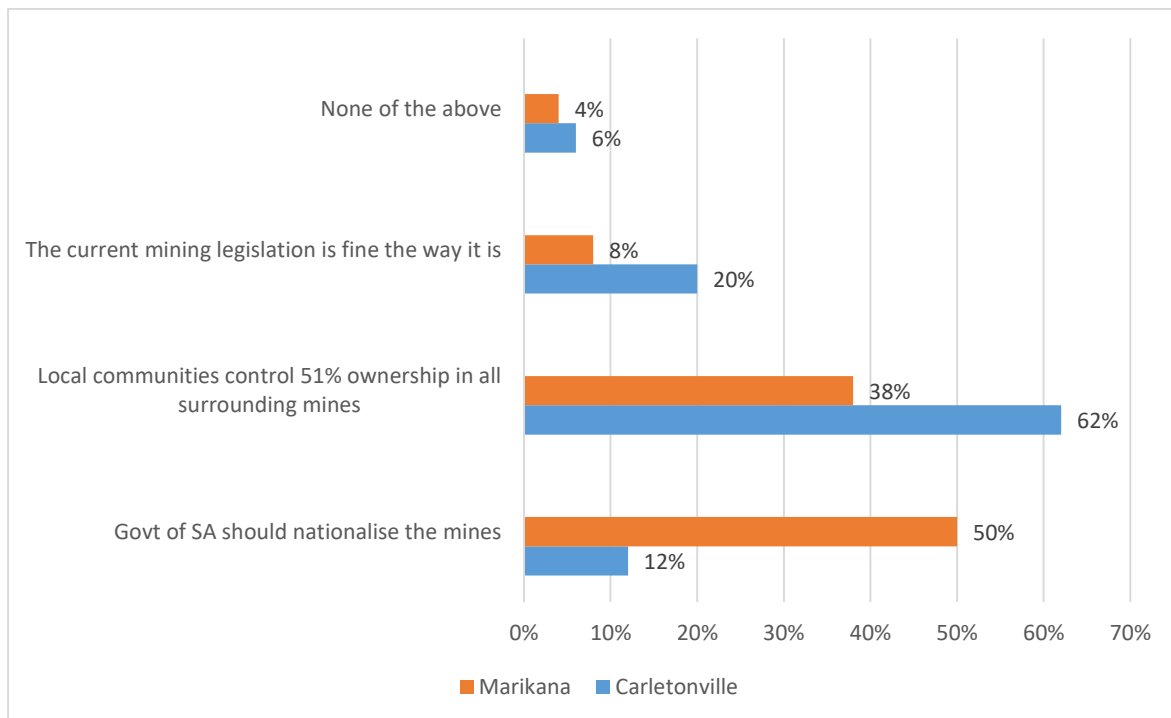
The strongest opinions are around government and community ownership. In Marikana 50% believes that government should nationalise the mines compared to only 12% holding a comparable view in Carletonville. However, on the issue of community majority shares ownership, Carletonville respondents (62%) support the view, compared to 38% holding a similar view in Marikana. Those opposing community ownership highlight lack of capacity and experience as the reasons for doubting if communities would be able to effectively run the mines.

Surveyed community members in support of government nationalisation believe government would speed up community development, strengthen the economy and create more employment for locals. On the contrary, those opposing government ownership cite corruption, maladministration, nepotism as the main threats to the future of the mining industry under government ownership.

5.3.8. b) Companies' adherence to BBBEE policies of government

None (0%) of Marikana community respondents agree that mining companies respect BBBEE policies. This is proved by the 82% that strongly disagrees, 10% that disagrees and only 4% who are unsure. In Carletonville, only 36% strongly disagreed coupled with 10% who disagreed, and 32% unsure. The remaining 22% hold a view that mining companies do implement BBBEE policies of government. A Person Chi-squared tests value of 0.000% shows a significant difference in opinions between respondents from the two mining regions. The predominant views from Marikana community respondents who strongly disagree that BBBEE policies are adhered to by mining companies are as follows:

- BBBEE is failing to benefit communities due to corruption;
- Business opportunities are given to companies from outside the communities, and even from far away provinces;
- BBBEE opportunities only benefit politicians and the "well-connected" individuals;
- White-owned businesses still get preferential procurement opportunities; and
- Local businesses are struggling to survive.

5.3.8. c) Chief custodians of the mines on behalf of the local communities

The majority of respondents at both surveyed regions, that is, 72% in Marikana and 54% in Carletonville are of the view that Community Based Organisations (CBOs) should be the main custodians of mines on behalf of the local communities. Only 4% of Marikana respondents would prefer current legislation to be kept the way it is, compared to 40% in Carletonville holding a similar view. This finding confirms outcomes of depicted in figure 5.11 and findings from the mine employee survey (table 5.7).

Figure 5.15 Preferred chief custodian of mines on behalf of the communities (N=100)
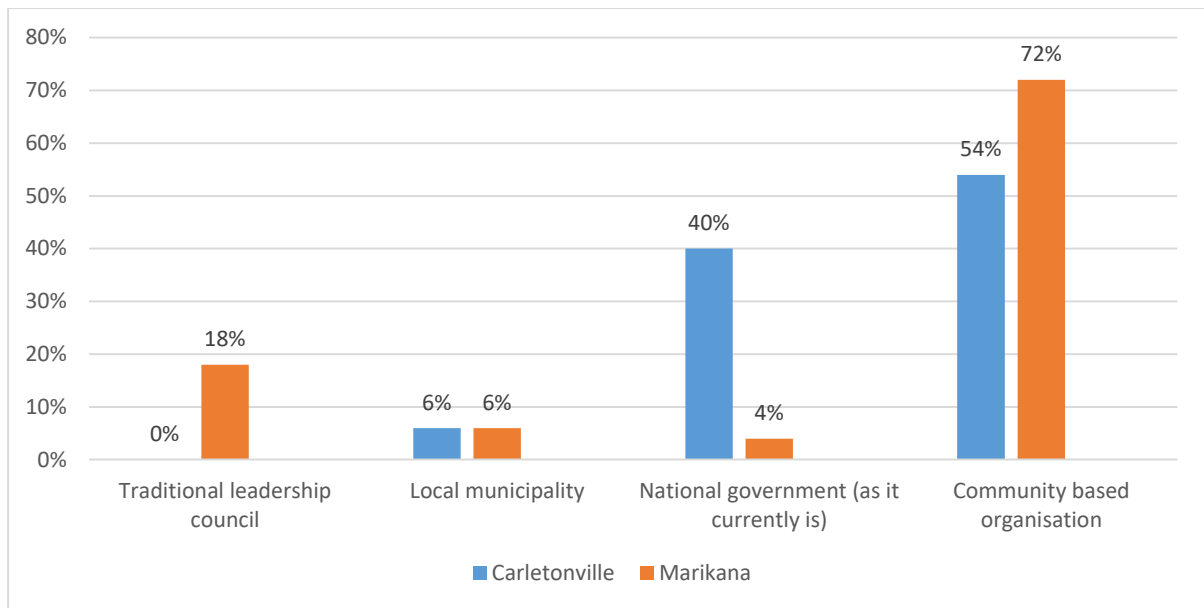
The predominant view (72%) in Marikana is that community based organisations (CBOs) should be the custodians of mining on behalf of communities. Those who want CBOs to become custodians of the mines argue the following:

- CBOs have a better understanding of community needs as they are also part of communities and reside in communities;
- CBOs will put interests of communities first by virtue of being community members themselves; and
- CBOs are transparent and accountable to communities as they are elected by communities- and can be easily removed from office.

5.3.9 Trust barometer

5.3.9. a) Role of traditional council in mining activities and financial deals

Given the lack of traditional councils in Carletonville, focus on this question was only put on Marikana community respondents.

Figure 5.16 Marikana: Role of traditional council in mining activities and deals (N=100)
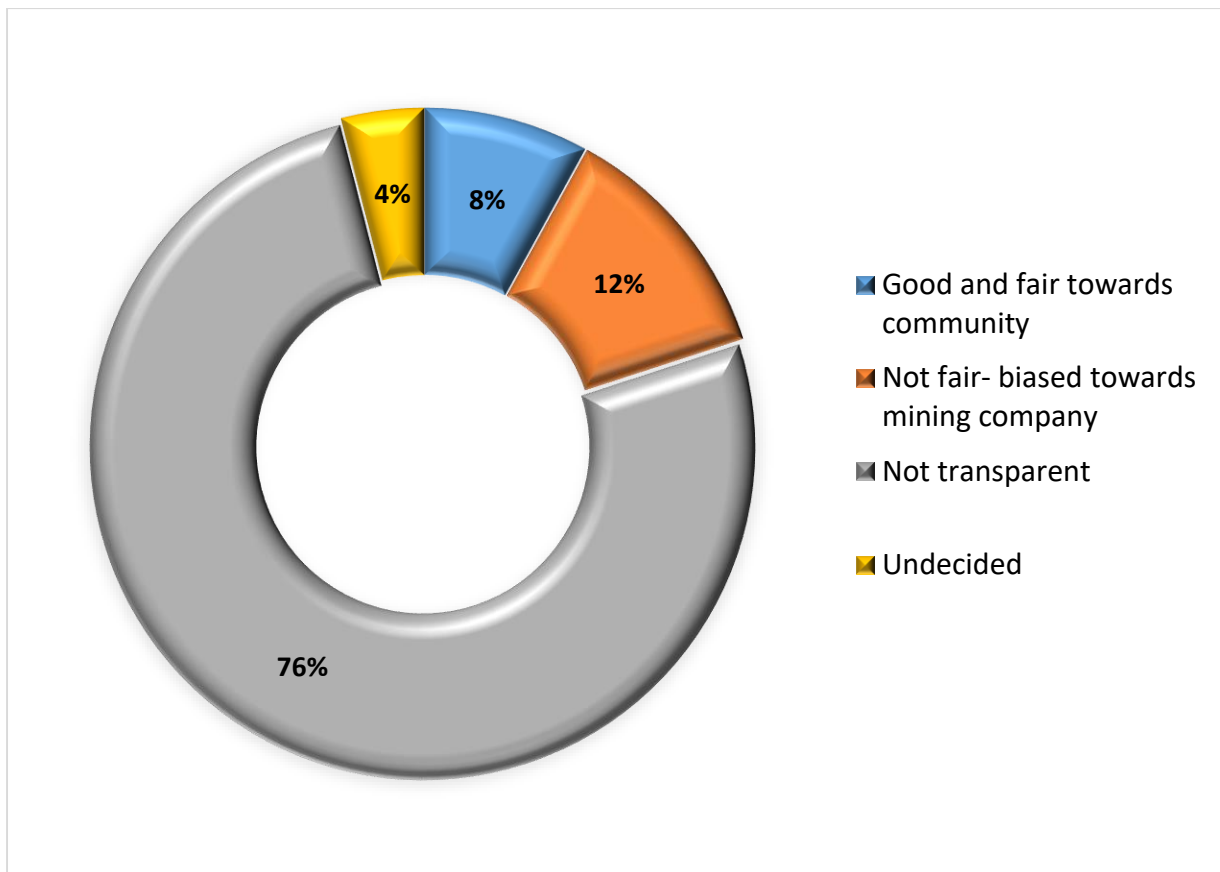
A significant number of (76%) of community respondents in Marikana hold a view that traditional council leadership is not transparent on their dealings with mining companies. They do not keep the community members informed and do not take the mandate from community members. Only 8% hold a view that traditional councils are good and fair towards the community while 12% feels they are not fair and are biased towards the mining company. A minimal 4% were unsure.

The ongoing court dispute within the Bapo-ba-Mogale community and Lonmin in the Marikana area, as well as the Platreef (Mokopane) community battles with the traditional chief mentioned in the literature review chapter are supported by these findings.

5.3.9. b) Trust the relationship between mining companies and traditional leadership

Given the nonexistence of traditional councils in Carletonville, focus was only put on Marikana community responses.

A distinct majority of respondents (86%) from Marikana do not trust the relationship between mining companies and traditional leadership. Only 4% trusts the relationship while 10% is undecided. Those who do not trust the relationship argue:

- Traditional councils create conflict between mines and stakeholders;
- They both fail to treat communities with respect;
- Traditional councils not transparent;
- Traditional councils are imposed on communities and not democratically elected; and
- Traditional councils have personal interests which they put ahead of community interests.

5.3.9. c) Trust the relationship between mining companies and local municipality

Local municipalities are an integral part of the defined engagement scope between mining companies and the communities, as outlined in the MPRDA (2010). Municipalities also have their own community development programmes, under the LED offices and more often collaborate with mining companies to jointly roll out community investment initiatives.

The findings show a gloomy picture across both surveyed regions on the trust levels of community members towards the relationship between local municipality and mining companies. A tallying percentage (86%) in both Marikana and Carletonville communities unequivocally distrust the relationship between mining companies and the municipality. The distrust is cited to be a consequence of lack of transparency, corruption and lack of community development as the main reasons for the mistrust.

Figure 5.17 Trust relationship between local municipality and mining companies (N=100)
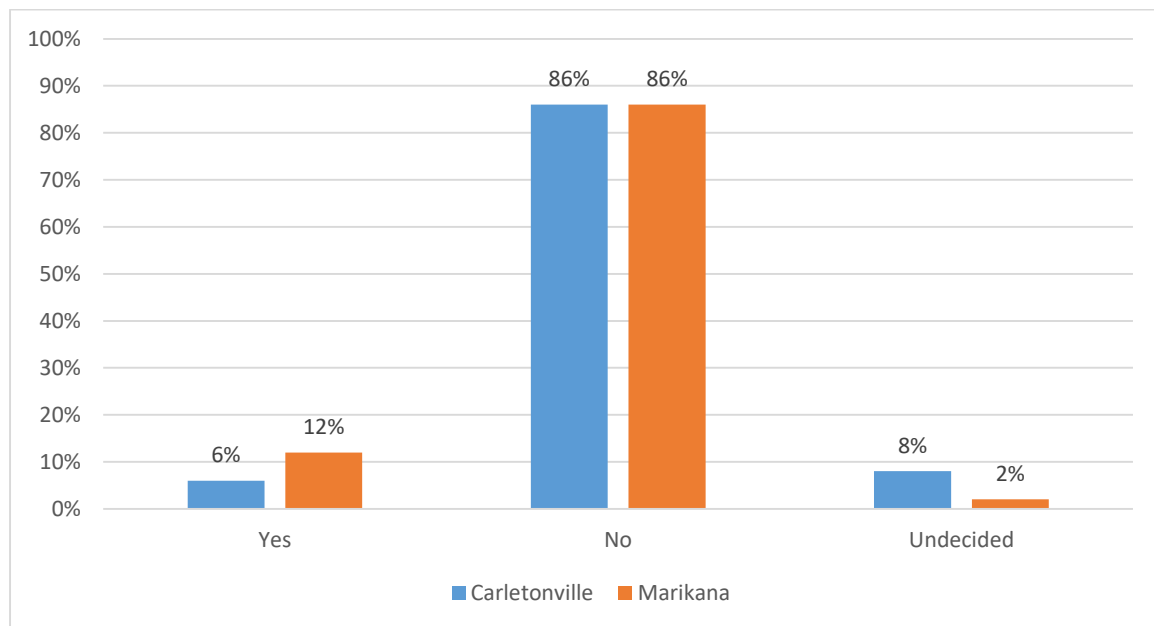
The Pearson Chi-squared test of association resulted in 0.247 showing no significant difference in opinion between the two surveyed regions.

5.3.10 Environmental care

The findings show community members' lack of confidence in the mining companies' commitment towards the environment. According to 56% of Carletonville respondents, mining companies only focus on making profits and a further 18% says there is no care for environmental rehabilitation post-mining activities. The researcher witnessed the depleted abandoned mine shaft in Carletonville, which not only is an environmental risk due to lack of maintenance on chemicals previously used but is also a risk to children who may fall down the shafts. Such abandoned mine shafts are also a haven for illegal mining activities as discussed in chapter 2. This is a significant finding that confirms the theoretical assumption that companies are more concerned with profits over the environment. Findings reflected in this section from the community survey as are observations of the old abandoned Carletonville mines have resonance with the findings from the mine employee survey.

Photo 5.7 An abandoned mine shaft in Carletonville which belonged to DRD Gold Blyvoor

Photo by Keabetswe Modimoeng 2015

Figure 5.18 Environmental care by mining companies (N=100)
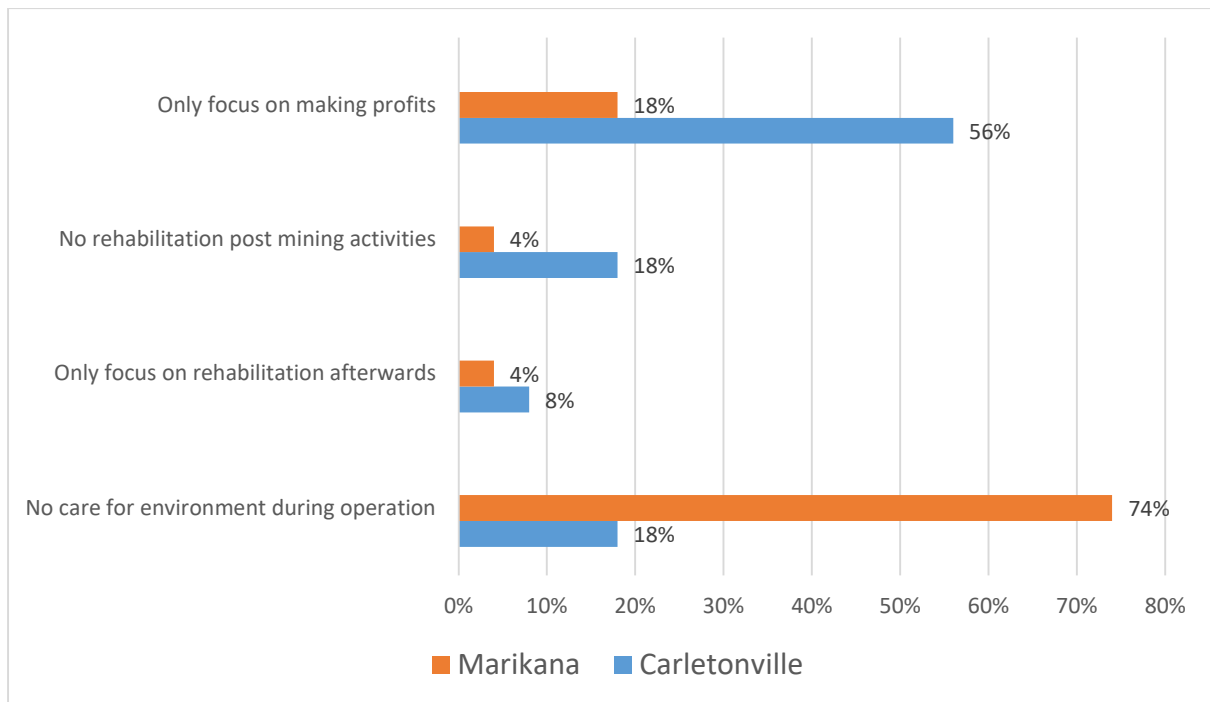
Surveyed Marikana communities (74%), who unlike Carletonville communities have not experienced mine closures, believe mining companies do not care for the environment during operations. Those with a view that mining companies do not care for the environment argue that:

- Mines dump waste within reach of communities;
- Continuous smoke coming from the mines causes irreversible air pollution;
- Mines destroy natural vegetation and only try to rehabilitate the environment afterwards;
- Mining activities pollute the environment and water; and
- Sinkholes are prevalent in communities both during and after mining operations

5.4 SECTION 3

FINDINGS FROM MINE MANAGEMENT; WORKERS′ UNION AND COMMUNITY

INTERVIEWS

This section presents the findings of the field study from interviews that were conducted with mine management, various workers' union representation and the mining communities. The interviews with the various mining stakeholders were recorded as described (see chapter 4 for the list of interviewees). Interviews with the various mining stakeholders were semi-structured in nature and where possible interviews were guided by the interview guide (Cf. Appendix 4). Throughout the presentation of the findings, direct verbatim from interviews are captured to give emphasis to the narrative.

5.4.1 Thematic presentation of the research findings

5.4.1. a) Theme 1: Conditions of employment and wages of mine workers

The findings suggest that the living conditions of the mining community members have not changed since the colonial and apartheid era despite new legislations like the Mineral and Petroleum Resources Development Act of 2002, which advocates for the SLPs and aimed at ensuring benefit to community members residing within the vicinity of the mines as well as improved remuneration for work done.

