

**A framework for integration of Mining
Charter III for inclusive procurement,
supplier and enterprise development by
mining organisations in Mpumalanga
province**

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DECLARATION

I hereby declare that this research report submitted for the degree of Doctor of Philosophy in Economic and Management Sciences with Business Administration at the North-West University, Potchefstroom Campus, is my own original work and has not previously been submitted to any other institution of higher education. I further declare that all sources cited or quoted are indicated and acknowledged by means of a comprehensive list of references.

LETTER OF CONSENT

I, C. Miruka and I, K. Ndlovu, hereby declare that the inputs and efforts of Martha Nkholise in the writing of this thesis, is of sufficient scope to be a reflection of her own efforts. We hereby grant permission that she may submit this thesis for examination purposes in partial fulfilment of the requirements for the degree Doctor of Philosophy in Economic and Management Sciences with Business Administration.

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“..... Therefore, my beloved brethren, be ye steadfast and unmoveable; always abounding in the work of the Lord, knowing that your labour is not in vain in the Lord.....” (1st Corinthians 15:58)

“..... For I know the plans I have for you,” declares the Lord, plans to prosper you and not to harm you, plans to give you hope and a future. Then you will call on me and come and pray to me, and I will listen to you. You will seek me and find me when you seek me with all your heart.....” (Jeremiah 29:11-13)

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ABSTRACT

Inclusive procurement, radical economic transformation, socio-economic transformation, local economic development, including the development of suppliers and enterprises are at the peak of the public domain discussions. The publication of Mining Charter III on 27 September 2018 and the announcement of the abolishment of Mineral and Petroleum Resources Development Act Amendment Bill appeared to provide pertinent certainty and stability, especially during the early stages of promulgating the Charter. Following the promulgation of the Mining Charter III, historically disadvantaged persons (HDP) and numerous local trade unions are confident that the socio-economic differences will be rectified and that the Mining Charter III will be enforced. Mining organisations have had to align their current supply chain strategies with the current Charter requirements to remain compliant. This has caused tension as Senior Supply Chain Management practitioners are expected to ensure strategic fit and alignment between the Mining Charter III and the corporate strategy.

The in-depth scholarly review evidenced gaps in the literature and practice that, even though some mining organisations have embraced supply chain management functions, they are still exposed to concerns such as lack of proper knowledge of Mining Charter III directives, gaps in attracting and developing critical skills. This includes internal resistance by stakeholders; permeable governance systems; a paucity of ongoing monitoring and evaluation of procurement activities; and conflict of interest among procurement-related personnel. The identified gaps indicated that there was a need for the development of an integrated, coherent strategic framework regarding using inclusive procurement for development of suppliers and enterprises development in the South African mining organisations to drive socio-economic transformation and to protect the “social license to operate. Hence, the aim of this study was *“to explore the approaches utilised for inclusive procurement, supplier and enterprise development which conforms to the Mining Charter III by mining organisations in South Africa within the Mpumalanga Province in an attempt to develop an integrated coherent strategy framework.”*

The nature of research necessitated action research as the selected qualitative methodology through observations, semi-structured interviews, and a focus group as the principal methods to gather qualitative data. The participants in this study were primarily experts employed by the selected mining organisations and occupy leadership,

management, and execution roles within the supply chain department. To ensure transferability in this study, purposive sampling was most suitable to generate the most significant volume of information of the research inquiry given the unique nature of the units of analysis. Thereafter, network diagrams of emergent themes emanated from the responses during the qualitative data analysis (QDA) interviews and how their association with each other was presented. The network diagrams were generated through the QDA software ATLAS.ti™. The main themes that emerged were policy, change management and strategy. Generally, the research results revealed that the mining organisations have engaged in forums and initiatives in analysing and understanding the requirements of the Charter. Gaps in the Mining Charter III were also outlined in the findings of the results, including the definition of concepts such as HDP owned and controlled business, discrepancies in the reporting templates, and the repercussions of noncompliance.

Recommendations informed the Mining Charter and the mining organisations. They outlined how the Department of Mineral Resources and Energy will have to ensure that all the stakeholders, including miners, HDP owned and controlled businesses, municipalities, and host communities contribute in the review and formulation of the Charter. This includes mining organisations focusing on the implementation phases through integrating the current Mining Charter requirements in the mining organisational strategies, developing of change management strategies while managing their Supply Chain processes effectively without disrupting operations. In conclusion, the proposed framework for an integrated, coherent strategy framework to mutually benefit the mining sector and the local historically disadvantaged entrepreneurs through inclusive procurement, supplier and enterprise development was developed.

Keywords: Enterprise development, Historically disadvantaged persons, Host communities, Inclusive procurement, Mining Charter III, Mining organisations, Socio-economic transformation, Supply chain and Supplier development.

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LIST OF ACRONYMS

B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
BO	Black Ownership
BWO	Black Woman Ownership
CO_1	Case Organisation - 1
CO_2	Case Organisation - 2
DMRE	Department of Mineral Resources and Energy
DTI	The Department of Trade and Industry
EME	Exempt Micro Enterprise
SED	Supplier and Enterprise Development
HDP	Historically Disadvantaged Person
JSE	Johannesburg Stock Exchange
Mining Charter	Broad-Based Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry
MPRDA	Mineral and Petroleum Resources Development Act
QDA	Qualitative Data Analysis
QSE	Qualifying Small Enterprise
SARS	South African Revenue Services
SMME	Small, Medium and Micro Enterprise
TMPS	Total Measured Procurement Spend

CHAPTER 1

INTRODUCTION

1.1 CHAPTER OVERVIEW

The use of inclusive procurement to develop suppliers and enterprises has been making news as part of the South African government's socio-economic transformation agenda in the mining industry. Lack of transformation, historical ties with generic legacy suppliers, corruption, fronting, and resistance have been identified as some of the elements influencing the mining industry's deferment. The emergence of nationalism based on resources calls for tighter control over stock, trade, and pricing of mining commodities. The drive for more significant beneficiation in South Africa all impacted the amendment and creation of the Mining Charter III. Since the Mining Charter III promulgation, organisations have been confronted with challenges of immense proportions to maintain their "social license to operate" by implementing the Charter's requirements.

Following the promulgation of the Mining Charter III, historically disadvantaged persons (HDP) and numerous local trade unions are confident that the economic disparities will be rectified and that the Charter will be enforced. Mining organisations must align their current supply chain strategies with the Charter requirements to remain compliant. This has caused tension as Senior Supply Chain Management practitioners are expected to ensure a strategic fit and alignment between the Mining Charter III and the organisational strategy. Presently, scholarly review evidence gaps in the literature and practice of developing an integrated, coherent strategic framework regarding using inclusive procurement for the development of suppliers and enterprises in the South African mining organisations.

Given the identified gap in the body of knowledge, this study explored approaches utilised by mining organisations in Mpumalanga province, South Africa, for inclusive procurement, supplier and enterprise development in accordance with the Mining Charter III in an attempt to develop an integrated, coherent strategy framework.

1.2 BACKGROUND

To correct income disparities in South Africa that existed before 1994 during the apartheid government that excluded black people from socio-economic involvement, the government of South Africa introduced Black Economic Empowerment (BEE) legislation, such as the Broad-Based Black Economic Empowerment (B-BBEE) Act 53 of 2003 (DTI, 2014) and Consumer Protection Act 68 of 2008 (Ntim & Soobaroyen, 2013). The fundamental goal of BEE legislation is to increase HDP economic involvement through Small Medium Micro-sized Enterprise (SMME) activities. The Mining Charter III, B-BBEE Act, and Competition Amendment Act 18 of 2018 encourages SMME's participation in the South African economic market (Goldberg & Ryding, 2018).

Corruption, fronting, and opposition have proven to be critical setbacks in South Africa's reform efforts. B-BBEE commission study, which presented disturbing figures about how B-BBEE had, in reality, dropped over the last five years, substantiated this assertion (B-BBEE Commission, 2018; Sibiya & Barnard, 2020). The study conducted by the B-BBEE Commission in 2018 raised the alarm on how black shareholding of the Johannesburg Stock Exchange (JSE) had fallen by 5.75 percent after the publication of the report (B-BBEE Commission, 2018). When particularly in comparison to the 2016 report, where black ownership was recorded at 32.75 percent and female ownership was reported at 10.32 percent, women's ownership has declined from a low of 10.32 percent to a single digit of 9 percent (B-BBEE Commission, 2018). Furthermore, there is a persistent lack of understanding of the relevance of transformation and inclusive procurement. Only 30 percent of the JSE-listed companies provided their B-BBEE compliance information. Still, the remaining 70 percent, representing the vast majority of companies on the JSE, did not submit any information at all (B-BBEE Commission, 2018).

In 2013, the South African Supplier Diversity Council conducted a study that revealed the following attitudes held by private sector organisations towards the purchase of goods and services from small black-owned businesses (Mofokeng, Giampiccoli & Jugmohan, 2018):

- It is impossible to locate SMMEs;

- They are unable to supply in accordance with our specifications;
- SMMEs are unpredictable, risky, and unreliable;
- SMMEs are unable to compete due to a lack of financial resources;
- Our responsibility is to buy goods and services for our internal stakeholders, not to develop future suppliers, and;
- There seems to be no value in purchasing from SMMEs.

Among other reasons mentioned, the Department of Trade and Industry (DTI) re-established its B-BBEE ratings in 2013, as illustrated in Table 1.1. The new ratings have a higher weighting linked to ownership, skills development and inclusive procurement, supplier and enterprise development (DTI, 2014). In response, inclusive procurement, supplier development, and enterprise development have emerged as the most important strategic priorities for South African businesses. Currently, the supplier and enterprise development aspect, which incorporates preferential procurement in accordance with the DTI standards can contribute for roughly 40 percent of the contribution an organisation makes toward achieving generic B-BBEE recognition level (DTI, 2019).

Table 1.1: The B-BBEE scorecard

Element	Points	Criteria	Points	Compliance targets
Ownership	25	PREFERENTIAL PROCUREMENT	25	
Management Control	15	• Total B-BBEE spend	5	80%
Skills Development	20	• B-BBEE spend on QSEs	3	15%
Enterprise and Supplier Development (ESD)	40*	• B-BBEE spend on EMEs	4	15%
		• B-BBEE spend on > 51% BO	9	40%
		• B-BBEE spend on >30% BWO	4	12%
Socio-Economic Development	5	SUPPLIER DEVELOPMENT	10	2% of NPAT ¹
		ENTERPRISE DEVELOPMENT (ED)	5	1% of NPAT ²
Total	105	BONUS POINTS	4	

Source: (DTI, 2014)

The B-BBEE Commission has challenged the government and corporate sector to boost the proportion of women on boards of directors and procurement spend from 30 percent black women-owned enterprises (B-BBEE Commission, 2018). The Mining Charter is now gazetted under the Mineral and Petroleum Resources Development Act, No. 28 of

2002 (MPRDA), according to the B-BBEE Commission, and so all mines and mining houses are still measured under the Generic Codes (Goldberg & Ryding, 2018; Sibiya & Barnard, 2020). As a result, there is still a vacuum in the mining sector's B-BBEE study, necessitating more in-depth research (B-BBEE Commission, 2018).

1.2.1 Minerals and Petroleum Resources Development Act (MPRDA)

The Mineral Resources Development Act (MPRDA) was passed in 2004 and put the State's goal for mineral resources development into action (Mkhize, 2014; MPRDA, 2002). The Minerals and Petroleum Resources Development Agency (MPRDA) regulates mining and minerals in South Africa. The MPRDA is notable because it vested minerals in the custody of the State in trust for the people of South Africa, which is an essential component of the legislation (Botha, Fourie, Botha & Bischoff, 2012). This shift marked a divergence from the common law right of landowners to minerals in that it vested minerals in the State rather than the individual landowners themselves. Historically, the common law foundation of South African mineral law was predicated on the notion that a landowner also had title to any minerals contained inside or beneath the earth. Landowners had the option of mining freely on their land or granting the right to mine to others.

The major objective of the MPRDA was to simplify mineral extraction to generate cash for the State and, in turn, for the country's citizens (Mkhize, 2014). The MPRDA vests the State with the exclusive authority and duty for managing the nation's mineral resources in an equitable manner. This Act serves as the cornerstone for the mining industry's Broad-Based Socio-Economic Empowerment Charter. As previously stated, the essential concept is that mineral rights are vested in the State rather than the white-owned private sector, as was the situation before introducing this Act. Mining corporations were required to petition the State for conversion of their existing mining rights to new ones. This procedure was created to aid the government in discovering chances for black empowerment, as the "use it or lose it" concept would apply. However, in 2018, the department, through the Minister, chose to withdraw the MPRDA from Mining Charter III to focus only on gas and oil-related issues (DTI, 2018; Goldberg & Ryding, 2018).

1.2.2 Mining Charter

The government issued the B-BBEE Charter for the South African Mining and Minerals Industry, often referred to as the Mining Charter, in 2002 (Botha *et al.*, 2012). It acted as a vehicle for MPRDA to effect industrial reform. The Mining Charter, which was implemented in 2010 in compliance with the MPRDA, regulates B-BBEE in the mining industry (MPRDA, 2002). The MPRDA is responsible for all prospecting and mining activities, and the Act became effective in May 2004. The Department of Mineral Resources and Energy (DMRE) administers the Mining Charter, which defines a number of benchmarks that mining corporations must satisfy to demonstrate that transformation goals have been met (DMRE, 2018). The Mining Charter defines "local" procurement as occurring inside the borders of South Africa (DMRE, 2019).

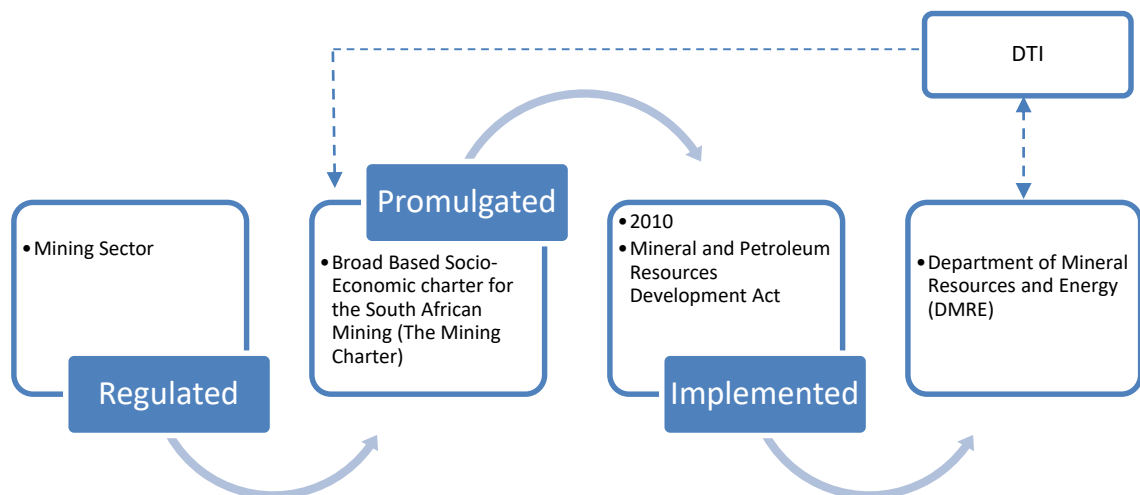


Figure 1.1: Mining Charter Framework

Source: Developed for this research

The most current review also referred as Mining Charter III was adopted on September 27, 2018, following another examination of the Charter's efficacy (DMRE, 2018). The Mining Charter III includes additional objectives and measurement criteria targeted at accelerating the industry's transformation efforts and a degree of congruence with some compliance measurements and criteria utilised in the DTI B-BBEE Codes. It also defines ownership to be a ring-fenced element, requiring complete compliance.

Unqualified compliance with the ring-fenced element is deemed to be in violation of the MPRDA and non-compliant if a mining right holder fails to meet the 50 percent compliance threshold, such as levels 6-9 as illustrated in Table 1.2, or fails to achieve full compliance with the ring-fenced element as previously stated (Deloitte, 2018). According to (DMRE, 2019; Goldberg & Ryding, 2018) 40 percent of inclusive procurement and supplier and enterprise development features are focused on, with a special emphasis on locally owned and controlled organisations (Refer to Figure 1.2).



Figure 1.2: Elements of the Mining Charter III

Source: (Deloitte, 2018; DMRE, 2018)

Table 1.2: DTI B-BBEE versus Mining Charter III Scorecard

	DTI B-BBEE scorecard	2018 Mining Charter scorecard	
Level 1	≥ 100 points	Ring fenced Element + 100%	Compliant
Level 2	≥ 85 points but < 100 points	Ring fenced Element + 80 - 100%	
Level 3	≥ 75 points but < 85 points	Ring fenced Element + 70 - 80%	
Level 4	≥ 65 points but < 75 points	Ring fenced Element + 60 - 70%	
Level 5	≥ 55 points but < 65 points	Ring fenced Element + 50 - 60%	
Level 6	≥ 45 points but < 55 points	Ring fenced Element + 40 - 50%	Non-compliant (<50%)
Level 7	≥ 40 points but < 45 points	Ring fenced Element + 30 - 40%	
Level 8	≥ 30 points but < 40 points	Ring fenced Element + 20 - 30%	
Non-compliant	< 30 points	Ring fenced Element + <20%	
	Element not met ring-fenced plus weighted element score		

Source: (DMRE, 2018)

Since HDPs-owned and operated enterprises have the highest need for developmental assistance, inclusive procurement, supplier and enterprise development are the primary areas of concentration in these areas. Their necessities and the difficulties experienced have been thoroughly researched and published around the world. Specifically, to achieve inclusive procurement and supplier and enterprise development compliance, according to the Mining Charter III requirements, the mining right holder must identify all products and services that will be required in its activities, ensure that its procurement procedures correspond to the requirements, and adhere to the following criteria (Deloitte, 2018):

1.2.2.1 Mining Goods

A minimum of “70 percent of total mining goods procurement spend (excluding non-discretionary expenditure) must be on South African manufactured goods.” The 70 percent shall be allocated as follows (DMRE, 2018:18):

- i) 21 percent will be spent on South African manufactured items produced by a firm owned and managed by HDP.
- ii) Five percent to be spent on South African manufactured goods produced by a women or youth-owned and controlled company; and
- iii) 44 percent of the budgeted expenditure will be spent on South African manufactured items produced by a BEE certified firm.

1.2.2.2 Services

A minimum baseline of 80 percent of total service spend (excluding non-discretionary spending) must be obtained from South African companies. The 80 percent shall be allocated as follows (DMRE, 2018:18):

- i) 50 percent of the budgeted expenditure must be spent on services provided by an HDP-owned and managed firm.
- ii) 15 percent must be spent on services supplied by women-owned and controlled companies.
- iii) Five percent must be spent on services provided by youth; and

- iv) 10 percent of the budgeted expenditure must be spent on services supplied by a BEE certified firm.

The -mentioned procurement targets must be complied with progressively within five years. All procurement costs disclosed must be the actual costs incurred by a mining right holder.

1.3 PROBLEM STATEMENT

Inclusive procurement, radical economic reform, socio-economic transformation, local economic development, and supplier and company growth are at the forefront of public debate. Furthermore, these have been designated as priority initiatives by the South African government to address the country's socio-economic disparities. The South African government recognises that the small business sector is a key driver and contributor to national and regional economic growth (Kabeer, 2012; Rogerson, 2008; South African Supplier Diversity Council, 2013). A salient feature of this poor economic participation is highly persistent on HDP unemployment which implies that they are not acquiring the skills and work experience to drive the economy forward. It is also difficult for the HDP to secure business opportunities to develop their businesses, especially in the mining sector.

Currently, mining organisations are operating in a challenging business environment. These organisations are confronted with significant cost pressures in a strained commodity price market, which negatively impacts operating margins, increasing tougher mining conditions, and rising pressure from various stakeholders (Blonska, Storey, Rozemeijer, Wetzels & de Ruyter, 2013). Even though specific mining organisations have embraced supply chain management functions, are still exposed to lack of proper knowledge of procurement principles and gaps in attracting and developing key skills (Macfarlane, 2018; Warner, 2017). Non-compliance with procurement management processes and procedures; inefficient utilisation of allocated budgets and porous governance structures. Paucity in the continuous monitoring and evaluation of procurement activities; low standards of integrity from responsible procurement professionals; poor implementation of Broad-Based Black Economic Empowerment (B-BBEE) Act, No. 53 of 2000 (Sibiya & Barnard, 2020). In this environment, organisations have been forced to effectively rethink and manage the mining supply chain to ensure

efficient work, especially procurement, because it is a critical pillar of the Mining Charter.

Furthermore, to remain compliant to protect the social license to operate, add value, and, like any other business. The Mining Charter promulgated in 2014 comprised gaps that stipulated that mining organisations must procure a minimum of 40 percent of capital goods from BEE entities with 70 percent services and 50 percent consumer goods by that date (Goldberg & Ryding, 2018; Madinginye, 2016). A 'BEE Entity' is an entity in which HDP directly owns at least 25 percent plus one vote of the share capital, as assessed using the flow-through concept (DMRE, 2018). A shortcoming in the definition provided by the Charter is that procurement does not stipulate local BEE entities. Consequently, any BEE national entity can become a supplier to the mine.

In practice, specific procurement services are supplied by well-established politically connected BEE entities. Hence, local communities do not perceive the benefits at all. However, implementing a more locally based model would necessitate significant support for local BEE suppliers because of a general lack of the required experience. However, one or two more significant contracts to previously disadvantaged local suppliers and companies might have a significant economic impact on mining-affected areas. In a research report issued by DMRE on 20 September 2018, the department seemed concerned about managing procurement in the mining industry (DMRE, 2018; Goldberg & Ryding, 2018). The DTI (2018:28) reported that *"it is worrying that procurement opportunities for HDP owned and controlled organisations are mostly limited to catering, cleaning, gardening and transport, and not enough procurement opportunities are being provided in capital goods and services."*

An empirical study conducted by Fröchlicher and Pothering (2013) revealed that organisations involved in the development of SMMEs often do not offer SMMEs the opportunity to supply the core business but only peripheral activities of the business. The study further posits those organisations that provide opportunities only provide funding and not sustainable business for those funded. Consequently, this is perceived as a tick box exercise. Mining houses' historical ties with their existing suppliers are barriers that have influenced the decision not to utilise a smaller, lesser-known, and emerging company, thus limiting small emerging black-owned businesses opportunities (Burger, Pelsner & Ellis, 2019).

However, historical ties with legacy generic enterprises, corruption, fronting and resistance have been a major setback for transformation in the South African mining sector. The mining industry continues to offer unparalleled opportunities for both local and international investors. Despite the formalisation of preferential procurement measures, the DMRE remains deeply sceptical of preferential procurement efforts and holds that communities affected by mining are not securing sufficient contracts. The basis of Preferential Procurement is founded on Total Measured Procurement Spend (TMPS) which is a subset of total procurement that may exclude imported products if there is a difference from what is available locally in terms of brand or specification. This contrasts with the Mining Charter that prescribes the local content of goods purchased by mining companies.

To address these issues, the Mining Charter has since been revised and implemented in 2018 with high targets for inclusive procurement, suppliers, and enterprise development component. Black-owned organisations are now beginning to play an important role in the mining industry (Goldberg & Ryding, 2018). Mining has become a focus of the Reconstruction and Development Programme in entrepreneurial development, B-BBEE, and stimulating employment and growth. The DMRE (2018:19) indicates that the purpose for implementing supplier and enterprise development is:

- i) *“To strengthen local procurement to help build South Africa’s industrial base in critical sectors of production and value-adding manufacturing, which are largely labour-intensive industries;”*
- ii) *“To increase local procurement through capacity building, achieved by incentivising appropriate local supplier development programmes by businesses supplying imported goods and services;”* and,
- iii) *“To actively support procurement from black-owned Qualifying Small Enterprises (QSE) and Exempted Micro Enterprises (EME) by identifying opportunities to increase procurement from local suppliers to support employment creation.”*

Inclusive procurement, supplier and enterprise development is further promoted by mining right holders who are allowed to offset a specific percentage expenditure for supplier and enterprise development purposes from their procurement targets. This

implies that South African mining organisations are faced with the challenge of aligning their current supply chain strategies with those of the newly promulgated mining charter as a means to protect the “*social license to operate*” (Deloitte, 2018; Heyns & Mostert, 2018). This requires the mining Senior Supply Chain Management practitioners to ensure strategic fit and alignment between the Mining Charter III and the corporate strategy. This newly promulgated Charter has been described as “*robust,*” a “*significant step forward,*” and “*pragmatic*” by many industry stakeholders because it is an integrated effort ranging from mining organisations, unions, and community groups (Mathews, 2019). It also implies that change management is crucial. Against these findings, it is evident that there are still gaps that mining organisations need to fulfil and strategically align to the overall organisation’s strategy without impacting the bottom line.

1.4 RESEARCH AIM AND OBJECTIVES

1.4.1 Research aim

The main aim of this study was to explore the approaches utilised for inclusive procurement, supplier and enterprise development that conform to the Mining Charter III by mining organisations in South Africa within the Mpumalanga province to develop an integrated, coherent strategy framework.

1.4.2 Research objectives

To meet the stated overarching aim, this study pursued the following objectives:

- i) To explore critical elements linked to the successful and effective implementation of inclusive procurement for supplier and enterprise development in particular to local historically disadvantaged entrepreneurs in mining.
- ii) To investigate change management strategies applied by mining organisations towards conformance to the promulgated Mining Charter III with specific focus on inclusive procurement and supplier and enterprise development.
- iii) To determine the extent to which mining organisations inclusive procurement, supplier and enterprise development strategic processes compliment the overall business needs and the implications of variations; and

- iv) To develop an integrated, coherent strategy framework to mutually benefit the mining sector and the local historically disadvantaged entrepreneurs through inclusive procurement, supplier and enterprise development.

1.5 RESEARCH DESIGN AND METHODOLOGY

This study adopted the social constructivism philosophy, which asserts that change does not happen and make sense until it is negotiated and meaningfully within the communities of practice. Due to the nature of the problem in this study, that is practical business research directed towards a change. Therefore, conducting qualitative research with action strategy in multiple case studies was deemed appropriate.

Qualitative research is a comprehensive method which involves discovery. This study focused firmly on exploring a real-world problem, that is, how mining organisations can efficiently facilitate inclusive procurement, supplier and enterprise development through a systemic inquiry process. The ultimate goal of this study was not simply to reach a comprehensive phenomenon of interest but better comprehend the actions and interventions that may help improve the phenomena's functionality and investigate whether those actions or interventions can result in improving the case organisations. Qualitative research builds its premise on inductive rather than deductive reasoning. The researcher endeavoured to explain the observational elements which pose questions.

1.5.1 Action research as the selected qualitative methodology

To fulfil the study inquiry, as earlier stated, this study adopted the action research approach. The term action research refers to efforts by the researcher to understand the learning environment better and is undertaken by practitioners who are encouraged and supported in the study of their instruction (Bradbury, 2015; Herr & Anderson, 2014). Action researchers are accountable in that they aim to express the learning process and its results public. Their practice is self-evaluating in that the reflective and analytical insight of the researcher forms the basis of the developmental process. Furthermore, action research is participative in that those involved contribute equally towards the inquiry and collaboratively.

The researcher is not a research expert from an external perspective but acts as a partner working with and for those affected by the problem and its solution (Herr & Anderson, 2014; Stringer, 2013). This study utilised Lewin's traditional four-step model of action research inquiry (plan, act, observe and reflect) as the basis for this methodological framework and adapt it to the study's specific context and objectives (Coghlan, 2019; Lewin, 1946).

1.5.2 Case study

For the purpose of this study, a case study is described as an intensive, systematic enquiry of a single individual, group, community, or some other unit in which the researcher examines in-depth data relating to several concepts or variables. The researcher had to spend time on-site interacting with the people studied. The research report included lessons learned or patterns found that connect with theories. Two case organisations were selected for this study. The study also adopted multiple cases because it enabled the researcher to explore differences within and between cases with epicycles. The goal was to replicate the findings across cases. Since comparisons were drawn, it was imperative to select the cases carefully to predict similar results across cases or contrast the results based on a theory (Yin, 2017).

1.6 UNITS OF ANALYSIS

For this study, strategic decision-makers within each case organisation constituted the units of analysis (Ivankova & Wingo, 2018; Yin, 2017). Since the participants from the case organisations comprised the elements to be interviewed, they provided conceptualisation of the central theme for the study.

1.6.1 Participants in the research

The participants in this study were primarily experts employed by the selected mining organisations and occupy leadership, management, and execution roles within the supply chain department.

1.7 DATA SOURCES

An action research approach suggests that data-gathering tools must be designed to fit the research's organisational setting and purpose (Coghlan, 2019). Pre-planning to gather data comprised of contacting key informants in advance during the development of the approved research proposal. Permission to conduct research at the identified case organisations and key informants was sought. This was granted on the condition that anonymity was maintained throughout the entire process. This includes thesis/publications that may emanate after concluding the study. Pseudonyms were utilised, and a register thereof was maintained. This study utilised observations, semi-structured interviews, and a focus group as the principal methods to gather qualitative data.

1.7.1 In-depth semi-structured interviews

Face-to-face in-depth semi-structured interviews were conducted with key informants at the identified mining organisations. Semi-structured interviews required the researcher to develop an interview guide before beginning the study phase, as illustrated in Appendix I. Formal and informal interviews were the first source of primary data for this study. Due to the flexibility of action research, the questions were formulated in advance before the interviews were conducted, comprising semi-structured questions as presented in Appendix III. However, the concept of saturation was also applicable. Semi-structured interviews also work well when several different interviewers are included in a study because each person covers the same territory as the interviewees. Direct observations followed face-to-face, in-depth semi-structured interviews.

1.7.2 Observations

Observation is one of the most common data gathering strategies for action research inquires (Creswell & Poth, 2017). The researcher occupied a formal role as a practitioner and a researcher; however, the researcher could influence the observation under any circumstances. The researcher always maintained a naturalistic position. This enabled the observation and collection of comprehensive data during each phase directly from the field. In addition to improving the observational data gathering process, data sources were

incorporated into the triangulation strategy to enhance the credibility of the findings that emerged.

1.7.3 Field notes

Contemporaneously written field notes are essential and a resource for writing broader, more coherent accounts of others' lives and concerns. Such field notes detail the social and interactional processes that comprise peoples' everyday lives and activities that may influence the implementation of the Mining Charter III. This occurred during the observation and focus group phase. In the end, the captured field notes were consolidated into the research diary.

1.7.4 Focus group

The final source of primary data was the focus group. The focus group comprised of a total of five research participants through which two were from each organisation and one representative from the DMRE. The focus group created a platform for the researcher to deliberate and clarify the preceding primary data concepts. The research questions were open-ended, and the researcher made a conscious effort to build rapport with the focus group research participants.

1.7.5 Data analysis

As stated in previous sections of this chapter, the qualitative data category included a variety of data sources. The data were analysed using an inductive analysis technique. When the purpose of the study is to identify new patterns and categories in the data, inductive analysis is highly suggested (Patton, 2015). Due to the nature of this study, inductive analysis appeared to be the more appropriate strategy than deductive analysis. Numerous action research academics advocate for the use of well-established coding and categorizing procedures as the foundation for qualitative data analysis (QDA) in action research inquiries (Creswell & Creswell, 2017).

1.7.6 Analysis for interviews

The researcher incorporated Saunders and Lewis (2012) stages of analysis to identify the resultant codes and main themes. The three principal stages that were employed for analysing qualitative interviews are as follows:

- i) Data refinement – this stage entailed line-by-line examination and re-reading transcripts to discover terms and phrases that accurately characterized the participants' experiences at the case organisations.
- ii) Displaying data – the stage at which comprehensive data is organized into simpler, easily understandable patterns and groupings; and,
- iii) Deducing and authenticating conclusions.

Sentences, phrases, paragraphs, and lines were assigned codes. Codes were compared across the gathered data to identify variations, similarities, patterns, and relationships; reflections and ideas related to specific sections of the data were written to provide detailed analysis and testing and expanding ideas occurred through the supplementary data gathered. The data generated codes, topics, and categories to express the concepts conveyed by the description. The outcomes were determined by comparative and contrastive analyses of interview and focus group data, field notes, and observations. ATLAS.ti TM software was utilised to conduct a theme and discourse analysis of the data after an in-depth qualitative enquiry.

1.7.7 Analysis of observations

This study utilised the 'analysis of key experiences' method to analyse data gathered from direct observations. The researcher utilised a five steps approach for analysing key experiences as proposed by Kumar (2019):

- i) Reviewing the data.
- ii) Identifying key experiences (for each participant).
- iii) Identifying the main features of each experience.
- iv) Identifying the elements that shape the experience; and

- v) Identifying themes (by finding the common experiences, features and elements among participants).

The researcher utilised the process for each case organisation to identify key informative incidents towards the study and outline the primary elements that resulted in the emergence of these incidents. Different pieces of asynchronous information and related incidents were also indicated and discussed in this section. After identifying the key incidents and explaining the principal elements and factors that shaped these to enhance the validity of the data analysis, the key findings gathered from both case organisations and representatives from DMRE were reported.

1.8 ETHICS ISSUES

The apparent lack of regulatory norms for ethics in the social sciences is a significant difficulty for ethics committees. Informed consent, privacy protection, confidentiality and anonymity protection, and not accessing the field in misleading or fraudulent methods are all recommended but not regulated (Easterby-Smith, Thorpe & Jackson, 2015). The ethical support for this study was obtained according to acceptable North West University standards. The researcher submitted the required research ethics application forms including supporting documents. The forms included the Participant Consent Form (see Appendix II), the interview guide (for participants) (see Appendix I), and semi-structured interview questions (for the researcher) (see Appendix III). An interview guide incorporated ethics issues, such as the research purpose, right to withdraw, sensitivity representation, confidentiality, anonymity, protection and support, and other applicable ethical issues. The research participants were asked if they consented to be recorded during the interview to allow the researcher to transcribe and analyse their responses precisely. The researcher presented the research methodology to the North West University committee for approval before initiating the data collection process.

1.9 MEASURES TO ENSURE TRUSTWORTHINESS

According to Creswell and Poth (2017), the trustworthiness of a study is determined by the extent to which an audience is able to judge if the research techniques utilised are acceptable for the study's identified aims). According to Saunders and Lewis (2012), a research inquiry can be confirmed by management of the study's credibility,

transferability, dependability, and confirmability characteristics. In this study, credibility was enhanced through the triangulation of qualitative data sources. The process included: compare observations with interviews from the units of analysis; comparing the outcomes of the units of analysis in public and private sectors of the research inquiry; comparing the perspectives of the units of analysis from various perspectives; and verifying the information derived from anticipated interviews, that is, whether it corroborates with other written secondary data from multiple sources. The researcher engaged cautiously with the units of analysis over an extended period of time. Furthermore, a conscious effort was made to spend time with all the participants, namely: vice presidents, senior managers, middle managers, commercial specialists and representatives from the DMRE, whose perspectives were perceived of significance to the inferences drawn during the study. Appointments were made with all the respondents to familiarise themselves with the systems of the organisation.

To ensure transferability in this study, purposive sampling was most suitable to generate the greatest volume of information of the research inquiry given the unique nature of the units of analysis. Detailed descriptions of concepts that emerged during the qualitative analysis of the findings was provided to illustrate how these fit in other contexts. In providing detailed descriptions, the researcher meticulously elucidated the research processes from data collection, context of the study, and the production of the thesis. The “stability” of research information is referred to as dependability (Bradbury, 2015). Particulars of the full research enquiry were availed to the North West University and Department of Minerals and Resources. Furthermore, the units of analysis were afforded the opportunity to audit the findings of the qualitative analysis of the gathered data and the recommendations to ensure that these are all supported. The final principle to confirm the trustworthiness of a research enquiry is confirmability.

Confirmability in this study was adhered to through a comprehensive research diary which was consulted throughout the entire study. This enabled the researcher to follow an audit trail of the sequence of events related to this study. The research diary includes “raw data” such as field notes, data gathered from comments, copies of letters and any facts or information produced in the field during data collection. The researcher maintained a research diary to achieve confirmability and included extended engagements, rapport and trust, triangulation across multiple qualitative data sources,

sound interviewing and observations techniques, safeguarding units of analysis' identities, and most importantly researcher's self-analysis of the entire data collection process.

For this study, four respondents were considered adequate to pilot the research instruments. The respondents comprised of the vice president, two middle managers and a commercial specialist. Their comments were utilised to modify the final interview questions. The four participants did not form part of the main research.

1.10 RESEARCH LIMITATIONS

Interviews as a primary source of data can be considered a limitation because the response from the interviewee could be in disagreement with reality. In this particular instance, the researcher's approach to gather reliable data was crucial. The researcher established a collegial relationship with the interviewee and was cautious against influencing the responses.

1.11 RESEARCH DELIVERABLES

The envisaged key deliverables for this study were as follows:

- i) Theory addition in inclusive procurement, enterprise development, supplier development, policy review, strategy and change management. Theory building: Based on the findings of this study, a comprehensive and coherent strategic framework was presented to assist mining companies in South Africa in facilitating the socio-economic growth of HDP owned and managed firms. This, in turn, had the potential to give valuable information to practitioners and theorists working in this sector.
- ii) Practically, this study could be very valuable for organisations preparing to implement Mining Charter III; develop new strategies and theory in inclusive procurement supplier and enterprise development, which were established by researching the use of unique, under-researched methods and practices in the field. Furthermore, further enquiry into the relationship between inclusive procurement, supplier and enterprise development would most likely yield new

insights and explanations for the growing number of inclusive procurement, supplier, and enterprise development program failures. This study also offered insight into the current processes applied by mining organisations towards implementing the Charter. The framework further enabled organisations to simulate enterprise development, supplier development, and inclusive procurement, not as the same activity.

1.12 DEFINITION OF KEY CONCEPTS

The key concepts that this study adopted include enterprise development, inclusive procurement, supplier development, supply chain, and HDP owned and controlled company. These concepts, which are at the heart of the Mining Charter III, are discussed:

1.12.1 Inclusive procurement

According to Vorley and Thorpe (2014), international firms in the mining sectors are increasingly favouring inclusive procurement as a strategic business tactic. According to the author, inclusive procurement is a purposeful strategy for governments and private corporations to purchase goods or services from HDP owned and controlled organisation categories to enhance socio-economic development.

1.12.2 Enterprise development

Pooe (2016) defines enterprise development as "any effort aimed at developing suppliers outside the supply chain of the buying organisation." For the purposes of this study, enterprise development refers to the process of strengthening the integration of small organisations with growth and expansion potential into the economic mainstream, such as the value chain system of modern enterprises.

1.12.3 Strategy

Strategy is a multi-disciplinary concept, is situational, and will consequently tend to vary by industry. Chavhan, Mahajan and Sarang (2012) describe strategy as a cohesive response to a challenge. The author further denotes that doing strategy is figuring out how to advance the organisations interests.

1.12.4 Supplier development

Supplier development is the process through which an organisation establishes and maintains a network of qualified suppliers (Sibiya & Barnard, 2020). Supplier development refers to any effort made by a purchasing organisation and its suppliers to improve the contractual supplier's performance or capabilities to meet and surpass the purchasing organisation's supply demands (Chen, Ellis & Suresh, 2016).

1.12.5 Supply chain

A supply chain is an integrated network that permits the physical flow of things from suppliers to finished goods through transformation and distribution. The supply chain is separated into two components, according to Christopher (2016): "materials management," which is the flow of materials from suppliers to the final product, and "physical distribution management," which is the delivery of the finished product to the client. A typical supply chain, according to Bowersox, Closs and Cooper (2012), begins with planning and progresses to sourcing, procurement, conversion (manufacturing), transportation (logistics), coordination, and collaboration between suppliers and customers.

1.12.6 HDP owned and controlled organisation

In the Mining Charter III, HDP owned and controlled organisation is referred to as an entity in which HDP at least holds 51 percent of exercisable voting rights and economic interest, including the flow-through principle (Goldberg & Ryding, 2018).

1.13 CHAPTER LAYOUT

The thesis is divided into seven chapters. Table 1.6 provides a layout of the primary aspects each chapter provided:

Table 1.3: Chapter outlay

Chapter outlay:	Brief chapter overview:
Chapter 1: Introduction	The first chapter serves as the framework for the rest of the research. It provides an overview of the study issue and the research methodology that was utilised.
Chapter 2: Policy Review	This chapter aims to review Mining Charter III, establish the evolution of Mining Charter in South Africa by highlighting policy changes/amendments with the advent of time. It also outlines mining regulations and statutory frameworks as well as transformation.
Chapter 3: Literature review	This chapter provides a comprehensive literature review of policy landscape for inclusive procurement, supplier and enterprise development. Chapter 3 also focused on reasons of transforming South Africa's mining sector, aspects of compliance to transformation in the mining industry and hurdles to compliance.
Chapter 4: Research methodology and design	This chapter explains the steps taken to achieve the results of the study. Therefore, this chapter further articulates the required methods of data collection, analyse the gathered data, and finally, respond to the research question scientifically for both preliminary and primary research
Chapter 5: Findings (Policy)	Chapter analyses the results (focusing on policy) of the research phases. Comparisons and contrasts are highlighted in detail, including an in-depth literature review.
Chapter 6: Findings (Organisational Strategy)	Chapter 6 analyses the results (with a specific focus on organisational are additionally highlighted in detail, including an in-depth literature review.
Chapter 7: Findings (Change Management)	Chapter 7 analyses the results (focusing on change management) of the research phases. Comparisons and contrasts are highlighted in detail, together with an in-depth literature review.
Chapter 8: Mining Charter III: Proposals	This chapter focuses on proposals for the Mining Charter III based on the qualitative content analysis and the extensive scholarly review of publications from the body of knowledge and practice. The proposals are aimed at informing the DRME and other mining policy makers a perspective of the selected coal mining organisation in Mpumalanga.

Chapter outlay:	Brief chapter overview:
Chapter 9: Recommendations and Conclusion	This chapter links the entire research. It comprises of recommendations based on the results yielded by the empirical findings and the reviewed literature. The recommendations address the problem statement, research aim and associated objectives. A coherent integrated strategic framework is proposed to guide inclusive procurement, supplier and enterprise development practitioners in the private mining industry regarding policy adoption, organisational strategy, and change management. The need for future research is also considered in this chapter.

Source: Author's own illustration

1.14 CHAPTER SUMMARY

Chapter one presented the introduction and the basis for the rest of the research. The background, problem statement, research aim and objectives, research design were explained. Furthermore, the research methodology, units of analysis, data sources, ethics issues, measures to ensure trustworthiness and research limitations were discussed. Lastly, research deliverables, the definition of key concepts and chapter layout were discussed. Chapter two presents a comprehensive review of inclusive procurement, supplier and enterprise development literature.

CHAPTER 2

LITERATURE REVIEW: INCLUSIVE PROCUREMENT, SUPPLIER AND ENTERPRISE DEVELOPMENT

2.1 CHAPTER OVERVIEW

In today's highly competitive corporate environment, organisations are more reliant on their supply chain as a source of competitive advantage. It is now more important than ever before to effectively manage procurement and supply chain operations. As such, organisations often rely on suppliers for services and products in their value chain. South Africa's mining industry specifically faces a dynamic regulatory environment that mandates the mining organisations to integrate socio-economic transformation strategies in their supply chain strategies to remain competitive and to maintain the social license to operate. A reformed, developing, and competitive mining industry would be a major engine of social and economic growth in South Africa and a necessity for the country's National Development Plan to be realised. The Mining Charter III is presently viewed as an important South African intervention that promotes positive synergies between the extractive industries and national economies.

The promotion of inclusive procurement, supplier development and enterprise development find strong expression in the current South African government policy. These are significant elements in the Mining Charter III, with the highest weighted contributor to the overall compliance scorecard with 40 percent out of the 100 percent (DMRE, 2018). Inclusive procurement, supplier development and enterprise development are among the most deeply enshrined ways to grow South Africa's ailing economy through the Mining Charter III. To drive the impact potential of supplier development and enterprise development through inclusive procurement, stakeholders such as mining organisations need to come together to forge a blueprint, and this can only be achieved through the prudent understanding of the elements of the Mining Charter 2018.

Given the introduction, the objective of this chapter is to critically analyse inclusive procurement, supplier development, enterprise development including an overview of supplier and enterprise development as a singular element stressed by the Mining Charter 2018 through inclusive procurement.

2.2 INCLUSIVE PROCUREMENT

Inclusive procurement is becoming increasingly popular as a strategic business tactic among international corporations operating in the extractive industries (Vorley & Thorpe, 2014). 'Inclusive procurement,' according to (Brooks, Commandeur & Vera, 2019), is a deliberate method of purchasing goods or services from historically disadvantaged supplier categories by governments and private companies at various levels, including host communities, indigenous communities, and historically disadvantaged groups, and at provincial, national, and regional levels, to advance socio-economic development. The Mining Charter 2018 intends to provide value above and beyond compliance in the South African mining environment and address past economic disparities that have been passed down to democratic administrations in the country (Tlala, 2017). According to the Mining Charter 2018, inclusive procurement can be achieved through the South Africa's mining organisations actively supporting procurement from historically disadvantaged supplier categories (Mathews, 2019), through identifying possibilities to boost economic activity and development through inclusive procurement from host communities, indigenous communities, and historically disadvantaged communities for Qualifying Small Enterprises (QSEs) and Exempted Micro Enterprises (EMEs).

Inclusive procurement requires that the procuring entities be supported and strengthened to plan, adapt and implement tools and evaluate the implementation with other stakeholders and civil society representatives (Vorley & Thorpe, 2014). Procuring South Africa's mining organisations has an essential role in stimulating economic development and ensuring the inclusion of vulnerable groups such as historically disadvantaged entrepreneurs. The implication is that for South Africa's mining organisations to remain compliant, sustainable, and inclusive must form a cornerstone of their supply chains' operating strategy. The mining organisations that do not take an inclusive approach to procurement could end up with rigid supply chains brimming with inefficiencies, high costs, reactive business approaches, lacking competition and innovation, and the possibility of losing their licenses to operate (Deloitte, 2018; Heyns & Mostert, 2018; Vorley & Thorpe, 2014).

Presently, there is a significant focus by government and industry-wide on inclusive procurement, it is becoming critical for South Africa's mining organisations to formulate and enforce inclusive procurement operating frameworks in their supply chains based on

the country's needs, expectations, and regarding how to make the best use of this economic tool. Non-compliance of not including historically disadvantaged EMEs and QSEs in their supply chains by procuring South Africa's mining organisations poses operating risks resulting in financial losses, including losing licenses to operate. As much as initially contested (DMRE, 2019; Louw, Stevens & Parker, 2019), the implementation of inclusive procurement presents the most significant potential lever for impact in the body of knowledge and practice. Inclusive procurement has become an influential tool and strategy utilised by policy makers to maximise South Africa's mining industry benefits.

2.2.1 Inclusive procurement as the largest potential lever for impact

The mining industry in South Africa can significantly improve its performance in inclusive procurement by creating more benefits for host economies if the recent and ongoing requirements of the Mining Charter 2018 are implemented in their supply chains, which are a number of reasons to be optimistic about the future. The quest to integrate inclusive procurement and facilitate procurement from historically disadvantaged EMEs and QSEs at multiple levels, including host communities, indigenous and previously disadvantaged communities, and at provincial, national and regional levels, are numerous. Nonetheless, as shown in Table 2.1, the most often mentioned reasons are cost and risk reduction, access to resources/social licence to operate, compliance, and prospects for greater revenue. A variety of elements, including corporate-level strategy, project life cycle stage, the amount to which the opportunities are mission-critical, and the socio-economic, political, and regulatory backdrop, determined the extent to which each driver applied.

Table 2.1: Potential impact of inclusive procurement

Enhanced supply chain efficiency resulting in lower costs:
• Logistics expenditures, such as the cost of transferring people and equipment, have been reduced; • Reduced labour costs; and, • Services offered to South Africa's mining companies are being improved on a continuous basis.

Reduced risk: • Reduced likelihood of service interruptions. • Reduced community reliance upon closure through boosting supplier competitiveness, expanding capacity in other industries, and diversifying local suppliers' client base; and, • Continual access to critical supplies.
Access to resource/social license: • Increased capacity to fulfil the high and growing expectations of impacted populations for participation in economic benefits. • Relationships with local communities have been strengthened through proving a beneficial influence on the local economy; and, • Relations with the South African government, which is a critical reputation component in resource development, have been strengthened.
Compliance: • Compliance with terms and conditions in agreements, between the mining organisations and suppliers, the mining organisations and host communities, and the mining organisations with the South African government.
Increased revenue: • A key driver for EMEs and QSEs suppliers to procure locally lies in developing new business with South Africa's mining organisations.
Innovation and skills transfer: • Local capacity development in the South African mining sector value chain through education, on the job skills transfer and expertise development, technology and know-how transfer, and active research and development programs; and • Achievement of greater reduction in local unemployment level and in-country spend for the provision of the goods and services in South Africa's mining operations.
Advancement in entrepreneurship: • Sustainably increasing South Africa's mining-related supportive programmes that will sustain local and national economic development;

Source: Author's own illustration

South Africa's mining organisations' social responsibility or 'obligation' cuts across the potential impacts outlined in Table 2.1. Despite individual South African mining companies spending hundreds of millions of Rands on procurement each year, boosting the proportion of products and services produced and acquired locally can have a

substantial impact (Kaye Nijaki & Worrel, 2012). Perhaps it is also in the best interests of South Africa's mining companies to promote inclusive procurement around their operations. With such a strong focus on the private sector's role in reaching the new Sustainable Development Goals, and the National Development Plan (Mamaila, 2019; National Planning Commission, 2013), inclusive procurement by the South Africa's mining organisations represents the epitome of how to harness the core competencies of business to contribute to economic and social progress in South Africa.

2.2.2 Problems of definition and measurement of inclusive procurement

Inclusive procurement is challenging to quantify and govern. There is presently no universally accepted definition of inclusive procurement in the literature. The World Bank says that definitions of inclusive procurement should include three components (World Bank, 2015). To begin, attention should be given to geographical location, which might include proximity to the mine, national boundaries, or broader regional factors. Public engagement in ownership, administration, and employment should be considered. Finally, local content should be prioritised in terms of inputs, value additions, and significant change (World Bank, 2015). However, the same considerations for each of these three elements are not clear. Several questions remain:

- i) To determine if an enterprise/supplier is local, its location of registration, ownership structure, management, staff, or a combination of these factors are assessed.
- ii) As previously indicated, geographical proximity might refer to anything local, such as being close to a mine, or it can refer to something national or regional. The selection of one of these options maybe influenced by a range of mine-specific variables.
- iii) Does it make sense to prioritise local manufacturing and procurement of resources above the significance of ownership and management of businesses? What is being figured out is how to compare a locally-owned enterprise/supplier that's focused on importing with a foreign-owned business focused on producing locally and getting local raw materials (World Bank, 2013).

As previously stated, there are necessary conflicts between inclusive procurement and considerations of local content. One of which is a symptom of the contradiction between

local content and inclusive procurement that results from the way mining organisations define local, as discussed in points 1 and 2. As Hanlin and Hanlin (2012) explain, a business may acquire spare parts from locally-owned dealerships of global plant suppliers (for example, Caterpillar) and this maybe considered inclusive procurement although the local value creation is minimal. These measurement and definition issues are not purely intellectual; have a direct influence on governments' capacity to monitor and promote inclusive procurement appropriately.

This can result in the formation of 'fronting,' in which multinational firms establish offices in-country that are controlled by locals (often well-connected elites) but act only as 'middlemen'. This is a significant issue in South Africa and is connected to the country's Black Economic Empowerment agenda. Inclusive procurement should be considered as such in this study only if there is a demonstrated benefit given to host communities. However, determining whether procurement procedures are superficial or real is frequently challenging. This obligation should be prioritized in mining organisations' governance frameworks.

2.2.3 Barriers to implementation of inclusive procurement

In most cases, Risso and Testarmata (2017) revealed that inclusive procurement has been perceived as a compliance exercise by the top management in the mining organisations. Thus, challenging this status quo is one of the significant barriers facing the supply chain function in South Africa's mining organisations. Instead, historically disadvantaged EMEs and QSEs must be seen as transformation partners in assisting mining organisations in achieving the desired targets of the Mining Charter 2018. The top management's focus should not be on compliance but on doing right, going beyond compliance. Failure of mining organisations top management's buy-in into inclusive procurement presents an additional barrier in formulating strategies on ring-fencing core mining products and services that promote meaningful economic participation in the mines' supply chain by their host communities (Crankshaw, 2017; Goldberg & Ryding, 2018; Warner, 2017). Macfarlane (2018) and Goldberg and Ryding (2018) suggest that inclusive participation in key mining contracts will have a multiplier effect in host communities' economy and ensure that there is increased competition, competitive pricing, and increased efficiencies needed.

The implementation of inclusive procurement by the mining organisations requires comprehensive due diligence on potential suppliers to minimise supply chain disruptions. Due diligence on new suppliers come at an enormous capital cost, for example, environmental assessments, exploration, heavy mining equipment, and mining infrastructure development. Overall, the due diligence exercise can be an additional administrative and financial burden to the mining organisations. Given the overall economic volatility, according to Mofokeng *et al.* (2018), it is argued that this poses a risk of financial losses in the operations of the mining organisations. Against this, it is unlikely that most mining organisations can verify local content given the additional workload and budgetary constraints. Supporting this statement, the mining organisations are faced with available time of applicable mining officials to develop and roll-out the inclusive procurement plans. Inclusive procurement is only one aspect of the procurement officers' responsibilities. Beyond available time, inclusive procurement literature hypothesizes the lack of experience of procurement officers in developing inclusive procurement strategies in line with the South African regulatory requirements.

Although the Mining Charter 2018 does not apply to suppliers outside the mining sector, it impacts procurement decisions throughout the supply chain of South Africa's mining organisations. Basically, during the implementation of the Mining Charter 2018 requirements on inclusive procurement, all existing supplier contracts need to be re-evaluated. This is because some vendors have long-term contracts that may not fulfil the Charter 2018 standards for inclusive procurement. These requirements may result in contractual disagreements with fines for early cancellation, probable litigation, and the possibility of productivity interruptions. According to Macfarlane (2018), though key measurements seek to support historically disadvantaged entrepreneurs, foreign investment and partnerships are allowed to a limited extent. The principle of local content is introduced, which aims to protect historically disadvantaged entrepreneurs against unfair competition and dumping by foreign entrepreneurs. It worth noting that current designation published by the DTI allows foreign direct investment as some commodities or products are not 100 percent designated – some level of importing is allowed (DTI, 2019).

Implementation of inclusive procurement is not as simple as theorised in the body of knowledge. The body of practice has stressed that the impactful implementation of

inclusive procurement requires synergy across departmental processes and systems. The findings of the Crankshaw (2017) study indicate a lack of integration of systems and processes between units within some mining organisations, such as procurement and finance, including supplier and enterprise development. Burger *et al.* (2019) suggest this is because of existing silos and lack of clear guidance on the structure and processes in the mining organisations. Ağan, Kuzey, Acar and Açıkgoz (2016) also cite a lack of readily available information on prospective suppliers' capacity. Currently, only a few South African vendors are capable of manufacturing the complex capital products and services required by the mining industry (Ağan *et al.*, 2016; Rogerson, 2012). Most of the technology utilised in the mining operations is imported internationally and can be capital intensive.

2.2.4 Critical elements for implementing strategies for inclusive procurement

It is important to realise the critical elements that affect the supply chain (Routroy & Pradhan, 2013). It is argued by Busse, Schleper, Niu and Wagner (2016) and Vorley and Thorpe (2014) that crucial factors and hurdles might obstruct the implementation of inclusive procurement, supplier development, and company growth. According to Routroy and Pradhan (2013), vital aspects play a critical role in the efficient and successful implementation of plans. The review by Poole (2016) and Risso and Testarmata (2017) of inclusive procurement, supplier and enterprise development literature resulted in the description of several critical elements that play a crucial role in the organisations success:

Communication: Continuous and open communication is an essential element to motivate SMMEs. Information sharing leads to knowledge sharing, and it has a significant influence on partners who will have a richer understanding of each other's goals. Organisations use two communication methods to communicate with SMME's include: traditional and advanced communication methods.

Knowledge transfer and training: Several different types of specialised expertise are required for the procedures. Individuals' thoughts, on the other hand, are filled with tacit information. Operational knowledge transfer actions must be planned to transmit the information that dwells in the minds of specialised personnel to the general public. Training and education will be a long-term commitment for the organisations involved.

