

Development of a generic execution framework for Transnational Mining Corporations establishing a business in Africa

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DECLARATION

NORTH-WEST UNIVERSITY SCHOOL OF BUSINESS AND GOVERNANCE

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Signature: Original Signed by TC Van Der Walt Date: 1 October 2016

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EXECUTIVE SUMMARY

Africa is the second biggest continent on earth with 30 million km² of land. The continent has the largest reserves of precious metals with over 40% of the gold reserves, more than 60% of the cobalt, and 90% of the platinum reserves. The mineral industry in Africa is one of the largest in the world with gold being the main mining resource. For many African countries, mineral exploration and production constitute significant parts of their economies and are central to their economic development. The global demand for resources has led to Transnational Corporations looking at Africa's mining industry for investment and growth.

Doing business in Africa presents unique challenges, and the ability of the Transnational Corporation to establish and maintain a viable mining business is critically important. Some of the most pertinent challenges include resource nationalism, poor country infrastructure, low skill levels of Nationals, regulatory challenges and community expectations. A successful collaboration between the Transnational Corporation, Government, Host Community and other relevant stakeholders is required to unlock the benefits of future direct investment in the applicable African country and community. These benefits materialise in economic growth, sustainable job creation, and long-term social development. The policies and strategy of the Transnational Corporation to achieve this goal provides the direction of the activities undertaken in this endeavour.

The potential consequences of an unsuccessful business venture include a loss of capital to shareholders of the Transnational Corporation, loss of revenue to the applicable government in the form of taxes and royalties, loss of jobs to the host community, social insecurity and negative environmental impacts. Transnational Corporations will also have a reduced appetite for future investment in the area concerned.

In many Transnational Mining Corporations, a chasm exists between the development of strategy and its successful execution. The current literature consistently points to this dilemma and the need for a multi-disciplinary, holistic execution roadmap to address this gap.

The primary objective of this study was to develop a grounded theory of the situation explained here and a resulting generic execution framework for Transnational Corporations seeking to establish a viable and sustainable local mining business in Africa. To achieve this, the specific objectives of the study are to investigate the impact of business strategy, project management, and management of diversity as it pertains to the execution thereof in this situation and context.

This research project will, therefore, address the following concern as indicated in the problem statement:

The degree of utility of the Transnational Corporation's strategy execution in establishing a local business entity in the mining industry in Africa.

The research question this study aims to answer is consequently the following:

How can the degree of utility of the Transnational Corporation's strategy execution for the establishment of a local business entity in the mining industry in Africa be improved?

The answer to the proposed research question emerged from the research and consists of a theory that elucidates the concepts, core variables and their causal relationships to each other. The research methodology employed is a qualitative research methodology based on grounded theory.

The findings that emerged from implementing the Grounded Theory methodology produced five core variables that expound the behavior over time of the degree of utility of the Transnational Corporation's strategy execution in establishing a local business entity in the mining industry in Africa. The core variables form the basis of the grounded theory developed in this research. They are a business strategy; Greenfield project execution; management of diversity; the degree of country specific constraints; and the degree of organizational capability to establish a mining business in Africa.

It is recommended that Transnational Corporations seeking to establish a mining business in Africa should consider developing a fit for purpose execution framework to guide its leadership in successfully executing the strategy of the organization.

This research investigated how to transform the dynamics and relationships between a Transnational Corporation and the African context when establishing a new business. The unique contribution of this research is to provide an understanding of the fundamental issues faced in this context through the developed Grounded Theory and to improve the viability of a business undertaking through the application of the generic execution framework presented.

Keywords: leadership; business; execution; strategy; projects; management; culture; diversity; multi-disciplinary; context; mining; Africa; methodology and framework.

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LIST OF ACRONYMS

BCS	Balanced Scorecard
BSP	Basic Social Processes
BSPP	Basic Social Psychological Processes
BSSP	Basic Social Structural Processes
CMO	Context (C); Mechanism (M); Output (O)
CIMO	Context (C); Mechanism (M); Intervention (I); Output (O)
FDI	Foreign Direct Investment
IPA	Independent Projects Analysis
NWU	North-West University
PGM	Platinum-Group Metals
PMI	Project Management Institute
PM	Project Manager

CHAPTER 1: CONTEXT AND SCOPE OF THE RESEARCH: TRANSNATIONAL MINING CORPORATIONS IN THE AFRICAN ENVIRONMENT

1.1 INTRODUCTION

The first chapter of this thesis introduces the study context, research focus, and objectives. The structure of the study is also explained in this chapter.

It is important to provide the background to this study to understand the context that led to the problem statement and motivation for studying this problem. This section will provide the perspectives on how the Transnational Mining Corporations approach mining and then how African countries view the mining of their natural resources. The resulting challenges faced when establishing a mining business in Africa due to these different perspectives will then be discussed and lead to the motivation for this study.

The African continent is rich in natural resources and exploiting them forms the backbone of many African economies. From the perspective of Transnational Mining Corporations, the value of mining or other resource extractive business is primarily determined by the resources owned by the business and its current market price. As operations continue, the resource being extracted decreases and if not replaced, so does the value of the company. Transnational Corporations in the mining industry compete for investors and access to resources and are increasingly looking towards Africa to sustain and grow their resource bases (African Union, 2009; van der Walt, 2013). Investors determine their investment choices by measuring and then comparing corporations based on safety, profitability, sustainability, social and environmental responsibility and the potential for growth. A successful business from this perspective is defined as profitable, sustainable and socially and environmentally responsible with a social license to mine in the host community (Prno & Slocombe, 2012; van der Walt, 2013; Dashwood, 2014). The ability of a Transnational Corporation to obtain and maintain a social license to mine is regarded as a competitive edge (Jenkins & Obara, 2006:2-3).

From the perspective of the African country where the resources are located, mining provides a vehicle to generate state revenue through taxes and royalties, develop infrastructures like roads, schools, and clinics as well as provide training and create jobs for the country and host communities. These benefits are balanced by the view that mining threatens the livelihood of host communities by taking land previously used for agriculture, pollution of the environment,

erosion of traditional cultures and a power imbalance between the country and Transnational Corporation (Jenkins & Obara, 2006; Garvin *et al.*, 2009).

To successfully establish a mining business in a developing country in the African context presents numerous challenges. As discussed above, Transnational Mining Corporations and African countries approach mining from different perspectives. This often results in misalignment between these two major stakeholders and manifests in challenges on investment agreements, project execution, work permits for expatriate staff, environmental permitting and host community issues (Kraemer & van Tulder, 2009; African Mining Vision, 2011). Many African countries are also plagued with policy uncertainty, poor infrastructure and political instability that further complicates project execution and operations (Luiz & Ruplal, 2013). Transnational Corporations have consequently been challenged to effectively and sustainably establish and operate mining businesses in Africa (Jenkins & Obara, 2006). There is thus a clear need for identifying and understanding the concepts, causal mechanisms, and theories that will lead to a framework to guide Transnational Corporations in executing effectively on their growth strategies in Africa. This is the purpose of this study.

In many organizations, a chasm exists between the development of strategy and its successful execution (Artto *et al.*, 2001; Hilson, 2002; Knutson, 2003; Williams & Parr, 2004; Dietrich & Lehtonen, 2005; Buys & Stander, 2010). A common reason for failure in execution is a lack of adequately providing for the context where the execution is to take place and the lack of a holistic execution approach across different disciplines (Frynas, 2005; Ika *et al.*, 2012:105-116). The aspects of establishing a footprint when entering a new African country, setting up the business commercially and legally, government and stakeholder management strategies, Greenfield project development and the management of organizational and cultural diversity, presents a summary of the scope of research. This research is multi-disciplinary in nature, and the themes that emerge are in the parent disciplines of business strategy, project management and management of diversity.

The layout of the chapters will provide a roadmap of the structure of this thesis.

1.2 RESEARCH FOCUS

1.2.1 Problem Statement

The proposed research will endeavour to gain a deeper understanding of the dynamics and mechanisms involved in starting and doing business in the mining industry in Africa and aim to address the subsequent problem statement:

The degree of utility of the Transnational Corporation's strategy execution in establishing a local business entity in the mining industry in Africa.

The notable number of unsuccessful strategy executions by various organizations, as found in literature, point to the need for an improved understanding of the key enablers for successful execution and its influence on the execution process. Many variables impact the degree of successful strategy execution, but studies attempting to ascertain what these variables are, prove to be limited (Heide *et al.*, 2002:217-231; Hrebiniak, 2013).

Various strategy execution models exist, including the McKinsey 7 'S' framework and The Higgins 8 'S' Framework (Waterman *et al.*, 1980:14-26; Higgins, 2005:3-13). These models are relevant and useful but do not specifically address the contextual aspect of establishing a mining business in Africa.

Execution frameworks for Transnational Mining Corporations are found in the literature (Carvelas, 1999), but focusses specifically on strategy execution for particular corporations. These execution frameworks are expectedly developed in the context of that specific organization with its strengths and weaknesses included.

Through the review of the existing literature the need for a multi-disciplinary and holistic execution road-map for Transnational Corporations, establishing a mining business in the African context, is evident (Luiz & Ruplal, 2013).

By developing a useful Grounded Theory and generic execution framework, this research will endeavour to elucidate the interconnectedness of business strategy, project management, management of diversity and the integrated execution of these three main themes in the African context.

1.2.2 Research Question

The problem statement is addressed by seeking an answer to the following research question:

How can the degree of utility of the Transnational Corporation's strategy execution for the establishment of a local business entity in the mining industry in Africa be improved?

1.3 RESEARCH OBJECTIVES

Given the research concern and considering the research question, the following objectives for the research can be formulated:

1.3.1 Primary Objective

The primary objective of this study is to develop a Grounded Theory and resulting generic execution framework for Transnational Corporations seeking to establish a local mining business in Africa.

1.3.2 Specific Objectives

To address the primary objective, the following secondary objectives were pursued:

- Investigate and compare the business strategies and their execution employed by Transnational Corporations when establishing a local business entity in the mining industry in Africa
- Investigate and compare project management philosophies, organizational cultures, and effectiveness of Greenfield execution in Transnational Mining Corporations active in Africa
- Explore the management of diversity in Transnational Corporations in the mining industry in Africa

1.4 ARGUMENT FOR THE RELEVANCE OF THE RESEARCH

Most mineable resources in developed world countries are identified and in some state of development if economically viable. Over the past decade mining companies specifically, have recognised that their future growth is integrally tied to developing and mining resources in emerging market economies and locations.

As stated in the introduction to this chapter, the ability to successfully do business in these environments provides a pivotal competitive edge (Jenkins & Obara, 2006; Luiz & Ruplal, 2013:113-129). The concern (In this case: *The degree of utility of the Transnational Corporation's strategy execution in establishing a local business entity in the mining industry in Africa.*) that emerged from this research as the problem statement, provides insight into the root cause of why many Transnational Corporations struggle to establish a local mining business in Africa and integrate this local operation with the larger organization in a sustainable and profitable manner (African Union, 2009; African Mining Vision, 2011; Luiz & Ruplal, 2013:113-129).

Developing a deeper understanding of the concern will significantly increase the feasibility of a fruitful venture. The creation of sustainable value is highly desirable by all stakeholders. It is of

pronounced strategic importance because the generation of socially responsible profits supports the larger themes of profitable business and growth in the emergent country as mentioned before.

An answer to the research question (In this case: *How can the degree of utility of the Transnational Corporation's strategy execution for the establishment of a local business entity in the mining industry in Africa be improved?*) will address the problem statement by providing insight into the most feasible approach to establishment and integration of a local operation with the Transnational Corporation, specifically in the mining industry in Africa.

1.5 STRUCTURE OF THE STUDY

The research thesis is structured according to the following chapters:

Chapter one: Context and scope of the research area: Transnational Mining Corporations in the African environment.

This chapter provides an introduction to the current situation and presents the problem statement, research question, and objectives. It also provides context for the study and summarises the scope of the research.

Chapter two: Research Methodology.

This chapter presents the Grounded Theory research methodology followed in this research.

Chapter three: Results of the application of the Grounded Theory research methodology.

This chapter will detail the results for each of the three Grounded Theory cycles after following the Grounded Theory methodology. Cycle 1 focused on business strategy, Cycle 2 on Project management and Cycle 3 on the Management of diversity.

Chapter four: Literature Review.

This chapter will present a review of the literature associated with the research themes and parent disciplines addressed in this thesis. The literature review will be done on three levels. The first level will focus on business strategy, project management and management of diversity. The research problem statement and question will be addressed on the second level. The third level will discuss and promote a deeper appreciation of the research concern, its context and the core variables that emerged from the research.

Chapter five: Building a Theory.

This chapter will interpret the results of the research. The data and results obtained are discussed and analysed.

Chapter six: Conclusions and Recommendations.

This chapter will conclude the study by reporting the findings and will make recommendations for further study. It will conclude with a proposed generic execution framework for Transnational Corporations establishing a mining business in Africa.

1.6 CHAPTER SUMMARY

Chapter one reviewed the context, research focus, and objectives as well as the structure of the study.

It was established that Transnational Corporations in the mining industry compete for access to resources and are increasingly looking towards Africa to sustain and grow their resource bases.

To be able to successfully establish a business in a developing country in the African context is regarded as a competitive edge. Transnational Corporations have been challenged to effectively and sustainably establish and operate mining businesses in Africa.

This leads to the research problem of determining the degree of utility of the Transnational Corporation's strategy execution in establishing a local business entity in the mining industry in Africa.

The primary research objective is to develop a Grounded Theory and resulting generic execution framework for Transnational Corporations seeking to establish a local mining business in Africa. The secondary objectives as discussed in Section 1.3.2 will also be pursued.

Chapter two presents the research methodology and limitations of the study.

CHAPTER 2: RESEARCH METHODOLOGY

2.1 INTRODUCTION

This section explains the methodology followed in this research by providing the rationale for using the chosen method and makes an argument for the validity of the approach. This will be done by reviewing different philosophical perspectives leading to an applicable research methodology.

Business management research is conducted to gain insight into prevalent issues that enlighten management practice and quality of decision-making. More often than not, it reveals undesirable conditions and practices that improve understanding of the concern and allows alternative courses of action to be developed to deal with the concern (Kakabadse *et al.*, 2002:105-138).

This research employs a qualitative research methodology.

2.2 QUALITATIVE RESEARCH

An applicable, qualitative research methodology was chosen to conduct the research with and will be described here.

Qualitative research explores social challenges in a natural setting to form a complex and holistic picture (Cresswell, 1998). The emphasis is placed on contextually situated meaning (Birks *et al.*, 2008) which is appropriate for this thesis since the research is highly influenced by its African context.

2.2.1 Ontology and Epistemology

When considering research in an area of concern, it is important to set the philosophical framework that will be used. Researchers need to be clear on their ontological and epistemological position to ensure clarity in social science work (Tobin & Begley, 2004:388-396).

Any research should be based on an ontological assumption to ensure that the reader can follow the arguments in the research.

The ontology (what exists) in relation to the area of concern is determined first. This is done by putting forward arguments that establish the existence of an ontological domain independent from the actions of persons. The domain of epistemology (our knowledge of what exists) with regards to the area of concern will also be determined by the existing knowledge and experience in this specific area of concern (Klakegg & Pasian, 2015:57-66).

Three ontological positions were considered for use in this research.

The first is the objectivist (positivist) approach frequently associated with the natural sciences and summarised as the assumption that an external reality exists and can be experienced by our senses. This approach consequently does not necessitate a critical consideration on how senses or perception can distort reality (Taylor & Medina, 2013:1-13).

The constructivist approach is the second approach and suggests that everybody creates their own realities through their senses, experiences, perceptions, backgrounds, and more. This implies that any claim regarding empirical knowledge has to be evaluated in the context of the background of the individual making the claim. This position developed in reaction to criticism of the approaches utilised in the natural sciences (Mills *et al.*, 2006:25-35).

The critical realism position is the third position to be considered and reflects a position addressing the criticisms of the first two positions. The philosophical framework (ontology and epistemology) of this research will be based on Critical Realism (Oliver, 2011).

2.2.2 Critical Realism: The Critical Realist Approach to this Study

Critical realism was originally developed by Roy Bhaskar around 1980 and combines the search for evidence of a reality external to human awareness prevalent to the positivist position, with the constructivist position that insists that all sense to be made of that reality is socially constructed (Oliver, 2011:64).

The three ontological premises contained in critical realism is intransitivity, stratification and causal relations (Burnett, 2007).

2.2.2.1 Intransitivity

The epistemological standpoint of critical realism accepts that we do not have direct access to the intransitive reality, but that historical factors and our context, typically social and political, reconciles our knowledge (Burnett, 2007). Knowledge of the world is consequently transitive. The acceptance that knowledge is socially and historically inured is the premise that provides

the basis for the combination of realist ontology and a relativist epistemology (Smith, 2006:191-211).

2.2.2.2 Stratification

The stratification of reality offers an explanation of the discernible and undetected aspects of reality (Mingers, 2006). It is accepted that there are three domains of reality; the Real World, the Actual World, and the Empirical World. The Real World is the level where mechanisms, structures or powers caused the happenings or events in the Actual World. The Actual World is, therefore, the domain where events take place, and the Empirical World consists of the phenomena that you perceive or observe. Figure 2-1 provides an illustration.

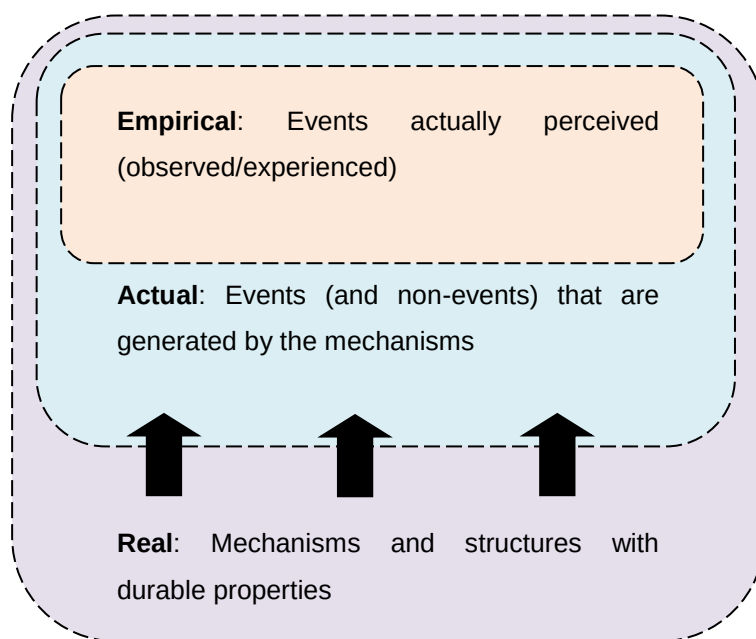


Figure 2-1: The Stratified Ontology of Critical Realism (Johnston & Smith, 2010:21-49)

It should be noted that just because something is not perceived in the Empirical or Actual World that it does not exist in the Real World. This implies that the causal powers exist regardless of whether they are triggered or not. The predominant context and interactions with the other mechanisms will govern whether the causal mechanism is activated or not. The context determines how mechanisms eventually work and concepts must take this into account (Smith, 2006:21-49). When theories of the Real World are developed, it is important that they distinguish between the causal mechanisms and the context that activates that at any given time.

2.2.2.3 Causal Relations

Causal relations refer to the connectedness of the actions of an individual and the social structures in the environment of that individual (Smith, 2006:21-49). Social structures are specific to a place in space and time where natural laws are seen as generally universal in nature (Mingers, 2006). There exists an independent and inter-dependent relationship between individuals and social structures (Burnett, 2007).

2.2.2.4 Potential to Transform

The utility in using the critical realism standpoint in research is found in the fact that this perspective supports the opportunity of changing society. This occurs when a situation is examined in its current state, and the causal mechanisms are uncovered to reveal actions that can affect the current situation leading to change (Mingers, 2006).

2.2.2.5 Retroduction

Research in the natural sciences focuses on analysis. This means that complex systems are broken down into its parts and then studied. This approach is not appropriate for research in the social sciences because of interactions of the causal mechanisms in the real, lead to the emergence of social occurrences in the social realm. These emerging entities assist in understanding social processes and events that allow an explanation to be developed of the fundamental causal mechanisms that are ultimately the purpose of the research (Charmaz, 2011:359-380).

Retroduction is a process where a theory is developed of the causal mechanisms in the domain of the real that would explain events empirically observed if they existed (Ayers, 2010).

Critical realism theorises mechanisms to elucidate understandings and then examines these mechanisms to prove their presence.

Methodologically, the critical realism approach consists of a description of the phenomena under investigation, retroduction, appropriate elimination of alternative emerging explanations and identification of the fittest mechanism and its expansion to align with existing theory (Mingers, 2006).

2.2.2.6 Open Systems

The natural world consists of largely open systems and the social world even more so. It is only in the natural world where systems can be closed through the use of controlled environments (for example, experiments in laboratories) to test theories and results. The complex interacting causal mechanisms and specific contexts in an open social system make similar analysis challenging (Mingers, 2006).

2.2.2.7 Emergence

Open systems are subject to multiple structures, and causal mechanisms that exist on different levels and emergence refers to this phenomenon (Yeung, 1997:51-74). It is of importance to note that properties exist at higher structural levels that do not exist at lower ones (Ayers, 2010). A typical example explaining this concept is that of examining an automobile. An automobile consists of different parts like the engine, wheels, suspension, and more. None of these parts viewed in isolation constitutes the concept of an automobile. That only happens when the parts are viewed as an assembled whole.

As it pertains to research in the social sciences, it is noteworthy that the distinctive properties of social systems emerge from the structures, mechanisms and causal relationships between them and cannot be reduced to the constituent parts of the system (Ayers, 2010).

2.2.2.8 Summary of Critical Realism

As previously noted, the philosophical framework of this research is based on Critical Realism.

The research concern of this thesis deals with intricate social phenomena that are created when a Transnational Corporation establishes and operates a mining business in the African environment. The realist ontology is applicable for a reflective student of complex social interactions where an underlying reality interrelates with socially complex situations.

The hypothesis of this study will be a causal mechanism, acting in a particular context, which influences the contribution of the successfully integrated Transnational Corporation in the local community, to the mining industry in Africa. The causal mechanism exists in the real domain, generating events in the actual domain and observed in the empirical domain. This will be demonstrated throughout this thesis as the grounded theory and resulting generic execution framework are developed in subsequent chapters.

The causal mechanism consists of intransitive structures. By studying these structures, transitive knowledge of the mechanism can be constructed that can be used to influence social transformation.

Understanding of (and insight into) the mechanism leads to proposed interventions that will influence the events actually perceived (empirical) relating to the concern variable. The emancipatory potential of the critical realist approach creates the possibility of transformation in the approach (strategy) of Transnational Corporations to the establishment of a mining business in Africa and integration with the local communities they operate in.

2.2.3 Grounded Theory

2.2.3.1 Overview of the Research Approach

Glaser and Strauss developed the Grounded Theory method in 1967. The influential work of these two sociologists and the melding of fundamental traditions in sociology led to the development of the Constant Comparative Method that they later called Grounded Theory. The following three Grounded Theory characteristics explain why the researcher selected this qualitative methodology to conduct the research for this thesis:

- (i) Grounded Theory is a qualitative research methodology that defines and explores occurrences in natural settings. Empirical data is used to develop explanations of the social processes and structures investigated (Speziale *et al.*, 2011).
- (ii) The Grounded Theory methodology permits the theory to emerge from the data in contrast to a theory being present at the beginning of the research.
- (iii) Data is systemically gathered and analysed so that the Grounded Theory can be inductively derived and theoretical explanations of phenomena can emerge (Corbin & Strauss, 2003:107-124).

In the Grounded Theory method, the research question is refined as the researcher generates and analyses data as the study progresses. This implies that the focus of the study may change as data is gathered indicating a required shift. The function of the initial question is to lend focus to the study.

It is proposed to complete three cycles using the grounded theory methodology to give direction and structure to the research. Emphasis is placed on business strategy in the first cycle, project management in the second and management of diversity in the third cycle.

The concepts that emerge from each cycle direct the focus of the research question and emerging concepts of the next cycle of research.

Meta-synthesis will be used to study, compare and evaluate the results and findings of the three cycles and these will then be reduced to a more concise set of concepts and theories set within the research methodology of Grounded Theory, constituting a fourth and final cycle of this process. The outcomes will then be condensed through meta-synthesis at the hand of the multiple studies philosophy allowing for piece-wise problem solving.

Meta-synthesis of these cycles into the final research cycle will be done by combining the data generated, analysis of this data and the emerging concepts. The concepts will be consolidated and categorised. This will lead to the final set of core variables for the research. This process will be executed by the Grounded Theory methodology.

2.2.3.2 Characteristics of Grounded Theory

A framework of ideas will be operationalized as a research methodology. Grounded Theory is the qualitative research methodology to be used in this research. The context, theory, and practice about the area of concern guide the research actions undertaken.

The ultimate purpose of the research is to produce a credible account of the Real World with regards to the area of concern.

Figure 2-2 illustrates the interaction of the Grounded Theory process with the Real World and how this process will generate an account of the Real World with regards to the area of concern.

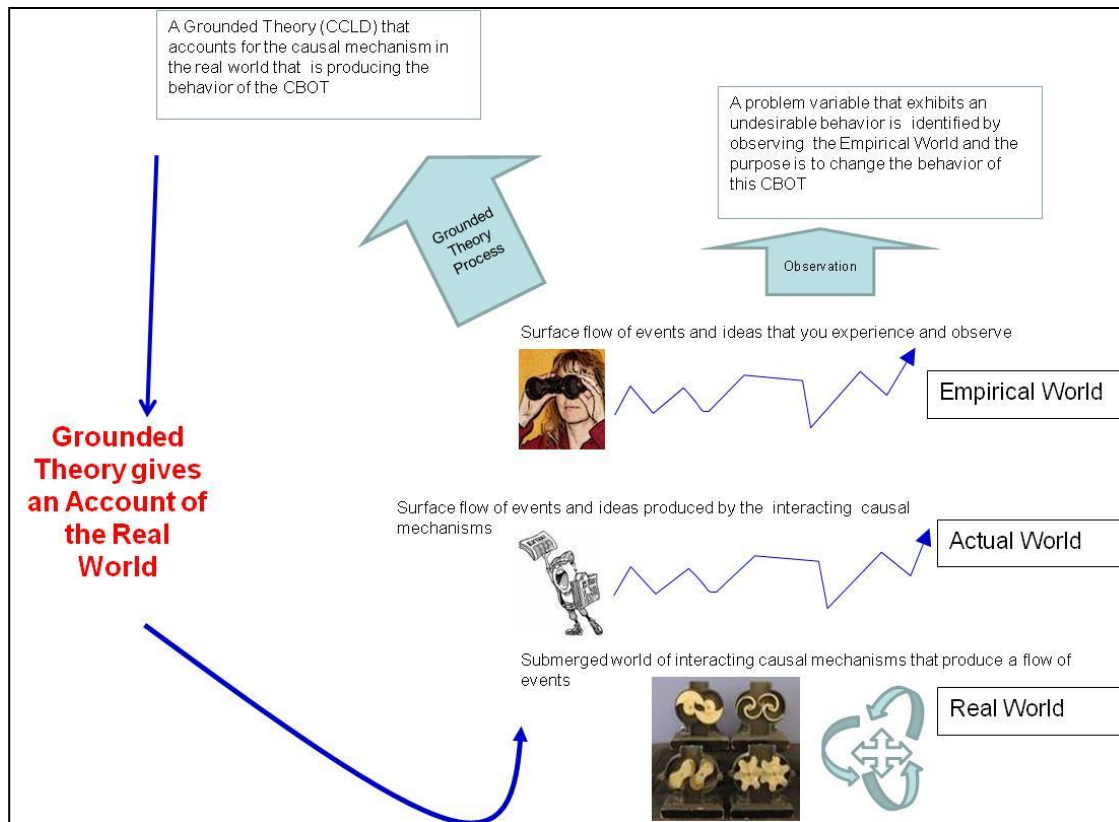


Figure 2-2: Integration of Critical Realism and Grounded Theory (Ryan, 2009a)

Different types of research that can be conducted include general, abstract or intensive research (Maxwell, 2012). An intensive research will be conducted here.