Workers have been bargaining for a 'living wages' over the past decade, and have intensified their struggle for a living wage from 2012 coupled with the Marikana shooting incidents. AMCU president defined a 'living wage' as follows:

"…A living wage is what one can define, when you can take your children to school, to better school to have a better education, to be able to buy a house, a place where you can live with your family comfortable and meet your daily social needs. That is what we can call a living wage."

AMCU has put a benchmark figure of R12 500 as a living wage and have led a five-month long strike in 2014 in the Rustenburg platinum belt demanding that amount.

NUM general secretary also defined a living wage as follows:

"…Well in as far as I am concerned a living wage is a wage that is enough, for one to can live without having to wait for the month end in order to can pay school fees or buy groceries. What you find now is that you earn your salary now, by the end of the month you have nothing. Or maybe mid-month you have nothing left with you. Not that people have abused their salaries earning but because that is the only thing they could do to buy groceries, pay your accounts, and it ends there. You can't even save."

The assertions of the respondents are supported by literature reviewed (Cf. chapter 2: Section 2.9.2) which shows the determination of workers to fight for better wages regardless of loss of life and prolonged loss of income.

During the survey, both workers and community members raised concerns over 'low' worker salaries. Some community members maintain that they are equally affected by workers' wages as they depend on them either as family members, as their business clients for aspects such as accommodation rentals, transportation business and small retail tuck shops.

5.4.1. b) Theme 2: The effect of mining on the environment

Respondents raised concerns over the impact of mining on the environment and the subsequent lack of environmental rehabilitation. The lack of environmental care also posed some serious health hazards from dust and blasting resulting in mining activities related deceases such as tuberculosis, asthma, sinuses and silicosis. A respondent in Mudimeli expressed concerns over the health hazards related to mining.

"…And if there is no relocation and they start mining, even if we can get that job, what is the use of working whereas my house is collapsing, so I don't have development there. Because I will be working. What about the dust that they will be blowing?
You can find that if I have got a kid, only to find out that if the kid has got only 4 years old, to find out that the lungs of my kid are destroyed by the dust from the coal. What am I working for, whereas my family is dying? Due to the dust that will be blowing from the coal.

You know the dust from the coal is very much dangerous. Yah, what about our lives? What is the use of being happy that I've got the work, only to die? Get what I mean?"

At the epicenter of the concern raised by the Mudimeli community is the experience they had with ISCOR in the 1970s, when it conducted prospecting feasibility studies by digging pits in the community and left without filling them up. This has left a lasting negative impression on the villagers as they see this as what mining activities would translate to should Coal of Africa (Coal) be given the go-ahead to mine in their village.

Photo 5.8 Un-rehabilitated mine pit from Iscor's prospecting activities in the 1970s, in Mudimeli village

Photo by Keabetswe Modimoeng 2015

As a result of these large, historic un-rehabilitated mining dongas, the residents of Mudimeli have given Coal a pre-condition that they should be relocated to another area with adequate infrastructure such as schools, clinics, roads, electricity prior to any mining commencing in Mudimeli village.

The concerns were raised by community members through interviews and provided exams of environmental dangers created by historic mining operations which mirror concerns that were raised through the survey phase (Cf. Chapter 5: Sections 5.2 and 5.10) by mining employees and community members. In all respects, mining operations are deemed to negate environmental interest during and after their operations.

Photo 5.9 Aerial view of Mudimeli village
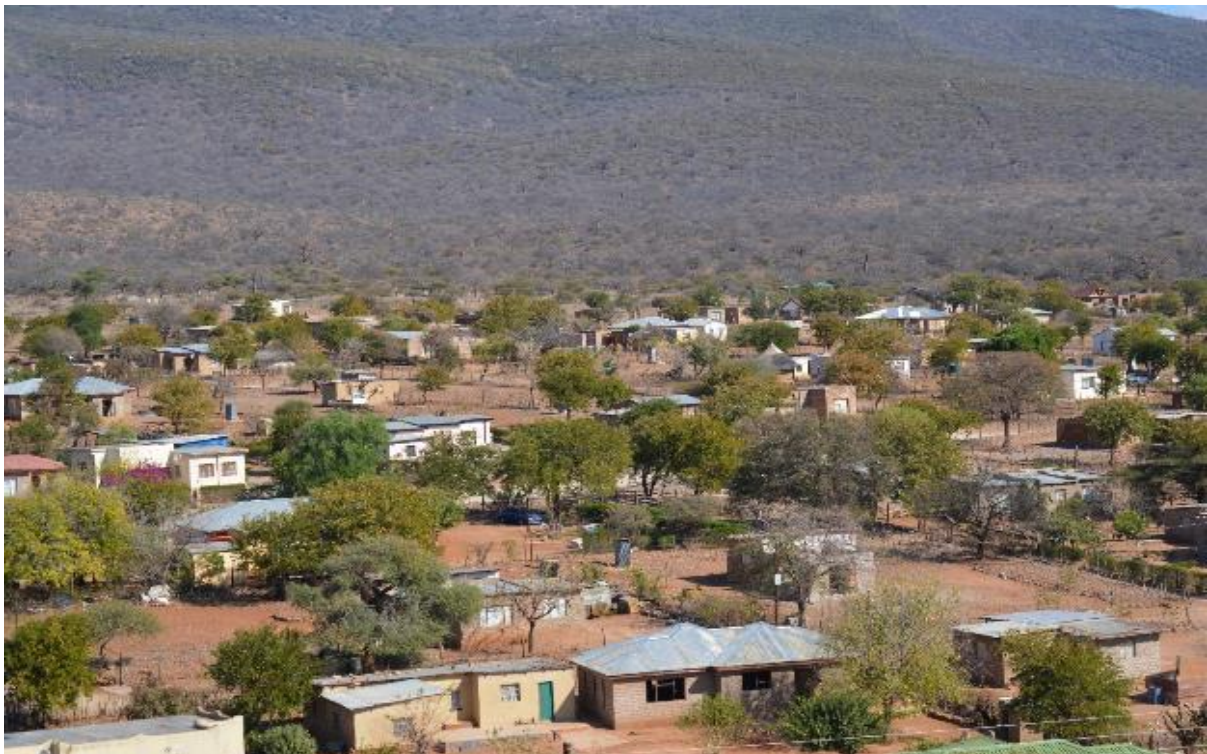
Photo by Keabetswe Modimoeng 2015

Houses are built on top of coal reserves and the community wants to be relocated to avoid the cracking of houses and dust problems linked to opencast mining.

The direct verbatim that supports the relocation claim:

"…We are not saying the mining mustn't take place. It must take place but things must be followed accordingly. Relocation must be there. They must relocate us, and our graveyards must be relocated also. And they must take us where there will be development. Water should be there. Basics like water, electricity, roads, toilets all that stuff must be there."

During the pilot phase of the study in eMalahleni, the issue of sinkholes featured prominently as the main environmental concern and the same concerns were raised later at Carletonville. Communities lament the reality that during mining operations and years thereafter, they are left with sinkholes that expose people and animals to danger and destruction agricultural activities.

On the environmental destruction at eMalahleni, a respondent had this to say:

"…I mean you can't drink water in eMalahleni. It is contaminated. Each and every stream is contaminated. Witbank, Delmas going down it used to be a very good agricultural land. You remember there was in the news whereby the Gupta connected companies, mining. They were mining without a water license. And this thing is continuing. They are untouchable these people. You go to Witbank, we still got sinkholes. Children are dying in those sinkholes. This matter has been reported to government, to DMR, they are not doing anything to close those sinkholes by these mines. Even there was some other companies abroad who was willing to come and assist to start a project of how to close those sinkholes. No one was interested because there was money that was supposed to come from these mines."

In a separate interview, adding to the environmental ruin brought by mining, another respondent said:

"…In the meantime you don't enforce any of the rehabilitation. I said to this guy (government official), I said 63% of Mpumalanga is now subject to mining rights applications of some descriptions. In fact there is no longer enough clean land available in Mpumalanga to create offset areas where you can't mitigate the environmental impacts. No longer enough.

I said you can't have a situation where the entire country eventually looks like an upside down 'meerkat' village. Holes and barrows all over the place just because in somebody's mind is this idea that 'yeses man look at how much money Cecil John Rhodes made and how much money the Oppenhimers made, and look at Patrice Motsepe geez look at how much money they make'. And that is going to continue now and everybody is going to apply for a mining right."

Photo 5.10 A visibly burning sinkhole in eMalahleni, about 300 metres from the community residential area and 100 metres within the cattle grazing fields

Photo by Keabetswe Modimoeng 2015

The post-mining environmental woes were also cited by respondents in Tshikondeni village, on the foothill of previously Exxaro resources-operated Tshikondeni Mine. Residents lamented that the health hazards presented by open cast blasting operations and how it affects all community members regardless of whether one is employed by the mine or not.

The direct verbatim in relation to dangers of opencast mining:

"…The other issue is the mine dust. You cannot see it with your eyes but is affecting us. Especially now that we are approaching August. But the moment you inhale it, it goes to the lungs. If we can be all checked here, we can find some more people having TB diseases."

"…When August comes, we have that problem because of the stockpiles that are left there. Open cast is too dangerous. E bolaya le batho ba sa berekeng mo mine. [Open cast mining kills even people who don't work at the mine. Ba ba berekang mo mine ho

betere ka hone ba fumana treatment ka sepetlele. [Those working for the mine are better because they can receive treatment at the mine hospitals]."

Photo 5.11 Heap of un-rehabilitated coal waste stockpiles at Tshikondeni Mine

Photo by Keabetswe Modimoeng 2015

Community members complain that the dust from the abandoned waste spreads through their homes during windy seasons, putting them at risk of dust-related diseases. This is despite the legislative requirements compelling mining companies to perform continuous maintenance and rehabilitation post mining activities.

The findings suggest a contradiction with the provisions of the Mining Charter with regards to environmental care as part of ensuring a sustainable development approach in mining, (Cf. chapter 2: Section 2.12.1).

5.4.1. c) Theme 3: Competition for water resources

Mining activities largely rely on the same resources needed by community members for survival, the most vital being water. The water issue is most central to the Mudimeli community's rejection of mining operations. According to the respondents, and based

on their engagements with Coal, there is a severe shortage of water in the Mudimeli area, with mining operations certainly heightening the water shortage problem.

The community has urged Coal to indicate where they would draw water for mining operations from, without reliance on neither the already constrained borehole system nor the much-preserved Nzhelele dam, which has completely dried twice in the past 25 years.

The direct verbatim from the first respondent on the water scarcity issue:

"…Then we raised our main issues about how this thing is a negative impact us. Talking about what I started with by stating Venda depends on these mountains. Now the main reason why we are objecting Coal of Africa, if Makhado colliery can get that water license, to mine those mountains, those mountains if you go there to Mudimeli, they are the mountains that are the watershed area. And they work together because one river starts and goes to next the other river. And they are going to finish the water. The main reason is about water. Water is life, and we cannot sit and not object the mining plans because mining goes with water.

"…And if they finish water, there will be no life. If they finish water there will be no life for anybody. What about us? What about the animals? Like the Venda people we cannot live without cattle. Cattle is part of our spirituality, and cattle is also part of our life. And if we lose the cattle here in Venda there is no life."

Photo 5.12 Nzhelele Dam which has dried twice since 1991

Photo by Keabetswe Modimoeng 2015

Community members are opposed to Coal drawing water from the dam for mining operations. By the time of the survey, Coal had already received the mining license from the DMR but still lacked the water license from the Department of Water Affairs. The community pinned its hopes of rejecting mining activities on the water license not being issued.

Another respondent, who is both in academia and agriculture in the area said:

"…And I mean they don't even know where they are going to get enough water for the mines. And I mean they admit it. It is not even what we are saying, they admit there is not enough water. And they come up with all the fancy plans of where they going to get the water from. And now I'm talking about a water expert that was a consultant at the meeting, and one of his proposals was 'but we just going to raise the Nzhelele dam wall."

"…Right, you can raise that dam wall until it gets to the heaven but if it doesn't rain in the area the dam will never be full. And the Nzhelele dam in the time that I have been in the area, which is since 1991 has been empty twice already. Totally empty. No water. So, that dam is going to be empty in future as well. I mean that's just a fact. So where is the water going to come from?"

"…Dry twice without mining activities. That's the scary part. One miner told us they use 4.2 million liters of water per day. So the question is, what then? Suddenly when there is no water then decide to close the mine? No they not gonna do that. They going to pump up this area, they going to pump all the water because they won't close the mine because of the dam that is dry. They will pump it from underneath. That is where it is going to come from."

"…And like one guy told them at the meeting. I can get the water now let's say at 20 or 30 meters. When the mining takes place how deep will I have to drill to find water? 100metres, 200metres? I mean most of the local farmers haven't got that kind of money to start drilling at 200 or 300metres to start finding water to look after their cattle and whatever."

"…So, what's going to happen? No no, you know what I mean. Then the water expert tells you we going to raise the dam wall. Like I said you can raise the dam wall until it gets to heaven. If it doesn't rain then there is going to be no water. The dam wasn't empty for nothing because it lost water, the dam was empty because it didn't rain. It needs to rain for the dam to fill up. It's nice when the dam has water. And the dam has quite a lot of water at the moment. But I mean there are times when the dam hasn't got water."

The water scarcity even around residential areas has resulted in some within the Mudimeli community who afford to drill boreholes in their yards selling 25 liters of water at about R2.00 to fellow villagers.

Another respondent spoke on how some farmers' were threatened, while raising concerns about the water shortages in the area:

"…Now some farmers were threatened that they would lose their farms if they don't forfeit part of their water rights to Coal. There is a political hand behind this. All of them signed a document saying Coal can go get water from the Nzhelele dam. Can you imagine that you can come from outside and can take water from the Nzhelele dam, in a water stressed area where some of the communities also don't have water to

drink. It's completely criminal. If you go to Mudimeli now and try see if you can find water in the village there in people's houses- there is no water."

The water-related challenges affecting communities are not new to mining. They continue to manifest in various forms. The water case of Blyvoor community in Carletonville discussed in the literature review chapter (Cf chapter 2: Section 2.7.3.2), bears reference. In that case, mining activities have seized and the community does not have provision of water.

5.4.1. d) Theme 4: Stakeholder consultation on mining operations

A key research finding across all respondent communities is the issue of community consultation on mining development issues. Community members feel that they are not given an opportunity to determine the kind of developments best suited for their areas and accuse the mine of unilateral decision-making on their behalf.

In Makhado, the Mudimeli community is outraged over sentiments that Coal does not consult the community sufficiently, and when it does, it is not done in good faith. Asked whether the Mudimeli community would, given the current state of affairs between Coal and the community, accept the mine, one respondent vowed:

"…Not at all. Not at all. As long as consultation has not been made the right way, we are not going to accept that. And the community here, to tell you my friend, the community here is prepared. Whoever can come and say mining is starting now, we are prepared to stand against that decision of that particular person tooth and nail. We rather die."

Another respondent, interviewed separately at a different time and venue said this regarding Coal's consultation of locals:

"…And the other big thing of course from my perspective is just how they go about to consult people. They have got a tendency to say they consult with locals and with people within the area, but they very seldom listen to criticisms. And they eventually exclude people that are critical towards the mine and only focus on people that have got positive things to say about the mine."

"…So objections, criticisms against the mine are rarely addressed and are never taken seriously. And also now they go about to convince government departments to say

'look we have done the consultations, people have participated and everybody is in favor of the mine."

"…And I don't know if you are aware of that division that they created within the Mudimeli community in terms of the election that they held to decide who is the chief and who supports the mine and not."

The issue of community consultation by mining companies is not a straightforward one, as people will often have differing views on a particular matter from time to time. When is consultation insufficient and when is it enough?

A mining executive had this to say on the community consultation issue and their experiences in this regard:

"…Indeed we really believe in co-creating with our communities, and of course with our employees and unions and with all our greater Lonmin communities. That is an intended aspiration that we will continue to have. And that also includes local government. So local government usually have the LEDs as you know, Local Economic Development plans. Communities have their own views of what they want. I think one of the major challenges one faces with most communities today is that they are divided. So when they are divided, there is not one voice which says this is what we want. If you were to leave the community alone and say come up with a plan, agree, and that's what I will do."

"…When you have delivered on it, it is the 7% or 1% of community which didn't agree in building that clinic, who will be the voices of the community. Everybody who is enjoying the clinic keeps quiet, because they are enjoying it. So the challenge with communities is really saying, we have heard you, and we can also appreciate that is really the need in this area."

"…Team up and collaborate both with communities, civil society, with everyone in the greater Lonmin community, with local government and with national government and make sure what you are doing is for the people to help. And most times we find that whatever you do, there is a minority who don't like it, and who suddenly say 'but that is not what we want here right now. We want a bakery'. Or 'no-no we don't need these toilets. We actually just need a road'. But the challenge of democracy is that the

community's majority would have to participate in it and say this is what we want. And sometimes is the minority in the community who will end up saying 'but that's not what we want'. And everybody else forgets the majority who said we wanted this. So I think those are the realities of managing the expectations with communities which remain a challenge today."

Another mining company executive outlines the evolving nature of how they have been handling community engagement in relation to legislation and other spheres of government. The direct verbatim from the respondent:

"…Look, I'm am sure you are quite aware that there used to be a very structured approach previously. We were obviously Goldfields and our approach was aligned to the DMR's approach which said you needed to approach communities via your local municipalities. We felt the need as Sibanye since we became a company about two years ago- the need to optimize that noting the challenges faced by municipalities.

"…So yes we do rely on engagements with local municipalities to understand community needs but we have actually began now to interact directly with communities via community representative structures. Obviously, it is still early days, and obviously you know the complexities in communities in a sense that you have got to balance the municipal expectations as the voice of the people vs pursuing direct engagement with the community. I mean both have their own pros and cons in a sense that with the municipality you then come out with a structured document called the IDP, out of which the DMR prefers to draw out their SLP project. But on the one hand, for me while there is benefit in understanding the community needs there is also the risk that you could bypass. You might just have people whose interests are different and they might now create parallel structures. So it is a careful balance I think, that you need to balance but safe to say we are trying and it is still early days as I said to engage directly with communities. Whether we are successful or not the jury is still out."

Based on the findings in this chapter, communities are advocating for self-determination of mining processes regarding CSR engagements in one form or the other, (Cf chapter 5: figure 5.11 and 5.15). In Carletonville (94%) of community respondents would prefer direct community engagement to be conducted through mass meetings while (74%) in Marikana prefers CBOs to represent.

5.4.1. e) Theme 5: Lack of legislative enforcement

From the fieldwork survey, respondents from various backgrounds hold a view that South African mining legislation is good and well-crafted, however it lacks 'implementation' and 'enforcement'.

Responding to government's track record of enforcing mining legislation, a respondent who is a senior mining union leader had this to say:

"…NUM's view is that the legislation is enough. What needs to be done is implement. We are very weak in implementing these good laws of our country. There is no follow up, these mining companies act with impunity, and nobody says anything. For example, we hear that instead of taking action against those who have failed to meet the requirement of the Mining Charter the minister decides to go to court as if there is nothing he can do about it himself. He wants a court to instruct him what to do. That is unacceptable! The laws are enough."

"…As I've said, we have got good laws, but we fail in implementing these laws and I'm not sure whether the government is not aware of such shortcomings. But the laws are there, license should be taken where laws are not adhered to. Unfortunately, that is not the case. Maybe it is our democratic system that doesn't allow for such license to be taken but we feel that in as far as that is concerned the government is failing us."

Another mining union leader had this to say on the mining legislative enforcement in South Africa citing Lonmin as an example of non-compliance:

"…Show me anywhere that the mining licenses was revoked. I mean with this Lonmin massacre why the license was not revoked? They made an undertaking of building 5000 houses they only build how many? Three houses. What happened? There was no consequences around that? It is not only Lonmin. It was the first time in the history of unionism in South Africa that AMCU with AIDC that has raised the issue of price transfer and tax evasion. There was no other union. We raised in the 5months strike but what did the government do with all those tax safe havens, I mean in America, the Bahamas connection where Lonmin was taking money and transferring abroad with no consequences?"

The sentiment over none enforcement also goes with perceived patronage, political interference and corruption between the mining companies and senior government officials. To this effect, questions were raised on how Coal was granted a mining license in the midst of so much community discontentment. The direct verbatim from another respondent in the legal fraternity on the issuing of Coal's mining license citing political interference:

"…Absolutely! Absolutely without a shadow of a doubt there is political interference. I know there is. I've been told there is by a person in the DMR who simply had the file taken away from her and a month later the mining right was granted. Without a shadow of a doubt there is political interference. There can be no other explanation for the fact that authorities have granted these people concerns under circumstances where their own version their applications are fatally defective."