The training and education need of key SMMEs are met in this manner. Participants will have the opportunity to impart tacit knowledge, which will strengthen the supplier's competences, which will have an impact on the future of the company.

Product development: Supplier participation in new product development provides a lot of advantages in terms of product quality, purchasing costs, technology access, and product development time. Supplier involvement in product development enables manufacturing organisations to enhance design and leverage the expertise of their suppliers. However, businesses may also influence their supplier's orientation to develop (Rajput & Bakar, 2012). When suppliers participate in product development, a continuous flow of information in both ways is necessary to achieve the desired results. Sibiya and Barnard (2020) state that while working with suppliers on product development, a variety of challenges might occur, including information sharing risk, an organisation's resistive culture, and suppliers' resistance to sharing knowledge and technology.

Supplier's site visits: Nagati and Rebolledo (2013) advised that before engaging into a new collaboration with a supplier, the purchasing organisation perform a site visit. According to Blonska *et al.* (2013), purchasing organisations cannot determine a supplier's true status only based on papers or returned comments from suppliers. During site visits, it is vital to assess the disparities between purchasing firms and their suppliers, such as language, work ethics, and cultural variances.

Supplier's certification: Nagati and Rebolledo (2013) advised that before engaging into a new collaboration with a supplier, the purchasing organisation perform a site visit. According to Blonska *et al.* (2013), purchasing organisations cannot determine a supplier's true status only based on papers or returned comments from suppliers. During site visits, it is vital to assess the disparities between purchasing firms and their suppliers, such as language, work ethics, and cultural variances (Sollish & Semanik, 2012).

Quality audits: Quality audits and engineering assistance are perceived as win-win strategies. Buying organisation needs to encourage the supplier to produce a higher quality product and maintain this quality, and instances of a shortage of necessary engineering know-how, that is needed to be transfered to the suppliers. Moreover, the

supplier can utilise the learned quality control and improvement methodologies on other parts or products of its organisation and other customers (Blonska *et al.*, 2013).

Capital and technical support: Organisational support to SMMEs can take on a variety of shapes and forms. The effort made by organisations to assist SMMEs in overcoming gaps and obstacles, and boosting their performance and capacities, is referred to as assistance. Inclusive procurement, supplier development, and business development can take on a variety of forms, including supplying equipment or finance, empowering SMMEs through technological assistance, or even making direct investments in the company. The provision of technical support from the buyer to the supplier, according to (Yan & Dooley, 2014), can facilitate the transfer of knowledge between the two parties engaged in the transaction.

Collaboration and trust: These are processes in which two or more parties work together to discover answers to an issue that cannot be handled because of a lack of resources or expertise (Whetten, 2011). As described by Yan and Dooley (2014), collaborative efforts may take on a variety of shapes and forms, including quality collaboration, inter-organisational collaboration, supply-chain collaboration, and collaborative capability.

Top management involvement: Top-level managers, particularly the organisation's top managers, should recognise and initiate the need for inclusive procurement, supplier development, and enterprise growth. Thus, the critical nature of complete management support for supplier development and enterprise development success is apparent, to ensure awareness of the strategic consequences for the purchasing organisation's ability to remain competitive in the marketplace (Whetten, 2011).

Procurement from alternative sources: According to Wagner, Coley and Lindemann (2011), the benefits of switching suppliers include cost savings and the creation of new product development prospects for manufacturers. In his paper, Thai (2015) asserts that purchasing from alternative sources necessitates the search for alternative suppliers and the acquisition of items from a variety of suitable providers. The cost of switching suppliers maybe proven in a variety of ways, including the termination of contracts with the present provider, the cost of developing a new relationship, and the time spent on the project (Rogerson, 2012).

Long-term commitment: Building a long-term commitment between a customer and a supplier is essential to the development of a successful relationship performance between the two sides (Rogerson, 2012). According to Thai (2015) the repercussions of such a long-term commitment might result in the acquisition of a competitive advantage. As defined by Rajput and Bakar (2012), commitment is a factor that includes multiple characteristics that bring together the parties that are participating in the decision-making process. According to Rogerson (2012), commitment is the most important factor influencing an organisation's efficiency, effectiveness, and production, and the long-term advantages derived from the commitment in terms of financial returns.

2.3 SUPPLIER DEVELOPMENT

Intuitively, supplier development is a systematic process by organisations to improve 'existing' suppliers' capabilities to fulfil its supply chain objective on-time and in-full in its value chain. The ability to replicate such capability is, in itself, also a capability. As with inclusive procurement in the preceding section, supplier development is dependent on inclusive procurement institutive in the South African context. However, in the South African mining industry, supplier development is highly influenced by the various regulatory and community pressures (Burger *et al.*, 2019). Supplier development is presently perceived as a strategic issue for South Africa's mining organisation in their operations. As reviewed in the recent literature on supplier development, supplier development maybe interpreted as an organisation's efforts to replicate some aspects of the in-house organisational capability at its suppliers. From the body of knowledge and practice, supplier development has been defined as any effort "*undertaken by a buying organisation to improve either supplier performance, supplier capabilities, or both, and to meet the buying organisation's short- and long-term supply needs*" (Talluri, Narasimhan & Chung, 2010:167).

Supplier development, in accordance with the mentioned description, refers to an organisation's efforts to establish and maintain a network of competent suppliers (Chavhan *et al.*, 2012). In addition to other market players such as manufacturers and dealers, suppliers have a critical role to play in the development of enterprises (Blome, Hollos & Paulraj, 2014; Li, Kang & Haney, 2017). A wide range of supplier development activities are available, and some examples include supplier evaluation, feedback on

supplier performance, raising performance expectations, education and training for suppliers' employees, supplier recognition, placement of engineering and other buyer personnel at the suppliers' facilities, and direct capital investments by the buying organisation in the suppliers' organisation. The purpose of the effort can range from remedial, such as training of a supplier's personnel in statistical process control to assist the supplier in achieving the desired quality levels, to strategic, such as when the buyer has competitive priorities that can only be met by dramatic improvements in the capabilities of suppliers. Supplier development goals include improving its capabilities and enabling suppliers to provide better quality and deliver lower-cost products and services on time; including innovation to support clients' sourcing and procurement targets; and sustainable development goals to increase supplier profitability while also extending the benefits delivered to their customers (Arroyo-López, Holmen & De Boer, 2012; Dalvi & Kant, 2015).

In South Africa, numerous researchers including the government argue that supplier development in the extractive industry is more than philanthropic activities (Molebatsi, 2012). Most South Africa's mining organisations have not been living up to their socio-economic transformation requirements (Moraka & Jansen van Rensburg, 2015; Odeku & Odeku, 2015). As mining organisations are gearing up their efforts to source products and services from historically disadvantaged emerging economies inclusively and are working in partnerships with EMEs and QSEs in the host communities, cases involving mining organisations operating irresponsibly have been widely reported. The mining organisations have centred on the lack of competent, historically disadvantaged EMEs and QSEs (Goldberg & Ryding, 2018). Suppliers' capacities and talents to cope with the demanding technical requirements and challenges play critical roles in mining organisations supply chains' performance (Östensson, 2017). However, there is limited empirical evidence on improving suppliers' development capabilities in South Africa's mining industry (Morris, Kaplinsky & Kaplan, 2012). Supplier development is defined herein as supplier development related to inclusive procurement by the mining organisations to integrate socio-economic development in the historically disadvantaged host communities.

Supplier development has long been regarded as an essential supply chain management strategy in any industry, with the goal of identifying and selecting an adequate pool of

suppliers to provide products and services required by the organisation, including improving their capabilities to meet the organisation's short and long-term needs (Blome *et al.*, 2014; Rogerson, 2012). Several research papers have demonstrated the advantages of supplier development in terms of knowledge transfer and supply chain performance, including new product creation, cost, quality, and delivery (Bowersox *et al.*, 2012; Routroy & Pradhan, 2014; Warner, 2017). The South African mining organisations are devoting more and more resources to supplier development programmes (Morris *et al.*, 2012). Such efforts enable these mining organisations to transfer knowledge and skills to suppliers and strengthen their socio-economic impact, thereby enhancing their overall performances.

Supplier development has only recently attracted scholarly research in response to stakeholder requests for reasonable socio-economic-related conditions in the organisation's supply chains (Busse *et al.*, 2016; Pagell, Wu & Wasserman, 2010). Supplier development initiatives, as is now the case in the South African mining industry, might be motivated by policy environment pressures or supplier capacity shortages (Rogerson, 2012). Mining organisations, in particular, develop supplier development frameworks and principles to manage supplier activities to meet the requirements and expectations of external stakeholders, such as government agencies, collective industrial associations, regulators, non-governmental organisations, and consumer groups, on the socio-economic impact of the supply chain (Ashby, Leat & Hudson-Smith, 2012; Carter & Liane Easton, 2011). Mining companies can leverage the resources of their supply chain partners (EMEs and QSEs), such as physical, human, intellectual, and financial resources, to build skills and capacities.

The mining organisations thus can improve supply chain socio-economic responsibility by investing in suppliers' facilities and equipment, training their personnel (Ashby *et al.*, 2012; Nagati & Rebolledo, 2013), and managing suppliers in accordance with a code of sustainable business practices, a high degree of quality, and compliance with the demands and requirements of the mining sector (Hanlin & Hanlin, 2012; Odeku & Odeku, 2015). Although the majority of current supplier development literature focuses on its impact on increasing suppliers' operational skills for creating and delivering innovative and cost-competitive components and services, and does not address the realities and specificities of the mining industry supplier development through supplier development in the South

African context (Heyns, 2019; Poore, 2016). The approach for supplier development adopted by each of South Africa's mining organisations should be motivated by various push and pull factors outlined in Table 2.2. The optimal investment in different suppliers can increase the capability and performance of the supplier. Still, before making this decision, there should always be a trade-off between the benefits and risk or return on investment by implementing the supplier development activity (Ho, Zheng, Yildiz & Talluri, 2015).

Table 2.2: Push and pull factors for supplier development

Factors for supplier development	Description
Push factors	
Current contracted suppliers are unable to supply a desired product	This would apply if present vendors were unable to supply a desired product. In that situation, the purchasing business may find an appropriate development provider to give the essential assistance.
Contracted Suppliers are either underperforming or failing to meet expectations	This might be the case if a provider is underperforming. In that situation, the purchasing business may opt to develop the supplier rather than just abandon it. Indeed, the purchasing business may decide that this is a more convenient alternative than just opting out of the contract, and litigation is the resultant.
In some markets, capable service providers are unavailable.	When suitable and capable suppliers are unavailable, a possible option would be to select strategic suppliers and then improve their skills to meet the firm's demands.
Mandatory requirements	This may happen if the government makes supplier development programs a requirement for getting federal contracts.
Pull factors	
The need for cost reduction	This issue arises when a supplier development program is launched to reduce costs. For example, the company may have discovered that a significant portion of their purchasing budget is spent on transportation raw materials from the supplier to their factory.
The need to improve supplier performance	When a supplier development program is put in place to improve the performance of a strategic supplier.
New product development	When a company plans to produce new goods for the market, the raw materials/services supplied must be capable of supporting that new product. A supplier development program to help the supplier in achieving the specifications of the new product maybe launched to guarantee this is achievable.

Factors for supplier development	Description
Improvement in quality	This occurs when supplier development is implemented to improve the quality of the supplied product. The firm may have established its quality standards, and there maybe a need to ensure that the supplier can meet that standard.
Improvement of business alignment between the firms	If the buying and providing businesses run at different frequencies in their commercial activities, the supply management process will never be efficient. Supply development might thus be done to align the activities of the two businesses.

Source: Poee (2016)

2.3.1 Benefits associated with supplier development

Supplier development has become a pivotal task of South Africa's mining industry and a potential source of competitive advantage, especially across global markets (Ağan *et al.*, 2016; Akamp & Müller, 2013; Sancha, Longoni & Giménez, 2015). Prior research indicates that industry practitioners and researchers have reached a consensus in supplier development approaches for excellent results in supply chains through better quality, customer service and channel performance. Overall, better quality, customer service, and performance, other benefits include improvement in on-time delivery, quality, and profitability through cost optimisation. The promising positive impact of adopting supplier development in the supply chain strategies of mining organisations that have been widely reported is strengthened socio-economic impact in the host communities, far exceeding other reported benefits.

The rationale for increasing implementation of supplier development initiatives is to guarantee capability and a high performing supply base to achieve and maintain competitiveness. Authors like Carter and Liane Easton (2011) strongly emphasised the criticality of supplier development initiatives in relation to benefits it presents, improved supplier capabilities, continuous improvement, improved stakeholder relationships, and on-time delivery of services and goods and other benefits. In their publications, Wagner *et al.* (2011) posited benefits such as cost reduction, improvement in quality, delivery performance, and profitability, which leads to capturing a good market share and competitive advantage for procuring organisations. Ashby *et al.* (2012) and Kuipers, Higgs, Kickert, Tummers, Grandia and Van der Voet (2014) additionally stressed the

importance of supplier development to productivity improvement and lead time and inventory reduction. Corresponding to its definitions by numerous scholars, the reviewed literature links supplier development to guaranteeing the developed suppliers' capability together with performance to fulfil the needs and requirements of procuring organisation. The various performance parameters include laggard suppliers' performance, supply base capabilities, enrichment on the mining organisations' long-term competitiveness, and protection of social license to operate.

Regarding South Africa's mining environment, the mining organisation has come to realise the supply chain and associated functions as a driver in the overall performance and corporate performance (Narasimhan & Talluri, 2009). Supplier development is off-late an essential strategic activity for sustainable benefits for the mining organisations' survival and competitive advantage in this era of fierce socio-political demands (Routroy & Pradhan, 2014). According to Narasimhan and Talluri (2009), supplier development is perceived as a strategic investment option that promotes supplier trust in the mining organisation. Establishing a long-term buyer-supplier relationship gives a better direction/option of investment for the buyer (Wagner, Coley & Lindemann, 2011). Indirectly, supplier development assists the procuring organisations to influence the operational parameters of the supplier being developed. The supplier's capability and performance, overall supply chain performance, quality improvement, transparency in the purchasing decisions, improvement in tender price, and tender compliance are the output of better supplier development activities (Govindan, Kannan & Noorul Haq, 2010).

Essentially, supplier development activities create a competitive advantage for the procuring organisations, but it also improves the buyer's operative performance (Busse *et al.*, 2016). Literatures characterize supplier development with just-in-time delivery, completed orders, lowered defects rates, and improved trust between procuring organisations and suppliers (Blome *et al.*, 2014). The direct investment by the procuring organisations in the suppliers does indeed improve trust. Lawson, Krause and Potter (2015) propounded that, since supplier development enhances the suppliers' creative and innovative capabilities, there is performance improvement in the new product development.

2.3.2 Challenges associated with supplier development

Although supplier development can offer better returns on supplier development investments, specific challenges dilute the effects of supplier development initiatives. South Africa's mining organisations are faced with multiple concerns associated with outsourcing accompanied by supplier development. Along with the concerns to deal with, the mining organisations operate in dynamic mining environments and their supply chains are forced to be agile enough to adapt to the prevailing circumstances instantly. In South Africa, suppliers are often characterised by poor resource availability and regularly operate with high capital costs (Routroy & Pradhan, 2014). Traditionally, these suppliers have low purchasing power and are highly cost-sensitive (Akamp & Müller, 2013). Suppliers tend to be inclined to adopt reactive cost-cutting procedures, resulting in inefficiencies in their service or products offerings. Conversely, insufficient resources may prevent mining organisations from developing capabilities without additional resource infusions (Ağan *et al.*, 2016; Fu, Zhu & Sarkis, 2012).

Moreover, top management's insufficient awareness of socio-economic responsibilities and inadequate commitment has been identified as additional supplier development challenges (Blome *et al.*, 2014; Panizzolo, Garengo, Sharma & Gore, 2012; Routroy & Pradhan, 2014). It is understood that lack of emphasis from top managements, sporadic follow-ups, and inadequate support in executing the supplier development initiatives definitely impede the implementation of supplier development. Specifically, for the potential suppliers to be developed in the South Africa's mining industry, it can prove to be costly, problematic to recruit and retain the skilled and experienced personnel despite in want (Akamp & Müller, 2013; Anisul Huq, Stevenson & Zorzini, 2014; Yawar & Seuring, 2017). Without having skilled and experienced personnel, implicitly, it is a challenge to have effective communication and feedback channels established in conducting the supplier development for both the developer and the supplier being developed.

The body of knowledge and practice has widely and broadly evidenced that skilled and experienced personnel are mainly attracted to high remunerations and incentives. The organisation's brand name is associated with the permanent job with security and rich industry exposure, which is very difficult for an emerging supplier to offer. Due to these prevailing circumstances, the procuring mining organisations, including the potential

suppliers may have difficulty with their potential suppliers' conditions and are falling short of to effectively execute the supplier development initiatives (Panizzolo *et al.*, 2012; Routroy & Pradhan, 2014). Given these shortfalls in supplier development, the buying mining organisation may favour supplier switching rather than strenuously developing the supplier (Humphreys, Cadden, Wen-Li & McHugh, 2011). For these reasons, potential suppliers deem the developing organisation exploitive because of the lack of strategic importance.

Furthermore, it can be argued that suppliers are in skew due to insufficient significance in the mining organisations procurement operations. Suppliers are concerned about the investment of resources and their return on investments from the mining organisation and are apprehensive about its credibility (Friedl & Wagner, 2012; Humphreys *et al.*, 2011; Mohanty, Gahan & Choudhury, 2014). Additionally, although the mining organisations embark on supplier development initiatives, specific challenges to supplier development are as result of the mining organisations. Practically, the procuring mining organisations are the ones that principally perform the development of potential suppliers. However, mining organisations regularly do not have effective systems and resources implemented in practice to measure the performance of their suppliers, identify the areas of improvement, have specific performance objectives set and accordingly direct supplier development investments (Mohanty *et al.*, 2014; Routroy & Pradhan, 2014).

In their study, Akamp and Müller (2013) revealed that simply monitoring the supplier being developed does not positively influence its performance. Since there are no definite supplier development systems laid out in practice, at times, developing organisations misguide suppliers through incorrect, complex, and uneconomical supplier development initiatives (Mohanty *et al.*, 2014). Further, most manufacturers are rigid about the suppliers, lack supplier involvement, and only look for conformance to their requirements without awarding essential power to freely contribute to their full potential (Ağan *et al.*, 2016). This type of purchasing organisations' approach to supplier development imposes a loss of potential savings opportunities. Owing to supplier development initiatives, if a developing organisation is not thinking about what a supplier to be developed is capable of, it does not function in line with a supplier's requirements and interests. Then it certainly fails to profoundly develop the potential supplier to their full potential (Mortensen & Arlbjørn, 2012).

2.4 ENTERPRISE DEVELOPMENT

Business start-ups by starting new companies have shown to be the most essential motivator for economic development in South Africa and other emerging countries. As such, developing economies often experience constraints by establishing and developing these enterprises in terms of financial and non-financial aspects. Through the Mining Charter 2018, the South African national government recognises enterprise development as a transformational programme to engage South Africa's mining industry to recalibrate the wide economic disparity and minimise the potential adverse impacts of the mining industry (Mamaila, 2019). This led to more different societies are more or less developed entrepreneurial social groupings hence the need for enterprise development.

Enterprise development, according to Pooe (2016), is any effort that helps suppliers outside the buying organisation's supply chain grow their capabilities. The suppliers are historically disadvantaged EMEs and QSEs on numerous levels, including at the local level in host communities, at the local level in indigenous and previously disadvantaged communities, at the local level in provincial, national, and regional levels. In collaboration with (Oliver, Ford & Meyers, 2014), enterprise development was defined as the process of strengthening the integration of EMEs and QSEs with potential for growth and expansion into the economic mainstream, such as the value chain system of modern industries, to promote economic growth and expansion. Achieving deeper integration of small firms within the mining sector value chains, according to Kabeer (2012) and Rogerson (2012), is essential for effective socio-economic change. The latter, on the other hand, can only be done effectively with the 'proper assistance' of EMEs and QSEs to force the essential transformation.

In his scholarly publication Pooe (2016) argues that the definition of enterprise development is not far from the description of supplier development. Effectively, enterprise development is also aimed at aligning the needs and requirements of South Africa's mining organisations, with potential EMEs and QSEs, with potential for growth and expansion to participate in their supply chains to integrated and implement socio-economic transformation actively. The development includes investing time, provision of knowledge, and capital to help potential EMEs and QSEs establish, expand or improve their income generation.

Oliver *et al.* (2014) postulate that development assistance includes funding potential EMEs and QSEs, business coaching that provides for accounting skills, cash flow or marketing, and business incubation. Identifying these potential suppliers is subject to a rigorous due diligence evaluation process to ensure placement of suitable potential suppliers in the development programme. Rajput and Bakar (2012) postulate that once potential suppliers are enrolled into the development programme, the relationship is formalised by agreeing on a set of key performance indicators: expectations, inputs, processes, and deliverables. However, according to (Reji, 2013), the concept of enterprise development in practice and associated benefits is not ‘fully’ understood.

The body of knowledge and practice, such as Fröchlicher and Pothering (2013) and Poee (2016) suggest that most organisations operating in South Africa are not sure how to integrate enterprise development into their transformation strategies. As part of their corporate social investment, South Africa’s mining organisations such as Anglo American, De Beers, Exxaro, BHP Billiton, Sasol Mining, Harmony Gold and other have been practising enterprise development as part of their corporate social investments in the host communities. These mining organisations have been operating since the 1980s and have been developing historically disadvantaged business start-ups (Poee, 2016; Rogerson, 2012). Though their efforts are noticed, the historically disadvantaged business start-ups have been cited as not impactful as required. This is due to most South Africa’s mining organisations’ top management being reluctant to practice enterprise development. The mining organisations perceive enterprise development a wasteful expenditure, cumbersome process, especially when there are insufficient resources to carryout enterprise development. It is typified as a tick-boxes exercise for regulatory compliance (Rogerson, 2012). Furthermore, key stakeholders within the mining industry remain inclined, consciously or not, to question historically disadvantaged suppliers’ competence.

The body knowledge and practice have stressed that the major issue with entrepreneurship in South Africa was not one of skill; rather, it was one of the prevalent mind-sets of both industry and entrepreneurs (James, 2019). Despite the reality that supplier and enterprise development programs have become the standard in recent years, the mining industry's "*hierarchy*" has stayed largely constant for the most part, according to the authors of this article. Mortensen and Arlbjørn (2012) reported that this is a pity

because empowering emerging historically disadvantaged EMEs and QSEs through enterprise development can be an inexpensive strategy for South Africa's mining organisations to integrate and drive socio-economic transformation. Often 'some' of those mining organisations engaging in enterprise development do not realise that it is a contribution to empowerment. It can be argued that enterprise development is often a missed opportunity for some of South Africa's mining and other organisations. South Africa's mining organisations are mandated to offset up to 30 percent of their procurement budget against enterprise development to enforce enterprise development (Goldberg & Ryding, 2018). This is subject to additional requirements – the local mining industry has seemingly created numerous opportunities for aspirant and emerging mining entrepreneurs (James, 2019).

A study by Meyer (2014) revealed a close relationship between enterprise development and regional and local economic development. In particular, regions with a large proportion of enterprise development have experienced more rapid socio-growth. Beyond contributing positively to the Gross Domestic Product, newly developed enterprises by South Africa's mining organisations create jobs in host communities and promote increased entrepreneurial opportunities. The positive socio-economic impact of enterprise development in historically disadvantaged communities cannot be over-emphasised and has been widely referenced in academia. The principle of enterprise development is 'investment plus social benefits results in social sustainability.

2.4.1 Benefits associated with enterprise development

Though there may have been some disintegration as time has progressed, the structural disadvantages that many people continue to suffer are still present. To this day, one of the historical disadvantages that have been established is the existence of entrance barriers into South Africa's many commercial and industrial sectors. It was difficult for potential entrepreneurs to get access to the resources needed to establish a firm, and even more importantly, to develop it (Verwey, 2011). To provide such entrepreneurs an opportunity to reach the economic mainstream, enterprise development attempts to provide enterprises with the resources and assistance that affluent people take for granted, such as access to funding and resources in the form of skills, education, and mentorship. According to O'Faircheallaigh (2013), if more emerging entrepreneurs are allowed to

succeed beyond their initial stages by mining organisations, the likelihood of increased job creation increases, which in turn contributes to the alleviation of poverty and unequal distribution in the host communities where these mines are situated. Because more money will enter the economy and poverty will be relieved if this impact is replicated on a large scale, the socio-economic multiplier will be felt across the entire country. This, in turn, increases the social license to operate mining companies while also increasing the level of economic inclusion in the industry.

One of the most distinguishing characteristics of increasing economic inclusion through company growth is its potential to sustain wealth creation for months, years, and even generations. According to Poole (2016), in addition to meeting present necessities and maintaining a comfortable lifestyle, increased economic inclusion enables children to access better quality education and the chances that such education provides. This is in contrast to the situation of many South African adolescents, who are unable to achieve the same degree of education for a variety of reasons. As part of excellent cooperative citizenship by South Africa's mining organisations, indirect opportunity creations such as providing education established via enterprise growth help make a significant contribution to the country's socio-economic well-being and development. Enterprise development gives the potential for an entrepreneur who benefits from assistance in generating long-term wealth through their entrepreneurial operations to do so successfully. It is possible to retain that level of success, which results in increased socio-economic mobility, which allows the entrepreneur and their family, friends, and other known parties to access possibilities that were previously out of reach. Moreover, such firms, if at all feasible, should be preserved in the family, which is a feature of wealth development.

Mining businesses may demonstrate their social responsibility to their fellow citizens by supporting in the development of a sustainable company for other South Africans by providing necessary equipment, experience, and financial resources to succeed. The government and companies can no longer be relied upon for grants and subsidies as a result of this. It is possible to witness the influence on a national scale when firm development funds are utilised appropriately, and the economy expands as the number of self-sufficient individuals increase. South Africa's economy is characterised by established firms with entrenched market footprints that are distinctive to each industry

and who operate on a significant regional and national scale, including multinational corporations (Poore, 2016). Because of their size and lack of organisational capability, such organisations may find it more difficult to innovate. Contributions to company development are recognised for points towards Mining Charter 2018 standards when you take a closer look at the specifics. Additionally, mining organisations may generate a return on their investment in addition to the possible points earned on the Charter's scorecard by effectively allocating Enterprise Development Funds, which would lead to an increase in both turnover and profitability. This enables the contributor to recoup the monies that were spent and, in many situations, to surpass the minimum contribution amount.

2.4.2 Challenges associated with enterprise development

The fundamental goal of enterprise development is to stimulate economic activity to redress the socio-economic imbalances of the past by empowering those who had previously been excluded from participating in the main economy stream. However, mining organisations have faced numerous challenges when implementing enterprise development. The challenges are not far from supplier development challenges. According to Fröchlicher and Pothering (2013), most large mining organisations have a history with their suppliers. Mining organisations are not always willing to take the risk of working with a smaller, lesser-known, and younger supplier, restricting possibilities for historically disadvantaged businesses to grow. As earlier cited, the emerging qualifying EMEs and QSEs are perceived to lack experience by management of the mining organisations. Reji (2013) suggests that these emerging EMEs and QSEs are believed to lack experience and often lack the cash to sustain large-scale supply and extended or inconsistent payment terms, which major corporates frequently impose on emerging EMEs and QSEs. This hurts emergent EMEs and QSEs cash flow and thus impedes its ability to grow or sustain itself.

The growth of emergent EMEs and QSEs is also limited by the availability of opportunities (Verwey, 2011). For example, EMEs and QSEs may lack the finances to promote their firm to acquire new clients, and even if they do, they may be unable to pay additional personnel to handle new customers or contracts. Concerning this, as revealed by Burger *et al.* (2019) and Macfarlane (2018) findings, information visibility within the

local mining organisations has traditionally been a great challenge, especially when it comes to providing a timely information flow across the supply chain. The researcher indicates that it is often a result of the lack of appropriate systems, standardised information, and non-standard processes and technologies, which are essential to managing supply risk effectively for effective enterprise development. Furthermore, specifically regarding the mining industry, the requirements to be developed as an enterprise, the process often requires significant monthly investments for liability and business insurance, which further impedes the sustainability and development of emergent EMEs and QSEs. It is also more difficult for emerging EMEs and QSEs to supply services and goods to the industry as a result of this. It is common to find emergent enterprises being developed in non-core functions unrelated to mining operations (Fury, 2010).

In most cases, mines are often located in remote areas, which can pose a problem because there are not many suppliers willing and able to service these areas specifically, enterprises that are black women owned. The requirement to develop black women-owned businesses in this predominantly male environment in rural and remote areas remains a challenge for most mining organisations. For example, only a few women-owned engineering companies are reflected in mining industry supply chains if not none. This puts mining organisations at somewhat of a disadvantage when negotiating and setting prices for goods and services. This limitation in the number of suppliers prepared to service remote locations pose a real threat to supply especially if there are quality issues. The complexities of transporting and distributing people and products to such remote areas can be a little overwhelming at the best of times, especially in tough economic times. The risks involved are often multiplied when infrastructure challenges are present, resulting in transport and logistical bottlenecks. When breakdowns in communication and coordination occur, this further exacerbates the situation and acts as a major hindrance to effectively manage supply risk.

2.5 OVERVIEW OF SUPPLIER AND ENTERPRISE DEVELOPMENT THROUGH INCLUSIVE PROCUREMENT

Thus far, the chapter has provided an overview of inclusive procurement, supplier development and enterprise development. Although the company growth and supplier

development are two different ideas in the organisational and management literature, the regulatory environment connected to socio-economic transformation refers to a single term (Pooe, 2016). Both supplier and enterprise development involve ‘working collaboratively with historically disadvantaged critical, strategic and high-potential suppliers to improve capabilities and competitiveness in cost, quality, time and technology to redress the socio-economic imbalances of the past (Vorley & Thorpe, 2014). Accordingly, the *“critical reason for supplier and enterprise development is to improve suppliers’ performance and capabilities to achieve the procuring organisations’ short-term and long-term supply needs, thereby minimising potential supply chain risks, and to achieve maximum value extraction, through maintaining and improving the procuring organisation’s competitive advantage and effectiveness”* (El Bouassami, Ahmed & Tizro, 2014:27).

Essentially, according to Pooe (2016), most South African organisation in different industries make no distinction between enterprise development and supplier development approaches. However, it makes sense that the mining organisations have elected to implement a single supplier and enterprise development strategies or policies it can be argued that both enterprise development and supplier development must still be approached as distinct but related activities. The motivating factor for South Africa’s mining originations to adopt inclusive procurement is promoting supplier and enterprise development through preferential procurement policy. Now potentially accounts for about 40 percent of the contribution a mining origination makes towards generic Broad-Based Black Economic Empowerment recognition level (Goldberg & Ryding, 2018).

Strategic goals, information exchange, mutual trust, and successful communication need long-term commitment, supplier assessment, and supplier strategic objectives are all factors that contribute to successful supplier and company development (Busse *et al.*, 2016; Mohanty *et al.*, 2014). Furthermore, a high score on the supplier and enterprise development component would imply that mining companies would become active in supporting historically disadvantaged businesses through supplier and enterprise development initiatives (Goldberg & Ryding, 2018). In South Africa’s mining organisations, the integration of inclusive procurement as a catalyst for supplier and company growth has never been more strictly enforced. However, procurement organisations must never lose sight of the fact that strengthening their competitive

position in the supply chain should be the primary motivation for investing in supplier and business growth.

Both Yavas and Erol (2017), Rajput and Bakar (2012) agreed with this assessment, stating that mining companies' procurement strategies maybe a well-placed source of competitive advantage, achieving, maintaining, and improving the procuring organisation's competitive edge Research by Hales and Arumugam (2012), for example, indicated that engagement and collaboration from internal and external stakeholders are required for supplier and firm development. Mohanty *et al.* (2014) argued that effective supplier growth is mostly dependent on procurement organisations supplier and enterprise relationship management practices. All parties should focus on the supplier and enterprise development results because it can be mutually beneficial for procuring mining organisations and prospective suppliers (Rajput & Bakar, 2012). Studies by Boateng (2015) and Pooe (2016) stress the long-term benefits and importance of integrating supplier and enterprise development into the procurement strategies, specifically the mining organisations. Executing an effective and impactful supplier and enterprise development programme is understood to be a complex task requiring considered forward planning, resource allocation and most critically, a willingness from all involved stakeholders.

2.6 CHAPTER SUMMARY

Chapter 2 critically reviewed the literature on inclusive procurement, supplier development, enterprise development, including an overview of supplier and enterprise development as a singular element stressed by the Mining Charter 2018 through inclusive procurement. The reviewed literature outlined that through the promulgation of Mining Charter 2018, historically disadvantaged EMEs and QSEs are now recognised as an essential part of the mining organisation's competitiveness and maintaining the mining organisation's social license to operate. Some of the historically disadvantaged entrepreneurs struggled with the typical challenges facing South African EMEs and QSEs: inconsistent work, poor cash flow, and an inability to plan for growth.

The literature further outlined knowledge and understating gaps in inclusive procurement, supplier and enterprise development literature. Organisations still view these concepts as one instead of integrated elements. South Africa's mining organisations are mandated to

integrate the Mining Charter 2018 requirements into their organisational strategies. The critical element of supplier and enterprise development requires investing time; providing knowledge, coaching that incorporates skills, cash flow or marketing, capital, and enterprise/ supplier incubation to assist potential historically disadvantaged EMEs and QSEs in establishing, expanding or improving their income generation.

Even though there are barriers and challenges to the execution of inclusive procurement, supplier and enterprise development, the literature highlighted the rewards of effective and efficient implementation to release maximum value extraction. The literature further suggested that the success of inclusive procurement, supplier and enterprise development requires full willingness, commitment, resilience, and consistency from all stakeholders, mining organisations, including historically disadvantaged EMEs and QSEs. The following chapter will critically review the policy environment of inclusive procurement for supplier and enterprise development in South Africa's mining organisations.

CHAPTER 3

LITERATURE REVIEW: POLICY LANDSCAPE FOR INCLUSIVE PROCUREMENT, SUPPLIER AND ENTERPRISE DEVELOPMENT

3.1 CHAPTER OVERVIEW

The timing is more suitable and appropriate to reflect on the current landscape of South Africa's mining industry for inclusive procurement, supplier and enterprise development. Prompted by criticism on the slow progress on socio-economic transformation by the sector, the 27th of September 2018 marked a key milestone in the review of the progress made in transforming South Africa's mining industry between 2002 and 2018 as measured against the broad-based socio-economic empowerment charter (hereto referred as Mining Charter) for the mining industry. The mining industry's compliance with transformation objectives is being closely scrutinised. The Mining Charter 2018 has gone a long way to bring policy and regulatory certainty to the industry. Only with time will it result in substantial socio-economic development in the sector, eliminate the types of worries that have lately led to investors passing on South Africa, and effectively stabilise the industry.

In the mining industry, the delay in finalizing the 'Amendment Bill,' which had been the subject of legislative processes since 2013, was at the heart of the uncertainty, as was the publication in 2017 of the revised Mining Charter for the South African mining and minerals industry by then Mineral Resources Minister Zwane. The sector objected to the 2017 Mining Charter, resulting in several legal challenges and a significant breach of confidence between the business and the DMRE. Post promulgation, failure to comply with transformation targets stipulated in the Mining Charter 2018 would imply that mining licenses would be revoked from non-compliant mining organisations. Through the Minister of Mineral Resources and Energy, the South African national government, Gwede Mantashe had reported that South Africa's mining sector had fallen short of compliance with the Mining Charter's objectives.

The mining sector, being the cornerstone of South Africa's economy plays an important role in the country's economic stability. The mining sector remains the primary source of South Africa's economy and play an essential role in the country's economic stability. The government needs to show a change in the mining industry by carrying out actions

stipulated in the Mining Charter, such as inclusive procurement for effective supplier and company growth. As deliberated in Chapter 2, through the promulgation of Mining Charter 2018, historically disadvantaged EMEs and QSEs are now recognised as an essential part of the mining organisation's competitiveness and maintaining the mining organisation's social license to operate. The slow progress of transformation in the mining sector can no longer be overlooked.

Against the introduction, this chapter aims to critically review the current landscape of South Africa's mining industry for inclusive procurement, supplier and enterprise development. The chapter commences with an overview of why transform South Africa's mining sector, aspects of compliance to transformation in the mining industry, hurdles to compliance, and the chapter conclude with discussing the key challenges facing South Africa's mining industry.

3.2 REASONS OF TRANSFORM SOUTH AFRICA'S MINING SECTOR

It is necessary to restructure the mining sector in South Africa for many reasons, the most important of which are its influence on manufacturing and the need to promote inclusive economic growth. It is widely acknowledged that the mining sector had a significant role in the industrialization of South Africa. The South African economy has become more diversified in recent years, but the mining industry continues to make a substantial contribution to the country's gross domestic product. A study by the World Bank found that foreign direct investment in South Africa's mining industry had a substantial positive impact on production in the manufacturing sector (World Bank, 2015). It is critical to have increased mining industry investment for manufacturing production to rise across industries in South Africa, which would ultimately contribute to inclusive economic growth. The mining business is a significant source of wealth generation for those who work in it.

The majority of the benefits from the mining sector must accrue to a broader beneficiary group in South Africa for economic growth to be inclusive. This applies to ownership, mine community development, human resources, housing and living conditions, inclusive procurement supplier and enterprise development. Unfortunately, historically, the wealth generated by the South African mining sector has been concentrated within a tiny percentage of the country's people. Transformation in the mining industry is not only

for regulatory purposes. It is a commercial criterion that the industry must follow to function smoothly. In the past, South Africa's extractive sector was not only seen as a sexist business, but it was also one of the vehicles utilised to cement divides among people, and the industry itself became a full illustration of discrimination in South Africa (Goldberg & Ryding, 2018; Macmillan, 2017).

The Mining Charter 2018 is viewed as one of the tools that will foster 'levelling of the playground' for the HDPs to catch up for equality to be achieved both in the workplace and in society. The sticking point is that economic empowerment programs like the Mining Charter *'sought to address the scenario in which historically powerful mining firms hoarded minerals rights'* (Horne, 2015:16). In this vein, this study is interested in exploring the approaches utilised for inclusive procurement, supplier and enterprise development which conforms to the Mining Charter 2018 by mining organisations in South Africa within the Mpumalanga province. The following section discusses the aspects of compliance concerning the constitutional aspects of the transformation mining regulatory framework.

3.3 ASPECTS OF COMPLIANCE TO TRANSFORMATION IN THE MINING INDUSTRY

In South Africa, a broad legislative framework governs transformation in the mining sector (Marais, 2013; Moraka & Jansen van Rensburg, 2015). The Constitution of South Africa is an extraction from the Freedom Charter's objectives to promise a non-racial, democratic, and unitary country (Abel, 2015). The Constitution is considered the highest law detailing some transformative guidelines (Kgoale & Odeku, 2019). The Constitution's commitment (Section 25 Act 108, 1996) is to transform South Africa's mining industry through its provisions of primary pillars of the mineral policy (Macmillan, 2017). South Africa's mining organisations do not operate in isolation. Still, these organisations have to pay close attention to the constitutional aspects of the transformation and practice common law in their business activities to care for human rights (Burger *et al.*, 2019; Odeku & Odeku, 2015). As a result, the mining and minerals policy frameworks that govern mineral exploration, mining, beneficiation, and related downstream sectors are founded on the South African Constitution.

The regulatory and statutory landscape for transformation in the mining industry stemming from the constitutional aspects include: the Codes of Good Practice for the Minerals Industry (Mining Code); the MPRDA Act of 2002 revised in 2010 (Botha *et al.*, 2012; Kgoale & Odeku, 2019; Macfarlane, 2018), including the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (the Mining Charter). The latter came into effect in 2004 to establish an enabling environment to foster the development of the mining industry and transfer sovereignty to the State over its entire mineral and petroleum resources (Mathu & Chinomona, 2013). The MPRDA of 2002 (Act 26 of 2002) was adopted to implement significant improvements in South Africa's mining industry following the democratic transition. In it, the act was set out to: *“to facilitate equitable access to and develop mineral resources; to promote substantial and meaningful economic participation of historically disadvantaged population; and to ensure those holders of mining rights contribute to the socio-economic development of areas in which they operate”* (Botha *et al.*, 2012:395).

The reform of the formerly exploitative mining sector was a significant concern of the previous democratic governments. To redress the skewed distribution of socio-economic opportunity, realise the policy of socio-economic responsibility, and bring HDP into the mainstream of mining, the MPRDA of 2002 (Act 26 of 2002) encompasses multiple policy strands. In it, this socio-economic transformation referred to is supported by the Preferential Procurement Framework Act (No. 5 of 2000); the Skills Development Act (No. 97 of 1998) the Employment Equity Act (No 55 of 1998); the Competition Act (No. 18 of 2018); Skills Development Levies Act of 1999; including the National Skills Development Strategy. The MPRDA of 2002 (Act 26 of 2002) was amended in 2010, but the amended Act was never passed (Macfarlane, 2018; Moraka & Jansen van Rensburg, 2015). Further amendments were proposed in 2012, but progress has stalled, and the amendments are not yet finalised to date.

Following South Africa's Mining Organisations' MPRDA of 2002, the Mining Charter establishes a framework for compliance (Act 26 of 2002). According to the Mining Charter, the mining industry was to undergo significant and meaningful transformation through human resource development and employment equity; support for migrant labour, mining communities, and rural development; improvement of housing and living conditions; preferential procurement, ownership, and joint ventures; and beneficiation of

mined materials (Harvey, 2018). Considering the current state of mining law reform, it appears that there is a lack of alignment with a shared redistributive mandate and that adjustment between stakeholders along diverse agendas is the most effective way of advancement. It has become more difficult to move toward more intersectoral policy alignment due to a lack of a shared vision for the mining industry (Moraka & Jansen van Rensburg, 2015).

The lack of consensus concerning the meaning of transformation and the adequacy of socio-economic targets amplifies the unresolved tension between promoting socio-economic development and job creation. This incorporates achieving economic growth, promoting industrialisation, and maintaining investor-friendliness on the other, all of which are envisaged in the National Development Plan (Harvey, 2015). The National Development Plan is the latest policy document challenged to succeed where others had stumbled. The lack of consensus led to the Minister of Minerals and Resources opting to withdraw the MPRDA of 2002 (Act 26 of 2002) from the revised Mining Charter and primarily focus on the aspects related to oil and gas.

In the context of prevailing South Africa's socio-economic dynamics, the importance of the Mining Charter 2018 cannot be overstated. It is an agent of transformation in South Africa's mining industry. It aims to drive value beyond compliance within the South African mining ecosystem and redress historical inequalities inherited by South Africa's democratic governments (Deloitte, 2018; Harvey, 2018). The updated Mining Charter responds to the mining industry's transformation reality and cross-stakeholder dialogue with all stakeholders, making compromises for the industry's development. Amid a continuously poor economy, it is crucial to combine regulatory certainty with practical transformation. Creating the regulatory and policy landscape, that enhances competitiveness and investment while simultaneously delivering socio-economic impact is necessary to attract much-needed investment in South Africa's mining industry.

Compared to the Mining Charter 2010, the Mining Charter 2018 included several new concepts. The majority of these are intended to drive transformation while also providing policy clarity. The objectives of the Mining Charter 2010 and Mining Charter 2018 are summarised in Table 3.1.

Table 3.1: Mining Charter objectives

Mining Charter 2010 Objectives	Mining Charter 2018 Objectives
i) To promote equitable access to the nation's mineral resources to all the people of South Africa;	The affirmation of the internationally recognised principle of State sovereignty; its right to exercise authority and make laws within its boundaries; over the life of its country, including all its mineral wealth;
ii) To substantially and meaningfully expand opportunities for HDSA to enter the mining and minerals industry and to benefit from the exploitation of the nation's mineral resources;	To deracialise ownership patterns in the mining industry through redress of past imbalances and injustices;
iii) To utilise and expand the existing skills base for the empowerment of HDSA and to serve the community;	To substantially and meaningfully expand opportunities of Historically Disadvantaged Persons to enter the mining and minerals industry and to benefit the exploitation of the nation's mineral resources;
iv) To promote employment and advance the social and economic welfare of mine communities and major labour sending areas;	To utilise and expand the existing skills base for the empowerment of Historically Disadvantaged Persons;
v) To promote beneficiation of South Africa's mineral commodities; and	To advance employment and diversify the workforce to achieve competitiveness and productivity of the industry;
vi) Promote sustainable development and growth of the mining industry.	To enhance the social and economic welfare of South Africans to achieve social cohesion;
	To promote sustainable growth and competitiveness of the mining industry;
	To enable growth and development of the local mining inputs sector by leveraging the procurement spend of the mining industry; and
	To promote the beneficiation of South Africa's mineral commodities.

Source: DMRE (2018)

Despite substantial improvements over its predecessors, the newest Mining Charter increases the future BEE requirements for South Africa's mining organisations to a whopping 30 percent and places several extra duties that are not directly related to their primary business. The strategic features of the most recent Mining Charter will be discussed in further detail in the next section.

3.3.1 The Mining Charter's strategic elements

The latest Mining Charter's mining scorecard remains a crucial ingredient as it sets out standards for measuring the B-BBEE process for the mining industry. It has introduced a new concept by declaring Ownership, Human Resources Development and Mine Community Development as what is termed ring-fenced elements, requiring full compliance (DMRE, 2018). The Mining Charter has similarities with and is based on the generic scorecard as proposed in the Codes of Good Practice issued by the DTI (Deloitte, 2018; Harvey, 2018). However, the Mining Charter 2018, like the Codes of Good Practice, demands a demographic overlay and has included female-specific objectives and handicapped personnel as a score factor. The DTI's B-BBEE Codes similarly declared Ownership, Skills Training, and supplier and enterprise development as priority elements that require a 40 percent sub-minimum compliance.

In the context of the prior Mining Charters, the latest Mining Charter includes notable strategic elements: Ownership; Mine Community Development; Employment Equity; Human Resource Development; Inclusive Procurement, supplier and enterprise development; and Housing and Living Conditions. Table 3.2 summarises the strategic elements of the Mining Charter 2010 and the Mining Charter 2018.

Table 3.2: Mining Charter elements

Mining Charter 2010 elements	Mining Charter 2018 elements
1. Human Resource Development;	1. Ownership
2. Employment Equity;	2. Mine Community Development
3. Mine Community Development;	3. Employment Equity
4. Housing and Living Conditions;	4. Human Resource Development
5. Procurement and Enterprise Development;	5. Inclusive Procurement, Supplier and Enterprise Development
6. Ownership;	6. Housing and Living Conditions
7. Beneficiation;	
8. Reporting (Monitoring and Evaluation); and	
9. Sustainable Development and Growth of the Mining Industry.	

Source: DMRE (2018)

Although there is a significant improvement over its predecessors, the latest Mining Charter balances the need for transformation with the imperative for new investment in an industry that, despite its difficulties, could be growing and creating jobs (Ramaphosa, 2019). The improved key elements (Ownership; Mine Community Development; Employment Equity; Human Resource Development; Inclusive Procurement, supplier and enterprise development; and Housing and Living Conditions) of the Mining Charter 2018 are discussed.

3.3.2 Ownership

The conditions outlined in the 2018 Mining Charter aims to enable effective mineral resource ownership by HDP via meaningful economic participation. Under the first Mining Charter of 2004, South Africa's mining organisations were required to transfer 26 percent of their equity or assets to HDP by the end of 2014 (DMRE, 2018; Macmillan, 2017). The latest Mining Charter raises the criteria for mining rights holders by an additional 4 to 30 percent, whether new, pending or existing. However, the latest Mining Charter specifies that South Africa's mining organisations that had 'at any stage' achieved a 26 percent HDP shareholding. The HDP investors who had since exited would still be 'recognised as compliant' (DMRE, 2018; Macmillan, 2017). However, it also mandated that these mining firms increase their HDP shareholdings to 30 percent over five years. When the rights are renewed or transferred, the holders must maintain a minimum of 30 percent HDP shareholding (DMRE, 2018).

The Mining Charter 2018 clarifies past challenges. Under the latest Mining Charter, the minimum 30 percent HDP shareholding distribution should constitute five percent allocation to mine employees, five percent allocation to host communities, and 20 percent allocation to historically disadvantaged entrepreneurs (Deloitte, 2018). Significantly, the latter is now defined as companies with at least 51 percent ownership by HDPs. The contentious trickle dividend (minimum of 1 percent of Earnings Before Interest, Tax, Depreciation and Amortisation) to community and employee shareholders, captured in previous iterations, has been removed. According to Goldberg and Ryding (2018), the latter was abandoned since it would have forced mining companies to pay this trickling dividend even if the dividends were not declared as per norm, even the business has lost money. Table 3.3 shows the sub-elements of the latest Mining Charter's scorecard on ownership

Table 3.3: Scorecard – Ownership

Element Description	Compliance Target (%)	Measure	Weight (%)
The minimum target for the representation of HDP ownership	30% BEE shareholding	A minimum of 5% non-transferable carried interest to qualifying employees from the effective date of a mining right	Yes / No
		A minimum of 5% equity equivalent benefit defined herein or 5% carried interest to host communities from the effective date of a mining right	Yes / No
		A minimum of 20% effective ownership in the form of shares to HDP, 5% of which must preferably be for women	Yes / No
	Beneficiation Equity Equivalent mechanism in lieu of BEE shareholding	A maximum of 5% points of BEE shareholding	Yes / No
Meaningful and effective participation	Net value		Yes / No
	Voting rights attaching to an equity instrument owned by or held for a participant measured using the Flow-Through Principle or Control Principle		Yes / No
	Economic interest representing a return on ownership of the entity similar in nature to a dividend right, measured using the Flow-Through Principle		Yes / No

Source: DMRE (2018)

The changing nature of the ownership element on the latest Mining Charter entitles employees and communities to a five percent ‘free carry’, wherein the word ‘free’ has been dropped (DMRE, 2018). As a result, mining rights holders are only required to pay the 5 percent owed in the form of non-transferable benefits to employees and communities that carried interest. Furthermore, to fulfil its empowerment responsibilities to a host mining community, the mining rights holder may substitute 5 percent "equity equivalent" for the carrying interest that would otherwise have to be transferred to such a community (Deloitte, 2018). Under the latest Mining Charter, South Africa’s mining organisations must maintain a 100 percent score on the ownership element of the Mining

Charter's scorecard. Non-compliance may result in the mining rights being suspended or cancelled, hefty fines, and other penalties (DMRE, 2018).

3.3.3 Mine community development

In South Africa, while the benefits from mining's contributions, most of the resulting detrimental impacts on the environment and society reside on the host communities where mining operations are carried out. The protection and transformation of host communities' benefits contribute more significant sustainable development efforts in mining since mining is part of a broader ecology. As a result, it is essential for right holders to contribute to their ecosystem's socio-economic well-being, especially their surrounding and host communities (DMRE, 2018). Various examples of confrontation between mining communities and mining organisations, the most egregious of which is the Marikana Massacre in 2012, demonstrate that mining communities want mining organisations to contribute more to improve their living circumstances (Heyns, 2019). In an attempt to reconcile the potential for positive socio-economic development impacts with the actual manifestation of adverse socio-environmental impacts within mining communities, a noticeable change in the latest Mining Charter is the newfound emphasis on host communities' development. The Mining Charter 2018 further explicitly promotes collaboration to increase social impact.

The mine community development change reflects the evolution and prominence of sustainable development as a concept and illustrates South Africa's mining sector's support for sustainability as a discourse. Under the latest Mining Charter, South Africa's mining organisations are mandated to identify the developmental priorities in the host communities, municipalities, and other stakeholders and incorporate these identified priorities in government-approved social and labour plans (SLP) (Burger *et al.*, 2019; Goldberg & Ryding, 2018). The SLP, therefore, also represents a form of social license (Rogerson, 2012). However, the mine community development has been critiqued for being elitist, including being premised on community participation that is undertaken in a manner to safeguard the interests of the elites and to reduce corporate costs (Fröchlicher & Pothering, 2013; Kapelus, 2002; Kemp, Owen, Gotzmann & Bond, 2011). Furthermore, in South America, Haalboom (2012) postulated that the mine community

development could be limited as it fails to mitigate the adverse impacts stemming from mining operations.

Under the latest Mining Charter, the incorporations of identified priorities must be accompanied by effective mine community development processes, procedures and consultation with key stakeholders in developing SPLs. This provides for strategic interventions that require planning (mostly with local authorities) and programs that focus on promoting socio-economic growth and sustainable development of host communities and significant labour-sending areas. The mining organisations must implement 100 percent of these SPLs commitments in every financial year (Burger *et al.*, 2019). Under the latest Mining Charter, the SPLs have become even more integral to the mine community development element of the latest Mining Charter's scorecard. Notably, the approved SPLs must be published in English and at least one other dominant language utilised in the host community where mining is carried out and should be made publicly available (Deloitte, 2018). Ultimately, all the approved SPLs commitments must be implemented in the agreed timeframe. Table 3.4 shows the latest Mining Charter scorecard for mine community development.

Table 3.4: Scorecard – Mine community development

Element Description	Compliance Target (%)	Measure	Weight (%)
Meaningful contribution towards mine community development with biases towards mine communities both in terms of impact, in keeping with the principles of the social license to operate	100% compliant with approved SPL commitments	Publish the SPL in two languages (dominant one in the community and English)	Yes / No
		Implement all approved commitments in the SPL	Yes / No

Source: DMRE (2018)

In response to this industry threat, the mine community development element is ring-fenced under the Mining Charter 2018. Thus, 100 percent compliance to this scorecard element is required. Within this frame of understanding, the latest Mining Charter emphasizes the mining community development compared to the previous Mining Charter 2010 by insisting on these newly introduced obligations. Notably, according to the DMRE (2018), the latest Charter links the 5 percent equity equivalent under the ownership element to the mine community development element. This may adapt the

Trust form, which must operate for the duration of the mining right to help develop the community. Such trust or a similar vehicle allocated the 5 percent equity ‘equity equivalent benefit’ must ensure funds are utilised solely for the host community's needs. The trust or similar vehicle shall remain accountable for the host community's development. The community trust is perceived to structure independently of a mining operation using equitable community shares related to mining-community social responsibility. These serve as critical vehicles for implementing sustainable socio-economic development projects (Madinginye, 2016).

3.3.4 Employment equity

Workplace diversity and equal representation at all levels are seen as accelerators for the mining industry's social cohesion, development, and competitiveness, under the Employment Equity Act. The Mining Charter 2018 sets a minimum percentage of HDPs to be employed at each level of South Africa's mining organisations. According to the (DMRE, 2018), this quota is distributed based on national or provincial demographics. It also establishes a minimum proportion of women hired at each level. These percentages are mostly higher than those of the previous Mining Charters. The Employment Equity section contributes 30 percent on the latest Mining Charter's scorecard, and its sub-elements are listed in Table 3.5.

Table 3.5: Scorecard – Employment equity

Element Description	Compliance Target (%)	Measure	Weight (%)
Board	HDP	50%	2%
	Of which must be women	20%	2%
Executive management	HDP	50%	4%
	Of which must be women	20%	3%
Senior management	HDP	60%	3%
	Of which must be women	25%	2%
Middle management	HDP	60%	2%
	Of which must be women	25%	2%
Junior management	HDP	60%	2%
	Of which must be women	25%	2%
Employees with disabilities	Employees with disabilities as a percentage of all employees	1.5%	2%
Core and critical skills	HDP	60%	3%

Source: DMRE (2018)

According to popular belief, the newest Charter's goal of employment equity is to achieve justice in the workplace by fostering fair treatment and equal opportunity. An expanding body of literature has also advanced the importance of the extractive sector to promote employment equity. The DMRE aims to achieve a more diversified South African mining industry through the latest Mining Charter by eliminating discrimination and implementing affirmative action measures to rectify disadvantages in the workplace experienced by historically disadvantaged groups (DMRE, 2018). The latest Mining Charter links and aligns the DTI B-BBEE Codes of practice with the Department of Labour's Employment Equity planning and reporting. It formalises career progression plans within mining organisations. The measurement criteria of the latest Mining Charter's scorecard move away from the past blanket-approach measurement, which faced widespread criticism, by measuring per national/provincial demographics, for instance, the economically active population targets set out in the Commission on Employment Equity Annual Report.