The essential reason for using the Grounded Theory methodology is to investigate basic social processes with the aim of developing a theory (Iman & Mohammadian, 2008). An explanation of basic social processes is important for the Researcher to fully comprehend the research question to be asked and is given here.

In the Grounded Theory methodology it is important to focus on processes and not on the characteristics of a person, group or organization (Glaser & Strauss, 2009). According to Glaser (1978; 2009), basic social processes can be of two types: basic social psychological process (BSPP) and basic social structural process (BSSP). BSPP refers to processes such as becoming something such as a nurse, a leader or a system and are useful in understanding behaviors. BSSPs are concerned with social structures in a process, for instance, centralisation,

organizational growth, outsourcing or recruiting (Holton, 2007:265-289). Basic social processes are a type of core category and exhibit characteristics to be explained here. BSPs are ideally suited to qualitative studies where the researcher observes the evolution of a process over time (for example, influencing outcomes in a project). BSPs are labelled by a gerund that reflects their evolving nature and a sense of motion (for example, resolving, influencing, becoming). BSPs may or may not be present in a Grounded Theory study and their presence, or lack thereof will further guide the research design and implementation (Glaser, 1978; Glaser & Strauss, 2014:46-50). It is important to distinguish between doing unit-based or process-based sociological analysis because it is critical to the research design. The divergent objectives place particular demands on sampling, analysing and theorising (Fernández, 2004:43-59).

The research question in a Grounded Theory Investigation identifies the phenomenon to be studied. It also plays an important role in clearly focusing the attention on what the phenomenon of interest is. A flexible research question will be developed that will give the researcher the freedom to investigate and explore a phenomenon in depth. An important assumption in this type of qualitative research is that all of the relevant concepts and the relationships between these concepts with regards to a particular phenomenon are yet to be identified and developed.

The researcher wants to specifically understand the mechanisms and underlying causal relationships of establishing a footprint when entering a new African country, setting up the business commercially and legally, the government and the stakeholder management strategies, Greenfield project development and the strategic management of organizational and cultural diversity related to the basic social processes that present in the human interactions in this specific area of concern. The knowledge that the researcher does not have and hopes to gain from this study is to determine what the current strategies are that Transnational Corporations employ when establishing a mining business in Africa (specifically Greenfield projects) and explore if these strategies consider the interconnected impact of project management and management of diversity in the African context.

To ensure that the theory being developed by the researcher is relevant to the concern, the theory needs to provide meaningful accounts that can be used in emerging management and/or business practices.

The Grounded Theory methodology allows the researcher to effectively deal with the important issues of bias and preconceptions through respondent validation, search for discrepant information and negative cases and theoretical triangulation (Kaplan & Maxwell, 2005). This methodology also provides a systematic approach for the research to be conducted and allows

for the use of extant theory, but the research is not driven by it (Glaser & Strauss, 2009). Triangulation is embedded in the methodology. This assists the process of obtaining conceptualisations based in multiple perspectives and data sources. Grounded theory methodology assists the researcher to present categories based on many indicators and showing ideas based on patterns identified from the gathered data. These conceptual notions allow the researcher to rise above the confines of his own experience. The researcher has adapted and applied the substantive theory as required. By following the Grounded Theory method, the researcher can significantly contribute towards providing knowledgeable people with the theory that is grounded in the specific area of concern of the individual that has been enriched by conceptualisation and present literature from multiple sources (Fernández, 2004:43-59).

Martin and Turner (1986:141-157) defined Grounded Theory as an “inductive theory discovery methodology that allows the researcher to develop a theoretical account of the general features of the topic while simultaneously grounding the account in empirical observations of data.” Everything in Grounded Theory is integrated (Myers, 2013). It is an extensive and systematic general methodology where actions and concepts can be interrelated with other actions and concepts, and nothing happens in isolation (Fernández, 2004:43-59). Grounded Theory is, in essence, a qualitative approach to research that is used to investigate the social processes that manifest within human interactions. Researchers utilising this approach develop explanations of key social processes that are grounded in empirical data. As a method of qualitative research, Grounded Theory is a form of field research. Field research implies qualitative research approaches that explore and describe phenomena in naturalistic settings. There are two beliefs that are central to Grounded Theory. The first is that the research must not start with a theory to validate or otherwise manipulate. When this situation is encountered, which might be the case with the researcher in this study; any closely held beliefs, experiences, and theories can be captured as data and analysed together with the rest of the data (Glaser & Strauss, 2009). The second belief is that the Grounded Theory is discovered through constant comparison of incidents and characteristics of a category. The essence of Grounded Theory is captured in the observation of as many underlying similarities and diversities as possible.

Specific procedural steps are applied systematically in this method to develop a Grounded Theory or a theoretically complete account of a particular phenomenon. It is again important to point out that this process does not begin with a theory. The researcher identified essential paradigms from the generated data, and the theory emerged from this data. Any method for conducting research presents unique demands, and the Grounded Theory methodology is no

different. Glaser and Strauss (2009) indicated a few aspects that the researcher must take heed of and these are as follows:

- (1) Tolerate confusion (there is no need to know the answers beforehand and no need to force the data).
- (2) Tolerate regression (the researcher might veer off track for a while before finding his way again).
- (3) Trust emerging data without worrying about justification (the data will provide justification if the researcher adheres to the rigor of the method).
- (4) Have someone to talk to (Grounded Theory demands moments of isolation to get deep in data analysis, consultation and discussion).
- (5) Be open to emerging evidence that may change the way the researcher thought about the subject matter and to act on new evidence.
- (6) Be able to conceptualise to derive theory from the data.
- (7) Be creative (devising new ways of obtaining and handling data, combining the approach of others, or using a tested approach in a different way).

2.2.3.3 Steps in the Grounded Theory Research Process

Grounded Theory is built on concepts, categories, and propositions.

The basic elements of analysis are concepts because the theory is developed from the conceptualisation of data and not the data itself (Pandit, 1996:1-15).

Categories are created through comparison of parallels and dissimilarities of concepts and then grouping related ones together. Categories present a higher level of abstraction than concepts and are the fundamental building blocks of the theory. It also allows integration of the theory (Corbin & Strauss, 2003:107-124).

Propositions portray the relationships between categories and concepts (Pandit, 1996:1-15).

According to Stern (2009), there are five steps in the Grounded Theory research process that represent the fundamental components of the method.

They are: gathering and analyses of empirical data; concept formation; concept development; concept modification and integration as well as the production of the research report. This research will follow these steps. The following diagram illustrates the detail of the research methodology followed in this study to generate a Grounded Theory.

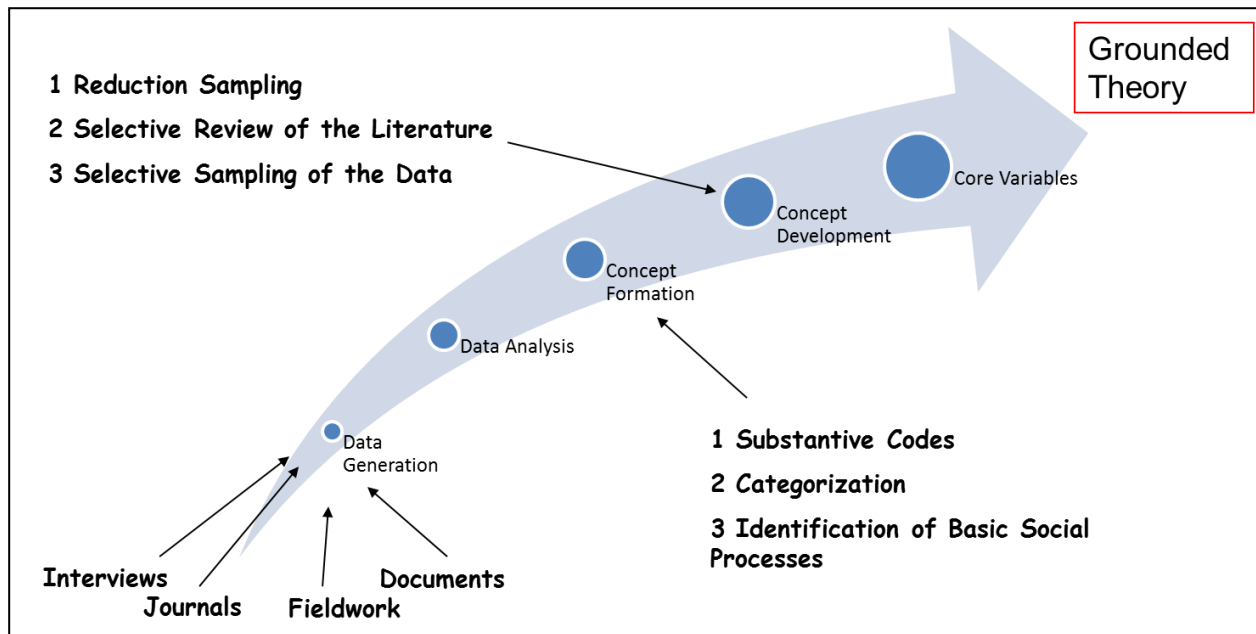


Figure 2-3: Steps in the Grounded Theory Research Process (Ryan, 2009b)

2.2.3.4 Data Generation and Analysis

The first research action that the researcher conducted was to enter the field in the context where the phenomenon to be studied is found (Fernández, 2004:43-59). The researcher has access to locations where Transnational Corporations are currently establishing local mining operations or have done so in the past. This includes a number of African mining operations and their parent companies (the Transnational Corporations) in the DRC, Liberia, Mauritania, Ivory Coast, Eritrea, Guinea and specifically Ghana. This was done in the context of the research objectives and African environment. The researcher collected data from informal interviews, applicable journals, literature, documents and observations in the field as illustrated in Figure 2-3. The researcher engaged a broad cross-section of stakeholders at the local operations and the related Transnational Corporations and gathered relevant data. Fieldwork was conducted to observe and record field notes of interactions between executives, managers, local employees, contractors, host communities, government agencies and other stakeholders as they perform the functions required to establish a local mining business in the respective locations. As many

as possible aspects of strategy, leadership, decision-making, management and work interactions were observed by the researcher. Informal interviews with executives, managers, employees, government officials and members of the community was conducted and recorded by the conversational interviewing process. The data collection process continued until the end of the research. This allowed the researcher to benefit from emergent themes, obtain and analyse data continuously and optimise observation opportunities. Another description for this process is Theoretical Sampling.

2.2.3.5 Concept Formation

The Grounded Theory process prescribes that the collection of data, its analysis, and eventual coding of that data is done from the beginning of the study. This method is circular and allows the researcher to pursue leads revealed by the continuous data analysis and change focus as applicable.

The formation of concepts in a Grounded Theory Investigation requires coding of the gathered data. The researcher coded data gathered through informal interviews, field notes, literature, documents, participant observation and surveys as showed in Figure 2-3. This data was examined in detail and processes were identified. Identified underlying patterns were conceptualised.

This coding process happens at three levels as shown in Figure 2-3.

- *Substantive Codes* – Level one coding is the search for processes. The researcher identified processes in the data as required by level one coding. The researcher used as many codes as possible and coded each incident and statement/sentence recorded to ensure a comprehensive examination of the data. The codes created in Level one coding is substantive codes as they classify the substance of the data. Two types of substantive codes were developed. The first type is where the researcher attempted to use as many of the participants' own words as practicable, but in this specific environment, the language barrier forced the researcher to interpret the meaning and use his own words when applicable. The second type of substantive code developed is the implicit codes constructed by the researcher from the gathered data. The coding process is dynamic, and the researcher attempted to discover as many categories as possible and compared them with new indicators to expose characteristics and relationships. This assisted in guiding subsequent data acquisition activities. Earlier codes not grounded in the data were discarded, and new codes added as they emerged from the data as it was collected.

- *Categorization* – In accordance with Figure 2-3, Level two coding is where the researcher uses the constant comparative method in the treatment of the data to categorise it. The coded data was compared and assigned to categories according to best fit. These categories consist of coded data that seem to cluster and may result from the condensing of Level one codes (Wilson & Hutchinson, 1996:122-124). Specific categories are determined by questioning what each Level one code might indicate and then comparing them to all the other Level one codes (Stern, 1980:20-23; Stern, 2009). This enabled the researcher to determine which particular category would be appropriate for the grouping of similar Level one codes. The researcher then compared each category with all the other categories to ensure that the categories are mutually exclusive.
- *Identification of Basic Social Processes* – Level three coding describes basic social processes or BSPs as presented in Figure 2-3. The basic social processes primarily consist of the titles given to the central themes or categories emerging from the data. Questions suggested by Glaser and Strauss (2009) to describe basic social processes include: What is going on in the data? What is the focus of the study and the relationship of the data to the study? What is the problem being dealt with by the participants? What processes are helping the participants cope with the problem? The researcher asked permutations of these questions to the participants to facilitate the Level three coding process.

2.2.3.6 Concept Development

To develop the concepts, the researcher employed the processes of reduction, selective sampling of the literature and data as shown in Figure 2-3. These processes are discussed here.

- *Reduction sampling* – This is the process whereby the researcher reduced the numerous categories that emerged from the data analysis. By comparing the categories, the researcher identified how these categories cluster and connect to form another broader category at a higher level of abstraction. To determine the core variables or basic social processes, it was essential to reduce the existing categories.
- *Selective Review of the literature* – Stern argues that conducting a literature study before the investigation could be disadvantageous to the study. This is so because reviewing the literature may lead to prejudgments and affect hasty closure of ideas (Stern, 2009). The approach of reading the literature first with the objective of identifying gaps and relevant theories is opposite to the role that the literature has in Grounded Theory (Fernández,

2004:43-59). The reason that the Grounded Theory methodology is very directive on this issue is to ensure that the researcher is as free as possible of influences that could restrict the independence required for theoretical discovery, but the goal is not for the researcher to ignore existing and pertinent knowledge. The Grounded Theory method commits the researcher to a constant and thorough literature review process that occurs at three levels. The first level is where the researcher was constantly reading in other substantive areas to increase his theoretical sensitivity. The second level is where conceptual emergence forced the researcher to review the convergent and divergent literature on the field related to the developing concept. The third level was the study of the core variables. Emerging theoretical construction pushed the literature review; therefore the extant literature was incorporated into the study as data. The researcher presented relevant reviewed literature to be integrated with the substantive theory (Fernández, 2004:43-59). Other possible consequences considered were that the direction of the study might be incorrect and available materials and data are erroneous. The researcher was mindful of this and only gathered essential data from a literature review before the study began. During the study, however, the researcher employed selective sampling of the literature. This was done at the same time as the data analysis. A review of literature assisted the researcher in understanding the concepts in the emerging theory and its possible shortcomings by studying published works on similar studies where available. The existing literature was used as data and included in the rest of the gathered data and influenced concept generation and categorising. This literature was examined in detail as it assists in expanding the theory relating it to other theories. The selected literature filled in the gaps in the emerging theory and added completeness to the theoretical description (Stern, 2009:55-83).

- *Selective Sampling of the data* – The researcher selectively sampled the data as illustrated in Figure 2-3. As the principal concepts or variables come to the fore, comparisons with the data determined under which conditions they occurred and if the concepts or variables gave the impression of being central to the emerging theory. The researcher gathered only selected additional data to develop the hypotheses and identify the properties of the main categories.

Saturation of the categories happened through selective sampling (Stern, 2009:55-83). The researcher achieved saturation when new data gathered did not bring anything new to light.

2.2.3.7 Core Variables

Figure 2-4 illustrates the steps in the augmented Grounded Theory research process that leads to the core variables and eventually a Grounded Theory.

Figure 2-5 describes the augmented Grounded Theory research process at the hand of a process flow diagram, and as such, the core variables of the study emerged from the process explained therein. The noteworthy augmentation is in data gathering where quantitative survey research is used to complement normal Grounded Theory data generation.

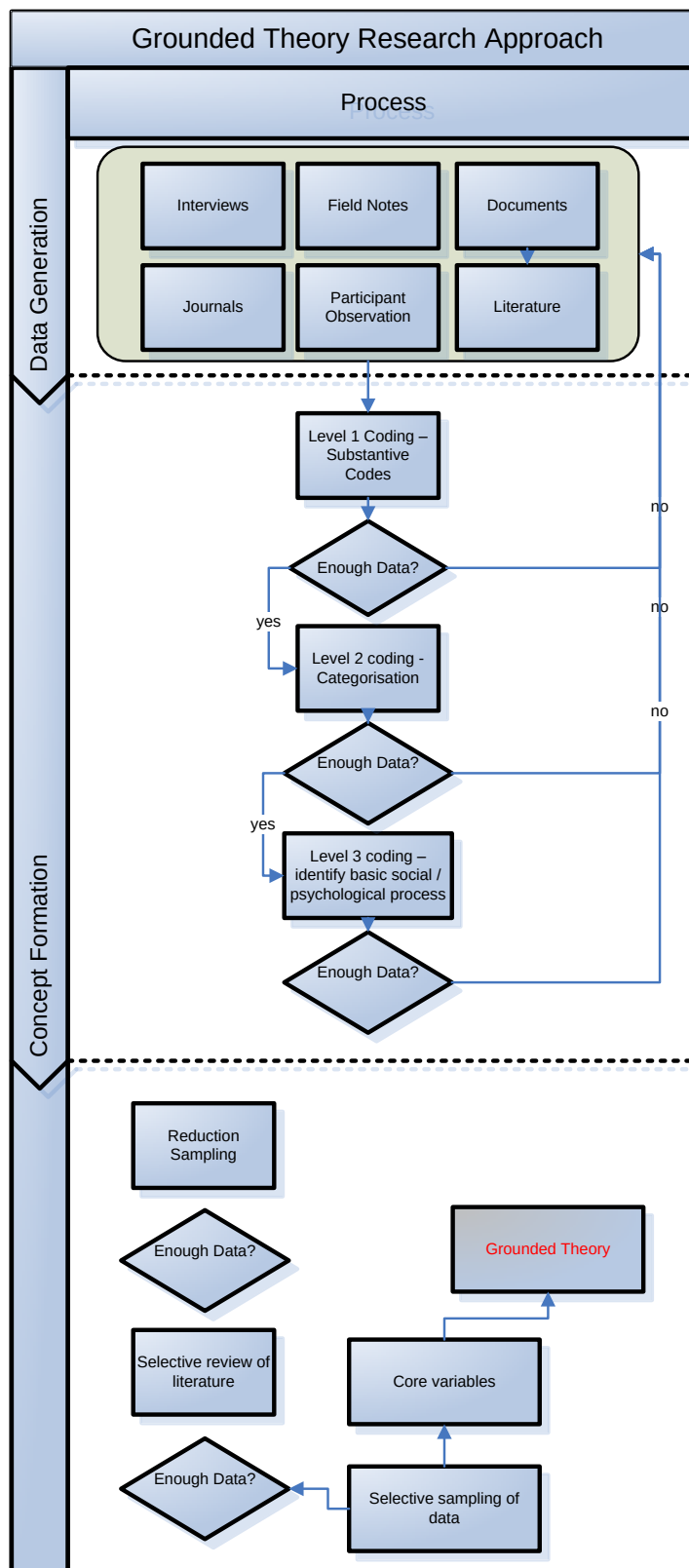


Figure 2-4: Modified Grounded Theory Research Approach (Ryan, 2009b)

- *Data generation and concept formation* – Data generated was used to form concepts by substantive coding, categorization, and identification of basic social processes. As per Figure 2-4, after every step in concept formation, the question of enough data was asked, and if the answer was no, more data was generated until saturation was achieved. The process moved on to the next coding level until Level three coding was complete.
- *Concept development* – Also, as already explained in the previous section, concept development takes place through reduction sampling, selective review of the literature and selective sampling of data. Again the question of enough data was asked until saturation was achieved.
- *Core variables* – The core variables emerged from the concept development step in the process and that led to the Grounded Theory, which gives an account of the Real World in relation to the area of concern which in this case is the degree of utility of the Transnational Corporation's strategy execution in establishing a local business entity in the mining industry in Africa. Core variables refer to those categories that account for most of the variation in a pattern of behavior and which helps to integrate other categories that have been discovered in the data (Birks & Mills, 2015). At the point in the study where the core variables emerged, the researcher began with concept modification and integration. The conceptual framework transfers from a descriptive to a theoretical level through the use of theoretical codes. Concept modification and integration were accomplished as the researcher continued to analyse the data. The researcher used theoretical coding to provide direction and to memo and preserve the researcher's thoughts and abstractions related to the emerging theory.

Theoretical coding gives direction to the process of examining data in theoretical rather than descriptive terms (Stern, 2009:55-83). The researcher applied a variety of analytical approaches to the data to augment their abstraction. The researcher examined the variables that can affect data analysis and findings. During concept modification and integration, the researcher used memoing to maintain ideas pertinent to the emerging theory. It should be kept in mind that the writing of memos starts almost in parallel with the coding process. Memos are continuously produced in the Grounded Theory process, from the beginning of the analysis process until closure is reached, capturing the researcher's thoughts as he progresses through the work. Memoing preserves the emerging hypotheses, analytical schemes, hunches, and abstractions. Memos increase the theoretical level through an ongoing process of comparison and conceptualization. They also afford freedom, flexibility and enhance creativity (Glaser & Strauss, 2009). The researcher sorted the memos into cluster concepts to tie up or remove loose ends. The researcher recorded memos on paper

and electronically. During the process, it becomes clear how the concepts integrate with one another and which analytical approach extends beyond the focus of the research report. Memos that do not fit were set aside until the focus of the study changed. Sorted memos became the basis of the research report (Stern, 2009:55-83).

- *Grounded Theory* – The first cycle of this research process yielded a Grounded Theory with around three or four core variables. The second cycle focused on one of these core variables by following the same Grounded Theory process to produce another set of three to four core variables. What emerged from this cycle then determined the direction of the third and final cycle. The core concepts from all three cycles were then used in the meta-synthesis of this thesis. This process will be explained in more detail in Section 2.2.5.

2.2.3.8 Additional Approaches

A few additional approaches were also utilised in support of the Grounded Theory methodology in developing the theory. These are a three-level literature review, detailed concept analysis, Beer's "yo-yo" model, system archetypes and systems thinking (Beer, 1999:69-83; Braun, 2002:1-26; Wolstenholme, 2004:341-356; Jackson, 2007).

2.2.3.9 Three-level Literature Review

The purpose of the three-level literature review is to tie back the core concepts affecting the concern to the parent discipline. This chapter in the thesis will present a review of the literature associated with the research theme in this thesis. The literature review was done on three levels as shown in Figure 2-5 and promotes a deeper appreciation of the concern, its context and the core variables that emerges from the research.

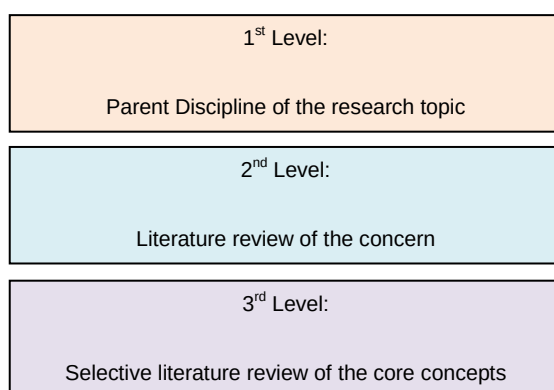


Figure 2-5: Three-level Literature Review

The first level is referred to as the parent discipline. This level describes the larger body of knowledge connected to the research theme. This research is multi-disciplinary and has more than one parent discipline. They are a business strategy, Greenfield project execution, and management of diversity.

The second level of the literature review focuses on the question raised and specific concern of this research as defined in the problem statement.

The third level of the literature review centres on the five core variables extracted during the Grounded Theory process. Three of the core variables (business strategy, Greenfield project execution, and management of diversity) are also parent disciplines and covered in the first level of the literature review. The other two core variables are the degree of country specific constraints and the degree of organizational capability to establish a mining business in Africa.

2.2.3.10 Detailed Concept Analysis

A concept analysis of the core concepts emerging from the research was carried out. The analysis was influenced by the selective literature review and consists of its attributes, antecedents, and consequences.

2.2.3.11 Beer's "Yo-Yo" Model and System Archetypes

Beer's "yo-yo" model was developed as a comparative method to compare a well-defined situation with a less well-known one (Beer, 1999:69-83).

The model proposes to present each condition as a conceptual model. The one model being the situation under investigation and the other a well-defined scientific model that has been compared to many other practical situations before and found to provide a satisfactory explanation of the underlying causal mechanism operating in the Real World.

Beer (1999:69-83) describes the rigorous comparative method as "a many-one reduction to one-one that sacrifices variety in the cause of rigour". This is done by homomorphically mapping each model onto a higher level of simplification. This causes a loss in variety but improves the rigour of the comparison.

When tying this process to the Grounded Theory methodology, it implies that the propositions obtained through data generation is homomorphically mapped onto the initial categories and then the same process is followed for the initial categories and the core concepts (higher level of simplification). The core concepts emerge from the initial categories.

This is then compared with the well-defined model (also relevantly homomorphically mapped for specific comparison with the situation researched).

Through isomorphic mapping (one-one mapping), the consequential high level concepts of the studied situation and the well-defined are compared. If an adequate level of similarity is achieved, the model of the studied situation can be mapped to the well-defined model and deductions can be made about the behavior of the model of the studied situation based on the well-defined one. Depending on the degree of similarity between the models, results for the studied situation model can be inferred from the well-defined one. This is also known as the process of analogous reasoning. Analogous reasoning is not based on inferential reasoning and hence not suitable for all research. This research does lend itself towards the use of analogous reasoning as it relates to the “yo-yo” model, because as Beer (1999) argues: “Analogies have limitations; but in a real sense a scientific model as defined should have few – because the transformations it covers are listed and are exactly specified.” Beer further elaborates to make the point that context ultimately determines the relevance of the analogy.

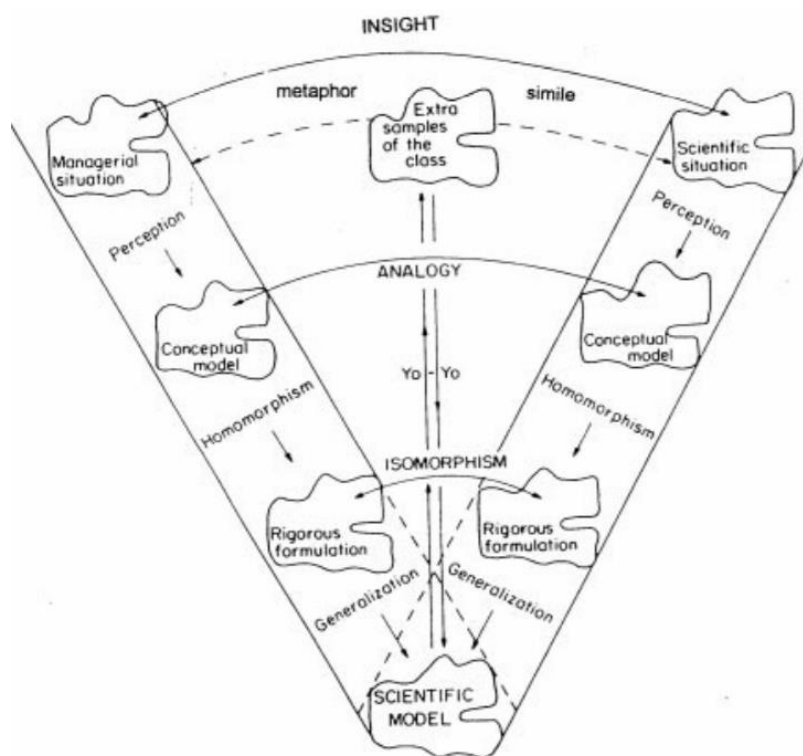


Figure 2-6: Beer's "Yo-Yo" Model (Beer, 1999:69-83)

Beer (1999:69-83) contends that "The yo-yo model builds an inductive case of mounting confirmations of the model concerned in action". The process of comparing many aspects of the

model of the studied situation to the well-defined one provides confirmation or indicates divergence from the well-defined model.