Using the Exxaro's Tshikondeni mine aftermath as an example to corroborate non-enforcement of legislation, the respondent went on to narrate a meeting experience he had with the DMR regional manager in Welkom, Free State:

"…And Exxaro is a proper mining company, a proper mining company but you look at the mess they have left there. Now what do you think these clowns are going to achieve- Coal? Exxaro is actually still notionally solvent. Coal is hopefully insolvent. What do you think they are going to live there? That's a joke."

"…You will not find a single closure certificate for a mine that has stopped mining in this country. Not one! I had a meeting last year October with the DMR regional manager in Welkom. Now he wants to see me because there is all these applications that are opposed and blah blah. I said no I am not driving to Welkom to see you. If you want to meet with me lets meet half way in Parys."

"…I promise you, I met with him for 3 and half hours. Have you been to Parys recently? Have you see that the main road has been destroyed by mining lorries. I said you are the regional director for DMR, how was your journey to Parys? He said 'it's difficult'. I asked him did you see that the main road through Koppies has been destroyed? He said 'yes'. I said do you think by bicycles or wheelbarrows or by mining lorries?"

"…Where in any Social and Labour Plan submitted by those mines did they predict the impact on Parys's domestic economy if they destroy the main road to that town? Please show it to me. No no its not there. But it should because practically we see the impact now. There is an impact. Hasn't been taken into account. I said what meetings have you had with the MEC for roads in the Free State to fix this situation? No he hasn't had. Shouldn't you have had? Well he supposes. And I said how many mining rights have you granted in your office? He said 'a lot, many, hundreds."

"…I said: and closure certificates for mines? He starts laughing. I said you know the answer as well as I do. You haven't granted one. I said now how is it that you grant right under the act but you don't enforce the obligation? How is that balanced? How is that fair to the rest of the people? Who derive no benefit from these mines?"

The mine workers and communities' views that mining legislation is not enforced also come out strongly in this chapter, where the majority held a view that mining licenses of non-compliant companies should be revoked as a way to force compliance.

Mineworkers expressed the importance of revoking mining license for non- compliant companies (Cf chapter 5: Section 5.5.4), with a combined (78%) of Marikana and Carletonville workers holding such a view. The finding thus indicates the agreement by mineworkers and community members on the lack of adequate enforcement of mining laws.

5.4.1. f) Theme 6: Nationalisation of mines

The question on nationalisation of mines has attracted different views across the vast spectrum of South African society including political organizations (Cf chapter 2: Section 2.10). Participants to this research also hold a variety of views regarding the nationalisation debate. The findings in this research show how various mining stakeholders understand the concept of nationalisation and reveals their attitude towards this debate.

Verbatim response on the issue from mining trade union respondent holding a view that South African mines are already nationalised. What often lacks behind is implementation:

"…Well the view of the NUM is that we are there already in terms of nationalisation because the legislation says it very well that the government is in control of the minerals. Now if you want them to be given to particular individuals to prove that it is nationalisation, it is not what we regard as nationalisation."

A similar view to the one above on nationalisation came from a mining executive who elaborately argued:

"…I would like to express my personal view in a sense that there is no clarity firstly on what we mean by nationalisation, because already in my view the fact that the minerals belong to the people, and the government is the custodian of the rights on behalf of the people. Already, by definition, that is nationalisation. However, there needs to be a recognition and I think that is why I am saying there is no clarity on the debate. There needs to be recognition that much as the state can hold, or the people in this case and I am referring to the mineral rights, can hold the mineral right, for them to be exploited they need to take a commercial approach to exploiting those mineral rights."

"…And therefore it makes no sense to take a venture like mining which requires commercial approach, and take a socialist approach to it, given the technical expertise required, the financing required. This is driven by private funding. That's just the long and the short of it. And here I'm not even going to talk about the likes of Petro SA, the diamond one, the government diamond company- I forget the name, but along the lines of Petro SA and all of them. They are where they are because in my sense much as the state held the resources, they should have ran the assets from a commercial basis.

"…So I really think we are already nationalised at a philosophical level, in fact not even at a philosophical level. We are already nationalised at a practical level. We are already nationalised. That we now want to further nationalise from a commercial perspective I am not sure how that takes anybody anywhere. Because where would the country get those resources to run the mines? And I'm talking skills. I am also talking capital. I mean just sinking a shaft. For the first 10 years you see nothing. Sinking a new shaft. Can the government afford to pump money into that? Not really. So my personal view is, nationalisation is misunderstood.

"…I am not even suggesting I am right, but if the state already holds the rights what more is there to nationalise? Like I said it is my personal view and I hope proponents of nationalisation would one day go beyond rhetoric and be very clear on what they mean and also begin to challenge the fact that if the state owns the rights is that not nationalisation already? Is it not national assets?"

The issue of whether government has the necessary financial capacity and expertise to run state-owned mines was raised by another respondent who argued since government currently benefits from mining taxes, it should perhaps focus on increasing the tax percentage than taking the operational responsibility.

Verbatim account on the government's perceived lack of capacity to manage nationalised mines:

"…So the empowerment as I've said can be effected from different levels rather than just equity ownership. So the question of nationalisation should be looked at with this background in mind. Because firstly mining operations are complex and need lots of capital. So if you take on a mining concern, as a going concern and nationalise it, that presupposes that you are going to manage it efficiently. Efficiently such that you produce surplus, you still produce profits because you must plough back, you must recapitalise, and you must do development which implies sinking new shafts and doing the tunneling and all of that infrastructure."

"…So two years ago when the Limpopo department of education failed to deliver books to leaners, people could very easily ask the question: would you have the capability to run a mine efficiently and successfully if you can hardly deliver books to schools? That is the question. Because those who are calling for the nationalisation of the mines, because you can hold equity and not get involved in the management and running of the mines. So that you get revenue through taxes and so on. But nationalisation seems to be something that excites people who have no idea of how a mine can be efficiently managed. If you haven't run a corner shop, you can't take over a mine. And of course the manner in which parastatals are managed now, doesn't inspire confidence that we could have the skills to run mines successfully."

The findings relate to debates brought forward on nationalisation of mines (Cf. Chapter 2: Section 2.10.1), particularly in a published opinion piece by South Africa's Deputy President Mr. Cyril Ramaphosa.

5.5. CONCLUSION

5.5.1 Conclusions on mine workers survey

The sentiments of the surveyed mine workers regarding the practice of CSR in the mining sector are those of doubt and dissatisfaction. Majority of the mine workers hold a view that mining companies invest in community development and CSR merely due to legislative requirements (Cf. Chapter 5: Section 5.2.4c). On the transformation front, mine workers also believe the slow pace of workplace transformation and the implementation of government's affirmative action (Cf Chapter 5: Section 5.2.7) policies illustrates how the mining companies are not committed to development.

It is within the context of slow transformation pace that workers believe they continue to be underpaid and as a result view wage related protests as an effective means to achieving their goal. The significance of the mine workers' views is also on the consideration that they still prefer to see CSR investments and broader community development regardless of the continuous remuneration derived from the mine. This means the workers have strong sense of separation of issues between what the mine fulfils from a labour relations perspective and what should be delivered as CSR.

Mine workers acknowledge their privilege of benefitting in dual terms from the activities of the sector- both as workers and also as part of the community in which CSR investments take place. The deadly Marikana protest cannot be reduced to wages only, but to the overall CSR deliverables which could have potentially mitigated the steadfastness on the demands by the Lonmin workers.

5.5.2 Conclusions on community survey

The findings of the community survey highlights major areas of differences that the community members in Marikana and Carletonville have on mining related CSR. Their living conditions explain these differences as reflected in available or lack therefore of the housing, poor road infrastructure and important amenities like clinics and schools while many remain unemployed. The views of Carletonville community respondents should also be seen within context that mining activities in some parts of Carletonville are winding down as some mines have already reached the end of production life over the past years, leaving behind a trail of destruction as seen in photo 5.7 above.

The findings show a distinctive mistrust by community members' towards mining companies and local municipalities which may explain the surge in community protests against mining companies. A population influx into mining communities in pursuit of better opportunities results in informal settlements, which in turn are not catered for in the municipal budgets, and increase the social responsibility scope of mining companies.

Surveyed community members lamented high levels of corruption, nepotism and lack of transparency as the main deterrent to community development and have as a result, in the case of Marikana called for the scrapping of CSR in its current form and be replaced by more job creation opportunities. The Marikana August 2012 shooting incident was used by respondents across all regions to justify their views on calling for community-based mining ownership to effect development.

Communities demand more consultation on mining issues in their areas, as they want to understand the implications of mining in the environment as well as the knowledge that non-compliance is viewed in a strong light by government, with punitive measures.

A lot can be deduced from the Mudimeli communities' objection to mining. This objection to an establishment of a mine goes to show that people's unemployment plight is not reason enough for the community to allow mining activities in their backyard, if they believe that mining would thrive at the expense of environmental sustainability, health and social well-being.

5.5.3 Conclusions on union leaders and mine management interviews

The findings from the interviews with community members and mine managers illustrate the huge disparities in views between the two stakeholder groups. Primarily on the issue of consultation and the determination of how much consultation can be regarded as enough. In the view of mine executives (Cf 5.4.1. d), the consultation issue is also complicated by the divisions which exist within communities resulting in opposing groupings even when community consensus has been obtained.

On the other side, NGOs feel there is lack and reluctance of legislative enforcement on the side of government and the only opportune moment to bargain is during mine development stages. This approach can be directly attributed to the Coal of Africa impasse in Makhado. Contradicting views are also noticeable on the debate around nationalisation of mines where mining executives question the capacity of government to manage mines which on the counter community formations feel nationalisation would benefit the broader society more meaningfully.

The major difference that this chapter brings to light is that it provides a living experience with narrative expressions of concerns and frustrations raised by the various stakeholders regarding their day-to-day CSR experiences within mining communities. Narrative data is also provided in this chapter to back up reasons behind the initial theoretical assumptions of the study.

The next chapter (Chapter 6) looks at the outcomes of analysis and its relevance and implications against policy, practice and theory.

CHAPTER 6

DISCUSSION OF RESULTS

6.1 INTRODUCTION

This chapter looks at the outcomes of the analysis and its relevance and implications against policy, practice and theory. The chapter also positions literature and examines how it relates to the findings by highlighting the significant areas of agreement and disagreement between the finding and literature.

6.2 ANALYSIS OF RELEVANCE OF STUDY

The study proved relevant as it uncovered a case in point where lack of sufficient community consultation and historical bad experiences has resulted in the halting of mining operations by Coal of Africa mining company in Mudimeli village, Makhado (Cf. Chapter 5: Section 5.4.1. b). The lack of consultation resulted in lack of consensus with communities citing environmental exploitation, health hazards, and economic benefits in the form of CSR and jobs as their main concerns. The bad experiences suffered by nearby mining communities, such as Tshikondeni strengthened the resolve of those in Mudimeli to stand their ground. The study further illustrated the heightened levels of community awareness, expectations and activism on mining CSR.

The halting of mining operations in Mudimeli community can be viewed as a lose-lose situation for both the local community and mining company. Through mining activities-presumably adhering to the SLP legislation, there would be jobs for local community member, CSR investment in the communities and profits for shareholders in the mining company. Due to inadequate community consultations, the communications vacuum is occupied by the various activists' organisations within the community who have positioned themselves as opinion leaders on environmental preservation and social development matters.

With regard to the stakeholder theory, the study illustrated the preference of community members in wanting to know the role played by each stakeholder in mining operations particularly in relation to community development. During the data collection phase, high levels of discontentment was expressed around the relationship between mining companies and local community leaders- be it traditional leadership or municipal councillors.

The plight of the community members in Carletonville post-mining activities also served as a pressure point for demanding urgent provision of services through CSR. The study also highlighted the correlation between heightened community concerns, resulting in protests with a rise in labour related strikes- and vice versa. It is important to note that workers are members of the community before being workers as they reside in the same mining communities and as such occupy dual roles within the stakeholder theory segmentations.

Central to the research finding around the much-needed community consultations, is the importance of ensuring that CSR investment are relevant at all times, and aligned to actual community needs. In all research sites, community members expressed their overwhelming desire to have a say in what CSR Investments are made and the sequence thereof.

The study is also relevant as it highlights the economic losses suffered by mining companies because of strike actions. The financial losses then translate into lesser CSR budgets as they are determined by a percentage of total profits. The irony is that strike actions are led by mine workers who- together with their friends and families are also part of the same communities which stand to benefit when CSR projects are rolled out. This contradiction is what in some instances creates a rift between locals and migrant labourers, where migrant labourers are accused of destabilising local economic development with the attitude that their family members are in other provinces or countries.

According to Campbell (2007), as cited in chapter two, corporations will be less likely to act in socially responsible ways when they are experiencing relatively weak financial performance and when they are operating in a relatively unhealthy economic environment where the possibility for near-term profitability is limited.

6.3 IMPLICATIONS AGAINST POLICY

As depicted in various photographs in chapter 5, with specific reference to photographs (5.3, 5.7 and 5.10) there were various forms of environmental pollution witnessed throughout the study. Contrary to the provisions of the SLP legislations (Cf. Chapter 2: Section 2.12.1), there are a number of un-rehabilitated sinkholes in eMalahleni, Carletonville and un-rehabilitated mine dumps in Makhado as well as heaps of abandoned hazardous coal waste in Tshikondeni. Workers and community respondents expressed huge degrees of non-compliance by mining companies to the SLP legislation particularly around post-mining rehabilitation and the lack of punitive measures by the government against transgressors. This lack of punitive measures is what some respondents speculatively attributed to the 'corrupt' relationship between mining companies and government officials as well as local traditional leaders.

The excessive water bill by Blyvoor mine on Carletonville resulted in the municipality cutting water supply to communities (Cf. Chapter 2: Section 2.7.3.2). These are the same communities surveyed in the study and continue to battle environmental hazards left by un-rehabilitated mines and abandoned mine houses- giving rise to criminal activities and illegal occupation.

The abandoned and un-rehabilitated mines leave out a clear disconnect between what policy says, Sustainable Development and Growth stance of the Mining Charter:

Mineral resources are non-renewable in nature and thus any exploitation of such resources must emphasise the importance of balancing associated economic benefits with social and environmental needs without compromising future generations. This will involve; improvement of the industry's environmental management, industrial health and safety performance and stakeholder undertaking to enhance the capacity and skills in relevant South African research and development facilities in order to

ensure quality, quick turn-around, cost effectiveness and integrity of such facilities. To this end, mining companies in South Africa are required to utilise South African based facilities for the analysis of samples across the mining value chain.

There is a huge shortage of housing for mine workers in all the surveyed communities, (Cf. Chapter 5: Section 5.2.2.a) in relation to both Marikana and Carletonville. Such a situation of mining operations being surrounded by un-electrified shacks with untarred roads and no running water is also inconsistent with the housing and living conditions requirements of the Mining Charter which is meant to ensure human dignity and privacy for mine workers is attained as opposed to the dehumanising system of single sex hostels.

In this regard, the Mining Charter states mining companies should ensure the following in improving the housing and living conditions for mine workers:

- convert/upgrade hostels into family units;
- attain the occupancy rate of one person per room;
- facilitate home-ownership options for all mine employees in consultation with organised labour

6.4 IMPLICATIONS AGAINST THEORY

Chinyio and Olomolaiye (2009) notes stakeholder management theory dictates that an organisation should relate with many constituent groups and should engender and maintain support of these groups by considering and balancing their relevant interests.

The findings on the impasse at Mudimeli village (Cf. chapter 5: section 5.4.1. c) corroborate the stakeholder engagement theoretical position stated by Lindgreen (2012) that conflict is not unusual in stakeholder engagement processes. When firm and other stakeholders come together around important issues, traditional assumptions that social agendas and profit goals are incompatible may surface. Many of the engagements among stakeholders are highly adversarial, with each party blaming the other for the problem.

Essentially the Mudimeli community sees CoaL's approach as the main barrier to the commencement of mining activities. On the contrary, CoaL holds a view it is the community's steadfastness on environmental and CSR demands that hampers progress.

The dynamics around stakeholder theory and how conflict often surfaces are also reiterated by Lonmin executive, interviewed in this study who cited the difficulty to establish at what stage does consultation become enough. The other challenge expressed was a situation where the minority who oppose particular developments within the CSR space, publicly express their dissatisfaction to a point where it is perceived to be the view of the majority.

Although the study did not find any tangible evidence of corrupt activities, there were wide ranging concerns about the supposedly corrupt relationship between mining companies and traditional leaders or municipal leadership (Cf. Chapter 5: Section 5.4.1. e). Such concerns around corruption are also contained in the critique of the stakeholder theory. Fernando (2009) notes stakeholder model stands accused of opening up a path to corruption and chaos; since it offers agents the opportunity to divert wealth away from shareholders to others, and so goes against the fiduciary obligations owed to shareholders (a misappropriation of resources).

The concerns around corruption have also contributed to the formation of various community-based organisations with the aim of having community members advancing their views directly with mining companies in their localities. The findings (Cf. Chapter 5: section 5.3.8. c) illustrate the desire of the majority to have CBOs as their negotiation structures based on the notion that "CBOs are made up of community members and such they are best placed to advance community interests".

The CBOs approach is also consistent with the CSR theory (Cf. Chapter 2: Section 2.4) as it contends that corporations will be more likely to act in socially responsible ways if there are private, independent organizations, including NGOs, social movement organizations, institutional investors, and the press, in their environment who monitor their behaviour and, when necessary, mobilize to change it.

In light of the dependency theory, the historical reliance of neighbouring countries on the South African mining industry for large-scale employment is somewhat still prevalent. In the South African mining context, where mining has been a leading economic driver for over a century, Graaff (2007) noted the economies of countries such as Lesotho and Mozambique revolved entirely around providing migrant labour to the South African mining industry.

As a result of the continued existence of the migrant labour system, the study made provision for neighbouring countries in the demographic section of the questionnaires over and above the nine provinces of South Africa as failure to do so would have amounted to an exclusion of critical labour sending areas.

6.5 IMPLICATIONS AGAINST PRACTICE

The inconsistent application - practice of CSR in relation to policy and theory discussed above could be attributed to the levels of mistrust towards mining companies expressed by community members and mine workers towards traditional leadership, municipal leadership as well as mining company bosses (Cf. Chapter 5: section 5.3.9. a)

Through the rise of community civic organisations, the developments in a particular community are easily known and communicated widely through the use of social media. An example of this is a MACUA Facebook account which has about 4800 members and over a thousand photos uploaded largely on environmental and social effects of mining on communities. This simply implies if mining companies leave un-

rehabilitated mine dumps in Carletonville, it is easy for all other mining communities to know about it and such knowledge is more likely to influence their attitude towards mining companies.

Throughout the study, it became apparent that the way CSR is implemented or the lack thereof sets a precedent. Carletonville is also a good case in point, whereby other areas such as Wedela and Fochville are still mined while sections of the Blyvoor community have long reached the end of production life- culminating to the 'ghost town' status. Such experiences have informed community members' attitudes and trust levels resulting in a sense of urgency as far as CSR demands are concerned.

Another interesting development was when the community members in Mudimeli volunteered themselves to accompany the researcher to Tshikondeni village as a way of justifying their stance against mining activities in their area (Cf. Photo 5.11). Such anecdotal referrals go a long way in proving the interconnectedness between CSR and community attitudes towards mining activities.

The implications of Exxaro's CSR practices in Tshikondeni have a direct bearing on CoaL's social licence to operate (Cf. Chapter 2: Section 2.11.1) within the Mudimeli community. It is worth noting that these are two unrelated companies in terms of ownership but their actions or inactions in these two different communities have a negative economic bearing in the progress of the other.

Mining communities are also not without shortcomings in this regard. Some of the respondents did not seem to have tangible aspirations of what the mining companies should do as part of CSR, nor the understanding that CSR is not a substitute for government responsibilities.

6.6 CONCLUSIONS

This chapter looked at the discussion of significant results in relation to what literature says. The focus was to illustrate what the study found and what it means in terms of theory, policy and practice and whether the findings affirm or refute the literature. In some instances, the findings corroborated with literature whilst in some provided contradictions.

The analysis of the relevance of the study also provided an opportunity to narrate the contemporary issues around mining community disputes such as the Mudimeli community's halting of mining operations, and the post-mining environmental and social destruction in Carletonville and eMalahleni.