This situation reflects the evolution and prominence of employment equity as an element of the Charter's scorecard. It illustrates the requirement of innovative thinking about transformation in the extractive sector: transformation and diversity efforts are thoroughly thought out to get the intended results and impact. To ensure that mining right holders progressively realise these requirements, the Guidelines provide that a submission is required with a five-year employment equity plan, which must be approved by the "*Regulator*" (which is neither defined nor identified) (DMRE, 2019). Moraka (2016) argued that reflecting on the potential interpretive and eclectic spectrum of employment equity agenda in South Africa, the latter approach requires a well-formulated evidence-based strategy to mitigate the risk of non-compliance to the employment equity element of the employment equity element latest Mining Charter's scorecard. Accordingly, the latest Mining Charter additionally mandates South Africa's mining organisations to develop and implement a career progression plan that must include individual development plans for employees. Thus, the mining organisations should treat employment equity as "business-critical".

3.3.5 Human resource development

The lack of critical skills in the South African economy has generated a social and corporate need to promote education and skill development. The mining rights holders have played and will continue to play an essential role in educating and developing their employees and communities. The mining sector relies on the continuing growth of the communities surrounding mining facilities (Heyns, 2019). Under the latest Mining Charter, the mining rights holders are obliged to promote human resources development with which 100 percent compliance to this strategic element is mandatory for the duration of the mining right.

The said human resources element under the latest Mining Charter includes supporting South African-based research and development projects to develop solutions in exploration, mining, processing, technology, and rehabilitation. In addition to the compulsory skills levy mandated by the Skills Development Levies Act of 1999, under the Mining Charter 2018, South Africa's mining industry must spend at least 5 percent of annual payroll on essential human resources and essential skills development (excluding the mandatory statutory skills levy). The mining organisation's five percent investment in necessary human resources and skill development must thus reflect provincial or national demographics, depending on which is most relevant to the mining right. The human resources element contributes 20 percent to the latest Mining Charter's scorecard as illustrated in Table 3.6:

Table 3.6: Scorecard – Human resources development

Element Description	Compliance Target (%)	Measure	Weight (%)
HRD expenditure as percentage of total annual leviable amount (excluding mandatory skills development levy)	5 leviable amount	Invest 5% of the leviable amount as defined in the HRD element in proportion to applicable demographics (employees and nonemployees)	20

Source: DMRE (2018)

There are several investing opportunities. The contribution should be invested in skills development activities including science, technology, engineering, mathematics, literacy and numeracy skills, apprenticeships, bursaries, and artisanal and graduate training

programmes (Mabuza, Msezane & Kwata, 2010). Other possibilities include exploring and creating solutions for exploration, mining processing, technological efficiency (energy and water usage in mining), beneficiation, and environmental conservation and rehabilitation. These skill development events should be available to employees but not to directors, executives, or community members who are not mine employees. However, researchers such as Krüger (2014) argue that the training component is not entirely compliant with the DTI B-BBEE Codes, which enforce two essential mandates (Deloitte, 2018:17): *“the focus on leadership, internships, and apprenticeships for both employed and unemployed people is aimed predominantly at accredited training in line with the Learning Programme Matrix. Incentives are in place to absorb unemployed trainees into the mining business to create jobs.”*

Within academic literature, the failure of the mining industry’s human resources development initiatives often connects back to ‘mining organisation intent’ and the use of community development as a business tool (Heyns, 2019; Macmillan, 2017). Similarly, Kemp *et al.* (2011) also argue that within the developing country context, where business case thinking often dominates, human resources development initiatives may appear to support host communities but maybe configured and limited to serve the mining organisation’s interests. In such cases, the likelihood of achieving the desired transformation targets ends up being docile. Furthermore, some researchers have argued that mining remains a competitive sector, whereby mining organisations operate under tremendous pressure to optimise costs. Research has pointed to how notions of risk are central to justifying human resources development expenditure (Heyns & Mostert, 2018).

3.3.6 Inclusive procurement, supplier and enterprise development

Leveraging maximum benefit from South Africa’s mineral resources requires strengthening linkages between the mining and minerals industry and the broader economy. This notion has led the South African government to enforce Mining right holders to stimulate the local economy through strict local procurement requirements found in section 2.2 inclusive procurement, supplier and enterprise development of the Mining Charter 2018 (Goldberg & Ryding, 2018). The strategies of the previous Charters seem similar to Mining Charter 2018. The mining industry has been constant in offering unparalleled opportunities for both local and international suppliers (Harvey, 2018;

James, 2019). Despite the formalisation of preferential procurement measures as seen in the DTI B-BBEE codes. The percentages are divided in a specific manner among the following categories for both mining goods and services: Historically Disadvantaged Persons owned and controlled entities, women-owned, and youth-owned and controlled companies, and Level - 4 BEE compliant entities.

As outlined in this measure, mines that are BEE compliant are encouraged to create transformation and socio-economic impact through their compliance with different parts of the B-BBEE Codes. The inclusion of inclusive procurement, supplier development, and enterprise development in the 2018 Mining Charter is therefore consistent with the growth of the South African preferential procurement policy framework, which was established in 2007 (Goldberg & Ryding, 2018). However, there are notable discrepancies, such as using the HDP definition in the 2018 Mining Charter rather than the DTI's nomenclature of black people.

Throughout the current Mining Charter review, the DMRE remained deeply sceptical of preferential procurement efforts and held that host communities are not securing sufficient contracts from the mining organisations (DMRE, 2018; Madinginye, 2016). The Preferential Procurement policy framework is based on TMPS. This is also a subset of total procurement that can exclude imported goods if there are differences in brand or specification to what is available locally. This contrasts with the latest Mining Charter that prescribes the local content of goods purchased by mining organisations. Local content has now been defined as *“the value-added during assembly or manufacturing of the mining good that is produced in South Africa”* (DMRE, 2018:5).

Local content calculation *“excludes mark-up and intangible value such as brand value and overheads”* (DMRE, 2019). The old Mining Charter's capital goods and consumables expenditure categories have been consolidated and quantified into a mining goods spend item in the newest Mining Charter. Mining rights holders can purchase less than 30 percent of their mining commodities from international vendors (Louw *et al.*, 2019). This provides domestic producers with a substantial competitive edge over overseas competitors. Mining rights holders will be prohibited from contracting with foreign vendors for more than 20 percent of their services (Goldberg & Ryding, 2018).

Table 3.7: Scorecard – Inclusive Procurement, Supplier and Enterprise Development

Element Description	Compliance Target (%)	Measure	Weight (%)
Total procurement Budget spend on goods and services	Procure 70% locally Manufactured mining goods with a 60% local content	21% of total mining goods procurement budget must be spent on South African manufactured goods produced by HDP owned and controlled company	5
		5% of total mining goods procurement budget must be spent on South African manufactured goods produced by women-owned and controlled company or youth-owned and controlled company	5
		44% of total mining goods procurement budget must be spent on South African manufactured goods produced by BEE compliant company	5
	80% services	50% of the total services budget must be spent on services supplied by HDP	5
		15% of the total services budget must be spent on services supplied by women-owned and controlled companies	5
		5% of the total services budget must be spent on services supplied by the youth-owned and controlled companies	5
		10% of the total services budget must be spent on services supplied by a BEE compliant company	5
	Research and development	A minimum of 70% of the total R&D budget to be spent on South African based R&D entities	2.5
		Utilise South African based facilities or companies for the analysis of 100% of all mineral samples across the mining value chain	2.5

Source: DMRE (2018).

Inclusive procurement, supplier and enterprise development element on the Charter has the highest weighted contributor to the overall compliance scorecard of 40 percent even though it is not declared as ring-fenced. This strategic element of the latest Mining

Charter seeks to promote these relationships including procuring from South African-made goods and obtaining services from South African-based organisations. Unlike the Mining Charter 2010 which required mining right holders to procure a minimum of 40 percent of capital goods from BEE entities by 2014; multinational suppliers must contribute 0.5 percent of annual income generated from local mining organisations to a Social Development Fund from 2010 (Burger, 2015; Goldberg & Ryding, 2018). Including procuring 70 percent of services and 50 percent of consumer goods from BEE entities by 2014 (Goldberg & Ryding, 2018). The latest Mining Charter requires that the mining right holder ensures that its procurement policies integrate with the requirements of the latest Mining Charter 2018 (DMRE, 2018).

Specifically, the Mining Charter 2018 and its accompanying implementation guidelines stipulate that a minimum of 70 percent of total mining products procurement spend (excluding non-discretionary spending) must be spent on South African-made commodities (Goldberg & Ryding, 2018). In this case, one percent of the funds will be spent on South African manufactured items created by a firm managed and owned by the HDPs. Five percent of the budget is intended to be spent on South African manufactured items produced by women or youth-owned and managed businesses. It is recommended that 44 percent of the budget be spent on South African-made commodities produced by a BEE-compliant company (DMRE, 2018). A minimum of 80 percent of the overall spend on services (excluding non-discretionary spending) must be procured from South African-based providers, according to the Mining Charter 2018, which was published in 2018. It is necessary to spend 50 percent on services supplied by HDPs owned and controlled suppliers, 15 percent on services supplied by women-owned and controlled suppliers, 5 percent on services supplied by youth, and 10 percent on services supplied by BEE compliant suppliers, to name a few percentage points (DMRE, 2018).

Progressive compliance with the previously outlined purchase objectives are expected to be achieved within five years of the established targets. All procurement expenditure reported by a mining right holder must be the actual cost incurred by the mining right holder. When a mining right holder engages in supplier and enterprise development, it will be permitted to deduct the amount spent on supplier and enterprise development from the amount spent on the part of their obligations under the procurement aspect. Supplier development may be utilised to offset up to 30 percent of the overall procurement budget

for mining products (excluding non-discretionary spending) in the case of mining equipment and supplies. Developing supplier(s) through Original Equipment Manufacturers (OEMs) is an option for mining right holders (OEMs). Up to ten percent of the overall procurement budget for services (excluding non-discretionary spending) may be deducted from the total procurement budget as a deduction for supplier and enterprise development. Supplier and enterprise development funds shall only be invested in organisations owned and controlled by HDPs and generate less than R50 million in sales each year. Supplier development expenditures are not eligible for reimbursement as expenditures for enterprise development (for instance, if the mining right holder spends R100.00 on supplier development, that R100.00 cannot be again claimed as enterprise development) (Goldberg & Ryding, 2018).

Between a mining right owner and the recipient supplier or firm that is being established, a written agreement must be reached. Finally, the contract between a mining right owner, and the recipient supplier, must be in place for a minimum of five years. One of the rights holders will be permitted to participate in supplier development through Original Equipment Manufacturers (OEM). The right holder and the original equipment manufacturer (OEM) will identify imported components that will be locally made. These might be components that are already in use in mining goods provided by the OEM to the right holder or components that will be utilized in mining goods supplied by the OEM to the right holder within five years after their identification. The right holder can then claim offset points for expenditure (quantifiable investments) incurred in connection with a supplier development program, if any. The South African Bureau of Standards (SABS) will be in charge of verifying the local content (SABS). There has been some fear expressed that the SABS may not fulfil its present mission, let alone the new tasks outlined in the most recent Mining Charter (Louw *et al.*, 2019).

A verification certificate from the South African Bureau of Statistics will not be necessary during the first two years of the transitional period. The cost of supplier verification is deemed developing if it is paid for by the mining right holder and might be understood as part of the supplier development expenses. Mining rights holders must also to provide an annual report on their usage habits. According to the Guidelines, mining right holders must use specific formulas to calculate the percentage of local content of specific goods

and services, scores in respect of each budget category, scorecard scores, and templates are utilised to report on their performance annually to be successful in this endeavour.

3.3.7 Housing and living conditions

Mine workers should have adequate housing and living circumstances, much like mine community development initiatives, which can enhance mining productivity, employee wellbeing, and community development. Research offered by Dansereau (2010) revealed that when family housing is established at the mines, it creates permanent communities in underdeveloped areas. It could be detrimental to workers and the environment and disrupt traditional communities if this is not executed efficiently. The South African mining industry has embraced the previous housing and living conditions targets, ensuring good living standards for their employees. However, researchers such as Madinginye (2016) have indicated that integrating these extractive sector-led development challenges is strongly influenced by reputational benefits for mining organisations. The conceptions of housing and living conditions development adopted by mining organisations are much narrower in the host communities (Heyns, 2019; Molebatsi, 2012).

In line with the Housing and Living Conditions Standard developed in Section 100, South Africa's mining rights holders are obliged to sustainably implement 100 percent of its mine community development commitments as approved in its SLPs, which is reviewable every five years. The latest Mining Charter has reduced emphasis neither explicit weighting, nor ring-fencing on the Housing and Living Conditions element in the latest Mining Charter's scorecard. The latest Mining Charter requires mining rights holders to maintain compliance with three specific requirements, such as (Deloitte, 2018:33): *“convert or upgrade hostels into family units; attain an occupancy rate of one person per room; and, facilitate homeownership options for all mine employees in consultation with organised labour.”*

Compliance additionally includes other agreements reached with mine employees until the new iteration of the Standard is finalised. Unlike the other scorecard parts, the Housing and Living Conditions factor is controlled by the Housing and Living Conditions Standard (Goldberg & Ryding, 2018). The Standard is founded on fundamental values that constitute suitable Housing and Living Conditions. The mining rights holders must

submit a Housing and Living Conditions Plan to the DMRE. This act will accelerate the transformation and increase the productivity of mineworkers. The housing and living conditions element scorecard on the latest Mining Charter is shown on Table 3.7.

Table 3.8: Scorecard – Housing and living conditions

Element Description	Compliance Target (%)	Measure	Weight (%)
Improvement in the standard of housing and living conditions of mine employees	100% compliant with Housing and Living Conditions Standard commitments	Implement all Housing and Living Conditions commitments in the Standard	Yes / No

Source: DMRE (2018)

According to the DMRE (2018), the mining rights holder should take specific actions in terms of the SLPs in consultation with organised labour and the Department of Human Settlements, publish the approved SLPs within 30 days of approval, ensure that collaboration occurs on the approved SLPs projects through inclusiveness and transparency. Mining organisations must provide clear targets and timelines for meeting the standards and the requirements of the housing and living conditions element.

3.4 HURDLES TO COMPLIANCE

Although the latest Mining Charter has been a significant source of uncertainty over the past three years since the publishing of the first draft for public comment in 2016; the Mining Charter 2018 has been described as a “*significant step forward*” and “*pragmatic*” by many industry stakeholders (Goldberg & Ryding, 2018). From a broad-based economic developmental perspective, the mining rights holders, the South African government and participating key mining stakeholders must ensure meaningful compliance to the latest Mining Charter as a tool to stimulate inclusive socio-economic development. In this regard, numerous authors such as Burger *et al.* (2019), and Louw *et al.* (2019) have emphasised how the South African government should be unremorseful in the implementation of the latest Mining Charter including other regulatory frameworks supporting it to achieve the desired inclusive socio-economic development.

However, the latest Mining Charter, although promising on how it has been conceptualised, also faces challenges that could undermine its successful implementation

and get the same sort of results as the previous Mining Charters. If the current hurdles to compliance are not taken cognisance of and mitigated by the key participants in the South African extractive sector. Therefore, this section is not intended to excuse failure to meet the latest Mining Charter's targets, only highlighting possible compliance hurdles in the South African extractive sector. These hurdles to compliance are:

3.4.1 Negative spirit of transformation

From the reviewed literature and the findings on the review of the previous Mining Charters, it became apparent that until the tensions among black and white mining participants are eradicated (Cronjé & Chenga, 2009), transformation efforts may take longer than anticipated. Correspondingly, the research findings by Moraka and Jansen van Rensburg (2015) suggest that the negative spirit of socio-economic transformation regarding Mining Charters elements, employment equity, is intensified by the uncertainty on job security it creates for white males. This is not limited to white males and black males because of the prescriptions the Mining Charter 2018 places on gender equity. South Africa's mining sector has traditionally been characterised by male domination (Botha *et al.*, 2012; Zungu, 2013).

It has been reported in scholarly publications that many women continue to struggle in South Africa's mining organisations, and their career progress has stalled because their work and mining organisational conditions tend to be hampered by their life patterns (Botha, 2016; Faue, 2016; Tilly & Scott, 2016). In her research, Moraka (2016) asserts that implementing the employment equity element of the Mining Charter III, including previous Mining Charters, perpetuated the psychological contract breakdown of white males and impaired memory due to a lack of effort and commitment. This could be a result of a job security threat. Accordingly, the same author attests to deeper issues prevailing in South Africa's mining ecosystem by citing Odeku and Odeku (2015). These authors inveterate increasing sarcasm and racial tensions amongst different racial groups where transformation is concerned within the mining industry. In general, black people feel that they are deemed incompetent by other racial groups about job opportunities and employment in the mining sector (Moraka & Jansen van Rensburg, 2015).

3.4.2 Lack of stakeholder collaborations

The National Planning Commission (2013:32) indicated that the *“mining vision for 2030 is an industry that is growing in investment, production and revenue; is well regulated and well led by ethical leaders, and is competitive, appropriately skilled, modernised and invests in research and development.”* Lack of stakeholder collaborations is still a significant challenge within the mining sector. Scholarly reviews indicate that trust and leadership were previously non-existent between stakeholders (Macmillan, 2017). This led to non-collaborative strategic efforts by mining organisations and the government (Moraka & Jansen van Rensburg, 2015). However, the resultant latest Mining Charter is the fruition of continued key stakeholder engagements across stakeholders participating in the Mining ecosystem. However, the continued engagements were not as easy as the National Government had anticipated. These were accompanied by a series of court battles between stakeholders.

For example, the Minerals Council South Africa lodged a court case that the interests of their members (mining organisations) were not considered in the finalisation of the latest Mining Charter. According to the Minerals Council South Africa this was unjust. Additionally, the unions representing mining organisation employees shared similar sentiments that the latest Mining Charter did not fully encompass their members' interests. Therefore, Mining Charter 2018 represents collaborations and consensus among key stakeholders in the Mining ecosystem. One of the significant advancements that the new Mining Charter brings is its recognition for regulatory purposes of collaborative developmental efforts by organisations with adjacent operations to the host communities. In a research conducted by Moraka and Jansen van Rensburg (2015), the author outlined that power relations between stakeholders adversely influence relationships and hinder collaboration prospects for compliance to the Mining Charter. Moraka (2016), citing Cronjé and Chenga (2009), also indicates that abuse of power can exploit other stakeholders.

3.4.3 Broad regulatory framework

A broad regulatory framework has been identified as a significant hindrance to compliance, especially in the mining sector (Rungan, Cawood & Minnitt, 2005). The term HDP in government policies is utilised interchangeably with HDPs and historically

disadvantaged individuals. In some government regulatory frameworks, these terms are also associated with designated groups such as black people, people living in rural areas, through diverse but integrated socio-economic strategies, black/white women, and disabled people. Some of these discrepancies' aspects have also been continually identified in the previous and the current Mining Charter and the MPRDA of 2002 (Act 26 of 2002) and Preferential Procurement Framework Act (No. 5 of 2000) (MPRDA, 2002). This is difficult to understand because the DMRE maintains that the Mining Charter aligns with the outlined regulations (Goldberg & Ryding, 2018).

Under the MPRDA of 2002 (Act 26 of 2002), HDPs refers to *“any person, category of persons or community, disadvantaged by unfair discrimination before the constitution took effect; any association, a majority whose members are persons contemplated in section and; any juristic person other than an association, in which persons contemplated in definition a, who own and control the majority of the issued capital or members' interest and can control a majority of the members votes”* (Botha et al., 2012:396). This outlined definition comprises people and organisations that have experienced discrimination and exclusion from partaking in mainstream economic activities before the promulgation of the constitution. Nonetheless, the latest Mining Charter references the MPRDA's HDP definition. There is also ambiguity with the term 'black people' whether it includes black foreign nationals or Africans or are whether this applies exclusively to citizens of South Africa. Authors such as Louw et al. (2019) and Mathews (2019) propose that the amendment of the HDPs in the South African policy frameworks be reviewed, aligned and homogeneous.

3.4.4 The perceived threat to mining rights-holding

Under the latest Mining Charter, the three strategic elements: ownership, human resources development, and mine community development are conceptualised as 'ring-fenced'. The mining rights holders must demonstrate '100 percent compliance at all times' (Heyns & Mostert, 2018). Compliance targets in these strategic elements are unapologetically mandatory throughout the validity of the mining right, which is generally 30 years with the renewal option. Under the latest Mining Charter, any mining organisation which fails to maintain a 100 percent score on these three strategic elements and to score at least 60 percent on other latest Mining Charter's scorecard elements, will

‘be regarded as non-compliant with the provisions of the Mining Charter and in breach of the MPRDA of 2002 (Act 26 of 2002)’. Consequently, according to the DMRE (2018), it will be liable to have its mining rights suspended or cancelled. This has since raised concerns that one of the largest mining organisations, AngloGold Ashanti has since professed selling, not investing, in its last deep-level gold mine in South Africa known as Mponeng (Mathews, 2019).

Under the prevailing commodity prices, including the rand prices for minerals, numerous South Africa’s mining organisations are barely thriving, and some are already battling to break even. As a result, according to Deloitte (2018), the enactment of the latest Mining Charter, within the prevailing economic climate has intensified the perception of threat to mining rights holding. Henceforth, Odeku and Odeku (2015) demonstrate that some mining organisations may easily afford their increased obligations on the three ring-fenced strategic elements, where 100 percent scores should be maintained for 30 years or more upon renewal of the mining rights. This translates to the costs associated with achieving and maintaining the Mining Charter’s targets on ownership. The same authors claim that most mining organisations may further battle to afford their costly obligations under the latest Mining Charter.

It can be argued that a host of non-compliant organisations could thus have their mining rights cancelled or suspended. This may be a significant disincentive to investment. This explains why some outstanding mining transactions have been cancelled since the new Mining Charter was gazetted. On the same note, existing mining organisations have already achieved significant milestones to comply with the previous Mining Charters. However, these mining organisations have never been given adequate credit for transferring more than 159 Billion Rands in value to black South Africans and exceeding many Mining Charters under the targets (FSE, 2018).

3.4.5 Unclear measurement criteria

As discussed in subsection 3.3.6, inclusive procurement, supplier and enterprise development, the latest Mining Charter prescribes the local content of goods purchased by mining organisations. The measurement of local content is still unclear, and additional data is needed (Deloitte, 2018). Given the extra effort, it is doubtful that local organisations will validate local material. This might add to South Africa’s ecology’s

administrative and financial strain. There needs to be clear implementation guidelines on the measurement methodologies applied to local content to achieve the local content element of the latest Mining Charter's scorecard.

Knowing how compliance will be measured will make it even more apparent to the mining organisations how to integrate this element in their supply chain strategies. In sum, the local content element prescription may pose a problem – only a few South African organisations can produce sophisticated capital goods/services required in the mining sector since most capital requirements are imported internationally.

3.4.6 Availability of skills

The implications of digitization in the mining industry are expected to be extensive. Mining organisations will not exist unless they adapt away from their present methods and invest in skills development, which is a necessity under the most recent Mining Charter of the United Nations. The upgrading of the extractive sector serves as an additional impetus for the development of skills. The fact must be acknowledged that any sort of modernisation necessitates a greater number of mining people who are highly trained at operating and maintaining sophisticated machinery. Which, in turn, are sent to deeper, hotter, and more dangerous depths to locate previously unreachable mineral deposits (Mining Qualifications Authority, 2016).

There have also been substantial fluctuations and, in some cases, a decline in the numbers of qualified personnel coming out of training programmes (SAQA, 2019). This shortage of skills could arguably be attributed to the legacy of a poor basic education system, resulting in many employees having little capacity to acquire modern skills. The implication of employees having limited capacity to develop current skills is an important investment requirement for up-skilling all skills levels of employees, including managers and supervisors, to ensure a smooth transition to mechanisation. Compliance to the human resources element of the latest Mining Charter may arguably pose a risk to the operational mining organisations.

The implications of digitization in the mining industry are expected to be extensive. Mining organisations will not exist unless they adapt away from their present methods and invest in skills development, which is a necessity under the most recent Mining

Charter of the United Nations. The upgrading of the extractive sector serves as an additional impetus for the development of skills. The fact must be acknowledged that any sort of modernisation necessitates a greater number of mining people who are highly trained at operating and maintaining sophisticated machinery. Which, in turn, are sent to deeper, hotter, and more dangerous depths to locate previously unreachable mineral deposits (Heyns & Mostert, 2018).

In the mining industry, the influence of digitalization will be far-reaching in nature. Mining organisations will not exist unless they adapt away from their present models and invest in skills development, which is a necessity under the most recent Mining Charter of the United Kingdom. The upgrading of the extractive sector serves as an additional impetus for skills development. Keep in mind that modernisation in any form demands a greater number of mining professionals who are highly experienced in the operation and maintenance of intelligent equipment. In turn, these are sent to deeper, hotter, and more dangerous depths to locate previously unreachable ore deposits.

3.4.7 Cost of compliance

The in-depth review of literature advances that mining generally requires significant upfront capital investments that take year to recover, with certain mining investments specific to the particular jurisdiction based on a particular mineral deposit (Lonmin-Group, 2017). A mining right holder is also expected to spend excessively to remain compliant to the latest Mining Charter. The main cost drivers associated to compliance are Mining Charter execution costs and reporting costs. According to Moraka and Jansen van Rensburg (2015) and Madinginye (2016), the costs that can be categorised as reporting costs comprises of those costs associated with monitoring and evaluation of targets, progress, changes in the status of the different objectives and drafting of reports for the DMRE showing the compliance levels of mining organisations with the requirements of the latest Mining Charter.

Although the most recent Mining Charter is more closely linked with the compliance standards and criteria utilised in the Department of Trade and Industry's Broad-Based Black Economic Empowerment Codes of Good Practice, the charter remains a work in progress. Whether it is fully integrated and connected with this program, and with other government initiatives, is a source of worry. Duplicate reporting may occur as a result of

a lack of coherence (Deloitte, 2018). Execution expenses include expenditures involved with the formulation and implementation of social labour strategies, and costs related with the training of human resource development professionals (HDPs). The recruitment and retention of HDP employees at all levels of the organisation's human resource management system, the conversion of hostels and the construction of family units and ensuring that the organisation's sustainable development goals are realized are all priorities (Moraka & Jansen van Rensburg, 2015).

Even when considering that some costs are beneficial to mining organisations, there are instances where these costs are new to the organisation. Their impact tends to affect the mining organisation's bottom line directly. Madinginye (2016) cautions that mining organisations have not quantified these costs to yield a possible cost-benefit analysis. The author further justifies that Mining organisations need to quantify these costs so that proper analysis of their impact on the organisations and the economy can be calculated and put in perspective.

3.4.8 Severe social problems

In their research publication, Cronjé and Chenga (2009) theorised the relationship between the mining sector and communities as being insalubrious. Deloitte (2018) articulates that there is a general level of mistrust and antagonism between mining organisations and the host communities. Mining organisations have been forced to adapt their operating practices to fit this paradigm under public pressure. However, it has been reported by Kemp *et al.* (2011) that numerous community engagement forums do not generate accurate or reliable information, therefore, this tends to impede the development plans as prescribed by the latest Mining Charter. Self-appointed gatekeepers in the host communities promote this hurdle. For these reasons, the mining organisations use unreliable data in relation to the host community needs, which results in ineffective execution of developmental project initiatives, which translates into the mining organisations construing as resistance of participation from communities (Cronjé & Chenga, 2009). It is difficult to overlook the significance of more coordinated and accurate development planning for host communities.

According to Moraka and Jansen van Rensburg (2015), HDP blacks from host communities are perceived as inferior and remain within the apartheid paradigm. In most

cases, the stakeholder engagements initiated by the mining organisations are regarded as demeaning and discourteous (Cronjé & Chenga, 2009). This might be due to the close relationship that host communities have with the land that they own and occupy. The property provides a source of income and houses the cultural and spiritual centres of the community. Negotiating the disruption of peaceful occupancy of community and indigenous lands, in and of itself, necessitates an awareness of how to navigate and give solutions that protect, repair, and seek to compensate the affected people in a satisfying manner (Odeku & Odeku, 2015). Based on the literature reviewed in the context of severe social problems within the host communities, it is maintained that reducing social risk and its potential negative impact is imperative for all stakeholders in the mining space.

3.5 CHAPTER SUMMARY

This Chapter gave an overview on aspects of compliance by the mining organisations concerning the constitution of South Africa. One apparent result of this chapter is that the Mining Charter is a driver and a promoter of socio-economic transformation in the mining sector. Though the policy environment was discussed in-depth, the Mining Charter is one of the policy initiatives, under the objectives of the MPRDA of 2002 (Act 26 of 2002) that stakeholders of the mining sector had introduced to ensure a meaningful inclusion of the HDPs in the economy (MPRDA, 2002). It is evident that the Mining Charter 2018 is undeniably considered as one of the tools to foster levelling of the playground for the HDPs to catch up for equality to be achieved both in the workplace and in the society. For South Africa to achieve inclusive economic growth in a broad-based manner across industries, more must be done by the role players actively involved in the mining ecosystem.

The improved strategic elements of the newly promulgated Mining Charter 2018 are ownership (ring-fenced); mine community development (ring-fenced); employment equity; human resource development; inclusive procurement, supplier and enterprise development; and housing and living conditions (ring-fenced). The elements that are ring-fenced require full compliance. Ownership is the element whereby the Mining Charter 2018 aims to enable effective mineral resource ownership by HDPs via meaningful economic participation.

The chapter has demonstrated that the mining industry relies on continuous development of the host communities surrounding mining operations. As such, under the latest Mining Charter, the mining rights holders are obliged to promote human resources development with which 100 percent compliance to this strategic element is mandatory as one of the ring-fenced elements. As a result, it is important for rights holders to contribute to the socio-economic wellbeing of their ecosystem, especially their surrounding host communities. The common perception is that the newest Mining Charter's goal of employment equality is to achieve justice in the workplace by encouraging fair treatment and equal opportunity.

The South African government expects mining right holders to stimulate the local economy through strict local procurement requirements namely inclusive procurement, supplier and enterprise development of the Mining Charter 2018. Even though some mining organisations have engaged in local procurement and enterprise development the DMRE remained deeply sceptical of inclusive procurement efforts and held that host communities are not securing sufficient contracts from the mining organisations. Hence the latest Mining Charter has the highest allocation of 40 percent even though this element is not ring-fenced.

It is worth mentioning that the Mining Charter 2018 has been described as a “significant step forward” and “pragmatic” by many industry stakeholders. In line with the Housing and Living Conditions Standard developed in terms of Section 100, South Africa’s mining rights holders are obliged to sustainably implement 100 percent of its mine community development commitments as approved in its SLPs, which is reviewable every five years. Even though compliance is prone to hurdles, these hurdles must be mitigated to ensure organisational success, business continuity, competitiveness, and maintaining the mining organisation's social license to operate and meet the triple bottom line. The next chapter discusses the methodology adopted for this study.

CHAPTER 4

RESEARCH METHODOLOGY

4.1 CHAPTER OVERVIEW

This chapter outlines the blueprint for this study. It provides detailed discussions of the selected research philosophy, research approach, and research methodology. This included a discussion of the units of analysis, overall research design, data sources, and selected participants in the study. Furthermore, data analysis, ethical considerations, research quality, measures to ensure trustworthiness, research diary, limitations of the research, and chapter summary was expounded unpacked.

The chapter outlines the overarching aim of this study: to explore the approaches utilised for inclusive procurement, supplier and enterprise development which conforms to the newly promulgated, Mining Charter 2018, by mining organisations in South Africa within the Mpumalanga province in an attempt to propose an integrated coherent strategy framework. To meet the stated overarching aim, the study pursued the following objectives:

- i) To explore critical elements linked to the successful and effective implementation of inclusive procurement, supplier and enterprise development in particular to local historically disadvantaged entrepreneurs in mining;
- ii) To investigate change management strategies applied by mining organisations towards conformance to the promulgated Mining Charter 2018 with specific focus on inclusive procurement and supplier and enterprise development.
- iii) To determine the extent to which mining organisations inclusive procurement, supplier and enterprise development strategic processes compliment the overall business needs and the implications of variations; and
- iv) To develop an integrated coherent strategy framework to mutually benefit the mining sector together with the local historically disadvantaged entrepreneurs through inclusive procurement, supplier and enterprise development.

4.2 RESEARCH PHILOSOPHY

This study adopted the social constructivism philosophy, which asserts that change does not happen and as make sense until it is negotiated and meaningfully within the communities of practice as suggested by Creswell and Creswell (2017). This study focused firmly on exploring a real-world problem, that is, how mining organisations can efficiently facilitate inclusive procurement, supplier and enterprise development in an attempt to conform to the promulgated Mining Charter 2018, thorough a systemic inquiry process. The ultimate goal of this study was not simply to reach a comprehensive phenomenon of interest but better comprehend the actions and interventions that may help improve the phenomena’s functionality and investigate whether those actions or interventions can result in improving the case organisations. The application of an enquiry to the social constructivism research paradigm in relation to the philosophical assumptions made in this study is detailed in Table 4.1. The table illustrates that the philosophical assumptions of this study conform with the social constructivism worldview on all the three levels of ontology, epistemology, and methodology.

Table 4.1: Application of research to Constructivism research paradigm

Assumptions	Questions	Characteristics of constructivism	Research application
Ontological assumptions	What is the nature of reality?	Multiple realities are constructed from participants from the two case organisations.	The researcher uses quotes and themes in the words of participants and provides evidence of different perspectives.
Epistemological assumptions	What is the relationship between what is being researched?	The researcher attempts to lesson distance between herself and what is being researched.	The researcher works with people, spends time in the field with them, and becomes an insider.
Methodological assumptions	What is the process of research?	The researcher uses inductive knowledge, studies the research phenomena in their context, and uses emerging design.	The researcher works with details before generalisations, describes the context of the research, and continually revise questions from the experiences in the field.

Source: Lincoln, Lynham and Guba (2011)

4.3 RESEARCH APPROACH

Creswell and Creswell (2017) posit that the structure of a research design is dependent upon the adopted research approach. In this study, the inductive approach was utilised. Since the phenomena under review was not clearly defined in theory. This study emanated from the derived question from theory and practice because of the promulgated legislation. The aim of the research question focused on how mining organisations can improve and transform their practices to conform to the Mining Charter 2018 and retain their license to operate.

It should be noted that the inductive approach is the most dominant in this study due to its characteristics which were applied and includes observations, making generalisations from instances, and a focus group. This study also consulted policies, Mining Charter 2018, and academic literature aligned with concepts such as inclusive procurement, supplier development, enterprise development, and strategic change management.

4.4 RESEARCH METHODS

Research methods solve the research problem systematically. It could be interpreted as a science of how to conduct research scientifically. It comprises of steps a researcher generally adopts by studying the research problem. This study adopted a qualitative research methodology and an action strategy in the form of multiple case-studies. This is highlighted by the characteristics illustrated in Table 4.2.

Qualitative research, in its simplest form, is a comprehensive technique that incorporates discovery. Additionally, this study is defined as an unfolding model that occurs naturally and enables the researcher to create detail through inclusive engagement in real-world situations (Creswell & Creswell, 2017). Qualitative research is defined by the social phenomena examined from the participant's perspective. Additionally, the authors note that qualitative research is predicated on inductive rather than deductive thinking. The purpose of this study was to provide an explanation for the observable features that raise problems.

Table 4.2: Comparison of research methodologies

Characteristics	Qualitative methodologies					
	Case study	Phenomenology/ Ethnomethodology	Action Research	Ethnography	Grounded theory	Narratives and life histories
Focus/purpose	Creating a detailed description and study of a case or instances.	Understanding the essence of the experience.	Aims to bring about change in practice during the research process. Uses a spiral process of change and evaluation.	Describing and interpreting a culture sharing group.	Creating a theory that is based on field data.	Exploring the life of an individual.
Type of problems best suited for	Providing an in-depth understanding of a case of cases.	When it comes to describing the core of a lived phenomenon.	Finding solutions for real problems to meet the real needs in specific contexts/ improving practices and promoting collaboration.	Describing and understanding a group's common cultural patterns	Developing a theory based on the perspectives of participants (using extensive amount of qualitative data).	Needing to tell stories of individual experiences.
References	Adopted from Yin (2017)	Adopted from Creswell and Creswell (2017)	Adopted from Bradbury (2015); Stringer (2013)	Adopted from Creswell and Creswell (2017)	Adopted from Creswell and Poth (2017)	Adopted from Lincoln <i>et al.</i> (2011)

Source: Author's own illustration

4.4.1 Action research as the selected qualitative methodology

This study utilised an action research technique to address the research topic. The term "action research" refers to the researcher's efforts to get a deeper understanding of the learning environment, and it is conducted by practitioners who are encouraged and supported to examine their own instruction (Bradbury, 2015; Herr & Anderson, 2014). While several methods of action research have emerged over the years, the majority follow a rigorous, iterative approach that involves issue identification, action planning, execution, assessment, and reflection (Stringer, 2013). The knowledge obtained during the initial cycle is utilised to design the subsequent cycle, and the action plan is updated accordingly. The research process is then repeated.

The definitions and explanations of action research all have four fundamental features in common:

- i) Empowerment of participants (learner and research).
- ii) Collaboration through participation.
- iii) Acquisition of knowledge; and
- iv) Social change.

Coghlan (2019) describes four processes through which a researcher scrutinises elements as a spiral of action research cycles which comprise of four major phases:

- i) Planning.
- ii) Acting.
- iii) Observing; and
- iv) Reflecting.

Zuber-Skerritt (2015) identifies several more characteristics that distinguish action research from other types of study. Participatory problem-solving and continuing professional development are also characteristics of action research. Critical collaborative enquiry is one of the characteristics of action research, as are reflective practitioners, accountability in that practitioners make the results of their enquiries public, and practitioners who are self- evaluative in their practice.

These views motivated the purpose of selecting action research as the most suitable qualitative methodology for this study. It is reflective in that the participants analyse and develop concepts and theories of their experiences. These views are critical because one explored way to improve its practice within the various constraints of the situation in which the research is conducted, but in turn was a critical change agent of those constraints and fulfil the research inquiry.

Action researchers are accountable in the sense that they strive to make the learning process and its outcomes public. Their technique is self-evaluative in the sense that the researcher's reflective and analytical understanding serves as the foundation for the growth process. Furthermore, action research is participative in that those involved contribute equally towards the inquiry and collaboratively. The researcher is not an expert conducting study from an outside perspective, but rather collaborates with and for people affected by the problem and its solution (Stringer, 2013).

Herr and Anderson (2014) outline that there are three prerequisites for action research to include the improvement and engagement aims that characterize each such project:

- i) The researcher's own social and educational practices.
- ii) Understanding of these practices; and
- iii) Understanding of the context in which these activities take place.

This action research framework is most appropriate for participants who realise shortcomings in their activities and would like to adopt an initial stance concerning the problem. It is intended to provide a workable technique for practical implementation and problem-solving in the study context. Action research involves formulating a plan, executing the intended intervention, evaluating the outcomes, and developing further strategies in an iterative trend (Herr & Anderson, 2014). Action research is characterised by the constraints and strengths of the research methodology.

4.4.1.1 Details of traditional action research as methodology

This action research methodology is best suited for participants who have identified deficiencies in their activities and who would like to take a first position on the subject in question. Specifically, it is designed to give a feasible approach for practical

application and problem-solving in the context of the research. In an iterative process, action research entails designing a strategy, implementing the planned intervention, assessing the results, and devising more tactics (Herr & Anderson, 2014). In conclusion, action research is distinguished by the limitations and advantages of the study approach.

This study utilised Lewin's traditional four-step model of action research inquiry (plan, act, observe and reflect) as the basis for this methodological framework. It adopted it to the specific context and objectives of the study due to the following characteristics:

- i) Lewin's approach to action research conceives a process whereby one would acquire an in-depth understanding of a phenomenon through cycles of fact-finding or research and take action to implement what was learned in the study.
- ii) This traditional action learning focuses on transformation through individual and collective reframing of the problem, which Lewin referred to as reconceptualisation.
- iii) Action science analyses individual actions to reflect the underlying social perspective, whether more authoritarian or democratic, in Lewin's terms and through fact-finding (Argyris' directly observable data) works to make explicit the implicit social perspectives and thereby transform these (reconceptualisation).

Figure 4.1 illustrates the action research framework developed for this study. The following proceeding sub-section discusses the general or initial idea of action research.

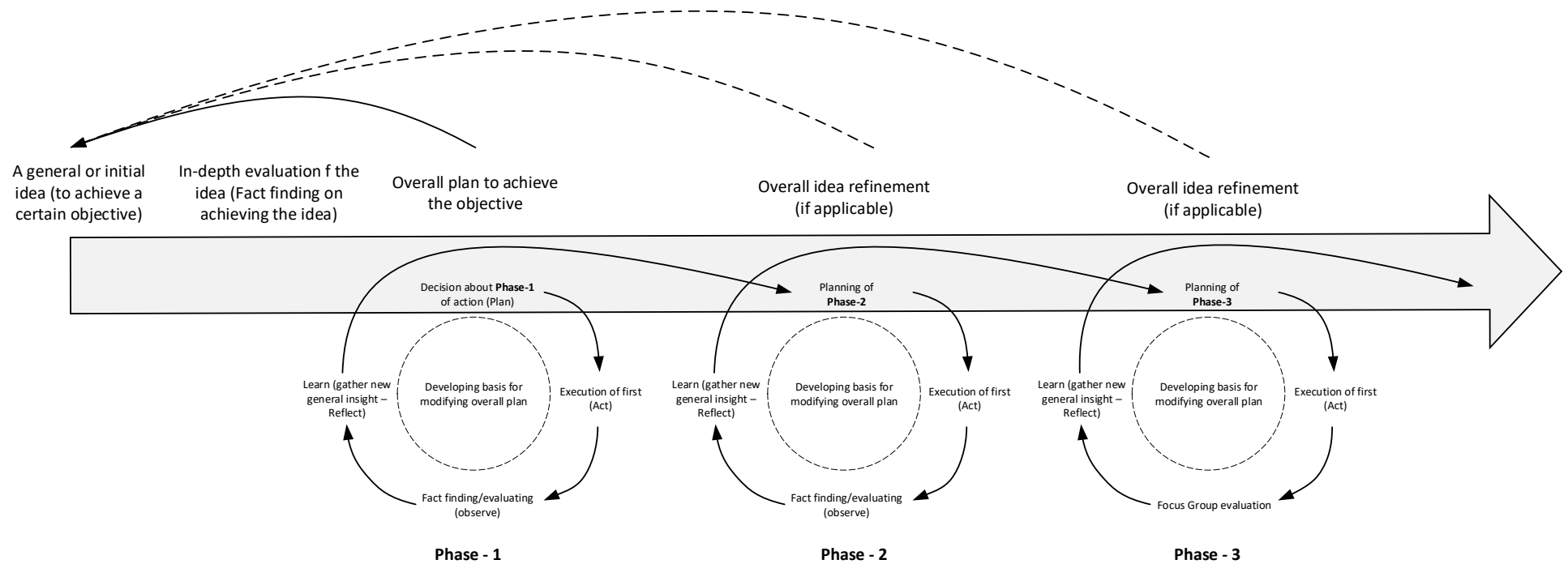


Figure 4.1: Action Research framework

Source: Developed for this research based on Lewin (1946) and Stringer (2013)

4.4.1.2 A general or initial idea of action research

Action research inquiries begin with a broad or basic concept or idea. As Lewin (1946) points out, most planning begins with something close to a broad notion that is then refined. It appears to be desirable to attain a given objective for a variety of reasons. On many occasions, it is not quite evident how to define and achieve this purpose (Lewin, 1946). The framing of the problem, which was believed to be crucial, was done in a rather loose manner during this initial step. According to Argyris and Schon (Argyris & Schon, 2013), these broad notions or, hints or riddles, are frequently derived from the researchers' own experience and impressions (Kemmis, McTaggart & Nixon, 2013); are not based on substantial bibliographical study. In other words, the first stage in conducting an action research inquiry is to identify a practice area that needs to be investigated or improved, and then to generate a broad notion about or a vague articulation of the problem that needs to be addressed to attain the desired outcomes.

The initial idea of this study was to assist mining organisations in improving and aligning their organisational strategies to the requirements of the newly promulgated Mining Charter 2018 to facilitate strategic change management by developing an integrated, coherent strategy framework. This was triggered by the concerns raised about the newly promulgated Charter's requirements, findings of the B-BBEE Commission, DMRE, and the desperation of mining organisations to protect their social license to operate. The initial idea for this study required an enquiry which is discussed in the following subsection.

4.4.1.3 Examining the initial idea

As an initial step, fact-finding was explored by reviewing secondary literature and devising an overall plan. The second step involved a thorough examination of the initial idea by finding and analysing more information of the situation (Ivankova & Wingo, 2018). In this stage, the general or initial idea (often originated from practice) is studied in more detail. Lewin refers to this as 'fact finding,' which aims to develop an overall plan to reach the intended objectives. In this stage, reviewing the academic literature and researching what other scholars and practitioners had done in similar projects can be very helpful (Denzin & Lincoln, 2011; Stringer, 2013).

4.4.1.4 Devising an overall plan

Following an effective assessment of the initial concept (stage 2 of the process), the development of an 'overall plan' for achieving the desired objectives and the clarification of the first step of action in the overall plan (Lewin) should occur (1946). During the process of developing the comprehensive plan, it is possible to make changes to the broad or original concept. When conducting an action research inquiry, it is critical to understand that the overarching plan is not a strict structure that defines all of the necessary elements of the inquiry process; rather, it serves as a general guideline to assist keep the action research inquiry focused. Indeed, as demonstrated in Figure 4.1, each cycle of inquiry tries to provide a foundation for modifying or improving the overall plan, and it is possible that the broad or initial notion will alter as a result.

Action research is a process that emerges as it goes along (Herr & Anderson, 2014). It is impossible to foresee how many cycles of reflective inquiry will be necessary to achieve the planned objectives at the outset, the overall strategy is frequently flexible in terms of timeline. Maintaining a less specific focus is another practical factor for conducting a successful action research inquiry since a precise focus is required to critically reflect on the activities under enquiry (Mertler, 2019). Therefore, the entire strategy should result in a feasible approach that allows the researcher to manage investigating a difficult real-world topic while staying within budget.

For this study, developing the overall plan and preparation of the research setting was very important. Approval was from the North West University Research Ethics Committee during September 2019 to gather data from key informants and observations. Data-collection methods included reviewing academic and relevant secondary literature, face-to-face and focus group in-depth semi-structured interviews, and observations. Action required thorough planning of the phases before implementation.

4.4.1.5 Deciding on the different phases (Planning)

Decisions and an inquiry of the first step of action research is generally taken during development of the overall plan. The following action steps are planned in detail throughout the research process based on learnings from previous such research (Figure 4.2) through a process referred to by Lewin as reconnaissance (Ivankova & Wingo,

2018). As previously mentioned, action research inquiry varies from typical problem-solving approaches or consulting procedures since it is extremely methodical in nature. At the beginning of each cycle of the action research inquiry, the researcher developed a list of activities (or interventions) that would be carefully implemented (Mertler, 2019). Following the development of action plans for each cycle, it is essential that they specify the desired objectives and detail the method of intervention and the data gathering instruments that are essential for a successful action inquiry cycle.

It is vital to note that although action research inquiry follows a rigorous planning procedure, flexibility is also a key element of the process (Zuber-Skerritt, 2015). Given the emergent nature of this study, it is possible that situations could occur in which the researcher will be required to intervene, which was not anticipated during the action plan cycle. In addition to being as exact as possible during the planning phase, action researchers must also be vigilant and innovative to benefit from any possibilities that may arise during the study cycle (Herr & Anderson, 2014).

In this study, each inquiry cycle was in epicycles and accompanied by a rigorous planning process. The planning of each action research cycle commenced with the development of the proposed research in September 2018, which was selected due to the nature of the study, which focused on strategic change management and compliance with the promulgated Mining Charter 2018, which focused on mining organisations. The execution phase took place once the ethical clearance was granted.

4.4.1.6 Executing phases action steps (Acting)

As discussed in the previous sections, purposeful intervention is one of the primary qualities differentiating action research inquiries from traditional interpretive and positivistic research approaches. Action researchers are interested in establishing a way forward to improve the current practices, and not only study these as an outsider. The execution phase in an action research inquiry is where the planned action (or interventions) is implemented in the real context and the actual results are observable during the execution phase. Implementation follows the planning of the intended interventions in an action research cycle (Coghlan, 2019; Lewin, 1946). Communication methods were utilised to gather data throughout the different phases of the study. Data collected during the anticipated multiple case studies was gathered by utilising a

structured mix of open and closed-ended interview questions. Face-to-face in-depth interviews were held with key informants at the identified mining organisations. The research questions were developed in advance before the interviews were conducted as illustrated in Appendix III.

4.4.1.7 Fact-finding and evaluation of actions (Observing)

A critical component of the action research cycle, fact-finding or 'reconnaissance' should ideally achieve three main objectives, namely: evaluate the action against the initial expectations; provide the action researcher with an opportunity to learn or 'gather general insight' into the intervention (which is the subject of the next step of the cycle); provide input for the potential modification of the overall plan (Lewin, 1946; Tripp, 2003).

Effective data collection is a critical component of this stage, since it is required for the enquiry of the implications of the actions. In the action research literature, a wide range of data sources are recommended for this stage, including participant observation, questionnaires, a focus group, documents, reports, interviews, surveys, and audio/video recordings, among others (Bradbury, 2015). A research enquiry including action research does not include the researcher acting as an outsider who maintains a safe distance from the subject of the study. Subjectivity and prejudice, on the other hand, must be taken into consideration at all stages of the process. Nowhere in this statement does it suggest that action researchers should adopt positivistic methodologies to decrease subjectivity to the greatest extent feasible. Instead, action researchers must make an effort to 'discipline the subjectivity' during the course of the enquiry (Coghlan, 2019).

It is a common practice in qualitative research to use several sources of information to guarantee that the study findings are credible (Denzin & Lincoln, 2011). There is widespread agreement among research methodology references that Denzin's typologies of triangulation are excellent, hands-on techniques for improving the credibility and dependability of research findings (Denzin & Lincoln, 2011). Triangulation can be classified into four types, according to the authors' typology: theory triangulation (using several theories to interpret a single set of data), data triangulation (using multiple data sources), investigator triangulation (using multiple researchers), and methodological triangulation (using multiple methods to investigate a problem) (Creswell & Creswell, 2017). Three or more data sources must be utilised in triangulation to control bias

throughout the data collecting phases of an action research inquiry. This can assist to increase confidence in the findings by increasing the reliability of the findings (Marshall & Rossman, 2014).

In this study, the systematic approach was utilised to gather data and evaluate each action research cycle's achievements through at least four major data sources. These data sources comprise observation, face-to-face semi-structured interviews, a focus group, and review of applicable legislation, Mining Charter 2018, industrial and commercial literature through the continuous data collection process as the cornerstone of a triangulation strategy. This would substantiate learning from the actions by gathering new general insights.

4.4.1.8 Learning from the actions, by gathering new general insight (Reflecting)

Inquiries into action research include several major purposes, one of which is to learn from the activities of others and ultimately to get a more complete knowledge of practice. As previously said, learning is one of the most important results of the reconnaissance process for Lewin, as demonstrated in the preceding sections (Marshall & Rossman, 2014). However, learning is not equal to the collection of knowledge in action research; rather, it is anchored in Dewey's conceptualisation of learning as the consequence of reflection on one's own experiences (Herr & Anderson, 2014). In an action research inquiry, critical reflection on the experiences that arise as a result of the interventions is the most important part of learning (Denzin & Lincoln, 2011; Lincoln *et al.*, 2011).

Critical reflections of this nature are valuable both during the interventions (reflection-in-action) and after the interventions (reflection-after-action) (reflection-on-action) (Herr & Anderson, 2014; Tripp, 2003). From another angle, it is crucial to note that both forms of reflections exist introduced by Schön (2017) were focused upon in this study. The 'reflections-in-action' was essentially illustrated in each case study while 'reflections-on-action' in short reflective discussions at the end of each case, primarily in the chapter overall analysis.

4.4.2 Modifying the overall epicycles plan (if required)

Action research inquiries are cyclical with epicycles (Bradbury, 2015; Stringer, 2013). The output from one action research cycle became the input for the next. As such, once the researcher completes the first cycle of inquiry in an action research inquiry, the next cycle of inquiry is prepared (Lewin, 1946; Zuber-Skerritt, 2015). Furthermore, in light of the teachings from an action cycle, the overall plan of the inquiry might be modified (Coghlan, 2019; Stringer, 2013). The overall planning is continuously adapted due to findings from each of the action research cycles. Herr and Anderson (2014) and Tripp (2003) postulate that a thesis cannot be achieved through performing action research in isolation but by collaborating it with a case study.

4.4.3 Case study

It is a research strategy that is extensively utilized in the social and life sciences, and other disciplines. The term "case study research" does not have a universally accepted definition. Nevertheless, for the sake of this study, a case study is defined as an extensive, systematic analysis of a single individual or group of individuals, a community or any other unit in which the researcher investigates in-depth data about numerous concepts or variables. A case study design should be considered when one of the following conditions exists: i) the study's goal is to answer "how" and "why" questions; (ii) the research cannot manipulate the behaviour of those involved in the study; (iii) the researcher wants to cover contextual conditions because of the relevance to the phenomenon being studied; or (iv) the boundaries between the phenomenon and context are unclear.

A case study necessitates a substantial amount of data collecting. Various sources, such as direct or participant observations, interviews, archival records or papers, physical artefacts, and audio-visual resources, are utilised to compile the final product (Yin, 2017). The researcher must spend significant time on-site interacting with the subjects of the study. The report will include lessons learned and trends that have been discovered that are related to hypotheses. For this study, two case organisations were chosen at random.

4.4.3.1 Multiple case studies

If research contains more than a single case, a multiple-case study is required. This study also adopted multiple cases because it enabled the researcher to explore differences within and between cases with epicycles. The goal was to replicate the findings across cases. Since comparisons were drawn, it was imperative to select the cases carefully to predict similar results across cases or contrast the results based on a theory (Yin, 2017). Using a multiple-case research study enables an in-depth understanding of the cases as a unit, by comparing similarities and differences between individual cases embedded within the quintain. Scholarly reviews reveal that evidence from multiple-case studies is often stronger and more reliable than single-case research. This allows for a comprehensive exploration of research questions and theory development. In case study designs, the question of units and elements is highly contested, and much debate arises from distinguishing units of analysis from cases (Routroy & Pradhan, 2014). Occasionally, it is challenging to differentiate units of analyses from actual cases.

4.5 UNITS OF ANALYSIS

Kumar (2019) defines the unit of analysis as the “heart” of a case study or the central concept through which a phenomenon could be. In other words, it is directly connected with understanding, preparing, and implementing the case study. For this study, strategic decision-makers within each case organisation constituted the units of analysis (Yin, 2017). Since the participants from the case organisations comprised the elements to be interviewed, they provided conceptualisation of the central theme for the study. The participants were interviewed as illustrated in Table 4.3; the research question related to the approaches utilised for inclusive procurement; supplier and enterprise development which conformed to the Mining Charter 2018; and the related strategic management models.

According to Grünbaum (2007), the level of abstraction or theory is more defined within cases because these are the paradigmatic entities and not as pronounced concerning units of analysis. The author further added that the level of abstraction or theory was more defined within cases because these are the paradigmatic entities and not as pronounced concerning units of analysis.

Table 4.3: Rationale for interviewee (unit of analysis) selection

Source	Participant(s)	Rationale
Vice presidents (Senior Management)	2	The Vice presidents elaborated on how the promulgated Mining Charter be integrated into the overall organisation strategy and implementation from their level.
Senior Managers responsible for inclusive procurement, supplier and enterprise development	2	They provided insight into how they have complied with the requirements of the previous Mining Charter (Mining Charter 2014). Share insight into strategic excavation from the top-down approach; and provide information and challenges faced by the departments in their respective organisation's related to the requirements of the Mining Charter 2018.
Middle Managers	4	Provided information and challenges faced by their organisation related to the requirements of the Mining Charter 2018 from the middle management perspective.
Commercial Specialists	10	This sample group provided insight related to inclusive procurement, supplier and enterprise development at the execution level.
Representatives from the Department of Mineral and Resources	2	Provided insight related to compliance requirements and prevailing challenges within the mining industry.
Overall target sample	20	

Source: Author's own illustration

4.5.1 Participants in the research

The participants in this study were primarily practitioners employed by the selected mining organisations and occupied leadership, management, and executive roles within the supply chain department. Furthermore, local practitioners and community leaders also attended strategic sessions to speak in a single voice with their communities. Professionals who perform various roles resulted in diversity and input on several levels of strategic change management of how mining organisations facilitate inclusive procurement, supplier and enterprise development component in an attempt to conform to the Mining Charter 2018 efficiently. Since collaboration is one of the major elements

of action research inquiries, the respondents' level of participation in this study is illustrated in Table 4.4. This is based on classifying various types of involvement in action research inquiries (Herr & Anderson, 2014).