The “yo-yo model” was used in this research by comparing the core categories emerging from the study with system archetypes to determine a possible fit. The most applicable archetype was chosen for analogous comparison as per the methodology of the “yo-yo model”.

The “yo-yo” model promotes the validity of the generated Grounded Theory and hence its inclusion as a theory building tool in this research.

2.2.3.12 Systems Thinking

Ackoff (1999) defines a system as “a whole that cannot be divided into independent parts without loss of its essential properties or functions.” Systems thinking the focus on the synthesis of a complex entity and not reduction thereof. This approach inherently recognises that a system is more often than not more than the sum of its parts (Jackson, 2003). An organization like the Transnational Corporation or the new local operation (or the two combined) studied here is examples thereof (Jackson, 2007). The relationships between the parts of the whole forming the larger system need to be examined holistically to enable contextual understanding of the concern and how to best deal with it (Ulrich, 2005).

The causal loop diagram (a systems thinking modelling technique) is used as a supplemental systems thinking tool to enhance the creation of the theory (Checkland, 1981; Brassard & Ritter, 1994).

2.2.4 Meta-Synthesis

The outcomes of the three research cycles referred to in Section 2.2.3.1 was synthesised into meaningful concepts using a critical realism concept called meta-synthesis to give the observer an understanding of the causal mechanisms bringing about the real world.

The combination or amalgamation of data is referred to as meta-synthesis (Dixon-Woods *et al.*, 2005:45-53B). To generalise and expand the research, a qualitative meta-synthesis approach was employed.

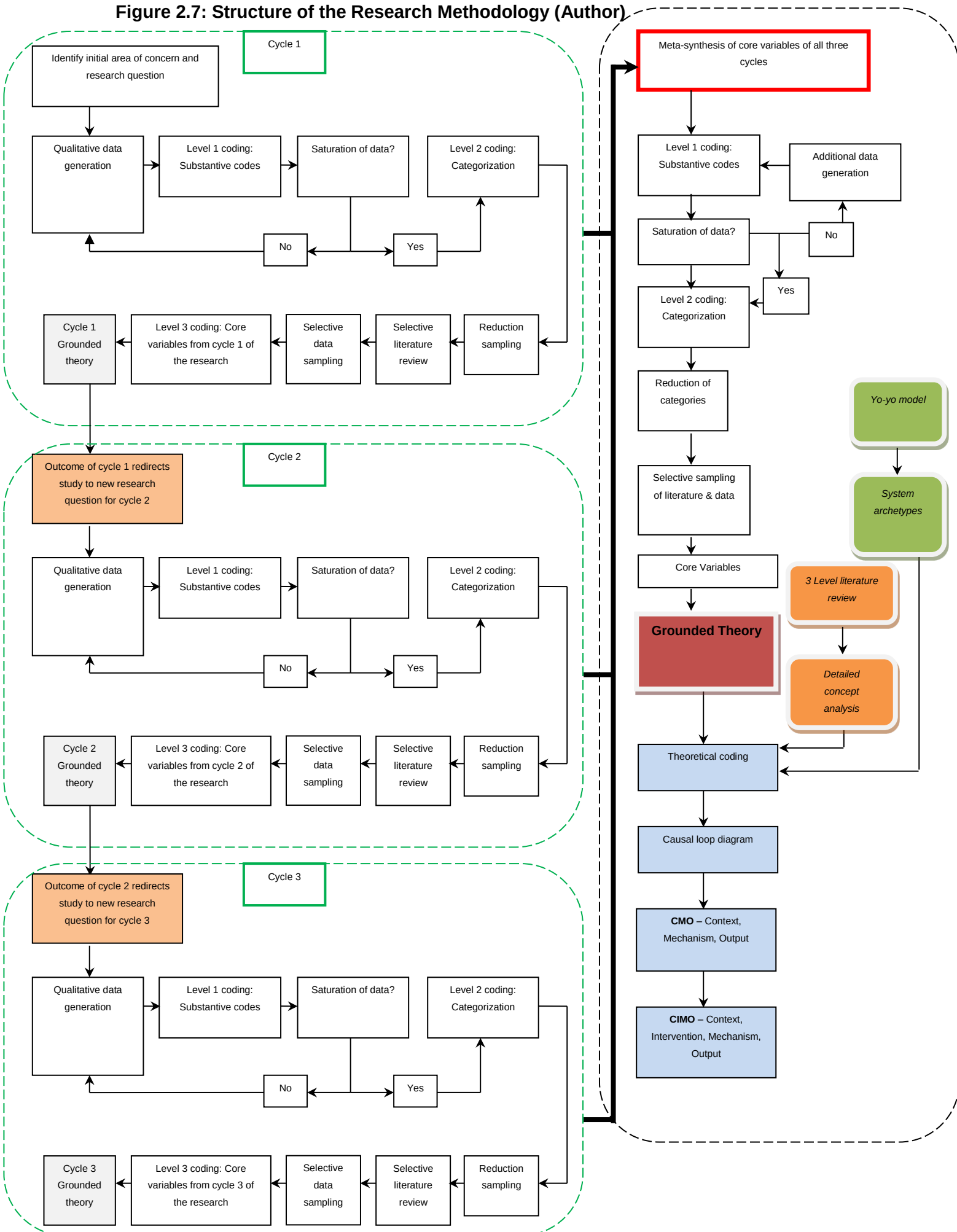
Meta-synthesis is a qualitative study that uses as data, the findings from other qualitative studies linked together by the same or related topic (Zimmer, 2006:311-318). According to McClean and Shaw (2005:729-749), meta-synthesis can also be defined as a method of reinterpreting and reshaping existing qualitative findings (Finfgeld-Connett, 2008:196-204). This

definition best describes the process to be followed in this research. Meta-synthesis was used to study, compare and evaluate the results and findings of the three cycles and these were then reduced to a more concise set of concepts and theories set within the research methodology of Grounded Theory.

2.2.5 Structure of the Research Methodology

Figure 2.7 explains the research methodology followed in this research (including the meta-synthesis as explained above) to develop a theory and propose interventions to deal with the concern. Smith (2006:191-211) argues that “the generative mechanisms (or tendencies) provide the possibility for a scientific explanation that allows for the causal impact of the article itself while stressing the importance of the local context”. The context of the research should be considered to be localities in Africa where Transnational Corporations are establishing, or have established, mining operations.

Figure 2.7: Structure of the Research Methodology (Author)



The theory reveals the CIMO link between the local context (C), the mechanism (M), intervention addressing the concern (I) and the empirically discernible output (O).

2.2.6 Validity

Maxwell (1992:279-301) presented a model for the types of validity that is relevant to qualitative research such as this study, based on the realist approach. Qualitative studies mainly deal with particular threats to the validity of specific characteristics of their interpretations and attempt to address such threats by seeking evidence to rule them out. This strategy presented by Maxwell (1992:279-301) addresses particular threats to validity after a tentative interpretation of the situation has been developed, and its application to causal inference is used accordingly in this research. Maxwell (1992:279-301) argues that his approach is more fundamentally sound than attempting to eliminate threats to validity through prior features in the research design.

The researcher triangulated methods, sources of information and theories where possible and applicable to validate the theory developed in this study. The substantive Middle Range Theory forthcoming from this study applies to the particular area of empirical enquiry which was determined by the direction of the study as it unfolded. This theory is relevant to the people concerned and readily amendable (Glaser & Strauss, 2014). Furthermore, a search was done to look for any evidence that points to a discrepancy in the research.

Threats to the validity of the research needed to be explored and strategies presented to mitigate such threats. Rolfe (2006:304-310) proposes that each of the multitudes of research paradigms requires its approach to validity. Johnson (1997:282) proposes a list of threats and strategies for alleviating them, and this corresponds closely with the typological framework of Kaplan and Maxwell (2005:30-35). The main categories of validity focused on in this research are descriptive, interpretive and theoretical validity, in addition to generalizability and researcher bias.

- *Descriptive validity* – Descriptive validity deals with the factual accuracy of the researcher's account of the situation. This research is dependent on the accuracy of the recording of field notes and interviews. Maxwell (1992:279-301) defines primary descriptive validity as the descriptive validity of what the researcher reports having seen or heard. A threat to the validity of this research is the accuracy of the researcher's interpretation of interviews and field notes based on participant observation. A challenge in this context (isolated mining sites in Africa) was that some interviewees and individuals observed only have a limited command of the English language. The accurate recording of information was a challenge.

To mitigate this threat, the researcher conducted interviews with the assistance of experienced interpreters where required. Clarifying questions were asked, and accuracy of field notes confirmed with the interpreter and the participant interviewed. Field notes recorded on participant behavior were also verified for accuracy with individuals present who have a reliable understanding of English or the interpreter.

Secondary descriptive validity is defined as the validity of accounts of things that could in principle be observed, but that were inferred from other data (Maxwell, 1992:279-301). In the context of this study, it refers to relevant events that transpired on the site of the local operations where the researcher was not present. A typical example would be various meetings and the consequent interactions and responses where the researcher was not present that covers similar topics as the meetings actually observed by the researcher. Accounts of such events based on inference are also a threat to descriptive validity and was mitigated through follow-up conversations with participants and clarifications of relevant meeting minutes.

In the context of this study, descriptive validity also takes into account the fact that no interpretation of a situation can include everything. An example is a verbatim transcript of an interview without insight into the participant's body language as expressed in pitch of a voice or other observable action. This is a threat to the validity of the study because the researcher is not intimately familiar with the local language and culture of the different African countries where the research was conducted. Interpreters were specifically asked about typical customs and interpretations of body language, and applicable reference was made in field notes when required.

Descriptive validity can also pertain to statistical descriptive aspects of accounts (Kaplan & Maxwell, 2005:30-35). An example in this study could be the number of applicable National employees who perceive the Transnational Corporation excludes them from the design and implementation of an execution plan for establishing the business in the local context or a management system to operate the mine once it is commissioned. This threat to validity was addressed through a request for a show of hands during participant observations to indicate numbers to support or contradict claims made in this study and by statistically analysing the responses from other participants interviewed at other times.

- *Interpretive validity* – Interpretive validity refers to the meaning of the situation or events to the participants engaged in the study. The central theme of interpretive research is the endeavour to understand the phenomena studied from an emic perspective, which means

from the perspective of the participants and not the researcher (Kaplan & Maxwell, 2005:30-35). A threat to the validity of this study is the interpretation of accounts studied by the researcher. This threat was mitigated by using as much of the own words and concepts of the participants as possible, but due to the language barrier, this remained a challenge. The interpreters thoroughly questioned and re-questioned participants and the researcher did the same with the interpreters to ensure that accounts were interpreted as accurately as possible from the participants' perspective.

- *Theoretical validity* – Maxwell (1992:279-301) refers to theoretical validity as the validity of such an account as a theory of some phenomenon. A theory consists of concepts and the relationships between these concepts. Two aspects of theoretical validity come to the fore. The first is the validity of the blocks used by the researcher to construct a model, and the application thereof to the phenomena studied. The second is the inferred relationships between the blocks in the model to produce a theory of this phenomenon. Theoretical validity depends on the consensus, or lack thereof, within the community concerned with research about the terms used to characterise the phenomena studied (Kaplan & Maxwell, 2005:30-35). Theoretical validity, therefore, deals with problems that remain after the agreement of the facts of a situation is achieved (descriptive and interpretive validity) in the form of the legitimacy of the application of a concept or theory to established facts in the situation. The threat to theoretical validity in this research was mitigated by a three-level literature review to confirm concepts, theories and their applications in the context of the study.
- *Generalizability* – Generalizability refers to the extent to which the account of a particular situation can be extended to different settings, persons or times than that of the study. In qualitative research, there are two aspects of generalizability. The first is generalising within the community studied about persons, events, and settings that were not directly observed or interviewed (internal generalizability). The second aspect is generalising to other communities or organizations and called external generalizability (Maxwell, 1992:279-301). The times and places of events have been observed for the last nine years and continued to be observed through the duration of this study. This provided a perspective to the researcher that allows inference and generalizing of events studied.

Interviewing posed challenges to the researcher because inferences are drawn from what happens in the brief interviews with participants without considering their life experiences influencing their expressions in the interview. This threat to validity was mitigated by the researcher's effort to continue to understand the cultural context, the experience of the

researcher in similar settings over the last nine years and considering the views and opinions of the interpreter present in the applicable interviews and then comparing those to other data and interviews. External generalizability is applicable in the case of this study due to numerous similar situations existing in Africa and specifically in West Africa where most of the study was conducted.

- *Researcher's bias* – Kaplan and Maxwell (2005:30-35) describe researcher bias as the tendency of qualitative researchers to influence collection and interpretation of data as this can lead to the selection of data that attracts the researcher's attention and fits his preconceptions. The influence of the researcher is inevitable, hence understanding it is important. The researcher is a South African male in a senior leadership position at a Transnational Corporation establishing a Greenfield mine in Ghana, with nine years' experience in similar environments. Reflexivity is a strategy that entails critical self-reflection by the researcher on potential biases and predispositions, which enables them to monitor and attempt to control any biases (Johnson, 1997:282). Amongst some strategies proposed by Kaplan and Maxwell (2005:279-301) to avoid researcher bias, respondent validation, search for discrepant information and negative cases and theoretical triangulation will be used in this study. Respondent validation was discussed under interpretive validity. The search for discrepant information and negative cases continued throughout the study.

A particular threat to validity is reliability. The issue of reliability was dealt with in this study by evaluating and comparing statements of participants for discrepancies. Discrepancies found was discussed with the participants to ensure clarity of what they really wanted to say. In some cases, participant accounts were modified to reflect the correct account of originally misunderstood or misinterpreted comments.

Triangulation was applied throughout the study where data was collected from a broad range of settings and individuals. Different methods of data generation mitigated the risk of bias and improved generalizability of conclusions. This is also described as internal validity (Johnson, 1997:282).

2.2.7 Ethics of Data Collection

Ethical issues are important in qualitative research and the researcher has taken this into account when deciding on this research project. Ethics influences the choice of methods to be used, the goals of the study, the selection of the research questions, the validity of the study and the relevance of the conceptual framework of the study. Research ethics has to be

addressed through the lifecycle of the study and not just at inception. Ethical decisions in this study were guided by the RESPECT guide lists (Huws *et al.*, 2004). There are seventeen principles that guides socio-economic research and the researcher considered them in this study. They are shown below:

- (1) The research objectives should benefit society and minimize social harm;
- (2) Professional integrity should be balanced on the law;
- (3) In the commissioning and conduct of research there should be respect for and awareness of gender difference;
- (4) In the commissioning and conduct of research there should be respect for all groups in society, regardless of race, ethnicity, religion or culture;
- (5) In the commissioning and conduct of research there should be respect for underrepresented social groups and attempts made to avoid their further social exclusion;
- (6) The concerns of stakeholder and user groups should be addressed;
- (7) Appropriate research methods should be used, selected by informed professional expertise;
- (8) The research team should have the necessary professional expertise and support;
- (9) The research process should not result in unwarranted material gain or loss for any participant;
- (10) Findings should be reported accurately;
- (11) Any potential disadvantage to participants should as far as possible be avoided;
- (12) Reporting and dissemination of findings should be carried out in a responsible manner;
- (13) Methodology and findings should be available for discussion and peer review;
- (14) Debts to previous research should be fully acknowledged;
- (15) Participation in research should be voluntary;
- (16) Decisions to take part in research should be on the basis of informed consent;

(17) Data are treated with appropriate confidentiality and anonymity.

Research participants were protected from undue intrusion, distress, physical discomfort, personal embarrassment or psychological or other harm by emphasising the voluntary nature of participation in the research (Huws *et al.*, 2004). This qualitative research utilises participant observation, and this is generally regarded as less ethically intrusive. This is so because the participants are not interrogated or manipulated. Participant observation and conversational interviewing used in this study are characterised as methods that give participants the opportunity to express their own views. Due to relationships forming with certain participants, it is appreciated that ethical challenges remained and had to be managed (Huws *et al.*, 2004).

The researcher has determined that there will be no harm done to the rights of any of the possible stakeholders affected by this study. This is so because the study is focused on developing a theory to explain phenomena that cause significant threats to the viability of establishing a local mining business in Africa. This consequently impacts the host country, local community where the operation will be situated at and the Transnational Corporation making the investment.

The outcome of such a study is to the benefit of all stakeholders because a clear understanding of the mechanisms and social processes causing this situation will be presented. This information can then be used to implement changes in policy, strategy and/or management practices to address the concern. The burdens of the stakeholders were to commit time to interviews and other necessary research activities as required and then action the proposed interventions presented in the form of a strategic framework forthcoming from this research.

By implementing the proposed interventions from this research, the ethical implications for the stakeholders were identified and addressed. This was done using the Velasquez model or questioning framework (Velasquez, 2002). Velasquez (2002) proposes four ethical principles; utilitarianism, moral rights, justice, and care with corresponding questions to be explored.

The stakeholders include Investors, the Transnational Corporation expatriate workers, African Governments, National Employees (representing the local operation), Non-Government Organizations and the affected Local Community.

The use of pseudonyms for interviewees, Transnational Corporations, and local operations protected the confidentiality of all concerned.

2.2.8 Target Population

The research population denotes the entire group of stakeholders, events, or things that the researcher desires to investigate. Sampling begins with defining the target population (Sekaran & Bougie, 2010). Msweli (2011) states that the target population is a group of individuals or entities about whom the researcher wishes to generalize the results of the study.

The target population of this study as presented in Table 3-1 consist of:

- (i) Government representatives;
- (ii) Representatives from non-government organizations;
- (iii) Representatives from affected communities in which mining operations were, or are going to be, established; and
- (iv) Business executives, senior managers and middle managers from the applicable Transnational Corporations and local operations.

The African countries that were the main target population are Ghana, the DRC, Liberia, Mauritania, Ivory Coast, Eritrea and Guinea. Due to confidentiality the names of Transnational Corporations as well as local operations are omitted in this research, but descriptions of the Transnational Corporations will allow the reader to distinguish between junior, mid-sized and large mining companies and their corresponding strategies and approaches.

The targeted population represents the stakeholders involved with:

- (i) Business strategy;
- (ii) Project management and execution;
- (iii) Organizational culture;
- (iv) Leadership, management and decision-making of the Transnational Corporations as well as the local operations in the case of already existing mines;
- (v) Government policy and administration;
- (vi) Local context regarding the host communities where the mines will be (or has been) established; and

- (vii) The work of non-governmental organizations.

2.2.9 Sampling

A sample is a subgroup or subset of the population and comprises members selected from it. By studying the sample, the researcher should be able to draw conclusions that will represent the population (Sekaran & Bougie, 2010:263).

The researcher must first decide on the precision that is required or the extent of error that is acceptable before deciding on a sufficient sample size (Singh, 2007:115).

The quality of research will be evaluated by the degree to which the sample accurately reflects the characteristics of the true population (Msweli, 2011:64). Due to the importance of selecting a study sample that will best represent the characteristics of the population; this study sample consists of selected organizations and individuals representing the entire target population as shown in Table 3-1 (Wagner *et al.*, 2012:21). This meets the requirements of sample adequacy and the objectives of this qualitative study.

2.3 LIMITATIONS OF THE STUDY

The scope of this research is contained in Transnational Corporations, local operations or sites, governments, host communities and other relevant stakeholders and situations in the mining industry in Africa.

This might raise questions about the generalizability of the findings to other industries and also to the parent disciplines of business strategy, project management, and management of diversity. It can therefore not be concluded that the findings of this study will necessarily be generalizable to all Transnational Corporations, projects, industries or countries.

However, in developing the theoretical concepts of the study, the intention is not to be country specific, but to focus on Africa. The expectation is that the theory should be valid for similar studies in similar countries and that it could eventually lead to theories that can be more widely generalized. Until such further research is carried out, the findings will remain only generalizable to the mining industry in the African context.

The research was done within a set timeframe that limited the extent of the study.

As with any research, these limitations are not ideal, but through the use of the augmented research methodology, these limits are reflected in the thesis and accepted as an account of the Real World.

2.4 CHAPTER SUMMARY

This section explained the research methodology followed in this research.

Firstly, it covered the philosophical position and then moved on to the Grounded Theory methodology and adaption thereof as well as additional approaches to supplement the research. This culminated in the proposed augmented research methodology articulated in Figure 2.7 that provides the overall framework that was used to conduct this research. It also made an argument for the validity of the research methodology and ethics of data collection methods.

The philosophical position (ontology and epistemology) of this research is that of critical realism. The qualitative Grounded Theory methodology is used to build the theory that explains the phenomena that cause significant threats to the viability of establishing a local mining business in Africa over three cycles of iteration. The three cycles that followed the Grounded Theory methodology is then meta-synthesised and integrated into the hybrid research approach presented in Figure 2.7. Augmenting the research methodology is the appropriate use of systems thinking tools as explained in the previous sections as is adequate for a study of this nature. This led to potential interventions, presented as a strategic execution framework, which can transform the execution of strategies employed by Transnational Corporations when establishing a mining business in Africa.

Chapter three presents the results obtained through the application of the Grounded Theory research methodology through three cycles. Chapter four will present the literature review. Chapter five will present the meta-synthesis of the results from the three cycles into a Grounded Theory, and chapter six will conclude the study.

CHAPTER 3: RESULTS OF THE APPLICATION OF THE GROUNDED THEORY RESEARCH METHODOLOGY

3.1 INTRODUCTION

The results from the application of the augmented Grounded Theory methodology are presented in this chapter. The data, concepts, and categories obtained from each of the three research cycles, together with additional data gathering and analysis during the thesis development was all integrated to form the foundation of the data gathered for the thesis. As saturation of the data occurred, the new categories formed through level 2 coding, constant comparison, and reduction. A selective literature review was conducted around pertinent aspects of the research to set required theoretical context, and this led to the core variables for this thesis.

The core variables are the result of applying the augmented Grounded Theory methodology and will be elucidated in this chapter.

The key milestones and the eventual result were obtained through the process described in Chapter 2 at the hand of Figure 2-7 (Integrated research methodology).

The three-level literature review and detailed concept analysis follow in Chapter 4.

Chapter 5 addresses the building of the theory.

3.2 KEY RESEARCH MILESTONES

- *Cycle 1* – As per Figure 2-7, Cycle 1 started off the research with an initial area of concern being the business strategy of Transnational Corporations establishing and operating mines in Africa. This concern was defined as a variable being the level of effective business strategy execution by the Transnational Corporation. The typical Grounded Theory methodology was followed as explained in chapter 2 as applicable to this cycle. This cycle of the process led to some new and previously under-investigated concepts. The common theme identified as representative of the outcome from cycle 1 was the degree of successful establishment of a local mining business. This outcome from cycle 1 set the direction of the research for cycle 2.

- *Cycle 2* – The area of concern for cycle 2 was in the domain of project management, specifically Greenfield project execution in Africa. This area of concern led to a specific variable being the level of effective Greenfield project execution by the Transnational Corporation. Again, the Grounded Theory methodology was followed through this cycle to produce a Grounded Theory based on this variable. The common theme identified as representative of the outcome from cycle 2 was the level of execution planning. Throughout cycle 2 new data and concepts emerged, and the focus shifted to relationships in the workplace as an area of concern for cycle 3. The volume of new concepts notably reduced during cycle 2.
- *Cycle 3* – The area of concern for cycle 3 was in the domain of management of diversity. Once more, the Grounded Theory methodology was followed through this cycle and led to the concern defined as the degree of effective management of diversity by the Transnational Corporation. The predominant theme identified as representative of the outcome from cycle 3 was the level of organizational integration between the Transnational Corporation and local business entity. The categories emerging through each of the three cycles were converging, and saturation of most categories occurred during cycle 3. No materially new data being produced indicated data saturation was being achieved through the data gathering process for this research in the timeframe available.
- *Meta-synthesis* – Referring to Figure 2-7, the core variables of all three cycles were then collated and used as the input to the final Grounded Theory cycle. These core variables were substantively coded (level 1 coding) and the process repeated until saturation of data occurred. Categorization was achieved through level 2 coding, and these categories were further reduced to the emerging core categories. The final core variables were developed through reduction of the emerging core categories and selective sampling of the literature and data.
- *Grounded Theory* – The Grounded Theory produced from this process led to a causal loop diagram that related the context, mechanism, and output (presented in chapter 5). Interventions were subsequently proposed and added to the context, mechanism, and output to produce a CIMO link (Context, Mechanism, Interventions, and Output). This is detailed in Chapter 6.

3.3 DATA GATHERING

The data gathering throughout the augmented Grounded Theory process was done by extracting propositions from the interviews, field notes, documents and participant observations of all the cycles. These propositions were converted to substantive codes and categorised. Through reduction and selective sampling, the core variables emerged. Each of the data gathering methods was used where applicable.

- *Stakeholder Analysis* – A stakeholder analysis was done to ensure that the relevant stakeholders were engaged in the data gathering activity of this research. The identified stakeholders were the Transnational Corporation, Shareholders, Expats, National employees (the Local Operation), the Community, non-governmental organizations and the applicable governments. A CATWOE stakeholder analysis is included in Annexure B.
- *Interviews* – The conversational interviewing process was used to interview stakeholders to obtain the required information. Conversational interviews focus on understanding the candidate as a person by learning about his or her values, strengths and weaknesses. The researcher states the purpose and central theme to be discussed, but allows the conversation to flow, asking pertinent questions to direct the conversation to follow themes that arise from the conversation. This helps in assessing the perception of the stakeholders regarding the relevant issues. This interviewing method is appropriate for Grounded Theory research because it provides context to the data gathered that is used to construct the theory (Lee, 1999). It also allows data to emerge from the conversation. The process included some conversational interviews with individuals across the different stakeholder domains as identified above and summarised in Table 3-1 below. As described in Chapter 2, the interviews were documented and used to construct propositions.

Table 3-1: Distribution of interviews over stakeholder groupings

Number of interviews	Stakeholder grouping	Positions of interviewees	Average duration
36	Transnational Corporation	Executives	30 min
9	Shareholders	Fund Managers, Analysts	30 min
56	Expats	Senior Managers, Tradesmen, Trainers	60-90 min
110	National employees	Senior Managers, mid-level Managers, Tradesmen, labourers	60-90 min
38	Community members	Businessmen, Community leaders	60-90 min
13	African government	Environmental Protection Agency, Minerals Commission, Water Commission, Forestry Commission, etc.	60 min

- *Field Notes and Participant Observation* – Fieldwork was conducted to observe and record field notes of day-to-day work performed by stakeholders at the Local Operation and Transnational Corporation. As many as possible aspects of working and managing the Local Operation were observed by the researcher. This included labourers going about their daily tasks, different levels of management and executive meetings, community meetings, government meetings, and others. This degree of participant observation assisted the researcher in interpreting the interviews more accurately.

The data collection process continued until the end of the research. This allowed the researcher to benefit from emergent themes, obtain data continuously and make the most of the observation opportunities. Another description for this process is Theoretical Sampling.

3.4 CONCEPT FORMATION AND DEVELOPMENT

The following explanation follows the logic of the integrated research methodology as shown in Figure 2-7. Meta-synthesis of the core variables of the three research cycles provided the inputs to the final Grounded Theory cycle that would yield the theory of this research.

- *Concept formation* – Concept formation occurred continuously during the application of the Grounded Theory process through coding the collected data on three levels. Level one classified the substance of the data and produced substantive codes, revealing processes.