The next chapter (Chapter 7) draws conclusions from the entire study. The chapter assesses all the research aims and objectives, discusses the significant contribution of the thesis and further makes recommendations for among others, policy intervention and future research opportunities.

CHAPTER 7

CONCLUSIONS AND RECOMMENDATIONS

7.1 SIGNIFICANCE OF THE TOPIC

This study examined the effects of CSR on community dispute resolutions in the South African mining sector. The current mining disputes are centred around the following major issues of contention between government, mining houses and community stakeholders:

- a demand for a living wage,

- upholding good environmental practices,

- improvement of the conditions of lives or beneficiation of the immediate communities in terms of, among others, basic services provision like water, roads and housing infrastructure,

- community empowerment and share ownership schemes in the mining operations and employment, among other things.

It is assumed that a good mining CSR outlook would mitigate against most of these possible disputes and therefore CSR practices could serve as a dispute resolution mechanism.

The previous two findings chapters discussed substantial points of disputes and the role that the mining sector is playing in the resolution of these existing disputes. Community perceptions and attitudes are an important yardstick used in this research to gauge their sentiments against the mining sector and its perceived implementation of CSR activities.

This last chapter evaluates if the study aims and objectives have been met in light of the existing findings. The chapter also draws conclusions on amongst others the existing mining CSR literature and research processes or methods and methodologies. The last section of the chapter is focussed on a discussion of

recommendations that the researcher draws from the findings for, amongst other things, practical intervention, policy development and policy review as well as future or further research.

7.2 A REITERATION OF THE STUDY AIMS AND OBJECTIVES

7.2.1 The fundamental aims of the thesis were to:

1. examine the relation between mining CSR activities and community disputes; and

2. evaluate the relationship and relevance of existing corporate policies, government legislative framework and approaches to CSR within the South African mining industry

With regard to the first aim, the findings suggest a huge difference in opinion between surveyed communities on the mining communities' expectations and needs with what is delivered as CSR (Cf. Chapter 5: Section 5.3.4.d) on job creation versus CSR question. Some mining companies commend government legislation however criticised by mine workers and community members for lack of implementation resulting in non-compliance.

Given the legislative requirements for mining companies to comply, the mining companies' policies in South Africa are aligned and relevant to the SLPs and requirements of government. The major problem identified was the lack of legislative enforcements for non-compliance.

The researcher also observed that even mining companies with the capabilities to invest more towards community development, end up only doing what is required by legislation. This is supported by Tshikondeni, Mudimeli, eMalahleni and Carletonville observations (Cf. Chapter 5: Photo 5.7 and 5.10) where little or lack of environmental rehabilitation takes place post-mining activities. Such a situation suggests mining companies only meet their obligations during production years to maintain the renewal of mining licences.

The researcher found mining communities to be highly-politicised, contested spaces for various political parties. Unlike ever before, residents and mineworkers are clearer and vocal about their needs and expectation from mining companies although there is no set template on how they can directly and tangibly influence the direction of mining CSR. The dynamics get rifer in villages and areas subjected to traditional leadership as traditional leadership and tribal authority protocol is seen to be undemocratic by some community members. The increased community voice, the formation of community organisations has also heightened calls for accountability by the traditional leaders.

7.2.2 Conclusions on the aims of the study

The aims of the study were adequately addressed by the research findings. In relation to the aims, the research uncovered proper theoretical alignment of companies CSR policies to legislation, but inadequate implementation by companies, and inadequate enforcement by government.

On the second aim, the study findings suggest a need to include community members throughout all stages of CSR management, starting with conceptualisation to implementation. This would create a positive sense of ownership of CSR infrastructure and initiatives by the community.

Derived from the above-mentioned aims, the study had the following objectives:

Objective 1:
Establish how CSR projects and programmes are identified and if such programmes and projects have resonance with the interests and ideals of communities in which the mining companies operate

With regard to the objective one, the trust relationship between mining companies and communities including mine workers in all surveyed areas proved dismal, (Cf. Chapter 5: Section 5.3.9.c). Communities lamented non-proactive consultation on CSR programmes that, according to the researcher's, observation sit at the core of the

disputes between communities and mining companies. They also mistrust the role played by local government structures in mining CSR transactions.

Objective 2:

Establish if CSR programmes and projects have resonance with the interests and ideals of communities

The research finds show that community members would like to have a bigger say on the kind and timing of CSR investments made. Community members feel they are best placed to know which investments should be made in their communities and at which stage (Cf. Chapter 5: Section 5.4.1.d).

Some respondents argue that although infrastructure is generally good for community development, sometimes it may happen that a community prefers to have a school before a clinic, or a road constructed ahead of a recreational facility. This is where they feel consultation would assist.

Objective 3:

Identify the shortcomings in mining CSR activities for improvement by mining companies for the benefit of communities

It is important to note that mining companies' management change all the time while most mining community members spend almost their entire lives in one community. As a result, communities remember every promise made by the mining company over the years, and this serves to erode the trust levels between mining communities and companies when those promises are not fulfilled.

The researcher observed lack of collective communication and planning by mining companies and communities as the main shortcoming of the current mining CSR landscape in the country. The violent protests and legal actions (Cf. Chapter 2: Section 2.8.2) show lack of unity between mining companies and communities. Lack of trust expressed by community members towards mining companies, traditional leadership

and municipalities is a significant limitation in the South African mining CSR landscape.

Objective 4:

Establish whether CSR is regarded as a strategic business management function or is practised solely for compliance purposes

Interviewed mining company executives hold a view that CSR is an integral part of their companies' values and would still implement CSR regardless of legislative requirements. This is in sharp contrast to the views held by surveyed participants, (Cf. Chapter 5: Section *5.2.4.c*), illustrating a belief that mining companies would not voluntarily invest in CSR without legislative requirements.

Since CSR is legislated, in the form of SLPs, it is very difficult to establish whether mining companies would do it without legislative requirements or not. Assumptions may be drawn on the following basis:

- Companies that currently do not comply to the minimum SLPs requirements bring thoughts they would not do CSR voluntarily or without binding legislation
- Companies surpassing the basic current SLP requirements to be those who could still invest in CSR without legislative obligations

Objective 5:

Ascertain if consultative and proactive CSR implementation would in the end save mining companies more money than reactive damage-control driven investments

According to Benchmark Foundation (2015), the mining sector must engage with the communities in which they operate, from the inception of a mine, to the closure of a mine. It is no longer sufficient to have contact with communities in close proximity to the mine, namely only at the environmental impact assessment stage, or when companies try to gain publicity from philanthropic corporate social investment events.

A mining executive (Cf. Chapter 5: Section 5.4.1.d) expressed a view that consultation also seems to never suffice as it often happens that communities get consulted, and agree on various CSR programmes through democratic voting systems of majority rules. Unfortunately, those who disagreed with the majority vote, regardless of their minority standing in the argument, end up protesting against a majority-endorsed decision.

The number of mining related community protests in recent years also shows that mining communities are tired of the slow pace of service delivery on the side of both government and mining companies' CSR.

7.3 CONCLUSIONS ON LITERATURE

The study found existence of sufficient international literature on mining CSR and on mining sustainable development. Various researchers have covered mining developments in countries such as Brazil, Peru, Australia, Canada and African countries such as Zambia, Zimbabwe, Ghana and Malawi.

Existing literature shows that government policies in different countries influence how mining companies perform their CSR activities and the outcomes thereof. For example, in Canada, the government of Canada's expectation is that Canadian extractive companies will promote Canadian values and operate abroad with the highest ethical standards. As a result, (Cf. Chapter 2: Section 2.13.1) the Canadian government has established initiatives to help Canadian companies strengthen their CSR practices and maximize the benefits their investments can provide to beneficiary mining communities.

In India (Cf. Chapter 2: Section 2.13.2), the government aimed for a more direct CSR intervention geared towards the eradication of hunger, promotion of education, environmental sustainability, protection of national heritage and rural sports, and

contributions to prime minister's relief fund. The company can implement these CSR activities on its own, through its non-profit foundation, or through independently registered non-profit organisations that have a record of at least three years in similar activities.

The model of Zimbabwe's Indigenisation and Economic Empowerment laws place emphasises on wealth creation through broad-based participation of indigenous people in economic activity, (Cf. Chapter 2: Section 2.12.3). The Zimbabwean indigenisation laws have resonance with the South African Black Economic Empowerment laws. The ever-evolving nature of CSR (Cf. Chapter 2: Section 2.3) has also contributed to the way mining companies adapt and respond to societal needs in the case of Zimbabwe. However, in the case of South Africa – empowerment laws, as it is the case with environmental laws, are perceived to be flouted at all times by mining companies, with poor monitoring by government being blamed.

Existing South African literature tends to focus more on the interpretation of the Mining Charter and the implementation of the SLPs. The pre-1994 literature contains more labour and trade unionism records, attributed to the lack of legislative obligations of CSR at the time.

With the ever-growing community concerns around mining issues, the evolving South African democratic dispensations, more literature production is bound to ensue in the form of academic articles, blogs and even social media commentary. Mining companies' annual reports, sustainability reports and media coverage forms an integral part of existing literature.

Existing literature both nationally and internationally does not cover community dispute resolutions mechanisms. The approach towards dispute resolution seems ad hoc, and is handled on a case-by-case basis. In South Africa (Cf. Chapter 2, Section 2.8), the rise of civic organisations legal action between some communities and mining

companies as well as the violent nature of community protests, coupled with violent police retaliation, illustrates a lack of clear remedial channel to be followed for dispute resolution.

The existing literature does not respond specifically to the aims and objectives of this study as literature covers more the different government policies, in relation to broader societal contribution by mining companies. Very limited academic literature in the case of South Africa exists on mining CSR and its impact in mining communities. This research therefore addresses an existing literature gap, and future researchers will have a solid basis of referral.

7.4 CONCLUSION ON RESEARCH METHODS

The study employed both qualitative and quantitative methods. The benefits of using the mix method approach were extensively discussed in chapter 4. The researcher found the mixed methods approach more relevant given the broad scope of participants required to answer the set questions. Questionnaires were suitable for, and only administered among mineworkers and community members in Carletonville and Marikana. Within structured questionnaires, some allowance was provided for untimed narratives through open questions in case the respondents wished to articulate themselves more in-depth.

Makhado respondents comprised of community members only and no other stakeholders because the mine (Coal of Africa) is not yet operational. As a result, only semi -structured interviews were conducted. There were no mine workers in Makhado at the time of research.

Throughout the research, mine executives and union leaders were also interviewed through semi-structured interviews, affording them an opportunity to express themselves fully. All interviews, other than questionnaire surveys, were recorded and transcribed.

The researcher also captured the environmental observations through photography, to illustrate the observable findings. Such captions provide visual data that only observations clearly depict, such as housing structures, the nature and state of basic municipal service delivery like roads and water supply.

Overall, the adopted methodologies were highly suitable for this kind of research and yielded very good data.

7.5 THE DISTINCTIVE CONTRIBUTION OF THE THESIS

The thesis brought the following to the fore:

- How lack of community consultation can result in a complete halt of mining activities

- Researched mining CSR activities across various mineral deposits, provinces and most importantly stages of operations.

- The significance of researching various stages of operations is that the study reveal whether mining companies indeed comply with pre-mining, actual mining and post mining activities.

- Proof point 1: communities have the power to health mining activities (Mudimeli)

  Proof point 2: Mining companies do abandon un-rehabilitated waste and dumps resulting in sinkholes

- Proof point 3: community members' needs are ever-changing

7.6 CONCLUSION ON HYPOTHESIS

The study made the following hypothetical assumption, derived from the theory on extractionism:

"Communities do not deem mining houses to be part of the community in which they operate, nor contribute sufficiently towards social development."

The findings on chapter 5 suggest that mining companies are extractionist. The ongoing mining community battle in Makhado, prevalent sinkholes in eMalahleni, as well as the environmental destruction left by Exxaro in Tshikondeni confirm the hypothesis. The Tshikondeni un-rehabilitated coal waste and eMalahleni sinkhole (Cf. Chapter 5: Photo 5.10) suggests the mining companies obtained and exhausted the minerals they were looking for, and had no interests of getting the environment back to habitable conditions for current and future generations to live.

The surveyed participants' preference of CBOs taking over mining custodianship on behalf of the local communities, with the hope that community development would increase as a result, corroborate the hypothetical assumption above.

The research findings on the question of workers' wages and working conditions also suggests the mining industry, after over hundred years of existence in South Africa (Cf. Chapter 2: Section 2.7.1) has been extractionist towards worker's labour contributions. Workers are still defining a 'living wage' in 2015, when most of the country's gold mines are marginal, deep and winding-up operations.

7.7 FUTURE RESEARCH OPPORTUNITIES

Based on the literature reviewed and the fieldwork survey, recommendations are classified into three categories namely; recommendations for practical intervention, recommendations for policy development and review as well as recommendations for future and further research.

7.7.1 Practical and managerial intervention

The following practical recommendations, which are implementable in the immediate and would enhance CSR relations between stakeholders in the mining industry are:

- Government should stringently enforce mining laws and issue appropriate penalties for any non-compliance during all stages of mine life including post-mining rehabilitation;

- To regain trust of workers and community members, mining companies should genuinely commit to the BBBEE and Affirmative Action polies of government. The findings suggest mine workers do not believe companies are doing enough with regard to upholding affirmative action policies of government.

- Greater involvement of CBOs in mining sustainable development decision-making. CBOs are made up of community members and the thinking expressed by participants (Cf. Chapter 5: Section 5.2.8.a) suggest CBOs would as a result be more committed towards community development as it affects them directly. Increased CBOs participation would reduce violent community protests and result in a more collaborative CSR approach;

- Communities should desist from being used by political parties to settle political scores, as seen largely in Marikana during August 16 shootings. The commemoration ceremony is used more as a platform for politicians to trade verbal blows;

- High levels of corruption were mentioned as the main reasons for the lack of trust among stakeholders in the mining sector (Cf. Chapter 5: Section 5.2.8.a). Corruption was also cited as the main reason by community participants for wanting the CBOs to be chief custodian of mines on behalf of the communities. All stakeholders in the mining industry should therefore commit themselves to the eradication of corrupt activities, and improve transparency levels in relation to the concerns raised by participants in the study; and

- Enhance the conceptualising and positioning of CSR as a job-creation strategy to ensure it is not a situation of CSR versus job creation as some participants view it

7.7.2 Policy development and review

Mining CSR in South Africa exists within a legislated space; thus the governing policies need to be relevant and solidified to meet the needs of all stakeholders. The current policy gap is on ensuring the equitable distribution of benefits to all members of the community.

- Communities hold a view they are not getting a fair share from mining proceeds and this prompts them to call for nationalisation of mines hoping for better development outcomes (Cf. Chapter 5: Section 5.2.8. b). Government should look into models in which mining communities would get increased shareholding modelled through legitimate community based- organisations. This, based on the researcher's observations would give a true sense of ownership and communities would most likely take a more engaging approach compared to the current protest-driven approach. With CBOs, communities would have powers to elect and dismiss leaders as they deem fit, and would as a result manage to hold CBOs more accountable;

  Proactive community engagement on CSR implementation should be clearly defined in policy-making with precise measurements and remedial action indications of when it is sufficient and when it is inadequate. This includes investment in alternative industries for communities' survival beyond the mine production years. Research findings suggest the way consultation between mining companies and communities takes place is a mere formality and not necessarily a way of incorporating community concerns and inputs- resulting in situations such as the Makhado Coal of Africa impasse; and

- A policy should be incorporated into mining laws barring the issuing of mining licences when communities are still vehemently expressing discontentment.

The Coal of Africa situation in Makhado (Cf. Chapter 5: Section 5.4.1. b) where a mining licence has been issued to the mining company regardless of fierce community opposition, over the scarcity of natural resources.

7.7.3 Future and further research

During the study process, the researcher discovered other potential future avenues worthy of research pursuit. The following areas are recommended for future and further research:

- Concerns were raised over traditional leaders' role and transparency in mining deals and the extent to which traditional council powers relate to mining transactions. This discontentment over the role of traditional leaders has led to protests, divisions within communities and legal battles, (Cf. Chapter 2: Section 2.8.2). Research should be conducted to evaluate constitutional powers of traditional leaders in relation to community interests in mining business deals-taking into consideration land ownership and traditional authority protocol; and

- During the research process, the researcher observed un-rehabilitated post-mining shafts in Carletonville and heaps of coal waste in Tshikondeni, and the subsequent negative effects this has on the local community.

7.8. LIMITATIONS OF THE RESEARCH

7.8.1 Limitations of literature

Inadequate coverage on the South African CSR literature in relation to the topic from a dispute emergence and resolution point of view. There also seems to be a deficit of scholarly literature tracking the implications of traditional leadership in mining deals and activities. Most of the available literature related to traditional leadership and mine closures is in the form of media articles and anecdotal narrations compiled by NGOs.

Issues such as acid mine drainage, sinkholes, effects of community relocations due to mining operations and community consultations are not extensively covered – particularly in contemporary literature. Existing South African mining CSR literature is more around the relation between government policies and practice by mining stakeholders.

7.8.2 Methodological limitations

The methodological challenge experienced was the use of structured questionnaires. Some of the respondents had little or very limited knowledge of English and the researcher could not speak all the languages of possible respondents. This challenge was mitigated through the support of informants in each of the surveyed communities. Some participants also felt the questionnaire took longer to complete, and expressed impatience. The researcher observed how this impatience had a pattern and was more visible over weekends, during social times and on salary pay-dates.

The researcher also noticed a trend of fatigue and over researched attitudes by some community members particularly in Marikana and Makhado. This to some extend resulted in requests for payments for participation in the research process.

7.8.3 Limitations of the findings and further gaps

In relation to the research aims and objectives, most of the data required was obtained. The other glaring limitation is the lack of literature on the post mining compliance by mining companies in South Africa. Actually, the assertion by one of the respondents (Cf. Chapter 5: Section *5.4.1.e*) that not a single mine closure certificate has been issued by the South African government provides a huge opportunity for future and further research. It needs to be tested for if it emerges as truth, this would be one of the monumental illustrations of lack of enforcement on the side of government.

Furthermore, it would be a clear sign that indeed mining companies are only interested in profits and do not care much about the social and environmental destruction left by mining activities- as NGOs and some community members feel.

The Coal of Africa impasse in Makhado also calls for consideration in future research activities as the findings of the current study are constrained by only the past and present. It would be interesting to know how the stalemate is eventually resolved and the value of community activism in this regard.

This study serves as basis for the proposed future research.

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APPENDIX 1

Participation request letter

DURBAN UNIVERSITY OF TECHNOLOGY

Faculty of Management Sciences
Department of Entrepreneurial Studies and Management

Date: 16 June 2015

Participation invitation letter

Dear Participant

My name is Keabetswe Modimoeng. I am a Doctor of Technology: Business Administration student at the Durban University of Technology-, researching; *The effects of corporate social responsibility on community dispute resolutions in the South African mining sector*

You are hereby invited to take part in a survey related to the research. This will take about 15-25 minutes of your time. Before you decide, it is important for you to understand why the research is being done and what it will involve. Please take the time to read the attached Letter of Information carefully and discuss it with others if you wish.

Ask me if there is anything that is not clear or if you would like more information.
Please take some time to decide whether or not you wish to take part in this survey.

Your participation is entirely voluntary and you will be able to withdraw at any time prior to the completion of data collection without any adverse consequences.

Thank you for reading this.

Keabetswe Modimoeng

Student
Contact Details
082 398 8597
keabetswepoko@gmail.com

Prof. Fulufhelo Netswera
Supervisor / Promoter
Contact Details: 015 290 2831

APPENDIX 2

Letter of information

LETTER OF INFORMATION

Title of the Research Study: *The effects of corporate social responsibility on community dispute resolutions in the South African mining sector.*

Principal Investigator/s/researcher: (Keabetswe Modimoeng, MBA, studying towards a Doctor of Technology degree: Business Administration)
Supervisor/s: (Prof. Fulufhelo Netswera, DPhil, MPhil, PGD, NDP, BA hons, BA)
Brief Introduction and Purpose of the Study: To identify the current gaps in the CSR legislation within the South African mining industry. The research project also aims to develop a model of improving the implementation of CSR for the mutual benefit of mining companies and communities in South Africa

Outline of the Procedures: Face-to-face interviews will be conducted at a time and venue favorable to both the participant and the researcher. This will be within the local community in which the participant(s) reside.
Questionnaires will also be circulated in the local communities, mining companies and will ensure the privacy of respondents when distributing and collecting questionnaires.