Table 4.4: Levels of participation in action research inquiries

Mode of participation	Involvement of participants
Consultation	Participants express their opinions, but researchers analyse and decide on the course of actions.
Co-learning	Participants and researchers share knowledge to create a new understanding and develop joint action plans through the facilitation of researchers.
Collective action	Participants set their own schedule and mobilise resources for implementation without outsider initiation or facilitation.

Source: Adopted from Herr and Anderson (2014)

4.6 OVERALL RESEARCH DESIGN (THREE ACTION RESEARCH CYCLES)

Research design can be considered the detailed highlights of a research process. Creswell and Creswell (2017) hold that research design explains how, when, and where the data was collected and analysed. This study commenced with reconnaissance and a general plan and was based on three action research cycles of action research inquiry and in epicycles. Furthermore, the cycles began with each cycle comprising three phases of plan, act, observe, and reflect, which were analysed individually in the reflection steps of this inquiry process. An overall analysis across all three action research cycles to illustrate the study's principal findings, perceived as a whole, was also conducted. Therefore, in addition to the lessons from each action research cycle, general findings were extracted, which could not be captured by only examining each action research cycle as separate cases.

Once the separate analysis of each action research enquiry was concluded, the overall study was completed. Further interviews were conducted with certain participants to establish the validity of the analysis and the findings. Only interviewees who formed part of the phases were selected because they could provide valuable analysis feedback based

on their experience during the research phase process. The final step in this study process reported the findings.

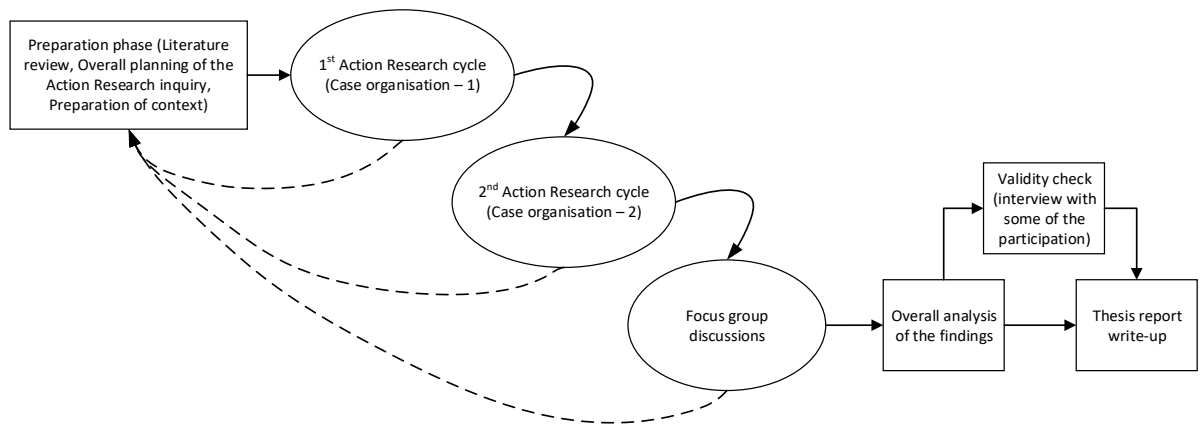


Figure 4.2: Research design

Source: Developed for this study based on Ivankova and Wingo (2018) and Lewin (1946)

4.7 SAMPLING DESIGN

The research participants were deliberately selected according to the study’s needs and purpose (Creswell & Creswell, 2017). Purposive sampling was chosen as most suitable for this study due to its characteristics aligned with the researcher’s aim, to intentionally select informants based on their ability to elucidate a specific theme, concept, or phenomenon. According to Creswell and Poth (2017), a purposive sample is one that a researcher chooses based on their understanding of the study and population. Within the Mpumalanga province, there are 47 mining organisations (DMRE, 2018) mining different resources. Purpose sampling was therefore identified as most suitable to generate the most significant volume of information of the research inquiry given the unique nature of the units of analysis (Yin, 2017).

Another reason for restricting two case organisations is considered per advice provided by Creswell and Creswell (2017). The authors suggested selecting a small enough area and accessibility to the research sample. This decision was also influenced by the geographic location, including the research participants’ willingness to participate. This study also adopted Fugard and Potts (2015) advice whereby a large enough sample was sought to unfold a “*new and richly textured understanding*” of the phenomenon under study. Nevertheless, small enough so that the deep, multiple case-oriented analysis of

qualitative data is not precluded. The aim was to acquire a broader spectrum of ideas and robust data for this study.

4.8 DATA SOURCES

An action research approach suggests that data-gathering tools must be designed to provide the research's organisational setting and purpose (Coghlan, 2019). Pre-planning to gather data comprised of contacting key informants in advance during the development of the approved research proposal as illustrated in Table 4.3. Permission to research the identified case organisations and critical informants was sought. This was granted on the condition that anonymity was maintained throughout the entire process including the thesis/publications that may emanate after concluding the study. Pseudonyms were utilised a register thereof was maintained. This study utilised observations, semi-structured interviews and focus group as the principal methods to gather qualitative data.

4.8.1 Contact with research participants

To secure permission to research at the two-case organisations, initial contact was made through email and followed by telephonic engagements. These initial engagements with gatekeepers were followed by further telephonic arrangements to clarify the overall aim of the research while simultaneously establishing the requirements and protocols for researching the chosen case organisations. Once clarity was provided and protocols to conduct research at both case organisations were determined, a formal request to research was sought from relevant contacts within the chosen case organisations and emails confirming approval were sent to the researcher. On receipt of permissions to research on the selected case organisations, it was then necessary to apply for the ethical clearance approval at the North West University followed by the commencement of contacting the research participants by invitation as guided by the chosen case organisations' protocols.

Though permissions to conduct research at the case organisations were granted, and key informants identified, it did not mean the researcher could invade key informants' privacy as she pleased. The researcher firstly introduced herself, including the overall aim of the research, to the key informants by email, followed by telephonic engagements to check their suitable time and venue to participate in the research. Upon their indication of

appropriate time and venue, face-to-face meetings for the semi-structured interviews were then booked on their email calendars. All semi-structured interviews were performed at the convenience of the intended study participants to avoid interfering with their everyday activities. To conform with the latter, the researcher again confirmed the target participants' availability telephonically a day in advance. At all times, the researcher-maintained respect and dignity.

4.8.2 In-depth semi-structured interviews

Interviewing in action research is not simply a tool to gather data. Posing questions or a series thereof is a data-generating intervention. Face-to-face in-depth semi-structured interviews were conducted with key informants at the identified mining organisations. Semi-structured interviews require the researcher to develop an interview guide before beginning the study phase as illustrated in Appendix I. This provided a structure to keep conversations with the interviewee lively. The guide listed the key questions each interviewee would be posed but did not dictate exactly how each interviewer should conduct the interview. It also provided the interviewer a considerable scope to initiate supplementary questions triggered by the interviewees responses. However, the guide guaranteed that the interviewer would cover approximately the same time with each interviewee.

Formal and informal interviews were the first source of primary data for this study. Due to the flexibility of action research, the questions were formulated in advance before the interviews were conducted, which comprised semi-structured questions (kindly see Appendix III for the full version of the data collection instrument). The semi-structured questions were based on findings from the preparation phases as outlined in Figure 4.2 and the participants illustrated in Table 4.3. These would address specifically identified issues during the review of the Mining Charter 2018, industrial and secondary documentations, including observations from multiple case organisations. Semi-structured interviews also work well when several different interviewers are included in a study because each person covers the same territory with the interviewees. However, the concept of saturation was also applicable. Direct observations followed face-to-face in-depth semi-structured interviews.

4.8.3 Observations

It is possible to get a thorough and complete description of a setting using observational data, but it is not recommended (Patton 2015). When compared to mediated or inferential approaches, observations can give genuine and authentic information (Denzin & Lincoln, 2011) . When it comes to action research inquiries, observations are one of the most prevalent data-gathering tactics (Creswell & Poth, 2017). It is anticipated that new concepts will develop throughout the data-gathering phase as well.

The researcher occupied the formal role of practitioner and researcher. However, the researcher could under any circumstances influence the observation. The research at all times maintained a naturalistic position. This enabled the observations and collection of comprehensive data during each of the phases directly from the field. During data observations, the researcher followed the guidelines and explicitly focused on the following observational elements:

- i) Participant behaviour during the community engagement sessions.
- ii) Interactions between practitioners and consultants during the strategy execution session.
- iii) Context of the engagements such as different cultural settings in different host communities where the case organisations operate.
- iv) Different cultures among the participants, including different styles of engagements.
- v) Participant reaction to the change management engagement sessions.

It was known to the researcher that there were additional aspects that may be important in comprehending the circumstance but were not necessarily included in the sensitizing notions. Although observation is an extremely powerful tool for providing a context-rich, detailed understanding of the research inquiry, it is always important to consider potential challenges related to data reliability and validity that may arise due to human observers' potential bias and cognitive limitations when conducting research (Saunders et al., 2009). In addition to improving the observational data gathering approach, other data sources were incorporated into the triangulation methodology to boost the reliability of the results obtained.

4.8.4 Field notes

A field note is a component of a systematic record that contains observations made in the field throughout the course of the study. When conducting qualitative research, taking field notes is an essential element of the recording and analysis process. Furthermore, field notes allow a researcher to pay particular attention to the indigenous interpretations and concerns of the participants. Contemporaneously recorded field notes are vital for creating fuller, more cohesive descriptions of other people's lives and problems, and these serve as a valuable resource. In such field notes, people's everyday lives and actions that may have an impact on the Mining Charter 2018 are described in depth, including the social and interactional processes that underpin them. In the course of the observation and focus group sessions, this occurred. At the end of the project, the field notes were compiled and organised into a research diary.

4.8.5 Focus group

The definitive source of the data collection process was a focus group. A Focus group is an essential method to gather data in action research inquiries, especially in more participatory/emancipatory approaches thereto (Saunders *et al.*, 2009; Stringer, 2013). A face-to-face focus group created a platform for the researcher to deliberate and clarify concepts that emerged from the preceding data collection method. A focus group can occasionally be very similar to group interviews (Creswell & Poth, 2017).

A focus group comprising of six research participants was successfully conducted. Two representatives from each case organisation located in Mpumalanga province and two from the DMRE constituted the focus group participants. The focus group took place in a formal setting, designated by the researcher, and participants responded to invitations in a venue called "Kriek conference" for its convenience and neutrality. This was because this venue is situated in a convenient location for the participants. According to Coghlan (2019), there is a benefit in having the group in a familiar setting, reducing the sense of "otherness." The date and time for the focus group depended on the availability and the convenience of the participants.

Given the sensitivity towards contravening the competition law, the focus group discussions were restricted to the research focus area. The discussion was intended to

uphold the dignity of the case organisations at all times. Engagement type including its duration was noted during the focus group discussions. The findings from the focus group, field notes, semi-structured interviews and observations were transcribed into the research database as soon as it was reasonably possible to retain the true meaning and reflections from the participants.

Interview questions for the focus group were developed before engaging with research participants and are illustrated in Appendix VI. Consent was sought and agreed upon with research participants as outline in Appendix V.

4.9 DATA ANALYSIS

As previously described in the preceding sections of this chapter, a variety of sources of information were utilised to compile the qualitative data category. To analyse the data, the inductive analysis approach was employed. *“The primary purpose of the inductive approach is to allow research findings to emerge from the frequent, dominant or significant themes inherent in raw data, without the restraints imposed by structured methodologies”* (Graue, 2015:17). When the goal of the study is to identify new patterns and categories from the data, inductive analysis is highly suggested (Patton, 2015). Whereas, deductive study investigated a well-established theory or phenomena and determines whether or not it is valid in specified condition. Graue (2015:10) indicates that *“the deductive approach follows the path of logic most closely and the reasoning starts with a theory and leads to a new hypothesis to test by confronting it with observations that either lead to a confirmation or a rejection of the hypothesis.”*

Comparing inductive and deductive analysis methodologies, inductive analysis seems to be the most suited for this study given the nature of the study. The use of well-known coding and categorising procedures as the central element of QDA for action research enquiries is recommended by several action research academics (Creswell & Creswell, 2017; Denzin & Lincoln, 2011). For ‘distilling’ and organising data, Stringer (2013) recommends two significant processes: ‘categorising and coding’ and ‘analysing key experiences’, both of which can be utilised separately or in combination with one another. In this study, the methodologies of ‘analysing important experiences’ and ‘coding and categorising’ were utilised to analyse the observational data, with the former being the primary approach used.

4.9.1 Analysis for interviews

According to Denzin and Lincoln (2011), a commonly utilised data analysis technique for qualitative studies is thematic analysis. The researcher incorporated Saunders and Lewis (2012) stages of analysis to identify the resultant codes and main themes. The three principal stages which were employed for analysing qualitative interviews were as follows:

- i) Data refinement – this stage involved line by line analysis and re-reading of transcripts to identify words and phrases which described the participants' experiences at the identified case organisations.
- ii) Displaying data – refers to the stage where detailed data is organised into simplified, easily understood patterns and categories; and,
- iii) Deducing and authenticating conclusions.

Codes were allocated to sentences, phrases, sections and lines; codes were also compared across the gathered data to identify variations, similarities, patterns and relationships, reflections and ideas related to areas of the data to provide detailed analysis. This included testing and expanding ideas transpire through the gathered supplementary data. Codes, themes and categories were developed from the data to articulate the meanings through the description. The outcomes were established through critical analyses of the interview and focus group data, field notes, and observations, compared and contrasted. The qualitative analysis tool ATLAS.ti™ software was employed to analyse the findings' thematic and discourse analysis through an in-depth qualitative analysis of the identified dynamics underlying integrating inclusive procurement for supplier and enterprise development.

4.9.2 Analysis of observations

This study utilised the 'analysis of critical experiences' method to analyse data gathered from direct observations. In action research inquiries, this type of analysis aims to elaborate on events that appear to have a significant impact on the experiences of the principal stakeholders in the inquiry (Stringer, 2013). This method enables a researcher or practitioner to capture the most influential events during the participants'

engagements. Stringer (2013) original formulation of this method places a special focus on individuals as the unit of analysis. The author proposes five steps for analysing key experiences:

- i) Reviewing the data.
- ii) Identifying key experiences (for each participant).
- iii) Identifying the main features of each experience.
- iv) Identifying the elements that shape the experience; and
- v) Identifying themes (by finding the common experiences, features and elements among participants).

The researcher utilised the process mentioned for each case organisation to identify critical informative incidents towards the study and outlined the primary elements that resulted in the emergence of these incidents. Different asynchronous information and related incidents were also highlighted and discussed in this chapter. After identifying the critical incidents and explaining the principal elements and factors that shaped these to enhance the validity of the data analysis, the key findings gathered from both case organisations and representatives from DMRE were reported.

4.9.3 Multiple layers of analysis

In conformance with the recommended approach to report the results of the action research inquiry, this study reported the outcomes in a case study format (two case studies). Applying the two methods mentioned of analysis on the qualitative data significantly presented the content and structure of each of the case studies. As with the initial analysis of the raw data to write the case studies, themes, codes and incidents, the main building blocks for analysis were also utilised. This conformed with the nature of analysis in action research inquiry: analysis is multilayer, starting from the “initial meaning-making” to “revising the data for a more thorough and holistic understanding”.

4.10 ETHICAL CONSIDERATIONS

Ethical difficulties that may occur due to the use of human beings in research are not uncommon to encounter. Following the recommendations of Saunders and Lewis (2012), any involvement in a research study should be optional. Protecting others from harm, informed consent, the right to privacy, and being honest with professional colleagues are the four categories of ethical issues described by the authors. Specifically, Wellington (2015) outlined rules to ensure ethical conduct in a study, including the following: no research participants should be involved unless they have given their prior knowledge, authorisation, and informed consent; the researcher should always provide essential information on the nature and purpose of the study; all research participants should be treated equitably and fairly; confidentiality and anonymity should be preserved at all stages of the study, especially during publication, with thoughtfulness; and no research participants should be involved unless they have given their previous knowledge, authorisation, and informed.

Furthermore, Saunders and Lewis (2012) developed an ethical issue checklist, which included the following aspects: explaining the purpose; promises and reciprocity; risk assessment; confidentiality; informed consent; data access and ownership; interviewer mental health; advice; data collection boundaries; and ethical versus legal considerations. Because of this, researchers must take into account the views, feelings, and opinions of human subjects while adhering to the study ethical approval process. The researcher adhered completely to the norms and standards established by the North West University Research Ethics Committee to safeguard the research participants from any potential harmful consequences of their participation in this study. As previously mentioned, the following actions were implemented to ensure that high ethical standards were maintained:

- i) Informed Consent: before beginning any interview, all research participants were informed of the purpose of the study and allowed to give their informed permission before proceeding.
- ii) Right to Privacy: the identities of participants/interviewees and their opinions were treated with the strictest of confidence.

- iii) Dignity: ensuring that the dignity and character of all stakeholders are maintained and that they are not subjected to humiliating or unbecoming behaviour.
- iv) Protection from harm: participants were not exposed to any psychological or other forms of danger at any point during the research process.
- v) Respect for others – the dignity and character of all stakeholders be upheld and not subjected to embarrassment or unbecoming behaviour.
- vi) Participation is voluntary, and participants have the right to withdraw at any time – the right to decline to provide information, answer questions and withdraw from the research should be communicated to all participants in advance of their participation.
- vii) Responsibility in data analysis and reporting of findings – the findings of the research are presented accurately and honestly. The same criterion must be followed whether the results are favourable or contrary to the researcher's expectations.
- viii) Integrity and objectivity of the researcher – all the chosen volunteers were given a statement outlining the goal of the enquiry. It explained their involvement in the research and how the information they provided was put to good use.

The researcher is responsible for submitting the necessary research ethics application forms and accompanying documentation. It was necessary to complete three forms: A Participant Consent Form (see Appendix II), an interview guide for participants (see Appendix I); and semi-structured interview questions (for the researcher) (see Appendix III). An interview guide addresses ethical considerations such as the objective of the research, the right to withdraw consent, the portrayal of sensitive issues, confidentiality, anonymity, protection and support, and other pertinent ethical issues. The participants were asked whether they agreed that the interview should be filmed for it to be correctly transcribed and examined. The majority of the respondents said “yes.” Before beginning the data gathering procedure, the researcher presented his or her study technique to the North-West University committee for permission.

4.11 ENSURING RESEARCH QUALITY

In qualitative research methodologies, ensuring research quality is also widespread in publications by other influential writers. Patton, for example, discusses seven alternative perspectives for ensuring the quality of research, including traditional scientific criteria, constructivist criteria, artistic and evocative criteria, participatory and collaborative criteria, critical change criteria, system thinking and complexity criteria, and pragmatic criteria (not just one associated with positivism) (Patton, 2015). Herr and Anderson (2014:55) assert that dependence of quality measures on specific research perspectives and adhering to the argument requires that “*action research should not be judged by the same validity criteria with which we judge positivistic and naturalistic research*”. The widely accepted quality measures in the action research community were adopted as a guideline to ensure high-quality research outputs. According to the Sage Handbook of Action Research, action research has seven key quality characteristics. Table 4.4 illustrates these major dimensions, definitions, and how these were addressed in this study (Bradbury, 2015).

Table 4.4: Quality characteristics for action research

Quality choice point	Description of the choice point	Evaluation of this action research inquiry against the choice points
Articulation of objectives	The extent to which the action research explicitly addresses its objectives.	Overt clarification of the research questions and objectives to the participants in the organisations and the study.
Collaboration and involvement	The extent and way particular action research reflect or enacts participatory ideals and issues for research's relational component. By the extent of participation, this refers to a continuum from consultation with stakeholders to full core-searchers.	Consult the participants in the study to design interventions for action research cycles and reflect on each.
Appropriate methods and process	The degree to which the action research process and associated methodologies are articulated and presented. By illustrated, this meant that empirical studies demonstrate, rather than merely tell, about processes and results through data analysis that includes the voices of study participants.	The different steps of the action research inquiry process are outlined in detail and explained in this methodology chapter. The details were presented in the two empirical case studies and in the final analysis chapter.

Quality choice point	Description of the choice point	Evaluation of this action research inquiry against the choice points
Contribution to the action research theory-practice	The extent to which the action research builds on (creates explicit links with) or contributes to a broader body of practice knowledge and theory that contributes to the action research literature.	The research is based on a thorough review and synthesis of action research methodologies that articulated the traditional action research methodology in a more systematic and detailed manner. Furthermore, the practical illustration of conducting this research in its unique context (participation of the sampled mining organisations, participants from DMRE) could be a valuable guide for future action research scholars who might be involved in equally complex projects.
Reflexivity	The degree to which self-location as a change agent is recognised. Authors adopt a personal, engaged, and self-critical position, as evidenced by clarity about their participation in the action research process, clarity about the environment in which the research is conducted, and clarity about what led to their engagement in this study.	The double role of the researcher in this study was communicated among the stakeholders. Motivation for this study was clearly conveyed. The initial idea of this study is to assist mining organisations in improving and aligning their organisational strategies to the requirements of the Mining Charter 2018 and facilitate change management by developing an integrated, coherent strategy framework. This was triggered by the concerns raised on the promulgated 2018 Mining Charter's requirements, the findings of the B-BBEE Commission, DMRE, and the desperation of mining organisations to protect their social license to operate.
Significance	The extent to which the insights of the Action Research are significant in content and process. By significance, this meant having meaning and relevance beyond their immediate context, supporting the flourishing communities and wider ecology.	Due to the detailed documentation presented in this study and the strong link with the academic literature, the process of conducting this action research inquiry and its findings could be helpful for researchers and practitioners involved in the design and implementation and evaluation of strategic planning management.
Actionability	The extent to which the action research provides new ideas that guide action in response to need.	Due to the complex nature and the particular context of this study, there are many instances of decisions and actions to resolve emergent issues that may occur in this study and potentially reoccur.

Source: Adapted from Lincoln *et al.* (2011)

4.12 MEASURES TO ENSURE TRUSTWORTHINESS

The concept of trustworthiness appears to be the most critical guideline of good qualitative research. This means that trustworthiness pertains to the study findings' impartiality and objectivity. The underlying idea of trustworthiness is simple: how can an investigator persuade other observers, including himself, that the findings of a research inquiry are worth reading and analysing. Rich and extensive data, sincerity, and triangulation can all contribute to trustworthiness in qualitative research (Lincoln *et al.*, 2011). On the other hand, Denzin and Lincoln (2011) believe that a research inquiry may be validated by regulating the study's credibility, transferability, dependability, and confirmability as it is the case in this study.

4.12.1 Credibility

According to Patton (2015), the credibility of a study refers to the capacity of the investigator to consider the difficulties present in an enquiry and to manage themes or categories that are not easy to describe. Routroy and Pradhan (2014) suggest that the investigator should be involved over an extended period at the location of the study, observe continuously to discern universal qualities, and conduct triangulation. According to Bradbury (2015), triangulation was first adopted in the social sciences to impart that various data sources are required to verify the information. When triangulation was first utilised in qualitative enquiries, implied verifying information.

This meant that numerous data sources resulted in gaining a better understanding of the events being investigated (Bradbury, 2015). Certain research investigators favour triangulation because they hold that depending on one method only may lead to prejudice or an inaccurate opinion of a specific part of the enquiry by the investigator (Creswell & Creswell, 2017). Research investigators may use prolonged engagement to weaken the degree to which their standpoints may encroach or infringe findings. A thorough enquiry requires investigators to spend much time in the setting to become familiar and knowledgeable with the “*context*” (Bradbury, 2015).

In this study, credibility was enhanced through the triangulation of qualitative data sources. The process included: comparing observations with interviews from the units of analysis; comparing the outcomes of the units of analysis in public and private sectors of

the research inquiry; comparing the perspectives of the units of analysis from various perspectives; and verifying the information derived from anticipated interviews, that is, whether it corroborates with other written secondary data from multiple sources. The researcher engaged cautiously with the units of analysis over an extended period of time. Furthermore, a conscious effort was made to spend time with all the participants, namely: vice presidents, senior managers, middle managers, commercial specialists and representatives from the DMRE, whose perspectives were perceived of significance to the inferences drawn during the study. Appointments were made with all the respondents to familiarise with the systems of the organisation.

4.12.2 Transferability

By transferability, Marshall and Rossman (2014) refer to the requirement that qualitative enquiries be sensitive to the context and comprehensive explanations thereof be provided so that the enquiries can provide feasible critique within different circumstances. Transferability alludes to the degree to which the results can be administered to other participants or different/distinct “*contexts*” (Bradbury, 2015). To ensure transferability in this study, purposive sampling is most suitable to generate the most significant volume of information of the research inquiry given the unique nature of the units of analysis. Detailed descriptions of concepts that emerged during the qualitative analysis of the findings were provided to illustrate how these fit in other contexts. In providing detailed illustrations, the researcher meticulously elucidated the research processes from data collection, the context of the study, and the production of the thesis.

4.12.3 Dependability

The “stability” of research information is referred to as dependability (Bradbury, 2015). As highlighted by Marshall and Rossman (2014), Dependability can be dealt with by utilising more than one method so that the strong points of the other neutralise the weak points of the one. Bradbury (2015) further suggests that an “*audit trail*” should be initiated, which implying that an outside auditor could be utilised to scrutinise the data collection methods and interpretation.

The degree to which an audience can assess if the research techniques are acceptable for defined research aims determines the study's trustworthiness (Stringer, 2013). An "*inquiry audit*" can be utilised to assess a research study's reliability. This means that both participants and outside observers are given access to various components of the study process. Specific components of the acquired research process, such as framing research questions and the collection and analysis of data, are instances of particulars (Denzin & Lincoln, 2011).

The full research enquiry was availed to the North-West University and Department of Minerals and Resources. Furthermore, the units of analysis were afforded the opportunity to audit the findings of the qualitative analysis of the gathered data and the recommendations to ensure that these are all supported. The final principle to confirm the trustworthiness of a research enquiry is confirmability.

4.12.4 Confirmability

Bradbury (2015) defines confirmability as the fairness or impartiality of the data. The author states that confirmability can be achieved by conducting triangulation in terms of which numerous data sources and methods are contrasted with each other to interrogate the information. The deliberate disclosure of essential inferences or prejudices that can lead to questions and results in a certain way is another method to address confirmability (Bryman, 2016).

Confirmability in this study was adhered to through a comprehensive research diary which was consulted throughout the entire study. This enabled the researcher to follow an audit trail of the sequence of events related to this study. The research diary includes "raw data" such as field notes, data gathered from comments, copies of letters and any facts or information produced in the field during data collection. The researcher maintained a research diary to achieve confirmability and included extended engagements, rapport and trust, triangulation across multiple qualitative data sources, sound interviewing and observations techniques, safeguarding units of analysis' identities and most importantly researcher's self-analysis of the entire data collection process.

4.12.5 Pilot study

The term pilot study is utilised in two different ways in social science research. Preparation for the considerable study can refer to feasibility studies, a small-scale version, or trial run (Yin, 2017). One of the advantages of conducting a pilot study is that it could reveal shortcomings that could fail the study. For example, research protocols are not adhered to, or proposed methods or instruments are inappropriate or too complicated. For this study, four respondents were considered adequate to pilot the research instruments. The respondents comprised the vice president, two middle managers and a commercial specialist. Their comments were utilised to modify the final interview questions. The four participants did not form part of the primary research.

4.13 RESEARCH DIARY

According to Easterby-Smith *et al.* (2015), the human researcher contextualises a qualitative case study and ultimately interprets the meaning and results. A research diary (see Appendix VI) was utilised to describe the procedures and steps followed throughout the research process. The diary summarised the reflections and thoughts of the researcher within the context of this study.

4.14 LIMITATIONS OF THE METHODOLOGY

A limitation of a research design or instrument is the systematic bias that the researcher neither did or could control, affecting the results (Wellington, 2015). This thesis, as with any research, is not free from limitations. The limitations of this study include:

- i) **Time constraints:** This study had to be completed within a specified time frame in keeping with the PhD degree requirements. Therefore, certain research designs, for example, longitudinal methodologies, could not be utilised.
- ii) **Privacy restrictions:** During the pilot study, it was reiterated that the names of the participants would be withheld as reasonably as possible throughout the entire study.

- iii) **Geographic scope:** The study was restricted to two mining organisations in the Mpumalanga province, which could, therefore, be inappropriate to generalise the results in other settings.
- iv) The **generalisations** of this study described thematic patterns derived from inquiry in one setting which was the valid transfer to other settings. However, the latter depends on confirmation and may require further experiment (Marshall & Rossman, 2014).

4.15 CHAPTER SUMMARY

Chapter 4 described the research design and methodology selected for this study, which involved utilising of semi-structured interviews, observations and a focus group on gathering primary data qualitatively. The overall research design was described in detail, including each step that was adhered to fulfil the research inquiry. The method for data analysis was also justified and expounded upon throughout the chapter. The following chapter outlines the presentation of results on policy.

CHAPTER 5

PRESENTATION OF RESULTS: POLICY

5.1 CHAPTER OVERVIEW

The preceding chapter expounded upon the research design and methodology adopted in this study. As outlined in the introduction and background to the study (Chapter 1), the research aim was formulated from the gaps identified through an in-depth literature review from the body of knowledge and practice. The research endeavoured to explore approaches utilised for inclusive procurement, supplier, and enterprise development that mining organisations in South Africa within the Mpumalanga province conform to develop an integrated, coherent strategy framework as per the 2018 Mining Charter. Thus, this study focused on integrating inclusive procurement for supplier and enterprise development. The reviewed literature revealed that the South African mining sector is highly regulated and compliant to various vital elements of the latest Mining Charter. The latter is utilised interchangeably as either Mining Charter III or Mining Charter 2018, essential in retaining mining rights.

The research methodology guided how the findings and outcomes were collected as outlined in Chapter 4. The results are presented three-fold, that is, in three chapters. Chapter 5 presents the findings from case organisation under the dominant theme, Policy. Chapter 6 presents the findings associated with change management, while Chapter 7, the strategy results. The findings presented in the chapters primarily discuss comparisons and contrasts revealed in various data collection phases, namely: Case organisation 1, Case organisation 2 and focus groups as highlighted in Chapter 4.

5.2 BRIEF DESCRIPTION OF CASES

The selected case organisations are active coal miners with valid mining rights in the Mpumalanga province, South Africa. In line with the latest Mining Charter, these are categorised under non-precious metal miners. Both case organisations have recorded an annual production average of 50 mega tons of coal and are active South African Minerals Council members. According to both case organisations, to remain liquid, they are required to achieve a mining production target of 50 mega tons per financial year. Since both miners have active mining rights, they are expected to periodically report on the

progress made to achieve a meaningful contribution to the latest Mining Charter's requirements to the DMRE. To maintain anonymity, pseudonyms were utilised throughout the thesis. The following section discusses a brief data analysis process applied to this study.

5.3 DATA ANALYSIS PROCESSES

As detailed in the research methodology chapter under data analysis, QDA, data is presented in words and themes, enabling one to interpret the results. Furthermore, the reviewed QDA literature advances that the researcher's choice of the selected method is influenced by investigating the depth in which the analysis attempts to reflect on the selected respondents' statements of the phenomenon. In this study, manifest analysis was utilised to describe what the selected respondents express, stay close to the text, utilise the words themselves, and describe the visible and evident in the text.

In a way, the data technique selected at the end simplifies the significant volumes of gathered qualitative data by reducing it into manageable groups or categories to draw inferences. At the same time, it was mandatory for the researcher to 'remain true' in managing the data to achieve trustworthiness as recommended by many qualitative researchers (Denzin & Lincoln, 2011; Lincoln *et al.*, 2011; Marshall & Rossman, 2014). The sub-sections discuss selected highlights of the conducted interviews, notes, and transcribed interviews and observations.

5.3.1 Written interviews, notes and transcribed interviews

Verbatim transcription of the responses from the semi-structured interviews, observation and focus group discussions were conducted personally by the researcher to ensure thorough transcription and swift completion. The benefit hereof was that all one-on-one semi-structured interviews were conducted personally by the researcher. The engagement type, including duration, was noted during the interviews, focus group discussions, and observations, as illustrated in Table 5.1.

Table 5.1: List of sampled research participants and engagement type

Research participant	Organisation	Date	Engagement type	Duration
Vice President: Supply Chain	CO_1	03.06.2021	Meeting ¹	107 minutes
Senior Manager: Supplier and enterprise development	CO_1	04.06.2021	Interview	85 minutes
Middle Manager - 1	CO_1	07.06.2021	Interview	86 minutes
Middle Manager - 2	CO_1	07.06.2021	Meeting	56 minutes
Middle Manager - 2	CO_1	08.06.2021	Interview	96 minutes
Commercial Specialist - 1	CO_1	08.06.2021	Interview	102 minutes
Commercial Specialist - 2	CO_1	10.06.2021	Interview	99 minutes
Commercial Specialist - 3	CO_1	10.06.2021	Interview	96 minutes
Commercial Specialist - 4	CO_1	10.06.2021	Interview	69 minutes
Vice President: Supply Chain	CO_2	14.06.2021	Meeting	131 minutes
Senior Manager: Supplier and enterprise development	CO_2	15.06.2021	Interview	98 minutes
Middle Manager - 1	CO_2	15.06.2021	Interview	101 minutes
Middle Manager - 2	CO_2	17.06.2021	Interview	92 minutes
Commercial Specialist - 1	CO_2	17.06.2021	Interview	102 minutes
Commercial Specialist - 2	CO_2	18.06.2021	Interview	84 minutes
Commercial Specialist - 3	CO_2	18.06.2021	Interview	91 minutes
Commercial Specialist - 4	CO_2	18.06.2021	Interview	115 minutes
Focus Group Members	CO_1; CO_2 and DMRE	23.06.2021	Focus Group	181 minutes

Source: Author's own illustration

The in-depth review of transcribed literature suggests that the process involves creating, as far as reasonably applicable, a fair written version of the verbalisations generated in a research encounter with the selected participants (Denzin & Lincoln, 2011). It was noted from the relevant reviewed literature that the ideal practice is for the researcher to conduct her own transcribing or perform a careful check of each transcription. As earlier indicated, the transcribing was conducted by the researcher herself. This was noted that

¹ Meetings refer to combined (initial) interviewees, which were not recorded so that the selected VPs and Managers felt comfortable with the process. In these meetings further access to the case organisations was also discussed. The Senior Managers send out a communiqué about this study to target participants and this was of great help to the researcher.

the process is a cyclic tedious one. Transcription in this study also involved the researcher paying attention to other, non-word audible expressions, for example, pauses, laughter, scoffing, sighs, emphasis, and talking over each other. The researcher transcribed the gathered data, acquainted herself in addition to that for analysis and interpretation. This is significant to interpret the meanings of the text and should not be ignored (Miles, Huberman & Saldana, 2014).

Transcription notation symbols, comments, and taking detailed notes as suggested by Eriksson and Kovalainen (2015) were utilised to capture untranscribable text. The researcher's spouse authenticated the grammatical correctness of the final transcripts. Only spelling mistakes were corrected in the authentication process to maintain the transcripts as verbatim as possible. Furthermore, the full transcribed text and field notes were extensively examined to obtain a comprehensive sense of the content and context before the coding abstraction process was carried out to identify or label the units with significance. To verify the data's dependability and authenticity (Denzin & Lincoln, 2011), the respondents were shown the verbatim transcribed interviews for verification and sign-off.

5.3.2 Observations

As outlined in the research methodology chapter, observations were a pivotal technique utilised during the data collection process. Observations were conducted parallel with other data collection techniques. During the latter process, the researcher fulfilled the role of an observer, which is, only focused on patterns or behaviour to understand the assumptions and values of the phenomenon and make sense of the social dynamics. The researcher remained impassive and not influence the dynamics as suggested by Corbin, Corbin, Strauss and Strauss (2014). In this manner, the researcher developed a deeper understanding of the phenomenon by interpreting the expressions portrayed by the sampled research participants at the case organisations.

A personal experience at the case organisations allowed the researcher an added dimension and an appreciation of what the selected research participants were tasked with on the ground as part of their job descriptions to integrate inclusive procurement in supplier and enterprise development. Although for a limited timeframe, presence at the case organisations also enabled the researcher to personally comprehend the dynamics

surrounding integrating inclusive procurement in supplier and enterprise development. These observations substantiated hearsay from the body of practice and knowledge. Observations in this study enhanced the reliability of the gathered data.

5.3.3 Consolidating analysis

Multiple qualitative data collection techniques were also utilised, namely: semi-structured interviews, observations and focus groups. Each of the one-on-one semi-structured interviews of the selected participants is illustrated in Table 5.1. Each respondent was considered individual cases analysed independently as motivated by Creswell and Poth (2017). However, all the qualitative data collection techniques utilised to gather data enabled the researcher to minimise bias as far as reasonably possible and explore various levels and perspectives of the same phenomenon. All the dominant themes that emerged from QDA ultimately constituted the “within-case” analysis. To integrate the findings, the literature was also consulted to contextualise the outcomes within the more significant body of knowledge.

5.4 PRESENTATION OF RESEARCH FINDINGS FROM THE DATA

The presentation of results followed a thematic analysis of data collected from the case organisations. As noted in the research methodology chapter, the QDA software ATLAS.ti™ was selected as the most suitable tool to analyse data. However, it should be noted that such a tool does not ‘analyse’ the data. This is the researcher’s responsibility. ATLAS.ti™ simply manages the data and enables handling thereof easier to analyse. In this study, ATLAS.ti™ was not only a qualitative analysis tool; it was also a companion that accompanied the researcher from conception to the conclusion of data analysis. ATLAS.ti™ offered the researcher the possibility to build network representations connecting codes-to-codes, and quotations-to-quotations through meanings. Patton (2002:480) postulates that:

“interpretation means attaching significance to what was found, making sense of the findings, offering explanations, drawing conclusions, extrapolating lessons, making inferences, considering meanings, and otherwise imposing order”.

The reviewed scholarly publications by Patton (2015) suggests that numerous ways exist to analyse and comprehend transcriptions and approximate systematic ways of organising and understanding the raw material. In this study, thematic analysis was the most suitable in the construction of codes to comprehend data. Although the coding process was rather cyclic and tedious, it enabled one to label and link responses to ideas. Coding need not be perceived simply as reducing data to some general, common denominators. Coding was also utilised to expand, transform, and reconceptualise gathered data, which exposed more diverse qualitative analytical possibilities. The cyclic thematic analysis resulted in the dominant theme ‘policy’ including other themes associated therewith, namely: Mining Charter III, ownership, employment equity, human resources, inclusive procurement, supplier and enterprise development, and procurement of goods and mine community development.

A network diagram was generated using ATLAS.ti™ to illustrate the relationship between codes to codes to represent the ‘policy’ theme or families are illustrated in Figure 5.1. The ATLAS.ti™ network diagrams enabled a thorough assessment of the QDA of the gathered data not as individual pieces or fragments but as a system of relationships. Network diagrams facilitate building a holistic representation of the findings as illustrated in Figure 5.1.

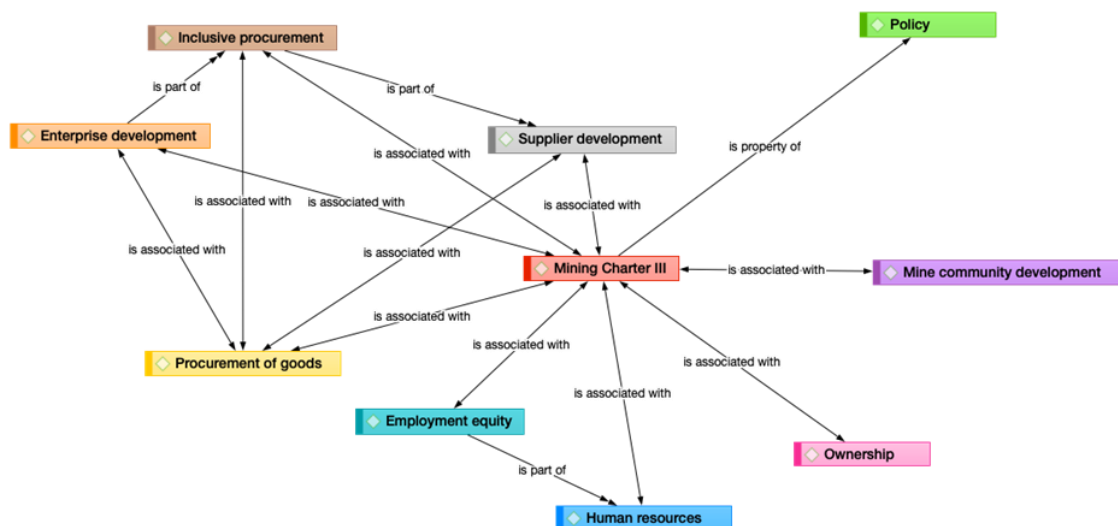


Figure 5.1: Association diagram of dominant theme ‘policy’ network diagram

Source: Author’s own illustration

The network diagrams enabled illustrating and understanding the consequences. The themes are presented concerning the broader context of the research objectives outlined in Chapter 1. The resultant codes, themes, and categories were analysed meticulously, cross-checked, scrutinised, and compared to establish the emerging patterns. The qualitative thematic analysis revealed that certain codes and quotations appeared more frequently than others, giving rise to categories and the identification of applicable themes. The Code List for this study is illustrated in Appendix VIII. The following subsection presents demographical information of the selected respondents.

5.4.1 Characteristics of the sampled research respondents

Employees directly active in the mining supply chain department in the case organisations and the Department of Mineral Resources and Energy participated in this study. The respondents comprised of vice presidents (2); senior managers responsible for inclusive procurement (2); middle managers (4); and commercial specialists (9). In case organisation 1 only 4 Commercial Specialists participated in the interviews. The fifth participant had an unplanned event to attend to and apologised for the inconvenience. The representative from the DMRE (1) only participated during the focus group discussion. A total of eighteen interviews were conducted in total, which was considered a satisfactory research sample. Patton (2015) asserted that “*size is not a significant consideration in qualitative research.*” The following subsection presents the resultant dominant themes from the thematic analysis of gathered data through observations, in-depth semi-structured interviews, and the focus group at both case organisations.

5.4.2 Theme – 1: Mining Charter III

The systematic in-depth semi-structured interviews at the case organisations allowed one to elicit the latest Mining Charter knowledge. It must be noted that when the respondents were posed with investigative questions as guided by the interview schedule (see Appendix IV), including the set of pre-approved semi-structured interview questions (see Appendix III), the selected respondents expressed various views. The following investigative questions focused on the awareness of Mining Charter III. The respondents were posed the following questions: “*Is your organisation aware of the newly promulgated Mining Charter 2018? Kindly elaborate on the response as mentioned*

above.” Followed by “*Did your organisation circulate the newly promulgated Mining Charter 2018 inclusive procurement and supplier and enterprise development requirements to its employees? Kindly elaborate on the response as mentioned above.*” Then, “*Did your organisation hold communication sessions related to the newly promulgated Mining Charter 2018? Kindly elaborate on the response as mentioned above.*” The varied views expressed by the selected respondents were recorded verbatim.

In response to these investigative questions, most of the respondents at CO_1 revealed that they were aware of the Mining Charter III. This was concluded from the following verbatim transcripts: At case CO_1 all of the sampled research respondents revealed that they were indeed implementing the Mining Charter III in their operations and stated that: ““.....Yes we are well aware of the recently promulgated Mining Charter 2018..... It has been on the public domain for further scrutiny..... However, this mining organisation has already started engaging with all the stakeholders on changes regarding the newly promulgated Mining Charter..... Our line Managers have placed strict emphasis on all the latest Mining Charter’s compliance requirements..... Our analysts are mandated to report monthly on the inclusive procurement element of the Mining Charter 2018..... This element is seemingly the main element we have been focusing on extensively..... This element is also included in our performance measurement as a key performance indicator..... As one of the leading miners of the valuable ore, coal, we are mandated to comply with the legislative requirements in our environment to remain compliant..... We strive to keep abreast of all legislative developments in order protect our mining rights for all our operations..... The mining organisation is an active member of the Minerals Council of South Africa and we have been privileged with attending most of the meetings held at the council related to supply chain or procurement..... These meetings have been pivotal in challenging some of the requirements of the latest Mining Charter such as testing for the local content element..... By virtue of my organisation being an active member of the council, any legislative changes that occur, we know them well in advance..... The promulgation of Mining Charter 2018 is not news, it has been planned for by the current and the previous government..... We were fully aware that it would be issued soon after the new administration was elected..... Our preparations for it were based on the draft shared by the DMRE and the Minerals Council of South Africa..... All the important information that arising from the draft including the final version of the Mining Charter

*III have been proactively communicated at all levels of this mining organisation.....
Any developments related to the latest Mining Charter are effectively commutated to
ensure compliance.....”*

The foregoing summarised remarks were drawn for the following statements from the selected respondents at CO_2: ““..... Yes the organisation is aware of the Mining Charter III..... Indeed, the organisation took reasonable applicable measures to ensure that all stakeholders were aware of the Mining Charter III..... We have held various engagement sessions that the governance team has championed with regards to the Mining Charter III..... These engagements commenced prior to its promulgation..... We had to be proactive enough on how its promulgation was going to impact how we run our operation..... From these sessions, we discovered that the inclusive procurement, supplier and enterprise development elements, and other elements were critical to maintaining its social licence to operate..... As an example, this communiqué encompasses the elements of the Mining that we must focus on the first quarter of 2020..... Although there is communication breakdown between us, Supply Chain, our support function tries by all means to ensure that any compliance risks are mitigated and communicated across the entire group..... The promulgation of the Mining Charter 2018 has mandated the organisation to revise various Supply Chain policies and procedures..... Different elements of the latest Mining Charter are already implemented in our overall Supply Chain strategy as a business requirement and has been aligned with our key performance indicators to ensure compliance..... The governance team has also been tasked with creating and implementing awareness programs for newly promulgated Charter 2018 and its implementation guidelines..... Unlike other organisations, compliance is non-negotiable – our organisation always strives to go beyond compliance to legislative requirements in the host communities where we operate..... The awareness of the latest Mining Charter even extends to the host communities..... Over and above other elements of the Charter, emphasis has been on inclusive procurement, supplier and enterprise development, and community development..... Although negotiations on the implementation of Mining Charter III continue, my organisation has continued towards fulfilling strategic alignment commitments, in line with the underlying spirit of the Mining Charter III and our overall commitment to transformation..... The organisation integrated its strategy with newly promulgated Charter through cross-functional teams and community

engagements..... This has been an exciting time because of the integration with the local communities..... Transparency and information awareness is what makes our supply chain excellent..... In sum, the Mining Charter III has undeniably been communicated in our organisation.....”

There is a general awareness of the Mining Charter III at Case Organisation_2 (CO_2) because all eight sampled respondents from this organisation revealed familiarity with the Charter. They accentuated the significance of the Mining Charter III as necessary to transform the South African mining industry – its impact on manufacturing and the need to drive inclusive economic growth. Furthermore, most of these respondents confirmed the six elements of the Mining Charter III as expounded upon in the literature review chapter, including the social labour plans required to be complied with to protect the social license to mine coal.

The responses conformed with the contents of the Mining Charter as discussed in the literature review chapters. Both case organisations conveyed specific Mining Charter III criteria according to the responses. Figure 5.2 illustrates the relationship network diagram of the Mining Charter sub-themes including the theme that emerged during the interviews, observations including the focus group discussions.



Figure 5.2: Mining Charter III network diagram

Source: Author's own illustration

5.4.3 Theme – 2: Ownership

The following research question is from the focus group interview research questions as an ‘ice breaker’, *“How did you learn about the promulgation of Mining Charter 2018?”* The majority of the respondents from the focus group, shared similar views that there were strategic engagements including communication sessions as inferred from the previous responses. Endeavouring to elicit the pedagogical issues related to the latest Mining Charter, all the respondents in both the focus group and individual research interview were asked: *“Has your organisation identified the differences between Mining Charter 2014 and the newly promulgated Mining Charter 2018? Kindly elaborate on the above response.”* Then, *Are the differences between Mining Charter 2014 and Mining Charter 2018 explicit to the mining organisations? Kindly elaborate on the response as mentioned above.”* Awareness of the differences between the previous and the 2018 Mining Charter appears to be crucial for the mining organisations, host communities and the South African government. The selected participants were seemingly aware of most of the differences between Mining Charter II and Mining Charter III at both organisations.

The second dominant theme from the qualitative analysed responses when responding to the above two questions ‘ownership’ emerged, which was recorded frequently from both case organisations findings. Most of the respondents at CO_1 and CO_2 identified the ‘ownership’ element as having changed significantly compared to the Mining Charter III to the 2014 Mining Charter (Mining Charter II). For example, most respondents from CO_1 stated that *“..... We have had numerous communications to unpack the current Mining Charter..... For instance, working groups, steering committees and workshops..... The Mining Charter II had a target of 26 percent HDP owned and controlled business ownership encompassing full shareholder rights and meaningful economic participation..... Whereas on the latest Mining Charter III, the minimum meaningful participation by HDP owned and controlled businesses stays at 26 percent for the duration of existing mining rights..... On the same note, the new mining right holders will require 30 percent meaningful participation..... This simply means that mining companies that met the original requirements are exempt from having to dilute existing shareholders by requiring them to include more black ownership, including the contentious 10% free-carry for host communities and employees, as part of their*

ownership structures for new mining rights.....” The views reported at CO_2 and the focus group were similar to the above at CO_1. Although there were similarities in the responses, the ownership view differed in the focus group. Several of the respondents revealed that: “..... Ownership (Proposals under Mining Charter III include that new mining rights must be held by entities with a minimum 30 percent shareholding by HDP owned and controlled businesses..... In the 2010 Charter, it was set at 26 percent..... Mining Charter III proposes that HDP owned and controlled business ownership be allocated in shareholding blocks of not less than 8 percent to host communities and qualifying employees, and a minimum of 14 percent ownership to BEE entrepreneurs.....”

It is crystal clear that the Mining Charters current and previous interpretations are well understood when compared. The respondents further underscored that the element of ‘ownership’ is ring-fenced under Mining Charter III as expounded upon in the reviewed literature chapters. Furthermore, the data indicated that mining service providers are under intense pressure to change their businesses to become 51 percent owned and controlled by HDP. The HDP-owned and controlled organisations have set a high objective for the amount of money they would spend on services procurement. Women-owned and controlled businesses and youth-owned and controlled businesses have seen their specified goals for procurement improvement under the current Mining Charter. Figure 5.3 illustrates the relationship network diagram of the ownership sub-themes that emerged during the interviews, including the focus group discussions.

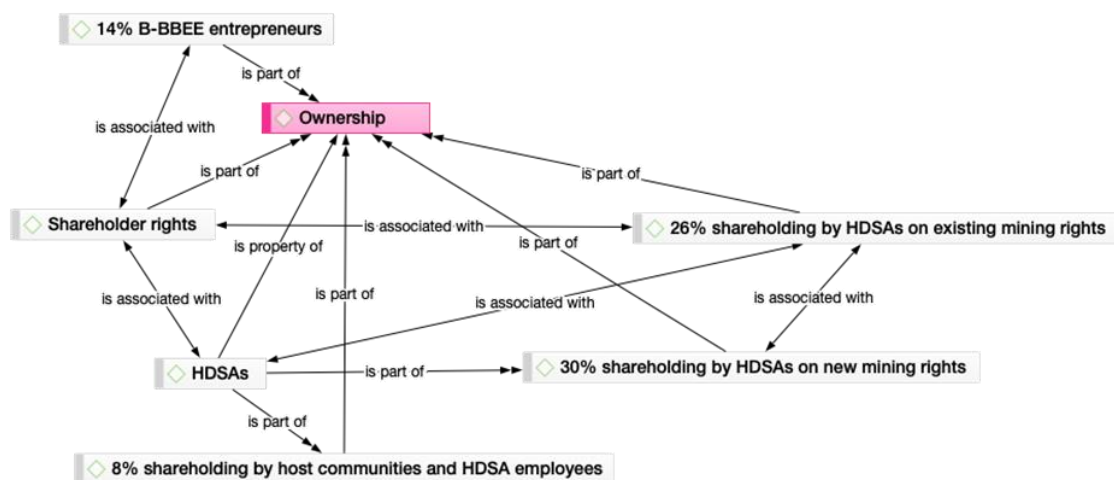


Figure 5.3: Ownership network diagram

Source: Author’s own illustration

5.4.4 Theme – 3: Employment equity

The third dominant theme which emerged from the analysed gathered primary data was ‘employment equity’. Interestingly, the latter is one of the critical elements of both the Mining Charter III and Mining Charter II as substantiated by the selected respondents. When responding to the investigative semi-structured questions listed in subsection 5.4.3, the respondents at CO_1 remarked that: “..... *The Mining Charter II targets of employment equity were 40 percent HDP owned and controlled business representation across each managerial level from Executive Management to Junior Management..... It did not have specific targets for women, but the industry has gradually improved the representation of women across all managerial levels. The latest Mining Charter III introduced specific targets for women at each managerial level.....*”

From the focus group, the respondents indicated that, “..... *The charter gives mining companies like ours five years to align with the employment equality objectives, and a five-year plan demonstrating progressive execution of the requirements of the employment equity targets must be presented to the DMRE within six months after the Mining Charter III's publication.....*” According to DMRE (2018), the changes to the employment equity element in Mining Charter II were triggered by the poor meaningful transformation of the entire sector of this element. Therefore, the South African miners are in the spotlight to comply with newly introduced processes as noted remarks to retain their mining rights.

The respondents from CO_2 echoed similar views as CO_1 and focus group but further particularised that: “..... *Under the Mining Charter II, mining organisations need to achieve a minimum of 40 percent HDP owned and controlled business representation at the levels of Executive Management; Senior Management; Middle Management; and Junior Management..... A minimum of 40 percent of the mining organisation's core and critical skills must be black people..... Mining organisations, such as ours, are mandated to identify and fast-track their existing talent pools to ensure high level operational exposure in terms of career path programmes..... On the other hand, Mining Charter III highlights that every mining organisation must achieve a minimum of 50 percent Black people (20 percent of which must be black females) proportionally represented at the executive director's level as a percentage of all Executive Directors..... Charter III further outlines that there be a minimum of 60 percent of*

Black employees (of which 20 percent must be Black females) in middle management as a proportional representative percentage of all Middle Management. A minimum of 70 percent of Black employees (of which 25 percent must be Black females) in Junior Management as a proportional representative percentage of all junior management.....” The respondents also revealed it proved challenging to achieve the Mining Charter employment equity targets. Moreover, it may prove difficult to accomplish the Mining Charter III targets as discussed.

According to DMRE (2019), the said difficulty of transforming the South African mining sector, especially senior management, is that the latter is ‘still stuck in the past’. That is, the HDP owned and controlled businesses were perceived unfit to occupy senior management positions in the corporate environment. The responses further noted that the organisations' efforts to increase mechanisation and automation in line with the fourth industrial revolution of the mining sector soon will impact the miners’ right holding because of foreseeable probable job losses.

Figure 5.7 illustrates the ‘employment equity’ network diagram of the ownership sub-theme which emerged during the interviews, observations including the focus group discussions.