Level two coding revealed categories through the use of the constant comparative method in the treatment of the data. Level three coding revealed basic social processes that present the central themes emerging from the data. Underlying patterns were identified and conceptualised.

- *Memoing* – Memoing preserved emerging hypotheses, analytical schemes, hunches and the researcher's thoughts and abstractions related to the emerging theory. Thirty-one memos were produced during this research.
- *Concept development* – Since the three research cycles were conducted in the same environment, many concepts started to converge into central themes and were categorised together. The concepts were developed through reduction and selective sampling of the literature and data.
- *Selective sampling* – Selective sampling of the data was possible by having the opportunity to interview some unique individuals who could provide specific perspectives to the researcher. Two examples will be discussed.

An Expatriate worker and long-time member of the local senior management team who had twenty years of experience at the specific Local Operation was able to relate many experiences of the interactions between the Transnational Corporation and the Local Operation. He provided valuable insight from the perspective of a manager who understands the needs of the Transnational Corporation to have its principles adhered to by the Local Operation. He could also provide the local perspective of existing business culture and systems at the Local Operation and the reasons for having them. This interviewee elaborated on the cultural differences, reasoning, and history behind interactions between the Transnational Corporation and the Local Operation. This improved the researcher's understanding of the context of the situation and the dynamics of these interactions specifically as it relates to working relationships.

Another example of an opportunity for selective sampling presented itself in the form of a National employee who worked in a developed country for around ten years before returning to the Local Operation. He enlightened the researcher's understanding through the unique perspective of a local employee who could relate to the Transnational Corporation as well as the Local Operation, its community, and its culture. This interview assisted the researcher to confirm his understanding of the local perspective because there was no language barrier and the interviewee could express himself clearly.

Selective sampling ensured that theoretical sampling was achieved and also increased the researcher's insight and depth of understanding of the core variables.

3.5 SELECTIVE LITERATURE REVIEW AND DERIVING OF CORE VARIABLES

A selective literature review was conducted around pertinent aspects of the research to set required theoretical context. This typically included strategic plans of Transnational Corporations, project feasibility studies, project execution plans, post investment reviews, corporate responsibility reports, industry benchmarking reports, documented safety and production performance, budget performance, profitability, minutes of various meetings, work management data, and more. From literature and peer reviews of the establishment and operation of similar mining business units, data was gathered to compare the cases. A summary of documents reviewed is provided below. Please note that due to the sensitivity of the data pseudonyms was used.

Table 3-2: Selective documents reviewed during data generation

Applicable Area	Data Source
Business strategy	Scenario planning for Transnational Corporation A, B and C (TNC-B, 2012a; TNC-A, 2013a; TNC-C, 2014b). Strategic plans for Transnational Corporations A, B and C (TNC-B, 2012b; TNC-A, 2013b; TNC-B, 2014g). Business plans for Transnational Corporations A, B and C (TNC-A, 2012; TNC-B, 2013a; TNC-C, 2014a).
Greenfields project development	Feasibility study: Greenfield Gold Project in Guinea (TNC-A, 2015a). Project Execution Plan: Greenfield Gold Project in Guinea (TNC-A, 2015b). Feasibility study: Greenfield Gold Project in Ivory Coast (TNC-B, 2014b). Project Execution Plan: Greenfield Gold Project in Ivory Coast (TNC-B, 2014e). Feasibility studies: Greenfield Gold Projects in Ghana (TNC-B, 2013b; TNC-B, 2014b). Project Execution Plans: Greenfield Gold Projects in Ghana (TNC-B, 2013c; TNC-B, 2014e). Feasibility study: Greenfield Iron Project in Guinea (TNC-D, 2012a). Project Execution Plan: Greenfield Iron Project in Guinea (TNC-D, 2012b).
Leadership and management	Transnational Corporation policy on the systemic integration of the Local Operation(TNC-B, 2004). Minutes of senior leadership meetings for 2011-2014 (TNC-A, 2011c; TNC-C, 2013b; TNC-B, 2014c). Safety statistics for Local Operation: 2011-2014 (Buys & Stander,

Applicable Area	Data Source
	2010:59-68; TNC-A, 2011e; TNC-C, 2013d; TNC-B, 2014f). Production statistics for Local Operation: 2011-2014 (TNC-A, 2011d; TNC-C, 2013c; TNC-B, 2014d). Cost report for Local Operation: 2011-2014 (TNC-A, 2011a; TNC-C, 2013a; TNC-B, 2014a).
Benchmarking	Internal corporate benchmarking report (TNC-A, 2011b). IPA benchmarking data (IPA, 2014).
Applicable business and management Articles and publications	Various applicable news articles. Various applicable industry articles and reports.

As the principal concepts emerged, constant comparison confirmed that they were central to the emerging theory and the core variables of the research emerged from these processes.

The Grounded Theory process yielded 15 categories emerging from 285 propositions (presented in Annexure C). The categories were reduced to 5 core variables as shown in Table 3-3 below.

Table 3-3: Core variables after constant comparison, saturation, reduction and selective sampling of the data

Core Variables (Reduced Categories)	Contributing Categories (15 Original Categories)
Business strategy	- Investment system processes - Communication - Performance management
Greenfield project execution	- Stakeholder management - Transnational Corporation's management processes - Organizational constraints
Management of diversity	- Interpersonal skills - Intercultural Intelligence - Opportunity for Nationals to collaborate in design and implementation of management systems and organizational culture
Degree of country specific constraints	- Regulatory processes - Geopolitical stability - Logistical constraints
Degree of organizational capability to establish a mining business in Africa (Contextual variable)	- Human resources - Execution capability - Residual variety

Core variables: Table 3-4 below provides a description of each of the core variables and why they are relevant.

Table 3-4: Relevance of Core Variables

Core Variables	Relevance
Business strategy	This variable highlights the impact of the level of effective business strategy execution by the Transnational Corporation specifically related to the successful establishment of a local mining business in Africa.
Greenfield project execution	This variable highlights the importance of the level of effective Greenfield project execution by the Transnational Corporation towards the successful establishment of a local mining business in Africa.
Management of diversity	This variable is relevant to understanding the relationships between the concern and the different stakeholders.

Core Variables	Relevance
Degree of country specific constraints	This variable highlights country specific regulatory requirements and the impact this has on the project's business case, schedule and associated risks of establishing and operating the business.
Degree of organizational capability to establish a mining business in Africa (Contextual variable)	This variable is relevant because it highlights the importance of recognising the context in which the project is to be executed and the business to be operated.

3.6 VALIDITY

This section focused on mitigation strategies to deal with any identified threats to the validity of the results presented in this chapter.

Understanding, interpretation, and documentation of interviews are a potential threat to the validity of the research. Due to the language barrier, different interpreters were used to translating and interpret the same interviews to check for divergence. Through selective sampling of the data, some interviewees were shown two versions of their interviews (one from each interpreter) and asked to validate their positions. This led to clarification of some statements and enriched the researcher's understanding. This also served to confirm theoretical saturation as no new categories emerged from this process. A broad range of stakeholders was interviewed to triangulate data and search for discrepant evidence.

3.7 CHAPTER SUMMARY

This chapter presented the results that emerged from implementing the augmented Grounded Theory methodology. This process produced five core variables that expound the behavior over time of the problem statement being: *The degree of utility of the Transnational Corporation's strategy execution in establishing a local business entity in the mining industry in Africa*. The core variables emerged from data gathered in all the domains of the stakeholders. The propositions that were conceptualised and developed, present credible results of the application of the augmented Grounded Theory methodology.

The selective literature review in Chapter 4 will focus on these core variables as well as the parent disciplines. The literature review will also discuss the problem statement and question of the thesis.

The core variables, their relationships to each other and the concern will be the building blocks of the theory presented in Chapter 5.

CHAPTER 4: LITERATURE REVIEW

4.1 INTRODUCTION

Some of the debates and issues that are continually raised in the literature about doing business in Africa have formed the researcher's perspective on the main themes of concern.

This chapter presents a review of the literature associated with the research theme in this thesis. The literature review will be done on three levels as shown in Figure 4-1 and promote a deeper appreciation of the problem statement, its context and the core variables that emerged from the research.

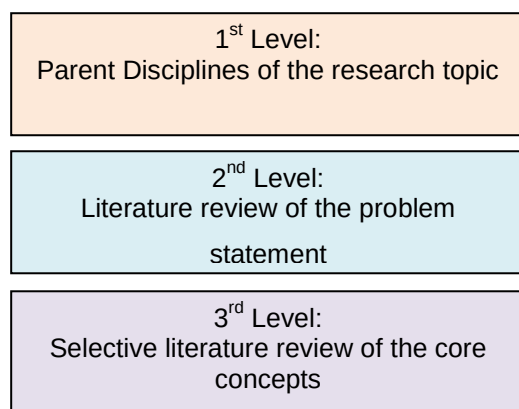


Figure 4-1: Three-level Literature Review

The first level is referred to as the parent discipline. This level describes the larger body of knowledge connected to the research theme. The parent disciplines, in this case, are a business strategy, Greenfield project management and the management of diversity. Each parent discipline will be discussed individually at the first level in the following sections illustrating the multidisciplinary nature of the study.

The second level of the literature review focuses on the question raised and problem statement of this research being the degree of utility of the Transnational Corporation's strategy execution in establishing a local business entity in the mining industry in Africa.

The third level of the literature review will centre on the core variables extracted during the Grounded Theory process. Three of the core variables are also parent disciplines and covered in the first level of the literature review.

4.2 BUSINESS STRATEGY

4.2.1 Overview

Business Strategies of Transnational Corporations doing, or seeking to do, business in the global context is the subject of numerous studies, and a range of specific issues and perspectives exist in literature (Austin, 2002; Jokinen, 2005:199-216; Te Velde & Bezemer, 2006:41-70; Busse & Hefeker, 2007:397-415; Trompenaars & Hampden-Turner, 2011). Strategies for doing business in emerging markets like Africa is also found in the literature and expounds different aspects of the activity (Cavusgil *et al.*, 2002; Games, 2003; Khanna *et al.*, 2005:4-19; Asiedu, 2006:63-77; Adcroft & Mason, 2007:10-28; Eifert *et al.*, 2008:1531-1546). Literature specifically addressing strategies of Transnational Corporations establishing mining businesses in Africa is limited (Kapelus, 2002:275-296; Hamann, 2003:237-254).

Many organizations start executing before the strategy is adequately defined and explained as to how it moves the organization towards its objectives. Executing an inappropriate strategy threatens the viability of any organization (Frigo, 2004:8).

Execution of strategy has consistently been identified as a major reason for unsuccessful endeavours and is the focal point of this section.

4.2.2 Strategy

Strategy sets the direction in which an organization envisions to proceed into the future (Stettinius *et al.*, 2005:2; Ungerer *et al.*, 2007:2).

Strategy represents the holistic picture of an organization's view of what it needs to do to in a specified timeframe to best position it to reach its objectives (Thomson *et al.*, 2001:3; MacLennan, 2010:10). Strategy is defined by four questions (Murphy, 2005:45):

- (1) Where will the organization be in the future?
- (2) What resources will the organization commit to moving it towards this vision?
- (3) How will the organization do this?

(4) When will it be done?

Competition for market share, access to business opportunities and resources, drive organizations to find ways to gain a competitive edge over their rivals. Continuous improvement and business efficiency activities focus on improving the execution of an organization's strategy.

Strategic planning refers to the process used by an organization to guide business planning, budgeting, resource allocation, management and decision-making.

4.2.3 Strategic Management

Strategic management is defined as the full set of commitments, decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives (Hitt *et al.*, 2009:7; Pearce & Robinson, 2011:3). Figure 4-2 illustrates the integrated management activities that form part of the process of strategic management (Thomson *et al.*, 2001:7).

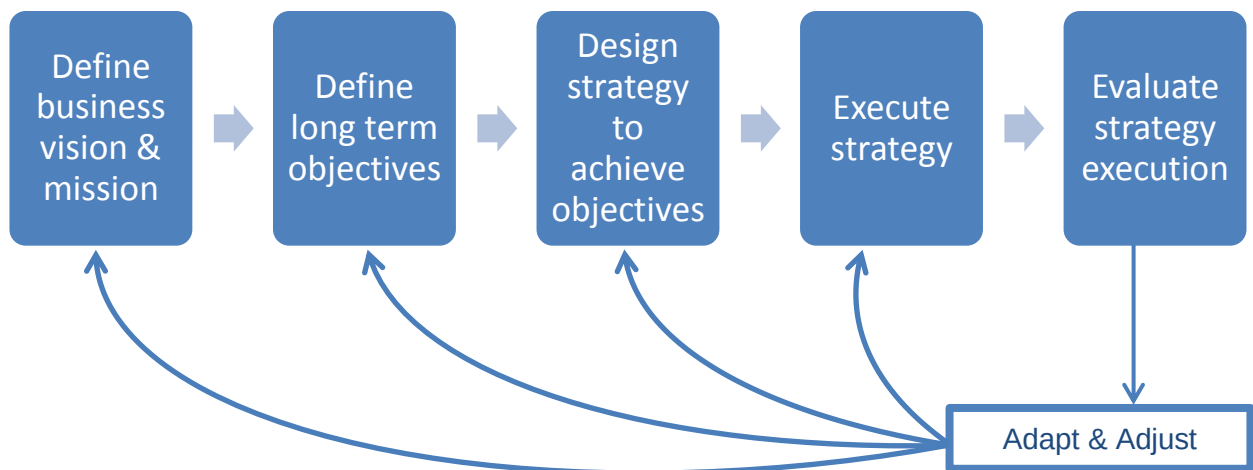


Figure 4-2: Strategic Planning Process (Thomson *et al.*, 2001)

Strategic management is not complete until feedback of the strategy and its execution has been evaluated. This feedback will provide the data required to correct and adjust the strategy as well as its design and execution for the context in which the organization operates (Thomson *et al.*, 2001:19).

4.2.4 Execution of Strategy

4.2.4.1 Background

Every strategy should be planned with consideration of the organization's ability to execute it (Bossidy *et al.*, 2011:21). Strategy execution is a core element of an organization's values and culture.

MacLennan (2010:11) defines the execution of strategy as the realisation of intentions.

An organization's ability to execute its strategy is more critical than the quality of the strategy itself (DeLisi, 2006:1; Hrebiniak, 2013:12). This statement is generally applicable and found to be relevant for Transnational Corporations establishing local mining operations in Africa.

An organization's inability to perform and deliver on its plans is regularly blamed on poor strategy. The experience and skill sets of many leaders and managers lend themselves to the design of strategy, but they are generally ill-equipped to execute a strategy. Lack of experience or skills, together with ineffective organizational structure, resources, and systems prevent successful execution (Davenport, 2007:1; Hanley, 2007:17; Bossidy *et al.*, 2011:6; Hrebiniak, 2013:12).

Execution is a key part of any strategy. It is the main role of the organization's leadership and should be embedded in the culture (Bossidy *et al.*, 2011:21).

Planning and strategy formulation are main themes for research but does not pay appropriate attention to the execution process (Verweire & Van Den Berghe, 2004:2; DeLisi, 2006:1; Hrebiniak, 2013:4).

Strategy execution remains a significant challenge to Transnational Corporations and is further complicated by the establishment of a new business in the African context.

Michaelson (2007:8), Watson (2005:4) and Tapscott (2002:3) argue that the following elements can assist the organization to bridge the strategy-execution gap:

- Set the context for the strategy and communicate it to employees consistently and effectively;
- Follow a disciplined execution process and create an environment where the organization's resources, technology, equipment, assets, people, and systems are used effectively;

- Translate strategy into specific, attainable project and operational goals;
- Simplify the strategy.

Thomson *et al.* (2001) argue that execution of strategy consists of eight management actions as depicted in Figure 4-3.



Figure 4-3: Critical Management Actions in Strategy Execution (Thomson *et al.*, 2001)

The critical management actions required to execute strategy effectively includes:

- Effective strategic leadership;
- Establishment and governance of policies and procedures;
- Creating an organizational culture that is aligned with the strategy;
- Creating an organizational structure with the capabilities and resources required for effective execution of strategy;
- Driving best practises and continuous improvement;
- Setting up management systems that support the organization to move towards its strategic objectives;

- Establishing a performance management system that links individual objectives to the organization's strategic objectives;
- Developing budgets that ensure appropriate resource allocation.

Eight major barriers to effective execution of strategy were presented by Hrebiniak (2013). They are:

- (1) Development of a decision-making model to direct strategy execution actions;
- (2) Understanding how strategy design impacts execution of that strategy;
- (3) Managing change, including cultural change;
- (4) Understanding influence or power and utilising it towards successful strategy execution;
- (5) Development of organizational structures to promote information sharing, integration, and clarity around accountability;
- (6) Development of effective control and feedback mechanisms;
- (7) Knowing how to create an organizational culture that supports execution; and
- (8) Creating an environment of execution focussed leadership.

The leadership of the organization needs to take these factors into consideration when designing the strategy and planning for its execution.

4.2.4.2 Design of Strategy

The design of a strategy is the thread that brings the strategy and execution of that strategy together. An ambiguous strategy inhibits the degree of effective execution. Even excellent execution cannot overcome a bad strategy (Hrebiniak, 2013:12). Investing the time and resources to refine an executable strategy yields an immense value. It provides the organization the opportunity to create a competitive advantage by formulating the right objectives and then execute the required activities to achieve those objectives. When employees believe the strategy is executable, discretionary engagement increases and performance improves (Frigo, 2003; Macey & Schneider, 2008; Albrecht, 2010a; MacLennan, 2010:27).

Strategy design consists of:

- Formulating a vision and mission;
- Identifying opportunities and threats by conducting an external analysis of the context in which business is to be conducted;
- Transforming the mission statement into long-term objectives;
- Generating alternative strategies to address different scenarios; and
- Choosing the appropriate strategies to achieve the long-term objectives.

Strategy design is the process of selecting the most suitable path towards the realisation of the objectives of the organization (Mintzberg *et al.*, 2005; Stacey, 2007).

The process of strategy design is not linear and is summarised below (Ansoff, 1965; Hofer & Schendel, 1980; Hax & Majluf, 1996):

- (1) The key component of any strategy is to set the long-term objectives of the organization. The objectives clarify the desired state and strategy is the process of reaching that state through the deployment of organizational resources. Selection criteria need to be developed to select appropriate objectives to move the organization towards its strategic goals.
- (2) It is vital to evaluate the over-all economic and social environment in which the organization operates. This context informs the strategy and elucidates the fit of the proposed business cases with the organization's capabilities and competitive characteristics. Continuous risk assessment is required to ensure the context remains well understood and the strategy can be adapted when required.
- (3) An organization must set quantitative target values for some of the organizational objectives and ensure that individuals, business units, and the larger organization are aligned.
- (4) Strategic planning is done for each sub-unit of the organization. These outcomes then provide the building blocks of the greater organization's strategy.
- (5) Ongoing performance analysis is required to analyse the gap between the planned and desired performance. A critical evaluation of the organization's past performance, current

state, and the desired future conditions must be done by the organization. This critical evaluation identifies the degree of the gap that continues between the actual reality and the long-term ambitions of the organization.

- (6) The key aspect of strategy design is to choose the best course of action after organizational goals, strengths, potential, and limitations, as well as the external opportunities and environments, have been evaluated.

The literature points to many organizations differentiating between strategy formulation and execution as separate activities. Many strategies are formulated by the executive team and then handed over to a different team to execute. There is a step change in engagement by the execution team if they are integrally involved in the strategic planning process. Accountability for successful execution of the strategy is only achieved when those who execute it had a significant input into the plan from the start. The strategy is an integrated process consisting of design, scheduling, execution planning, communication and performance management (Davenport, 2007:1; Neilson *et al.*, 2008:1; Spinoso, 2008:27; Schaap, 2012:23; Hrebiniak, 2013:1).

4.2.4.3 Leadership

Hitt *et al.* (2009:346) define strategic leadership as “the leader’s ability to anticipate, envision, to maintain flexibility and to empower others to create strategic change as necessary”. The ability to select an appropriate strategy and match it with an appropriate structure is viewed as an important characteristic of effective strategic leadership.

How an organization executes the strategy, as defined by the leadership, is determined by its culture. Leaders must align the organizational culture to enable execution of the strategy. By observing the everyday activities of the organization, leaders can guide and correct execution of the strategy. Leaders must set their people up for success by making sure that the culture encourages the necessary behaviors and actions. This is achieved by studying and understanding the current social norms and rituals as applicable to the context in which execution takes place (Heide *et al.*, 2002:219; Coughlin, 2005:1; Speculand, 2009:72; Bossidy *et al.*, 2011:30; Hrebiniak, 2013:25; Kumar, 2015:323).

Strategy execution is a core function of the business leader. Strategic leadership is a key driver of strategy execution. Consequently, lack of strategic leadership is also one of the key barriers preventing successful execution (Beer & Eisenstat, 2004:19; Hrebiniak, 2005a:17).

Execution requires a comprehensive understanding of business, its people, and its context. Bossidy *et al.* (2011:24) suggest that an organization can only execute the strategy if the leader's heart and soul are immersed in the organization and that the leader is engaged personally and deeply in the business. The leader must take responsibility for execution by running three core processes:

- (1) Set the strategic direction;
- (2) Select other leaders; and
- (3) Conduct operations.

Leadership must drive the organization towards successful execution, and it must motivate ownership of, and commitment to, the execution process (Hitt *et al.*, 2009:25; Hrebiniak, 2013:53). The differentiating requirement for organizational success is the ownership and active involvement of the executive team (Kaplan & Norton, 2001b:19; Hanley, 2007:3).

Pearce and Robinson (2011:326) contend that leaders must lead on two fronts:

- (1) Embrace change by clarifying the strategic direction, build the organization and shape the culture to fit the challenges and opportunities presented by change; and
- (2) Provide the management skill to deal with the impacts of continual change.

Speculand (2009:10) is of the view that leaders should focus on five roles to ensure successful execution of the strategy:

- (1) Focus on both shaping and executing strategy;
- (2) Create an environment conducive to successful execution;
- (3) Identify what work is required;
- (4) Adapt and amend the strategy as required; and
- (5) Create an execution plan.

Drucker (2006:6) contends that a large number of managers are not capable executives. He argues that they are superiors of other people and often of a large number of people, but have no impact on the ability of the organization to perform. Middle managers form the heart of an organization and must be included in the strategic design and execution planning process to

ensure that the organization's strategy is successfully executed. They must be acknowledged by the organization when they contribute towards successful execution (Antunes *et al.*, 2010:116).

A study showed that more than 40% of senior managers and 90% of the employees indicated that they do not understand the strategy of their organizations clearly. Consistent and clear communication within the organization is vital to ensure successful execution. Strategy is designed at the top, but executed by employees at lower levels in the organization (Schaap, 2012:16).

Leaders must be visible throughout the organization and communicate the strategy and its execution regularly and succinctly. Core messages must be communicated in all appropriate forums. By personally communicating the strategy of the organization, leaders demonstrate their commitment to its execution (Heide *et al.*, 2002:218; Speculand, 2009:42).

Jooste and Fourie (2009:65) found that the main barriers to effective execution were a lack of understanding and poor communication of the strategy to the organization. Executing a well-defined strategy without effective communication or understanding of that strategy is very challenging. Creating a common strategy language and communicating it consistently at every level of the organization is nearly as important as designing the strategy itself (Leibbrandt, 2013:18).

It is estimated that a team spends 85 percent of its time discussing operations and 15 percent on strategy and execution in a typical weekly management meeting. Speculand (2009:54) contends that executing strategy successfully means changing the conversations in the organization and reverse this situation.

Leadership in the organization must ensure that meetings deal with the key matters defined in the strategy. Effective meetings are an important element in the successful execution of the organization's strategy. Meetings must be approached as open and team-based learning processes (Kaplan & Norton, 2001a:156).

Policies are an important vehicle to establish the values and expected behavior in an organization. These directives are designed to guide the thinking, decisions, and actions of managers in executing the organization's strategy. Policies empower people to act and are designed to control decisions while defining allowable discretion within which operational staff can execute business activities by (Pearce & Robinson, 2011:276):

- (1) Defining discretion – it controls decisions but empower employees to perform activities without the involvement of top management;
- (2) Promoting the uniform processing of similar activities;
- (3) Ensuring quicker decisions by standardising answers to previously asked questions;
- (4) Institutionalising basic aspects of the organization's behavior;
- (5) Reducing uncertainty in repetitive decision-making;
- (6) Counter-acting resistance to the chosen strategy of the organization;
- (7) Offering predetermined answers to routine problems; and
- (8) Provides managers with a mechanism to take the right decisions in changing operations.

A study of the literature clearly points to the importance of engaged leaders that visibly lead execution. Clear and concise communication of the strategy within the organization by the leaders themselves is key to successful execution. The organization should create an environment where managers are accountable and empowered to execute and not just supervise. Management meetings are a powerful tool if focused on managing the progress of strategy execution. Policies guide behavior and decision-making in an organization and streamline transactional management activities.

4.2.4.4 Organizational Development

The formal organizational structure, including the control systems, is an important factor in strategy execution. The structure can be defined as the relationship between tasks, individuals, and formal and informal channels. The structure affects execution indirectly through its influence on information, control and decision processes (Heide *et al.*, 2002:219; Crittenden & Crittenden, 2008:302; Leibbrandt, 2013:22).

The organizational structure stipulates the formal reporting relationships, procedures, controls, authority and decision-making processes in the organization. The organizational structure details the tasks necessary for strategy execution and defines how, and by whom, these tasks must be accomplished to achieve the strategic objectives of the organization. The organizational structure is the framework within which the strategy execution must take place to achieve the objectives of the organization. It is the responsibility of senior managers to ensure alignment between the strategy and the structure of the organization and make changes to both when

required. The degree of alignment between the strategy and structure influences the effective execution of the strategy (Hitt *et al.*, 2009:346).

The current business environment is continuously changing, and organizations need to adapt their strategies accordingly. This change in strategy often brings about the need for change to the organizational structure. Chandler (1962) proposes that structure follows strategy. This leads to the conclusion that change to the organizational structure is the result of the previous structure not being able to facilitate the change required by the new strategy. The following sequence of events is typically found as organizations grow and change strategy over time:

- New strategy designed;
- Different administrative problems arise as a result of the changing demands caused by the new strategy;
- Organizational performance declines as a result of the administrative complications;
- A new organizational structure is invented that is more appropriate; and
- Organizational performance returns to its previous level.

Individuals and teams are the process owners and are accountable for the processes they own and should be empowered to effectively improve and amend these processes if the need arises (Pryor *et al.*, 2007:12).

Getting things done in many organizations feels like walking in quicksand; there are too many meetings, too many reports, too much information and too many stakeholders. Business processes are not effective, and decisions are delayed or unclear. Organizational complexity is out of control and hampers execution (Ashkenas, 2013:1; Leibbrandt, 2013:22).

An excellent strategy will position the organization on the competitive map, but only effective execution will keep it there. Many organizations struggle with execution and have faith in using structural changes to achieve effectiveness because moving lines on the organizational chart seems obvious and changes are visible to address and improve the organization's capacity to execute its strategy. Studies show that structural change produces mostly short-term gains and does not deal with the root causes of the inefficiencies being individual decision-making, accountability and effectively managing the flow of information (Neilson *et al.*, 2008:1).

Clear definition of roles, responsibilities, and accountability is vital for successful strategy execution. Leaders and managers accountable for executing the key steps in the execution process need to understand their accountability and roles, as well as that of their colleagues (Hrebiniak, 2005b:25). Integration between leaders in the organization enables clear communication and coordinated execution. Michlitsch (2000:28) argues that strategy execution is best accomplished through high-performing people working in high performance teams. Strategy execution entails all business divisions, support units and employees to be aligned and linked to the strategy (Kaplan & Norton, 2001b:41; Kaplan & Norton, 2001a:147). Most organizations and its managers are guilty of 'silo-based' thinking, poor coordination and conflict. Projects are an effective mechanism for overcoming the organizational constraints and have the ability to be run across structural boundaries, bringing together expertise and resources from many disciplines and business units. Project management is essential to ensure that critical activities happen (MacLennan, 2010:154).