Risks or Discomforts to the Participant: None, and the participants' names will be withheld if anonymity is preferred and for ease of communication and comfort, research materials will be available in English and the applicable local language.

Benefits: Contribution to research which would at the end be published widely and positioned to influence how mining companies and communities relate better, which would be to the benefit of the respondent as a local community member or mining employee/manager.

Reason/s why the Participant May Be Withdrawn from the Study: participants can withdraw at any time and there are no consequences. The questionnaire will be disqualified if completed in a way that would compromise the research quality, i.e. selecting two options in a multiple choice question which requires only one response.

Remuneration: no remuneration will be offered to participants for taking part in the research
Costs of the Study: no financial liabilities to the participants

Confidentiality: Participants' names will not be disclosed without their consent and none will be cited in the thesis without their approval. No personal data will be collected as part of the survey. The questionnaire is anonymous and all published results will be in summary form. The distribution and collection of questionnaire will be in a way that there is no post-research victimization to the respondents. I.e. not visiting the homes of respondents or interview unless in instances where respondents are completely comfortable

Research-related Injury: no research related injury anticipated/applicable
Persons to Contact in the Event of Any Problems or Queries:
(Supervisor, Prof. Fulufhelo Netswera- fnetswera@gmail.com) Please contact the researcher, Keabetswe Modimoeng (tel no.082 398 8597), or the Institutional Research Ethics administrator on 031 373 2900. Complaints can be reported to the DVC: TIP, Prof F. Otieno on 031 373 2382 or dvctip@dut.ac.za.

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APPENDIX 3

Sample of letter of request: Mining executives and Union leadership

DUT DURBAN UNIVERSITY OF TECHNOLOGY

Faculty of Management Sciences
Department of Entrepreneurial Studies and Management

Mrs. Thabisile Phumo
Senior Vice President: Communications
Sibanye Gold
thabisile.phumo@sibanyegold.co.za

26 June 2015

Request for participation in an academic research interview

My name is Keabetswe Modimoeng. I am a Doctor of Technology: Business Administration student at the Durban University of Technology-, researching; *The effects of corporate social responsibility on community dispute resolutions in the South African mining sector.*

I hereby request a 45 minutes face-to-face interview session with you, to discuss your organisation's corporate social responsibility and broader sustainable development outlook in relation to the above-mentioned research topic.

The interview will be recorded by means of a voice recorder for ease of transcription. I have also attached the interview guide questions.

I hereby propose any of the following dates and times if possible, and would be able to travel to a venue most convenient to you.

1st, 2nd or 3rd July 2015: 10h00am

Looking forward to your favourable response.

Best regards,
Keabetswe Modimoeng

Doctoral Student
Contact details:
082 398 8597
keabetswepoko@gmail.com

Prof. Fulufhelo Netswera
Supervisor / Promoter
fnetswera@gmail.com

APPENDIX 4

Mining executives interview guide

DUT DURBAN UNIVERSITY OF TECHNOLOGY

Interview guide questions

1. What is your position and role in the company and how does it relate to community development?
2. What is your organisation's CSR policy?
3. How does your company fulfil Mining charter obligations and SLP requirements? i.e. beyond compliance?
4. Has your company ever failed to comply with Mining Charter requirements? What was the situation like?
5. When was the CSR policy developed and adopted by the company?
6. What prompted the development of the CSR policy?
7. Does your company have a CSR office? What is the main role of the office?
8. Does your company budget annually for CSR? How much? What proportion of total company annual budget goes towards CSR?
9. Does Sibanye execute own CSR projects or only engage in "donations"?
10. Please share examples of CSR projects that the company is involved in and the impact thereof on the lives of community members
11. Does your company proactively negotiate CSR projects with other stakeholders like labour unions, local communities and what is the worth of their voices?
12. Does your company report or communicate CSR programmes with government (local, provincial or national)? What purpose is the communication intended at if any?
13. Are the CSR programmes run in partnership with any other funding stakeholders like government or other corporates?
14. What is your view on the nationalisation of mines debate and does your company have a view on this?
15. Without obligations of the current mining legislation, would your company still invest in community development, and at what scale?

APPENDIX 5

Community members' questionnaire

*To be completed by **<u>Community members</u>***

Dear prospective participant

Invitation to participate

My name is Keabetswe Modimoeng. I am a candidate for Doctor of Technology: Business Administration at the Durban University of Technology. I am researching ***"The effects of corporate social responsibility on community dispute resolutions in the South African mining sector"***

You are invited to take part in this research survey which takes between 15 and 25 minutes to complete. Before you decide, it is important for you to understand why the research is conducted and what it involves. Please take the time to read the following information carefully first before you complete the attached questionnaire.

Should you wish to clarify some of the information please do not hesitate to contact me or my research supervisor.

What is the purpose of this research?

The main purpose of the research is to get a critical understanding of how Corporate Social Responsibility – in the form of Social Labour Plans investments contributes to the stability or instability within the mining communities across South Africa. There has been an increase in the number of community disputes levelled against mining companies over the past few years, demanding infrastructure developments, increased job creation, education investments and increased shareholding in the mines, among other reasons.

What will happen in this research?

Data will be collected using an anonymous questionnaire. The researcher will analyse the data collected in the survey and will use the collected data for his doctoral degree. The final product which is the doctoral thesis could also be utilised by corporates and communities in understanding issues which the research would have documented, concluded upon and recommended.

What are the benefits?

- The completion of the doctoral thesis by the researcher.

- Knowledge generation enabling all interested individuals, communities and organisations to learn from this thesis about matters pertaining to the topic of the research.

- Government departments can utilise some or related sections of the research in order to develop or improve on relevant policies

- Mining companies would be able to review their corporate social responsibility approach and make necessary improvements on the basis of the research findings and recommendations.

How will my privacy be protected?

This research has been endorsed by the Durban University of Technology and the following important considerations have been taken into account in order to protect both the researcher and the participants like yourself:

(a) Anonymity - participants' information like names and addresses among others will not be utilised as part of the report;

(b) Voluntary participation – if you decide to take part you are still free to withdraw before you submit the completed questionnaire without any penalty or loss, and without a need to give a reason.

How do I agree to participate in this research?

If you agree to participate in this research, please complete the questionnaire and return as instructed.

Will I receive feedback on the results of this research?

Yes, you may contact the researcher on the email address provided below, to request feedback after the research is completed. Please note that by contacting the researcher with this request, you will reveal yourself to the researcher as one of the survey participants. The results provided to you will be in summary form. Your details will be treated confidential by the researcher.

What do I do if I have concerns about this research?

Concerns regarding the conduct of the researcher should be notified to the Research Department at Durban University of Technology, complaints can be reported to the DVC: TIP, Prof F. Otieno on 031 373 2382 or dvctip@dut.ac.za.

Whom do I contact for further information about this research?

Researcher: Keabetswe Modimoeng

Contact Email Address: keabetswepoko@gmail.com

Supervisor: Prof Fulufhelo Netswera; fnetswera@gmail.com

Community members - Research Questionnaire

SECTION A

Demographic Information

Please mark the most appropriate response with a cross [X]. Kindly mark **one** box only.

1. What is your gender and age?

Male	
Female	
Age	

2. What is your highest qualification?

Below Grade 12	
Pre matric certificate	
Grade 12 (Matric)	
Post matric Certificate	
National Diploma	
Undergraduate Degree	
Honours/B Tech	
Other, please specify	

…………………………………………………………….

3. How long have you been working in the mining industry?

None	
Less than 1 year	
1-5 years	
6-10 years	
11-15 years	
Over 15 years	

4. How long has your family member been working in the mining industry?

None	
Less than 1 year	
1-5 years	
6-10 years	
11-15 years	
Over 15 years	

5. How did you find yourself residing within a mining community?

My parents currently work for a mining company	
My parents previously worked for a mining company	
My spouse works for a mining company	
I work for a mining company	
My child works for a mining company	
Other, *please state reason*	

6. How long have you been residing within a mining community?

Less than 1 year	
1-5 years	
6-10 years	
11-15 years	
I was born here	

7. How many members of your family are currently employed by a mining company *(including yourself if applicable)?*

None	
1	
2	
3	
4	
5 and above	

8. What is your approximate combined monthly family income?

Less than R5 000	
Between R5 000 and R10 000	
Between R10 000 and R20 000	
Between R20 000 and R30 000	
More than R40 000	

9. Type of house structure

Bricks	
Corrugated iron	
Mud structure	
Thatch	

10. What is your province or country of origin?

_____

SECTION B

<u>**Key concept question:**</u>

In your view what should mining companies do for communities as part of Corporate Social Responsibility? (i.e. by CSR we refer to mining companies' obligation to society)

_____

_____

_____

_____

_____

_____

To determine the factors which influence community members' attitudes towards Corporate Social Responsibility

Please indicate the extent to which you agree or disagree with each of the following statements. Circle a number from 1 to 5 that best represents your level of agreement with the statement. If you circle a '1', it means you strongly disagree that Mining companies are making a difference in the community members' lives, and if you circle a '5', this means that you strongly agree.

You may also circle any of the numbers in the middle that show how strong your feelings are. Please note there are no right or wrong answers; all what is important is a number that really shows what you think about mining companies' CSR activities.

 '1' = Strongly disagree; '2' = Disagree;   '3' = Unsure;   '4' = Agree;   '5' = Strongly agree

11. Which of the following is fully responsible local community development

Mining company	
Local municipality	
Traditional leadership council	
Mining company and local municipality	
Traditional leadership council and mining company	
Municipality and traditional leadership council	
All of the above	

Please explain why you think so

12. What do you think of mining companies reporting their CSR investment in the media

Mining companies' CSR activities are more of a public relations exercise for good media coverage than genuine community development	
Mining companies do not really develop their communities as it is often reported in the media	
None of the above	

Please explain why you think so

13. Mining companies' employees should embrace CSR because it benefits them as they also reside in local mining communities

1	2	3	4	5

Please explain why you think so

14. Once our neighboring mine reaches the end of its production life, it will be difficult for many of our community members to survive

Yes	
No	
Undecided	

Please explain why you think so

15. It would be better for mining companies to create jobs for community members instead of CSR investments

1	2	3	4	5

Please explain why you think so

16. Mining companies should render other skills training to communities besides mining orientated ones

1	2	3	4	5

Please explain why you think so

17. The mining company should communicate with the community through:

Traditional leadership council	
Local municipality	
Community organisations	
Directly through community mass meetings	

18. Community members should be consulted more often on the kind of development initiatives they need

1	2	3	4	5

Please explain why you think so

19. Mining companies only contribute towards community development because of legislative requirements

<div style="text-align:center">

1   2   3   4   5

</div>

Please explain why you think so

20. Government should withdraw the mining rights of companies that do not develop communities

<div style="text-align:center">

1   2   3   4   5

</div>

Please explain why you think so

21. How should mining companies approach the issue of local employment creation

Mines should only employ people from the neighbouring communities	
People from local communities must be given first preference for job opportunities	
This should only be based on skills and qualifications	

Please explain why you think so

22. How should the nationalisation of mines debate be approached?

The government of South Africa should nationalise the mines	
Local communities should automatically control up to 51% share ownership in all its surrounding mining companies	
The current mining legislation is fine the way it is	
None of the above	

Please explain why you think so

23. Do mining companies respect Broad-Based Black Economic Empowerment polies, i.e. giving procurement opportunities to local-owned businesses?

1　　2　　3　　4　　5

Please explain why you think so

24. Who should be the chief custodians of the mines on behalf of the local communities

Traditional leadership council	
Local municipality	
National government (as it currently is)	
Community based organisation	

Please explain why you think so

25. How do you view the role of your local traditional council in mining activities and financial deals

Good and fair toward community	
Not fair- biased towards mining company	
Not transparent	
Undecided	

26. With regard to the environment, mining companies:

Do not care for the environment during operation	
Only focus on environmental rehabilitation afterwards	
Do not invest enough on rehabilitation of the environment post mining activities	
Only focus on making profits	

Please explain why you think so on the environment question

27. Do you trust the relationship between mining companies and traditional leadership

Yes	
No	
Undecided	

Please explain why you think so

28. Do you trust the relationship between mining companies and local municipality?

Yes	
No	
Undecided	

Please explain why you think so

29. Compared to the period under apartheid, our living conditions in mining communities have:

Improved	
Decreased	
The same	

Please explain why you think so

- **Additional inputs, thoughts or observations not covered in the questionnaire**

_____
_____
_____
_____
_____
_____
_____
_____
_____

Thank you for your valuable time!

APPENDIX 6

Mine workers questionnaire

To be completed by <u>Mineworkers/labourers</u>

Dear prospective participant

Invitation to participate

My name is Keabetswe Modimoeng. I am a candidate for Doctor of Technology: Business Administration at the Durban University of Technology. I am researching ***"The effects of corporate social responsibility on community dispute resolutions in the South African mining sector"***

You are invited to take part in this research survey which takes between 15 and 25 minutes to complete. Before you decide, it is important for you to understand why the research is conducted and what it involves. Please take the time to read the following information carefully first before you complete the attached questionnaire.

Should you wish to clarify some of the information please do not hesitate to contact me or my research supervisor.

What is the purpose of this research?

The main purpose of the research is to get a critical understanding of how Corporate Social Responsibility – in the form of Social Labour Plans investments contributes to the stability or instability within the mining communities across South Africa. There has been an increase in the number of community disputes levelled against mining companies over the past few years, demanding infrastructure developments, increased job creation, education investments and increased shareholding in the mines, among other reasons.

What will happen in this research?

Data will be collected using an anonymous questionnaire. The researcher will analyse the data collected in the survey and will use the collected data for his doctoral degree. The final product which is the doctoral thesis could also be utilised by corporates and communities in understanding issues which the research would have documented, concluded upon and recommended.

What are the benefits?

- The completion of the doctoral thesis by the researcher.

- Knowledge generation enabling all interested individuals, communities and organisations to learn from this thesis about matters pertaining to the topic of the research.

- Government departments can utilise some or related sections of the research in order to develop or improve on relevant policies

- Mining companies would be able to review their corporate social responsibility approach and make necessary improvements on the basis of the research findings and recommendations.

How will my privacy be protected?

This research has been endorsed by the Durban University of Technology and the following important considerations have been taken into account in order to protect both the researcher and the participants like yourself:

(a) Anonymity - participants' information like names and addresses among others will not be utilised as part of the report;

(b) Voluntary participation – if you decide to take part you are still free to withdraw before you submit the completed questionnaire without any penalty or loss, and without a need to give a reason.

How do I agree to participate in this research?

If you agree to participate in this research, please complete the questionnaire and return as instructed.

Will I receive feedback on the results of this research?

Yes, you may contact the researcher on the email address provided below, to request feedback after the research is completed. Please note that by contacting the researcher with this request, you will reveal yourself to the researcher as one of the survey participants. The results provided to you will be in summary form. Your details will be treated confidential by the researcher.

What do I do if I have concerns about this research?

Concerns regarding the conduct of the researcher should be notified to the Research Department at Durban University of Technology, complaints can be reported to the DVC: TIP, Prof F. Otieno on 031 373 2382 or dvctip@dut.ac.za.

Whom do I contact for further information about this research?

Researcher: Keabetswe Modimoeng

Contact Email Address: keabetswepoko@gmail.com

Supervisor: Prof Fulufhelo Netswera; fnetswera@gmail.com

Mine workers Research Questionnaire

SECTION A

Demographic Information

Please mark the most appropriate response with a cross [X]. Kindly mark **one** box only.

1. **What is your gender and age?**

Male	
Female	
Age	

2. **What is your highest qualification?**

Below Grade 12	
Pre matric certificate	
Grade 12 (Matric)	
Post matric Certificate	
National Diploma	
Undergraduate Degree	
Honours/B Tech	
Other, please specify	

………………………………………………………….

3. **How long have you been working in the mining industry?**

Less than 1 year	
1-5 years	
6-10 years	
11-15 years	
Over 15 years	

4. How long have you been working at the current mining company?

Less than 1 year	
1-5 years	
6-10 years	
11-15 years	
Over 15 years	

5. What are your reasons of working for a mining company?

Good salary and bonuses	
Close to my home and family	
My company develops our community	
They offered me a job when I applied	
Other, please state reason	

6. How many dependents do you have?

0	
2	
3	
4	
5	
More than 5	

7. How many members of your family members are currently employed by a mining company *(including yourself)?*

0	
1	
2	
3	
4	
5 and above	

8. Do you live in a mining company provided house?

Yes	
No	

9. Type of house structure in the mine

Bricks	
Corrugated iron	
Mud structure	
Thatch	

10. How often do you receive salary increases?

Yearly	
Once in two years	
Once in three years	
Never	
Not sure	

11. What is your province or country of origin?

_____

12. Migrant or resident mineworker?

_____

13. Frequency of visiting home if migrant mineworker?

Yearly	
Monthly	
Quarterly	
Never	

14. Type of house structure at home

Bricks	
Corrugated iron	
Mud structure	
Thatch	

SECTION B

Key concept question:

In your view what should mining companies do for communities as part of Corporate Social Responsibility? (i.e. by CSR we refer to mining companies' obligation to society)

_____

_____

_____

_____

_____

To determine the factors which influence mineworkers' attitudes towards Corporate Social Responsibility

Please indicate the extent to which you agree or disagree with each of the following statements. Circle a number from 1 to 5 that best represents your level of agreement with the statement. If you circle a '1', it means you strongly disagree that Mining companies are making a difference in the community members' lives, and if you circle a '5', this means that you strongly agree.

You may also circle any of the numbers in the middle that show how strong your feelings are. Please note there are no right or wrong answers; all what is important is a number that really shows what you think about mining companies' CSR activities.

  '1' = Strongly disagree; '2' = Disagree;   '3' = Unsure;   '4' = Agree;   '5' = Strongly agree

15. What do you think of mining companies reporting their CSR investment in the media

Mining companies' CSR activities are more of a public relations exercise for good media coverage than genuine community development	
Mining companies do not really develop their communities as it is often reported in the media	
None of the above	

Please explain why you think so

16. Mining companies currently underpay workers and instead use the money for CSR activities

1   2   3   4   5

Please explain why you think so

17. Mineworkers should embrace CSR because it benefits them as they also reside in local mining communities

                             1   2   3   4   5

Please explain why you think so

18. The five months long strike action at the Rustenburg Platinum Mines in 2014 was:

(a) A good action with good results	
(b) A bad idea	
(c) Lasted too long	
(d) Undecided	

Please explain why you think so

19. Mineworkers should be given first preference on Enterprise Development (small business opportunities) opportunities by mining companies

                             1   2   3   4   5

Please explain why you think so

20. Once our mining company reaches the end of its production life, it will be difficult for me to survive

Yes	
No	
Undecided	

Please explain why you think so

- **General socio-political perspectives**

21. If it was not of legislative requirements in South Africa, mining companies would not contribute towards communities' social development

1   2   3   4   5

Please explain why you think so

22. Government should withdraw the mining rights of companies that do not develop communities

1   2   3   4   5

Please explain why you think so

23. Who should the chief custodians of the mines on behalf of the local communities be?

Traditional leadership council	
Local municipality	
National government (as it currently is)	
Community based organisation	

Please explain why you think so

24. How should the nationalisation of mines debate be approached?

The government of South Africa should nationalise the mines	
Local communities should automatically control up to 51% share ownership in all its surrounding mining companies	
The current mining legislation is fine the way it is	
None of the above	

Please explain why you think so

25. Compared to the period under apartheid, the living conditions of people in our mining communities have improved

Improved	
Decreased	
The same	

Please explain why you think so

[blank response box]

26. Do you trust mining companies' management?

Yes	
No	
Undecided	

Please explain why you do or do not

[blank response box]

27. With regard to the environment, mining companies:

Do not care for the environment during operations period	
Only focus on environmental rehabilitation afterwards	
Do not invest enough on rehabilitation of the environment post mining activities	
Only focus on making profits	

Please explain why you think so

[blank response box]

28. Do mining companies respect Affirmative Action polies, by employing blacks and previously disadvantaged individuals in strategic management positions?

Yes	
No	
Undecided	

Please explain why you think so

- **Additional inputs, thoughts or observations not covered in the questionnaire**

_____
_____
_____
_____
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_____
_____
_____
_____
_____

Thank you for your valuable time!