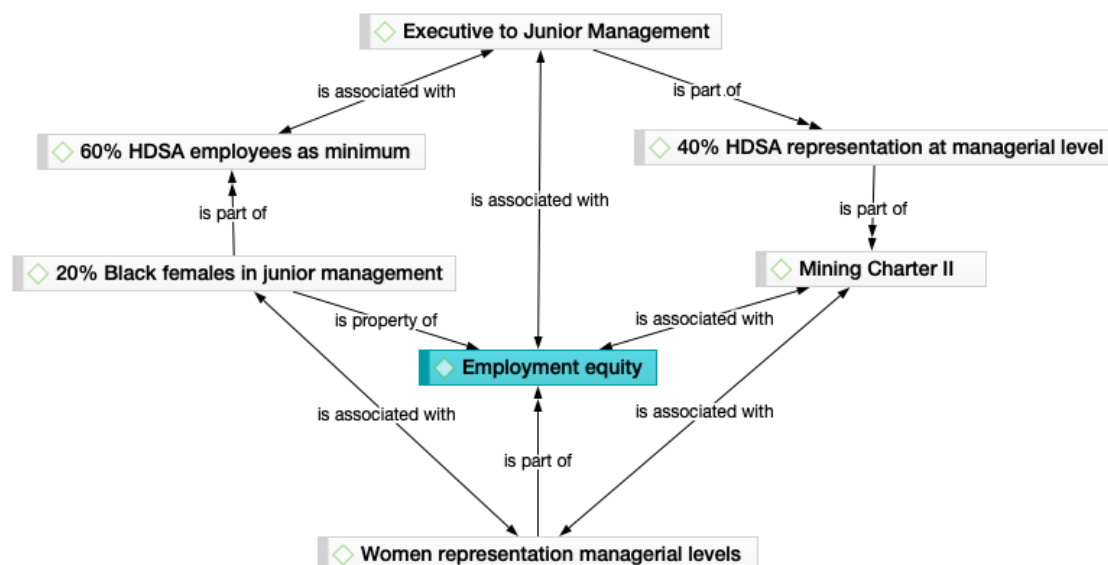


Figure 5.4: Employment equity network diagram

Source: Author’s own illustration

5.4.5 Theme – 4: Human resources

Further iterative analysis of the research participants' findings at CO_1, focus group and CO_2 revealed 'human resources' as the fourth dominant theme. This dominant theme resulted when the respondents responded to the interview questions listed in subsection 5.4.3. Surprisingly, human resources are elements of both Mining Charter II and Mining Charter III. In response to the interview questions, the respondents from CO_1 highlighted that: *"..... The human resources development element had a compliance target of 5 percent in the Mining Charter II. The Mining Charter III asks for a required skills levy under the SDLA, and a 5 percent annual payroll spend on critical skill development activities such as science, technology, engineering, and mathematics abilities, graduate training programs, and research and development efforts..... Though our organisation mines coal and therefore is not classified as a precious metals' miner, the Mining Charter III recommends that profitable small diamond businesses donate a percentage of production turnover to a designated fund to promote skills development and mine community development....."* This remark was prevalent when linking it to the Mining Charter III.

The majority of the sampled respondents from CO_2 substantiated the findings from CO_1 and added that: *"..... Under the Mining Charter III, mining organisations such as our one must support South African academic institutions and research initiatives, including essential skills development activities including science, technology, engineering and mathematical skills, graduate training programmes..... Furthermore, the Mining Charter III, prescribes that our organisation must also develop and implement a career progression plan which among other things must include individual development plans for employees across all levels....."* This was supported by the majority of the sampled respondents from focus group discussion that: *"..... The annual reporting requirements in this regard are extensive..... According to the Guidelines, the information provided must be broken down "into the finest detail and include all information relating to their employees' race, gender, remuneration and career development at each occupation level....."* Figure 5.5 illustrates the human resources network diagram of the ownership sub-themes that emerged during the interviews, including focus group discussions.

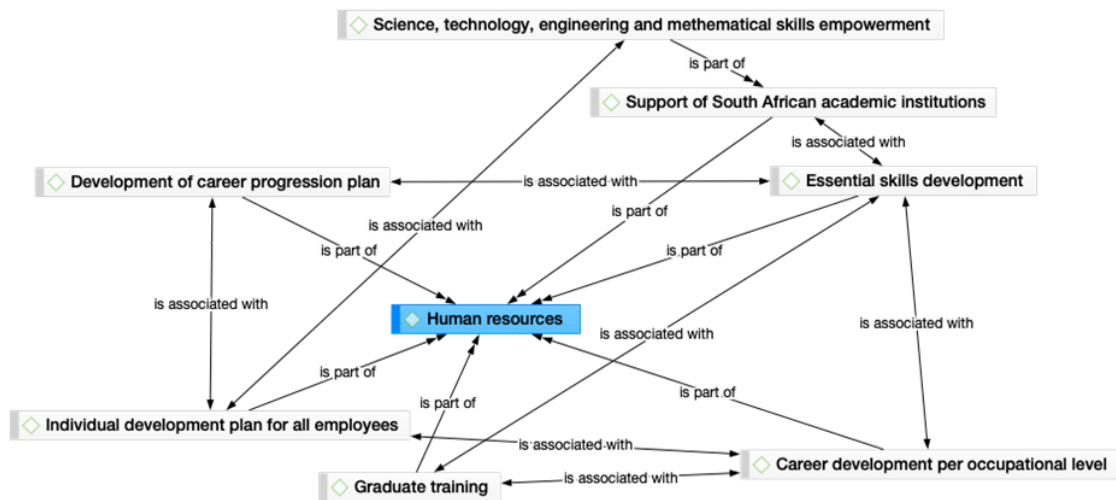


Figure 5.5: Human resources network diagram

Source: Author's own illustration

5.4.6 Theme – 5: Inclusive procurement, supplier and enterprise development and procurement of goods

After analysing the findings at both case organisations, the fourth repetitive theme that was considered dominant was ‘inclusive procurement, supplier and enterprise development and procurement of goods. Based on the findings, inclusive procurement, supplier and enterprise development, and goods procurement are crucial elements that changed from Mining Charter II to III. When compared, there are notable differences. It must be highlighted that all the participants underscored an element. They expressed excitement and passion when expanding upon this element of the Mining Charters. When responding to the investigative semi-structured questions listed in subsection 5.4.3, most respondents from CO_1 shared similar perceptions that could have been influenced by the training or perhaps the communication session they had with the requirements of Mining Charter III.

The majority of respondents asserted that: “..... The difference between mining commodities and mining services is maintained in the most recent Mining Charter..... In the case of mining goods, at least 70% of total mining goods procurement spend (including non-discretionary spending) must be spent on South African produced items..... South African produced items are those that include at least 60% local content during the assembly or manufacturing process in South Africa..... Profit

mark-up, intangible value such as brand value, and overheads are not included in the assessment of local content..... According to the Mining Charter II Mining Charter, mining companies must purchase a minimum of 40 percent of capital goods, 70 percent of services, and 50 percent of consumables from black-owned businesses..... Furthermore, multinationals which supply capital goods must contribute half a percent of annual income derived from South African mining organisations towards socio-economic development of local communities into a social development fund.....”

These responses suggest that inclusive procurement has a greater probability to trigger and bolster inclusive supplier and enterprise development. This view is similar to the South African government’s that through Mining Charter III, South Africa’s mining organisations inclusive procurement will provide opportunities to expand economic growth, job creation, and increase market access for home-grown products or services (Harvey, 2018; James, 2019).

The selected respondents supported the following perceptions from CO_2: “..... *The Mining Charter II included a range of targets for the procurement of capital goods (40 percent), services (70 percent) and consumables (50 percent) from BEE entities..... Whereas Mining Charter III demands that 70 percent of mining commodities be South African made goods produced by firms managed by historically disadvantaged South Africans within five years, this is unrealistic and impossible to fulfil..... The alluvial diamond mining industry utilises sophisticated earth-moving, processing and diamond recovery equipment that long-standing and well-established international manufacturers manufacture and are not available locally, thus compliance is almost impossible..... During the transition phase, the following procurement objectives must be met: ‘Mining Goods’ has a first-year objective of 10 percent, a second-year target of 20 percent, a third-year target of 35 percent, a fourth-year target of 50 percent, and a fifth-year target of 70 percent; ‘Services’ has a first-year target of 70 percent and a second-year target of 80 percent. However, setoff provisions are given for company and supplier development.”*

The focus group respondents further revealed that: “..... *In the case of mining equipment, up to 30 percent of the entire procurement budget (excluding non-discretionary spending) may be offset against supplier development..... According to the Implementation Guidelines, a mining right holder may create suppliers through*

original equipment manufacturers..... When it comes to services, up to 10 percent of the entire procurement budget for services (including nondiscretionary spending) may be offset against supplier and company development costs..... Several requirements must be met to claim the offset under the rules of the Mining Charter 2018..... Lastly, the mining right holder must use South African facilities or companies to analyse 100 percent of all mineral samples collected along the mining value chain..... This implies that a mining right holder may not conduct sample analysis utilising foreign-based facilities or firms without the Minister's express permission” Remarkably, the views above were similar to the contents of the latest Mining Charter expounded upon earlier in the reviewed literature.

According to the results above, mining companies must encourage economic growth through creating and nurturing small, medium, and micro firms including suppliers of mining goods and services owned and managed by HDPs. Furthermore, if the miner obtains goods and services from a contractor for the purposes of mineral extraction or processing on behalf of the mining right holder (such as blasting, haulage of ore, crushing and concentration). The miner will be regarded to have obtained the goods and services. Even if the mining activity is outsourced, the regulator DMRE requires the mining right holder to follow all of the Mining Charter III's requirements. This has been difficult since it has caused some discontent in the host community. This conclusion is consistent with those of Chavhan *et al.* (2012) and Aláez-Aller and Carlos Longás-García (2010), who found that while the risks may appear to be passed to a third-party, this is not the case because the mining right holder is responsible for compliance. The mining right must guarantee that performance measures that include the Mining Charter's prescripts are included in the commercial agreement with the third-party. The results also indicated that the case organisations are required to submit a 5-year plan to the DMRE within the first six months of the current Mining Charter's adoption to demonstrate progressive execution of inclusive procurement objectives.

Figure 5.6 illustrates the ‘inclusive procurement, supplier and enterprise development and procurement of goods’ network diagram of the ownership sub-themes which emerged during the interviews, observations including the focus group discussions.

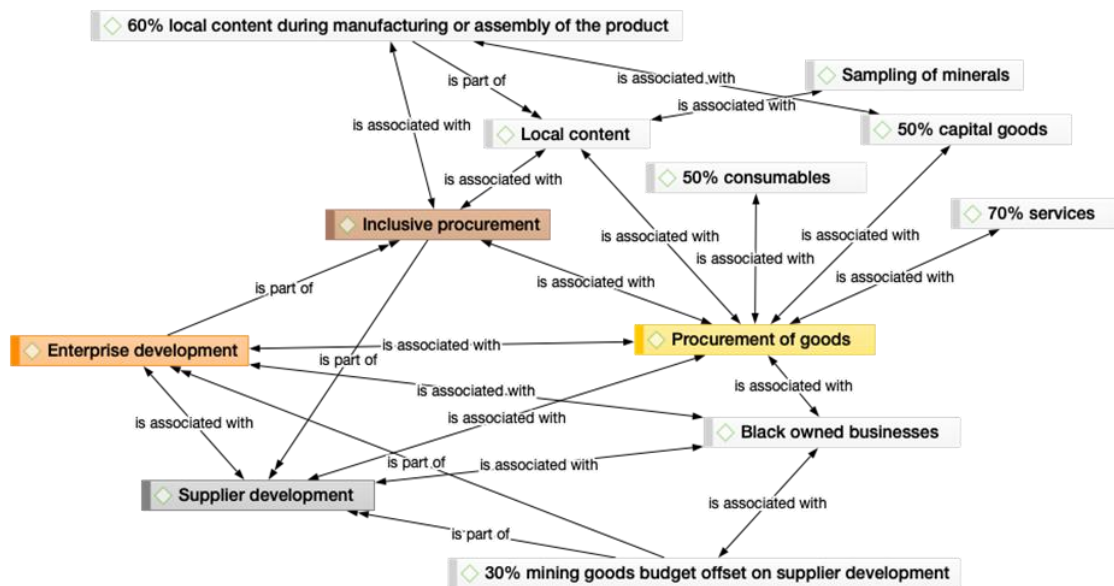


Figure 5.6: Inclusive procurement, supplier and enterprise development and procurement of goods network diagram

Source: Author's own illustration

5.4.7 Theme – 6: Mine community development

The 'mine community development' theme revealed a further notable difference as the result of Mining Charter III, which was revealed by the meticulous analysis of the findings compared to Charter II. Irrefutably, most of the respondents reported that under Mining Charter III, Mine Community Development is also ring-fenced. Apparently, the mining organisations' Social Labour Plans are an integral part of the Mine Community Development element under Mining Charter III. Under this element, appropriate processes, including consultations with applicable community members, are significant to target development. The respondents revealed insightful quotes supporting this deduction from CO_1: *"..... A host Community Development Programme approved under the Mine Community Development shall not replace Social and Labour Plan commitments as contemplated in the MPRDA or the quality of life of communities where our mining operations are located..... Despite Social Labour Plans and Corporate Social Investment, it was found that some of the miners in the sector were previously simply using this element as a tick-box exercise without embarking on a post-impact assessment..... Hence, it is now ring-fenced under the Mining Charter III....."*

There was a sign of concern when the respondents articulated the above opinions verbally.

The foregoing remarks were substantiated by statements from CO_2 when the respondents postulated that: “..... *The minimum requirement prescribed by the Mining Charter III is a 5 percent non-transferable carried interest or in other words, a minimum 5 percent equity equivalent benefit must be made available to host communities from the effective date of the mining right..... Furthermore, assessment of community development needs, in line with best international practices in terms of policies, principles and guidelines, is mandatory when developing Social and Labour Plans in relation to the Mine Community Development..... Indirectly, the revised Mining Charter underscores the meaningful transformation of all its key elements such as the Mine Community Development.....*” These findings suggest that the element of Mine Community Development refers to communities where mining takes place, significant labour-sending areas, adjacent communities within a local municipality, and metropolitan or district municipalities (Fröchlicher & Pothering, 2013; Kapelus, 2002; Kemp et al., 2011).

Research participants from the focus group advocated that: “..... *The different departments in my organisation are continuously reinforcing the latest Charter’s requirements..... In line with the Mine Community Development element of the latest Mining Charter, through consultative exhaustive stakeholder engagements in our communities, alongside the DMRE officials, we have successfully identified developmental priorities in the host communities..... It is worth noting that the Mine Community Development under Mining Charter III has been given greater importance than under Mining Charter II..... The latest edition of the Charter insists compliance to this element in order our mining operations to declared complaint unconditionally.....*”

Both case organisations' efforts and focus groups emphasised the Mine Community Development element under the Mining Charter III when the respondents confirmed their commitment to community development. The respondents at both case organisations commented that: “..... *The latest Mining Charter III accentuates Mine Community Development commitments, which now needs to be fully implemented in the agreed timeframe..... In this area, we are not the only coal miners; there are other miners.*

The enforcement of the consultative Mine Community Development under the latest Charter aims to reduce wasteful expenditure recorded under Mining Charter II.....

The Mine Community Development element is non-negotiable..... Additionally, the National Government including other stakeholders have identified that economies of scale are an option that can be exploited if funds budgeted for Mine Community Development from across neighbouring mines may lead to a more meaningful value for mine communities.....” Although the latest Mining Charter presents some merits towards meaningful Mine Community Development among host communities, several respondents at CO_2 expressed their concerns surrounding measurable targets for the Mine Community Development element. The respondents revealed that: “..... *The absence of an explicit, measurable Mine Community Development target in monetary terms, creates uncertainty around compliance expectations and the magnitude of Mine Community Development efforts required by the mining wig rights holders.....*”

Given the economic significance of South African mining, including its associated political dynamics, the DMRE (2018) findings triggered the promulgation of the latest Mining Charter. It has been difficult to achieve meaningful transformation of the industry concerning the miners housing and living conditions. One of the most prevalent elements that the participants reported was their organisations’ efforts related to the employees’ housing and living conditions communicated to them. According to the respondents, there are visible differences between the present and the previous Mining Charters. For example, the CO_2 participants reported that: “..... *Under the Mining Charter III, this element is not ring-fenced, however, unlike other scorecard elements, the Housing and Living Conditions element is predominantly administered under the Housing and Living Conditions Standard..... The standard itself is yet to be finalised..... Referring to the previous Charter (Mining Charter II), my employer is mandated to convert or upgrade hostels into family units. Attain the occupancy rate of one person per room and facilitate homeownership options for all mine employees in consultation with organised labour..... At this stage, the said standard is being reviewed to provide targets and timelines for the implementation of this element.....*” Decent housing and living conditions for miners, much like Mine Community Development initiatives can improve employee wellness, community development, and mine productivity.

As with the previous Mining Charter, under Mining Charter III all mining rights holders must provide mine employees with ‘decent and affordable’ housing and living conditions, including proper, affordable, equitable, and sustainable healthcare and balanced nutrition (DMRE, 2018). The Mining Charter III further states that specific objectives and timeframes for implementing the Housing and Living Conditions Plan would be established DMRE (2018). The selected respondents reiterated these forgoing findings from the reviewed literature at both case organisations. They reported that: “..... *The latest Mining Charter requires that mining companies establish measures for improving the standard of housing and living conditions for mine employees..... As part of the mining community, we must submit a Housing and Living Conditions Plan for approval by the DMRE..... As highlighted in our sustainability values by senior management, it is our duty to improve the standard of housing and living conditions as specified in the Mining and Minerals Industry’s Housing and Living Conditions Standard and we must ensure implementation in accordance with the Standard’s stipulated principles..... Full compliance with the Housing and Living Conditions Standard commitments is required..... Annual progress reports on these are submitted to the Department of Mineral Resources.....*”

The findings above suggest that both case organisations must contribute meaningfully towards Mine Community Development with a bias towards mine communities in terms of impact. This should include compliance with the principles of the social license to operate. These stated developments must follow a consultative process with key stakeholders such as the relevant municipalities, mine communities, traditional authorities, and affected stakeholders. Among stakeholders indicated it was clear that organised labour must not be excluded from the Mine Community Development consultations at all times. Although consultations may be perceived as a management function, the employees of the mining right holders reside in the affected host communities. The regulator DMRE expects consultations to encompass all stakeholders. The miners need to identify mine communities’ developmental priorities and provide for such priorities in prescribed and approved SLPs.

Figure 5.7 illustrates the ‘mine community development network’ diagram of the ownership sub-themes that emerged during the interviews, including focus group discussions.

aspirations are presently being implemented in the sampled case organisations by expanding opportunities of HDPs substantially and meaningfully to enter the mining industry and benefit from the exploitation of the mined resources. In their efforts to comply with the current Mining Charter, the selected case organisations have already embarked on advancing employment and diversification so that the workforce can achieve competitiveness and productivity in their mining operations.

Accordingly, the results suggest that by advancing diversity and de-racializing ownership patterns by redressing past imbalances and injustices, the selected mining organisations can acquire a competitive advantage. In conjunction with advancing diversity, it is also important that the case organisations and the suppliers in the mining industry go an extra mile to verify local content for the capital and consumer goods procured. It was noted that the case organisations must spend most of their procurement budget, excluding nondiscretionary expenditure on goods which are manufactured locally to stimulate economic activity and growth. The mandatory spending in the acquisition of products by the selected mining organisations must adhere to the DTI's standardised product identification coding system. When dealing with the HDPs, the terms and conditions offered to Black woman-owned and controlled entities including youth relating to the procurement of goods and services must not be less favourable than those offered to other suppliers.

Achieving those as mentioned above in the mining operations of the selected case organisations has remained a challenge due to HDP owned entities categorically perceived to lack competencies to participate in the mining industry supply chains. Based on the findings, the identified challenges on utilising HDP owned entities are exacerbated by the supplier and enterprise development functions within the case organisations, effectively developing suppliers and suppliers in conformance with the selected mining organisations' standards. To stimulate research and development, the case organisations must additionally spend at least 70 percent of their entire research and development expenditure on South African-based research and development institutions, either public or private. Compliance to all the dominant themes identified in the QDA interview findings will promote sustainable growth and simultaneously enhance the social and economic welfare of South Africans to achieve social cohesion.

5.6 CHAPTER SUMMARY

In summary, the qualitative analysed findings were presented and discussed in this Chapter. Thereafter, network diagrams of emergent themes on policy environment emanated from the responses during the QDA interviews and how their association with each other was presented. The network diagrams were generated through the QDA software ATLAS.ti™. Overall, the emergent dominant themes on policy environment supports several findings from the body of knowledge discussed in the literature review. Non-compliance will not be entertained by the sampled case organisations simply because it will threaten the mining rights held by both (case organisations).

Compliance is non-negotiable. For example, the miner who has not complied with the ownership element and falls between levels 6 and 8 of the current Mining Charter scorecard will be considered non-compliant with the provisions of the current Mining Charter, which will imply that the miner is promptly in breach of the MPRDA. Section 93 of the MPRDA, read in connection with sections 47, 98, and 99, governs the treatment of such a miner. The findings to effect change management regarding the above policy environment are presented and discussed in the following chapter.

CHAPTER 6

PRESENTATION OF RESULTS: CHANGE MANAGEMENT

6.1 CHAPTER OVERVIEW

The previous chapter set the tone for the presentation of the findings, which focused primarily on results associated with the policy environment. It provided a brief discussion of cases and expounded upon the data analysis approach adhered to during the data analysis process. The initial process was conceptualised in the research methodology chapter. As noted in the previous chapter, the said data approach is applicable throughout this thesis. Chapter 6 is a continuation of presentation of the findings. The gathered data from the qualitative research is presented, analysed, described, and interpreted systematically as the next step of the research process. It is envisaged that the findings of change management process links with those of the policy environment.

The focus now turns to the research findings from the gathered data relating to change management to operationalise the earlier results relevant to the policy environment. The resultant dominant themes and related sub-themes from the Qualitative Data Analysis (QDA) of data gathered at CO_1 and CO_2 are presented in the following sections of this chapter. The relationship network representations connecting codes-to-codes, and quotations-to-quotations to elicit meaning from emergent themes to validate the primary findings in this chapter. Furthermore, the identified trends and relations in accordance with the research aims would enable the researcher to fulfil this study's purpose. A comprehensive consolidated analysis of findings concludes this chapter.

6.2 PRESENTATION OF RESEARCH FINDINGS FROM THE DATA

The data analysis approach outlined in Chapter 5 expounded on the QDA process which was concluded by the description of thematic relationships and patterns of relevance to the study. The process further highlighted the emergent dominant themes and associated sub-themes were also utilised as a basis for reasoning, argumentation, deliberation, contemplation, and the formulation of syntheses towards detailed descriptions of the phenomenon being investigated. Figure 6.1 is an abstract representation of the dominant

theme, ‘change management’, which emerged from the gathered primary QDA data at CO_1 and CO_2.

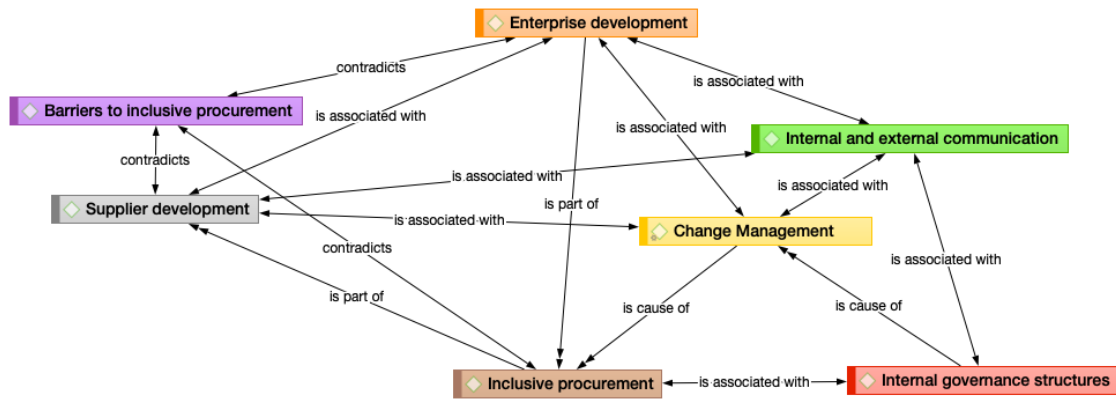


Figure 6.1: Association diagram of dominant theme ‘change management’ network diagram

Source: Author’s own illustration

6.2.1 Theme – 1: Internal governance structures

To manage the supply chain risks at any organisation, the internal supply chain management structures must be resilient (Aláez-Aller & Carlos Longás-García, 2010; Rajput & Bakar, 2012). The reviewed literature, including the findings gathered from primary QDA data at the case organisations corroborates that internal governance aimed at managing supply chains must ensure that both local and international practices and relationships comply with the expected external environments while sustaining the bottom-line. ‘Internal governance structures’ emerged as a dominant theme in the gathered primary QDA data. According to Yavas and Erol (2017), internal governance structures can be interpreted as a critical ingredient to strengthen the mining organisation’s supply chain capacity. By employing agile governance structures, the mining organisations are able to coordinate and integrate various dimensions of the Mining Charter’s and MPRDA’s requirements across their mining operations.

The question which triggered the emergence of the identified dominant themes and associated sub-themes was: *“In your opinion, has there been a shift in the last 12 months from how inclusive procurement, supplier and enterprise development is executed to meet the Mining Charter 2018 requirements in your organisation? Kindly elaborate your response.”* The respondents conveyed mixed views related to internal governance

structures. For example, the majority of the respondents at CO_1 remarked that: “..... Due to the Mining Charter III raising targets of inclusive procurement, supplier and enterprise development, my employer has recently finalised internal procedures to accommodate all the inclusive procurement, supplier and enterprise development element requirements..... Please note that the amendments of our internal procedures are not limited solely to procurement but other elements of the Mining Charter III that do not necessarily reside in our Supply Chain department. All the required changes are championed by the Supply Chain governance and project team..... They have been at it sleeplessly to ensure that our Supply Chain conforms to the latest requirements of the Mining Charter..... For any transaction we perform, we must always think of the internal procedural requirements developed by the Governance team because they guide the how part of doing things around here. We must be inclusive as far as reasonably applicable..... As one of the mining organisation milestones, our efforts have been highly publicised in the past 12 months, resulting in more pressure to achieve exceptional output.....”

The remainder of the respondents at CO_1 further substantiated the responses of their fellow colleagues and claimed that: “..... To begin with, within the past 12 months, our organisation practices effective and transparent governance..... In this country, the supply chain in the mining sector is one of the fastest changing functions, it is highly influenced by the legislation changes such as the changes earlier highlighted on the Mining Charter’s requirements..... In other words, our procurement function has shifted from just being an administrative function to become a strategic responsibility that plays a critical role for meaningful contribution in the host communities where we mine..... In ensuring compliance to the inclusive procurement, supplier and enterprise development requirements of the latest Mining Charter, our governance frameworks have incorporated the latest Charter’s requirements..... Our procedures and work instructions are agile enough to promote economic development and commercial integration..... Our organisation has its own supplier and enterprise development function tasked with the development of local suppliers, to ensure they are procurable..... The supplier and enterprise development function is sufficiently equipped to accommodate local suppliers..... However, it must be noted that the pace and progress of this evolution to develop local supplier speedily has been slow.....”

The focus group respondents further asserted that: “..... Although there are still differences with regards to the Mining Charter III, my organisation has sought the first move advantage..... In the past 12 months we have had to implement the current requirements and hit the ground running..... This was done by building capabilities of small enterprises specifically local businesses and suppliers to ensure they can take up opportunities unlocked through local procurement regulations and inclusive procurement..... This was also implemented to safeguard our pool of local beneficiation where we can procure, in compliance with regulations..... These small local entities have been deemed competent to compete in inclusive procurement and compete with large enterprises.....”

The CO_2 responses did not differ from the ones offered at CO_1. In response to the above interview question, the majority revealed that: “..... The raised compliance targets with the inclusive procurement, supplier and enterprise development requirements on the latest Mining Charter have placed agonising pressure on our mining operations..... This is not only from inclusive procurement, supplier and enterprise development requirements but even in respect to the other elements..... In the past 12 months, all the changes related to the inclusive procurement, supplier and enterprise development have prompted our organisation to integrate the Charter’s requirements in the formulation of procurement policies, to promote a wide range of government objectives, mainly socio-economic development.....”

Other participants in the same case organisation postulated that: “..... The mining organisation welcomed the Mining Charter III’s Inclusive procurement, supplier and enterprise development as a critical project..... This is because the focus was already on women empowerment and youth as prescribed by the DTI..... Although Preferential Procurement has been the strategic direction for some time, we have been encouraged to ‘walk the talk’ with phrases such as, ‘radical inclusive procurement’ and ‘procurable suppliers’ in our procedures hence strong emphasis has been placed on Inclusive procurement, supplier and enterprise development.....” “During our supply chain meetings every person is given a chance to present what we call a compliance moment and this year, the focus is on inclusive procurement, supplier and enterprise development This has in turn formed part of our learning and development as we are expected to be agile to comply with our internal governance structures..... Non-

compliance is non-negotiable as most of the latest Charter's requirements are included in our key performance indicators by our senior management..... Even our senior management must comply with all these in their KPIs.....”

The remainder of the selected respondents posited that: “..... As management we are expected to be agile as a top-down approach in the mining organisation. Inclusive procurement, supplier and enterprise development, and localisation have formed part of the organisation strategy, especially for Supply Chain..... We are expected to ensure that this happens as a matter of urgency..... The current strategies are expected to align with the Mining Charter III requirements..... In the past 12 months, as part of development, SMMEs that formed part of the supplier and enterprise development have been given an opportunity to present their companies to the relevant category specialists..... Furthermore, the organisation is collaborating with large enterprises to ensure that they don't feel threatened by these initiatives and support SMMEs..... Governance and the organisation competition department have also outlined segments in procurement that will be purely meant for small local organisations without contravening the Competition Law.....”

The analysed findings suggest that CO_1, focus group, and CO_2 have been forced to be swift by employing perceptive governance structures to comply with the external environment requirements. Some of the notable changes have also forced the South African mining organisations to focus strategically on procurement as a means to adapt to national systems. Based on the primary QDA findings, progress has been made in the past 12 months and noted that both case organisations seek to promote local procurement across all their operations in an attempt to comply with the latest Mining Charter's requirement. That is, the pursuit of sustainable mining and government's imperatives.

Figure 6.2 illustrates the internal governance structures network diagram of the change management sub-themes that emerged during the interviews, observations from action research, and focus group discussions.

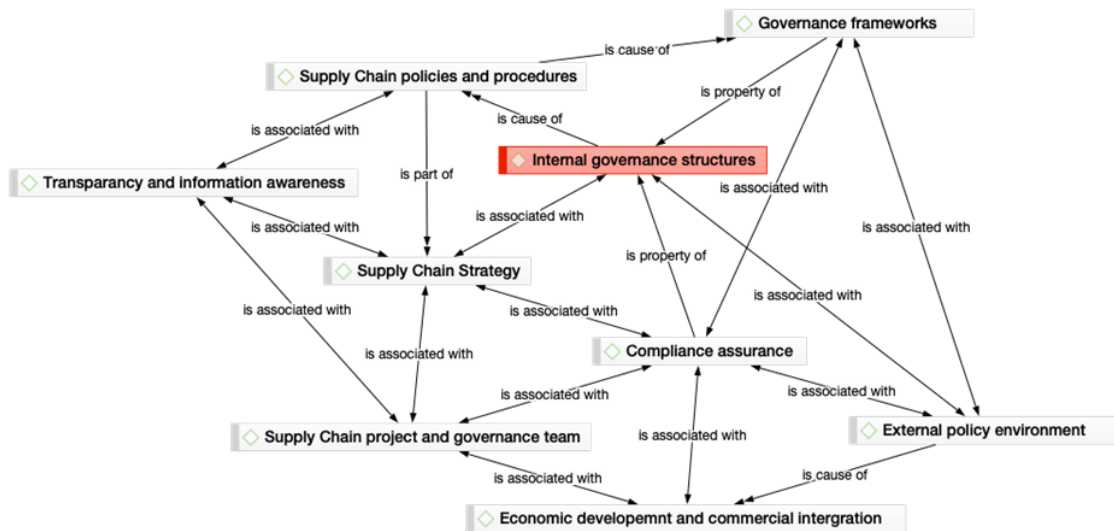


Figure 6.2: Internal governance structures

Source: Author's own illustration

6.2.2 Theme – 2: Internal and external communication

In the previous sections the findings revealed that the South African mining sector is characterised by constant change. Against the latter, scholars have testified the criticality of internal and external communication to the mining organisation to achieve the desired change. Efforts to communicate with employees and other external stakeholders on a regular basis can be carried out through a variety of channels, including face-to-face discussions with stakeholders and company newsletters or email communiques to provide information about new employees, roadshows or changes in benefit programs and to recognise employee achievements (Argenti, 1998; Fu *et al.*, 2012). This is not only limited to the implementation of the newly formulated procurement policies but also applicable to accessing local suppliers which are aligned with the latest Mining Charter's requirement on HDPs. When executing either internal or external communication, it must be clear and transparent to all the stakeholders.

To establish how the case organisations, access local Black-owned suppliers, the representative interview respondents were asked: *"How does your organisation access local Black-owned suppliers? Kindly elaborate."* This question was followed by another which stated: *"How does your organisation identify local black-owned suppliers?"* These questions were also visible in the focus group interview questions through the following question: *"In line with the prescripts of the Mining Charter 2018, how are*

compliant suppliers identified and accessed by mining organisations?” When responding to this interview question, almost half of the respondents at CO_1 specified that: “..... The organisation accesses local black-owned suppliers through the local municipality database..... We also have a supplier and enterprise development business unit whereby local SMMEs can register in the mining organisation’s database..... The mining organisation’s procurement and commodity management or strategic sourcing including public affairs business unit publishes most available tendering or procurement opportunities to the local communities..... These opportunities are marketed to the local communities mainly through roadshows, billboards, local radio stations, and adverts on local newspapers, focusing on informal settlements or townships around our mining operations..... Any registered supplier with the right ownership in line with the latest Mining Charter’s scorecard or alternative in line with the DTI scorecard is preferred, but to answer your question, we access them through the platforms I have stated above..... I must indicate that at times we make use of search engines such as google and most importantly word-of-mouth marketing..... There is also a dedicated office for walk-ins especially for local-owned small businesses to communicate directly with us on any opportunities that will be in the market in the near future.....”

When responding to the same question, a quarter of the respondents at the same case organisation further added that: *“..... Our mining organisation has formulated a screening process and selection criteria to suit its unique needs..... The goal of a client selection process is to determine the existence of an appropriate match between the prospective client’s needs and potential and the enterprise and development’s mission and resources..... Once the local SMMEs have successfully applied to the supplier and enterprise development programme, they will be invited to attend a talk series where the mining organisation specialist whereby they will be imparted with crucial business knowledge that will cover the basics of how to start a start-up to how to grow your business..... The local SMMEs will then present a pitch with a refined version of their business with the aim of being taken further into the programme..... From the pitches, they will be further selected and will be taken further into the development programme..... The local SMMEs will be personally mentored and consulted to refine their businesses further and will be given training on how to present to funders and commercial banks..... The local SMMEs will then be helped to identify funding*

streams available internally and externally to pitch to or help them strike key partnerships to help them grow their businesses.....”

The remainder of the sampled respondents at CO_1 conveyed that: “..... According to my knowledge, the supplier and enterprise development program allows for start-ups and small operating local businesses..... The identification criterion is that the SMMEs must be local Black-owned businesses..... It is vital that the appropriate Small, Mediums and Micro Enterprises (SMMEs) are selected as the calibre of talent within the programme that will be the greatest factor influencing overall success..... For existing businesses, they must be an enterprise with proven business viability and potential for growth..... The SMME owner must show willingness to learn and to engage in change..... They must have regular access to communication mediums such as email and cell phone and that the first preference will be given to local women or youth owned businesses.....”

The responses recorded at CO_2 hardly differed from those recorded at CO_1 and the focus group. When responding to the same question, the majority of the respondents at CO_2 claimed that: “..... The organisations have the means to access, identify and select suitable Black-owned suppliers for compliance to the legislative requirements – Mining Charter III scorecard as revealed in the literature and the findings. The mining organisation has a procurement readiness tool whereby small businesses can all apply through web-based initiatives systems or apply via the walk-in centre office..... The applicant will be invited to attend a talk series focusing on business basics of how to start a start-up to how to grow your business..... Then the local SMMEs will be required to present to a committee whereby they will undergo a filtering process for those with potential to become procurable suppliers, and only selected ones will go through a next round..... In this round, the mining organisation identifies the various areas the SMME needs support in, such as market linkages, finance or marketing..... They then identify if the mining organisation has the capacity to develop SMMEs with the identified need areas or it has the resources to outsource this need..... If they can assist, then the SMMEs get development..... From there, they are deemed fit for purpose..... Then, they go through the due diligence process and if ever they succeed in this process, they then undergo accreditation, from there and through to the mining organisation database where they can partake in the tendering process..... Where appropriate,

tenders will be set aside in part or in whole for the exclusive participation of BEE entities.....” To enable small businesses to participate, the mining organisation minimizes participation barriers by simplifying processes through regular engagement with the local SMMEs via due diligence and other procurement readiness tools.

The respondents in the focus group flagged that: “..... The procurement and category management departments of supply chain follow a more complex approach..... They will review the documents of all SMMEs interested in offering the service to the organisation..... Then the SMME will be requested to submit an executive summary, comprising of industry experience, importance of local job creation, contactable references and a sound level of current financing to the enterprise and development business unit by email or hard copy, after which, the mining organisation the mining organisation then conducts an internal review then conducts an internal review..... If the assessment is positive, a presentation will then be scheduled, whereby the prospective company is required to deliver a 10-minute PowerPoint presentation covering the business plan..... Once successful at this stage, the local SMME will be asked to present their business idea to a success committee, which meets one to two times per month and consists of industry experts..... If the local SMME is deemed to have potential... and with workable gaps, then the small business will proceed to the next phase whereby development program will be designed and executed to improve the gaps of the SMME..... The program will also comprise of key performance indicator..... For SMMEs already offering services to the mining organisation, a procurement specialist will refer the supplier to the supplier and enterprise development A respondent further commented that: “..... The selection criterion of a procurable local SMMEs for supplier and enterprise development is highly dependent on the complexity of the services or goods required by the mining organisation..... It is not a one size fits all approach..... As such, it is absolutely critical that such a process be thorough, methodical and strategically designed..... Depending on the complexity of the scope then the smaller targeted organisation rendering services or supplying goods in line with the Charter’s requirements will then be referred to enterprise and supplier business unit for development.....”

The suppliers are required to work with the mining organisations to improve local procurement outcomes across the mining organisations’ supply chains. To achieve the

latter effectively, communication is essential. Thus, communication is either internal or external which should be both symmetrical and transparent simply because it is characterised by “*trust, credibility, openness, relationships, reciprocity, network symmetry, horizontal communication, feedback, adequacy of information, tolerance for disagreement, and negotiation*” (Grunig & Grunig, 1992:558). This especially applies when dealing or accessing local Black-owned suppliers in the host communities where the mining operations are located. Effective communication is a key feature to effect the desired change in the identification and selection process of Black-owned suppliers. Furthermore, it creates supply chain visibility, including strategic supply chain process alignment. The internal requirements related to supply chain, as at the case organisations must be communicated to the targeted Black-owned suppliers to equip the suppliers with relevant information. This in turn will trigger meaningful participation in the main economy by those who had been neglected and guided by the latest Mining Charter. Figure 6.3 illustrates the change management communication network diagram of the change management sub-themes that emerged during the interviews, observations from action research, and focus group discussions.

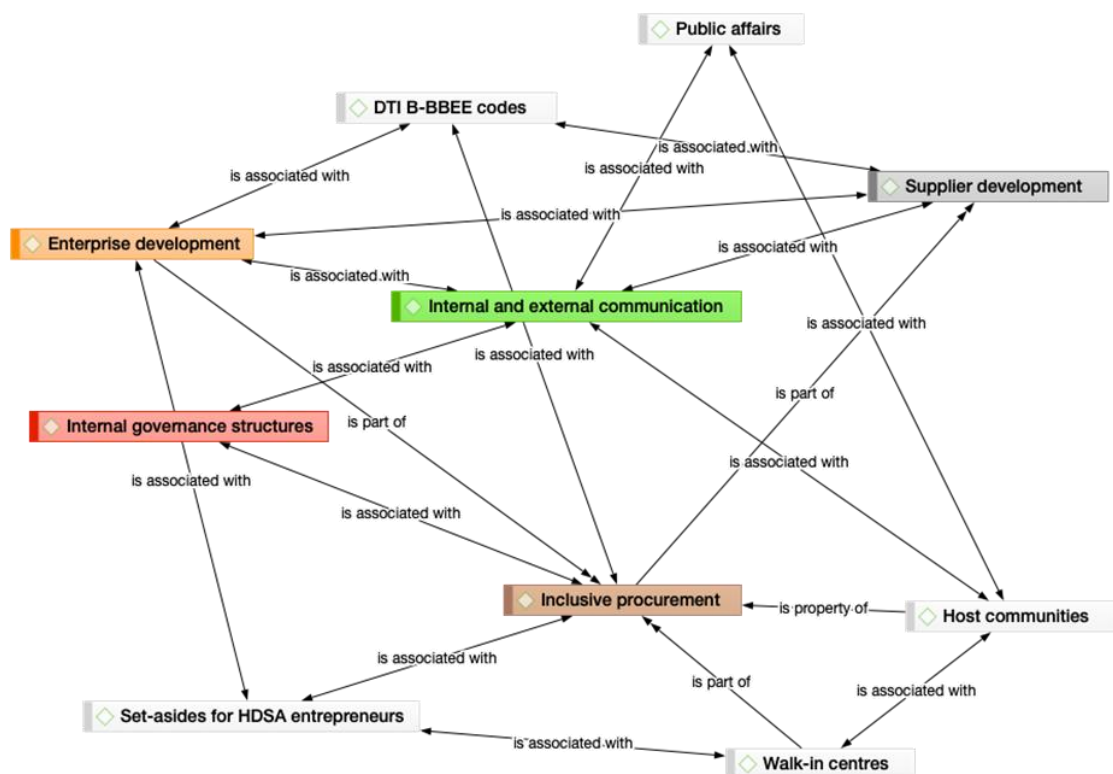


Figure 6.3: Internal and external communication

Source: Author's own illustration

6.2.3 Theme – 3: Inclusive procurement

One of the key findings from the respondents at the case organisations was reference to inclusive procurement. Most of the respondents quoted the latest Mining Charter and posited that: *“In order for the case organisations to achieve inclusive procurement, they must ensure that 21 percent of their total spend for the mining goods procurement including 50 percent of procurement spend on services, is channelled to the South African based companies that qualify as Historically Disadvantaged Persons Owned and Controlled Companies.”* In addition to the foregoing statement, the South African mining companies must further *“procure 44 percent of mining goods and 10 percent of mining services from South African BEE compliant companies. 5 percent of South African manufactured goods must be procured from Woman or Youth owned and controlled companies. The services sourced from South African based companies must equate to 15 percent from Woman-owned and controlled companies and 5 percent from Youth owned and controlled companies”*.

Most of the respondents repeatedly cited the emergent theme ‘inclusive procurement’. This theme emerged when the respondents were asked: *“What is your understanding of inclusive procurement?”* followed by *“How is inclusive procurement implemented in your organisation?”* followed by, *“In your opinion, if inclusive procurement had to be implemented differently, how would you design the strategy?”* Several verbatim responses were detailed from the respondents at CO_1, CO_2 and focus group in response to these investigative questions. At CO_1, half of respondents affirmed that: *“..... Inclusive procurement is the proactive business process of sourcing products and services from historically disadvantaged suppliers..... This process helps to sustain and progressively transform a company’s supply chain thus quantitatively reflecting the demographics of the community in which it operates by recording transactions with diverse suppliers..... This is a requirement as indicated in our responses to other questions..... Inclusive procurement is about ‘levelling the playing field’ to give underrepresented businesses the same opportunity to supply goods and services..... In order for my employer to comply with the Charter’s requirements, we have inclusive procurement targets integrated into our policies and procedures..... The governance team has set stringent guidelines for the achievement of inclusive procurement targets..... Our approach towards achieving inclusive procurement*

targets is championed by the supplier and enterprise development team that we have collaborated with without fail..... They work very closely with the host communities to ensure they are not overlooked..... Also, in our approach, where reasonably applicable, we divide large categories of supply into component streams to allow wider competition and to provide an alternative to joint ventures or subcontracting for niche suppliers..... For commodities where targeted SMMEs may provide price quotes for services or delivery on behalf of the larger supplier, we ensure that the procurement strategy includes a clause to identify these value-added resellers, rather than leaving their selection to chance or arbitrary preference..... This approach has brought about wonderful results..... This approach has resulted in fewer cases of community unrest where we mine.....”

The responses from the remaining respondents at the same case organisation were similar when they remarked that: *“..... Inclusive procurement involves ensuring diverse suppliers are considered any time a company purchases goods and services from an outside supplier..... “Diverse” suppliers generally include suppliers and small enterprises that are at least 51 percent Black-owned, operated, and controlled by minority, women, disabled, or namely HDP individuals..... It is a proactive business process that seeks to provide all suppliers equal opportunities..... It aims to create opportunities for local suppliers to provide high quality goods and services to support our mining activities..... Including small, medium and micro enterprises in our value chain is a critical priority. This serves to support our ambitions in creating thriving and fulfilled communities while securing our right to mine..... Increasing our local procurement efforts means more money, skills, and opportunities available to our host communities..... With the preliminary introduction that the mining organisation conducted we noted cost savings, more local job creation and stimulation in the local area..... Businesses that don’t take an inclusive approach to procurement could end up with rigid supply chains brimming with inefficiencies, high costs, reactive business approaches, and lacking competition and innovation and losing their social license to operate.....”*

The focus group respondents indicate that: “..... Though we have a dedicated supplier and enterprise development team, through our governance structures, the organisation has developed an inclusive procurement strategy whereby local SMMEs form part of the

sourcing process..... Through unbundling contracts, this has since created a level ground for all tendering suppliers as they will be able to outline if ever, they can be able to offer the services of goods..... Through that, they will not be judged unfairly as in the case of extensive scopes..... The strategy places emphasis on creation of ring-fenced opportunities for local SMMEs to compete amongst themselves..... The strategy promotes use of preferential pricing model and simplified tendering including contracting through scope clarification processes..... Communicating opportunities well in advance has allowed enough time for targeted suppliers to conduct an informed market analysis with regards to our organisational requirements..... In our inclusive procurement approach, we offer early payment terms and during contract roll-outs we take time to introduce our suppliers to the entire business units to familiarise both end-user and the supplier to ensure alignment.....”

Indirectly, the Mining Charter III implementation has standardised the approach that the case organisations interpret and implement inclusive procurement. This is an interesting observation because the respondents raised similar views although their supply chains operated differently. When responding to the earlier interview questions posed at CO_1, the majority of the respondents at CO_2 highlighted that: “..... *Inclusive procurement refers to local SMMEs in purchasing goods or services with the focus on HDP..... This includes host communities, indigenous and previously disadvantaged communities, as well as at provincial, national and regional levels where appropriate..... Inclusive procurement remains the most promising opportunity to involve in the mainstream value chain..... As a mining organisation we also pursue development outcomes through local procurement at multiple levels, including host communities, indigenous and previously disadvantaged communities, and at provincial, national and regional levels..... In our pursuit to comply with the Mining Charter’s requirements, our mining organisation has fleshed out and formulated a clear vision of what the supplier and enterprise development function is supposed to accomplish..... Briefly, this is to provide direction, stretches employees and challenges them to work toward declared goals of sustainable inclusive procurement..... Although the development of corporate visions is often the pre-serve of top management, getting individuals such as procurement specialists involved in the process has been amazingly helpful..... In our inclusive procurement approach, as with other supplier and enterprise development programmes, we monitor and asses our local supplier periodically to close-out any*

identified gaps for them to remain competitive..... To allow participation of local suppliers to compete in our sourcing processes, we develop specifications based on functional requirements rather than brand or technical attributes..... We strive to develop achievable environmental and standards certifications that reflect true the mining industry's benchmarks as well as the actual requirements of the product or service..... In our approach of inclusive procurement, we go an extra mile to ensure that the administration and reporting requirements do not present undue costs for targeted local suppliers with limited resources..... Payment cycles and price refreshes, where applicable, have designed to be fair, at intervals that minimise carrying costs by targeted local suppliers.....”

In their responses to the interview question, the remainder of the respondents at CO_2 asserted that: “..... Inclusive procurement is an all-inclusive process of procurement of goods or services..... Promoting inclusion in supply chain requires a procurement process that is friendly to all..... This being said, a significant portion of our inclusive procurement approach has removed common barriers to tendering such as excessive form-filling, minimum turnover requirement and other red-tape..... The way it is currently designed, we would not change the present implementation initiatives..... Our inclusive procurement further, emphasises on outreach programmes..... Once SMMEs with potential have been identified, our vision shifts beyond the development but towards developing a long-term relationship..... If we are going to have minorities in our value chain then it must be more than providing them with an opportunity, we actually have to start working with them and understand what it would take to build a long-term relationship..... The current procurement policies are reviewed continuously to accommodate the all-inclusive procurement requirements of the Mining Charter III..... To accommodate all, our focus is always on writing concise documents that avoid repetition and we use plain, easy-to-understand language. Where translation is needed, we always invite the local suppliers for further clarification sessions..... We strive to tender with self-contained documents with a limited number of attachments and reference materials which are easier for smaller suppliers to respond To ensure a higher response rate during tendering processes, we clarify the actual insurance, liability, regulatory and security requirements necessary to mitigate the risks the contract may present so as to avoid burdening smaller local suppliers with the excess costs and paperwork of overly stringent requirements..... Ultimately, when approaching

inclusive procurement our diversity lens needs to be applied to all organisational processes so that inclusion becomes a mind-set of simply the way business is carried out within the organisation.....”

Figure 6.5 illustrates the inclusive procurement network diagram of the change management sub-themes that emerged during the interviews, observations from action research, and focus group discussions.

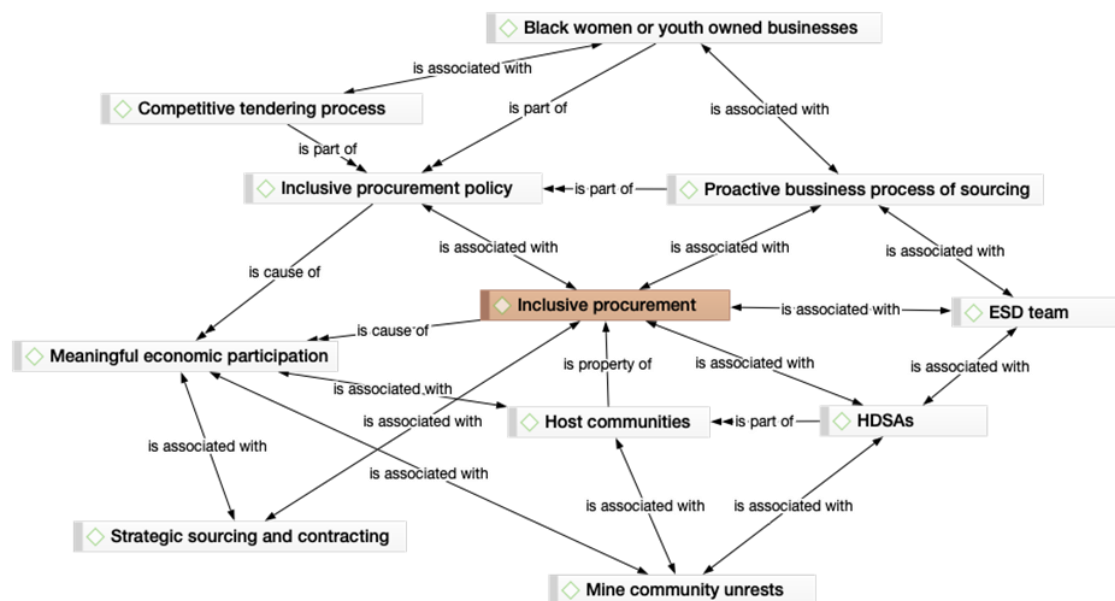


Figure 6.4: Inclusive procurement

Source: Author’s own illustration

6.2.4 Theme – 4: Supplier and enterprise development

The notion of supplier and enterprise development was thoroughly examined in the chapter on literature review. The key QDA findings indicated that the dominant theme in this study was 'business and supplier development.' To meet the needs of mining organisations seeking to enhance their livelihoods, the specified supplier and enterprise development programs integrate preferential procurement, supplier diversification, supplier development, and enterprise development programs. In other words, supplier and enterprise development is part of South Africa's B-BBEE National strategy to accelerate economic change. The above assertions were obtained from the respondents who were chosen: *“What is your understanding of supplier and enterprise development?”* which was followed by *“How is supplier and enterprise development*

currently implemented in your organisation? In your opinion, if supplier and enterprise development had to be implemented differently, how would you design the strategy?" The CO_1, CO_2, and focus group respondents expressed varied views concerning supplier and enterprise development when responding to these interview questions.

For example, the majority of the respondents at CO_ 1 postulated that: "..... *In our organisation, Enterprise development is described as the act of investing time and capital in helping the local business establish, expand or for that matter to participate in our supply chain and the mainstream economy actively..... Enterprise development helps entrepreneurs earn a living; it helps them out of poverty; and leads to long-term economic growth for themselves, their families and their communities..... Meanwhile, we describe SD as the process of directly working with specific entrepreneurs that are in line with our business needs to boost their performance for the benefit of our organisation and other organisations..... This leads to advancements in the total added value from the entrepreneurs in question with reference to B-BBEE scorecard, product or service offering, business processes and performance, improvements in lead times, and delivery..... Supplier development not only improves knowledge and collaboration sharing amongst business networks but improves responsiveness to market dynamics..... Moreover, it reduces inventory costs for companies, time for sourcing information, and time to market a product..... Furthermore, it enables the development and manufacturing of innovative designs and improved quality and consistency of products..... South Africa acknowledges entrepreneurship as a stimulus for growth, and Supplier Development provides small businesses with access to various opportunities through an improved B-BBEE status, which ultimately ensures the sustainability and success of such businesses..... By being inclusive to enable small businesses to participate in our supply chain, overall, South African manufacturers can realise increased supply chain competitiveness, product innovation through interaction with prospective entrepreneurs, along with an improved brand image with their shareholders, government and within their communities..... In addition, they can profit from advanced market intelligence through closer supplier relations, increased market share and loyalty, and access to public/private sector business through achieving BEE compliance..... In this mining organisation, supplier and enterprise development remains the function of the supplier and enterprise development department which is aimed at ensuring increased participation of small Black-owned business in the*

South African supply chains..... As commented before, our organisation actively identifies Black-owned and Black women-owned businesses. We keenly develop and train where necessary, for enterprise development opportunities and participation in the overall value chain..... Finally, we wouldn't change much from a change perspective as the current supplier and enterprise development programme is effective and efficient. However, we would introduce a section on the SMMEs development plan that deals with generational legacy..... Whereby the skills are passed on within the SMMEs families..... ”

The other respondents at CO_1 concluded by declaring that: “..... Supplier and enterprise development is a means for large companies to contribute to black-owned suppliers within their supply chain and black-owned businesses..... Enterprise development is, the act of investing time and capital in helping people establish, expand or improve businesses..... Supplier development aims to increase the competitiveness, capacity and capability of the South African supply base where there are comparative advantages and potential competitive advantages of local supply..... Our supplier and enterprise development initiatives encourages us in the supply chain environment to consider the long-term benefits linked to forming partnerships with local B-BBEE suppliers that are competitive, increase spending on them as opposed to international import through enhancing local supplier development programs so as to ensure fruitful, sustainable relationships and transactions between such suppliers and us as a mining organisation.....” “To ensure the achievement of the supplier and enterprise development initiatives, targets are set by senior management for local supply procurement, and supplier and enterprise development procurement capacity and capability plan has been rolled-out to ensure development of local supply networks in the host communities.....Our organisation strongly encourages local suppliers with potential for growth and development to ensure growth and partnerships, which in turn increases competitiveness in the market and job creation and skills development..... In closing, as a mining organisation most of us feel that we are not specialist in supplier and enterprise development..... We tend to focus on non-strategic activities instead of supporting operations and ensuring that our KPIs are met..... The programme is taking most of our time as we have to form part of the committees and adjudication processes, and this tends to create a backlog on our day to day activities..... This department needs to be outsourced and then handed over with training to the current

staff..... So that they understand fully what is expected with limited input from category management.....”

Interestingly, the views which were voiced at CO_2 hardly differed from those that were raised at CO_1. When responding to the same questions posed to the respondents at CO_1, almost a third at CO_2 revealed that: *“..... Supplier and enterprise development involves growing small and medium-sized black businesses by providing finance, support, and assisting business development and sustainability. By investing in a programme for supplier and enterprise development, it uplifts the quality of entrepreneurs and all the people they hire..... These programmes lead to long term economic growth..... Supplier development is the process of working with certain suppliers on a one-to-one basis to improve their performance for the benefit of the buying organisation, leading to improvements in the total added value from the supplier in question in terms of B-BBEE rating, product or service offering, business processes and performance, improvements in lead times and delivery.....”* *“In this mining organisation, we treat all of our suppliers as strategic partners, as such our cross-functional collaboration including a commitment with supplier acknowledgment, direct investments into the operations of prospective B-BBEE suppliers, effective communications in between the buyer and supplier firms, and a secure multiple contact point are the success factors of our supplier and enterprise development execution to improve performance and capabilities of our strategic partner in our mining operations.....We would keep the structure but have the successful SMMEs form part of the adjudication process and mentor new suppliers and enterprises as part of community development..... This would require close monitoring and supervision, but it will also form part of stakeholder relationships and assistance from our side..... With realistic and measurable key performance indicators and reporting from both organisations.....”*.