Antunes *et al.* (2010:79) are of the view that there is no such thing as a perfect organization and MacLennan (2010:161) is of the view that in most large organizations, structure changes are common when performance is suffering and specifically after the arrival of new leaders. There seems to be a common assumption that structural changes can improve organizational performance. Organizations and departments seem to vacillate from one structural model to another over the years, never really finding out how to make it work but causing turmoil with every change (Leibbrandt, 2013:22).

Pearce and Robinson (2011:310) argue that restructuring can be defined as the redesigning of an organizational structure with the intent of emphasising and enabling activities most critical to the organization's strategy and enabling it to function at maximum effectiveness. At the heart of restructuring is the view that some activities within an organization's value chain are more critical to the successful execution of the strategy than others. Organizations are successful in part because they designed the structure to emphasise and support critical strategic activities (Leibbrandt, 2013:23).

MacLennan (2010:15) contends that the size and complexity of large organizations force managers to formulate a well-structured strategy. The conceptual framework supports them to contemplate resource and market interactions. Well defined business processes help structures to work. Successful organizations create more shareholder value, employ more people, and they expand the environments operated in.

Effective strategic leaders spend significant time crafting their organizations. They do this to align the structure of the organization to the changing environment and requirements of the strategy at the time.

Hanley (2007:17) argues that it is essential to establish a project management office under the leadership of a senior manager. The function of this office is to promote consistency (standardised planning and reporting templates), track resource allocation, assess progress and communicate execution updates regularly.

A common pattern found in many organizations where execution failed was the generic organization-wide training program. This approach does not take the context of specific environments into account of where the organization operates its business. Different geographies and cultures require different approaches. The execution leader must identify specific training requirements and reinforce the training once it has been delivered. A new environment or strategy requires employees (and contractors) to execute differently. The leader is responsible for identifying new or different skills, knowledge and approaches that team members may need to successfully execute the strategy (Speculand, 2009:31).

An important function of management is to recruit and develop talented employees. These employees must be fully aligned with the organization's strategy. This will set the course and empower them to perform their functions. The organization's vision and priorities should be linked to individual and team goals. This will contribute to an aligned and motivated organization, which will be effective in execution (Brenes *et al.*, 2008:592).

Knowledge, skills, and competencies of individuals are vital foundations to all organizational actions, strengths, and performance. Skilled decision makers and the ability to deliver the right activities in the right way, affects everything (Coughlin, 2005:4; MacLennan, 2010:194). Employees must be fully informed about the organization's strategy and have the necessary knowledge and skills to execute it.

Sheehan (2010:25) is of the view that one of the key lessons from the 2008 recession is that organizations that take on risk without being adequately prepared for these risks will suffer poor performance, and in the worst case become insolvent. If organizations are to survive, and even thrive, in a volatile world, they must adopt a risk-based approach to the execution of their strategies. The primary benefit of a risk-based approach to strategy execution is that it allows managers to focus on the opportunities outlined in their organization's strategic plans, while at the same time minimising the potential impact of risks and threats (Leibbrandt, 2013:24).

A business operating model where the strategy, organizational structure, and business processes are aligned is fundamental to effectively execute an organization's strategy and achieve its objectives. Organizational restructuring has to be done in response to a changing environment and/or strategy and not viewed as a quick fix to improve performance. People with the right skills, capabilities, and attitude towards execution that work together as a team and integrate cross-functionally are the key to success. Even when an organizational structure is flawed, but manned with capable people, it will perform and deliver the expected results.

4.2.4.5 Systems

An organization requires systems and processes that will contribute to the effective execution of strategy (Kaplan & Norton, 2001b:13; Kaplan & Norton, 2001a:151; Kaplan & Norton, 2006a:3). Pryor *et al.* (2007:11) contend that the process owners (the employees of an organization) must analyse constraints, hierarchical considerations and environmental impacts that may affect how the process model is applied and the process flows throughout the organization.

All organizations utilise processes. Processes are formed when sequences of activities are repeated to create something. A business process is a series of related activities that is repetitively undertaken to generate a specific output. Effective processes are significant for strategy execution because critical activities are on-going and must be performed frequently (MacLennan, 2010:319; Kumar, 2015:158).

Unnecessary organizational complexity adversely affects strategy execution. An integrated approach to the development of processes yields superior results. Insulated and continuous addition and altering of business processes typically increase complexity (MacLennan, 2010:160). Business processes have to be reviewed periodically and then re-engineered as required. The focus should be to eliminate isolation and organizational silos by crossing traditional departmental lines, speed up and compress formerly separate steps and integrate activities that are strategically intertwined (Pearce & Robinson, 2011:310). Business processes should be well documented to manage, improve or replicate it. Organizational leaders should ensure that all processes are sufficiently recorded by checklists, process maps, or process flowcharts. For that reason, efficient processes that are well documented and principles that are communicated clearly can drive behavior that is necessary to achieve performance excellence (Pryor *et al.*, 2007:11).

According to Speculand (2009:83), it is estimated that a third of typical processes does not add value and one of the main reasons why even great strategies fail to be executed. Processes,

systems, and technology are not adapted to support the strategy and as a result, employees are expected to work with processes that are more cumbersome than helpful and systems that are too slow. Process re-engineering has the potential to dramatically improve value and cost savings as well as driving the execution process. Control systems, in combination with incentive systems, are important for staff motivation and to ensure appropriate behavior about the execution process (Heide *et al.*, 2002:219; Leibbrandt, 2013:25).

Effective execution creates a competitive edge and organizations will attempt to benchmark successful execution. Benchmarking is challenging if execution involves integrated activities, systems, technology and processes (Hrebiniak, 2005b:8). The following are essential causes why an organization cannot adapt to change fast enough:

- Technology and systems (42%);
- Organizational culture (56%); and
- Organizational structure (42%).

Technology and systems enable adaptability and play a crucial role in strategy execution. Thirty years of research in strategic management and information systems is yet to provide a complete understanding of strategy execution and confirms the degree of complexity involved in this activity (Bartenschlager, 2011:1).

According to Pearce and Robinson (2011:365) managers and executives are increasingly using technology in the form of dashboards to monitor strategy execution by focussing on specific and measurable outcomes. A dashboard is a user interface that organises and presents information from multiple digital sources concurrently in a user-designed format. Strategic controls and control programs bring the entire management task into focus. Organizational leaders can adjust or radically change their organization's strategy based on feedback from a scorecard approach as well as other strategic controls.

Business processes and procedures should be aligned with the policies of the organization. Regular review is required to maintain alignment to the strategy as well as to adapt to a changing environment. Systems and appropriate use of technology should improve the efficiency of processes and turn-around time. It should also provide relevant, accurate and timely management information using performance dashboards.

4.2.4.6 Performance Management

Measuring strategic performance has historically proven to be a challenge. Performance measurement is the process of quantifying past action (Neely, 1998). Brignall (1992) argues that performance measurement is an important tool to be employed when attempting to change the focus of an organization. It is a key factor in ensuring the successful execution of an organization's strategy. It plays a vital role in sustaining the organization's focus on its strategic objectives (Willcocks & Fitzgerald, 1993:335).

Business performance needs to be measured against the objectives determined during the business planning process. Many organizations concentrate on measuring performance based on lagging financial results (lag indicators) instead of key drivers of performance (leading indicators). Non-financial criteria or intangible assets are typically undervalued or not measured at all (Leibbrandt, 2013:27).

Amaratunga and Baldry (2002:217) suggest that attention to performance measurement in the context of modern business has been focused on by the realisation that traditional financial information used for control and management purposes in organizations was no longer adequate for fully effective performance measurement to be achieved. However, not all non-financial criteria are useful, according to the study carried out by Ernst & Young in 1998 (Amaratunga & Baldry, 2002:217-223). Measures of strategy execution, management credibility, innovation and market position proved to be far more useful than measures of customer complaints, employee training programmes or environmental and social policies. Developing a comprehensive performance management system incorporating non-financial measures has exasperated many managers. Drucker (1993) puts the ever-growing measurement quandary as follows: "... a traditional measure is not adequate for business evaluation. A primary reason why traditional measures fail to meet new business needs is that most measures are lagging indicators. The emphasis of accounting measures has been on historical statements of financial performance. They are the result of management performance, not the cause of it." (Amaratunga *et al.*, 2001:179-189)

In response to the dissatisfaction with traditional performance management systems, some models have been developed (Eccles & Pyburn, 1992:41; Lynch & Cross, 1992; Chennell *et al.*, 2000:21). Although several approaches to designing and implementing a system to provide non-financial control have been proposed in the literature, the problem of integrating non-financial measures with financial measures effectively remains an open question. The balanced scorecard approach has developed from this work (Kaplan & Norton, 2001b:147-160).

Inconsistent performance measurement is an obstacle to organizational development because measurement provides the link between strategies and actions of the individuals in the organization. Inappropriate measurement leads to actions contradictory to strategies, however well formulated and communicated. Appropriate performance measurement should create and reinforce this link leading to attainment of strategic goals (Dixon, 1990; Bititci *et al.*, 1997:522-534).

Strategy is usually defined at the top of an organization, with ambiguous cascading of responsibilities for the tactical specifics required to achieve results. High-level strategies must be broken down into specific sub-objectives, which can be owned and executed at every level of the organization. A clear strategy that is effectively communicated is not enough to ensure success. Everybody in the organization needs to understand how their actions are strategically aligned and contribute to the strategy execution process (Leibbrandt, 2013:20).

Individual and group incentives in many organizations are based on a subjective evaluation of performance against objectives that may not even be aligned with the organization's overall strategy. It is estimated that only 25 percent of managers' personal objectives are linked to the organization's strategy. The literature points out that if personal and team objectives and incentives are not aligned with the strategy, achieving the desired performance is severely challenging (Leibbrandt, 2013:21).

A new strategy requires measurement that tracks progress on the new strategy. Leaders should cease to use the old measures that tracked the previous strategy. Many organizations rely on financial measures to track progress, but should develop measures that reflect both tangible and intangible activities. A balanced performance scorecard allows leaders to translate the strategy into objectives, measures, and actions for the whole organization (Speculand, 2009:62-63).

Performance measurement is essential, but complex to manage. There are numerous advantages and also some risks involved in calibrating and shaping the performance of activities and outcomes accurately. Managing organizational performance is vital to execute strategy successfully. Individual and team performance, including non-critical activities, are just as significant to strategy execution (MacLennan, 2010:136).

Performance indicators and measures should be simple, relevant, well aligned with the strategy and designed to assist the process owners to understand where improvements are needed in the processes they use. Measurement is essential because it appraises employees of how well

they are executing and how the organization is performing at designing and executing changes as well as achieving the objectives about set key performance indicators (Pryor *et al.*, 2007:7).

Compensation systems in many organizations evolve over time, and some employees earn more money than others based on tenure or personal relationships with decision makers. The criteria for compensation should be aligned to the contribution an individual makes towards the organization's ability to execute its strategy. The contribution is defined as the results produced by that individual in his or her critical tasks or initiatives towards achieving the strategy. Sudden, sweeping changes to the compensation systems in many organizations are not practical, and gradual change may be prudent. Small changes can commence by aligning bonuses with a contribution. Over time, salaries can also be aligned (Khadem, 2008:34).

Organizational strategy as well as individual and team key performance indicators need to be fully aligned. Every time the strategy is changed, individual and team objectives and resulting key performance indicators need to be reviewed. A performance management system should be simple, user-friendly, well understood and clearly communicated to the organization.

4.2.5 Resource Allocation

The basic types of resources with which organizations can execute their strategy and achieve their objectives are categorised as financial, physical, human and technological resources as well as time. These organizational resources have to be allocated in alignment with its objectives, strategy, and execution of that strategy. Effective resource allocation ensures that the organization utilises its resources in the most effective way and focus its work on the key activities that will achieve the objectives. Any change in strategy will necessitate a re-allocation of resources (Higgins, 2005:3-6). Factors considered in the allocation of resources is summarised below:

- Contribution to the mission and strategic objectives of the organization;
- Support of key strategies;
- Special circumstances, such as unusual changes in the external environment; and
- Risk profile.

Budgeting and resource allocation are considered drivers for strategy execution. An organization has to allocate resources to execute its strategy. Heide *et al.* (2002:217-231) argue that the allocation of human resources is as important as operation and capital budgets. Kaplan

and Norton (2001b:294) propose that an operational budget shows incremental improvement to the existing operations and the strategic budget deals with projects and initiatives required to close the planning gap between desired breakthrough performance and business as usual. The strategic budget identifies what new operations are required; what new capabilities must be created; what new products and services must be launched; what new customers, markets, applications, and regions must be served; and what new alliances and joint ventures must be established (Leibbrandt, 2013:29).

Strategy-focused organizations build human and financial resource commitments for strategic initiatives into their organizational plans and budgets (Kaplan & Norton, 2001a:41-42; Kaplan & Norton, 2006b:1-16). Strategy execution often fails because the organization does not provide the necessary human and financial resources in its budget. When resources are not dedicated to projects and initiatives, they get executed haphazardly and often unsuccessfully. Operational people are tasked with execution over and above their normal work activities, and since no budget is available, they execute the required scope within their existing budgets.

MacLennan (2010:155) is of the view that organizations must ensure that problems and opportunities that have not been properly assessed do not become projects – consuming time, money, and other resources – without reasonable confidence that these are valid means of achieving strategic objectives. Not all organizations are effective at enabling projects, often failing to timely resource them (Leibbrandt, 2013:30). Resources are required to execute activities and produce outputs. Resources can be people, finances, materials, equipment, information, intellectual property, and other legal rights (MacLennan, 2010:165).

Attempting to execute projects without allocating the appropriate resources has been shown to be unsuccessful. The organization must demonstrate its commitment to a project and provide a budget for the required resources to enable the execution of projects.

Enablers and Barriers in Strategy Execution

This section will discuss some of the literature about strategy execution enablers and barriers.

Empirical studies by Jooste and Fourie (2009:62) identified the enablers of strategy execution as follows:

- Strategic leadership;
- Organizational culture;
- Resource allocation;
- Organizational structure;
- Performance management
- Training and development; and
- Information systems.

Research has identified key barriers to strategy execution and according to MacLennan (2010:37) include issues with, or absence of:

- Strategy execution framework;
- Task definition;
- Organizational structure;
- Resource management;
- Information sharing;
- Team functioning;
- Staff turnover;
- Budgeting system;
- Conflicting priorities;

- Cross-functional co-ordination and conflict;
- Time pressure;
- Reporting and problem escalation;
- Communication;
- Clarity of accountability;
- Organizational capability;
- Performance measures; and
- Management information and feedback.

Beer and Eisenstat (2004:123) identified six strategy execution “killers”:

- (1) Ineffective senior management team;
- (2) Top-down senior management style;
- (3) Unclear strategies and conflicting priorities;
- (4) Poor vertical communication;
- (5) Poor coordination across functions; and
- (6) Inadequate leadership skills.

According to DeLisi (2006:3-4), the main reasons for the failure of strategy execution are:

- (1) Lack of strategy knowledge and the strategy design process;
- (2) Lack of commitment to the strategy;
- (3) Ineffective strategy communication;
- (4) People are not measured or rewarded for executing the plan;
- (5) The plan is too abstract, and people cannot relate to it;
- (6) People are not held accountable for execution;

- (7) Senior management does not engage enough in executing the strategy;
- (8) Strategy is not clear, focused and consistent;
- (9) The strategy is not updated on a regular basis;
- (10) Control systems are not in place to measure and track execution of the strategy;
- (11) Enablers such as culture, structure, processes, IT systems, management systems and human resource systems are not well considered; and
- (12) The organization and people are driven by short-term results.

Enablers are elements required to succeed, and barriers are elements that prevent success. The enablers and barriers presented in this section fit with the elements found in the literature. An enabler could be a barrier, and a barrier could be an enabler dependent upon whether it is regarded as strength or weakness in the organization. The enablers and barriers discussed here represent critical elements that are essential to succeed in executing the strategy.

4.2.6 Strategy Execution Frameworks

Some strategy execution frameworks have been designed over time, and this section explores the most prominent and applicable ones for this study. The frameworks essentially specify the enablers/factors/components which can be employed to manage the successful execution of a strategy.

4.2.6.1 McKinsey's 7 'S' Framework for Strategy Execution

Robert Waterman and Tom Peters developed this framework in 1980. They were two consultants working at McKinsey & Company. Over time many organizational effectiveness frameworks have been developed, but the McKinsey 7 'S' Framework stood the test of time and is still used today. The foundation of the model is that there are seven internal elements of a successful organization that needs to be aligned. Waterman *et al.* (1980:18) demonstrated the interconnectedness of these seven elements (Kaplan & Norton, 2006a:4).

The McKinsey 7 'S' Framework allows for questions to be asked regarding the status of the organization regarding each element. This allows adjustments and realignment of the elements before the commencement of the execution process. This increased the probability of success (Waterman *et al.*, 1980). Global business leaders and consultants continue to use the McKinsey 7 'S' Framework extensively, and this framework is regarded as one of the foundations of

strategy execution and analysis of organizations (Srivastava, 2005:57; Pugh & Hickson, 2007:168-172). Organizational leaders are aware that the process of organization is complex and consists of a range of elements working together. It is often the case that they tend to focus on changing the structure when change is required and ignore the other elements (Waterman *et al.*, 1980:14-26).

The 7 'S' framework elucidates the complex causal interrelationships of the seven elements that define an organization's capacity to transform and perform. This theory contributed towards the evolution of managers' thinking about organizational improvement. The proposition that structure follows strategy holds true, but not in isolation of the other elements of an organization.

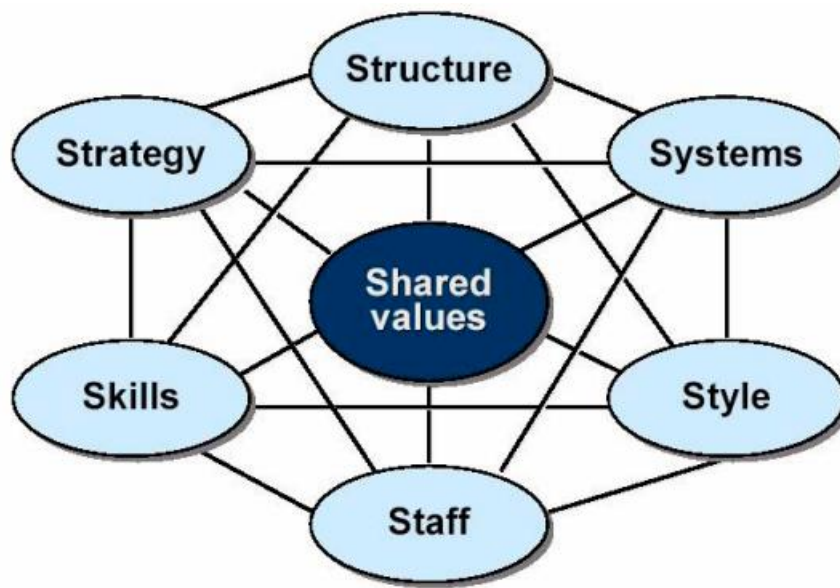


Figure 4-4: McKinsey's 7 'S' Framework for Strategy Execution (Blood, 2012)

As illustrated in Figure 4-4 (Blood, 2012:7), the McKinsey 7 'S' Framework provides a comprehensive approach to connect and combine all the vital enablers to help strengthen an organization (Higgins, 2005; Mintzberg *et al.*, 2005; Blood, 2012):

- (1) *Strategy* – Strategies are designed to achieve the organizational purposes which include strategic intent, vision, focus, mission, goals, and strategic objectives.

- (2) *Structure* – According to Higgins (2005), the organizational structure consists of:
- (i) Jobs and the authority to perform the job;
 - (ii) Grouping of jobs into divisions or departments;
 - (iii) Span of control;
 - (iv) Mechanisms of coordination; and
 - (v) Operating model, policies and procedures.
- (3) *Staffing* – The quantity and kinds of employees as well as individual and group competencies required by the organization to execute its strategy successfully.
- (4) *Systems* – The systems and processes required by an organization to execute its strategy on a daily basis. This includes amongst others; information systems, capital budgeting systems, reward systems, performance management system.
- (5) *Skills* – The required organizational skills, capabilities and distinguishing competencies required to ensure successful strategy execution.
- (6) *Style* – How upper management allocate their time, attention, symbolic actions and leadership skills determine in what way the management team is perceived by the rest of the organization.
- (7) *Shared Values* – The values shared by the personnel of the organization that differentiates the organization from others. The shared values are the core of the 7 'S' framework because it defines the core themes around which an organization rallies and that drives the corporate culture.

The benefit of the McKinsey 7 'S' Framework is that it focuses on important organizational interrelationships and why they are relevant in attempting to influence change. The 7 'S' Framework is a simple way to demonstrate that the work of executing strategy consists of creating fits and harmonising the seven S's (Leibbrandt, 2013:35).

4.2.6.2 The Higgins Eight 'S' Framework for Strategy Execution

The 8 'S' Strategy Execution Framework was developed by Higgins (2005:3-13) and is based on the McKinsey Seven 'S' Framework discussed in the previous section. The Eight 'S' Framework re-enforces the relevance of the McKinsey 7 'S' Framework.

Higgins's Eight 'S' Framework retained six of the seven components of the original McKinsey Framework (slightly modified) and added one more:

- (1) Strategy and Purpose;
- (2) Structure;
- (3) Systems and Processes;
- (4) Style;
- (5) Staff;
- (6) Shared Values;
- (7) reSources; and
- (8) Strategic Performance.

The original Skills component of the McKinsey 7 'S' framework was converted into reSources. Higgins (2005:4) argues that the allocation and use of resources such as money, technology, information and time required from upper management and other relevant parties in the organization are essential to successful strategy execution. Strategic Performance was added to provide focus and closure to the execution process. The principle underpinning the Eight 'S' Strategy Execution Framework is that different strategies require different systems, shared values, structures, staffing, and resources to ensure success (Higgins, 2005:5). The seven contextual 'S's should all be aligned and point in the same direction to achieve the strategic Performance element as illustrated in Figure 4-5 (Higgins, 2005:6; Leibbrandt, 2013:36-37).

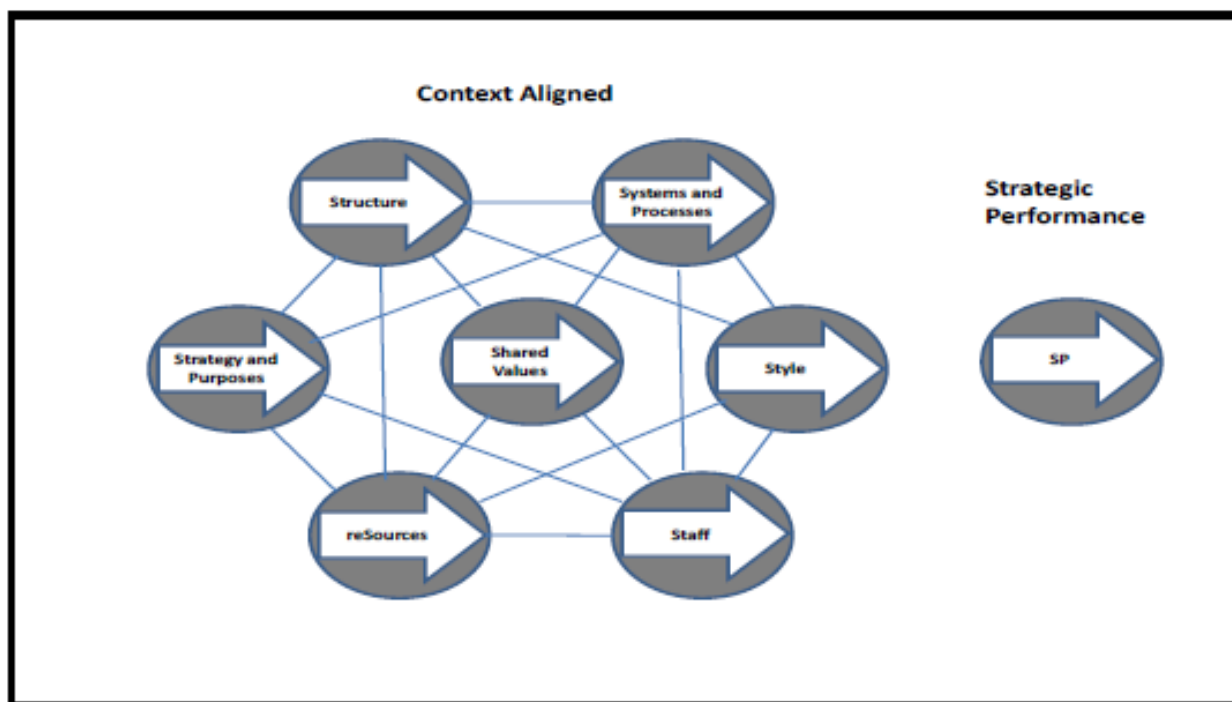


Figure 4-5: The Higgins 8 'S' Framework, Aligned 8 'S's (Higgins, 2005)

The majority of organizations find themselves in a situation comparable to Figure 4-6 where the eight 'S's are misaligned or not aligned at all (Higgins, 2005:6).

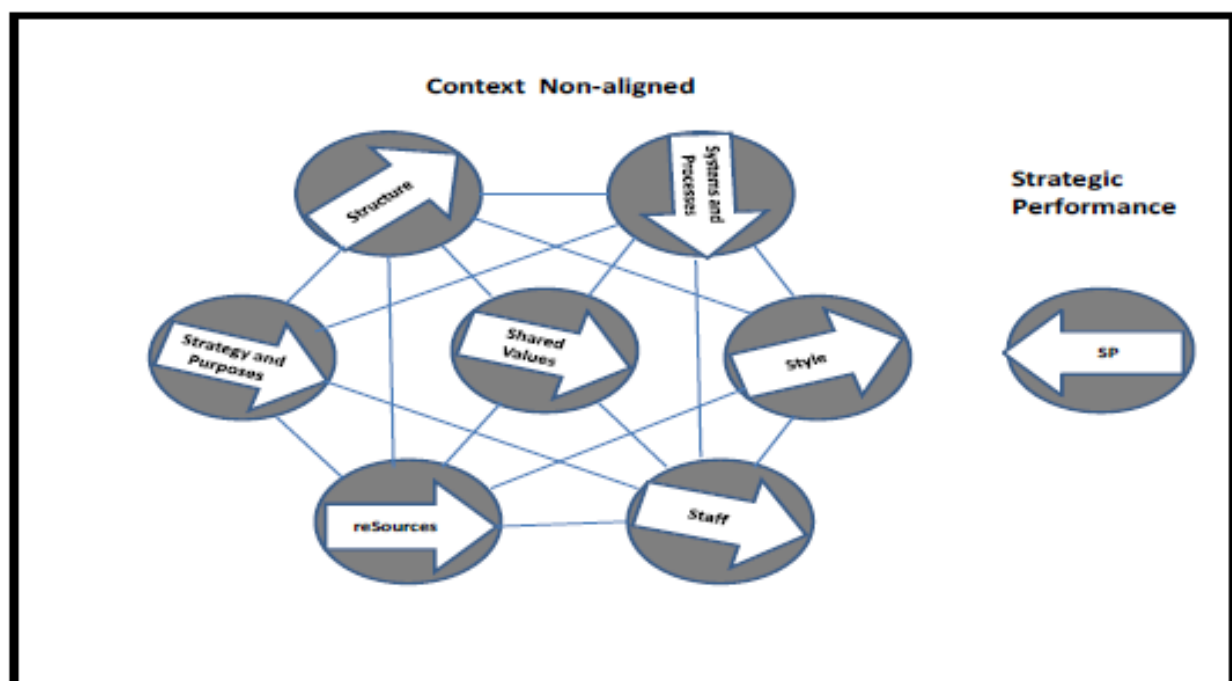


Figure 4-6: The Higgins 8 'S' Framework, Non-aligned 8 'S's (Higgins, 2005)

The fact that the Higgins framework is based on the McKinsey 7 'S' Framework again reiterates the relevance of the McKinsey framework. Higgins added value to the McKinsey framework by adding the very important component of resource allocation and use, which he called reSources. The Higgins framework also added Strategic Performance which ensures focus and an outcome based approach to the strategy execution process. The aligned Higgins eight 'S' Framework was a cornerstone for developing the generic execution framework for Transnational Mining Corporations establishing a business in Africa. Higgins' alignment of the various components is an important element that was added to the execution process (Leibbrandt, 2013:37).