APPENDIX 7

PILOT QUESTIONNAIRE

*To be completed by **Community members***

Dear prospective participant

Invitation to participate

My name is Keabetswe Modimoeng. I am a candidate for Doctor of Technology: Business Administration at the Durban University of Technology. I am researching ***"The effects of corporate social responsibility on community dispute resolutions in the South African mining sector"***

You are invited to take part in this research survey which takes between 15 and 25 minutes to complete. Before you decide, it is important for you to understand why the research is conducted and what it involves. Please take the time to read the following information carefully first before you complete the attached questionnaire.

Should you wish to clarify some of the information please do not hesitate to contact me or my research supervisor.

What is the purpose of this research?

The main purpose of the research is to get a critical understanding of how Corporate Social Responsibility – in the form of Social Labour Plans investments contributes to the stability or instability within the mining communities across South Africa. There has been an increase in the number of community disputes levelled against mining companies over the past few years, demanding infrastructure developments, increased job creation, education investments and increased shareholding in the mines, among other reasons.

What will happen in this research?

Data will be collected using an anonymous questionnaire. The researcher will analyse the data collected in the survey and will use the collected data for his doctoral degree. The final product which is the doctoral thesis could also be utilised by corporates and communities in understanding issues which the research would have documented, concluded upon and recommended.

What are the benefits?

- The completion of the doctoral thesis by the researcher.

- Knowledge generation enabling all interested individuals, communities and organisations to learn from this thesis about matters pertaining to the topic of the research.

- Government departments can utilise some or related sections of the research in order to develop or improve on relevant policies
- Mining companies would be able to review their corporate social responsibility approach and make necessary improvements on the basis of the research findings and recommendations.

How will my privacy be protected?

This research has been endorsed by the Durban University of Technology and the following important considerations have been taken into account in order to protect both the researcher and the participants like yourself:

(a) Anonymity - participants' information like names and addresses among others will not be utilised as part of the report;

(b) Voluntary participation – if you decide to take part you are still free to withdraw before you submit the completed questionnaire without any penalty or loss, and without a need to give a reason.

How do I agree to participate in this research?

If you agree to participate in this research, please complete the questionnaire and return as instructed.

Will I receive feedback on the results of this research?

Yes, you may contact the researcher on the email address provided below, to request feedback after the research is completed. Please note that by contacting the researcher with this request, you will reveal yourself to the researcher as one of the survey participants. The results provided to you will be in summary form. Your details will be treated confidential by the researcher.

What do I do if I have concerns about this research?

Concerns regarding the conduct of the researcher should be notified to the Research Department at Durban University of Technology, complaints can be reported to the DVC: TIP, Prof F. Otieno on 031 373 2382 or dvctip@dut.ac.za.

Whom do I contact for further information about this research?

Researcher: Keabetswe Modimoeng

Contact Email Address: keabetswepoko@gmail.com

Supervisor: Prof Fulufhelo Netswera; fnetswera@gmail.com

SECTION A

Demographic Information

Please mark the most appropriate response with a cross [X]. Kindly mark **<u>one</u>** box only.

1. What is your gender and age?

Male	
Female	
Age	

2. What is your highest qualification?

Below Grade 12	
Grade 12	
Certificate	
National Diploma	
Undergraduate Degree	
Honours/B Tech	
Masters	
PhD	
Other, please specify	

3. How long have you / your family member been working in the mining industry?

Less than 1 year	
1-5 years	
6-10 years	
11-15 years	
Over 15 years	

4. How did you find yourself residing within a mining community?

My parents work/worked for a mining company	
My spouse works for a mining company	
I work for a mining company	
My child works for a mining company	
Other, *please state reason*	

5. How long have you been residing within a mining community?

Less than 1 year	
1-5 years	
6-10 years	
11-15 years	
I was born here	

6. How many members of your family are employed at the mine, or with the mine's sub-contracting companies? *(including yourself if applicable)*

None	
1	
2	
3	
4	
5 and above	

7. What is your approximate combined monthly family income?

Less than R5 000	
Between R5 000 and R10 000	
Between R10 000 and R20 000	
Between R20 000 and R30 000	
More than R40 000	

8. Type of house structure

Bricks	
Corrugated iron	
Mud structure	
Thatch	

9. What is your province or country of origin?

_____

10. Current location of community residence

_____

SECTION B

<u>**Key concept question:**</u>

What is Corporate Social Responsibility (CSR) in your view / what is the function of a Mining company's Sustainable Development office?

_____

_____

_____

_____

_____

_____

To determine the influential factors which lead community members towards accepting or opposing CSR as part of social development?

Please indicate the extent to which you agree or disagree with each of the following statements. Circle a number from 1 to 5 that best represents your level of agreement with the statement. If you circle a '1', it means you strongly disagree that Mining companies are making a difference in the community members' lives, and if you circle a '5', this means that you strongly agree.

You may also circle any of the numbers in the middle that show how strong your feelings are. Please note there are no right or wrong answers; all what is important is a number that really shows what you think about mining companies' CSR activities.

'1' = Strongly disagree; '2' = Disagree; '3' = Unsure; '4' = Agree ; '5' = Strongly agree

11. Mining companies are fully responsible for local community development

    1   2   3   4   5

    Please explain why you think so

    ```
    ┌─────────────────────────────────────────────┐
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    │                                             │
    │                                             │
    │                                             │
    │                                             │
    └─────────────────────────────────────────────┘
    ```


12. Mining companies' CSR activities are more of a public relations exercise for good media coverage than genuine community development

    1   2   3   4   5

    Please explain why you think so

    ```
    ┌─────────────────────────────────────────────┐
    │                                             │
    │                                             │
    │                                             │
    │                                             │
    │                                             │
    └─────────────────────────────────────────────┘
    ```


13. Mines do not really develop their communities as it is often reported in the media

    1   2   3   4   5

    Please explain why you think so

    ```
    ┌─────────────────────────────────────────────┐
    │                                             │
    │                                             │
    │                                             │
    │                                             │
    └─────────────────────────────────────────────┘
    ```

14. Mining companies' employees should embrace CSR because it benefits them as they also reside in local mining communities

1   2   3   4   5

Please explain why you think so

```



```

15. Mining companies, should use CSR to eradicate unemployment among local community members

1   2   3   4   5

Please explain why you think so

```



```

16. Mining companies' investments have a positive impact in the lives of community members

1   2   3   4   5

Please explain why you think so

```



```

17. The mining company in my area has contributed much more in our community than other mining companies have done in other areas

<div style="text-align:center">1   2 3   4   5</div>

Please explain why you think so

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┌─────────────────────────────────────────────┐
│                                               │
│                                               │
│                                               │
│                                               │
└─────────────────────────────────────────────┘
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18. Mines' community development makes some members of the community lazy to work harder or seek employment

<div style="text-align:center">1   2   3   4   5</div>

Please explain why you think so

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┌─────────────────────────────────────────────┐
│                                               │
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19. Once our neighboring mine reaches the end of its production life, it will be difficult for many of our community members to survive

<div style="text-align:center">1   2   3   4   5</div>

Please explain why you think so

```
┌─────────────────────────────────────────────┐
│                                               │
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└─────────────────────────────────────────────┘
```

20. It would be better for mining companies to create jobs for community members instead of broad CSR investments

<div style="text-align:center">1   2   3   4   5</div>

Please explain why you think so

```
                                                                        
                                                                        
                                                                        
                                                                        
                                                                        
```

21. Mining companies should render other skills training to communities besides mining orientated ones

<div style="text-align:center">1   2   3   4   5</div>

Please explain why you think so

```
                                                                        
                                                                        
                                                                        
                                                                        
                                                                        
```

22. Union leaders and politicians contribute towards community development

<div style="text-align:center">1   2   3   4   5</div>

Please explain why you think so

```
                                                                        
                                                                        
                                                                        
                                                                        
                                                                        
```

23. Community members should be consulted more often on the kind of development initiatives they need

                                    1   2   3   4   5

Please explain why you think so

| |
| |

24. Mining companies only contribute towards community development because of legislative requirements

                                    1   2   3   4   5

Please explain why you think so

| |
| |

25. Government should be playing a leading role in local community development instead of mining companies

        1   2   3   4   5

Please explain why you think so

26. Government should withdraw the mining rights of companies that do not develop communities

        1   2   3   4   5

Please explain why you think so

27. The government of South Africa should nationalize mines and own majority equity shares in mining companies

        1   2   3   4   5

Please explain why you think so

28. Mining companies use CSR as a way of curbing strike actions in the workplace and community dispute actions

<div style="text-align:center">1   2   3   4   5</div>

Please explain why you think so

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┌─────────────────────────────────────────────────────────────┐
│                                                             │
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│                                                             │
│                                                             │
└─────────────────────────────────────────────────────────────┘
```

29. Mines should only employ people from the neighboring communities

<div style="text-align:center">1   2   3   4   5</div>

Please explain why you think so

```
┌─────────────────────────────────────────────────────────────┐
│                                                             │
│                                                             │
│                                                             │
│                                                             │
└─────────────────────────────────────────────────────────────┘
```

30. Considering our local mining company's financial performance, I think it should increase its CSR spend

<div style="text-align:center">1   2   3   4   5</div>

Please explain why you think so

```
┌─────────────────────────────────────────────────────────────┐
│                                                             │
│                                                             │
│                                                             │
│                                                             │
└─────────────────────────────────────────────────────────────┘
```

31. Local communities should automatically control up to 51% share ownership in all its surrounding mining companies

               1   2   3   4   5

Please explain why you think so

```



```

32. Mining companies' CSR spend should be strictly for education and health improvements

               1   2   3   4   5

Please explain why you think so

```



```

33. It is the mining companies' responsibility to initiate and maintain infrastructural developments for local communities

               1   2   3   4   5

Please explain why you think so

```



```

34. Do mining companies respect Broad Based Black Economic Empowerment and Affirmative Action polies, i.e. giving procurement opportunities to local businesses?

1   2   3   4   5

Please explain why you think so

35. Local traditional councils should be the chief custodians of the mines on behalf of the local communities and employment preference should also be given to the locals

Yes	
No	
Undecided	

Please explain why you do or do not

36. How do you view the role of your local traditional council in mining activities and financial deals

Good and fair toward community	
Not fair- biased towards mining company	
Not transparent	
Undecided	

37. How do you view the role of traditional leadership in service provision, water, roads, sanitation etc.

Nothing visible	
Good	
Poor	
Undecided/Unsure	

38. Do you think mines are doing enough to protect and rehabilitate the environment?

Yes	
No	
Undecided	

Please explain why you think so

39. Do you trust the relationship between mining companies and local community leaders' i.e. traditional and municipal?

Yes	
No	
Undecided	

Please explain why you think so

40. Compared to the period under apartheid, our living conditions mining communities have improved

Improved	
Decreased	
The same	

Please explain why you think so

```
```

- **Additional inputs, thoughts or observations not covered in the questionnaire**

_____
_____
_____
_____
_____
_____
_____
_____
_____

Thank you for your valuable time!

APPENDIX 8

PILOT QUESTIONNAIRE

To be completed by <u>Mineworkers/labourers</u>

Dear prospective participant

Invitation to participate

My name is Keabetswe Modimoeng. I am a candidate for Doctor of Technology: Business Administration at the Durban University of Technology. I am researching ***"The effects of corporate social responsibility on community dispute resolutions in the South African mining sector"***

You are invited to take part in this research survey which takes between 15 and 25 minutes to complete. Before you decide, it is important for you to understand why the research is conducted and what it involves. Please take the time to read the following information carefully first before you complete the attached questionnaire.

Should you wish to clarify some of the information please do not hesitate to contact me or my research supervisor.

What is the purpose of this research?

The main purpose of the research is to get a critical understanding of how Corporate Social Responsibility – in the form of Social Labour Plans investments contributes to the stability or instability within the mining communities across South Africa. There has been an increase in the number of community disputes levelled against mining companies over the past few years, demanding infrastructure developments, increased job creation, education investments and increased shareholding in the mines, among other reasons.

What will happen in this research?

Data will be collected using an anonymous questionnaire. The researcher will analyse the data collected in the survey and will use the collected data for his doctoral degree. The final product which is the doctoral thesis could also be utilised by corporates and communities in understanding issues which the research would have documented, concluded upon and recommended.

What are the benefits?

- The completion of the doctoral thesis by the researcher.

- Knowledge generation enabling all interested individuals, communities and organisations to learn from this thesis about matters pertaining to the topic of the research.

- Government departments can utilise some or related sections of the research in order to develop or improve on relevant policies

- Mining companies would be able to review their corporate social responsibility approach and make necessary improvements on the basis of the research findings and recommendations.

How will my privacy be protected?

This research has been endorsed by the Durban University of Technology and the following important considerations have been taken into account in order to protect both the researcher and the participants like yourself:

(a) Anonymity - participants' information like names and addresses among others will not be utilised as part of the report;

(b) Voluntary participation – if you decide to take part you are still free to withdraw before you submit the completed questionnaire without any penalty or loss, and without a need to give a reason.

How do I agree to participate in this research?

If you agree to participate in this research, please complete the questionnaire and return as instructed.

Will I receive feedback on the results of this research?

Yes, you may contact the researcher on the email address provided below, to request feedback after the research is completed. Please note that by contacting the researcher with this request, you will reveal yourself to the researcher as one of the survey participants. The results provided to you will be in summary form. Your details will be treated confidential by the researcher.

What do I do if I have concerns about this research?

Concerns regarding the conduct of the researcher should be notified to the Research Department at Durban University of Technology, complaints can be reported to the DVC: TIP, Prof F. Otieno on 031 373 2382 or dvctip@dut.ac.za.

Whom do I contact for further information about this research?

Researcher: Keabetswe Modimoeng

Contact Email Address: keabetswepoko@gmail.com

Supervisor: Prof Fulufhelo Netswera; fnetswera@gmail.com

SECTION A

Demographic Information

Please mark the most appropriate response with a cross [X]. Kindly mark **one** box only.

1. **What is your gender and age?**

Male	
Female	
Age	

2. **What is your highest qualification?**

Below Grade 12	
Grade 12	
Certificate	
National Diploma	
Undergraduate Degree	
Honours/B Tech	
Masters	
PhD	
Other, please specify	

3. **How long have you been working in the mining industry?**

Less than 1 year	
1-5 years	
6-10 years	
11-15 years	
Over 15 years	

4. How long have you been working at the current mining company?

Less than 1 year	
1-5 years	
6-10 years	
11-15 years	
Over 15 years	

5. What are your reasons of working for a mining company?

Good salary and bonuses	
Close to my home and family	
My company develops our community	
They offered me a job when I applied	
Other, please state reason	

6. How many dependents do you have?

0	
2	
3	
4	
5	
More than 5	

7. How many members of your family members are employed at the mine, or with the mine's sub-contracting companies? *(including yourself if applicable)*

0	
1	
2	
3	
4	
5 and above	

8. What is your approximate combined monthly family income?

Less than R5 000	
Between R5 000 and R10 000	
Between R10 000 and R20 000	
Between R20 000 and R30 000	
More than R40 000	

9. Do you live in a mining company provided house?

Yes	
No	

10. Type of house structure in the mine

Bricks	
Corrugated iron	
Mud structure	
Thatch	

11. How often do you receive salary increases?

Yearly	
Once in two years	
Once in three years	
Never	
Not sure	

12. What is your province or country of origin?

_____

13. Current location of mineworker/household

_____

14. Migrant or resident mineworker?

_____

15. Frequency of visiting home if migrant mineworker?

Yearly	
Monthly	
Quarterly	
Never	

16. Type of house structure at home

Bricks	
Corrugated iron	
Mud structure	
Thatch	

SECTION B

Key concept question:

What is Corporate Social Responsibility (CSR) in your view / what is the function of a Mining company's Sustainable Development office?

_____

_____

_____

_____

_____

To determine the influential factors which lead the mineworkers/laborers towards accepting or opposing CSR as part of social development?

Please indicate the extent to which you agree or disagree with each of the following statements. Circle a number from 1 to 5 that best represents your level of agreement with the statement. If you circle a '1', it means you strongly disagree that Mining companies are making a difference in the community members' lives, and if you circle a '5', this means that you strongly agree.

You may also circle any of the numbers in the middle that show how strong your feelings are. Please note there are no right or wrong answers; all what is important is a number that really shows what you think about mining companies' CSR activities.

'1' = Strongly disagree; '2' = Disagree; '3' = Unsure; '4' = Agree; '5' = Strongly agree

17. Mining companies should use CSR budgets to increase workers' salaries, healthcare provision, water, roads, schools etc.

                  1   2   3   4   5

Please explain why you think so

18. Mines' CSR activities are more of a public relations exercise for good media coverage

                  1   2   3   4   5

Please explain why you think so

19. Mines underpay workers and instead use the money for CSR activities

                  1   2   3   4   5

Please explain why you think so

20. Mineworkers should embrace CSR because it benefits them as they also reside in local mining communities

         1   2   3   4   5

Please explain why you think so

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21. Mining companies, through CSR annually contributes a substantial amount to my family income

         1   2   3   4   5

Please explain why you think so

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22. The five months long strike action at the Rustenburg Platinum Mines in 2014 was:

(e) A good action with good results	
(f) A bad idea and lasted too long	
(g) Undecided	

Please explain why you think so

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23. Mineworkers should be given first preference on Enterprise Development opportunities by mining companies

<div align="center">1   2   3   4   5</div>

Please explain why you think so

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┌──────────────────────────────────────────────┐
│                                              │
│                                              │
│                                              │
│                                              │
└──────────────────────────────────────────────┘
```

24. Once our mine reaches the end of its production life- and shuts down operations, it will be difficult for me to find a job outside the mining industry

<div align="center">1   2   3   4   5</div>

Please explain why you think so

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┌──────────────────────────────────────────────┐
│                                              │
│                                              │
│                                              │
│                                              │
└──────────────────────────────────────────────┘
```

25. Mining companies should use CSR money to improve safety in the workplace and prevent occupational injuries

<div align="center">1   2   3   4   5</div>

Please explain why you think so

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┌──────────────────────────────────────────────┐
│                                              │
│                                              │
│                                              │
│                                              │
│                                              │
└──────────────────────────────────────────────┘
```

26. Mining companies use CSR as a way of curbing strike actions in the workplace

                                    1   2   3   4   5

Please explain why you think so

- **General socio-political perspectives**

27. If it was not of legislative requirements in South Africa, mines would not contribute towards communities' social development

                                    1   2   3   4   5

Please explain why you think so

28. Government should play a leading role in community development instead of mining companies

                                    1   2   3   4   5

Please explain why you think so

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29. Government should withdraw the mining rights of companies that do not develop communities and underpay workers

                    1   2   3   4   5

Please explain why you think so

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30. The government of South Africa should nationalise mines and own majority equity shares in mining companies

                    1   2   3   4   5

Please explain why you think so

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31. Local traditional councils should be the chief custodians of the mines on behalf of the local communities and employment preference should also be given to the locals

                    1   2   3   4   5

Please explain why you think so

32. Compared to the period under apartheid, the living conditions of people in our mining communities have improved

Improved	
Decreased	
The same	

Please explain why you think so

33. Do you trust mining companies' management?

Yes	
No	
Undecided	

Please explain why you do or do not

（空白のボックス）

34. Do you think mines are doing enough to protect and rehabilitate the environment?

Yes	
No	
Undecided	

Please explain why you think so

（空白のボックス）

35. Do mining companies respect Broad Based Black Economic Empowerment and Affirmative Action polies, i.e. the employment of blacks and previously disadvantaged individuals in strategic positions? Should they?

Yes	
No	
Undecided	

Please explain why you think so

（空白のボックス）

- **Additional inputs, thoughts or observations not covered in the questionnaire**

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

Thank you for your valuable time!

APPENDIX 9

Sample interview transcript

Interview with a respondent

DATE 18 February 2015

Time: 12:12

INTERVIEWER: Thanks for the opportunity.

My research topic is around mining. The topic is the effects of Corporate Social responsibility on community dispute resolutions in the South African mining sector. Now given your background as a leader of the NUM at that fragile moment in our history, the transition, the times of Codesa, around '92 when you were elected in and so forth.

The first question is: what were the aspirations of the NUM with regard to mining industry transformation and particularly the sustainable development under your leadership?

INTERVIEWEE: Well we had a two-pronged approach to improving the lot of mineworkers and their dependants' lives. At one level we had to of course ensure that there is improvement with regards to the conditions of those who were at that time employed in the industry.