In responding to the same interview questions, the focus group respondents also commented that: *“..... Supplier and enterprise development consist of monetary and non-monetary, recoverable and non-recoverable contributions actually initiated in favour of a beneficiary entity by the mining organisation and is measured by DMRE with the specific objective of assisting or accelerating the development, sustainability and ultimate financial independence of the beneficiary..... Supplier and enterprise*

development programmes are an effective way for your organisation to contribute to economic transformation in the country..... It's about skills transfer, community development, upliftment of the people and surrounds in which we operate..... Enterprise development creates an enabling environment conducive to the development and growth of SMMEs and co-operative enterprises and provides a broad range of business development support services..... Supplier development is about generating a new capability or competency in supplier.....” “By developing suppliers, organisations can generate competitive advantage..... This can manifest itself in a new product for sale, a new streamlined process or the implementation of a new standard.....” “In this organisation, we approach supplier and enterprise development through an incentive-based approach. For instance, since we have been supporting supplier and enterprise development for some time, we have learned that incentives play a vital role in developing the motivation and interest of B-BBEE suppliers towards their capabilities and competence including awards, cost savings, consideration for increased volumes and other applicable incentives we have developed..... Therefore, our supplier and enterprise development approach support supplier and enterprise development supplier incentives that we strongly believe are the key motivators for smaller suppliers to improve their performance and in building strong and long-term relationships..... At the end, we require optimal suppliers of those we have on-boarded in our supplier and enterprise development programmes.....”

The remaining third of the respondents revealed their understanding of supplier and enterprise development and how it was currently implemented in their organisation by elucidating that: “..... Enterprise development seeks to assist and accelerate the development, sustainability and ultimate financial and operational independence of SMEs through financial and non-financial contributions made by the mining community..... It is mainly about mentoring and hand-holding, helping entrepreneurs to grow and mature..... Supplier development is the process of working with certain suppliers on a one-to-one basis to improve their performance for the benefit of the buying organisation..... It is closely associated with supplier relationship management and partnering..... In our supplier and enterprise development programmes, we make use of proactive methodologies which promote direct involvement.....” “We ensure that suppliers enrolled in our supplier and enterprise development programme are provided with capital and equipment investments to ensure their long-term existence.....

However, we at times partially acquire the enrolled suppliers' equity and operations which allow us to further invest in their human and organisational resources in an attempt to develop suppliers' performance and competences..... Furthermore, continuous site visits allow our supplier and enterprise development suppliers to focus on the required quality by our mine stakeholders and at the same time enhance the process capability....." "We believe that these efforts are really important in supplier development actions which lead to enhance the performance..... Lastly, we would direct the strategy to focus on self-sustainability and competitiveness instead of creating more wishful thinking for the upcoming SMMEs..... This is simply because often, after the SMMEs have acquired the contract, they tend to focus only on that and not on expansion or the bigger picture and after 5 years they struggle bagging for more business from the mining organisation....." Clearly, both case organisations and the focus group discussion support the development of commercially viable local businesses which meet their requirements. In their supply chain processes, sound commercial principles exist which underlie almost all their transactions. The majority of the respondents are comfortable with how supplier and enterprise development is presently implemented although they provided further recommendations to be included in the case organisations' supplier and enterprise development programs. Figure 6.4 illustrates the supplier and enterprise development network diagram of change management sub-themes that emerged during the interviews, observations from action research, and focus group discussions.

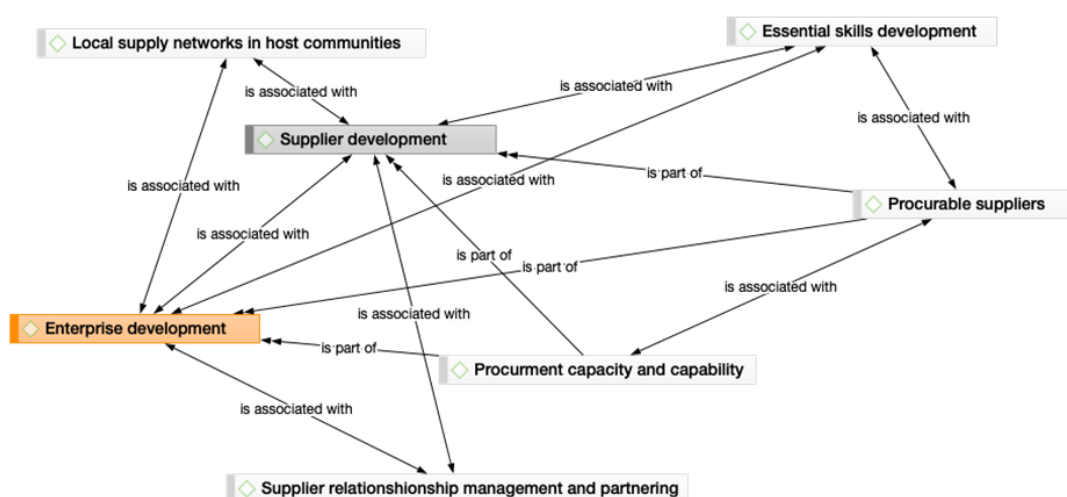


Figure 6.5: Supplier and enterprise development

Source: Author's own illustration

6.2.5 Theme – 5: Barriers to inclusive procurement

Despite South Africa's mining sector's unparalleled economic success and poverty reduction, income disparity is growing. The DMRE envisions that involvement of traditionally disregarded small firms, as defined by the Mining Charter III, may play a vital role in reducing this difference. Participation of inclusive SMMEs in the mainstream economy has shown to be a key driver of economic growth and development in other developing nations (Ihua, 2009). Scholars argue that inclusive SMME involvement is a true vehicle for achieving national economic goals such as job creation, economic innovation, poverty reduction, and the development of competencies such as indigenous technology at cheap investment costs (Macfarlane, 2018). Problems emerge when bringing newly acquired SMMEs Black-owned firms into mainstream mining operations mainstream value chains, as addressed earlier in the examined literature from the body of knowledge and experience.

To achieve the objective in this study, it was appropriate to ask the target sample at the case organisations the following questions: *“What common problems arise when introducing a newly acquired local black-owned business to the mining operations?”* This interview question was followed by *“Regarding the response in question number 11, did your organisation apply mitigation measures?”* When these questions were posed during the semi-structured interviews, ‘barriers to inclusive procurement’ emerged from the primary QDA as one of the dominant themes. In responding to these investigative questions, at CO_1, the first half of the respondents reported that: *“..... The biggest challenge is having total support of management who understand the value that inclusive procurement brings to the process..... The success of any supplier and enterprise development program depends upon the level of support it receives from the top..... In order for inclusive procurement initiatives to succeed, the SMMEs have to get a buy-in from all stakeholders with the backing of upper leadership..... The challenge lies in the fact that it’s not always easy to get higher-level executives to see the value in embracing SMMEs..... In some cases, they may assume that the push for greater diversity is nothing more than a fad..... Procurement teams must get stakeholders such as end-users and operations to see the financial benefits that the policy and sourcing strategy can bring..... If you can show them how it will position the mining organisations for success in the years to come, they will more likely be on board with*

your initiative..... To ensure an all-inclusive approach that accommodates our newly acquired local Black-owned small businesses, our payment terms have been revised to suit them, on receipt of valid invoice we only take less than seven days to pay their invoices..... Before, the payment terms were generic..... As one of our cash certainty strategies, we used to have lengthy payment intervals after contract award which required significant interim cash flows and financing costs – these were unfavourable to the smaller suppliers in our value chain.....”

The remaining half of the respondents also revealed resistance towards accepting the introduction of Black-owned suppliers. For example, the respondents highlighted that: *“..... Among other problems we face with the introduction of Black-owned suppliers into our value-chain are in-house..... This is because of lack of skills for preparing good bids, cost of tendering and excessive documentation requirements, as factors which discourage targeted Black-owned suppliers’ participation in our procurement..... Though we have addressed this issue by appointing technical personnel to draft technical requirements for tenders, we still experience tender related issues whereby some of the smaller local businesses do not fully understand the entire tender requirements on their end..... On the other hand, this problem stems from the fact that certain end-users at the operations ask tenderers to provide performance bonds and other types of bid warrantees, which are difficult for the targeted Black-owned SMMEs to meet..... Other Black-owned SMMEs have revealed that they are repeatedly made upset with the complex paperwork requirements for tenders published..... Though, favourable payment terms are now given to the SMMEs, we still are faced with suppliers that complain about unsuitable payment terms..... In this mining organisation we do not pay on delivery as some request us to do so. We pay within seven days on receipt of a valid invoice..... Although there are problems, each leader of each supply chain stream is responsible for ensuring we have the right policies, processes and awareness in place to continually evolve and drive our approach to diversity and inclusion, while ensuring we remain aligned by sharing best practices across the organisation..... Without a doubt, local SMMEs in the host communities collectively not only employ the majority of workers, but are also a critical source of innovative processes, products, and services that are key engines of economic growth, job creation, and competitiveness.....”*

The focus group respondents further asserted that: “..... Like in other mining organisations, the rollout of newly appointed Black-owned suppliers is not free of problems..... The newly appointed suppliers, of which mostly come from our supplier and enterprise development programme fall under a ‘special risk group’, which is commonly typified with vulnerability, insufficient funds, dependence on a few clients, and a lack of collateral or credit history..... For these reasons, there tends to be resistance to accept these suppliers in our value chain..... These suppliers must always prove their capabilities beyond reasonable doubt, and it is a lot of work for us in the Supply Chain department..... In other words, they require special support to survive in any competitive market..... Against this, we have embarked on efforts to promote Black-owned small businesses to participate in our Supply Chain, not only in peripheral but also in meaningful activities..... For these reasons, we had to review our procurement policies to accommodate inclusive participation of Black-owned small businesses in this mining organisation..... Moving on, one of the challenges that the rollout of the revised policies addressed was the difficulties in obtaining information about contract opportunities by the targeted Black-owned businesses, as well as removing the red-tape linked to the targeted Black-owned businesses’ inability to meet the prequalification criteria and insufficient time to respond to our tenders..... Our tendering processes are way simplified than before..... Where set-asides are applicable we consider them by unbundling the scope of works further..... We now have excellent governance and communication structures (internal and external) to tap into the targeted market for compliance purposes including adding value in the host communities.....”

Problems also emerged at CO_2 when introducing the newly acquired local Black-owned business which conforms with the Mining Charter III’s requirements to operations which are common. When responding to the current semi-structured interview question posed at CO_1, the majority of the participants at CO_2 stated that: “..... From time to time, we do experience problems related to introducing newly acquired local Black-owned SMMEs..... One of the reasons for these problems is that end-users have most of the time developed working relationships with first generation suppliers..... This in my opinion is an issue all on its own..... Whenever doors are opened for small local Black-owned SMMEs and are introduced into operations, the same end-users in this organisation require unjustifiable unreasonable track records of work with industry peers..... Where will they get such if we do not provide such experience to them?

..... The end-users themselves end up setting these newly acquired small local Black-owned suppliers for failure by frustrating the living souls out of them..... This has led to a growing sense of frustration from some local Black-owned suppliers who enter our value chain with a high expectation to fulfil contractual obligations..... This frustration is further propelled by supply volumes that end-up being cut to accommodate first generation suppliers..... They motivate this by quoting the economies of scale reasoning and secondly on the administrative cost difference between managing many small vendors as opposed to managing a few first-generation suppliers..... Hence we are now ensuring stringent compliance to set-asides conditions.....”.

The remaining participants at CO_2 responded to the semi-structured interview questions by adding that: “..... Indeed, we do experience hurdles related to the introduction of newly acquired Black-owned SMMEs..... Some of the supply chain colleagues, including end-users, come forward with an uninformed notion that these suppliers are expensive..... In every outline agreement we conclude, we fist benchmark with applicable indices and standards without fail..... Hence ‘uniformed..... Furthermore, convincing internal stakeholders to move away from ‘brand-name’ suppliers are challenging at times in this mining organisation..... We also have since noticed that most of the time resistance from end-users is triggered by the lack of management experience and training and this tends to impact newly acquired local Black-owned SMMEs negatively..... They themselves (newly acquired local Black-owned SMMEs) end-up not fully coping with the range of responsibilities they have been appointed for..... In a wider context, some of the newly acquired local SMMEs experience challenges in appointing technically competent personnel because they fiercely compete for such skills with large multinational large corporations..... This remains a higher hurdle to cross to remain competitive..... Lack of business expertise is an additional noteworthy challenge we tend to face..... Most of these newly contracted small local Black-owned businesses are competent in performing their contractual obligation but invoicing remains a challenge for most of them..... We have recently added a team of invoicing clerks to assist suppliers on all invoicing-related queries..... To ensure success, our main goal at the end of the day is to improve competitiveness and reduce discrimination practices in general in attempting to iron out all the hurdles which come to our attention.....”

It is evident that the two selected case organisations do indeed experience problems related to rolling out Black-owned SMMEs. However, they have developed mitigating strategies along a spectrum of identified problems which exist in both sampled case organisations. These mitigating strategies are outwardly not disruptive to the overall mining operations although resistance is prevalent. Both selected case organisations' priority is to develop a more local Black-owned SMME-friendly approach that can stimulate inclusive procurement in order comply with the Mining Charter III. Doing so can result in advanced competition for mining tenders, resulting in better value for money and efficiencies for the selected mining organisations. Figure 6.6 illustrates the barriers to inclusive procurement network diagram of the change management sub-themes that emerged during the interviews, observations from action research, and focus group discussions.

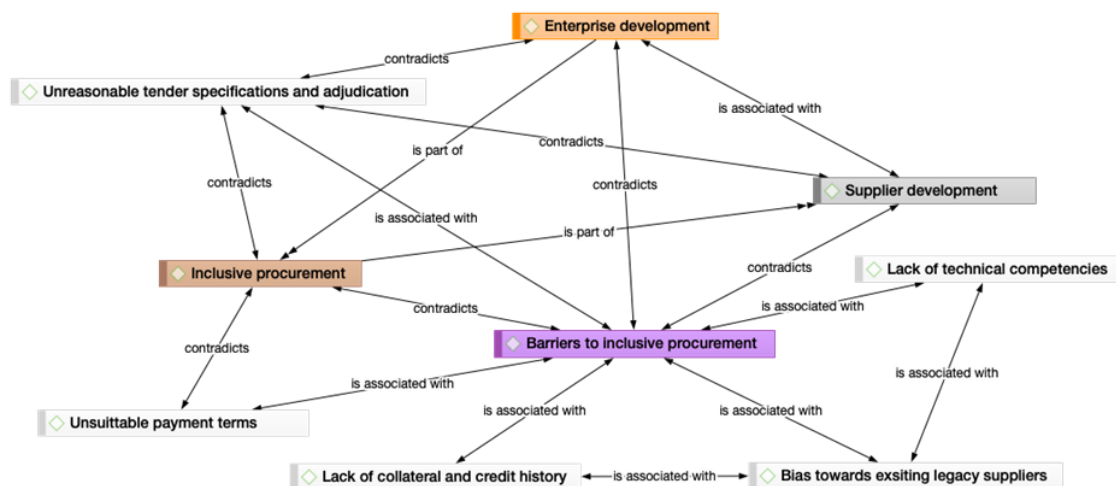


Figure 6.6: Barriers to inclusive procurement

Source: Author's own illustration

6.3 CONSOLIDATED ANALYSIS ON CHANGE MANAGEMENT

With the government putting growing pressure on the South African mining sector to change, the current Mining Charter III is critical in attaining the desired inclusive and meaningful participation of HDPs in the significant value chain of mining operations. As such, the selected mining organisations have had to adapt to the requirements prescribed by the Mining Charter III to retain the mining rights. Under change management, the dominant themes were internal governance structures, internal and external communication, inclusive procurement, supplier and enterprise development, and

barriers to inclusive procurement. The association network diagram for these resultant themes is illustrated in Figure 6.1. These dominant themes comprise of sub-themes as illustrated previously.

To ensure compliance to the Mining Charter III in the selected mining organisations, internal governance structures have been developed and implemented to safeguard those appropriate resources are in place and the noted intercalated work streams, work seamlessly on agreed priorities, progressing to agreed time scales, and deliver various required elements as prescribed by the Charter. At the heart of the internal governance structures is internal and external communication by the cross-functional teams tasked with achieving the strategic direction of the selected mining organisations. The case organisations in this study were established with governance, an appropriate structure to promote inclusive procurement and supplier and enterprise development. However, to enable these, the foregoing themes face barriers from the complex requirements of the Mining Charter III, which require effective change management as noted from the QDA findings.

Undoubtedly, the lack of adequate internal governance structures accompanied by internal and external communication processes would likely influence that the goals of the implementation of the Mining Charter III will not be met. Benefits linked to the charter have not been realised yet, which could threaten the mining rights of the selected organisations. These organisations are actively involved with other stakeholders within the mining sector in permute of a realistic unified approach to implementation. To exemplify the latter, the QDA findings identified confusion around reporting templates. Hence, they meet regularly at the Minerals Council South Africa as miners to standardise the reporting templates in collaboration with the DMRE. For these reasons, the close association between internal governance structures, internal and external communication, inclusive procurement, supplier and enterprise development including barriers to inclusive procurement is being utilised to foster transformational change towards complying with the Mining Charter III. Associating these themes under change management creates leverage and scale, manages risk linked to maintaining the mining rights, and facilitates conformance to the legislative environment.

6.4 CHAPTER SUMMARY

In summary, this chapter presented the QDA findings. Change management was revealed as the primary theme supported by other resultant dominant themes. Although internal governance structures, and internal and external communication, exist within the selected mining organisations in an attempt to stimulate inclusive procurement, supplier development including enterprise development, an equal opposite resistance for implementation has been noted. Consequently, they are need for the implementation of effective change management strategies at the selected case organisations. The QDA findings suggest that to integrate inclusive procurement, supplier and enterprise development, the observations outlined in the consolidated analysis must be considered and effective change management in the mining operations at the selected case organisations. The final chapter on the presentation of results for strategy as the main theme is presented and discussed in the next chapter.

CHAPTER 7

PRESENTATION OF RESULTS: STRATEGY

7.1 CHAPTER OVERVIEW

To complete this study appropriately, it was necessary further to extend the presentation of results in this chapter. This chapter presents and discusses the qualitative results from the observations and semi-structured interviews at the two case organisations, including focus groups, as expounded upon in the research methodology chapter. The findings of this study, as in the previous two chapters, are also discussed in light of the previous research findings and reviewed literature, where reasonably applicable. The selected participants' experiences and feedback added insight to the semi-structured interview questions posed in this study.

The primary QDA findings gathered at the two case organisations are presented similarly to in Chapters 5 and 6. Furthermore, the resultant dominant themes and the sub-themes, are discussed. The presentation also includes an illustration of the quotations to elicit comprehensive significances from emergent themes. The relationship network diagrams of codes-to-codes and quotations-to-quotations substantiate the primary findings of the main theme of this chapter namely: 'strategy'. The consolidated analysis of the findings related to this chapter is discussed in the second last section of the chapter. A consolidated analysis of the presentation is further analysed in relation to the objectives of this study as outlined in Chapter 1. The presentation of the research findings of the main theme 'strategy' is now expounded.

7.2 PRESENTATION OF RESEARCH FINDINGS FROM THE DATA

The data analysis approach outlined in Chapter 5 was expounded on the QDA process, which was concluded by describing thematic relationships and patterns of relevance to this study. The process further outlined the emergent dominant themes and associated sub-themes utilised as a basis for reasoning, argumentation, deliberation, contemplation, and syntheses for thick description of the phenomenon. Figure 7.1 is an abstract representation of the dominant themes which emerged from the gathered primary QDA at CO_1 and CO_2.

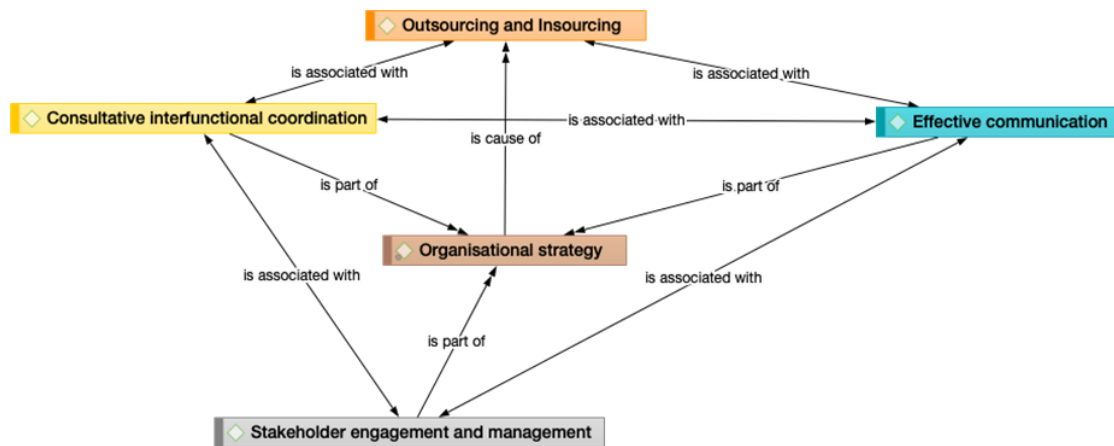


Figure 7.1: Association diagram of dominant theme ‘strategy’ network diagram

Source: Author’s own illustration

7.2.1 Theme – 1: Organisational strategy

The presentation of findings in the previous chapters revealed no “one-size-fits-all” inclusive approach by the mining organisations though governed by the Mining Charter III. However, legislative levers, income sources, corporate motivations, historical precedents, and tactics to promote inclusive procurement varied from one mining organisation to the next. Both example organisations try to go above and beyond compliance by implementing inclusive procurement and contracting practices in their operations. The case organisations adopted various strategies in their procurement processes to realise increased inclusion of those categorised as HDPs under the Mining Charter III.

However, according to Vorley and Thorpe (2014), inclusive procurement policies and their realisation in practice is disconnected. Somehow, the strategic levers of adoption of best policies to integrate inclusive procurement may not guarantee that the developed policies will either be enforced or implemented effectively. The participants at the case organisations were asked: *“Do you feel your organisation is doing enough to promote local spend within the mining operations? Kindly elaborate your response.”* It was noted that there are several challenges on both the demand and supply side of the mining operations when attempting to promote local spend.

When the respondents at CO_1 responded to the above semi-structured question, approximately a third revealed that: *“..... Honestly, since the promulgation of Mining*

Charter III, our mining organisation has invested significant efforts and resources in promoting local spend, especially in the host communities where we mine..... Though our policies and procedures are good and well developed, our supply chain operations still suffer from underdeveloped tools and processes for proactively monitoring the compliance and enforcement of procurement inclusion policies. This includes scarcity of human and financial resources within procurement offices to apply toward researching and implementing these tools and processes.....” “The interference from time to time by the higher powers in tender processes tends to defeat our inclusive procurement strategy for promotion of local spend..... Certain executives tend to be bias towards certain suppliers that are not in line with inclusive procurement strategic frankly; they tend to have conflicted interests..... At times, these are some of the actions which trigger and fuel community unrests in the host communities..... It is as if the strategic policies and procedures which have been implemented are solely meant for supply chain professionals..... The other significant challenge faced by our mining operations is that most of the high value operation tenders with a potential to increase our socio-economic impact from local spend perspective, is characterised by sophisticated delivery methods of which the targeted small business lack.....” “These sophisticated delivery methods are typically meant to mitigate the risks and capital outlay requirements..... Often this complicates inclusion strategies aimed at leveraging local spend, specifically at the host communities and additionally may limit participation of locals in host communities because of the sophisticated technical requirements which most of the locals may not have..... This in turn influences how such tenders of higher value are designed, bid and awarded..... The outsourced mining operations activities universally require critical expertise, as an example, it is fairly difficult if not impossible to award the blasting operation to an inexperienced smaller local entrepreneur because of the safety and health risks associated with this mining activity.....”

Two thirds of the participants at CO_1 when responding to the semi-structured question added that: *“..... In this organisation and for that matter reflecting on the entire mining industry, the growth of historically disadvantaged-averse policies has perpetuated poverty in the host communities and have clearly benefitted the elite few..... This mining organisation has put all stops to ensure compliance on promotion of local spend to the extent that the focus of our value chain is to limit international imports as far as reasonably possible..... As you can see, most of our*

spend (~91percent) is local..... Our inclusive approach does not limit spend only to the local (host communities) but stretches nationally..... In our strategic lenses we see local as procurement within the South African borders..... We presently highly encourage increasing spend on Black Youth Owned as well as Black Women-Owned small businesses..... This does not necessarily mean that this transition makes our procurement policies in general ineffective..... Although the all-inclusive approach in our supply chain for high-value projects sometimes proves to be difficult, the key strategy for promotion of local spend include. For example, engaging larger experienced suppliers at bidding request for quotations phase to identify and develop inclusive procurement plans in line with the Mining Charter III's requirements including accommodating local businesses from the host communities and thereafter locking them in the award phase..... By utilising of this approach in our procurement activities, we have realised bankable benefits year to date.....”

When responding to the above semi-structured interview question, the remaining participants at CO_1 concluded that: *“..... Although our inclusive procurement strategies in this organisation are flexible enough to function under deferent operations requirements delivery approaches, each selected approach may present different opportunities and barriers for smaller local businesses..... Best-value contracts for promotion of local spend are more amenable to inclusive requirements in that they are negotiated agreements between mine operations budget holders and suppliers in which inclusion, as opposed to ‘low cost’, remains an essential value proposition..... As a result, this approach requires strong advocacy for inclusion of HDPs values from both ends-users, supply chain, senior management including local businesses demand..... In this case, collaborations or partnerships between larger and smaller businesses have proven to be an alternative approach..... The involvement of our in-house supplier and enterprise development is essential for such partnerships..... If local spend is not promoted, this mining organisation may not survive and simply contribute towards the legacy of discrimination which in turn results in the wealth gap that render smaller local businesses non-competitive concerning track record, credit scores, business networks, accumulated wealth, and other qualities needed to be competitive in the South African main economic stream..... In sum, it must be noted that we try by all means to promote local spend in our mining value chain.....”*

It can be inferred from the foregoing discussion that at CO_1 a clear and well-communicated strategy to increase local spend along with a clear set of metrics and targets has afforded the mining organisation a sense of direction given the benefits highlighted on which they are already leaning. On the same note, the approach implemented by CO_1 has also demonstrated the mining organisation's intentions to staff, pool of existing and potential future suppliers including other key stakeholders. This has also created a clear and consistent signal which builds trust in the mining organisation's approach and allows mainstreaming of local small businesses as categorised by the Mining Charter III in the value chain.

When the same question was posed at CO_2, most respondents shared comments that revolved around an inclusive procurement strategy to promote local spend. This was noted when they asserted that: *"..... Local spend is highly promoted in this organisation..... It is well documented in our inclusive procurement policy accompanied by the procedures on how we should drive inclusive procurement that in turn promotes local spend..... However, you must note that there is no "transmission line" connecting first-generation suppliers from the past to the current generation suppliers in the host communities..... The pool of suppliers from host communities must always undergo our supplier and enterprise development programme for them to be procurable..... This is the only succession plan available to succeed the first-generation suppliers in the mining sector..... As such, while the pool of first-generation suppliers and procurement professionals has gained knowledge and expertise and benefitted substantially from the practices and policies related to the older Mining Charters, these are aging out. There have been limited succession plans to continue to build local business capacity and community wealth..... Therefore, our current inclusive procurement strategies are aimed at promoting inclusion and promoting local spend..... Our strategy gives all of us procurement professionals the rationale for doing things differently for compliance sake as well as doing what is right....."*

The remainder of the participants at CO_2 responded to the semi-structured question as follows: *"..... The efforts our mining organisation has put in developing and implementing inclusive procurement policy and procedures for promotion of local spend in line with the Mining Charter III requirements are praiseworthy..... In practice, a clear inclusive procurement strategy is critical to frame our mining organisation's*

direction, especially the role and contribution of all supply chain personnel but also finance departments, towards a company's top line (regulatory compliance and sustainability) and not just the bottom line (costs optimisation and value propositions) Our executives support our inclusive procurement strategy, and this time around, the broader understanding of the inclusive procurement strategy has been communicated to key stakeholders throughout our mining operations. So that everyone, I mean everyone why inclusive procurement strategy to promote local spend exists and strategically decide how it is translated into practice..... The organisation has stressed the importance of embedding an inclusive procurement strategy into the mining organisation's mining operations in order to achieve scaling and mainstreaming..... In line with our supplier and enterprise development strategy, we additionally go an extra mile by providing more granular data on set-asides projects with long-term horizons including the timing and range of opportunities over the arc of the development..... We also promote local spend through assessing and adopting various methodologies that enable best access for small local businesses as categorised in the Mining Charter III in all phases of developing a mining tender project including implementation..... To make the tender process fair, we structure and match right-size projects with right-size procurable local businesses so that the competing grounds are level instead of competing with experienced larger suppliers.....”

Figure 7.2 illustrates the ‘strategy’ network diagram sub-themes which emerged during the interviews and observations.

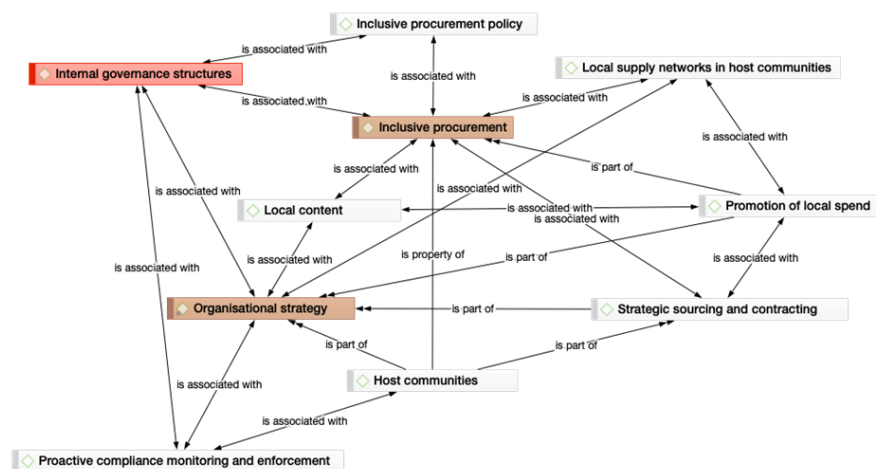


Figure 7.2: Organisational strategy network diagram

Source: Author's own illustration

7.2.2 Theme – 2: Outsourcing and insourcing

Without doubt, the primary focus of the selected case organisations is to mine every ton of coal at reasonable Rand value to improve revenue and profitability. However, since the business environment has grown increasingly competitive, there has been an incremental need for the mining organisations to outsource non-core activities and allocate most of their resources and capabilities to their core competencies (Bowersox *et al.*, 2012). Furthermore, numerous mining organisations opt to outsource the supplier development function to leverage the resources and expertise which a third party can provide and avail time to focus on core business objectives. In contrast to insourcing, outsourcing can provide flexibility and cost savings, but noteworthy that it also has its limitations.

The preceding point was raised when the participants at both case organisations were asked: *“Does your organisation in or outsource the supplier and enterprise development component? Kindly elaborate your response.”* There was a clear differentiation in the responses between the two case organisations of how supplier and enterprise development was conducted. At CO_1, supplier and enterprise development was insourced, while at CO_2, it is outsourced. This was noted from the following responses:

In summary, at CO_1 the respondents postulated that: *“..... The organisation insources the supplier and enterprise development component..... There is a business unit that deals with this component..... The business unit utilises developed resources within the mining organisation..... The organisation has built a business incubator facility to accelerate the successful development primarily of local start-up SMMEs.....Some of the reasons for conducting in-house supplier and enterprise development include face-to-face discussions and support as well as to integrate internal confidential procurement information with the supplier and enterprise development component without worrying about information leakage.....”*

On the other hand, the respondents at CO_2 posited that: *“..... At first, the supplier and enterprise development component of our operations was insourced, however, we learned with time that it was not fully achieving the objectives that were set out.....It was supposed to function like a production factory for procurable HDP suppliers mainly from the host communities of our mining operations but did not.....The post-mortem*

identified a lack of internal expertise to run the supplier and enterprise development function..... It proved to be costlier than outsourcing to a specialist supplier for supplier and enterprise development services.....Since then, the mining organisation has outsourced this function to an external supplier.....” “On the same note, this outsourced supplier collaborates closely with our Supply Chain work stream..... By doing so, there has been visible results recorded related to the outsourced supplier providing us with procurable suppliers though there is a lot of work which must still be done in terms development of technically competent HDP suppliers.....On every fortnight, the outsourced supplier and enterprise development supplier engages with responsible stakeholders in our Supply Chain to establish which tender opportunities will be published in the market..... In this way, unlike before, potential HDP suppliers are identified and developed on time..... We are confident, there will be a large number of HDP suppliers developed to participate in our tendering process.....”

Figure 7.3 illustrates the ‘outsourcing and insourcing’ strategy network diagram of sub-themes which emerged during the interviews and observations.

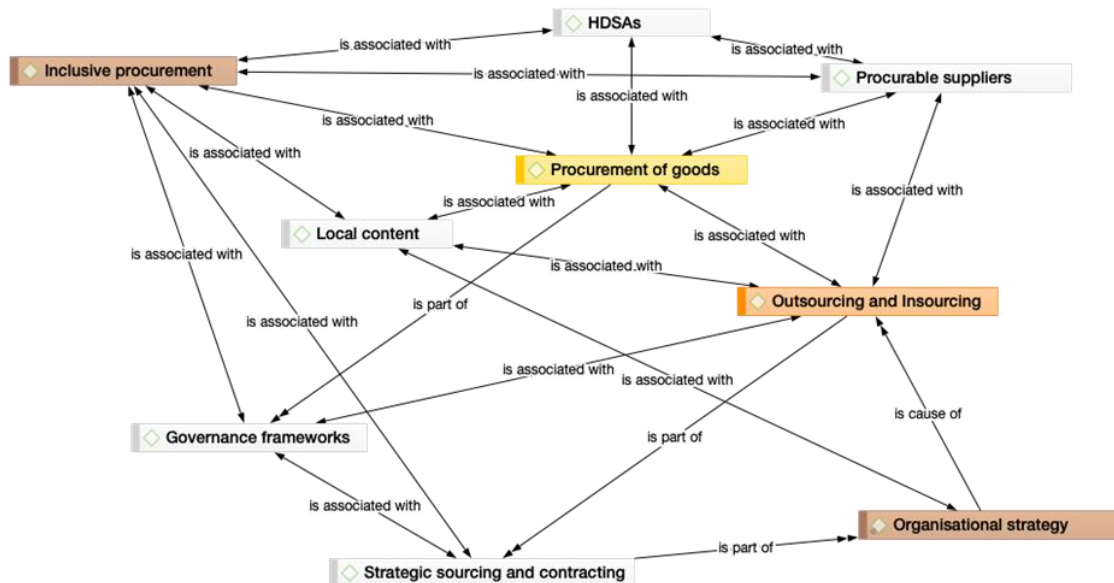


Figure 7.3: Outsourcing and insourcing network diagram

Source: Author’s own illustration

7.2.3 Theme – 3: Stakeholder engagement and management

With the exponential increase in awareness of the Mining Charter III requirements in the South African mining industry, all the stakeholders in the value chain are progressively showing more concern to meet the latest Mining Charter's requirements swiftly. During the qualitative data collection process at the case organisations, it was clear that the external factors substantially influenced both the operations. These incorporate government requirements, host community needs, investors, customers including suppliers for their procurement, or the entire supply chain to retain the social license to operate. Stakeholder engagements and management were essential in the strategy formulation and implementation to maintain the said competitiveness.

As one of the drivers for strategy development and roll-out, it was noted that stakeholder engagement and management affect selected organisations' supply chain decisions to a varying extent. This was evident when the respondents at the case organisations were asked: *“What strategies has your organisation adapted to implement the new Mining Charter requirements?”* When responding to this semi-structured interview question, detailed responses were noted. It was unmistakeable that most activities which were related to the implementation of the Mining Charter III requirements followed in-depth stakeholder engagement and management.

Approximately half of the respondents at CO_1 postulated that: *“..... The implementation guidelines are clear Since compliance to the Mining Charter III is not negotiable, the adoption of its requirements had to be practical in this organisation..... As such we had to commence with brainstorming on what approach we were going to follow yet practical in adopting the latest Charter's requirements in our operations to remain compliant..... In these brainstorming workshops, the main question asked was the “what if” questions about integrating the Charter's requirements into our procedures including work instructions..... This step aided us with the assessment of various alternatives..... However, it was imperative to keep in mind that the best approach is always one that is measurable and one that is accomplishable..... To expand to you further, we had to make our approach specific, not general, practical and simply not conceptual..... At the end of the day, the final approach had to encompass all the minimum requirements of key stakeholders..... It must be noted that although our approaches must always satisfy everyone, we are still a*

low-cost miner. As a result, there must always be valuable trade-offs between the costs and mining operations including the effective design to achieving the ultimate goal of compliance to latest mining charter..... Consequently, since most of the compliance elements are on the supply chain, we frequently conflict with other operations functions..... The latter on its own if not approached sensitively, has a potential to weaken our supply chain's operation that in turn may negatively affect compliance efforts towards the latest Mining Charter's requirements..... For example, the Mine Managers may be entirely focused on giving preference to larger suppliers which are not transformed to the latest Charter's requirements, while completely disregarding supplier and enterprise development efforts, cost reduction including inclusion of local suppliers from the host communities..... Such conflicts are resolved through continued stakeholder relationship management approaches currently in place..... Compliance affects all of us in the organisations..... Open discussion among the organisation's various mining operation units and a management-led initiative to achieve a carefully crafted supply chain approaches are critical to ensure that decisions are made to benefit the mining operation as a whole.....”

Furthermore, approximately the remaining half of the respondents at the same case organisation asserted to the above semi-structured interview question that: “..... The strategic approach we have taken to implement the new Mining Charter's requirements has been top-down..... The executive team has cascaded the latest Mining Charter's requirements to us responsible for the supply chain..... This means that these requirements have been endorsed by Chief Executive Officer and Board of Directors There is no way that his mandate cannot be affected; otherwise, some will be 'forced' to jump ship..... Our lessons from other mining houses were that multiple compliance approaches fail because rigid organisational structures constrain the approaches..... Make use of supply chain as an example, the supply chain is tweaked, based on a limited short-term perspective, when it needs to be optimised by radically altering practices and processes..... However, kindly note that frequent re-assessment of the strategic approach is essential, and it is the process that must have no limits placed on the assessment to ensure that the strategic approach remains effective..... In this way, continual stakeholder engagements and managements play a significant role in ensuring compliance to retain the mining right..... Furthermore, to secure key stakeholders' buy in in any change such the implementation of the latest Mining Charter's

requirements..... They should be aware of “why change?” to “who will be impacted, what will change, and how will change be affected since the desired change cannot occur in a vacuum..... it requires communication and pre-planning of the approach..... This may sound a bit obvious to you, but it is critical to engage with key stakeholders that will be mainly affected by the changes prescribed by the latest Mining Charter, specifically end-users concerning on boarding of new local suppliers – this remains a challenge..... However, with experience we have learned that early consultation and inclusion are important for all stakeholders but especially for the end-users because they are the ones who typically find gaps in the proposed changes quickly, which can then be more proactively addressed.....”

The focus group respondents when responding to the aforementioned question, postulated that: “..... Our strategic approach to implementing the latest Mining Charter’s requirements is more cross-functional and agile enough to have the foresight to leverage opportunities and mitigate challenging events so that the Mining organisation survives and succeeds..... It involves cross-functional consultative processes..... In it the approach is managed like a project..... The management involves the scope of implementation, schedule and resources allocation..... Most of the activities are interrelated when approaching a change project such as integrating the latest Charter’s requirements as per the DMRE’s implementation guidelines into our policies, procedures including operationalising these desired changes of the Mining Charter III..... Since these activities are interrelated, in our experience if poorly planned, we will definitely experience a multiple of implementation headaches..... As you many know, we have some timelines to comply to..... However, a rapid implementation approach is great, but the speed of implementation must be balanced with thoughtful risk mitigation in order not to shock both internal and external stakeholders in our mining operations..... For the implementation of the Charter’s requirements, our implementation approach is in phases to mitigate any potential risks that may arise..... This approach has enabled us to focus on essential tasks while at the same time ensuring quality in our supply chain operations without exposing us to unnecessary pressure..... On the basis of experience, approaching the implementation of the Charter’s requirements in this way has helped us build positive momentum towards achieving implementation schedules including pre-set milestones for reporting to the DMRE timeously..... In other words, in this organisation, we consistently deploy dynamic planning capabilities and

continually fine-tune our approaches to ensure responsive agility to meet the mining sector's changing demands.....

It is evident from the above findings that the increasing significance of the mining organisations agility resulted from the uncertainty of the mining legislative environment as well as mainstreaming local businesses in the formal economy within the selected mining organisations operations. Seemingly, the said agility is fostered by the synchronous flow of information within supply chain stakeholders and collaborative relationships with end-users, enabling the mining organisation to devise strategic approaches to adapt easily to the external environment requirements. When responding to the above interview question, the majority of the respondents at CO_2 postulated that: “..... *At this point in time, I so wish we could put names to the strategies we make use of to approach the at hand related to our organisation but we have not.....* In response to your question, all we do in this organisation is related to the core values of the organisation..... *These values remain the guiding principles and used to make critical decisions..... As an example, we must ethically periodically report on the latest Charter's milestones to the DMRE as and when required..... We cannot manipulate results as this will contravene the organisation's code of conduct..... Therefore, our strategic approach to the implementation of the Charter's requirements should be carefully crafted..... The strategic approach commences with first understanding the risks of not complying to the latest Charter's requirements including identifying the opportunities associated with the required compliance..... Once the requirements are well understood we are then able to deploy dynamic planning capabilities and at the same time continually fine-tune our strategic approach in order to ensure responsive agility to meet changing demands at hand..... In this way, we are able to capture our stakeholders' needs..... You must note that integrating the latest Charter's requirements through engaging and managing our stakeholders' expectations minimizes or even eliminates unforeseen potential shocks across our value chain where the desired change is required..... This has resulted in better visibility; enhanced collaboration across the value chain, including reliable and predictable compliance results and accelerated decision-making with support..... Once the initial approach as highlighted is endorsed by the executives, we then embark on examining the spend at hand in line with the business goals to establish potential opportunities as defined by the latest Charter..... Once the opportunities are identified in our approach, we further*

evaluate the current levers, select and thereafter prioritise these levers in order to create a to-be local supplier portfolio for tracking and comparing potential suppliers to include in the sourcing and contracting activities of our supply chain..... It must be indicated that the above-mentioned is an iterative demanding process that involves most of key stakeholders in the mining value chain.....”

The remaining interviewees at CO_2 when posed the same semi-structured question, asserted that: “..... *The first step was for us as an organisation to compare Mining Charter II with Charter III to identify the gaps in our current approach..... This was important so that we did not duplicate efforts in our approach in addressing the gaps identified..... Since implementation of the latest Charter’s requirements is a national phenomenon that has triggered new views towards compliance, we did foresee that our compliance required genuine stakeholder engagement and management with key stakeholders of the organisation..... So far, the said stakeholder engagements have afforded us substantial ideas to meet all the Charter’s requirement..... However, based on the comparison analysis between the current and previous Charter’s, there is not much we are still to do in order for our mining organisation to retain its mining rights..... The results of the comparative analysis and the stakeholder engagements allowed us to challenge the policies and procedures to refine them to incorporate the missing puzzles on the older ones..... This in a way has given us the opportunity to also setup new key performance indicators for the supply chain function and other operational units in line with the latest Charter’s requirements..... However, the implementation side of our approach is time-taking part of the overall approach in implementing the latest Charter..... As earlier indicated, to ensure we are on track in our approach, the review of the strategic approach is done at regular intervals so as to identify whether the strategic approach to incorporate the latest Charter’s requirements is relevant to the purpose of the mining organisation..... This is required because the mining organisation operates in a dynamic environment, which may change anytime, so it is essential to take the said periodic review..... We cannot afford not to comply hence we also require continuous stakeholder engagements and management..... We are confident though that we will meet or let me correct myself, we will exceed the Charter’s requirements on the next reporting cycle given the strategic approach we opted for.....”*

Undoubtedly, proactive stakeholder engagement and management presents the selected mining organisations with benefits to achieve a competitive advantage regarding the external environment because it enables effective flow of information in the long-term. The mining organisations’ stronger stakeholder engagement towards ensuring compliance to the Mining Charter III in general enables the it to manage risk exposure. The engagements with key stakeholders are strengthened when the mining organisations clearly pursue various strategies to retain their mining rights, as non-compliance may be at risk.

Figure 7.4 illustrates the ‘stakeholder engagement and management’ network diagram sub-themes that emerged during the interviews, including focus group discussions.

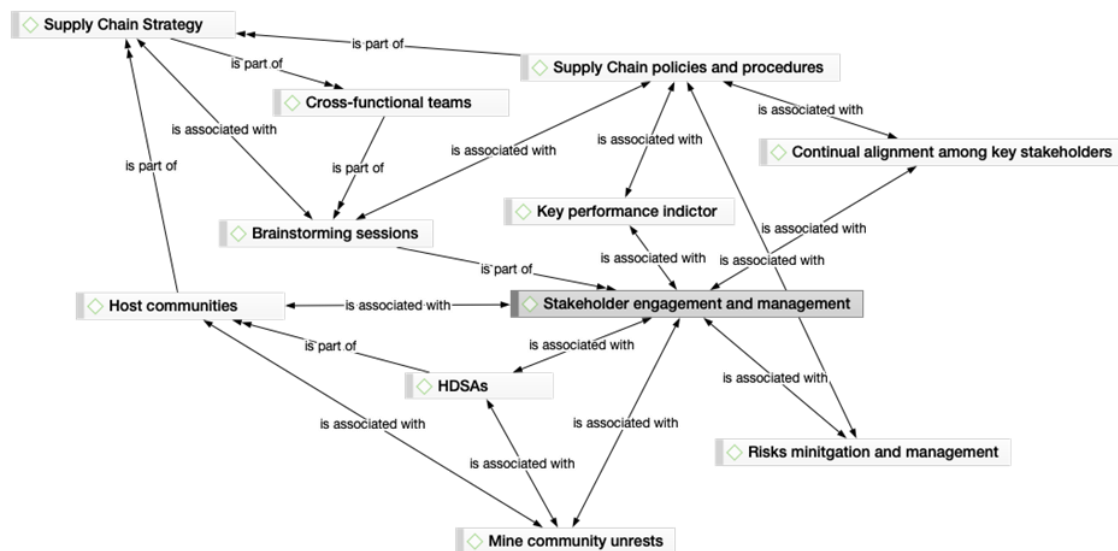


Figure 7.4: Stakeholder engagement and management network diagram

Source: Author’s own illustration

7.2.4 Theme – 4: Consultative inter-functional coordination

One of the sub-themes which emerged from the QDA findings under the primary theme – strategy, the selected mining organisations was interestingly a ‘consultative inter-functional coordination’. This sub-theme emerged when the semi-structured interviewed participants at the selected organisations were asked: “Which key elements has your organisation prioritised from the Mining Charter 2018?” and “Which processes were applied by your organisation to ensure strategic alignment with DMRE implementation guidelines?” The various selected mining organisations business units did not work in

silos to prioritise the integration of the Mining Charter III requirements into their operations. However, they approached integration in a cross-functional manner. The cross-functional coordination to integrate the latest Charter's requirements into the overall mining operations, specifically the supply chain work stream, assured that all the latest Charter's requirements were accommodated.

The above was noted at both selected case organisations. For example, at CO_1, when responding to the two above investigative semi-structured questions, the majority of the respondents posited that: *"..... Through the interfunctional approach, which is one of our main key values, the organisation prioritised all the Mining Charter III requirements..... Compliance to the Mining Charter III affects all of us in the organisation..... With that said, the executive committee has mandated each work stream to integrate applicable elements of the Mining Charter III in their operations..... In other words, these have been allocated to various departments according to the department's relevancy..... To exemplify the latter, in the supply chain, the main focus has been on inclusive procurement, supplier and enterprise development..... The mining organisation has focused on Preferential Procurement, which was mainly influenced by the Department of Trade and Industry codes. We have since shifted to inclusive procurement as earlier stated under the Mining Charter III..... The inter-functional coordination of our efforts to implement the Charter's requirements has broken some of the barriers we faced when implementing the Mining Charter II requirements..... There was this perception that preferential procurement was simply meant for peripheral activities for B-BBEE compliant suppliers by end-users in operations..... The reports from various bodies such as the B-BBBEE commission can attest to this..... However, through the cross-functional approach where all key stakeholders are represented, significant milestones have been achieved....."*

The remaining respondents at the same mining organisation when responding to the same semi-structured interview questions proved similar. They also accentuated that the prioritisation of the Mining Charter III is not approached in silos but rather as a cross-functional consultative approach. For example, the respondents postulated that: *"..... The prioritisation of the latest Mining Charter followed and still continues to be a consultative process among this mining organisation's heads of departments..... All the elements of the Charter are prioritised..... In our consultative prioritisation*

approach, since the inclusive procurement, supplier and enterprise development elements are not ring-fenced, we noted as earlier indicated on your other questions, that these elements carry more compliance weighting..... As a result, we have since underscored these high weighing elements..... This does not mean that other elements of the Charter are taken for granted..... They are also implemented correspondingly to those mentioned..... In our approach to implement the Mining Charter III and ensure strategic alignment with DMRE implementation guidelines, all the representatives of the mining organisation's functional units are actively engaged in each step of the consultative inter-functional coordination process..... In line with the consultative inter-functional coordination process, the guidelines were integrated and implemented in the procurement processes and supply chain frameworks by the governance team..... These strategies were coordinated according to business units and cascaded down to the rest of the teams through communication methods such as email and training engagements The respective head of departments also demonstrated commitment and alignment to the broader community by promoting and presenting the DMRE elements to the mining organisations..... This alignment and commitment was guided by a clear strategy for the mining organisation that kept the entire organisation continually engaged in the pursuit of that vision.....”

The general prioritisation of the Mining Charter III items appears to have followed a consultative approach at the selected organisations. It was noticed at both case organisations that the important parts of the Mining Charter III, which must be executed at both mining organisations, were coordinated cross-functionally rather than in silos. In response to the above remarks, the majority of CO 2 participants demonstrated this attitude and prioritisation: “..... Many elements of the Mining Charter III in my organisation have been achieved..... The achievement has mainly been through coordinated efforts across different business units..... The utilised approach was like in the past whereby Supply Chain was understood to be the custodian of compliance..... This perception was rather odd as we do not work in silos in this organisation..... However, please note that the current priority has so far been the highest weighing element mainly inclusive procurement, supplier and enterprise development..... This was due to significant changes in this element and the challenges related to identifying and developing local SMMEs..... This element in my organisation is viewed as integral part our business values..... Both inclusive

procurement, supplier and enterprise development are an effective way for my organisation to contribute to economic transformation in the country and the local communities..... The consultative process amongst the mining organisation's various business units allowed us to examine the Mining Charter III thoroughly in the implementation guidelines, which was later followed by in-depth brainstorming of how to efficiently coordinate implementation efforts of the latest Charter efficiently Priority elements were thereafter outlined hierarchically in order with implementation milestones that we all had to adhere to..... The hierarchy of strategies enabled the positioning and alignment of a functional procurement strategy amongst the other business strategies in my business unit..... This was a top-down approach, but the leadership welcomed ideas from lower level employees.....”

The focus group respondents concluded from the above investigative semi-structured questions that: “..... In my organisation, collaboration between business units is highly promoted including associated advantages..... In this sense, we have built specialised interfunctional teams to implement the Mining Charter III strategies..... These cross-functional teams have been very effective in prioritising the latest Mining Charter's requirements..... These teams could not have been effective in coordinating implementation of the Charter's requirements if they did not get the management support and if there were no clear processes to facilitate the implementation of the elements as prescribed by Mining Charter III..... In this collaborative approach, sound implementable strategies were developed from a diagnosis phase that outlined gaps from the organisational mining strategy..... Formal, clearly defined mandate to specify the businesses and the type of assistance..... Effective governance mechanisms were outlined and employed properly as a long-term strategy and initiatives linked to the overall strategy to operationalise the latest Mining Charter..... Working collaboratively has rather been fairly beneficial for us and the entire organisation.....”

According to the body of knowledge and experience, cross-functional coordination across the individual business units is vital because if they work in silos without coordinating, they may end up generating competing aims. Due to these opposing objectives create obvious conflicts and hazards that might impair the mining organisations' profitability.

Figure 7.5 illustrates the strategy ‘consultative inter-functional coordination’ network diagram that emerged during the interviews, observations, and focus group discussions.

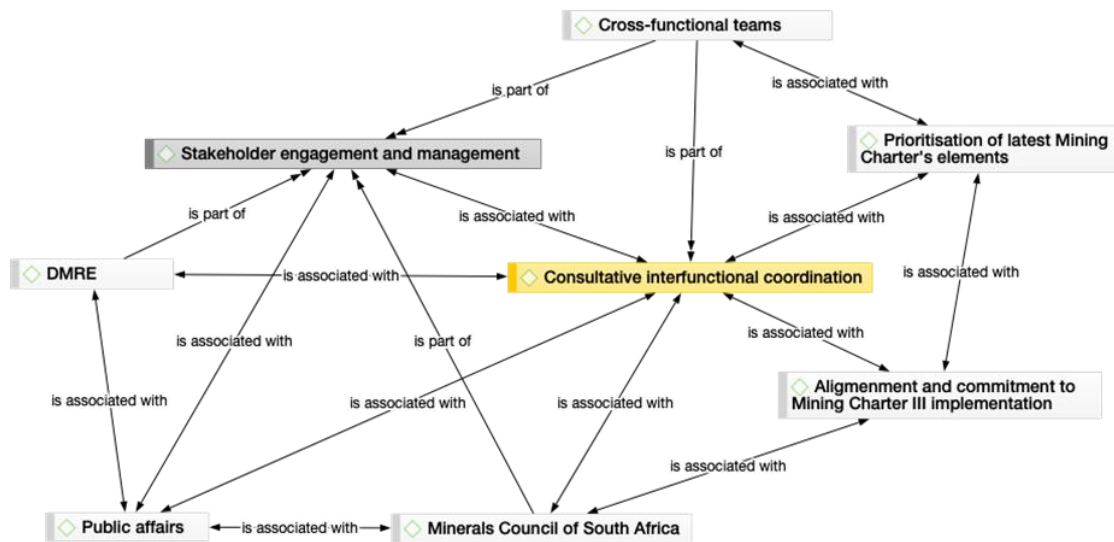


Figure 7.5: Consultative interfunctional coordination network diagram

Source: Author’s own illustration

7.2.5 Theme – 5: Effective communication

The final emergent strategy sub-theme gathered from the QDA data at the selected case organisations was effective communication. The collected QDA data suggested that adequate flow of information through communication during change management is of utmost significance. Communicating the ‘game plan’ effectively to change management in relation to the latest Mining Charter to all employees of the selected mining organisations as part of inclusion and ensure the understanding of the end goal is imperative. Therefore, strategic alignment requires effective communication to enable the implementation of the Mining Charter III. The *sine qua non* is precise that effective communication is a crucial ingredient to roll out significant Mining Charter III elements while simultaneously effect change management across the mining organisations.