4.2.6.3 Balanced Scorecard Framework for Strategy Execution

Kaplan and Norton (2001b) developed the Balanced Scorecard Framework (BCS). The BCS approach provides another framework for strategy execution. It approaches the execution process from four distinct perspectives:

- (1) *Financial* – How are the profitability, growth and risk management of the organization perceived by the shareholder?
- (2) *Customer* – How do costumers perceive the degree of service excellence from the organization in question? Do customers believe that value is created for them? Does their relationship with the said organization provide a differentiating factor when compared to other service providers in the same industry?
- (3) *Internal Business Processes* – It is important to build internal business processes that will support the business's existing and future needs. Some systems that mining companies need to excel at is a strategy, planning, safety, operations, human resources, exploration, project execution, and finance.
- (4) *Innovation and Learning* – Continuous improvement is an important characteristic of a successful mining business because it provides an edge over competitors and drives value for shareholders. It is imperative to have the appropriate infrastructure that supports the achievement of the objectives in the other three perspectives and to create an environment that supports organizational change, innovation and growth (Kaplan & Norton, 2001b:147-160).

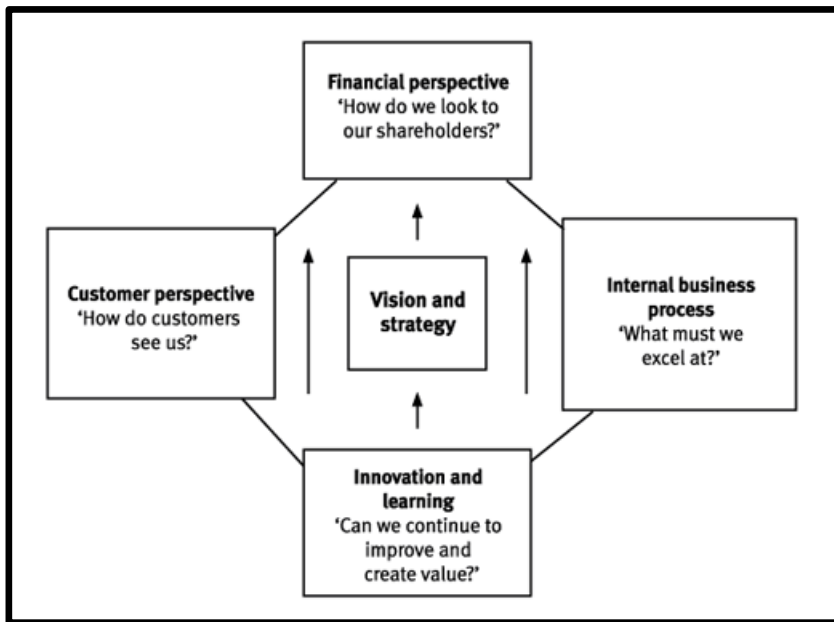


Figure 4-7: Balanced Scorecard Framework for Strategy Execution (Kaplan & Norton, 2001b)

The Balanced Scorecard methodology is not a comprehensive strategy execution framework and is used in this study to inform further the strategy execution framework being developed in this research.

4.2.6.4 Pryor et al.'s Five-‘P’ Framework for Strategy Execution

Pryor et al.'s Five-‘P’ Framework show the connection between strategy and structure. Figure 4-7 illustrates the relationships between organizational purpose, its principles as internal structures and processes as external structures. It further depicts the influence of structure on people’s behavior and performance as measured by the degree of outcomes achieved. The framework reflects that strategy drives structure; structure drives behavior, and behavior drives results. The causal relationship between performance and purpose denotes the consistent and constant feedback connection which is essential to successful execution (Pryor *et al.*, 2007:7; Leibbrandt, 2013:43-44).

- (1) *Purpose* – The strategic intention of an organization is its purpose. This includes the organization’s strategy, mission, vision, objectives, measurement, and feedback. Organizational leaders determine the strategic direction and general objectives of the organization. They are also responsible for shaping the strategy and tactics to achieve it (Pryor *et al.*, 2007:7-8).

- (2) *Principle* – The organization's principles encompass those philosophies and attitudes about how the organization should operate. The core values of the organization must be rolled out across the organization to ensure alignment. The principles should be consistent with the key business processes and form part of an integrated approach to strategy execution (Pryor *et al.*, 2007:9).
- (3) *Process* – In the traditional process model a process comprises the transactional steps of transforming inputs into outputs. Inputs include people, machines, materials, methods, and systems. Outputs include products produced and services delivered. In addition to the elements found in the traditional process model, the five-'P' Framework adds elements such as accountability, responsibility, authority, and controls. This promotes ownership of the process that leads to its consistent application (Pryor *et al.*, 2007:11).
- (4) *People* – In this framework, people are defined as employees, suppliers, customers and others. People own processes. Individuals and teams perform work to achieve the purpose of the organization. This work is done by the principles and processes of the organization (Pryor *et al.*, 2007:12-13).
- (5) *Performance* – The performance status of the organization is determined by metrics, measurements and expected results. These indicators are used as criteria for strategic control and decision-making. Performance results are fed back into the strategic management process to provide feedback and determine if any changes or modifications are required to the strategy or its execution. The profitability and long term success of an organization require its management to establish and use measurement and feedback systems for the organizations' long-term survival and profitability (Pryor *et al.*, 2007:7).

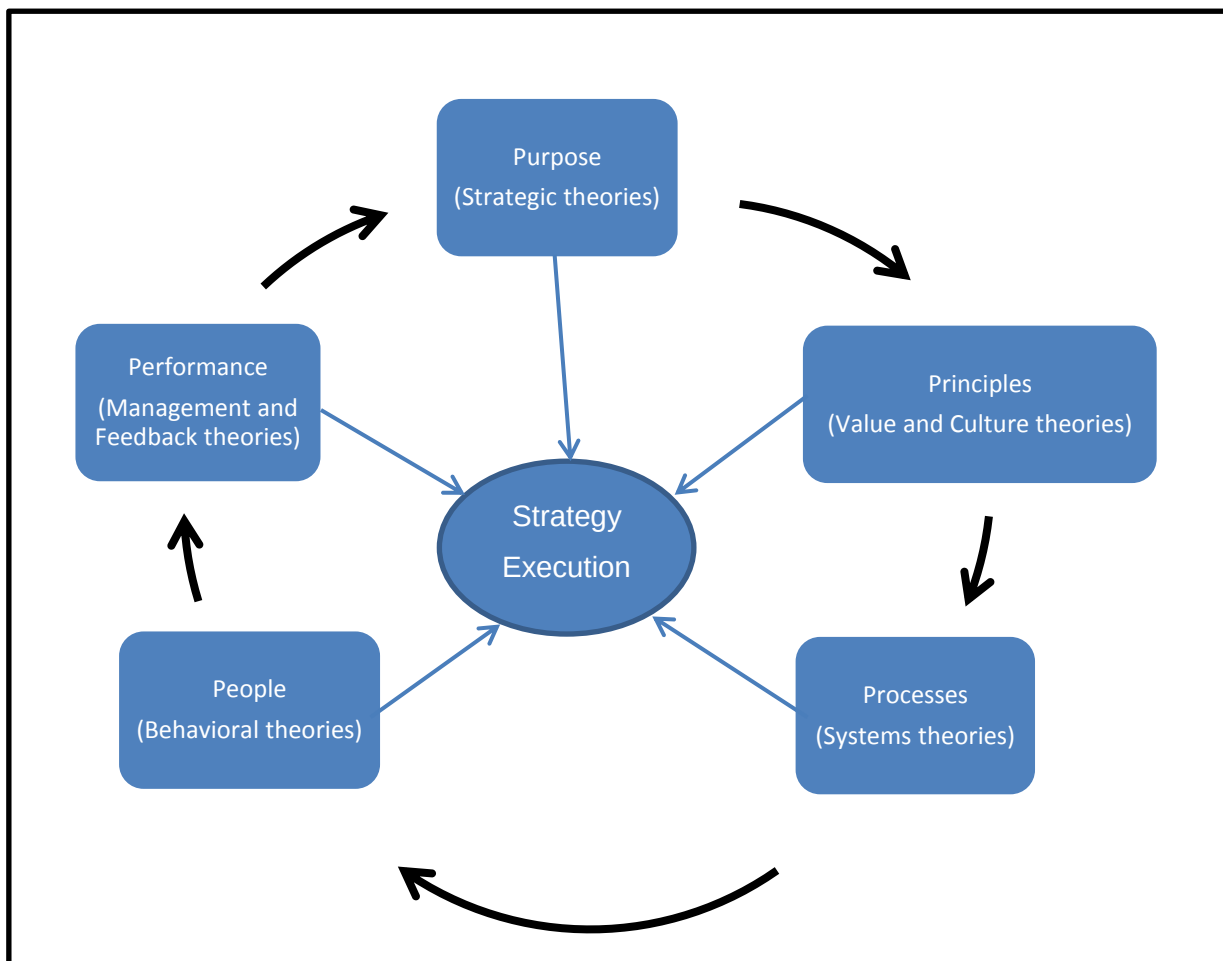


Figure 4-7: Pryor et al.'s Five-‘P’ Framework for Strategy Execution (Pryor et al., 2007)

The elements of the Five ‘P’ Framework align with the McKinsey and Higgins frameworks and reinforce key concepts in strategy execution. This framework is useful in developing other execution frameworks as a reference in comparing common elements in the different frameworks.

4.2.6.5 Brenes et al.’s ‘F’ Framework for Strategy Execution

According to Brenes et al.’s ‘F’ Framework, five main elements are required for successful strategy execution. These are illustrated in Figure 4-8 (Leibbrandt, 2013:39) and discussed below (Brenes et al., 2008).

- (1) *Strategy Formulation* – This element of the framework refers to the mechanisms and processes used by the organization to design its strategy. Responses to key questions mentioned here inform the quality and depth of strategy design. To what extent was the strategy design process developed? To what degree was the environment, industry, and competitors surveyed? To what degree was the survey comprehensive, systematic and analytic? To what degree were internal stakeholders involved? The contribution of the

stakeholders in designing the strategy is important, but even more imperative is their commitment and buy-in to the vision and strategy of the organization. According to this framework, it is proposed that external advisors facilitate the strategy design process. External advisors, in the role of facilitators, are central in diagnostic processes aimed at designing business strategy (Brenes *et al.*, 2008:591).

- (2) *Systematic Execution* – This is the actions taken by the organization in executing its strategy. The degree to which the organization has established a prioritisation system for each action to be implemented should be considered. The organization needs to determine if the organizational structure, culture, work systems, information systems and vital business processes have been aligned and/or adjusted to the new strategy. Another aspect to systematic execution is effective delegation of authority to the execution team to execute the strategic actions required (Brenes *et al.*, 2008:591-592).
- (3) *Execution Control and Follow-up* – This dimension of the framework looks at the measures the organization has put in place to evaluate and control the strategy execution progress recurrently. This consists of performance assessment systems, monitoring tools and a top management culture of intermittent control and follow-up. Feedback on performance and continuous comparisons of performance against the original plan complete the performance chain. Ideally, organizations should not find themselves reacting to pressure from threats or opportunities all the time. Continuous monitoring of their business environment must allow organizations to anticipate trends and respond by adjusting the strategy as required (Brenes *et al.*, 2008:592).
- (4) *CEO's Leadership and Suitable, Motivated Management and Employees* – This aspect is also central in achieving success. Execution of the strategy becomes challenged and complex in the absence of the CEO's commitment and personal communication. Both managers and employees are responsible for executing the strategy. Positive motivation and communicating the strategy effectively leads to success in strategy execution (Brenes *et al.*, 2008:592).
- (5) *Corporate Governance Leading the Change* – A committed corporate governance system that drives and leads strategic change improves the probability of successful strategy execution. Such corporate governance systems require investment and shareholders must support management in this process (Brenes *et al.*, 2008:592).

The boards of companies that succeed in executing strategy are characterised by fulfilling their role by:

- Setting clearly-defined functions;
- Formal participation in deliberating the strategic plan;
- Analysing strategic themes;
- Systematically monitoring compliance with these agreements;
- Rewarding directors in line with their responsibilities while establishing appropriate evaluation mechanisms; and
- Integrating external professionals to provide independent opinions as a function of a clear strategy.

The Brenes et al. 'F' Framework emphasises strategy execution processes. Other frameworks concentrate mainly on the enablers, factors or elements required for effective strategy execution. This framework re-affirms the significance of strategy design and visible leadership in the execution of strategy (Brenes *et al.*, 2008:592; Leibbrandt, 2013:40).

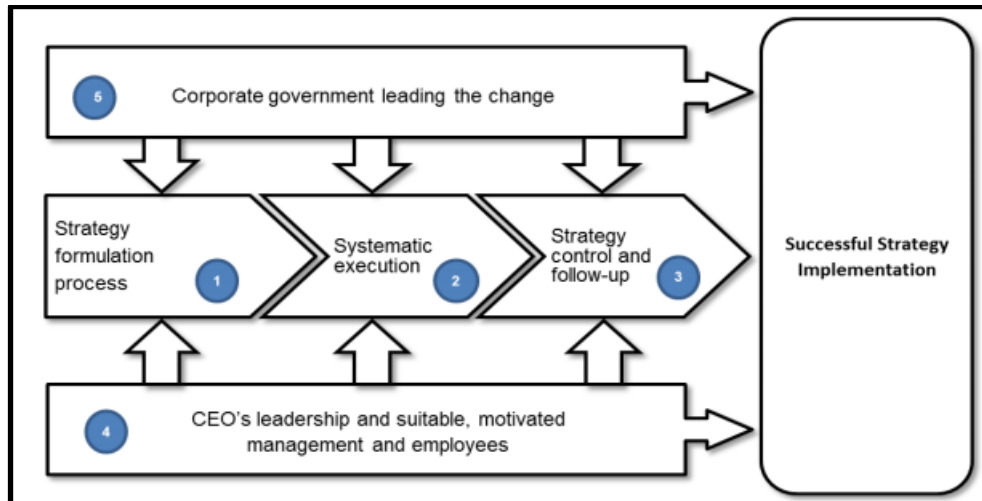


Figure 4-8: Brenes et al.'s Five Key Dimensions of Strategy Execution (Brenes *et al.*, 2008)

4.2.6.6 Spence's Framework for Strategy Execution

The Spence Framework proposes a nine-step strategy execution process as shown in Figure 4-8 (Spence, 2009:132).



Figure 4-8: Spence's Nine Steps for Ensuring Disciplined Execution (Spence, 2009)

- (1) *Vision and Values* – To create an organization that executes strategy effectively, clear and persistent communication of the vision and the values of the organization are paramount. Leadership has to emphasise that effective execution is the only way to realise the vision of the organization (Spence, 2009:132).
- (2) *Strategy* – A culture of disciplined execution has to be cultivated. This is achieved by focussing the organization on the vision and key focus areas that drive the success of the business. Not everything can be a priority. The organization should focus strongly on a

small number of areas that will produce the highest return to ensure success (Spence, 2009:133).

- (3) *Commitment* – All key stakeholders need to have a resilient sense of urgency for executing on critical priorities and committed to the work. This will create an organization that is agile, adaptable and successful (Spence, 2009:134).
- (4) *Alignment* – The execution process needs to be closely aligned with all other organizational plans, objectives, and actions. An entire organization can implode when, usually through poor communication, departments compete against each other and operate in silos in an effort to execute mutually exclusive objectives (Spence, 2009:135).
- (5) *Systems* – Consistently superior results come from systems and processes that have identified all the steps necessary to produce excellence and an organizational culture that embraces the concept of superior results as a competitive advantage (Spence, 2009:137-138; Leibbrandt, 2013:42).
- (6) *Communication of Priorities* – Once a focused strategy has been developed and the support and commitment of the key stakeholders are secured, it is essential to relentlessly communicate to the entire organization on why it is critical to stay focused on executing the strategy (Spence, 2009:138; Leibbrandt, 2013:42).
- (7) *Support and Training* – Significant training and support are required for employees to learn new skills and complete complex tasks. There is a high probability that strategic initiatives will be unsuccessful if the people that are required to execute the strategy are not set up for success. This is achieved when the organization invests the appropriate time, money and training necessary to prepare people to succeed. The organization needs to invest in training and development. The organization also needs to ensure people have the tools, equipment, time, resources and support required to deliver the expected results (Spence, 2009:139).
- (8) *Adjust and Innovate* – An organization needs to be ready to adjust and adapt rapidly to the ever changing business environment. The key drivers of success (the most important four or five) need to be measured consistently. When the key measures of success are understood and are systemically tracked and communicated, the entire organization needs to be driven towards delivering on those key measures and continuous improvement (Spence, 2009:140).

- (9) *Reward and Punish* – What gets measured and rewarded gets done. The best way to get people to execute effectively is to reward those who are successful in doing so. It is important to set high performance standards for people across the organization. It is then imperative to hold them accountable for meeting or exceeding the targets, but care must be taken not to become ruthless in chasing results only (Spence, 2009:141-143).

Spence's Framework follows a process approach and consists of nine steps as shown in Figure 4-8. The Spence Framework does not focus on strategic leadership or resource allocation but relates to the Higgins Eight 'S' framework.

4.2.7 Summary of Business Strategy

This section reviewed the literature related to the parent discipline of business strategy and its execution. The definition of business strategy, its application, typical issues surrounding strategy and strategic management was explored throughout this section.

Execution of strategy has consistently been identified as a major reason for unsuccessful endeavours and was the focal point of this section. A range of perspectives existed in literature and was presented here to provide the basis for developing a generic execution framework for Transnational Mining Corporations establishing a business in Africa. The key themes that emerged from literature as it pertains to strategy and its execution are summarised as follows:

- Strategic Management;
- Design of Strategy;
- Leadership;
- Organizational Development;
- Systems;
- Performance Management;
- Resource Allocation; and
- Strategy Execution Frameworks.

Enablers and barriers to strategy execution were also reviewed and compared with the themes stated above.

The next section will review the parent discipline of project management and specifically focus on Greenfield Project Execution.

4.3 PROJECT MANAGEMENT: GREENFIELD PROJECT EXECUTION

4.3.1 Overview

This section of the literature study will focus on the parent discipline of project management and how it relates to the investment process as well as Greenfield project management and execution.

The process of establishing a mining business in Africa requires this critical capability, amongst others, in the Transnational Corporation's organization. A review of project management is required to complement the other sections in this literature study that focus on strategy, leadership, management and diversity which are other key aspects of successfully establishing a mining business in Africa.

Fundamentals of project management will be discussed to provide the reader with grounding in this area of knowledge and how it integrates with a typical Transnational Corporation's investment process. The project management body of knowledge as presented by the Project Management Institute serves as the basis for this section (PMI, 2013).

4.3.2 Definition

The Project Management Institute (PMI, 2013:2) describes a project as *"a temporary endeavour undertaken to create a unique product, service or result."*

The PMI (2013:1) further states that the temporary nature of projects indicates a definite beginning and end. The end is reached when:

- Project objectives are completed;
- Project objectives are no longer attainable; and
- The need for the project no longer exists.

Some definitions for project management can be found in the literature. For this section, the PMI definition will suffice (PMI, 2013:3):

“Project management is the application of knowledge, skills, tools and techniques to project activities to meet project requirements. Project management is accomplished through the appropriate application and integration of logically grouped project management processes.”

Effective project management of an organization's investments creates value. Efficient use of portfolio, program and project management will enable the organization to execute projects through established processes and consistently meet the strategic objectives.

4.3.3 Portfolios, Programs and Projects

Portfolios generally consist of a collection of projects, programs, and operations. Portfolios are assembled to ensure that specific projects, programs and operations are managed as a group to achieve strategic objectives. Portfolio management is tasked to ensure that the portfolio is aligned with the organizational strategy. Regular reviews of the projects and programs in the portfolio are required to prioritise resource allocation.

Programs are made up of smaller programs and projects for the purpose of achieving a sub objective of the portfolio. The Transnational Corporation has to ensure that the organization's strategy, planning, and objectives are aligned with its portfolios, programs and projects (Perkins *et al.*, 2003:4; PMI, 2013:4). Program management is focused on the degree of integration and interdependency of projects. Resource constraints, conflicts and its impacts on the program is assessed and addressed. Program management also manages change and ensure that project, program and organizational strategic objectives are aligned.

Table 4-1: Organizational Project Management

Organizational Project Management			
	Projects	Programs	Portfolios
Scope	- Defined objectives - Detail of project scope develops over project life cycle	- Scope larger than individual projects - Larger benefits than projects	- Organizational Scope - Scope changes as strategic objectives change
Change	- The PM expects change and implements change management processes	- The program manager expects change inside and outside of the program and manages accordingly	- The portfolio manager monitors internal and external change continuously
Planning	- High level data is developed into detailed plans over the life cycle of the project	- The program manager develops the overall program plan to guide detailed component planning	- The portfolio manager creates and maintains processes and communications for the portfolio
Management	- Project managers manage the project teams to achieve project objectives	- The program manager provides vision and leadership - manages program staff and project managers	- The portfolio manager manages the portfolio staff, program and project managers
Success	Measured by: - Quality - Schedule - Cost - Customer satisfaction	- Success of the program is measured by the degree to which needs and benefits were satisfied towards achieving the program objectives	- Success is measured by investment performance and benefits to the organization
Monitoring	- Project managers monitor progress of the project towards achieving project objectives	- Program managers monitor progress of the programs towards achieving program objectives	- Portfolio managers monitor strategic changes, resource allocation and performance towards strategic objectives

Table 4-1 summarises the differences between portfolios, programs, and projects (PMI, 2013:5).

4.3.4 Organizational Project Management Support

Transnational Corporations in the mining industry tend to have some project management support structure in the organization. Some define it as a Project Management Office, and others set up different structures. The purpose of such a support structure depends on the need of the organization. The project structure can be set up to support, control or direct projects.

- *Supportive structures* have a consultative role and provide templates, best practises, training, methodologies, and tools.
- *Controlling structures* provide support and also manage compliance to project management methodologies, standards, and other organizational requirements.
- *Directive structures* take control of projects and manage them directly.

The aim is to standardise project management policies and processes across the organization to ensure projects meet a set governance requirement. This structure is also best positioned to communicate across projects and share lessons learned. Some organizations centralise the management of their projects and run it out of the headquarters, and others run it from the sites or regions where the projects are to be executed. It is considered best practise for an organization to evaluate data from projects to ensure alignment with the organizational strategy. The project support structure is the best suited to fulfil this role and can share lessons learned and other relevant information with all the project teams. Another important aspect of the role is to provide an integrated view of the portfolios, programs, and projects in the organization and how it supports achievement of the organization's strategy (PMI, 2013:11).

4.3.5 Processes and Activities

Project management processes (The PMI lists 47 processes) are categorised into five process groups:

- (1) *Initiating* – Processes performed to define a new project or project phase by obtaining authorisation to start;
- (2) *Planning* – Processes required to determine scope, refine objectives and define the course of action to achieve the purpose of the project;

- (3) *Executing* – Processes performed to complete the work defined in the project execution plan;
- (4) *Monitoring and controlling* – Processes required to track, review and regulate project progress and performance as well as change management; and
- (5) *Closing* – Processes required to finalise project activities to close out the project.

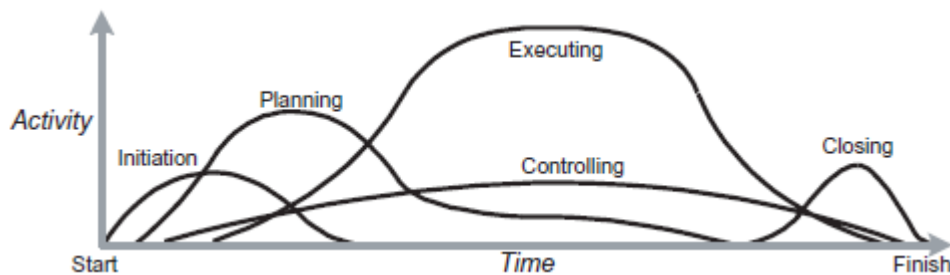


Figure 4-9: Project Management Processes and how they overlap (Perkins *et al.*, 2003:7)

The typical Transnational Corporation's investment processes that are discussed in section 4.3.13 mirror these process groups.

Managing a project characteristically includes:

- Identifying the purpose of the project and what is required;
- Identifying the stakeholders and establishing effective and structured communication and relationships;
- Addressing the needs, concerns, and expectations of the stakeholders as the project proceeds through its lifecycle; and
- Balancing competing project constraints like scope, budget, quality, schedule, resources and risk.

A Greenfield project is defined as one that lacks constraints imposed by prior work. An example is that of construction on Greenfield land where there is no need to work within the constraints of existing buildings or infrastructure. Brownfield projects are executed within an existing site, and constraints already exist that the project has to address (Morrow, 2011).

Greenfield investments ensue when the Transnational Corporation establishes a footprint in a new location. This can be done through a merger with an existing company, acquisition or a new project. In the mining industry, this often goes hand in hand with constructing new facilities in a country outside of where the Transnational Corporation is headquartered and implies foreign direct investment (FDI) in such country (Meyer *et al.*, 2009:61-80).

4.3.6 Relationship between Strategic Planning and Projects

Projects are the vehicle of choice for executing the activities required to achieve the organization's strategic objectives. The strategic planning process is inextricably linked to projects and has to be managed as part of an integrated system. Typical issues that trigger the need for a project in the mining industry include the following (PMI, 2013:15):

- *Safety* – Any situation or issue that puts the health and safety of employees at risk is a trigger for projects to address such concerns.
- *Strategic opportunity* – Entering a new country or region that the organization believes will grow the business into the future. This usually involves Greenfield project execution.
- *Business need* – This can be the organization's need for growth, sustainability of the business, exploration or a move into different commodities.
- *Market demand* – If the demand for commodity increases, it provides an opportunity for an increase in production. The opposite might also occur and require a project to downscale production.
- *Social need* – Transnational Corporations establishing mining operations have to recognise the social impact of mining activities on the community they operate in. Not only do they have to ensure that these impacts are mitigated, but they also have a moral obligation to improve such communities. This includes contributions to development foundations, sanitation, water systems, roads, schools, churches, clinics, relocation housing and active management of diseases like malaria.
- *Environmental need* – Transnational Corporations with strong value systems ensure that their activities do not harm the environment and include aspects like water treatment, emission controls, and pollution management systems in their project scope.

- *Technological advance* – Innovation and advances in technology that can improve efficiencies in the business are also typical reasons to initiate projects. Mechanised mining systems are an example.
- *Legal or regulatory requirements* – The country in which the mining business is established has laws and regulations that have to be adhered to. These conditions change over time and require projects to implement those changes. An example is when a regulator issues a more stringent standard for water quality before discharge into the environment.

The Transnational Corporation has to consider all these factors in their strategic planning to ensure that projects are viable and move the organization towards its strategic objectives (Morrow, 2011:91).