Because, you know mineworkers were the lowest paid in the country, I mean they were only comparable to farm labour tenants. The migrant labour system, the essence of migrant labour system was that the industry was buying labour power as a commodity. I mean it was the clearest example of labour power being treated as a commodity. In a sense that almost denuded this worker of any social relations. That's why by bringing this worker to the mine and keeping this man worker in a single sex hostel, with conditions that were really truly spurting. Comparable- I have spent time in prison. Comparable to prison conditions because you know, they had concrete bunkers to sleep in; they were of course taken through an acclimatisation programme to make sure that he could survive in the heat. So he was tested.

And then of course they were guaranteed meals, they were fed racoon. I mean everything is cooked together because you know; they have had to have enough fuel to work in those conditions. They worked a long shift, 9 hour 12 minutes, that was the length of the working day. And this is, you know, there were health hazards.

In the gold mines, Thysis was a major major problem. Respiratory diseases in the asbestos mines it was a killer. It was a real real real killer then. Blue dust ate at their lungs at a rate that under different circumstances should not have been allowed at all. And so the various sectors of the mining industry had all these health hazards. And health and safety issues were not prioritised.

So the union had to prioritise those issues. The union had to ensure. At that time mineworkers didn't have any retirement benefits. The union started mineworkers provident fund. They were also excluded from qualifying as miners. You become a miner if you have a blasting certificate. It didn't matter most of them had worked up to 17 years doing job specific functions and there was no prospects of upward mobility and so on. So these are the issues that the union had to take up.

Then precisely because they had no provident fund, it meant that you know, when someone got injured the compensation was calculated on the specific formula and that was it. And because this is an individual, as I said earlier your labour power is treated as a commodity, and the only reason why the industry took any interest in them was because they couldn't be separated from the labour.

They couldn't sit at home and send the labour to go and work. They had to be there themselves. But you see, the industry because there was no visibility of the other relations that this person is a member of a family, or an extended family. That did not matter. So they could on the pretext that they were giving them meals and accommodation so they pay them the lowest. And the union had to take up all of those issues and train these workers to understand and be alive to those issues. We had to train shop stewards to understand simple political economy, and also to have the courage and conviction that these were legitimate issues that they were pursuing. And also that they had to take the risks also then were the dual system of management because they were recruited from villages. So when Teba recruits them they would

also employ, bring to the mine, the same compound a representative of the local chief. A form of an induna. Who comes to the mine and eats and drinks and does nothing except that if there is any worker who comes from a group recruited from his village, such an induna could ensure that even back home there are sanctions, you know- against this worker.

It was really like starting from rock bottom and work through those issues. I must say there came a time when the union's message was well received, everywhere else. And the workers remember in the hostels you had to apply, through the mine authorities, if you were married for you to get a visit.

And it was a privilege. Now you are married, you wife can visit you and they give you few days. So by '88 mineworkers then said they take control of the hostels. "Mineworkers take control" was the slogan.

And what they meant was that they will have a say in what happens. So gradually things improved and including the wage, steadily there was a steady upward mobility.

INTERVIEWER: Thank you. So I can take it from the labour side to communities. We will keep on juxtaposing the then with the now. What do see as the major policy strength of the Social Labour Plans, mining charter etc. tied on to this quest is how do you then interpret community protest actions towards mining companies?

INTERVIEWEE: You know, the union also rose because some of the mines were also marginal mines. I remember there was a mine in Limpopo where workers were really earning pittance, next to nothing. And then some point the union negotiated an increase that translated into a 32% increase which was unheard-of at the time. But the mine agreed, signed off and implemented that agreement for a month or two and shut down. So the workers then were without employment in that community.
So it really at that time highlighted the need for the union to be nuanced and balanced because in one breadth it was better for these workers to have jobs than to get an increase that would never be implemented. So it was a very difficult situation. But the union you know, of course as marginal mines of course were also effecting job cut backs, and so on, and in many many instances they would provoke a strike because

it would then be the cheapest way of once there is a strike and it is unprotected, they dismiss so many workers. So the union had to negotiate, and one of its demands was a social plan. Eventually it was signed. That with the social plan the downscaling of mining operations, job cut backs could be anticipated over a period of say, minimum 3 years. And during that period we would look at alternative skills training for these workers because the only experience they had was very job specific in the industry. So that they could get other skills that would make them more employable in other sectors, and as well as to enable them to figure out a little more out on their own.

We also had to organise them into cooperatives even before they left the mines. Remember they came from different villages but we would organise them and the organisations would be in accordance with where they come from. So that, you know it could be easy for them.

And we started a very successful Mineworkers Development Agency (MIDA), we worked with Kate Phillips, in that regard. And we established MIDA in Bushbukridge, in Phalaborwa, in Lesotho, in Swaziland. And we did two types of cooperatives. Where agricultural cooperatives would be best suited, we established agricultural cooperatives.

And elsewhere it would be brickmaking, and all other skills from production of tombstones, to production of the fence, wire gorse. So, and even bakeries. I mean, the Mala project was the first community based project to receive an award from President Nelson Mandela. Because, you know, women in the community gave to the project in Bushbuckridge. They were trained on how to bake bread and they were supplying the schools as well as the local shops. It was very successful project.
And we created a training fund. It didn't matter how many numbers were involved in the downscaling you would say the company must contribute a certain amount into it. So as we negotiated their severance packages at the same time. We negotiated a training fund for them and that's how these cooperatives were established. Which really helped a great deal and it gave them- these mineworkers skills that they didn't have. At the same time after the establishment of the mineworkers provident fund, because as you know the management of such fund as on a 50/50 basis representation and chairpersonship rotates so for a certain time the chairperson would

come from the employer's side and also from the workers side. So all of those workers, who were the trustees, we gave them training. One of them ended up being the principal officer of the Mineworkers Provident Fund. He had to study further and did board exam, and qualified and became the principal officer.

So at the same time internally to the union itself, because as the union was accumulating reserves we then established the Mineworkers Investment Trust. Because we reasoned that look, in the olden days we used to receive lots of support from sister unions in Europe, particularly shop stewards training programmes, as well as for Shopstewards education as well as health and safety. And legal issues because there were lots and lots of legal challenges, I mean there were so many pieces of legislation that were anti-worker and so many cases had to go through the court, and labour court and at times just normal courts.

So we reasoned that you know, this is before- just when it became clear that the organisations, political organisations like the ANC were to be unbanned, we then anticipated that and we as the leadership of the union said, look, we don't have to wait for these friends of ours to say well now you country is free. So now we want to help others who are more needy. And we approached them, I went with James Motlatsi and we spoke to them and said look, we anticipate that changes are coming in the country, so we think we want to thank you for all the help that you gave us, and so we want to be on our own. So that the resources that were always allocated to us could now be put to good use elsewhere in more deserving cases.

And guess what, it then turned out that they also, I mean the LOTC in Sweden and Norway, it turned out that because we could account for the allocations, what the money was used for and so on, regularly. They used our case as motivation that indeed, you know, because elsewhere they give the allocations and the accounting is very poor. And they have very little to show for it.

So they said no, we would in fact undermine their ability to raise money as well if we cut off the relationship. And then we said, well let us agree on a phasing out over a three to four year period. And they said four years. So, and we said each year we will

take over the funding- financing of certain aspects of the work that we do. And that's what we agreed to.

So, as our reserves got better, even when we were responsible for the entire budget, operational budget of the union, we then established a trust and said the union must be able to offer more than what other unions were offering.

So, remember we had to establish these cooperatives. So we established this trust, and we said we are giving a loan to the trust. We were the trustees. And we took R3million out of the reserves of the union and gave to the trust. And as the trust we then established the mineworkers' investment company. And we gave it the entire R3million because we had no overheads, because we were in anyway office bearers. There were no overheads, we were using union offices and yah.

So we gave the R3million as seed capital to the Mineworkers Investment Company (MIC). And initially I chaired the board of the MIC. And the first thing we did was to buy a warehouse which sold casual and sportswear with labels from Europe that were not here. And then we took over the concession stores in the mines. That's how we expanded that business. And we listed that company on the Johannesburg Stock Exchange. Yah, Matoho, we called it. So the trust owns MIC 100%. And in the deeds we said it should never be diluted for whatever reason. So the MIC could only get into joint ventures at operational level. But if there is dividend, then dividend flows back to the trust.

And we created the Chinese wall between the trust, and the union. You see, the union must be dependent on the members. Members' fees because then it is accountable. It can't survive with funding from other sources. And then we said the trust will not give the union a black cent. Then we established the JB Marks Education Trust which offers bursaries to mineworkers and dependants of mineworkers, and dependants of former mineworkers.

So if your parents, one of them worked at the mines at one point or the other and you want to study, then JB Marks Education Trust gives those bursaries. To date, by the last year I mean, the union had already produced through his education trust 600

university graduates. And last year they invited me to go and speak to a group of 80 that has graduated in 2013. So that carries on and it going fairly well.

It's like an endowment because the funds come from the operations and so it also finances the cooperatives, the Mineworkers Development Agency. And the union created a property portfolio because all the offices of the union had to be owned by this portfolio. So in a sense we said well, it's a statement that the union has made. And that's why the head offices are in Rissik Street, on the south. We said this is a mining town and these mineworkers must be prominent and visible to say this town was built with their sweat and blood.

So that's how we were able to deal with, in that sense the union is unique. Many unions only look after their members while they pay subscriptions and are still employed. But NUM looks after their members even when they have left the industry.
So, and through the cooperatives, it helps to root the union and also through the bursaries it helps to root the union. Currently the union is losing lots of members because it has gotten into corrupt activities. The local leadership at branch level, at the mine level, you find that they are no longer involved in the operations in the mine. The entire branch committee consists of fulltime shop stewards, and what they do God knows. Because we negotiated for fulltime shop stewards particularly to ensure that on the health and safety side, these workers are trained to know. Because the act allows for operations to be stopped if it is unsafe to work. So you need in each shift, people who are safety stewards. Who understand what to look out for and so on.

And that's why we needed to have full time stewards. Part of what has turned out to be a huge problem for the union now is that we also negotiated what we called an Agency Fund because there were workers who were not member of the union and the union negotiated. And whatever it gained was applied across the board.

And so the mines agreed that at mine level, we said no the union won't take the money. The money must belong to the branch, there. It must be a fund that the branch can use. And so, that Agency Fund in the big mines, local branch ends up with millions in its accounts. And then they buy transport for the branch, and everything and then it

introduced corruption. So they now determine which service provider should be approved. And money changes hands in that process.

So they stopped taking care of the interests of members. And the members slowly became disaffected with the union. The problem with power is that, those who are in power, become completely unsighted and they become of the challenges facing their members. And they become detached from the members. And that's what gives rise to these workers becoming disaffected. Because they find that their leadership is not there underground, they are all surface workers. And when they negotiate they thinking of t

INTERVIEWER: Thank you for that one. Now this will be the last lap. Is nationalisation of mines a necessity for South Africa? And I am asking this purely because the communities I have interacted with, be it in Mokopane, be it in Kuruman, all over, in Rustenburg, community members now increasingly feel like they are not benefitting enough. Even if there is ownership in the mining charters, they are not benefitting. Now the last lap, is Nationalisation of mines a necessity for South Africa in that context?

INTERVIEWEE: Eeh, firstly let me take one step back. The effect, or impact of the migrant labour system, most mineworkers come from the Eastern Cape. And so, typical cases, they end up in the North West. In the olden days they would have been confined to the mine compound and would rarely ever venture out into the local communal villages. So there was a clear separation at that time. But at some point, long after I had left the union, the union and the industry entered into what they call- an agreement on Living out Allowance.

The idea was that mine compounds were bad. And so they would be paid a certain amount, R1800 to leave the compound. What wasn't worked out was that there was no rental stock. So they couldn't rent out a room, a decent room for say R500.

So they end up in shacks and informal settlements. That how these informal settlement sprouted around the mining areas. And at first they are welcomed by the community, and they are young so they make relations, they start up families, but the life in the informal settlements, in the shacks was harsher than inside the hostel.

Because now, they must now buy food, they must now buy water, they must now buy electricity if there is. In the main they don't have electricity. Because this is an informal settlement so it is not serviced. And that is the root cause of social problems. So these settled communities now have new arrivals, who invariably have different mannerisms and behavioural patterns. And these are family people, they have families back where they come from.

So their take-home becomes inadequate. To look after this family here, and the family back home. This has created pressures and stress for these workers. So they don't eat as well as they ought to, so that created very serious difficulties.

Of course these communities also become more numerous, young people from these communities some don't go very far at school and therefore seek employment on the mines. And the tension arises because they feel the mines are not offering job opportunities to them as people who live in the immediate vicinity of the mines. So that has created a different problem.

The social responsibility of these mining companies to also offer bursaries, sponsor amenities, sports organisations and so forth with trophies, doesn't happen. In the olden days the trained athletes in the mines, most of the athletes would be people who worked in the mines. Now they don't do the same with these local communities and that has created these problems.

The ownership of minerals in the olden days was linked to the ownership of land. So if you did exploration and applied for licence, because the deposits are beneath the soil, you also owned the soil. So these mining companies owned large tracks of land where they are situated. Now with time after democracy, this was separated. Ownership of the land, from ownership of the minerals.

And in the past if the company did exploration and confirmed certain deposits, it could sit on them forever. And just have them on their balance sheet for keeps. Now the act says these are national assets. Now the amendments, the Mineral Resource Development Act separated this ownership. So you have to apply for an exploration licence, once you have don't that you have to apply for mining rights before you can mine. And the mining rights are on the understanding that you mine. So the principle of "use it or lose it applies".

So the whole issue of policy in terms of the equity of the mines has changed. And that has created a new dynamic because with the Empowerment Act, the communities who are directly affected, so there are workers who are within the employ of the company who are also deserving of empowerment. They can be empowered through equity, they can be empowered through procurement contracts- the same applies to the communities. The community can be empowered through procurement because there is lots of money in what the mines consume, in what the mines use. Lots and lots far more than the mining rights but people think equity is the be all and end all.

So the empowerment as I've said can be effected from different levels rather than just equity ownership. So the question of nationalisation should be looked at with this background in mind. Because firstly mining operations are complex and need lots of capital. So if you take on a mining concern, as a going concern and nationalise it, that presupposes that you are going to manage it efficiently.

Efficiently such that you produce surplus, you still produce profits because you must plough back, you must recapitalise, you must do development which implies sinking new shafts and doing the tunnelling and all of that infrastructure.
So two years ago when the Limpopo department of education failed to deliver books to leaners, people could very easily ask the question:
"Would you have the capability to run a mine efficiently and successfully if you can hardly deliver books to schools?"

That is the question. Because those who are calling for the nationalisation of the mines, because you can hold equity and not get involved in the management and running of the mines. So that you get revenue through taxes and so on. But

nationalisation seems to be something that excites people who have no idea of how a mine can be efficiently managed.

If you haven't run a corner shop, you can't take over a mine. And of course the manner in which parastatals are managed now, doesn't inspire confidence that we could have the skills to run mines successfully.

So I would say, because you see there is no magic in public position. The point is you can get revenue you are better off settling yourself with that, because what will it change? If the mine employs 10 000 workers it won't change. It would still employ 10 000 workers.

INTERVIEWER: thank you. That is very clear, I think you've really touched on a number of things. I don't know if there is anything that you would like to add? Just in our discussion, generally? And observation that you perhaps have.

INTERVIEWEE: Well the other thing is that, in the main we export raw materials. We export gold in bricks and most of the things that we mine. We don't add value here. So beneficiation is important. But it has been spoken about from when I was there up to this day, there is very little progress. Firstly because we are a small market. On our own we are a very small market. But of course if we were able to get training of jewellers and designers and all of that, and ensured that there is supply for manufacturers and so on we could establish a very successful beneficiation sector, manufacturing sector.

The market would be global. I mean firstly be across the continent, the continent consists of 1 billion people. So there is a whole lot of untapped market there. Italy makes more money from our gold than we do because they produce watches and sell them back to us. That is still a weakness because value add is still up in the air and it still hasn't happened at the scale that is really can make a difference.

Because domestic market is critical for sustaining, whether you look at tourism or what. If you don't have large enough domestic tourism sector, you can't expect to attract foreigners.

INTERVIEWER: Last week I was attending the Mining Indaba in Cape Town. Now there is the Mining Indaba and there is what is called the Alternative Mining Indaba. So when the captains of industry are having their meeting under one roof, parallel to that in another hotel there the Alternative Mining Indaba where civil society, NGOs mining community organisations are meeting. Now I was trying to attend both when I got a moment. But now even at the main Mining Indaba this was raised that there is an emergence of mining community organisations

INTERVIEWEE: Yes, I know them, I have met them *bo Macua,* they work with BenchMarks Foundation

INTERVIEWER: now what is your reading of that? Does this signal a disconnect?

INTERVIEWEE: Well, if you take community *ya ko Phokeng* [the Bafokeng community], and the surrounds, Marikana etc. Bafokeng have always received royalties and out of those they formed the companies that are diversifying. And yet, its community organisations, young people who come from there who are saying, no this is not helping us. These people are building stadiums and all those things but we…
Now that's not an issue which simply affects an industry itself. It's an issue internal to an already- remember the Bafokeng equity ownership is the best structured than all other communities. The is no other community that is structured interests the way those Bafokeng have done. They own equity and they leverage that to even a point where they own a mine. And they are a small community by the way. But I'm saying these civil society organisations comes from there, because they are a tribal authority, the voices of these people are not heard where it matters most. That Royal Bafokeng has offices here, next to Gibbs. Bo Phiri operates from here.

Now, therein lays a different tension. I am using them as an example because they already are into ownership as a community. But these ones feel that the management of these interests happens above their heads.

It is a different thing than the ones in Mpumalanga. Those ones in Mpumalanga are old mines that are being mined illegally with all the attendant social problems. They

don't have ownership, they don't have a structure, because of the coal mines, somewhere thee are fires and all that. So their problems are different. Even though they are calling for nationalisation but the immediate burning problems are different from the ones experienced by those young people *ba ko* [from] Rustenburg in the North West, you see.

And elsewhere I mean, where there are diamonds communities as actually divided because some people get the rights to the exclusion of others. So that's where I think the weakness is, of trying to establish civil society organisations which have to deal and address peculiar challenges. And they are trying to do it in a uniform fashion. So I think it makes them ineffective.

Because the ones in Rustenburg, if I understood their problem properly need their voice to be heard. It is the democratisation of the how… but you see it is the tribal structure if you like. The royalty, the royal council… and there is no structure for the voice of young people to be heard to be heard in there. So it is a different problem.

INTERVIEWER: You have captured it correctly because I was in Mokopane about three weeks ago, Platreef

INTERVIEWEE: The one in Mokopane, Platreef, Ivanhoe bo Freedland and the others, worked through the local chief Kekana and so on. They went through all those things and so on. Late in the day, very late in the day, people who were now looking at equity opportunities because the structure there is they are giving 22% to the community, 2% to the workers and 2% for entrepreneurs. In other words business people from the community. Now the minister said to them- no. take the 2% from the community and add it to the 2% of the entrepreneurs so that it becomes 4%. And this he says to them after the whole thing has been structured. Clearly, people who also connect to him are eying that 2%. But they want it as free carry and that's part of the problem about how things are done. Because these people should go, there would be nothing wrong if they go and raise money to buy the 2% as entrepreneurs.

Maybe there would be nothing wrong. But if they want it as free carry, then there is a problem, you see. Because they bring nothing else other than connectivity. So, and

then of course they are the ones who go ad mobilise certain sections of within the community to say not there was no consultation , there wasn't this, there wasn't this and that and so on.

So where there are vested interests, it is always difficult to get a clear sense of whether the community at large, because the community definitely gets 22% equity. If it means nothing now, it means billions when that mine goes into operation. And if that is explained to the community and there is a clear structure of how once dividends flows, how it is going to be utilised. Because you see, that's the weakness in communities. That's the weakness in communities.

You see the old Soviet Union, they had very, they were well endowed with natural resources. And so there were mines and nuclear companies and so on. And because these were owned by the state on behalf of the people, when the Soviet Union collapsed, ordinary citizens were given tokens or vouchers which became proof of their stakes. But they didn't know what it meant. It was just piece of paper what. They throughout the years from 1970 they never got involved on how their stake, because there were no monetary dividends. Now the system is changing. So it took those of them, young people who would organise themselves in to syndicates and go out into Europe, engage in crimes of all sorts, and amass capital. And they are the ones who came back and bought these vouchers from people who had no idea what it means. And that's why you have more billionaires in Russia today than anywhere else in the world. These are billionaires because they simply took over.