The abovementioned was crystallised when all the selected research participants were asked: “*In your opinion, what are the significant elements during change management in supply chain?*” When responding to this investigative semi-structured interview question, the responses from the selected research participants revealed similarities as if they were singing from the same hymn book. They generally strongly accentuated

effective communication. For example, the majority of the interviewed respondents at CO_1 asserted that: *“..... As we indicated earlier, we strongly subscribe to collaboration among stakeholders from different business units of the organisation and as a result, effective communication is essential in our daily activities..... Effective communication hereto referred has been beneficial in limiting resistance by certain stakeholders against the desired change of incorporating Mining Charter III requirements into the overall mining operations. They are constantly aware of the process, and to avoid the process and the reasons provided..... This all on its own enables the target audience to eliminate unexpected barriers by which they are confronted..... Through constant communication, we guarantee flow of information at all the managerial levels from top-down and down-up, negotiation between key stakeholders with the purpose of harmonising thoughts and actions.....”*

The remainder of the selected respondents at CO_1 highlighted that: *“..... In this organisation we follow a step-by-step collaborative process..... All including leadership practise this collaborative process..... We recognise the diversity and motivations stakeholders hold..... This collaboration between key stakeholders facilitates sharing ideas and effective communication..... This inclusion and participation of key stakeholders in the organisations has provided us with empowered accountability to act responsibility in ensuring that all the Mining Charter’s requirements are integrated into our daily operations..... In this manner, everyone is acquainted with actions of the organisation’s strategic direction and any stakeholders who would be affected by the change will have the opportunity to express their opinion regarding the issues arising before them. Also, the possibility of choosing the most acceptable alternative to implementing change is greater, because all contribute in the collaboration..... Good communication has been the pillar of our success and it is both a function and a proof of good governance..... Our collaborative change management approach through words and deeds has been at the heart of our mining operations in pursuit of the mining organisation’s strategic objectives.....”*

When the same semi-structured interview questions were posed to the sampled research respondents at CO_2, their responses were similar to those recorded at CO_1. At CO_2, two-thirds of the selected research respondents highlighted that: *“..... Effective communication forms the interface between the external environment and the internal*

environment..... This has so far fostered a clear change management strategy at the heart of operationalising Mining Charter III elements with the aim of ensuring compliance, as well as better coordination on prioritising the delivery of the required organisational strategic effect..... Strategic alignment requires a paradigm shift at an organisational level, which requires a great deal of organisation-wide inclusive planning..... This planning was aligned to the overall corporate strategy to ensure that the strategy does not threaten the sustainability of any organisation in particular, maintaining the mining rights..... The planning phase is crucial as the strategic team visualizes success and answers critical questions, such as how to achieve the goal, beneficiary profiles, the support to be offered, delivery mode, operating model and governance structure..... After developing a strategic plan, it was important to implement tools, processes and technology to support the implementation and monitoring of the plan..... Most linkages need to be established and understood of how the functional units interact with the rest of the organisation..... Therefore, it is critical to develop an actionable roadmap supported by appropriate monitoring and control systems which cascade from corporate to functional and individual levels to drive performance and accountability..... ”

The remaining one-third of the selected respondents at CO_2 added that: “..... *It was crucial that the change management agenda be driven by open-minded people with the appropriate experience, attitude, and cultural fit and attuned to the mining organisation’s direction..... Through the changes that have been happening in the South African Mining industry in general we have learned in the past that agile organisations are those who acknowledge and seize the opportunities brought about by change by leveraging to build competitive advantage and mobilising both internal and external stakeholders to drive strategic transformation whilst creating a better and equitable future for all..... You must note that communication is also a matter of trust..... As such, trust that what is being said is accurate and based upon reliable information and intelligent assessment; and trust that the communication is, above all, designed to inform the electorate rather than manipulate it..... Clearly, it is not sufficient to simply align what is said with what is done: at the heart of the message and the activity there must be a purpose, a vision and a rationale..... ”*

The QDA findings affirm that organisations in general with effective utilisation of communication were prevalent to have a competitive advantage in the implementation of desired strategies compared to those that did not employ effective communication. As noted from semi-structured interviews, observations and focus groups, communication in general must be seen to extend from the external environments to the mining industries. The findings revealed that communication reduced confusion and misunderstanding. Consequently, strategy implementation process becomes both understandable and achievable. The QDA findings revealed that through communication, the selected case organisations can exploit the undefined capabilities of prioritisation of the Mining Charter III elements implemented by the sampled mining organisations. Figure 7.6 illustrates the ‘effective communication’ network diagram of the communication sub-theme that emerged during the interviews, observations, including focus group discussions.

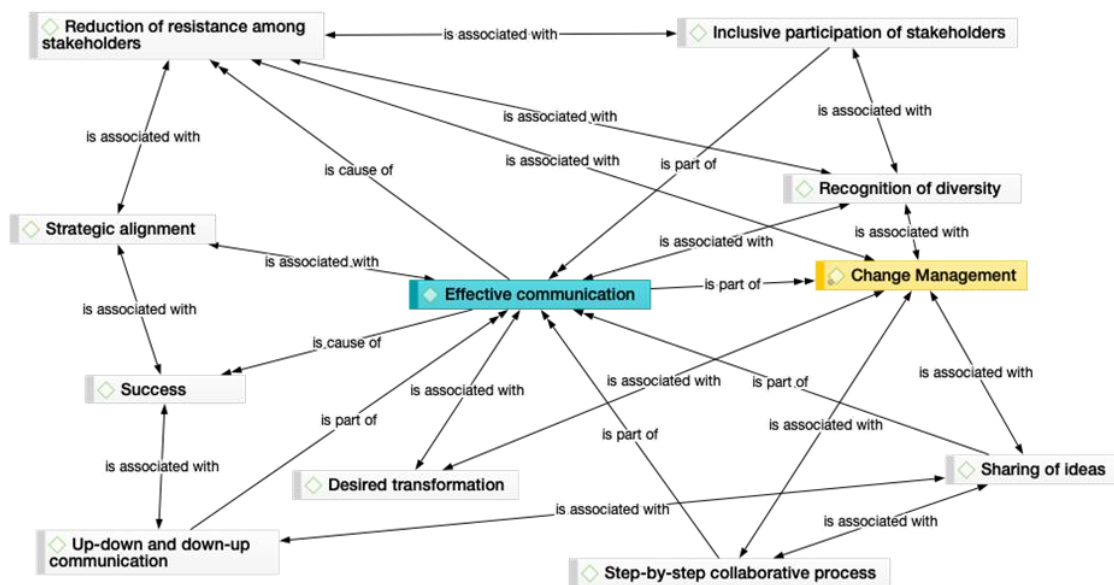


Figure 7.6: Effective communication network diagram

Source: Author’s own illustration

7.3 CONSOLIDATED ANALYSIS ON STRATEGY

The strategic direction the selected mining organisations adopted focuses primarily on implementing the Mining Charter III requirements, specifically the promotion of local spend in the mining operations host communities. However, the Mining Charter III’s strategic implementation depends on effective communication, interpretation, adoption, and enactment of strategic plans surrounding the requirements thereof. The QDA findings

revealed that successful implementation requires consultative interfunctional coordination within the mining organisations, which could be challenging to coordinate at times. Similarly, as noted in the results, the strategic direction to promote local spend in the host communities may simultaneously be impeded by other key stakeholders' resistance in the absence of adequate leadership efforts. As such, implementation requires continued stakeholder engagement and management.

The key to achieve effective implementation of the developed strategy to comply with the Mining Charter is for the drivers of the desired strategic direction to be aware of how to actively connect with the entire stakeholder mining operations and understand their value propositions. Otherwise, the sampled mining organisations may achieve unlikely compliance to the Mining Charter III without paying attention to the expectations, needs of key influence drivers, and the diverse range of the stakeholder mining operations. As such may cumulatively exert a significant impact on the perception of implementing the Mining Charter III successfully. Through continued stakeholder engagement and management, any conflict and resistance which may arise is promptly mitigated. Accordingly, stakeholder engagement and management thereof are considered key factors to help facilitate compliance to the Mining Charter III at the selected mining organisations. The finding revealed that consultative inter-functional coordination is a significant internal engagement practice. The collaboration between internal business units seemingly promoted enhanced performance by sharing best practices and prioritising compliance requirements towards the Mining Charter III.

Clear strategy and control are also critical factors in the implementation process. The results revealed that the supplier and enterprise development can either be out or insourced depending on the strategic direction taken by the sampled mining organisations. The rationale of the sampled mining organisations to outsource the supplier development function is to leverage the resources and expertise that a third party can provide and to have adequate time to focus on core business objectives. Furthermore, the results revealed that outsourcing can provide flexibility and save cost, but it is noteworthy that it also has its shortcomings. The shortcomings include, *inter alia*, hidden costs and the risk of proprietary data security risks. Whether the function of supplier and enterprise development is out or insourced, the overall goal is to ensure procurable suppliers as guided by the Mining Charter III to be on-boarded into the mining

organisations' supply chain. Figure 7.1 presents a summative association network diagram that illustrated resultant dominant themes for strategy, namely: organisational strategy, out and insourcing, stakeholder engagement and management, consultative interfunctional coordination and effective communication.

7.4 CHAPTER SUMMARY

This chapter presented the QDA findings based on the primary theme strategy. The association network diagrams of the resultant dominant themes on strategy were also presented. The gathered QDA primary data followed the adopted research methodology outlined in Chapter 4. Overall, the emergent dominant themes support several findings from the body of knowledge expounded upon in the reviewed literature of the study. The dominant themes revealed by the QDA formed the basis to address the purpose of this study. Chapter 8 presents and discusses conclusions and recommendations related to the overall findings of this study.

CHAPTER 8

MINING CHARTER III: PROPOSALS

8.1 CHAPTER OVERVIEW

South Africa's legalised mining regulations have been critical in redressing the country's socio-economic disparities, as has been the case worldwide. Stakeholder and expert engagement resulted in the enhancement of the Broad-Based Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry (Mining Charter), as well as its implementation methods, by assuring both specificity and enforcement. Due to rules and regulations have developed throughout time in response to changing circumstances. On the other hand, policies and regulatory frameworks contain inherent flaws that must be addressed by all parties involved in the mining sector and beyond. The Department of Mineral Resources and Energy (DMRE) will not be able to achieve the socio-economic change necessary and expected by local host communities and HDPs owned and controlled enterprises in a silo as long as it continues to operate in that manner.

Therefore, this chapter focuses on the Mining Charter III proposals based on the qualitative content analysis and the extensive scholarly review of publications from the body of knowledge and practice. The recommendations will inform the DRME as well as other mining policy makers a perspective of the selected coal mining organisation in Mpumalanga. The chapter provides an overview of the Mining Charter III, followed by general recommendations and a chapter summary.

8.2 MINING CHARTER III

The publication of Mining Charter III on 27 September 2018 and the announcement of the abolishment of the MPRDA Amendment Bill, appeared to provide pertinent certainty and stability, especially during the early stages of promulgating the Charter (DMRE, 2018). Though the Minister of DMRE, Mr. Gwede Mantashe sounded hopeful in his announcement that the Mining Charter III is a "consensus" document and significant enhancements compared to previous versions of the Mining Charter, the key stakeholders in the South African mining industry remained divided (DMRE, 2018). This has been evident through

onerous contestations from dissatisfied host communities, including mining stakeholders. Who expressed concerns of the achievability of specific provisions of Mining Charter III. This was expected because it would not have been possible to formulate a document acceptable to the mining industry's myriad stakeholders. The findings from the body of knowledge and practice corroborate with those of the primary that several aspects require extensive debate related to the interpretation and application of specific provisions of the Mining Charter III. Mining and natural resource stakeholders have been arguing and pondering the meaning and implementation of Mining Charter III to ensure compliance.

The mining companies were required to review and restructure the following departments: commercial and procurement, human resources management, development of the Corporate Social Investment, supplier and enterprise development, and supplier and enterprise development's traditional functions, and to put in place measures to ensure accelerated economic redistribution, employment equity, unemployment reduction, and socio-economic upliftment of host communities in the process. Even though this study focused on one of the Mining Charter III elements, namely: inclusive procurement, supplier development, and enterprise development, it was necessary to analyse, examine, and propose mitigations for the various elements in the current Charter to provide a comprehensive picture. Therefore, mining organisations are at different levels of development and maturity and employ a variety of approaches to strategic development and the application of Mining Charter III, as seen in the chart below. However, although some programs are still in the planning stages, others have already been put into action and have been tried and tested for an extended period of time. Many programs are well-structured and conducted in accordance with predetermined methods. In contrast, others are implemented haphazardly, with little or no evident expectation of long-term sustainability in the outcomes or aims of program execution.

The qualitative content analysis revealed that although individual mining organisations implement their strategies and change management processes, they have mining house consortium platforms where strategies relevant to the charter is analysed and shared without exposing sensitive information, for example, price or contravention of competition legislation., The Mining Charter and DMRE is also challenged on such platforms as well as advised. One of these consortiums is the Minerals Council South Africa. Mining and natural resource stakeholders have been arguing and pondering the meaning and implementation of

Mining Charter III to ensure compliance. While welcomed as a step forward in creating certainty in the industry, the gazetting of Mining Charter III has left gaps related to its interpretation and effect on the mining communities. The following subsections will examine various facets of the Mining Charter III revealed by the primary findings of this study.

8.2.1 Definitions

The literature review and QDA findings revealed both gaps and challenges related to the Mining Charter III. One key issue that has always been evident and significant in the mining sector is the broad legislative framework for mining organisations (Marais, 2013; Moraka & Jansen van Rensburg, 2015), which resulted in confusion of definitions such as the HDP term, which conforms towards the MPRDA Act definition. According to the MPRDA of 2002 Chapter 1 of Section (1) “(a) *any person, category of persons or community, disadvantaged by unfair discrimination before the Constitution took effect; (b) any association, a majority of whose members are persons contemplated in section (a); (c) any juristic person, other than an association, in which is managed and controlled by a person contemplated in section (i) and that the persons collectively or as a group own and control a majority of the issued capital or members' interest and are able to control a majority of the members' vote; or (ii) is a subsidiary, as a juristic person by virtue of the provisions of section (c)(i)*” (MPRDA, 2002:12). As such, this implies any designated groups comprising Black people, women (Black and white) and the physically challenged.

On the other hand, the DTI's codes of good practice on broad based black economic empowerment is generally utilised with MPRDA Act. The DTI codes of good practice on broad based black economic empowerment define a women-owned and controlled organisation as “*an entity in which: (a) Black women hold at least 51 percent of the exercisable voting rights as determined under Code series CSC100; (b) Black women hold at least 51 percent of the economic interest as determined under Code series CSC100; and (c) Has earned all the points for Net Value under statement CSC100*” (DTI, 2018:9). As mentioned above, reference is no longer made to Black entrepreneurs in the Mining Charter III except in the Mining Charter scorecard. It has been substituted by HDP owned and controlled organisations. However, the Charter makes reference to women-owned

organisations. Specific areas in the implementation guidelines make explicit reference to Black women.

It is worth noting that the meaning of HDP in the MPRDA Act or Mining Charter differs from that of HDP in the B-BBEE-Commission (2016:12), which refers to “*all Black people including women, workers, youth, people living with disabilities, people living in rural areas*”. This is somewhat confusing because the DMRE maintains that the Mining Charter is aligned to the following regulations: DTI codes of good practice and B-BBEE Act (Goldberg & Ryding, 2018). However, the B-BBEE Act specifies the interests of the Black population, which includes but is not limited to White women. The definition of HDP referred to in both the Mining Charter and the MPRDA Act refers to all who were disadvantaged before promulgation of the Constitution of South Africa in 1996. It is also uncertain if the term “*Black people*” refers to Black foreign nationals or Africans or is limited to South African citizens alone.

The amendment to the HDP term must be aligned and indistinguishable in all policy documents. Jeffrey (2016) suggests that “*bad policies are damaging and hurting the industry, killing the goose that lays the golden eggs...particular care should be taken in crafting policies for the mining industry.*” Policies and regulations related to the mining industry is an essential aspect of the South African legal structure, which prescribes the ground rules of how the miners can plan projects and develop its organisation’s strategies.

8.2.2 Ownership: section 2.1

According to the Mining Charter III, the ownership element must be fully compliant at all times and has been ring-fenced (DMRE, 2018). Rights holders that fail to fully comply with the ring-fenced components of the Mining Charter III are generally found to be noncompliant, regardless of their performance in the weighted portions of the Charter. In this case, the idea of “once empowered, always empowered” has been reaffirmed, albeit to a limited extent. In accordance with the present Charter, the necessity to grow BEE shareholding to a minimum of 30 percent is unequivocally established (DMRE, 2018). The Mining Charter III also acknowledges prior BEE transactions, which have been widened to cover transactions involving manufacturing units, assets, and shares in addition to transactions involving shares in a company. The whole history of BEE transactions is acceptable at the level of the holding company and the mining right level of the transaction.

The Mining Charter III and Implementation Guidelines also describe the categories of operations that will be evaluated for either beneficiation or equity equal offsets and the criteria for determining which activities will be considered. Mining companies that meet the original requirements can avoid mitigating existing shareholders by requiring new mining rights to include supplementary Black ownership, as well as the contentious 10 percent free-carry for host communities and employees, as part of their ownership structures to obtain new mining rights (DMRE, 2018).

The selected mining organisations respondents were familiar with the ownership element of the current Charter. The following pertinent points were revealed: they had engaged in numerous communication forums such as working groups, steering committees and workshops to examine and analyse the current Mining Charter III; highlighted that the previous Mining Charter II had a target of 26 percent HDP owned and controlled business ownership encompassing full shareholder rights and meaningful economic participation (DMR, 2010); and Mining Charter III proposes that HDP owned and managed business ownership be allocated in shareholding blocks of not less than 8 percent to host communities and qualifying employees, as well as a minimum of 14 percent ownership to BEE entrepreneurs (DMRE, 2018).

The financial impact of these developments on copyright holders, particularly in light of the present economic context, is difficult to predict at this time. In this case, it is related to the costs of boosting BEE ownership as well as the interest accrued to host communities and qualified employee stockholders. It is uncertain to what degree the notion of "once empowered, always empowered" applies to pending mining rights in the United States. Uncertainty reigns in regard to the application of the non-transferable carried interest alluded to above for the acquisition of new mining rights. Another question is whether or not (in respect of the definitions of eligible workers) it is possible legally to distinguish between employees about who may and who cannot join in a company's stock ownership plan. It is unclear how current mining rights will be managed if they do not comply with the 26 percent BEE equity requirement. For the time being, it is unclear what defines a "*similar vehicle*" for the purpose of obtaining the equity equivalency advantage (DMRE, 2018).

8.2.3 Human resources development: section 2.3

According to the DMRE (2018), there is a wide variety of possibilities for investment in the human resources of mining organisations, including skills development and education and training. A great emphasis has been placed on the development of technical or artisanal abilities. The contribution should be used to improve critical skills such as science, technology, engineering, mathematics, literacy and numeracy skills, as well as apprenticeships, bursaries, and artisanal and graduate training programs to name a few examples. Another alternative is to conduct research and development for solutions in exploration, mining processing, technology efficiency (such as the use of energy and water in mining), beneficiation, and environmental conservation and restoration.

The respondents also pointed out that the Mining Charter III mandates that mining organisations design and implement a career progression plan, which includes individual development goals for employees at all levels of the organisation. It is necessary to provide a significant amount of information on a yearly basis. As stated in the Mining Charter III implementation guidelines (DMRE, 2019), the information provided must be analysed "into the finest detail" and must include all information relating to their employees' race, gender, remuneration, and career development at each occupational level, among other things.

The emphasis on portable skills training, which provides learners with alternate career alternatives, is not explicitly mentioned in Mining Charter III. For an industry that is subject to seasonal fluctuations and that is being transformed and automated, this is an essential factor. When research and development funds are allocated to companies rather than people, it is unclear how the funds should be allocated to reflect demographics. If it is referring to historically Black institutions, the concept is ambiguous because numerous (whether Black or White) institutions have amalgamated throughout the years. Due to verifying and demonstrating that investment matches demographics would be difficult, just worsening the already complex compliance reporting environment.

8.2.4 Employment equity: section 2.4

Although the case for transformation is vital, globally, workplaces have not diversified wholly. The mining sector in South Africa is no exception. According to DMRE (2019),

the difficulty in transforming the South African mining sector, especially at the senior management level, is that the latter is ‘still stuck in the past.’ The HDP employees are perceived unsuitable and lack the experience and skills to occupy senior management positions in the corporate environment.

The responses further revealed that the Mining Charter II targets 40 percent HDP employee equity representation across each managerial level from Executive to Junior Management (DMRE, 2018). Although specific targets for women are not specified, the industry has enhanced their representation across all managerial levels. The latest Mining Charter III introduced specific targets for women at each managerial level. The current charter allows a period of five years for mining organisations to align with the employment equity targets and a five-year plan to progressively implement the provisions of the employment equity targets, which must be submitted to the DMRE within six months of publication Mining Charter III.

Mining Charter III necessitates other ways to change. That is, the latter and diversity programs must be carefully studied to have the intended impact. This necessitates a planned and evidence-based approach, as well as the use of synergies with other departments. As a result, success originates from a key characteristic: the organisation views diversity as business-critical rather than compliance-required. The present Charter also mentions the country's "demographics" in most parts, such as the 1.5 percent objective for disabled, young, and women (DMRE, 2018). It also contains employee help programs with no apparent logic and the adoption of a phased transition period comparable to the one indicated under inclusive procurement, which might have aided in creating realistic implementation timetables. Core and crucial talents only mention specific abilities. Furthermore, it is unknown whether other essential skills, which are frequently operation-specific, will be accepted.

8.2.5 Mine community development: section 2.5

Mining is a component of a broader ecosystem. Right holders need to contribute to the socio-economic well-being of the environment, particularly the surrounding and host populations. The greater emphasis on mining community development, which is ring-fenced in the Mining Charter III, requires 100 percent compliance, is a significant shift in the Mining Charter III. Mining organisations have voiced uncertainty about mine

community development contributions. The DMRE anticipated this term since it alludes to a "significant contribution" that has resulted in numerous progressive and beneficial improvements. The Social and Labour Plan (SLP) has become increasingly important in my community development, emphasizing the importance of focused development with adequate processes, procedures, and consultation.

Additionally, as demonstrated by the significant results, SLPs must be developed using an evaluation of community development requirements, worldwide best practices, and a consultation approach involving key stakeholders. This enables projects to be delivered in a manner consistent with the demands of their mining and labour-supplying communities. Notably, the authorized SLP must be published in English and at least one other significant mining language and made publicly available. Finally, all authorised SLP obligations must be carried out within the agreed-upon timeline.

The findings also revealed that both case organisations must contribute meaningfully towards mine community development without bias towards its communities both in terms of impact as well as compliance. The stated developments must follow a consultative process with key stakeholders, for example, relevant municipalities, mine communities, traditional authorities and affected stakeholders. The reviewed literature, including the participants' responses further substantiated that the mining organisations are mandated in cooperation with organised labour, convert or renovate hostels into family units, achieve a one-person occupancy rate per room, and promote house ownership possibilities for all mining employees.

According to the DMRE (2019), the Mining Charter III clearly encourages collaboration to maximise the social effect. Nonetheless, the collaboration should be documented in the SLP that has been accepted. Notably, the Mining Charter establishes a relationship between the 5 percent equity equivalent under Ownership and the development of mine communities (DMRE, 2018). A trust charged with supervising the 5 percent expenditure should direct cash toward community needs while also being accountable for community development. Notably, this community development initiative is not permitted to replace SLP commitments and has a ceiling on administrative, project management, and consultation costs at 8 percent of the budget (DMRE, 2018). The studied literature emphasizes that compliance is challenging since the needed financial commitment in mining community development is unpredictable.

SLP project approvals and processes have become a common practice that rights holders understand. Regardless of the budget uncertainty, it is clear that mine community development projects must benefit local host communities, as explicitly defined in the Mining Charter III. The lack of an explicit, measurable financial mine community development target creates uncertainty around compliance expectations and the magnitude of mine community development efforts required by rights holders. Although the Mining Charter III publicly identifies available SLPs as the primary driver of mine community development requirements, uncertainty remains around the targets, timelines, and expectations accepted by the DMRE.

8.2.6 Inclusive procurement, supplier and enterprise development: section 2.2

The current Mining Charter demands that traditional mining organisations supply chain functions adjust, accommodate, and implement the accelerated inclusive procurement approach. Although inclusive procurement is not the same as supplier and enterprise development, both intend to establish development in the host communities and simultaneously open opportunities for growth and expansion of HDP owned and controlled businesses, where reasonably possible. The supplier and enterprise development program seeks to bridge the gap between the expected standards set out by the mining organisations, and the existing capacities of HDP owned and controlled businesses. The subsections of the inclusive procurement, supplier and enterprise development are:

8.2.6.1 Mining goods: section 2.2.1

The Mining Charter III underscores HDP owned and controlled businesses supplying manufacturing and services to mining organisations. However, the literature revealed that the South African manufacturing and service sectors are limited, making it almost impossible to supply locally produced vital goods and services.

Transitional arrangements as outlined in the, the procurement targets must be complied with progressively within a period of five years. Progressive implementation implies that compliance with the targets must be staggered such that in year one it is 10 percent of the budget, year three 35 percent, and year five achieve 70 percent (DMRE, 2018). The

mining company must submit to the DMRE a strategy outlining how it intends to fulfil these objectives within six months of the Charter's implementation in September 2018. It is unclear what sanction would be initiated if compliance is ignored or transgressed within the prescribed 5-year period. At the conclusion of the transition phase, a suitable holder must maintain compliance with the Mining Charter III targets for the duration of a mining right.

The respondents also revealed that a general lack of guidance remains concerning how a suitable holder is to adhere to the established requirements in inclusive procurement, supplier and enterprise development in instances where it is impossible. For example, cases in which required products are neither created nor manufactured in South Africa or only a foreign provider can provide the needed services. The scholarly review of literature also alluded that, currently, the South African manufacturing sector is facing severe challenges with global competition, local costs, cheap imports and productivity concerning local businesses within the manufacturing sector. The latter was further confirmed in the QDA findings. This has been extensively promoted by globalisation, productivity and efficiency, exchange rates and currency, and the limited opportunities of an African development perspective and escalation of capital requirements. In the same vein, the Mining Charter III requires that mining organisations identify, develop and promote HDP owned and controlled manufacturing businesses in host communities. However, this has left mining organisations stranded and static. Other mining organisations have identified this as a lever to continue business and neglect the manufacturing of goods element of the Mining Charter III. Mining organisations expected the Mining Charter III Implementation Guidelines to provide absolute clarity on the impossibility aspects in the procurement of make-believe goods. Thus, limited progress can be made without implementing supporting mechanisms and institutions to monitor how regulations are implemented.

8.2.6.2 Services: section 2.2.2

The Mining Charter III requires 50 percent of the services supplied to be allocated to the HDP and woman-owned controlled organisations. Controlled organisations are now assigned 15 percent of the services spend, while youth owned, and controlled organisations are allocated five percent (DMRE, 2018). The present Charter also requires

an allocation of 10 percent to BEE compliant organisations within a two-year progressive transitional period, while 70 percent in the first year and 80 percent in the second year respectively (DMRE, 2018). The deeming provision applies equally to mining goods and services. The comments raised in the preceding paragraph regarding mining goods and the ability to comply with the relevant targets also apply to the procurement of services.

There is no evidence of BEE entities capable of providing the services in the relevant apportioned percentages to all mining right holders. If there are no BEE entities or inadequate capacity from which to source these services in the applicable percentages, the miners would not comply with paragraph 2.2.2. Hence, the need for targets and scorecards for inclusive procurement, supplier and enterprise development should be informed by comprehensive studies that reveal HDP owned and controlled capabilities diversified and classified by various types of mining, namely: surface, underground coal and hard coal rock mining.

8.2.6.3 Verification of local content: section 2.2.3

The procured mining goods' local content verification must be conducted by the SABS or another approved DMRE entity. The SABS certificates are not required for the first two transition years. It is uncertain whether the SABS can administer additional duties, which could result in administrative and financial burdens for stakeholders in the mining goods value chain. A concern raised by the mining forums is that the SABS cannot fulfil its current mandate, let alone the additional responsibilities as prescribed in the latest Mining Charter (Louw *et al.*, 2019).

If the miner pays for the cost of verification of a supplier, it is considered to be developing and can be interpreted as part of supplier development costs. Mining right holders are also required to report their consumption annually. To assist mining right holders, the implementation guidelines prescribe the formulas they must utilise to calculate the percentage local content of specific goods and services; scores in respect of each budget category; scorecard scores as well as templates they must use to report their performance annually.

8.2.6.4 Supplier and enterprise development: section 2.2.4

The Mining Charter III allows 30 percent excluding non-discretionary expenditure (DMRE, 2018). This is a welcome offset which may assist with the challenges identified under Mining Goods. The offset for services remains 10 percent (DMRE, 2018). Supplier and enterprise development funds must be invested in HDP-owned and managed enterprises with less than 50-million-rand annual revenue.

Investment on supplier development may not be claimed as expenditure on enterprise development. The Mining Charter III requires a formal agreement between the mining organisation and the business or recipient of the supplier and the company being established. The contract between the holder and the beneficiary must last at least 5 years. The addition of an offset that may, under certain conditions, be available to the mining right holder in respect to supplier and business growth objectives is a welcome new development. However, the DMRE acknowledged, in response to concerns raised by various mining organisations, that the provisions in Mining Charter III. This is because it is conceivable that it will not be obvious when to read in conjunction with the revisions. The time for submission has been extended on a provincial level of the five-year plan.

8.3 GENERAL RECOMMENDATIONS

As a general recommendation, enhanced communication, integration and collaboration between mining stakeholders is necessary. Power relations between mining organisations, local host communities, the Minerals Council of South Africa, and other key stakeholders such as labour unions need to be adequately managed. The South African mining sector should engage and regularly collaborate with the DMRE concerning compliance with the Mining Charter instead of arduous court contestations. Clear targets for each stakeholder should be established and officialised in a mandatory agreement that stipulates clear responsibilities and not only for the mining sector. Sound strategic collaboration between all parties is strongly encouraged in this regard.

It will take municipalities time, especially the smaller ones, and tribal authorities to know and understand how and what role they would play according to the new rules of the Charter. Consequently, stakeholder engagements and collaborations are essential because the implementation and adherence to the Mining Charter will be the responsibility of the

mining organisations and host communities. The DMRE and its officials will need to be trained to understand the new requirements.

The findings identified confusion related to reporting templates. Due to inadequate and inappropriate regulatory frameworks, mining organisations respond with caution and often select a path of avoidance rather than compliance. This results in a complex and challenging local content landscape, which is demanding to navigate. Hence, regular engagement at the Minerals Council South Africa is proposed to utilise standardized reporting templates in collaboration with key role players in the mining industry such as the DMRE.

Benefits linked to the charter have not been fully realised, which could threaten the mining rights of the selected organisations because mining organisations engage actively with other stakeholders within the mining sector to pursue a realistic unified approach towards implementation. Outlining the rewards linked with compliance for all Charter elements would potentially attract mining organisations to comply more swiftly.

The DMRE should consider integrating the mining legislation with particular approaches to diversify the economy. The Mining Charter, and other fiscal regimes have the potential to promote economic diversification and build capacity. Ongoing reviews, enhancements, and reformulations of the Mining Charter are necessary to refine the policy instruments better to address the developing landscape. Recommendations from the mining stakeholders such as the Mineral Council of South Africa is of paramount significance for the DMRE to reconsider the legal framework concerning mining because the Mining Charter needs to provide certainty, stability, and predictability to both the mining investors and host communities.

The DMRE needs to provide simplified guidelines of how mining organisations should deal with communities. A large number of qualifying beneficiaries are community shareholders. Specific mining organisations have resorted to outsourcing the element to entities that specialise in supplier and enterprise development. As such, the outsourced entity serves as an interphase between the mining organisation and consortium or local host community shareholders. The primary findings revealed that supply chain practitioners complain about the lack of policy guidance and added responsibilities. However, the mining organisation

that opted to insource the supplier and enterprise development was concerned with the confinement of its confidential information.

Currently, the policy is a short-term focus. This creates uncertainty among the mining industry stakeholders. The DMRE reveals that although the mining sector has made significant progress, a radical transformation in transparency is required to achieve results with less justification of reasons for its protracted progress in this sector. The analysed data also revealed that the DMRE should realise that it will take time to minimise the impact of the past injustices. Thus, they need to take a long-term view for the policy to have a lasting effect. However, the scholarly review evidenced that the mining sector has the capacity and the capability to foster radical inclusive procurement, supplier and enterprise development. Moreover, inadequate awareness of socio-economic responsibilities and lack of commitment from top management was identified as additional barriers to change (Blome *et al.*, 2014; Panizzolo *et al.*, 2012; Routroy & Pradhan, 2014). It is understood that the lack of emphasis from top management, sporadic follow-ups and inadequate support in executing these initiatives definitely impede implementation.

8.4 CHAPTER SUMMARY

This chapter presented the analysis and proposals for the Mining Charter III based on the qualitative content analysis and the scholarly review of publications from the body of knowledge and practice. The proposals related to the Mining Charter III outlined, among other things, misalignment of DMRE with all the critical mining stakeholders, including miners, municipalities, labour unions and host communities, when formulating the agreement (Charter) and the implementation of its guidelines. Consequently, this legislation should be communicated simplistically and the DMRE provides guidance because certain stakeholders do not possess the same level of comprehension.

Generally, the research results revealed that the mining organisations have engaged in forums and initiatives in analysing and understanding the requirements of the Charter. The findings also identified confusion related to reporting templates. Hence, regular engagement at the Minerals Council South Africa to propose standardised reporting templates in collaboration with key role players in the mining industry such as the DMRE is strongly recommended. Lastly, the wording in the Charter must be amended to outline

how compliance will be monitored, rewarded, and managed non-compliance. Chapter 9 presents the conclusions and provides recommendations related to the overall findings of this study.

CHAPTER 9

CONCLUSION AND RECOMMENDATIONS

9.1 CHAPTER OVERVIEW

The previous three chapters presented QDA of findings from the two case organisations mining coal in the Mpumalanga province of South Africa. The thesis commenced with providing the background into the research, reviewing relevant literature from the body of knowledge and practice, and outlining the research methodology that was considered suitable to explore the phenomenon under enquiry. This chapter constitutes the final chapter of this present research. This chapter aims to provide conclusions and recommendations from the research findings and literature from the body of knowledge and practice.

As noted in the previous chapters, the South African economy is characterised by uncertainties dampening economic expansion. It places the country among the worst-performing countries in the sub-Saharan African region. Several factors contributing to this unfavourable climate include inadequate access to economic opportunities, diminishing business confidence, a lack of clear public policy on critical issues, and suboptimal service delivery from government organisations. However, the mining sector is of vital strategic importance. The government has challenged the industry to play a central role in helping the country achieve its social and economic objectives.

Through the Mining Charter III, the industry role players are compelled to prioritise the national agenda of building an economy underpinned by inclusive growth, competitiveness, and transformation. Thus, this present research explored how the sampled mining organisations may integrate inclusive procurement and supplier development and enterprise development in their operations. This chapter integrates the research chapters to develop an integrated, coherent strategy framework to integrate inclusive procurement, supplier development, and enterprise development in mining operations. This chapter will also discuss the limitations of findings, implications to policy, practice and theory. The chapter will conclude by considering the need for future research, including personal reflections.

9.2 DEVELOPMENT OF THE FRAMEWORK

Figure 9.1 is an abstract representation of the proposed framework as guided by the fourth research objective earlier set out, “*to develop an integrated coherent strategy framework to mutually benefit the mining sector together with the local historically disadvantaged entrepreneurs through inclusive procurement, supplier and enterprise development.*” The proposed framework is five-fold and commences with the policy environment that influences the organisational strategy of the mining organisations to achieve compliance. This study is limited to the inclusive procurement, supplier and enterprise development element of the Mining Charter III policy document.

POLICY	STRATEGY	CHANGE MANAGEMENT	OUTCOMES	IMPACT	
Current Mining Charter	Stakeholder engagements and management	Internal governance structures	Inclusive Procurement	Meaningful socio-economic transformation by the mining industry	
	Customised organisational strategy				
	Consultative interfunctional coordination	Internal and external communication	Supplier developemnt		
	Supply Chain strategy	Measures to mitigate barriers for implementation of organisational strategy	Enterprise development		
	Effective communication				

Figure 9.1: Framework for catalysing inclusive procurement in supplier development and enterprise development

Source: Author’s own illustration

The current Mining Charter as illustrated in the proposed framework remains at the heart of the organisational strategy of the mining organisations to achieve the desired outputs on inclusive procurement and supplier and enterprise development elements. Accordingly, if all the phases of the proposed framework are implemented and assurance processes effected by the mining organisations, it is understood that meaningful socio-economic impact will be achieved. The subsections discuss the foregoing elements of the proposed framework in detail.

9.2.1 Policy component of the proposed framework

Mining Charter and transformation policies in the mining industry are not only for regulatory purposes. They are a business requirement that the industry needs to adhere to for it to operate seamlessly. As noted earlier in the previous chapters, the mining organisations generally do not operate in a vacuum but rather in a legislated environment. However, the design and development of these legislative requirements must follow consultative processes with key role players in the mining industry to achieve buy-in from myriad stakeholders. In this manner, the eminent contestation of the Mining Charter revealed by both the primary and secondary findings may be mitigated because the legislative document with specific reference to Mining Charter III influences how the South African mining organisations operate.

Without further ado, it has crystallised that the Mining Charter III as a policy document influences the overall operations of the mining organisations. This revelation is supported by the primary findings of this present research. The current Mining Charter covers a rich mix of initiatives that the South African mining organisations must implement. The QDA findings revealed that the ever-changing legislative environment requires the mining organisations to be agile enough to remain competitive and sustainable. The agility referred to is not limited to the physical mining operations but also the internal structures of the mining organisations. As such, the practitioners in the mining organisations must ensure complete comprehension of the current Mining Charter as one of the significant influencers of the mining industry. Regarding the proposed framework, its first phase of implementation is thus the current Mining Charter.

9.2.2 Strategy component of the proposed framework

The preceding subsection denoted comprehension of the requirements of the current Mining Charter as the first phase of the proposed framework for integrating inclusive procurement, supplier development, including enterprise development. The transposition of the DMRE directives through the current Mining Charter, and consultation with industry role players on the South African mining sector transformation agenda, to aid participation of HDP owned and controlled entities in the mining value chains highly influence the overall organisational strategies of the South African mining organisations. There remains a strong emphasis on organisational strategy simplification. As such, when integrating the current

Mining Charter directives into the organisational strategy, considerable effort must be put into effectively engaging with key stakeholders and managing their expectations as seen in the presentation of results chapters.

Given the primary findings of this present research, stakeholder engagement and management are interpreted to be an operational priority and a common denominator in customising the organisational strategy to align with the Mining Charter directives related to inclusive procurement, enterprise development including supplier development. In the context of this study and the proposed framework, customisation of the organisational strategy must additionally follow a consultative interfunctional coordination to potentially reduce resistance towards developed organisational strategies that incorporate a mix of broad long-term strategies aimed at integrating inclusive procurement, enterprise development and supplier development including also short-term initiatives aimed at “*quick win*” compliance results. It has been noted from the primary findings supported by a scholarly review that promotion of inclusive procurement, enterprise development as well as supplier development predominantly reside within the supply chain workstream.

Consequently, the supply chain workstream is tasked with integration efforts to improve awareness of the supply chain strategy to fulfil the inclusive procurement, enterprise development, and supplier development elements of the current Mining Charter. With reference to the proposed framework, effective communication to stakeholders is central to secure ongoing support while ensuring success in implementing the Mining Charter directives. The second phase of the proposed framework strongly appreciates the following factors stakeholder engagement and management, customised organisational strategy, consultative interfunctional coordination, results orientated supply chain strategy and effective communication revealed by the primary and secondary findings of this present research aimed at achieving meaningful and inclusive economic impact while preserving the social license to operate by balancing approval from local communities, other stakeholders and the management of legislative pressures.

9.2.3 Change Management component of the proposed framework

The DMRE requires the mining organisations to be compliant progressively with the inclusive procurement, supplier and enterprise development target within a period of five years. As discussed in the previous section, mining organisations need to align their

organisational strategies to the requirements of the Mining Charter III and then gradually integrate inclusive procurement, supplier and enterprise development into the mining organisations' work-streams. However, transforming the mining organisations requires effective change management to ensure that the supply chain work stream is supported and strengthened to plan, adapt and implement tools, and evaluate the implementation together with myriad stakeholders, civil society representatives and host communities.

According to the proposed framework in Figure 9.1, the change management phase involves implementing quality assurance, aligning internal governance structures with developed strategies, internal and external communication with key stakeholders, and measures to mitigate barriers for implementation of organisational strategy. This third-phase of the proposed framework needs to be an integrated approach to promote deliberate, productive change, reduce change obstacles, and deal with the repercussions of the shift. The primary findings of this present research revealed that the buy-in and support from leadership and transparency are crucial for integrating inclusive procurement in supplier development and enterprise development in the supply chain value chain. This change highly informs the supply chain practitioners and other stakeholders, including end-users within the mining operations executing change to influence intrinsic acceptance while reducing resistance. Effective leadership will ensure that the change is successfully introduced and sustained.

To effectively institutionalise inclusive procurement, supplier and enterprise development in the mining organisations value chain, alignment of internal governance structures with developed strategies is required as they define, guide, and provide for enforcement of these processes. Internal governance structures and developed systems also need to set rules, procedures, and other informational guidelines. The miners also need to provide a methodology that maps out the mining organisation's milestones and the intended goals, including opportunity identification and opportunity prioritisation at a high level. The internal governance structures with developed strategies should be effectively communicated with the key internal and external stakeholders.

Facilitation of internal and external communication with key stakeholders (such as end-users, supply chain practitioners, host communities, HDP business owners' and municipalities) regarding integration of inclusive procurement in supplier development and enterprise development in the overall organisational strategy through change

management methods is crucial. The strategies need to be coherent, visible and straightforward to understand. External and internal communication must be pedantically planned to ensure that the right message is targeted at the right audience. Specialised or detailed technical communication should be reserved for stakeholders directly involved in areas affected by inclusive procurement, supplier development and enterprise development.

9.2.4 Outcomes component of the proposed framework

Overall, the desired outcome of the proposed framework is to promote inclusive procurement, effect mining centric supplier and enterprise development. According to the latest Mining Charter, although these initiatives can create social benefits in the mining organisations' host communities; they have so far proven to generate minimal levels of sustainable socio-economic value. This has since instigated change in the operating environment, including increasing compliance requirements, as outlined in the current Mining Charter, and social requirements to operate within a community. The proposed framework as seen in the first three phases is developed to integrate inclusive procurement, enterprise development including supplier development through integrating implementable strategies in the operations of the South African mining organisations.

The proposed framework highlights the vital role the South African mining organisations can play in creating an environment that supports inclusive procurement, enterprise development including supplier development. By implementing the developed organisational strategies in the second phase of the proposed framework, it is envisaged that the South African mining organisations will strategically position themselves to capture benefits of integrating inclusive procurement, enterprise development including supplier development to build a sustainable competitive advantage. However, it is noteworthy that this emphasises strategic areas in the second phase of the proposed framework that aligns with the societal context and develops viable, local supplier bases in the host communities.

In this manner, the typical supply chain challenges revealed by the primary findings of this study in the mining organisations associated with a shortage of local suppliers and insufficient core capabilities and resources may be minimised if not rooted out. Implemented right, inclusive procurement, enterprise development including supplier development maybe a “win-win” for the mining organisation and HDP owned and controlled enterprises.

Concerning the HDP owned and controlled enterprises, the main benefit, among others, include making a significant socio-economic impact throughout the communities. Given the complexity of developing local enterprises and suppliers, the mining organisations are therefore required to consider implementing the proposed framework with an opportunity-oriented approach that maps the mining opportunities against the suppliers enrolled for either enterprise or supplier development.

It is envisaged that such a development approach integrated into the overall organisational strategy may aid the identification of priority categories in the short-term, including those that need more time for development, allowing the miners to consider their immediate options and the long-term strategic options. However, the proposed development approach must be centric to the mining organisations' core activities but not peripheral for the sake of tick boxing the inclusive procurement, enterprise development and supplier development elements of the current Mining Charter.

9.3 GENERAL CONCLUSIONS FROM THE OVERALL RESEARCH

The evolving strategic policies and reporting requirements promulgated by the South African government in the mining sector has obligated mining organisations to redress socio-economic issues and challenges. These include economic redistribution in the form of inclusive procurement, employment equity, the reduction of unemployment, the socio-economic upliftment of local communities, and supplier and enterprise development. This legislative and policy reporting requirements initiative mainly involve the South African government or DMRE, mining forums such as Minerals Council South Africa, and mine shareholders. As such, the Mining Charter requirements have to be aligned and integrated in the mining organisations strategies to ensure that the requirements are achieved.

The DMRE, with a consultation to the mining industry role players, has taken transformation and localisation in supply chains very seriously and have set out how this is to be measured. Based on the findings of this present research, these transformation and localisation aspirations are presently being implemented by mining organisations substantially and meaningfully expanding opportunities of HDP owned and controlled businesses to enter the mining industry and benefit from the exploitation of the mined resources. In their efforts to comply with the current Mining Charter, the findings indicate that the mining organisations

have already embarked on advancing employment and diversifying of the workforce to achieve competitiveness and productivity in their mining operations.

The findings acknowledge that it is on this account that mining organisations are currently at varying stages of development and maturity and have deliberated and implemented varying strategic approaches and change management processes such as outsourcing or insourcing supplier and enterprise development element. Some mining organisations strategies are still in the initial planning stages. Others have implemented, and others decided to make the first move advantage and are in the monitoring and reviewing stage. The findings revealed that even though some organisations have opted to outsource the inclusive procurement, supplier and enterprise development element, implementing such a function is still linked to the mining organisations practitioners explicitly practising in the supply chain function.

It is rather saddening that the findings indicated that even though the mining organisations policies and procedures have been developed and integrated, the supply chain operations still suffer from underdeveloped tools and processes for proactively monitoring the compliance and enforcement of procurement inclusion policies. This includes scarcity of human and financial resources within procurement offices to research and implement these tools and processes. In some cases, the mining organisations supply chain practitioners appeared to be applying the “learn as you go process”. This is a concern as a lack in the development of supply chain practitioners will have a detrimental long-term impact on the ability of the department to establish and maintain an effective and efficient inclusive procurement policy.

That being the case, the supply chain risk needs to be managed with resilient internal supply chain management structures. The reviewed literature, including the findings from case organisations indicated that internal governance aimed at managing supply chains must ensure that their local and international practices and relationships comply with the expected external environments while sustaining the bottom-line. Internal governance structures have been conceptualised as the main source of strengthening the mining organisation’s supply chain capacity. In this vein, through employment of agile governance structures, the mining organisations are able to coordinate and integrate various dimensions of the Mining Charter’s requirements across their mining operations.

However, the supply chain function cannot integrate inclusive procurement for supplier and enterprise development in isolation. This needs to be integrated into the mining operations value chain and requires acceptance by all stakeholders to be successful. The findings evidenced that, even though the supply chain function had been challenged in implementing inclusive procurement, the majority of practitioners believe that the implementation of inclusive procurement has to a significant degree enhanced the ability to reach the operational objectives of end-users' vital stakeholders. Supply chain function requires consultative inter-functional coordination through effective communication with various stakeholders of the mining organisation. This was evidenced by the findings that this element needs a cross-functional approach that will drive the implementation strategies of inclusive procurement in conjunction with supplier and enterprise development programs.

This approach cannot be achieved without the inclusion of host communities where these HDP owned and controlled businesses reside. Hence, the findings and the in-depth literature review have highlighted the significance of internal and external communication and continual stakeholder engagements with key role players in the host communities. The rationale for continual stakeholder engagements with key role players in the host communities is to minimise the confusion surrounding preferential procurement and the inclusive approach prescribed by the current mining charter. In some host communities, the said confusion has resulted in unruly community unrests because the efforts of the mining organisations have been cited with the host community's local municipality failures. As a result, the unruly community unrests are identified as one of the main barriers to effective and successful implementation of inclusive procurement for supplier and enterprise development, particularly to local HDP owned and controlled businesses in mining. Through continual stakeholder engagement and management, any arising conflicts and resistance are mitigated promptly.

Even though the mining sector has welcomed Mining Charter III, it is still facing intensifying contention due to the government's poor communication and consultation approach. The DMRE presented weaknesses in their approach to inclusive procurement, supplier and enterprise development, and the significant concern is in the Mining Charter III and its implementation guidelines. Having a clear understanding of basic definitions, such as HDP in the context of inclusive procurement, can provide the right approach to regulatory frameworks and strategies for policy-makers and procurement practitioners alike.

However, suppose basic definitions are not clear and commonly understood by all stakeholders. In that case, mining organisations find it challenging to comply with the regulatory frameworks, and at the same time, DMRE will have difficulty enforcing Mining Charter III. Therefore, the research perceives that even though Mining Charter III has evolved, many gaps need to be closed out.

Due to inadequate and inappropriate regulatory frameworks, mining organisations respond with caution and often choose a path of avoidance rather than compliance, resulting in a complex and challenging local content landscape, which is challenging to navigate. Benefits linked to the charter have not yet been realised, which could threaten the mining rights of the sampled organisations simply because mining organisations are actively engaging with other stakeholders within the mining sector to pursue a realistic unified approach to implementation. The findings identified confusion around reporting templates, hence regular engagements at the Minerals Council South Africa to propose standardised reporting templates in collaboration with key role players in the mining industry such as the DMRE. For these reasons, the close association between internal governance structures, internal and external communication, inclusive procurement, supplier and enterprise development, including barriers to inclusive procurement, is being utilised to foster transformational change towards complying with the Mining Charter III.

The selection of HDP owned and controlled businesses to be supported in supplier and enterprise development programmes appeared not to be rigorous in most instances, although the research participants had developed checklists and strategies by adopting a formal process to select proposals for support. Unfortunately, because these processes had been introduced only recently, it was impossible to conclude whether they will be effective.

The key to effectively achieving implementation of the strategy developed to comply with the Mining Charter III is for the drivers of the desired strategic direction to know how to actively connect with the entire mining operations stakeholders and understand their value propositions. The findings revealed that otherwise, mining organisations might unlikely achieve compliance with Mining Charter III without paying attention to essential influencers' expectations and demands drivers. The diverse range of the mining operations stakeholders may cumulatively exert a significant impact on the perception of the Mining Charter III successful implementation.

9.4 CONCLUSION ABOUT THE RESEARCH OBJECTIVES

The overarching aim of this present research was to explore the approaches utilised for inclusive procurement, supplier and enterprise development that conforms to the Mining Charter III by mining organisations in South Africa within the Mpumalanga province in an attempt to develop an integrated, coherent strategy framework. To achieve the foregoing stated aim, there were specific objectives that were formulated, and the conclusions on the objectives are presented.

9.4.1 Conclusion on the first research objective

The first objective was to explore critical elements linked to the successful and effective implementation of inclusive procurement for supplier and enterprise development, particularly to local historically disadvantaged entrepreneurs in mining.

During the analysis of objectives in the previous chapters, it was evident that crafting an effective inclusive procurement for supplier and enterprise development strategy is a multi-dimensional process where each formulation stage informs the other. However, it is critical to emphasise once more that fostering such a change requires a long-term formal approach because picking appropriate beneficiaries and establishing effective pathways for knowledge and resource sharing can be time-consuming. Accordingly, the research findings indicated that it was of paramount importance for the mining organisations to first unpack and deliberate on their level of understating regarding the current mining charter. This deliberation was a cross-functional effort in both case organisations. The results of the deliberations aided the inter-functional coordination of the Charter's requirements to fine-tune the strategic rollout of the implementation priorities regarding the Charter. To effectively implement the priorities strategised during the deliberations, effective communication was a crucial ingredient in the process of implementation of the Charters requirements. This suggests that the development of strategies to conform to the legislative requirements in the mining industry fraternity is not a one-man show but rather a collaborative approach.

Collaborative strategic and change management efforts in this present research can be conceptualised to be closely linked to the successful and effective implementation of inclusive procurement for supplier and enterprise development, in particular to local

historically disadvantaged entrepreneurs in mining. Continual stakeholder engagements with key role players in host communities are also essential in managing relationships and expectations of host communities. The rationale for continual stakeholder engagements with key role players in the host communities is to minimise the confusion surrounding preferential procurement and the inclusive approach prescribed by the current mining charter. In some host communities, the said confusion has resulted in unruly community unrests because the efforts of the mining organisations have been cited with the host community's local municipality failures. As such, the unruly community unrests are identified as one of the main barriers to the practical and successful implementation of inclusive procurement for supplier and enterprise development, particularly to local historically disadvantaged entrepreneurs in mining. Hence, the mining organisations' criticality of continual engagements with key stakeholders and stakeholder relationships management is of utmost importance. Thus, the latter necessitates an understanding of Mining Charters requirements word by word.

The continued contestation of Mining Charter III has made the DMRE not barge but enforce compliance to the Mining Charter. As a result, the mining organisations are forced to be agile enough to comply with the industry's dynamic legislative requirements. This agility is not only meant for the mining organisations but also for the employees within organisations simply because the practitioners at different work streams within the mining organisations are tasked with executing the requirements of the current mining charter on behalf of the mining organisations. Hence, the findings have revealed that the mining charter requirements have been linked with their KPIs. The implication of the foregoing is that everyone in the mining organisations must put effort into the implementation of inclusive procurement for supplier and enterprise development irrespective of seniority in the mining organisations. The findings suggested that some executives tend to be conflicted in promoting inclusive procurement for supplier and enterprise development. As one of the critical success factors of successful implementation of inclusive procurement for supplier and enterprise development in the South African mining organisations, such conflictions revealed by the findings in this present research must be rooted out, and perpetrators must deal with accordingly.

In the same vein, the supplier and enterprise development function in the mining organisations, whether outsourced or insourced, must also develop procurable HDP owned

and controlled enterprises, preferably from the mining operations host communities. At the same time, the supplier and enterprise development function must also address the failure to actively collaborate with other key stakeholders in the mining organisations value chain. This will ensure that they have a stake in the outcome and contribute to the development of procurable HDP owned and controlled enterprises. In the context of this present research, procurable implies technical competence to participate in the mining organisations' supply chains meaningfully. Doing so will ease the discomfort or the resistance to make use of the developed, procurable HDP owned and controlled prospective businesses from host communities as mandated in the current mining charter. The mining organisations have made significant progress to also accommodate the HDP owned and controlled enterprises by creating favourable terms and minimising the demanding administrative process such as tendering bids and adjudication processes.

In line with the first objective, other critical success factors for successful implementation of inclusive procurement for supplier and enterprise development in particular to local historically disadvantaged entrepreneurs in mining are linked to the internal environment of the mining organisations and external. For instance, for the HDP owned and controlled entrepreneurs to actively participate in the mining organisations value chain, they need not be distributors but manufacturers or assemblers of essential products required by the mining organisations. To achieve the local content prescribed by the Mining Charter III, the DMRE must also come to the party by ensuring that the state organs to verify local content are capacitated and equipped to handle the requirements of the current charter. In this manner, the objective of promoting inclusive procurement for supplier and enterprise development in particular to local historically disadvantaged entrepreneurs within the mining industry in alignment to the local content component of the Charter, will be realised. At the same time, if local content has been verified, the mining organisations may have appetite to procure from HDP owned and controlled businesses as this will present bankable benefits to the mining organisations. Thus, achieving the first objective of this present research and simultaneously significantly accelerating South Africa's economic growth and development specifically post COVID-19 pandemic.

Against the above supported by the existing literature from scholarly publications presented in the literature review chapter the first objective formulated from the problem statement from the present research has been achieved.

9.4.2 Conclusion on the second research objective

The second objective of this present research was to investigate change management strategies applied by mining organisations towards conformance to the promulgated Mining Charter III with a specific focus on inclusive procurement and supplier and enterprise development.

One thing that is inevitable for the mining organisations is compliance to the ever-changing South African legislative environment. As such this requires mining organisations to have agile change management strategies, processes and procedures. The change management strategies need to account for both the uncertainty and resistance to change that can be experienced at all employee levels, specifically with inclusive procurement and supplier and enterprise development. The findings of this present research identified that behavioural changes in the overall supply chain function not being fully addressed because the focus is seemingly placed on the technical requirements instead. Therefore, the supply chain workforce is rather left with limited comprehension of why change is happening in line with the Charter's requirements or how it will benefit the department and the mining organisations. The reviewed literature and the findings have outlined that lack of cooperation between employees and HDP owned and controlled businesses. Some prevalent challenges to implementing change in these sampled mining organisations include a general scepticism of untested inclusive procurement, supplier, and enterprise development procedures and fear of deviating from what has already worked. Hence, the need to discuss the change management strategies applied by mining organisations towards conformance to the promulgated Mining Charter III, focusing on inclusive procurement and supplier and enterprise development.

The current findings and the reviewed literature outlined in previous chapters has demonstrated that there is no "one-size-fits-all" approach and that the mining organisations have favoured an inclusion approach though they are governed by the Mining Charter III. This is because employees tend to naturally resist change, gravitate toward what is familiar, and seek out comfort zones. Hence, it was important for the mining organisations to first unpack and deliberate on their level of understating regarding the current mining charter to share codes of good implementation practices and simplify and clarify the mining organisation's change management strategies. Codes of good implementation practices are required as the Mining Charter III has to be integrated

in the policies and procedures of the mining organisations. Engagements with platforms such Minerals Council South Africa including the DMRE implementation guidelines, assisted by providing clarity and simplicity from other mining organisations point of view and DMRE as a consortium.