4.3.7 The Project Manager

Different projects require different project managers. Selecting the project manager is an important step towards executing a project successfully. The project manager must have the necessary skills and knowledge, but most importantly has to be a good fit for the project. The personality, interpersonal skills and leadership of the project manager has to be considered carefully to ensure it meets the need of the project. After selecting the appropriate project manager, the organization must empower this leader, assign responsibility and grant him or her authority to execute the project. The structure of the organization will determine the role of the project manager. An organization that has a functional structure will require a project manager to work with the different functions and facilitate their buy-in to execute project activities. The project manager, in this case, will require well developed interpersonal skills and have the ability to work in an environment where his or her authority to execute is low. Another organization might be project focussed and provide a high degree of authority to the project manager. The project manager can assemble a dedicated team and execute the project with low levels of interference from functions. Figure 4-10 illustrates the degree of authority in different organizations.

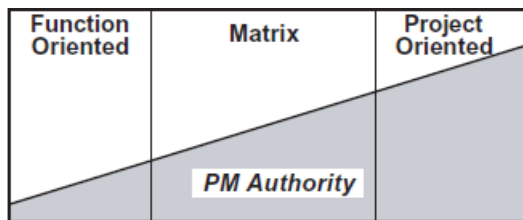


Figure 4-10: Organization Type and Authority of the Project Manager (Perkins *et al.*, 2003:5)

It is vital that the project manager understands the organization and the related levels of authority granted to the role. The organization's leadership has to create an environment for the project and the project manager that is conducive to execute a project successfully. Clear roles, responsibilities, and accountability are imperative.

Project managers require technical and management skills. It is challenging to direct the work of project team members if the project manager does not understand at least the basic technical issues at hand. The project manager does not have to be an expert in any specific field but has to understand what the team is doing and how it integrates within the project.

Table 4-2: Skills of a Project Manager (Perkins *et al.*, 2003:5)

Skill	Description
Integration	Coordinate project plan development, execution and change control processes to ensure project activities are integrated.
Management of scope	Establish project scope, develop plans and implement procedures to verify scope is achieved. Define and oversee scope change management process.
Management of risk	Identify potential project risks. Mitigate or manage risk and continue to monitor.
Management of time and schedule	This variable highlights country specific regulatory requirements and the impact this has on the project's business case, schedule and associated risks of establishing and operating the business.
Management of cost and budget	This variable is relevant because it highlights the importance of recognising the context in which the project is to be executed and the business to be operated.
Communication	Estimate activity duration and order of activities. Develop and maintain project schedule.
Procurement	Oversee procurement and delivery of materials, equipment, and services required by the project. This also includes supply chain

Skill	Description
	activities like contract management.
Management of human resources	Develop project team and organization. Recruit right people in the right roles. Provide leadership.
Earned value management	Develop and implement a systematic approach to project control integrating cost, schedule and performance measurement and control.

Table 4-2 summarises the core skills required by project managers. Project managers also need a thorough understanding of project processes and can distinguish between portfolio, program and project life cycles (IPA, 2014).

Figure 4-11 illustrates the relationships between the project and its team as well as the other project stakeholders. This figure re-emphasises the need for the project manager to have strong stakeholder management skills.

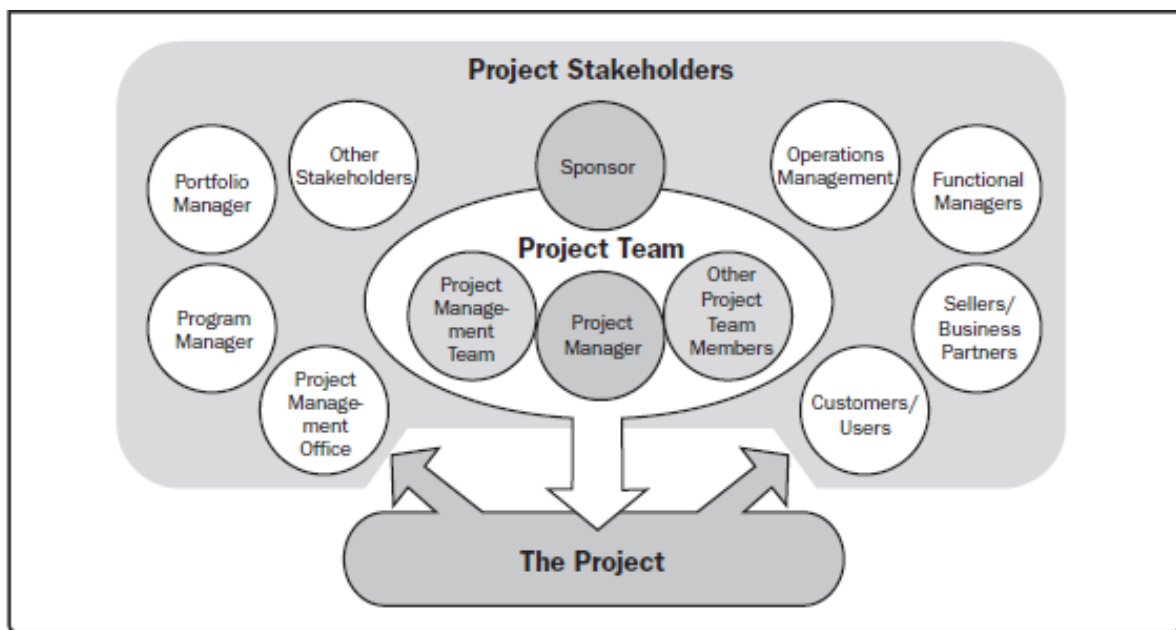


Figure 4-11: Relationships between the Stakeholders and Project (PMI, 2013:31)

4.3.8 Project Life Cycle

Projects have life cycles and are typically executed in phases. Particular work is completed in each phase and deliverables are produced that moves the project towards its objectives. The main project processes remain the same for any project, but life cycles may vary depending on

the type and nature of the project and organization executing it. Phases in the generic project life cycle depicted by Figure 4-12 are applicable across all projects. The nomenclature differs between organizations, but the core concepts remain the same. The life cycle provides the framework for managing a project from initiation to close out.

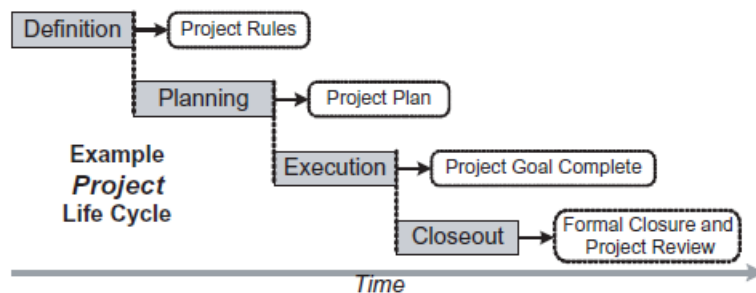


Figure 4-12: Generic Project Life Cycle (Perkins *et al.*, 2003:6)

The definition phase kicks off when the organization's leadership identifies the project manager and produces a project charter that defines the project purpose. A mandate authorising the project manager to perform his or her function is included in the charter. The project stakeholders define the project rules, scope, constraints, and objectives. The core project team is assembled and assigned roles during this phase. Organizational structure, communication, and authority are established. The project scope of work establishes the scope of the project, the responsibility matrix defines roles and responsibilities, and the communication plan lays out the flow of information in the project.

The project team, in collaboration with the broader organization, delineates the road to attaining the project objectives during the planning phase. The actual work to be done is identified, and estimates of cost, duration and resource allocation are determined. Baseline plans are developed to direct the work. Risks are identified and mitigation plans created. The critical path of the project is identified and documented. The critical path is defined as the chain of interdependent, sequential project activities that takes the longest time to complete. The critical path represents the minimum schedule for the project (Perkins *et al.*, 2003:6). The project execution plan is the outcome of the planning phase. Project management is an iterative process. As the project moves through the different phases new or more detailed information emerges that is fed back into the project via a feedback loop. The project execution plan is a live document and changes through the project phases.

The actual project work is conducted in the execution phase. The project team executes the activities documented in the project execution plan. The project team directs the activities required, monitors progress, resolve issues and solve problems that arise during execution. Comprehensive planning increases the efficiency of execution. This phase is complete when the project objectives are met. This phase can also be concluded when the project is cancelled or shelved.

The close-out phase of a project starts when the project objectives are met, or the project is terminated. Any remaining issues in the scope of work or contracts are resolved and project documentation finalised. The main objective of this phase is to document the project life cycle and history. This enables the organization to reflect on the project and identify lessons learned to be applied to other projects (Perkins *et al.*, 2003; Merrow, 2011; IPA, 2014).

Figure 4-13 shows a timeline through the project phases to illustrate cost and staffing levels required. Cost and staffing requirements are low at the start of a project, reaches a peak during execution and drops off markedly during close out.

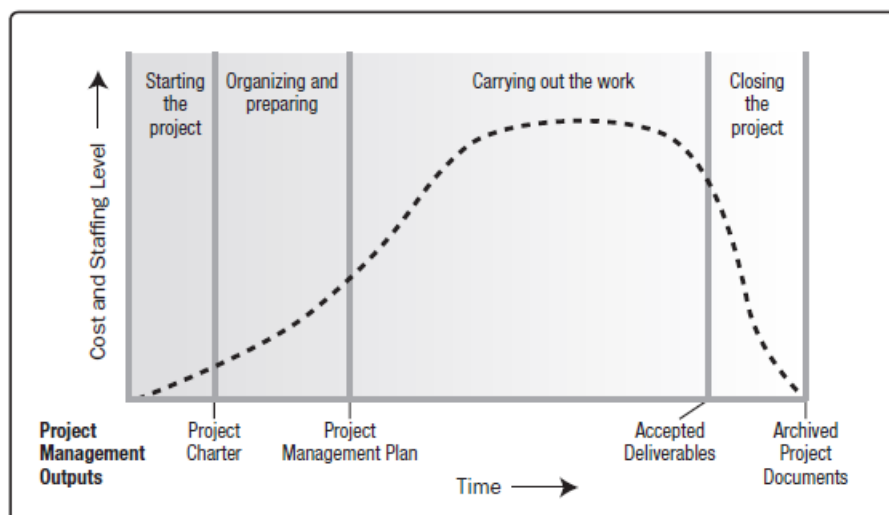


Figure 4-13: Generic Cost and Staffing Levels through a Project Life Cycle (PMI, 2013:39)

Risk and uncertainty are highest at the start of a project and decreases over the project life as decisions are made and deliverables produced. The ability to influence the project at the lowest cost and impact is at the start. As the project progresses, the impact and cost to change the scope and correct mistakes become higher. Figure 4-14 illustrates this relationship.

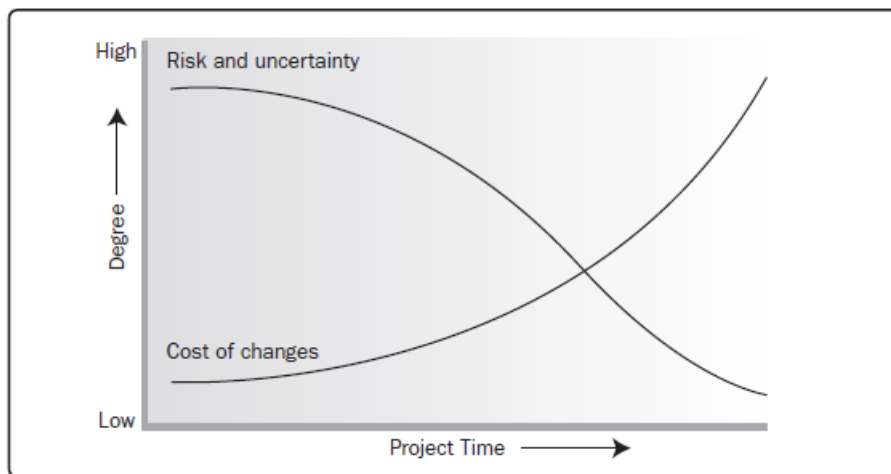


Figure 4-14: Ability to Influence and Cost of Change through a Project Life Cycle (PMI, 2013:40)

4.3.9 Project Governance

Project governance is an important element of project management and provides oversight to the project. The nature of the project and the organization executing the project determines the governance framework to be applied. Large projects with high risk attract a more stringent governance model than smaller low risk projects. Greenfield projects executed in a new country or region is an example of a large project with high risk (Pinto, 2014:376-387).

Project governance involves different project stakeholders, policies, procedures, standards, roles, responsibilities, accountability, and authorities. A governance framework provides the project teams with a documented structure, process, and tools to consistently and comprehensively manage the project and ensure its successful execution (PMI, 2013; IPA, 2014).

4.3.10 Investment Process

The investment process provides the structure and framework that the organization requires to make decisions and consider new investments.

The goal is to transform a business opportunity into a business case that creates value for the organization. Many opportunities are available, but not all of them are profitable or fit with the organization's vision or capabilities. The owner organization must lead the shaping of a

business opportunity. This work cannot be outsourced to a third party. Responsibility for shaping the opportunity into a viable project is that of the business leadership and project leaders.

Embarking on a project without shaping the business case usually results in unprofitable businesses. Understanding the context of the environment the project will be executed in is critical to success. The project has to be structured to be profitable for the investor. The best balance of capital investment, operational costs, technology, sustainability and closure liability has to be found (Morrow, 2011; PMI, 2013; IPA, 2014). The investment process has to provide the opportunity to:

- (1) Evaluate key characteristics of the potential project;
- (2) Gather necessary information required for key decisions; and
- (3) Analysis of benefits to all stakeholders in the potential project.

The following stages of the investment process are typically found in Transnational Corporations in the mining industry (TNC-A, 2014; TNC-D, 2014; TNC-B, 2015):

- *Initiation* – Initiating a project consists of defining the overall business case for the proposed project based on a high level scope of work. The project team investigates the potential opportunity and business requirements. A high-level financial model is created based on benchmarking data. Risks are assessed, and fatal flaws identified, if present. An execution plan is created for the next stage of the project. The main question to be answered at this stage: Does the organization understand the proposed business case and its risks?
- *Identification* – Identify potential options and confirm that the business case exists. Update the financial model and review risks. Identify impacts to people, processes, and equipment. Establish success criteria for the project and produce an execution plan for the next stage. The questions to answer at this stage: Is this investment a strategic fit for the organization and does it show significant potential value? What are the main issues and risks? Has a broad range of alternatives been considered?
- *Selection* – Recommend the preferred option in support of the overall business case. This is done by demonstrating that a broad range of alternative options was evaluated before choosing the preferred option. The overall business case is updated again during this stage and reviewed against the success criteria established in the previous stage. The project team prepares an execution plan for the next stage. Main questions to answer at this stage:

Are the investment risks adequately identified and mitigated? Does the potential value of the investment justify a further investigation?

- *Confirmation* – Refine the selected option in support of the overall business case and include in the organization's business plan. Confirm the technical and economic viability of the investment; lock the scope and design of the project and prepare for regulatory requirements. Prepare an execution plan for the next stage. Continue refining the risk assessment and establish business readiness and organizational change management plan. Main questions to address at this stage: Is the scope locked? Does the valuation of the investment adequately consider risks and uncertainties and does it cover a range of possible outcomes?
- *Definition* – Define the investment details necessary to execute and achieve the business case. Secure necessary regulatory approvals and permits. Optimise investment design and analyse potential upside options using the success criteria. Detail scope, cost, schedule, design and commercial terms for full funding. The main question to address is: Has shareholder value been maximised and risks addressed?
- *Execution* – Execute the investment on time and within budget to achieve the business case. Deliver the investment consistent with the success criteria. Finalise design and construct. Complete operations planning, commission, and transition to operations. Main Question: Was the project executed according to the business case?
- *Operations* – Operate the investment and achieve the business case. Optimise the investment. Main Questions: Did the investment achieve the business case metrics? Were risks properly identified and managed? What are the lessons learned?

Each of these stages has a checkpoint where the organization's leadership has an opportunity to approve, cancel, recycle or shelve the project at that time. This process integrates closely with strategic planning.

4.3.11 Mega Projects

Mega projects are very large investment projects. The US Federal Highway Administration defines mega projects as major infrastructure projects that cost more than US\$1 billion, or projects of a significant cost that attracts a high level of public attention or political interest because of its substantial direct and indirect impacts on the community, environment, and budgets (Flyvbjerg *et al.*, 2009:170-193).

Projects over \$400 million in remote areas with underdeveloped infrastructure or countries with a low Transparency International ranking also behave like megaprojects. Most new Greenfield mining ventures are located in such jurisdictions, and hence the Transnational Corporation looking to establish a mining business here needs to recognise that these projects will behave like mega projects and plan accordingly (Morrow, 2011).

Large, complex industrial projects produce significantly poorer results than smaller projects with two out of every three projects larger than US\$ 750 million failing.

Except for oil and gas projects, mining projects deliver the worst results. Transnational Corporations and contractors face major financial risk by investing in these projects. The main distinguishing characteristics between successful mega projects and those that have failed is summarised as follows (IPA, 2014):

- *Investment system* – Transnational Corporations who implement and utilise an investment system for investment decision-making produce successful mega projects more often.
- *Framing the business case* – Accurate framing of the business case during the early stages of the project significantly impacts on eventual project success.
- *Understanding and mitigating the risk* – Geopolitical risk, power, water, permitting, community relations, government relations, country infrastructure and stability of investment agreements are examples of major risks to a mega project that has to be monitored and mitigated continuously.
- *Excellence in execution* – Data indicates that mega projects that created and maintained a conducive environment for the team to execute the work in fared better than mega projects where execution and managed were poor (Parodi, 2016).

4.3.12 Summary of Project Management: Greenfield Project Execution

This section of the literature study provided the reader with a sufficient grounding in project management and how it relates to the investment process, Greenfield project management and execution. This section also illustrated some of the interdependencies and relationships between project management and the other themes of this literature study like strategy, leadership, and diversity which are further key aspects of successfully establishing a mining business in Africa. The next theme to be discussed in this literature study is the management of diversity.

4.4 MANAGEMENT OF DIVERSITY

4.4.1 Overview

Management of diversity in the global context is a topic of several studies, articles and books (Coleman, 1995; Drucker, 1995; Dass & Parker, 1999; Dionne *et al.*, 2004; Shonhiwa, 2006; Caldwell & Lozada Jr., 2007; Bolten, 2009; Barak, 2013; van der Walt, 2013). Although most writing on this subject suggests that there is only one way to manage diversity in organizations, Dass and Parker (1999:68-80) argues that there is no single best way. The organization's approach depends on the degree of pressure for diversity, the type of diversity in question and management attitudes. Strategic responses for managing diversity consist of proactive, accommodative, defensive and reactive modes. These responses can be categorised as episodic, freestanding and systemic implementation practices. Figure 4-15 provides an illustration of the general framework for managing diversity.

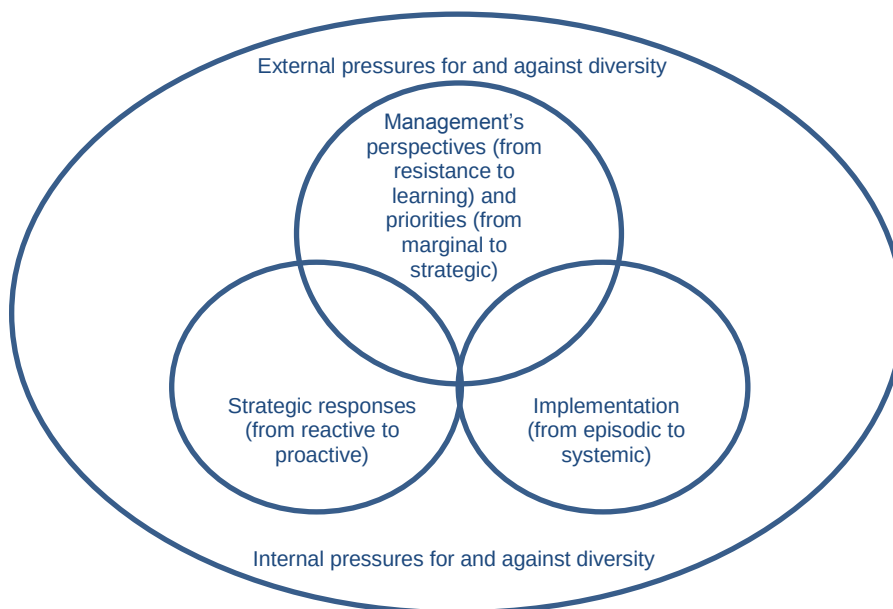


Figure 4-15: General Framework for Managing Diversity (Dass & Parker, 1999:68-80)

Strategies for managing diversity has evolved over time, and a case can be made that it occurred in parallel with the globalization processes in the last third of the last century. Bolten (2009:1) argues that in a European context, for example, these processes can be divided into three phases as depicted in Figure 4-3 below.

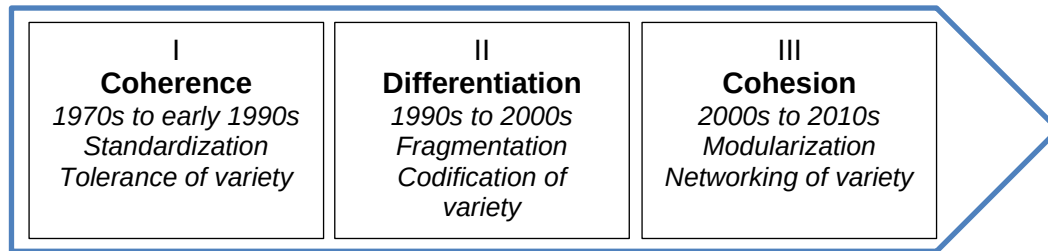


Figure 4-16: Diversity in the recent phases of Globalization (Bolten, 2009:1).

Bolten's establishment of parallel developments between the phases of globalization and the archetype shifts within diversity management theories is relevant here and will enrich the understanding of the management of diversity in the context of this research. This specific context refers to a Transnational Corporation that establishes a mining business in Africa and then proceeds to integrate this business unit into the existing organization. Bolten (2009:1) proposes a dialogic form of intercultural diversity management which itself drives a certain mode of diversity: "Be yourself, but let's collaborate." It is an active, cooperative form of diversity that encourages cohesive networking and aligns with the core concepts emerging from the Grounded Theory process.

Table 4-3: Summary of the Evolution of Management of Diversity Strategies (Bolten, 2009)

	Coherence	Differentiation	Cohesion
Globalization	Globalization is the effort to combine economic and political interests across national boundaries, leading to worldwide standardised products, brands and internationally consistent management strategies (Ritzer, 1998).	As early as the beginning of the 1990's, it became clear that organizational strategies demanding adaptation and integration would result in the opposite of their desired goals. Collective unity and the prevailing homogeneity and coherence models of that time were finally recognised as too unlikely through the failure of global management strategies based on standardization and the rejection of differentiation (Bolten,	Globality means that the unity of national state and national society comes unstuck; new relations of power and competition, conflict and intersection, take shape between, on the one hand, national states and actors, and on the other hand, transnational actors, identities, social spaces, situations and processes (Featherstone <i>et al.</i> , 1995; Bolten, 2009:2; Beck, 2015).

	Coherence	Differentiation	Cohesion
		2009:2).	
Management of diversity	With a focus on globalization, diversity was a lesser priority. Diversity is tolerated as long as it does not interfere with the broad internal coherence of the organization. Diversity was made secondary to standardisation.	The desire for global homogeneity was supplanted by a growing requirement for the recognition and appreciation of heterogeneity and diversity (Featherstone <i>et al.</i> , 1995; Bolten, 2009:2).	All preceding archetypes and strategies based on homogeneity were called into question. The traditions of cultural standardisation in a transnational organization were severely challenged. The concept of think globally - act locally (Fisman & Svensson, 2007:63-75).

"Globalization relativises all particularisms, forcing exponents of specific beliefs or identities to confront and to respond to other, particularistic ideas, identities, and social processes across the universal domain. Thus, while universalism and particularism may appear as categorical antinomies, they are interdependent, fused together in a globe wide nexus." (Giulianotti & Robertson, 2004:545-568)

It is only by recognising variety and difference that collective standardization can be achieved (Bolten, 2009:2).

4.4.2 Lost in Diversity

When long-standing social structures change, that homogeneous society is challenged by uncertainty. The uncertainty originates when the new perspective reveals discrepancies in the old structures that questions the level of homogeneity of such a society. Constructing a new social structure with another society results in competition between different interests. Mutual respect is vital in ensuring the expressiveness of the stakeholders who hold diverse viewpoints. In the 1990's political correctness was viewed as a vehicle to exhibit mutual respect in meetings between diverse groups.

"The purpose of political correctness in a post-standardization environment was clearly the overt expression of social equality and the explicit respect of others' values" (Bolten, 2009:3).

Diversity management based on political correctness increasingly proved to be economically unfeasible and counterproductive, causing organizational fragmentation and discord (Putnam,

2001:41-51). With the second phase of the globalization process, the focus was on heterogeneity and diversity.

Fragmentation and isolation within a transnational organization will be a constant due to the demographic of its employees and can also lead to a group of individuals to be lost in diversity. Without a common vision and objectives to build a foundation for collaboration between individuals cannot establish sustainable reciprocal relationships based on mutual respect.

4.4.3 Coherence to Cohesion through Differentiation

The counterproductive fragmentation mentioned above gave rise to the third stage of diversity management evolution. Roland Robertson studied the previous approaches and their challenges and invented the term glocalization (Featherstone *et al.*, 1995:25). The proposition is that coherence (homogenisation) and differentiation are interrelated characteristics of a single process of using inclusive logic to construct differentiated solutions.

This is the basis for many of the newer approaches to diversity management over the last decade or so.

Corporate cultures that encourage employees to bring their own social and cultural background as well as their personality into the organization and learn from each other creates the foundation for successful diversity management. This approach to diversity management is not pursuing a way to embed its diversity and guarantee equality but becomes a managerial process with the purpose of promoting the convergence of all of the experiences, knowledge, values, perspectives and convictions that will exist in parallel within the collective. The real value arises in cooperation and the preservation of dissimilarity that are far superior to the actions of individuals operating in parallel isolation (Bolten, 2009:4).

Coherence strives for homogeneity based on the subordination of variety to desired standards. Cohesion pursues consistency through the voluntary interaction of dissimilarity in coexistence.

In the realm of social interaction, this implies a freedom to establish new network connections. The individual retains a degree of control in his/her involvement in the network. The individual can assess the advantages/disadvantages of potential connections and act accordingly. An example is the professional networking community LinkedIn (2016), where a member can accept or reject invitations from others in the community. The threat of disappointment in reciprocal relationships is higher under conditions of cohesion than they might have been under

a system of coherence (Bolten, 2009:6). Cohesion promotes multiple options on the premise of procedure and intentional involvement.

Cohesive networking is not a natural tendency and cannot be actively managed because it is contingent upon the compatibility of a variety of interests, talents, and competences that the individuals contribute to the collective. The diversity must be recognised and brought into contact through processes of intercultural dialogue (Lin & Rancer, 2003:62-72). Intercultural diversity management cannot be directed deliberately and is rooted in emergence with its dynamic, which aligns with the Grounded Theory methodology (Bolten, 2009:7).

Simple, effective measures like providing a platform for individuals to contribute their expertise can be adopted to promote cohesive networking.

Self-organising systems start with separate parts where the behavior of the parts is independent of each other. These parts then seek to form connections. Such a system is self-organising in the sense that it transforms from “parts separated” to “parts joined”. An example is an embryo nervous system, which starts with cells having little or no effect on one another, and changes, by the growth of dendrites and formation of synapses, to one in which each part’s behavior is very much affected by the other parts (Ashby, 1947:125-128). In the context of intercultural diversity management, the self-organising system must be stimulated with cohesive external stimulation in the form of encouragement of collaboration to become and remain sustainable (Bolten, 2009:8).

Socially competent and trustworthy personnel need to be developed to become promoters of collaboration.