Now in these communities like ko bo [in and around] Mokopane, if those people are not properly informed as to how these interests of theirs, what it means and at what point the value of these interests could be translated into rands and cents, and how once they flow how are they going to manage them. And what form the benefits would take. If that is not properly explained to them, people who want their money tomorrow, who don't understand the distinction between money and wealth, because that's wealth. That 22% is wealth. But there are people who want money tomorrow. And these are the people who would say to them, no we are not properly consulted. No, this and that. Because they think in the 2% if they get it as freebie, they can buy cars now and something like that.

By doing what, by selling it. You understand, they don't have the patience to wait for the dividends. So it is a difference of the here and now, and a long terms appreciation of wealth and what it could do for that community.

INTERVIEWER: Wow. It is as if you were with me in that community. I'm surprised. You understand the mechanics of the problems at Platfreef.

INTERVIEWEE: Yes, so the chief there, Kekana, I don't think he has done proper work because these people, bo Freeland relied on him, because they are dealing with him. Even though they held community meetings but those are about whether the family grave should be moved, or the cattle should continue grazing here, or what should happen when the house cracks, and so on. Those are important but side issues.

The real issue of this equity, needs to be explained at a different level. I mean it needed people who could go and sit down with those people, not in mass meetings, no. Household by household by household by household so that they have an understanding. Even of the structure, on how to structure their own interests as a community because that 22% is going to create problems if there is no structure that they understand and own.

INTERVIEWER: Last last question. Reading from the chief Kekana situation, I was talking to a researcher from Ghana at the Mining Indaba. He said to me, you know this Mokopane situation even happens in Ghana. Where traditional leadership is seen as the bargaining/ representative of the community. And then later on the community members feel like they were not consulted and unfavourable decisions were taken on their behalf. What is your take on this matrix?

INTERVIEWEE: Well, as I have said. These community structures of local chiefs and all that, if the chief is not up to scratch, it can't work. Because you see, we live in a democracy now. And people have an inkling of rights and that they should have a voice, I mean that's how a democratic situation works. Now even the traditional leaders have to be helped. Three weeks ago I had a chat with Minister Nathi Mthethwa and I said to him, you see if we want to achieve national cohesion, this department of Arts

and Culture ought to be structured differently so it has capacity- in-house capacity to do research, to link up with universities, on languages, on culture, about history and everything. Because now you hear these, in KZN for instance, where *isilo* is above the democratic structures. And it's going to create problems. It's a problem already. So its Arts and Culture which needs to have people who can go to him and sit down with him and explain to him that everywhere else this kinds of structures disappear. If you want this to be preserved and to survive like in England, this is what you must do, this is how you must relate to democratic structures and explain that. And this applies to all other traditional leaders anywhere else.

Because I was saying to him, when young people die in initiation schools, it is not a problem for health. It is your problem. Because it is your department which should be able and has the capacity to go where this is practiced and passage to manhood is done through rituals. You must go and engage those people on well researched positions and view to say this is how this thing is done. You see if great great grandparents used stones to perform surgery, and later spear, and later, knives, and later blades, you must introduce to them the latest clamp and say this is your tradition, is your culture this instrument. And explain to them that the reason we are using cell phones today, it's part of culture. Culture is historical phenomenon determined by a succession of socio-economic formations. But I said as long as your department is structured like any other department, it will never have capacity to play this role. So we will not be able to achieve national cohesion because the project of uniting our people and so forth, presuppose that at a level where you can have proper dialogue and that can only be led by Arts and Culture.

INTERVIEWER: Thank you, thank you, and thank you. Thank you very much Mkhululwa. I owe you success

INTERVIEWEE: Thank you!

APPENDIX 10

Email correspondence with Coal of Africa

Olwen Auret <Olwen@rair.co.za>

to me

Jul 28

Good afternoon Kea'
I have had a response from my client and unfortunately, at this time, they are unable to discuss their current projects.

Regards

Olwen Auret

RUSSELL ANDASSOCIATES

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From: Kea' Modimoeng [mailto:keabetswepoko@gmail.com]
Sent: 28 July 2015 01:48 PM
To: Olwen Auret
Subject: RE: Request for Interview: Coal of Africa CEO

APPENDIX 11

SAIMM Conference paper presented by the student, 12-13 May 2015, Johannesburg

Corporate social responsibility *with*, not *for*, communities. Proactive mining-community engagement on socio investment strategies and approaches that deter conflict in the North West mining belt

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Since the advent of democracy South African citizens have developed a more conscious culture towards socio-economic development. The mining industry is no exception. The lack of, or limited, community consultation on corporate social responsibility (CSR), sustainable development, and community development interventions by mining companies is a major source of conflict. Ongoing wage disputes and union rivalry coupled with a robust political climate within mining communities have increased community interest in and activism on the planned investments by mining companies.

The objective of this paper is to explore the business case for consultative CSR and strengthening community relations in the mining industry as a whole. The formation of lobby groups and mining communities' activism platforms such as Mining Affected Communities United in Action (MACUA), a mining communities-focused advocacy and lobbying group represented in mining communities across South Africa, illustrates the intensity of the challenge.

According to a MACUA discussion document (2014), the organization was formed following a dialogue among mining-affected communities, hosted by ActionAid International South Africa (AAISA) and the International Alliance on Natural Resources in Africa (IANRA), representing communities in eight provinces across South Africa, during 2-5 December 2012. A coordinating committee was elected to begin the process of uniting communities in a broad movement aimed at presenting the voice of communities.

Through in-depth literature and fieldwork research on the subject, the paper draws insights from the legislative framework and mining community members' views on how proactive consultation would be beneficial in also allowing community members to embrace investments as their own. The approach tackles the concept of 'doing CSR with communities and not passively for communities.' The paper also analyses the impasse created by insufficient community consultation between a mining community in Mokopane and a newly licensed Canadian miner – Ivanhoe Mines. Notwithstanding the prospects of creating 10 000 jobs, this did not deter community members from a full-blown protest action.

Introduction

Corporate social responsibility (CSR) has been researched and documented extensively over the past fifty years. Visser (2010) states that CSR entered the popular lexicon only in the 1950s with R. Bowen's landmark book, *Social Responsibilities of the Businessman.*

According to (Carroll 1991), the 1970s saw the first widely accepted definition of CSR emerge in a four-part concept of economic, legal, ethical, and philanthropic responsibilities, later depicted as a CSR pyramid, as well as the first CSR code, known as the Sullivan Principles. The 1980s brought the application of quality management to occupational health and safety and the introduction of CSR codes like responsible care to the fore. Carroll (1991), further states the application of CSR has unique elements and also aspects of similarities from one industry to the other. Over the years, there have been regulatory frameworks and legislative requirements by government with regard to CSR and how corporations should plough profits back into and empower communities.

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Njenga and Smit (2007) define CSR as the accountability of companies, to both shareholders and stakeholders for their utilization of resources, for their means of production, for their treatment of workers and consumers, for their impact on the social and ecological environment in which they operate, and the way in which they exercise their legislative and fiduciary duties.

What has become a crucial issue in the implementation of CSR, especially in the mining industry, relates to consultation and synergizing with communities on the type of investments made. Coupled with the sense of ownership that communities have over the land in which mining companies operate, the dynamics are different to when mining company invests out of its own volition.

South African mining communities' investment context

Historically (during the apartheid era, pre-1994 in South Africa), mining companies were not obliged to contribute towards social transformation of Africans in particular. As Sorensen (2011) states, after the change of government in South Africa in 1994, mining legislation 'has sought to redistribute the mineral wealth of the nation to include those selectively excluded previously by virtue of their ethnicity'. In order to achieve this the government took over custodianship of all the mineral resources of the country: common law, 'old-order' mineral rights were replaced by limited 'new-order' rights which had to be applied for both for existing and new mineral projects. These would be granted at the discretion of the Minister of Mineral Resources, subject to the applicant meeting certain socio-economic criteria.

The South African government through the Mineral and Petroleum Resources Development Act (MPRDA, Act 28 of 2002) introduced the Social Labour Plan (SLP regulation 46) as a way of standardizing and regulating mining investments towards social development. Mining companies in South Africa are obliged to comply with the requirements of the SLP guidelines. Failure to comply could result in the mining license being revoked.

The objectives of the SLP, as outlined in the guide SLP guidelines, October 2010, p. 5, are to:
* Promote economic growth and mineral and petroleum resources development
* Promote employment and advance the social and economic welfare of all South Africans
* Ensure that holders of mining or production rights contribute towards the socio-economic development of the areas in which they are operating as well as the areas from which the majority of the workforce is sourced
* Utilize and expand the existing skills base for the empowerment of historically disadvantaged individuals in South Africa

The Department of Mineral Resources uses the terminology 'sustainable development' instead of CSR. However, regardless of the variation in terminology, the desirable output is geared towards the same goal of transforming lives of community members around the mining company's jurisdiction.

According to the Brundtland Commission's report (1987), which was named after Norway's former prime minister, Gro Harlem Brundtland, who chaired it, sustainable development could be defined as follows:

'Development *that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts:*
* *the concept of needs, in particular the essential needs of the world's poor, to which overriding priority should be given*
* *the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs.'*

However, the spate of community unrest targeting mining companies as well as an increase in formation of mining community organizations, signals a mismatch on what has been invested by mining companies and the expectations, needs, and aspirations of beneficiary communities.

Emergence of mining community organizations in South Africa

Community members – particularly residents of communities situated in the vicinity of mining operations – are beginning to lobby collectively in South Africa and are doing so through links with non-governmental organizations (NGOs) and through their own established entities.

The formation of MACUA in December 2012 (MACUA, 2014) after the formation of the Mining and Environmental Justice Community Network of South Africa (MEJCON-SA) in October 2012 – both within a short period of time at a national level (Mining and Environmental Justice Community Network of South Africa, 2012) – shows the extent at which communities demand consultation. This paper also makes reference to local community-based organizations such as Mokopane Interested and Affected Communities Committee (MIACC) and the Bapo-ba-Mogale Liaison Committee in Marikana.

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MEJCON-SA's objectives, as per its constitution (Mining and Environmental Justice Community Network of South Africa, 2012), are:

- To promote and defend the environmental and human rights of communities both directly and indirectly affected by mining; and to ensure the sustainable use of mineral resources
- To train, develop and capacitate community members
- To access information including information about mining, law, rights, processes, and impacts and to share and distribute that information amongst affected communities
- To support and assist community champions, community organizations, and the members of both directly and indirectly affected communities
- To engage all relevant role-players, including government, at local, provincial, and national level, industry, civil society organizations, non-governmental organizations, traditional authorities, and the institutions created in terms of chapter 9 of the Constitution of the Republic of South Africa (Act 108 of 1996).

The establishment of community lobby groupings means mining communities now have a consolidated position arguably independent of political formations, traditional leadership, and trade unions and are able to advocate for their specific needs. However, this calls for a more consultative and collaborative approach towards CSR implementation.

Global observations on mining collaborative CSR

Concerns around CSR acceptability and appreciation by beneficiary communities is a global phenomenon. According to Dashwood (2012), 'for mining companies, a most salient risk is opposition from the local communities in which they operate'. Failure to establish and maintain good community relations could result in a company losing its 'social license to operate', even when the company possesses the regulatory license to operate. This can drive mining companies to adopt beyond – compliance measures, in order to meet social expectations.

In 2014 the International Council on Mining and Metals released a report titled *Enhancing mining's contribution to the Zambian economy and society* (ICMM, 2014) in which it tracks the pertinent issues concerning mining social investment and partnerships. The following observations were made:

- Mines spend a lot on social investments, but with mixed results and residual suspicion from local communities
- To improve social investment performance, more systematic monitoring of the outcomes of social investments against a baseline of data is needed
- Regular surveys and more effective means of communication with local communities could form part of enhanced monitoring and help to rebuild trust
- Better co-ordination is needed: between mining companies themselves and with other stakeholders, such as local government, development agencies, and NGOs
- Mining companies could better align their social investment programmes with district-level development plans and poverty reduction strategies. This will, however, require sufficient capacity at local government level, which is currently lacking. Mines could potentially redirect some of their efforts towards supporting capacity in areas such as budgeting and planning.

According to Sarkar (2012), Rio Tinto, the world's second largest mining company, (Bloomberg, 2014) acknowledges the importance of seeking a long-term commitment to local communities so that social and economic well-being is safeguarded and, where possible, enhanced through the mine's life and beyond. Rio Tinto further argues 'every operation should understand and interact constructively with its local communities and assist their development in ways, which apply principles of mutual respect, active partnership and long term commitment.'

McPhail (2009, in Richards, 2009) recommends mining companies should intensify efforts for poverty reduction and dispute-resolution mechanisms at local levels through 'mining clusters' as done in Chile. The "mining clusters model incorporates mine management and community leadership forums resulting in the growth of small enterprises at Escondida mine.

In 2012, global auditing firm KPMG conducted a social impact research project in the Peru mining industry that revealed community discontentment on CSR affairs. Over the last twenty years Peru has been one of the fastest growing countries in South America, and most of this economic growth can be linked to the performance of the mining sector. According to the KPMG report (2012) the mining sector in Peru has been linked to pollution and social abandonment.

The country's current economic success is not benefiting mining communities, where local groups are responding to this situation by gaining political power and/or through social unrest. The following are examples of these reactions.

- In Puno, one of the poorest areas in Peru, local communities have blocked airports and brought the city to a halt during a two-week long anti-mining demonstration
- A large copper mining company with operations in the southern region of Peru lost its permit to operate because its water project was not accepted by the local community
- In November 2011 anti-mining groups immobilized the locality of Andahuaylas in the south of Peru for ten days. Their main goal was to stop all mining operations and future plans in the region.

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South African context (Mokopane and Marikana): the *status quo* and the costly outcomes

As a result of what appears, and is reported to be, insufficient community engagement on broader CSR and mining development issues, Ivanhoe Mines, a Canadian miner developing the Platreef platinum mine in Mokopane (Limpopo province) is experiencing massive resistance from the community.

Following King's (2014) Mail & Guardian article published on 5 December 2014, titled *'Not in our backyard, villagers say'*, the author visited the Mokopane community in January 2015 as part of data collection for this paper.

According to a Mail & Guardian report, Ivanhoe aims through Platreef to inject $1.6 billion in investment and create 10 000 jobs as well as a 20% shareholding for communities. However, this has not stopped the community from embarking, on 26 November 2014, on a full-blown violent protest action against the company.

The 42 year-old Ephy Seoko, 62 year-old Eliphas MolwatsI, and 64 year-old Margaret Makgabo, all born and bred in various villages of Mokopane, lamented common issues of 'dismal and divisive' community engagement, perceived collusion between Platreef and local authorities, and disregard of SLP regulations by the company. The awarding of a mining license to Platreef by the Department of Mineral Resources in November 2014 also fuelled tensions as the community was still expecting further engagement. A development which they claim has reversed their gains.

According to De Beer and Swanepoel (2011, p. 75), no-one can deny that participation in activities that affect your future and that of your children is a democratic right. This clearly means that no politician and no official has the right to decide when people should participate and to what extent they should do so. 'People especially when they are poor, not well educated and unsophisticated, find it very difficult to make decisions that they can defend as logical and reasonable. On the other hand there are people and parties who prefer that the poor and the ordinary remain in the background and play the docile role of beneficiaries.'

The community condemns Platreef for alleged mineral prospecting activities on residential areas, gravesites, and ploughed fields without proper community consultation resulting in violent protest actions and community confrontation with the police. Makgabo was shot and critically wounded by the police in a community protest against Platreef in November 2014. She explains:

> *'The land where Platreef has commissioned its machinery belongs to us – the community. For instance, our family alongside other families, has been ploughing a range of vegetables since 15 February 1967 yielding on average 50 bags of maize annually. Since Platreef's arrival, we have been subjected to R5200 annual compensation which was not agreed to by the community.*
> *Platreef in its prospecting activities has been using chemicals which have made our ploughing fields barren. The question is, how will we have peace and how will Platreef ever achieve its mining goals if they are not willing to acknowledge the importance of cordial community consultation on issues that affect the community? Just imagine what Platreef would do once they start being profitable in our land, they would surely be beyond reproach.'*

Counter to Makgabo's inputs, Platreef spokesperson Jeremy Michaels, while responding to a Mail & Guardian interview, said:

> *'The mine is committed to conducting its business in conformance with all applicable laws. It has consulted with the community over several years and the "vast majority" support the project. Incidents of violence and intimidation have been due to "some detractors" who are trying to hold the project to "ransom"'.*

According to respondents, the community consultations took place at the traditional council and this also fuelled the problem as a more neutral venue had been proposed. The traditional council environment turned meetings intended to be more informative in an 'undemocratic' direction, according to Derick Tsita, MIACC spokesperson (Tsita, pers. comm.).

The hostile relationship between community members and Platreef illustrates the importance of collaborative CSR and community engagement at various levels of a mine's life, including the pre-feasibility and prospecting stages. Without a mutual understanding on background, expectations, concerns, and aspirations, all parties stand to lose. There would be no productive mining activities – if any activities – resulting in continuous lack of development, poverty, and unemployment.

Sarkar (2012) further argues that developing mutually beneficial relationships with communities and managing the interface between communities and exploration and mining projects is a challenge that must be met in order to operate effectively in this new era. 'CSR practices need to extend beyond ad-hoc social problem-solving approaches to become ways of systematically and cost effectively managing the interface between local communities and mining companies.'

Lonmin, which is widely known in connection with the Marikana mineworkers killings of August 2012, attempted an encouraging route towards restoring faith in the community with a royalty-to-shares conversion deal. According to the company statement (Lonmin, 2014), in a deal concluded in the 4th quarter of 2014, Lonmin sealed a R546 million share transaction as well as a R100 million cash payment pact with the Bapo ba Mogale community.

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The deal is not positively accepted by some members of the community, who cite insufficient consultation, and are legally opposing the mining company through their community forum called Bapo-ba-Mogale Liaison Committee. In an interview with *Custom and Contested Online* (Custom Contested: Views & Voices, 2014), Abbey Mafate of the Bapo-ba-Mogale Liaison Committee explained:

> 'The community had not been given enough information to know how they would benefit from the deal or whether it comprised fair value for the surrender of the existing royalty right. The community meeting called to approve the deal was not properly constituted in terms of customary or statutory law.'

Both the Mokopane communities and Lonmin seek what the Oxford Handbook of CSR (Crane *et al.*, 2008) describes as synergistic value creation: seeking win-win-win outcomes. The focal point of this approach, according to Crane *et al.*) is in finding win-win-win outcomes by seeking out and connecting stakeholder interests, and creating pluralistic definitions of value for multiple stakeholders simultaneously.

The strained relations between mining companies and civil society, including community-based organizations, in South Africa are best illustrated by the annual Mining Indaba conference in Cape Town. While the mainstream Mining Indaba takes place with industry leaders and senior government officials in attendance, civil society holds what is known as 'The Alternative Mining Indaba' at a venue about 5 kilometres away.

Speaking at the latest Alternative Mining Indaba, Machel (2015) urged civil society and business to 'look for a converging point' and avoid working in silos.

Conclusion and recommendations

Relations between mining companies and communities have evolved with the ever-changing political landscape and community activism. Community members now more than ever before demand knowledge on the details of investments made by mining companies. They want to understand agreements entered to with traditional leadership, how the community funds are run, and most importantly, to have control over the type of CSR investments made. Lack of sufficient consultation on broader CSR investments leads to community dissatisfaction, which often results in violent protest actions, legal battles, and court actions, and most regrettably in loss of trust and deepened community divisions, as illustrated in the case of the Mokopane and Marikana communities.

As stated in De Beer and Swanepoel (2013), 'the people's inability to make decisions is no legitimate reason not to take ownership. In most cases the inability lies in the fact that people are starved of the relevant information in order to make rational decisions.'

The following recommendations are put forward based on the observations highlighted in the study.

- SLP programmes should be jointly defined by communities and mining companies
- Communication and decision-making should be jointly entered into by mining companies and committees duly elected by community members at a mass meeting, and not rely only on the unilateral decisions of local traditional leadership
- Communities should also curb many splinter groups and the formation of many sub-organizations, as this dilutes their bargaining power
- Government should avoid issuing mining licenses where there is visible community discontentment, as this creates an impression that government is on the side of mining companies. Exhaustive consultation is important.

The Ute tribe of Mexico prides itself on a profound yet relevant proverb (List of proverbs, 2015):
'Don't walk behind me;
I may not lead.
Don't walk in front of me;
I may not follow.
Walk beside me that we may be as one.'

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