In the case organisations inclusion approaches, the policy levers, revenue streams, business motives, historical precedents, and strategies to strengthen inclusive procurement differ from one mining organisation to another. The sampled mining organisations strive beyond compliance but to do what is right through advancing inclusive procurement and contracting policies in their operations. In their procurement strategies, the case organisations have adopted various strategies to realise increased inclusion of those categorised as HDPs under the Mining Charter III. Even though, according to Vorley and Thorpe (2014), inclusive procurement policies and their realisation in practice are disconnected. Somehow, the strategic levers of adopting best policies for integrating inclusive procurement may not guarantee that the developed policies will either be enforced or effectively implemented.

The key to effectively achieving implementation of the strategy developed to comply with the Mining Charter is for the drivers of the desired strategic direction to know how to actively connect with the mining operations stakeholders and understand their value propositions. Otherwise, the sampled mining organisations may unlikely achieve compliance to the Mining Charter III without paying attention to the expectations, needs of key influence-drivers, and the diverse range of the mining operations stakeholders that may cumulatively exert a significant impact on the perception of implementation of the Mining Charter III success. Through continual stakeholder engagement and management, any arising conflicts and resistance are mitigated promptly. Accordingly, stakeholder engagement and management are considered key factors to help facilitate compliance to the Mining Charter III at the sampled mining organisations. The consultative interfunctional coordination was revealed by the results as an essential internal engagement practice. The collaboration between internal business units seemingly promoted better performance by sharing best practices on prioritising the requirements of compliance to the Mining Charter III.

The other important elements that are prudent and are likely to influence the goals on implementation of the Mining Charter III are the effective internal governance structures

accompanied by effective communication and internal and external communication processes, including identification of barriers and implementation of applicable mitigation measures. These elements were highlighted at both case organisations. In an attempt to ensure compliance with the Mining Charter III, internal governance structures have been developed and implemented to ensure that applicable resources are in place. The noted intercalated work streams are seamlessly working on agreed priorities, progressing to agreed time scales, and delivering the required different elements as prescribed by the charter. At the heart of the internal governance structures, is internal and external communication by the cross-functional teams tasked with achieving the strategic direction of the sampled mining organisations. The case organisations in this present research have been established, with governance, the proper structure for promoting inclusive procurement and supplier and enterprise development.

As revealed in the findings of the two case organisations and the reviewed literature, successful implementation requires consultative interfunctional coordination within the mining organisations, which could be challenging to coordinate at times. Similarly, as noted in the results, the strategic direction to promote local spend in the host communities may at the same time be hindered by other key stakeholders' resistance in the absence of sufficient leadership efforts. As such, the implementation sought, therefore, requires continued stakeholder engagement and management. Capturing and preserving a competitive edge would need adaptation of a shared value strategy that benefits not just mining companies but also the communities in which they operate.

It can be concluded from the findings of this present research that adequate flow of information in the form of communication during change management is an essential ingredient. Effectively communicating the 'game plan' for change management concerning the latest Mining Charter to all employees across the value chains of the mining organisations to create synergy and to ensure the understanding of the end goal is vital. It is thus reiterated that effective communication is a crucial ingredient in rolling out significant elements of the Mining Charter III while simultaneously affecting the desired change management across mining organisations. Against the above discussion, it is concluded that the second objective of this study has been achieved.

9.4.3 Conclusion on the third research objective

The third objective of this present research was set out to determine the extent to which mining organisations inclusive procurement, supplier and enterprise development strategic processes compliment the overall business needs and the implications of variations. This objective has been achieved because the findings in this present research revealed that beyond understanding the legislative requirements and the mining organisations have built their processes based on the risk associated with noncompliance. Additionally, the mining organisations have modulated trade-offs between speed, cost, quality, and compliance to accommodate the latest Mining Charter III requirements.

Due to the legislative environment enforcing socio-economic transformation, mining organisations have had to prioritise the Mining Charter III's elements to protect their social licence to operate. The mining organisations have committed to adapting to the legislative environments through resource allocation such as capital investments, supplier and enterprise development, and inclusive procurement. This has been followed by continuous engagement with other mining organisations, as previously noted from the findings. Central to the supply chain function as guided by the implementation guidelines of the Mining Charter to integrate inclusive procurement, including supplier and enterprise development, is the integration of HDP owned and controlled business in the value chain and breaking the barriers of historical ties. However, the mining organisations face a mammoth and complex task of accommodating all stakeholders' expectations.

The sampled mining organisations have deliberated and formulated approaches to implement supplier and enterprise development. These were through in-house or outsourcing activities. Because the Mining Charter III enforces that development is not enough alone and that inclusive procurement is required to grow the developed HDP owned and controlled businesses, what this means is that the mining organisations need to develop the HDP owned and controlled businesses to the point that they are confident that they are procurable and can deliver the service and other organisations at acceptable standards according to the mining organisations. Mining organisations have had to ensure that they implement these requirements even though this has been a 'learn as you go process'.

The involvement of senior management in the implementation processes has been an essential step for insuring and advancing the mining organisations strategic agenda. As such, there have been change management strategies to facilitate this implementation. A phased approach to implementing the current Mining Charter has allowed the mining organisations to achieve the initial phases of implementation without jeopardising the mining operations. Clearly delineating diagnostic, design, and deliver phases has afforded the mining organisations a breather to strategise while answering the right questions for implementation. As such, this has allowed the mining organisations an ongoing refinement of the implementation strategies for inclusive procurement, supplier and enterprise development sequentially.

The mining organisations have considered implementation priorities as being deeply integrated into the strategic direction of ensuring compliance. This has also been reflected in the mining organisations internal governance frameworks. Therefore, it is concluded that the mining organisations have invested time and effort to develop the foregoing governance frameworks to preserve the mining rights as prescribed in the implementation guidelines of Mining Charter III. The findings affirmed that compliance to the Mining Charter III requirements is non-negotiable since noncompliance will threaten operating social license. This implies that the mining organisations cannot afford deviations of any nature. Furthermore, the highlighted governance frameworks which mining organisations have developed allow the embedding of supplier development in tender processes. Therefore, the mining organisations tailor-make their commodity management strategies to support HDP owned and controlled businesses by incorporating skills transfer, innovation, and artisan support.

9.5 LIMITATIONS OF FINDINGS

The limitations of findings for this present research comprised of the scope and the research aim which was *to explore the approaches utilised for inclusive procurement, supplier and enterprise development which conforms to the Mining Charter III by mining organisations in South Africa within the Mpumalanga province in an attempt to develop an integrated coherent strategic framework*. The sample comprised of practitioners specifically practising in the supply chain function of the case organisations. As earlier outlined in the research methodology chapter, the case organisations are located in the

Mpumalanga province of South Africa. Against the foregoing, the findings of this present research may not necessarily be an overall representation of the entire South African coal mining sector but just an abstract representation.

9.6 IMPLICATIONS FOR POLICY AND PRACTICE

Generally, the research results have revealed that the mining organisations have been engaging in forums and initiatives in unpacking and understanding the requirements of the Charter. The proposals to the Mining Charter III outlined common trends and gaps visible in each element, firstly, the misalignment of DMRE with all the critical mining stakeholders, including miners, municipalities, labour unions, and host communities when formulating the Charter and the implementation guidelines. All stakeholders must be aligned as the Mining Charter may go a long way in addressing socio-economic imbalances and transforming the livelihoods of host communities. There is a strong evidence that suggests that current Mining Charter requirements should be communicated in a simplified manner and with guidance from the DMRE as some of the stakeholders vary in their levels of understanding. The Charter needs to outline how compliance will be monitored and how non-compliance will be handled.

Due to inadequate and inappropriate regulatory frameworks, mining organisations respond with caution and often choose a path of avoidance rather than compliance, resulting in a complex and difficult local content landscape, which is challenging to navigate. Benefits linked to the charter have not been fully realised, which could threaten the mining rights of the sampled organisations simply because mining organisations are actively engaging with other stakeholders within the mining sector in pursuit of a realistic unified approach to implementation. The findings identified confusion around reporting templates, hence regular engagements at the Minerals Council South Africa to propose standardised reporting templates in collaboration with key role players in the mining industry such as the DMRE. For these reasons, the close association between internal governance structures, internal and external communication, inclusive procurement, supplier and enterprise development, including barriers to inclusive procurement, is being utilised to foster transformational change towards complying with the Mining Charter III.

Clear definitions are vital for ensuring a shared understanding of key ideas and terminology, especially if the word is uncommon or not well understood by the general public or industry. As a result, the modification of the HDP word must be consistent and uniform throughout all policy papers. This is because such legislative papers have an impact on a wide range of stakeholders and are an integral aspect of South Africa's mining law system since they provide the ground rules for how miners may plan their operations and build their mining organisation plans. This ambiguity tends to spread to outlying groups, which is why the term 'black' is utilised in the implementation guidelines to describe those who are not white. As a result, assuring and demonstrating that investment matches demographics would be tough, further complicating an already complex compliance reporting landscape that is already difficult.

Uncertainty exists over the financial impact of reforms on miners, particularly in light of the present economic scenario. Costs associated with enhancing BEE ownership include supplier and company development, human resource development, and the carried interest for host communities and qualified employee-shareholders. Uncertainty still exists over the application of the non-transferable carrying interest previously mentioned for the acquisition of new mining rights. It is also contested whether or not it is possible to legally distinguish between workers in terms of who may and cannot participate in the shareholding (in relation to the definition of qualified employees). The definition of a "similar vehicle" for the purposes of the equity equivalency advantage is still up in the air, and the exact definition is unclear.

After that comes a ripple effect that is a little depressing, which is followed by supply chain operations that are still struggling to establish tools and procedures that will allow monitoring compliance and enforcement of procurement inclusion rules on an ongoing basis. In addition, there is a lack of human and financial resources available within procurement offices to devote to the development and implementation of these tools and procedures. There were a few instances where supply chain practitioners from mining organisations looked to be implementing the "learn as you go method". As a result, there is a fear that the department will be unable to implement and sustain an effective and efficient inclusive procurement strategy in the long run due to a shortage of supply chain practitioners being trained.

Developing a new way of thinking about change is necessary for Mining Charter III to succeed, one in which transformation and diversity efforts are carefully thought out have the intended impact. This necessitates a systematic and evidence-based strategy that makes use of synergies with other departments to achieve success. The result is that success is based on an important quality, namely that the organisation views diversity not as a compliance need but rather as a business-critical requirement.

9.7 IMPLICATIONS FOR THEORY – PROPOSED FRAMEWORK

As the custodians of implementing the Mining Charter III, mining organisations continue to be compliant and protect the "social license to operate", although the Charter's good intentions include addressing economic imbalances in the South African mining sector by integrating inclusive procurement in supplier development and enterprise development. The level of compliance with the current Mining Charter can provide insight into the mining industry's ability to contribute to the industrialization of the economy in a more broadly inclusive and beneficial manner. The mining industry contributes to industrial growth by the way in which it manages these and other areas of its operations, among other things. Non-compliance with the present Mining Charter may cause industrial growth in South Africa to be slowed or even halted entirely. On the other hand, mining organisations are under pressure from regulations to guarantee that the change is properly handled while also managing their Supply Chain procedures effectively so that operations are not disrupted.

The qualitative research process revealed that the challenges relating to the implementation of the inclusive procurement, supplier and enterprise development directive of the current Mining Charter are exacerbated by lack of transformation, historical ties with legacy generic enterprises, conflict of interest by senior management, fronting and resistance by end-users are some of the challenges which have contributed to deferment in the mining industry, hence the need of the proposed framework. Furthermore, as noted from the primary findings, among other challenges earlier presented, the proposed framework has a potential to add rich detail to the existing knowledge related to meaningful transformation of the South African Mining industry. There is strong evidence from the primary findings of the complex phenomenon "self-defence syndrome", whereby the mining organisations constantly justify slow transformation in their mining operations. The evidence provided in this present research through primary and secondary information indicates enough evidence to suggest that the proposed framework is relevant to the needs of the sampled mining organisations integrating inclusive procurement in supplier development and enterprise development in their supply chain value chain.

Noticeably, there is no one-size-fits-all approach in integrating inclusive procurement in supplier and enterprise development. This implies that even though the two sampled mining organisations adopted various strategies, they remained congruent in their attempts to integrating inclusive procurement in supplier development and enterprise development. The proposed framework in Figure 9.1 outlined the holistic overview that the mining organisation can apply to integrate inclusive procurement in supplier and enterprise development. The proposed coherent strategic framework for integrating inclusive procurement in supplier development and enterprise development has the below prospective advantages but not limited to:

- i) Holistic in terms of ensuring that all the essential components are outlined and captured for application of integrating inclusive procurement in supplier development and enterprise development as required by Mining Charter III;
- ii) Agile and comprehensible as it presents combinations within segments that the miners are familiar with but easily overlooked; and
- iii) It integrates the Mining Charter III requirements with the current processes in the supply chain value chain through consideration of HDP owned and controlled businesses.

9.8 GENERAL RECOMMENDATIONS

Mining legislative frameworks in South Africa have had an impact on the country's expansion of local procurement operations. Policies and rules have evolved over time. One example is that the scorecard process has been strengthened, making it more explicit and enforceable. Both the policy and regulatory frameworks, however, contain fundamental flaws that must be addressed by all stakeholders in the extractive industry and beyond. Working in isolation, the DMR will be unable to generate the economic growth that South Africans want and desire. This section contains a variety of recommendations. These proposals are based on the Mining Charter III debate, findings, and contemporary research and policy and regulatory frameworks. It is recommended that the DMRE proactively ensures that all the stakeholders, including miners, HDP owned and controlled businesses, municipalities and host communities, contribute to the review and formulation of the Charter. On the other hand, the DMRE must effectively train its practitioners until they are comfortable and conversant with the implementation

guidelines of the current Mining Charter to successfully address stakeholders' queries in an attempt to successful achievement of the current Mining Charter's objectives.

Additionally, it is essential that DMRE practitioners familiarise themselves with all publicly accessible information on the architecture of local procurement law frameworks to construct the strongest legal structures feasible. South Africa's legal environment has placed a premium on socio-economic development with the goal of redressing inequalities. It is critical for mining organisations to research legislative trends to be aware of the South African government's priorities, rather than excusing non-compliance with "*self-defence syndrome*" and exploiting policy loopholes. Mining organisations should ensure that they have agile organisational strategies with realistic change management strategies to ensure that the Mining Charter requirements are met. This requires support from the leadership and continuous stakeholder engagements with the key stakeholders, including end-users. These stakeholder engagements and management have to be documented and managed carefully to ensure that the information is understood and there is a buy-in from all parties to remove all barriers and focus on the best interest of the mining organisations.

Supply Chain practitioners should be trained to ensure that they are conversant with the organisational strategy and its integration into the Mining Charter III as they are internal custodians and drivers of implementation of inclusive procurement, supplier and enterprise development. Furthermore, the mining organisations have to develop robust internal governance structures with developed strategies and implement auditable quality assurance processes which are simple enough for the supply chain practitioners to understand. Host communities, municipalities, and mining organisations need to hold quorums whereby they discuss their level of understanding of the current Mining Charter, available opportunities, and the mining organisations' requirements. In the mining organisation, supplier and enterprise development have to integrate and share information to align their information. The quorum agenda comprises success stories within host communities concerning integrating procurement in supplier and enterprise development.

The HDP business owners also need to partake to inspire and develop other aspiring potential HDP business owners. Lastly, the mining organisations are recommended to implement customised strategic investments into supplier and enterprise development

and ensure that HDP controlled and owned businesses participate in the miners' value chain.

9.9 RECOMMENDATIONS FOR FUTURE WORK

Some recommendations are included in this section. These recommendations arise from the discussion, conclusions and current literature regarding inclusive procurement, supplier and enterprise development:

- i) Future work should consider quantitatively or even mixed methods approach in testing the proposed framework for integrating inclusive procurement, supplier and enterprise development.
- ii) Bottom-up research with change management strategies is scarce. It needs to be conducted to validate if the socio-economic impacts of Mining Charter III related to integrating inclusive procurement, supplier and enterprise development are genuinely contributing to the development of HDP owned and controlled businesses and host communities.
- iii) It is recommended that a study focusing on the DMRE and government officials regarding the formulation of the Mining Charter is conducted. This will also outline if ever the other stakeholders have any contribution in the current state of the policy document; and lastly,
- iv) A longitudinal study on the same approach would be interesting to understand how the strategies of the supply chain practitioners in mining organisations would unfold. Also, to determine if they will ever have the same perceptions regarding the current research over time.

9.10 PERSONAL REFLECTIONS

I can still remember how I felt starting my PhD. The lengthy path that laid ahead seemed like aeons. Of course, the fact that my institution of choice, North West University – Business School was in Mafikeng, it was quarter-way across South Africa did not help matters either. However, I embarked on the PhD journey with a plan in mind and questions that needed answering. I thought I was ready, and I was. It is noteworthy to highlight that data collection and analysis were the most daunting phases of my research

journey. Throughout the research, I also noticed that certain people, or groups of people, became personal mentors, while others seemed to challenge the validity and relevance of what I was doing. The data analysis process accompanied by the writing process of the thesis was rather back-breaking at that time until I had to effect the corrections suggested.

More often than not, just when I thought that my intellectual capabilities had reached its maximum, I have given my best, my supervisors humbly asked for more, and they would end our engagement sessions with “you rock” to cheer me up. It was only then I discovered that that was when learning was being deeply-rooted while during undergraduate was learning how to learn. Whenever I felt burned out, I often solaced myself with the words:

“.....Our deepest fear is not that we are inadequate. Our deepest fear is that we are powerful beyond measure. It is our light, not our darkness that most frightens us. We ask ourselves, who am I to be brilliant, gorgeous, talented, and fabulous? Actually, who are you not to be? You are a child of God. You playing small does not serve the world. There is nothing enlightened about shrinking so that other people will not feel insecure around you. We are all meant to shine, as children do. We were born to make manifest the glory of God that is within us. It is not just in some of us; it is in everyone, and as we let our own light shine, we unconsciously give others permission to do the same. As we are liberated from our own fear, our presence automatically liberates others.....”
(Williamson, 2005)

I managed to get this thesis written and completed through a combination of starting early and, in my case, working over the December holidays as well as throughout the COVID-19 pandemic lockdown period. Nonetheless, I survived, and I am now on the other side. The PhD journey is indeed difficult, but not when it is embarked on with passion. PhD with passion is a one-time experience. On the same note, this PhD journey could not have been possible without intellectual effort, wisdom and guidance from my research supervisors, my family, including friends and my spiritual father to whom I owe tremendous gratitude.

9.11 CONCLUSION

The purpose of this study was *“to explore the approaches utilised for inclusive procurement, supplier and enterprise development which conforms to the Mining Charter III by mining organisations in South Africa within the Mpumalanga province in an attempt to develop an integrated coherent strategy framework.”* The in-depth scholarly review evidenced gaps in the literature and practice that even though some of the South African mining organisations have embraced supply chain management functions, they are still exposed to concerns such as lack of proper knowledge of Mining Charter III directives, gaps in attracting and developing critical skills, internal resistance by stakeholders; porous governance structures; paucity in the continuous monitoring and evaluation of procurement activities and conflict of interest from procurement responsible professionals. The gaps identified indicated a need for developing an integrated coherent strategy framework with regards to using inclusive procurement for the development of suppliers and enterprises development in the South African mining organisations to drive socio-economic transformation and protect the “social license to operate. The nature of research necessitated action research as the selected qualitative methodology through observations, semi-structured interviews and focus group as the principal methods to gather qualitative data.

The framework elements are suggested as fundamentals for successfully integrating inclusive procurement in supplier development and enterprise development as outlined by Mining Charter III. As a result, it is advised that, before beginning on any transformation path, mining organisations verify that they are familiar with the Charter’s criteria and incorporate the requirements into their organisational strategy, as compliance is critical. Followed by change management processes and aligning outcomes with the impact. Throughout the integration process, the role of strong, visible leadership, along with their genuine personal commitment to integrating inclusive procurement in supplier growth and company development, should not be ignored. Overall, integrating inclusive procurement in supplier development and enterprise development requires South African mining organisations to be transparent and commit to achieving and exceeding compliance targets of the Mining Charter III, thus contributing to meaningful socio-economic transformation.

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APPENDIX I: INTERVIEW GUIDE

DATE: ____/____/____

TITLE OF THE RESEARCH PROJECT:

A framework for integration of Mining Charter III for inclusive procurement, supplier and enterprise development by mining organisations within the Mpumalanga Province

PRINCIPAL INVESTIGATOR:

STUDENT NUMBER:

CONTACT NUMBER:

Martha Nkholise

28020618

+27 73 738 6444

FACULTY AND DEPARTMENT:

Faculty of Economic and Management Sciences, North West University

STUDY LEADER(S) NAME(S)

Professor C.O. Miruka & Dr K Ndlovu

Dear Respondent

My name is Martha Nkholise, a registered Philosophiae Doctor (PhD): Business Administration at the North West University. The focus of my research is to explore the approaches utilised for inclusive procurement, supplier and enterprise development in conformance with the Mining Charter 2018 by mining organisations in South Africa within the Mpumalanga Province. The objective is to propose an integrated coherent strategy framework.

The following interview questions will require approximately ninety minutes to complete. There is neither compensation for responding nor any known risk. To ensure that all information remains confidential, please do not include your name. Copies of the final research report will be provided to North West University, Faculty of Economic and Management Sciences. If you choose to participate in this research study, please respond to all the questions as honestly as possible. Participation is strictly voluntary, and you may refuse to participate or withdraw at any time.

Thank you for taking the time to assist me in advancing my educational career. The gathered data will provide valuable information towards the study. If you require additional information or have questions, please contact me at the number listed above. If you are dissatisfied with the manner in which this study is being conducted, you may report (anonymously if you so choose) any complaints to the Senior Officer: North West University: Business School (Ms. Sophy Mogorosi) on email: Sophy.Mogorosi@nwu.ac.za or telephonically on +27 18 389 2827.

Sincerely,

Martha Nkholise

E-mail address: Martha.Nkholise@live.co.za

Thank you for taking time to read this information sheet and for participating in this study.

APPENDIX II: PARTICIPANT CONSENT FORM

CONSENT TO PARTICIPATE IN THIS STUDY

TITLE OF RESEARCH PROJECT:

A framework for integration of Mining Charter III for inclusive procurement, supplier and enterprise development by mining organisations within the Mpumalanga Province

PRINCIPLE INVESTIGATOR: STUDENT NUMBER: CONTACT NUMBER:

Martha Nkholise

28020618

+27 73 738 6444

Participation Identification Number: _____

1. I confirm that I have read and understood the information sheet of the research and had the opportunity to pose questions.
2. I understand that my participation is voluntary and I may withdraw at any time without providing a reason.
3. I am aware that the findings of this study will be processed anonymously in a research report, journal publications and/or conference proceedings.
4. I agree to participate in the above research.

☐☐☐☐

Full Name of Participant: _____

Signature of Participant: _____ Date: _____

Full Name(s) of Researcher(s): _____

Signature of Researcher: _____ Date: _____

APPENDIX III: RESEARCH QUESTIONS

Interview no.: _____

Date: ____ / ____ / 2021

TITLE OF RESEARCH PROJECT:

A framework for integration of Mining Charter III for inclusive procurement, supplier and enterprise development by mining organisations within the Mpumalanga Province

INTRODUCTION: Good Day. My name is Martha Nkholise. I am conducting an interview for a PhD thesis and would appreciate your views on this subject.

INTERVIEWED MINING ORGANISATION

Company 1: ☐ Company 2: ☐

Respondent interviewed: _____

Respondent's designation and department: _____

RESEARCH QUESTIONS:

1. Is your organisation aware of the newly promulgated Mining Charter 2018?

☐ Yes

☐ No

Kindly elaborate on the response as mentioned above.

2. Has your organisation identified the differences between Mining Charter 2014 and the newly promulgated Mining Charter 2018?

☐ Yes

☐ No

Kindly elaborate on the response as mentioned above.

3. Does your organisation in or outsource the enterprise and supplier development component?

☐ Yes

☐ No

Kindly elaborate on the response as mentioned above.

4. In your opinion, has there been a shift in the last 12 months from how inclusive procurement, supplier and enterprise development is executed to meet the Mining Charter 2018 requirements in your organisation?

☐ Yes

☐ No

Kindly elaborate on the response as mentioned above.

5. What strategies has your organisation adapted to implement the new Mining Charter requirements?
-

6. Which key elements has your organisation prioritised from the Mining Charter 2018?
-

7. Did your organisation circulate the newly promulgated Mining Charter 2018 inclusive procurement and enterprise and supplier development requirements to its employees?

☐ Yes

☐ No

Kindly elaborate on the response as mentioned above.

8. Which processes were applied by your organisation to ensure strategic alignment with DMRE implementation guidelines?
-

9. Did your organisation hold communication sessions related to the newly promulgated Mining Charter 2018?

☐ Yes

☐ No

Kindly elaborate on the response as mentioned above.

10. In your opinion, what are the significant elements during change management in supply chain?
-

11. What common problems arise when introducing a newly acquired local black-owned business to the mining operations?
-

12. Regarding the response in question number 11, did your organisation apply mitigation measures?

☐ Yes

☐ No

Kindly elaborate on the response as mentioned above.

13. What is your understanding of supplier and enterprise development?
-

14. How is supplier and enterprise development currently implemented in your organisation?
-

15. What is your understanding of inclusive procurement?

16. How is inclusive procurement implemented in your organisation?

17. How does your organisation access local black-owned suppliers?

18. How does your organisation identify local black-owned suppliers?

19. In your opinion, if supplier and enterprise development had to be implemented differently, how would you design the strategy?

20. In your opinion, if inclusive procurement had to be implemented differently, how would you design the strategy?

21. Do you feel your organisation is doing enough to promote local spend within the mining operations?

☐ Yes

☐ No

Kindly elaborate on the response as mentioned above.

APPENDIX IV: INTERVIEW SCHEDULE

Introduction/ Opening

- Establishment of rapport and introductory background questions

- i) The researcher established rapport by welcoming the participant warmly, introduction followed by a firm handshake.
- ii) The aim was to make the participants to feel welcome and comfortable, and get to know the individual briefly and within context (e.g. by asking the participant the questions in Section I of Appendix III).
- iii) Participants were assured that their responses would remain anonymous.

- Discussion of purpose

- i) The researcher explained to the participants that the questions conformed with the overarching aim of this study: *“to explore the approaches utilised for inclusive procurement, supplier and enterprise development which conforms to the Mining Charter III by mining organisations in South Africa within the Mpumalanga Province in an attempt to develop an integrated coherent strategy framework.”*
- ii) The participants were reassured that there was no right or wrong response to the interview questions because the aim was to gain insight of the perceptions of the study.

- Discussion of the motives of the study

- i) The researcher explained the aim of the study and how the gathered data and findings would be utilised.
- ii) Furthermore, the participants consent was acquired before embarking on the main discussion. The participants were also asked whether the interview data could be utilised for the purpose of the study.

- **Timeline**

- iii) The estimated duration of the interview was mentioned, and the respondents were asked to indicate their willingness to participate in the interview.

- **Conclusion and Closing**

- i) An overall perspective of the general theme was acquired.
 - ii) Participants were given an opportunity to pose questions.
 - iii) Participants were thanked for their time.

APPENDIX V: FOCUS GROUP PARTICIPANT CONSENT FORM

CONSENT TO PARTICIPATE IN FOCUS GROUP

TITLE OF RESEARCH PROJECT:

A framework for integration of Mining Charter III for inclusive procurement, supplier and enterprise development by mining organisations within the Mpumalanga Province

PRINCIPAL INVESTIGATOR:

Martha Nkholise

28020618

+27 73 738 6444

Participation Identification Number:

1. I confirm that I have read and understood the information sheet of the research and had the opportunity to pose questions.
2. I understand that my participation is voluntary, and I may withdraw at any time without providing a reason.
3. I am aware that the findings of this study will be processed anonymously in a research report, journal publications and/or conference proceedings.
4. I agree to participate in the above-mentioned research.

☐☐☐☐

Pseudonym: _____ Date: _____

Full Name(s) of Researcher(s): _____

Signature of Researcher: _____ Date: _____

APPENDIX VI: FOCUS GROUP INTERVIEW QUESTIONS

Date: ____ / ____ / 2021

STUDY TITLE: A framework for integration of Mining Charter III for inclusive procurement, supplier and enterprise development by mining organisations within the Mpumalanga Province.

Preamble (5 min):

- Thanks for joining and welcome:
Good Day. My name is Martha Nkholise. I am conducting an interview for a PhD thesis and would appreciate your views on this subject.
- Nature of a focus group is formal, multiway, expansive and all views are welcomed.
- Participants may ask obvious questions.
- There are no right or wrong questions – all about finding out what people think
- Offer refreshments.
- Introduce the topic of conversation.
- Questions, concerns of the group.

Introduction (10 min):

- Ask the participants to introduce themselves using pseudonym name.
- Introduction of the topic, general feelings and/or perceptions.

RESEARCH QUESTIONS (120 minutes):

1. How did you learn about the promulgation of Mining Charter 2018?

2. Are the differences between Mining Charter 2014 and Mining Charter 2018 explicit to the mining organisations?

☐ Yes

☐ No

Kindly elaborate on the response as mentioned above.

3. Has there been a shift in the last 12 months from how inclusive procurement, supplier and enterprise development is executed to fulfil the Mining Charter 2018 prescripts?

☐ Yes

☐ No

Kindly elaborate on the response as mentioned above.

4. What strategies have been adapted to implement the new Mining Charter 2018 requirements?
-

5. Which processes are essential to ensure strategic alignment with DMRE implementation guidelines?
-

6. What are the significant elements or necessary steps for strategic alignment during change management in supply chain?
-

7. So far, what problems have been identified when introducing a newly acquired black-owned business to operations?
-

8. With reference to the response in question number 7, what mitigation measures are best to remedy the problems?

☐ Yes

☐ No

Kindly elaborate on the response as mentioned above.

9. What is your understanding of inclusive procurement, supplier and enterprise development?
-

10. How is inclusive procurement, supplier and enterprise development currently implemented by mining organisations?

11. In line with the prescripts of the Mining Charter 2018, how are compliant suppliers identified and accessed by mining organisations?

12. If inclusive procurement, supplier and enterprise development were to be implemented differently in your organisation, what would you recommend as strategy and execution?

APPENDIX VII: ETHICAL CLEARANCE



Private Bag X6001, Potchefstroom
South Africa 2520

Tel: 018 299-1111/2222
Web: <http://www.nwu.ac.za>

Economic and Management Sciences Research
Ethics Committee (EMS-REC)

25 May 2021

Prof Ravinder Rena
Per e-mail
Dear Prof Rena,

EMS-REC FEEDBACK: 29012021 (Round Robin)
Student: Nkholise, M (28020618)(NWU-00933-20-A4)
Applicant: Prof R Rena and Prof C Miruka – PhD in Business Management

Your ethics application on, *A framework for integration of Mining Charter III for inclusive procurement, supplier and enterprise development by mining organisations within the Mpumalanga province*, which served Round Robin, refers.

Outcome:

Approved as a minimal risk study. A number **NWU-00933-20-A4** is given for one year of ethics clearance.

Please note that the ethics approval of this application is subject to the Covid-19 protocols.

Kind regards,

Mark
Rathbone

Digitally signed by Mark Rathbone
DN: cn=Mark Rathbone, o=North-
West University, ou=Business
Management,
email=mark.rathbone@nwu.ac.za,
c=ZA
Date: 2021.05.27 12:08:21 +02'00'

Prof Mark Rathbone
Chairperson: Economic and Management Sciences Research Ethics Committee
(EMS-REC)

APPENDIX VIII: CODE LIST

Source	Link Type	Target
Policy		
Mining Charter III	is property of	Policy
Mining Charter III	is associated with	Mine Community Development
Mining Charter III	is associated with	Ownership
Mining Charter III	is associated with	Human Resources
Mining Charter III	is associated with	Employment Equity
Employment Equity	is part of	Human Resources
Mining Charter III	is associated with	Procurement of Goods
Mining Charter III	is associated with	Enterprise Development
Enterprise Development	is associated with	Procurement of Goods
Mining Charter III	is associated with	Inclusive Procurement
Inclusive Procurement	is part of	Enterprise Development
Inclusive Procurement	is associated with	Procurement of goods
Inclusive Procurement	is part of	Supplier Development
Mining Charter III	is associated with	Supplier Development
Supplier Development	is associated with	Procurement of goods
Mining Charter III	is cause of	Inclusive Procurement
Mining Charter III	is associated with	Cross-functional Teams
Cross-functional Teams	is property of	Mining Organisations
Cross-functional Teams	is associated with	Transparency and Information Awareness
Transparency and Information Awareness	is associated with	Host Communities
Host Communities	is part of	Supply Chain Strategy
Host Communities	is property of	Inclusive Procurement
Supply Chain Strategy	is part of	Inclusive Procurement
Inclusive Procurement	is associated with	Key Performance Indicators
Key Performance Indicators	is associated with	Mining Organisations
Mining Organisations	is associated with	Mining Charter's Compliance
Mining Charter's Compliance	is associated with	Social License to Operate
Social License to Operate	is property of	Mining Organisations
Mining Organisations	is associated with	Mining Charter's Compliance
Mining Organisations	is associated with	Governance
Supply Chain Policies and Procedures	is part of	Supply Chain Strategy
Supply Chain Policies and Procedures	is part of	Inclusive Procurement

Source	Link Type	Target
Governance	is cause of	Supply Chain Policies and Procedures
Governance	is associated with	Inclusive Procurement Policy
Inclusive Procurement Policy	is cause of	Supply Chain Policies and Procedures
Inclusive Procurement Policy	is associated with	Implementation Guidelines
Implementation Guidelines	is property of	Mining Charter III
14% B-BBEE Entrepreneurs	is part of	Ownership
14% B-BBEE Entrepreneurs	is associated with	Shareholder Rights
Shareholder Rights	is part of	Ownership
Shareholder Rights	is associated with	HDPs
HDPs	is property of	Ownership
HDPs	is part of	8% Shareholding by Host Communities and HDP employees
HDSA	is associated with	26% Shareholding by HDPs on Existing Mining Rights
HDPs	is part of	30% Shareholding by HDPs on New Mining Rights
8% Shareholding by Host Communities and HDP employees	is part of	Ownership
30% Shareholding by HDPs on New Mining Rights	is part of	Ownership
30% Shareholding by HDPs on New Mining Rights	is associated with	26% Shareholding by HDPs on Existing Mining Rights
26% Shareholding by HDPs on Existing Mining Rights	is part of	Ownership
Employment Equity	is associated with	Mining Charter II
Employment Equity	is associated with	Executive to Junior Management
Mining Charter II	is associated with	Women Representation Managerial Levels
Women Representation Managerial Levels	is part of	Employment Equity
Women Representation Managerial Levels	is associated with	20% Black Females in Junior Management
20% Black Females in Junior Management	is property of	Employment Equity
20% Black Females in Junior Management	is part of	60% HDP Employees as minimum
60% HDP Employees as minimum	is associated with	Executive to Junior Management
Executive to Junior Management	is part of	40% HDP Representation at Managerial Level
40% HDP Representation at Managerial Level	is part of	Mining Charter II
Science, Technology, Engineering and Mathematical Skills Empowerment	is associated with	Individual Development Plan for All Employees
Science, Technology, Engineering and	is part of	Support of South African Academic Institutions

Source	Link Type	Target
Mathematical Skills Empowerment		
Support of South African Academic Institutions	is part of	Human Resources
Support of South African Academic Institutions	is associated with	Essential Skills Development
Essential Skills Development	is part of	Human Resources
Essential Skills Development	is associated with	Development of Career Progression Plan
Essential Skills Development	is associated with	Graduate Training
Essential Skills Development	is associated with	Career Development per Occupational Level
Career Development per Occupational Level	is part of	Human Resources
Career Development per Occupational Level	is associated with	Graduate Training
Career Development per Occupational Level	is associated with	Individual Development for All Employees
Graduate Training	is part of	Human Resources
Individual Development for All Employees	is part of	Human Resources
Individual Development for All Employees	is associated with	Development of Career Progression Plan
Development of Career Progression Plan	is part of	Human Resources
Inclusive Procurement	is associated with	60% Local Content During Manufacturing or Assembly of the Product
60% Local Content During Manufacturing or Assembly of the Product	is part of	Local Content
Local Content	is associated with	Inclusive Procurement
60% Local Content During Manufacturing or Assembly of the Product	is associated with	50% Capital Goods
Local Content	is associated with	Sampling of Minerals
Local Content	is associated with	Procurement of Goods
50% Capital Goods	is associated with	Procurement of Goods
Procurement of Goods	is associated with	70% Services
Procurement of Goods	is associated with	50% Consumables
Inclusive Procurement	is associated with	Procurement of Goods
Procurement of Goods	is associated with	Black-Owned Businesses
Black-Owned Businesses	is associated with	30% Mining Goods Budget Offset on Supplier Development
30% Mining Goods Budget Offset on Supplier Development	is part of	Supplier Development
30% Mining Goods Budget Offset on Supplier Development	is part of	Enterprise Development

Source	Link Type	Target
Supplier Development	is associated with	Black-Owned Businesses
Supplier Development	is associated with	Procurement of Goods
Supplier Development	is associated with	Enterprise Development
Enterprise Development	is associated with	Black-Owned Businesses
Enterprise Development	is associated with	Procurement of Goods
Enterprise Development	is part of	Inclusive Procurement
Inclusive Procurement	is part of	Supplier Development
Mandatory Consultative Process	is associated with	Minerals Industry's Housing and Living Conditions Standard
Mandatory Consultative Process	is associated with	Timeframes of Implementation
Mandatory Consultative Process	is part of	Social and Labour Plans
Minerals Industry's Housing and Living Conditions Standard	is associated with	Facilitation of Home Ownership
Social and Labour Plans	is associated with	One Person per Hostel Room
One Person per Hostel Room	is associated with	Housing and Living Conditions Plan
Housing and Living Conditions Consultative Plan	is associated with	Timeframes of Implementation
One Person per Hostel Room	is part of	Mine Community Development
Housing and Living Conditions Plan	is associated with	Upgrading of Hostels into Family Rooms
Housing and Living Conditions Plan	is associated with	International Practices in Terms of Policies
Housing and Living Conditions Plan	is part of	DMRE
Upgrading of Hostels into Family Rooms	is part of	Mine Community Development
International Practices in Terms of Policies	is associated with	Minerals Industry's Housing and Living Conditions Standard
DMRE	is cause of	Social and Labour Plans
DMRE	is cause of	Mine Community Development
MPRDA	is property	DMRE
MPRDA	is cause of	Facilitation of Home Ownership
Mine Community Development	is cause of	Facilitation of Home Ownership
Enterprise Development	is associated with	Supplier Development
Enterprise Development	is associated with	Change Management
Enterprise Development	is associated with	Internal and External Communication
Barriers to Inclusive Procurement	contradicts	Enterprise Development
Barriers to Inclusive Procurement	contradicts	Supplier Development
Barriers to Inclusive Procurement	contradicts	Inclusive Procurement

Source	Link Type	Target
Supplier Development	is associated with	Change Management
Supplier Development	is associated with	Internal and External Communication
Inclusive Procurement	is part of	Supplier Development
Inclusive Procurement	is associated with	Internal Governance Structures
Change Management	is cause of	Inclusive Procurement
Internal Governance Structures	is cause of	Change Management
Change Management	is associated with	Internal and External Communication
Internal and External Communication	is associated with	Internal Governance Structures
Internal Governance Structures	is associated with	Supply Chain Strategy
Internal Governance Structures	is associated with	External Policy Environment
Governance Frameworks	is property of	Internal Governance Structures
Internal Governance Structures	is cause of	Supply Chain Policies and Procedures
Governance Frameworks	is associated with	Compliance Assurance
Governance Frameworks	is associated with	External Policy Environment
External Policy Environment	is associated with	Compliance Assurance
External Policy Environment	is cause of	Economic Development and Commercial Integration
Economic Development and Commercial Integration	is associated with	Compliance Assurance
Economic Development and Commercial Integration	is associated with	Supply Chain Project and Governance Team
Supply Chain Strategy	is associated with	Compliance Assurance
Supply Chain Project and Governance Team	is associated with	Compliance Assurance
Compliance Assurance	is property of	Internal Governance Structures
Supply Chain Strategy	is associated with	Supply Chain Project and Governance Team
Supply Chain Project and Governance Team	is associated with	Transparency and Information Awareness
Transparency and Information Awareness	is associated with	Supply Chain Strategy
Transparency and Information Awareness	is associated with	Supply Chain Policies and Procedures
Supply Chain Policies and Procedures	is cause of	Governance Frameworks
Supply Chain Policies and Procedures	is part of	Supply Chain Strategy
Internal and External Communication	is associated with	Enterprise Development
Internal and External Communication	is associated with	Public Affairs
Internal and External Communication	is associated with	Supplier Development

Source	Link Type	Target
Internal and External Communication	is associated with	Host Communities
Internal and External Communication	is associated with	Internal Governance Structures
Public Affairs	is associated with	Host Communities
DTI B-BBEE Codes	is associated with	Inclusive Procurement
DTI B-BBEE Codes	is associated with	Enterprise Development
Enterprise Development	is associated with	Supplier Development
Enterprise Development	is associated with	Set-asides for HPD Entrepreneurs
Internal Governance Structures	is associated with	Inclusive Procurement
Enterprise Development	is part of	Inclusive Procurement
Set-asides for HPD Entrepreneurs	is associated with	Walk-in Centres
Walk-in Centres	is associated with	Host Communities
Walk-in Centres	is part of	Inclusive Procurement
Inclusive Procurement	is part of	Supplier Development
Inclusive Procurement	is associated with	Proactive Business of Sourcing
Inclusive Procurement	is associated with	Supplier and Development Team
Inclusive Procurement	is associated with	HDPs
Inclusive Procurement	is associated with	Strategic Sourcing and Contracting
Inclusive Procurement	is associated with	Inclusive Procurement Policy
Proactive Business of Sourcing	is associated with	Black Women or Youth Owned Businesses
Proactive Business of Sourcing	is associated with	Supplier and Development Team
Proactive Business of Sourcing	is part of	Inclusive Procurement Policy
Supplier and Development Team	is associated with	HDPs
HDPs	is part of	Host Communities
Mine Community Unrests	is associated with	HDPs
Host Communities	is associated with	Mine Community Unrests
Meaningful Economic Participation	is associated with	Mine Community Unrests
Meaningful Economic Participation	is associated with	Host Communities
Meaningful Economic Participation	is associated with	Strategic Sourcing and Contracting
Inclusive Procurement Policy	is cause of	Meaningful Economic Participation
Competitive Tendering Process	is part of	Inclusive Procurement Policy
Black Women or Youth Owned Businesses	is associated with	Competitive Tendering Process
Black Women or Youth Owned Businesses	is part of	Inclusive Procurement Policy

Source	Link Type	Target
Enterprise Development	is associated with	Local Supply Networks in Host Communities
Enterprise Development	is associated with	Supplier Development
Enterprise Development	is associated with	Essential Skills Development
Enterprise Development	is associated with	Supplier Relationship Management and Partnering
Local Supply Networks in Host Communities	is associated with	Supplier Development
Supplier Development	is associated with	Supplier Relationship Management and Partnering
Supplier Development	is associated with	Essential Skills Development
Procurement Capacity and Capability	is part of	Enterprise Development
Procurement Capacity and Capability	is part of	Supplier Development
Procurable Suppliers	is associated with	Procurement Capacity and Capability
Procurable Suppliers	is associated with	Essential Skills Development
Procurable Suppliers	is part of	Supplier Development
Procurable Suppliers	is part of	Enterprise Development
Essential Skills Development	is associated with	Procurable Suppliers
Enterprise Development	is associated with	Supplier Development
Barriers to Inclusive Procurement	contradicts	Enterprise Development
Unreasonable Tender Specifications and Adjudications	contradicts	Enterprise Development
Unreasonable Tender Specifications and Adjudications	contradicts	Inclusive Procurement
Unreasonable Tender Specifications and Adjudications	contradicts	Supplier Development
Unreasonable Tender Specifications and Adjudications	is associated with	Barriers to Inclusive Procurement
Enterprise Development	is part of	Inclusive Procurement
Barriers to Inclusive Procurement	contradicts	Inclusive Procurement
Unsuitable Payment Terms	contradicts	Inclusive Procurement
Unsuitable Payment Terms	is associated with	Barriers to Inclusive Procurement
Lack of Collateral and Credit History	is associated with	Barriers to Inclusive Procurement
Bias Towards Existing Legacy Suppliers	is associated with	Lack of Collateral and Credit History
Bias Towards Existing Legacy Suppliers	is associated with	Barriers to Inclusive Procurement
Lack Technical Competencies	is associated with	Barriers to Inclusive Procurement

Source	Link Type	Target
Bias Towards Existing Legacy Suppliers	is associated with	Lack Technical Competencies
Outsourcing and Insourcing	is associated with	Effective Communication
Outsourcing and Insourcing	is associated with	Consultative Interfunctional Coordination
Effective Communication	is part of	Organisational Strategy
Effective Communication	is associated with	Consultative Interfunctional Coordination
Stakeholder Engagement and Management	is associated with	Effective Communication
Stakeholder Engagement and Management	is associated with	Consultative Interfunctional Coordination
Stakeholder Engagement and Management	is part of	Organisational Strategy
Consultative Interfunctional Coordination	is part of	Organisational Strategy
Organisational Strategy	is part of	Outsourcing and Insourcing
Inclusive Procurement Policy	is associated with	Internal Governance Structures
Internal Governance Structures	is associated with	Inclusive Procurement
Internal Governance Structures	is associated with	Organisational Strategy
Internal Governance Structures	is associated with	Proactive Compliance Monitoring and Enforcement
Proactive Compliance Monitoring and Enforcement	is associated with	Host Communities
Organisational Strategy	is associated with	Proactive Compliance Monitoring and Enforcement
Host Communities	is part of	Organisational Strategy
Host Communities	is part of	Strategic Sourcing and Contracting
Host Communities	is property of	Inclusive Procurement
Strategic Sourcing and Contracting	is part of	Organisational Strategy
Inclusive Procurement	is associated with	Strategic Sourcing
Strategic Sourcing and Contracting	is associated with	Promotion of Local Spend
Promotion of Local Spend	is associated with	Local Content
Promotion of Local Spend	is associated with	Local Supply Network in Host Communities
Inclusive Procurement	is associated with	Local Supply Network in Host Communities
Promotion of Local Spend	is part of	Organisational Strategy
Organisational Strategy	is associated with	Local Supply Network in Host Communities
Inclusive Procurement	is associated with	HDPs
Inclusive Procurement	is associated with	Procurable Suppliers
Inclusive Procurement	is associated with	Procurement of Goods
Inclusive Procurement	is associated with	Local Content

Source	Link Type	Target
Inclusive Procurement	is associated with	Strategic Sourcing and Contracting
Inclusive Procurement	is associated with	Governance Framework
Governance Framework	is part of	Procurement of Goods
Governance Framework	is associated with	Outsourcing and Insourcing
Governance Framework	is associated with	Strategic Sourcing and Contracting
Outsourcing and Insourcing	is part of	Strategic Sourcing and Contracting
Strategic Sourcing and Contracting	is part of	Organisational Strategy
Organisational Strategy	is associated with	Local Content
Organisational Strategy	is cause of	Outsourcing and Insourcing
Outsourcing and Insourcing	is associated with	Procurable Suppliers
Outsourcing and Insourcing	is associated with	Procurement of Goods
Outsourcing and Insourcing	is associated with	Local Content
Strategic Sourcing and Contracting	is part of	Organisational Strategy
Procurable Suppliers	is associated with	HDPs
Procurement of Goods	is associated with	HDPs
Procurement of Goods	is associated with	Procurable Suppliers
Organisational Strategy	is cause of	Outsourcing and Insourcing
Supply Chain Strategy	is part of	Cross-functional Teams
Supply Chain Strategy	is associated with	Brainstorming Sessions
Cross-functional Teams	is part of	Brainstorming Sessions
Host Communities	is associated with	Supply Chain Strategy
Mine Community Unrests	is associated with	Host Communities
Stakeholder Engagement and Management	is associated with	Host Communities
HDPs	is part of	Host Communities
Mine Community Unrests	is associated with	HDPs
Stakeholder Engagement and Management	is associated with	Mine Community Unrests
Stakeholder Engagement and Management	is associated with	HDPs
Stakeholder Engagement and Management	is associated with	Key Performance Indicator
Supply Chain Policies and Procedures	is associated with	Continual Alignment Among Key Stakeholders
Supply Chain Policies and Procedures	is associated with	Risk Mitigation and Management
Stakeholder Engagement and Management	is associated with	Risk Mitigation and Management
Supply Chain Policies and Procedures	is associated with	Continual Alignment Among Key Stakeholders
Supply Chain Policies and Procedures	is associated with	Brainstorming Sessions

Source	Link Type	Target
Continual Alignment Among Key Stakeholders	is associated with	Stakeholder Engagement and Management
Prioritisation of Latest Mining Charter's Elements	is associated with	Cross-functional Teams
Cross-functional Teams	is part of	Stakeholder Engagement and Management
Cross-functional Teams	is part of	Consultative Interfunctional Coordination
Prioritisation of Latest Mining Charter's Elements	is associated with	Alignment and Commitment to Mining Charter III implementation
Minerals Council South Africa	is associated with	Alignment and Commitment to Mining Charter III implementation
Minerals Council South Africa	is associated with	Consultative Interfunctional Coordination
Minerals Council South Africa	is associated with	Stakeholder Engagement and Management
Alignment and Commitment to Mining Charter III implementation	is associated with	Consultative Interfunctional Coordination
Stakeholder Engagement and Management	is associated with	Consultative Interfunctional Coordination
Minerals Council South Africa	is part of	Stakeholder Engagement and Management
Public Affairs	is associated with	Stakeholder Engagement and Management
Public Affairs	is associated with	DMRE
Public Affairs	is associated with	Consultative Interfunctional Coordination
DMRE	is associated with	Consultative Interfunctional Coordination
DMRE	is part of	Stakeholder Engagement and Management

APPENDIX IX: RESEARCH DIARY

Date	Activity	Outcomes / Comments
June – December 2017	Development of the research topic	➤ Read and reviewed several scholarly publications across the disciplines and my mind was set on management, entrepreneurship, rural development and small businesses. ➤ My initial proposal topic when I applied for NWU PhD admission was “<i>Salient strategies for success of nascent entrepreneurs</i>”. ➤ My mind was made up and I had envisioned my research methodology as well as funding that was available in this discipline. ➤ I then applied at NWU for admission.
March 2018	PhD Pre-selection.	➤ It was in March 2018 during PhD Pre-selection presentation whereby I was advised to change my topic. ➤ Made all necessary changes that were recommended during the first presentation. ➤ Made all arrangements with Sophy Mogorosi to present to the Faculty Research Committee. ➤ I was frantic during the presentation, but I made it through and was conditionally accepted for PhD admission.
April –September 2018	Development of the research topic and proposal	➤ The hard work began even though at this point, I was still confused as to what is expected in research, how it should be done, or why. But my goal was completing this study project to the best of my abilities. The more I thought about it, the more it confused me. ➤ Then while at work, I noticed that there were amendments to the Mining Charter and a draft was already circulated by the DMRE for review and commentary. ➤ That is when I developed an interest in mining organisations and how they were planning to adapt the current stringent requirements to their current organisational strategies, while developing change management processes without disrupting operations. Wetsi Nkholise and Nomthandazo Mazabane assisted me with possible directions. ➤ Whilst I am pondering in the draft strategies, the Mining Charter III was promulgated on the 27th September 2018. Meaning, I had to review another

Date	Activity	Outcomes / Comments
		policy document even though I had managed to unpack and got gist of what was placed in the Mining Charter draft. ➤ I adapted my research topic and methodology and started to focus on the current Charter. Redirected all my information to the current requirements and all the articles I have been reading came to fruition and resulted into a research topic.
October - 2018	Development of the research proposal	➤ Reading literature, consulting completed research and goggling became a norm. The more I explained it to my peers and colleagues, the more it made sense to me. However, the writing part was the difficult one. On completion of the proofreading of the proposal, my Supervisor indicated that I could submit for presentation.
November - 2018	Full colloquium presentations	➤ With all my uncertainties and anxiety whether I was going to make it. ➤ I eventually received admission into the NWU PhD programme and was advised to prepare for the Methodology presentation in 2019.
December 2018 – August 2019	Research methodology and piloting of data collection instrument	➤ This was the most challenging section of my research. The more I researched the more I got confused as I had taken it lightly. ➤ I was confident that it was going to be a qualitative study but what made it to be unique was what struggled with. ➤ Days turned to weeks, weeks to months. Giving up was not an option but I was tempted. The pain always struck when my colleagues would ask, “<i>when are you finishing your PhD?</i>” ➤ I engaged with my promoter Professor Miruka and he advised and proposed qualitative action research. ➤ After our consultative session, I conducted an in-depth review of qualitative action research and I had a “<i>eureka</i>” moment. Ever since then everything came together in my research. ➤ Refinement of the research methodology chapter ➤ Piloting of the data collection instruments commenced. ➤ All applicable changes to the data collection instruments were made.

Date	Activity	Outcomes / Comments
		➤ I continued with the research methodology chapter and my research promoter indicated that the chapter was satisfactory. ➤ Through this section we managed to draft a blueprint for my research and the onus was on me to finish.
September 2020 – February 2021	Ongoing Literature review	➤ Developed an in-depth literature review chapters for the theses.
May 2021	Receipt of ethical clearance	➤ Received a confirmation of ethical clearance outcome.
June 2021	Data collection – Primary data collection	➤ Refinement of the research methodology chapter. ➤ I also began drafting a skeleton for the Results Chapter prior the data collection process. ➤ The fortunate part of this study was that they were within a 50-kilometre radius and therefore, the travelling was not strenuous. ➤ In order not to capture findings as accurately as possible, the findings were captured and transcribed in to Microsoft Word as soon as possible. ➤ Consolidated data collected into one database. ➤ Commencement of field work: interviews commenced in January for CO_1. ➤ In CO_1 the vice president was very impressed, and she even presented me with a job opportunity in her Company to form part of the Supply Chain practitioners. After much consideration, based on the nature of my studies I understood it to be a conflict of interest. ➤ In May for CO_2, the management invited me to observe their host community sessions. These were very intense and interesting even though my research focused mainly on the mining organisations. The host community leaders were highlighted that the HDP opportunities that are meant for the so-called communities are awarded to “aliens.” They were demanding that the mining organisation presents the number of HDP owned and controlled business that have been awarded to the locals. ➤ Some of the points that were uncovered during the interview and focus groups were in alignment with reviewed literature.

Date	Activity	Outcomes / Comments
		➤ Focus Group was conducted in late June. This was interesting as all the research participants were comfortable with one another. This was highly influenced by the engagements that they have with the Minerals Council South Africa. This was a conference setup whereby everyone was given a chance to express their information with respect from all participants. ➤ The durations for the data collection have been outlined in Table 5.1.
June – July 2021	Data analysis and writing of Chapter 5	➤ Making use of qualitative data analysis software ATLAS.ti™ data analysis commenced. ➤ Network diagrams of dominant themes that emerged were generated. ➤ The writing of Chapter 5 - Data analysis, results and presentation of findings commenced. ➤ The completed draft version of Chapter 5 was submitted to the proof reader for review.
	Data analysis and writing of Chapter 6 and Chapter 7	➤ Wrote draft version of Chapter 6 and Chapter 7. ➤ Submitted chapters for proofreading. ➤ Promoter review and guidance.
August 2021	Mining Charter III: Proposals Chapter 8 and Conclusion and Recommendations Chapter 9	➤ From the research findings and the in-depth literature review, I then wrote draft version of Chapter 8 and Chapter 9. ➤ The completed draft version of Chapter 8 and Chapter 9 were submitted to the proof reader for review.
September 2021	Consolidation of thesis chapters into one	➤ Consolidated all chapters into one document. ➤ Send thesis for proof reading.
November 2021	Final touches	➤ Made final touches as recommended by study supervisors. ➤ Checked plagiarism index through Turnitin.
November 2021	Final submission of thesis	➤ Completed administrative documents for final submission as guided by the institution. ➤ Final submission of thesis for examination.