“They need to initiate the emergent processes by acting as interfaces in the reciprocity that develops between the individual nodes of the network. The promoters may establish the connections, activate them, or intensify them, but their primary function is to act as the communicative catalyst with the active network nodes representing a fulcrum between the micro and macro levels of the organization. Promoters encourage learning processes, the exchange of knowledge, and open the channels of communication, interaction, and collaboration while simultaneously building a foundation of trust. They help to recognise potential compatibilities within the active network and seek interfaces with networks outside of their own. In this way, promoters encourage the development of the cohesion potential among the members of the collective while at the same time they strengthen the organizational network as a ‘macro culture’. In their function as a ‘moderator’ then, promoters undertake a formative role in the

emergent processes. They represent, therefore, essential components in the successful establishment of emergent systemic competence within organizations and furthermore promote an internal intercultural diversity competence.” (Bolten, 2009:8).

Incentives should be offered for creating and encouraging cohesive cooperation. This requires the complex interaction of organizational and personnel development in the specific context of diversity processes (Bolten, 2009:8).

4.4.4 Summary of Management of Diversity

This section provided an overview of the concepts and theories of the management of diversity. The views on management of diversity have evolved over time, and this section provides insight into the reasoning and events that influenced it. How a Transnational Corporation approaches the establishment of a mining business in Africa is directly influenced by its view on management of diversity and how this affects organizational culture and strategy.

The next section in the literature study expands on the concern of this study and the question raised by this thesis.

4.5 THE SECOND LEVEL: CONCERN AND QUESTION

4.5.1 Overview

The second level of the literature review is focused on the key concepts and current theories underpinning the problem statement and the research question that needs to be answered in this thesis.

Problem statement: *The degree of utility of the Transnational Corporation's strategy execution in establishing a local business entity in the mining industry in Africa.*

Research question: *How can the degree of utility of the Transnational Corporation's strategy execution for the establishment of a local business entity in the mining industry in Africa be improved?*

The central theme that emerged from the research is that the usefulness of the Transnational Corporation's strategy when establishing a new mining business in Africa is directly correlated to the organizations' ability to provide for the context where the business is to be established in its strategy. The influence of context on the strategy is best elucidated through the concept of glocalization and how it relates to Transnational Corporations.

4.5.2 Glocalization

The term has been touched on in the section on management of diversity but will be explored in more depth here.

Glocalization has garnered notable attention in various studies, primarily in the field of business. As seen in the previous section, Glocalization is also a central concept in the discussion of globalization (Robertson, 1992; Swyngedouw, 1992; Robertson & White, 2003).

4.5.2.1 The Concept

Glocalization as a concept arose in Japan where the field of marketing used it to explain that products made in Japan should be adapted to suit the local tastes and interests of the locale they were sold at irrespective of the fact that these were global products in their application. Robertson (1992), a British sociologist working in the United States, explored areas of comparative sociology and studies in modernization. He came across the concept and coined the English term glocalization. Researchers studying global processes noticed that many social categories and practices adopt local characteristics despite having their origin elsewhere. Pieterse (2009) argues that there are three views on cultural globalization. The first view is the clash of cultures view articulated by Huntington (1997) in his clash of civilizations paradigm. The second view is the “McDonaldisation” of the world by Ritzer and Malone (2000:97-118) implying a homogenised world, subjugated by a single culture that expunges dissimilarities between local cultures. The third view relates to synthesis or hybridisation that refers to dissemination and exchanges between cultures where cross breeding, borrowing and adjusting the global to the local are a common practice.

Glocalization is an attempt at conceptualising the relationship between the global and the local.

Glocalization and related concepts like creolization and hybridization imply heterogeneity with an absence of homogenization (Ritzer, 2007). McGrew (2010:72) proposes four approaches of analysing globalization which is defensive globalization, post-globalization, critical globalization and glocalization. Analysis through the lens of glocalization offers a few useful perspectives on the problem statement in this study. Caldwell and Lozada Jr (2007:498) propose to view the global-local interaction as a set of processes of social change. From this perspective, the focus should be on the processes by which the global-local situation is generated. Glocalism is a dynamic, interactive and continually renegotiated process where there is no prejudice whether or not something is global or local, but rather focuses on the ongoing processes that may (or

may not) involve glocalization. This implies the recognition that heterogenization and homogenisation are both involved in the process of glocalization (Ritzer, 2007).

Ritzer and Malone (2000:97-118) contend that the emphasis on glocalization and heterogeneity is not enough to fully make sense of globalization. Hence they propose to complement these concepts with grobalization and homogeneity (Andrews & Ritzer, 2007). (Grobalization is defined as the growing imperialistic influences of states, businesses, and more.) This infers that globalization needs to be studied with consideration of homogenising and heterogenising effects of the grobalization and glocalization involved in the specific situation. The literature review explores the concept of glocalization but recognises the influence of grobalization (Ritzer & Ryan, 2002:51-81).

The extent of the impact of the global is contingent upon the nature of the local as well as the ways in which the global and local interact (Ritzer, 2007). This suggests that since no local environments are the same, the impact of globalization and extent of glocalization will vary dependent on the specific environment. Another important and relevant contingency influencing the global-local interaction is that of the differences among people and how they react and interact with globalization. McGrew (2010:72) argues that this is consistent with the constructivist perspective to globalization and by association, glocalization.

This leads to the assertion that the agents who are the architects of the social constructions of the process of globalization, and sub categories of globalization like glocalization, are the most important and crucial influences (McGrew, 2010).

4.5.2.2 Main Propositions of Glocalization

The fundamental propositions of glocalization in the context of this study can be described as follows:

- (1) Glocalization seeks to address the concern created by the perception that globalization promotes a uniform world where cultures merge to eventually become one global culture.
- (2) Glocalization endeavours to recognise the unique nature of different cultures, people, and nations when confronted by a global influence.
- (3) Social life is defined by diversity, and the concept of glocalization is an appreciation of this proposition (Khondker, 2004:1-9).

- (4) Glocalization provides a realistic perspective on the situation where global influences meet local environments and recognise the inevitable tensions and conflicts that arise.

Glocalization has been historically prevalent in business through a cross section of global products and services. One example would be automobiles. The same basic car will be marketed as a Tacoma in North America, but a Hilux in Africa (Lander & Liker, 2007:3681-3698; Toyota, 2016). The product in North America would feature cup holders and air-conditioning as standard, while this will be regarded as optional in Africa. The menu offering from McDonalds in Canada is different from that in South Africa (McDonalds, 2016). Many other examples exist where transnational corporations have recognised the need to adapt their global offering to a local environment. Many Transnational Corporations have simply accepted that their global products and services required adaptation to local environments to be successful.

Andrews and Grainger (2007:478) propose two types of glocalization; the organic glocal type involving the incorporation of globalized, internationalised activities into the local and the strategic glocal type which involves Transnational Corporations exploiting the local, through either interiorised glocal strategizing or exteriorised glocal strategizing.

Interiorised glocal strategizing implies the co-opting and exploitation of the local dimension whereas exteriorised glocal strategizing implies the importation and mobilisation of differences into the local environment.

4.5.3 Summary of the Second Level of the Literature Study

This section discussed the second level of the literature study as it relates to the problem statement and question of this thesis. The concept of glocalization was introduced and expounded to provide insight into the problem statement of this study being: *The degree of utility of the Transnational Corporation's strategy execution in establishing a local business entity in the mining industry in Africa*. The critical impact of context, as highlighted through the concept of glocalization, guides the research to finding an answer to the research question. In this case: *How can the degree of utility of the Transnational Corporation's strategy execution for the establishment of a local business entity in the mining industry in Africa be improved?*. The research confirmed the relevance for Transnational Corporations establishing a mining business in Africa.

The next and final section of the literature study will address the core variables.

4.6 THE THIRD LEVEL: REVIEW OF CORE VARIABLES

4.6.1 Overview

This is the third level of the three level literature study employed in this research. This section will discuss the core concepts that emerged from this research.

4.6.2 Degree of Utility of Business Strategy

From the perspective of the Transnational Corporation establishing a mining business in Africa, the degree of usefulness of the strategy is determined by:

- (1) Effectiveness of strategy execution;
- (2) Consideration of the context where the mining business is established; and
- (3) Relevant execution frameworks and organizational management systems.

Strategy and its different elements have been discussed extensively in Section 4.2. This section will elaborate on the impact of context and management systems on the degree of utility of the Transnational Corporation's business strategy.

People execute strategy. It is, therefore, imperative to ensure that an environment is created that empowers people to execute effectively. Key aspects of such an environment are structure, relationships, processes, and systems. Bossidy *et al.* (2011:24) argue that “The heart of execution lies in the three core processes: the people processes, the strategy processes, and the management processes.”

As discussed in section 4.2.7., strategy execution frameworks are valuable tools to use as a roadmap to execute the business strategy effectively. Execution of strategy poses the biggest challenge to Transnational Corporations and is further complicated when required in the African context. Bossidy *et al.* (2011:21) stated: “People think of execution as the tactical side of business, something leaders delegate while they focus on the perceived ‘bigger issues’. This idea is completely wrong. Execution has to be built into a company’s strategy, its goals, and its culture. And the leader of the organization must be deeply engaged in it.”

It is critical that the organization understands that the usefulness of the business strategy is ultimately measured by the results delivered. The organization has to craft a sound business strategy that delivers value to shareholders and considers the context in which execution will be done. The focus then has to shift to executing that strategy as effectively as possible. The

organizational processes and systems need to be managed in depth by everyone, not just a few, to execute strategy successfully (Bossidy *et al.*, 2011:19-21).

Systemic management practice is one of the core fundamental concepts of running any large endeavour. Drucker (1995) identified seven key elements of management which are the scientific management of work (key to productivity); decentralisation as a basic organizational principle; personnel management (orderly way of fitting people into organizations); manager development; managerial accounting; marketing and long-range planning.

The most relevant aspect of management systems to discuss in the context of this study is the interaction between local management systems and that of the Transnational Corporation.

Local management systems are based on close networks of enterprises in a community, region or country and the rest on strong, traditional ties and history. It is also designed for a moderate level of complexity and starts to break down as the level of complexity and size of the undertaking increases (Shonhiwa, 2006).

The management systems used by Transnational Corporations can be classified as scientific systems created in the developed world, and these have been fine tuned to suit that environment. Khandwalla (1992) argues that these systems are based on assumptions that make their wholesale application in the African context questionable. Budget and cost control is built on the assumption of reliable and accurate information feeding the analysis, which is not always the case in a developing world environment. The primary objective of large Transnational Companies is to make socially, and environmentally responsible and sustainable profit and portfolio management and investment decisions revolve around this objective. A major flaw of this approach in the African context is the assumption that government organizations, public enterprises (local and regional) and even most of the National employees share this view. In many cases, the agendas of the Transnational Corporation and the local entities are not aligned leading to inevitable misunderstanding, conflict and poor results. Many developing world environments are unstable politically and vulnerable economically, with a significant lack of infrastructure. This causes traditional developed world approaches towards long term planning and forecasting to be unreliable (Gopinath, 1998; Khandelwal & Mohendra, 2010).

Other factors that negatively influences the application of developed world management systems in the African context is enough qualified staff, the unfamiliarity of National employees with regards to how these systems work and what value they bring (Khandwalla, 1992).

The mining industry is a large and complex undertaking and cannot function without developed world management systems. Transnational Corporations who wish to establish mining businesses in Africa has to embrace the challenge of training and developing a competent workforce to improve understanding, reduce distrust and promote engagement of the Nationals with regards to the developed world management systems imposed on a local entity.

4.6.3 Level of Project Management Capability of the Transnational Corporation

The various aspects of project management have been discussed in section 4.3. This section will briefly discuss the impact that the level of project management capability has on the organization.

Before setting out to develop the business strategy, the Transnational Corporation has to understand its capability to execute projects clearly. This understanding will influence the decision- making process in the organization as well as the criteria for determining whether a project fits with the organization's broader strategy or not.

A Transnational Corporation with an institutionalised project management office is capable of leading much bigger and more complex projects than an organization with a new or small project support service. Because shaping of the business case and front end loading is so critical to project success, organizations need to consider this when deciding to pursue a specific project. Front end loading refers to the study activities required to define the project business case, risks and issues as well as the planning required executing the project. If the organization is not set up to lead, manage and control certain projects due to size or complexity, it might be more prudent not to pursue such projects. Organizational awareness of capability is an important consideration in strategic planning.

A Transnational Corporation that wants to establish a mining business in Africa requires a core project management capability that can be supplemented by contractors as required.

4.6.4 Level of Intercultural Understanding in the Organization

The interaction between cultures has accelerated over the last decades as ease of travel improved, and globalization took effect. Different cultures have become dependent on each other economically, socially and politically. This interdependency of cultures relates to the anthropological perspective that globalization is defined as worldwide interconnectedness. Global movements of people, natural resources, products, finance information and even disease, are examples illustrating this concept (Hayes, 2002).

In the context of this study, the interaction between the Transnational Corporation and the mining business to be established rests on two concepts. The first is the systems implemented to facilitate formal interaction between the entities and secondly the behavior of the individuals involved in both entities.

The Transnational Corporation represents a large business in a complex industry and hence insists on developed world management systems to be implemented at the new mining operation. The success of these systems, not disregarding any other concerns, is eventually dependent on the relationships between the people in both entities who operate the systems. Certain aspects of these relationships that emerge as significant are communication skills, mutual respect, and understanding, definition and appreciation of the intended purpose of the systems. Intercultural understanding, communication, and skills needs to be actively developed and consistently focused on to ensure lasting organizational and personal relationships as well as integration. The concept of cultural diversity implies a cultural awareness and skill to interact productively with individuals of diverse cultural backgrounds working in the same organization (Hogan, 2012).

Literature suggests that competence in cultural diversity comprises of cultural awareness, understanding, as well as skills at the organizational and interpersonal level. Having the skill to work in a culturally diverse environment successfully is crucial to trust and functional working and business relationships. Preparing and developing the emotional and social intelligence of the individuals involved is key to a successful collaboration (Coleman, 1995; Sobo & Loustaunau, 2010; Koppelman, 2011; Barak, 2013).

A holistic or systems approach to cultural competence employs significant system-wide planning, implementation, and evaluation of organizational policies and procedures about organizational objectives (Barak, 2013). The holistic approach also necessitates examination of the organization from within the political and economic context of the broader sociocultural system of which the local operation is a part (Schultz & Lavenda, 1998; Haviland *et al.*, 2010; Hogan, 2012).

4.6.5 Degree of Diversity Management in the Transnational Corporation

The management of diversity was discussed in Section 4.4. This section will elaborate on the degree of diversity management required for a Transnational Corporation establishing a mining business in Africa.

Due to the complex and often unpredictable business, labour and regulatory environment in Africa, a high degree of diversity management is necessary to enable the Transnational Corporation to successfully and sustainably do business in Africa.

This capability needs to be well developed and having the right people in the right roles to lead and manage this process is essential (Jaques, 1998).

Diversity should be a core value of the Transnational Corporation. This will ensure executive support and long term organizational focus on this subject. A high degree of organizational capability to manage diversity is a competitive edge and will allow the Transnational Corporation to navigate the African mining environment better. Having insight into the cultures of the different African environments where the business will be established will promote mutual respect and improve the likelihood of successful and sustainable integration between the Transnational Corporation and the local entity (Shonhiwa, 2006). An organization with the capability to manage a high degree of diversity will be strategically well positioned to pursue opportunities on the African continent.

4.6.6 Level of Engagement of Nationals in the Work Environment

Kahn (1990:692-724) defines engaged employees as being fully physically, cognitively and emotionally connected with their work roles. Macey and Schneider (2008:3) described employee engagement as “an individual’s sense of purpose and focused energy, evident to others in the display of personal initiative, adaptability, effort, and persistence directed toward organizational goals”. Most other definitions of employee engagement follow the same theme and reflect a positive work-related motivational state and a genuine willingness to contribute to the work role and organizational success (Albrecht, 2010b).

Albrecht (2010b) suggests that any definition of engagement needs to distinguish between engagement, antecedents of engagement (organizational, job and personal resources) and outcomes of engagement (task performance, discretionary and proactive behavior).

This is applicable in the context of this research where the focus must be on the drivers of employee engagement to facilitate the requisite outcomes in the organization.

To create an environment conducive to employee engagement, the Transnational Corporation needs to understand what drives the National employees. An example would be establishing an organizational development or human resource development on the assumption that employees value personal growth (skills, competencies, challenging work, etc.) to the same extent than in

the developed world context. Assumptions like these may be substantially invalid for many employees in poor and/or traditional societies, whose priorities often are security, desire for status and family responsibilities (Khandwalla, 1992).

These aspects need to be carefully considered when integrating the newly established mining operation into the Transnational Corporation. The engagement of the National employees will be crucial in setting the endeavour up for sustainable success, especially regarding acceptance and support of management systems and the principles of the Transnational Corporation.

4.6.7 Degree of Organizational Alignment in the African Context

Organizational integration/alignment in a developing world context is a common scenario where Transnational Corporations acquire or establish assets in developing world countries and then has to do business in the local environment. The Transnational Corporation and the local business entity need to adapt to this situation. Successful alignment between the Transnational Corporation and the local employees, community, environment and government will promote a sustainable business.

In a globalised world, Transnational Corporations need to recognise the dynamic complexity of the environment they do business in. Schon suggested that it is a strategic imperative for Transnational Corporations to adapt to this reality through flexible, inclusive and culturally competent organizations and systems that are internally cooperative (Hatch, 1993:657-693; Hogan, 2012:1-2).

Hogan (2012:1-2) argues that for the organization to effectively adapt to the ever changing sociocultural and economic landscape, the organization needs to evolve its management systems to be more flexible, collaborative, proactive, cooperative and timely rather than hierarchical and reactive. As the organization becomes culturally competent in this way, it will continually realign and integrate new additions to the organization in response to unpredictable and constantly changing environments (Carter, 2003:20-30; Kundu, 2003:215-226; Hogan, 2012:1; Barak, 2013). For organizations to be culturally competent and allow them to align the Transnational Corporation and the local business entity successfully, employees (Transnational Corporation and National) need to develop intercultural understanding and communication skills. Organizational cultural competence will promote collaborative, interdependent team relationships. This in turn will enable the organization to produce strategies on an ongoing basis that respond proactively to diverse and changing political, social and economic challenges. From the anthropological perspective of cultural relativism, the processes of self-reflection and

non-judgment of the individuals involved will stimulate the sustainability of the strategies developed (Hogan, 2012:5).

In keeping with Grounded Theory, emic contextualisation and comparison were used in gathering data in this research. By gathering data on attitudes, principles and social relationships directly from the individuals involved in the integration and alignment of the organization of the Transnational Corporation and the local business entity a rich interpretation emerges, portraying the situation related to aligning the two entities (Hogan, 2012:5).

The personal, interpersonal and organizational levels in a hierarchal constructed organization inherently contain obstacles to effective communication and relationships. This is detrimental to the understanding of cultural diversity in the organization and converting this understanding into respectful behavior towards the people involved, as well as the principles of the Transnational Corporation.

To prepare employees for dealing with an organizational integration in a culturally diverse setting, the anthropological principles (personal, interpersonal and organizational change processes), intercultural knowledge and skills aspects need to be addressed in any training program proposed (Hogan, 2012:6). The outcome of this training is competence in diversity as knowledge of the culture increases, effective relationships through improved interpersonal skills and culturally competent organizations at the systems level.

Organizations who are culturally competent have corresponding policies, processes and structures that enable the organization to create an environment for people to work effectively in a culturally diverse setting (Coleman, 1995:722-740; Sobo & Loustau, 2010; Koppelman, 2011; Hogan, 2012:6).

4.6.8 Summary of the Third Level of the Literature Study

This section discussed the third level of the literature study and expanded upon the core variables identified in the thesis.

4.7 CHAPTER SUMMARY

This chapter selectively reviewed the literature related to the central theme of this thesis using a three-level literature review.

The first level addressed the parent disciplines of business strategy, project management, and management of diversity. This level of the literature review aimed to expand on the concepts,

history, and perspectives related to the parent disciplines and how it enlightens the discussion about Transnational Corporations establishing mining businesses in Africa.

The second level further developed the concept of glocalization and how it influences the perspective on the problem statement of this thesis and the research question.

The third level reviewed the core variables that emerged from the research and expanded on aspects of these core variables that are material to understanding the fundamental dynamics and mechanisms that underpin these concepts.

The next chapter will construct the theory of this thesis.

CHAPTER 5: BUILDING A THEORY

5.1 INTRODUCTION

This chapter is dedicated to building a theory (theoretical coding) or model of reality, based on the six core concepts identified as part of the results obtained from the application of the augmented Grounded Theory methodology, complemented by the insights from the literature review (Beer, 1999:69-83). As illustrated in Figure 2.7, the three cycles of application of the Grounded Theory methodology will be presented first. The integration of the results from each cycle is then meta-synthesised into the ultimate theory and propose a mechanism for explaining the interrelationships between the core concepts and answer the research question posed in this thesis. *(How can the degree of utility of the Transnational Corporation's strategy execution for the establishment of a local business entity in the mining industry in Africa be improved?)*

5.2 CYCLE 1: EXECUTION OF BUSINESS STRATEGY

5.2.1 Cycle 1 Resultant Theory (Context, Intervention, Mechanism, Output)

The model created and presented as a causal loop diagram in Figure 5-1, represents a theory explaining the mechanism at work as applicable to this context and produces empirically observable output. This is referred to as the CMO link (Context-Mechanism-Output).

The CIMO link (Context-Intervention-Mechanism-Output) will be developed in this section.

The legend in Figure 5-1 identifies which are a concern, core, intervening, contextual or contextual intervening variables. Following Figure 5-1, the model is broken down, and each of the loops explained individually. The individual explanations of each loop will enrich the understanding of the overall causal loop diagram.

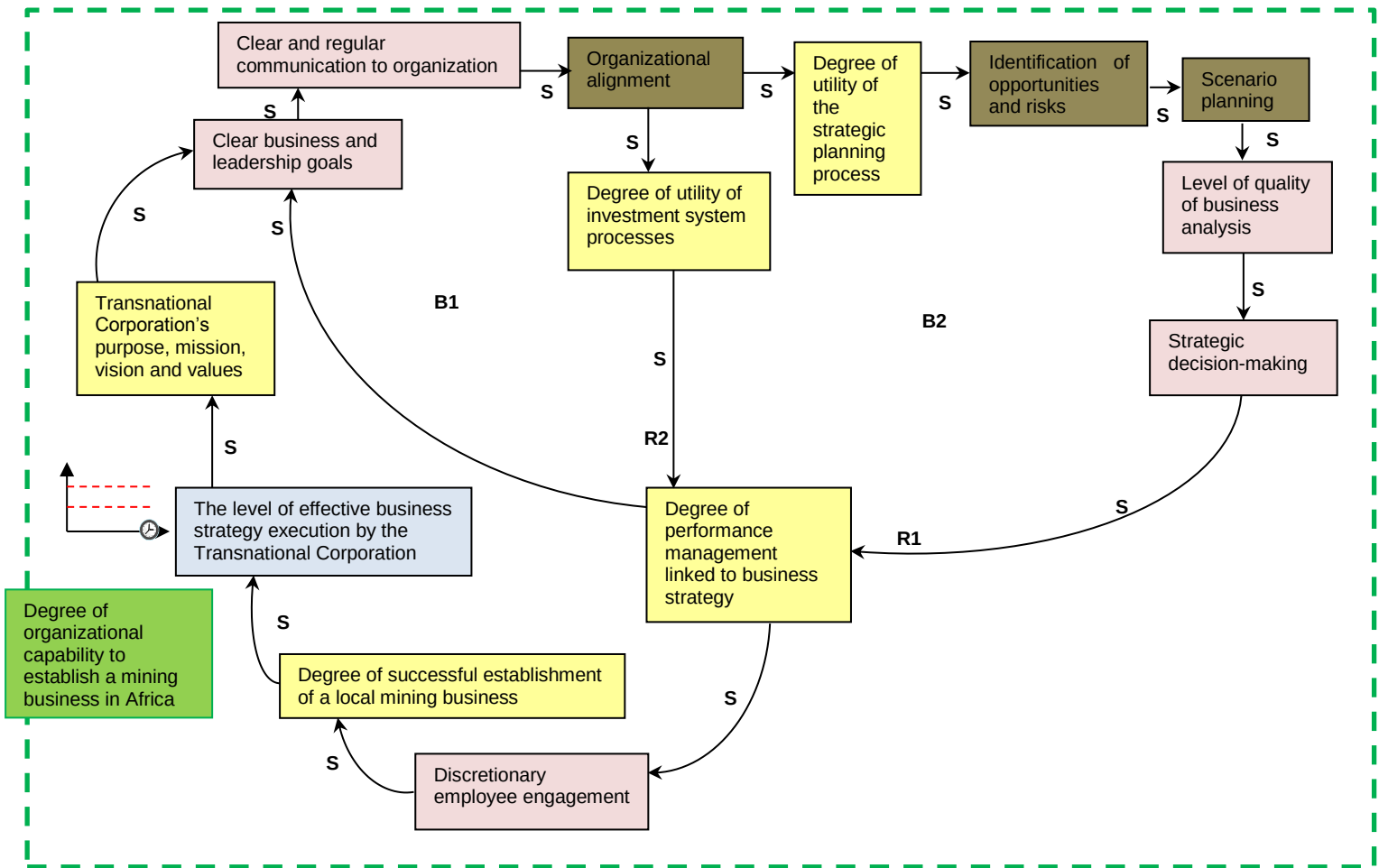
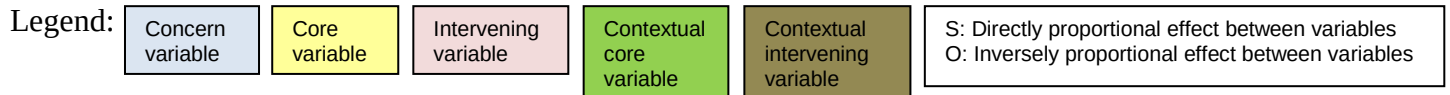


Figure 5-1: Cycle 1 Mechanism explaining behavior of the concern variable, R1 and R2 are reinforcing loops, and B1 and B2 are balancing loops (Developed by author)

The diagrams that follow are meant to illustrate the flow of the rationale (the blue arrow) for each argument based on the detail in Figure 5-1. The purpose is to illustrate the flow of the argument to the reader and not present detail as this can be reviewed in Figure 5-1 if required.

5.2.1.1 Cycle 1 Mechanism

Balancing Loop 1:

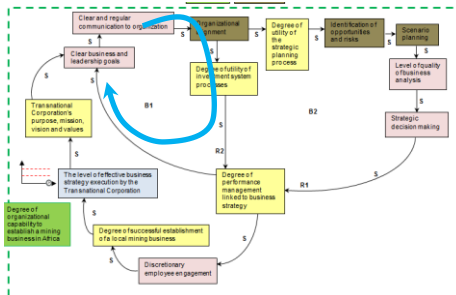


Figure 5-2: Balancing Loop 1 as part of the Cycle 1 Mechanism (Developed by author)

B1 (illustrated in blue) presents a balancing loop highlighting the Transnational Corporation's efforts to align the organization to utilise the investment system processes to achieve the corporation's business and leadership goals. The efforts referred to is the linking of individual performance goals to that of the corporation. Effective organizational alignment (contextual intervening variable) in the context of establishing a mining business in Africa will promote the desired business and organizational culture of the Transnational Corporation.

Balancing Loop 2:

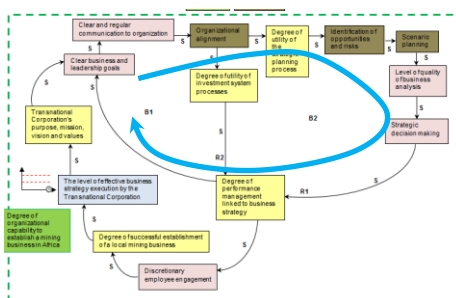


Figure 5-3: Balancing Loop 2 as part of the Cycle 1 Mechanism (Developed by author)

Reinforcing Loop 2:

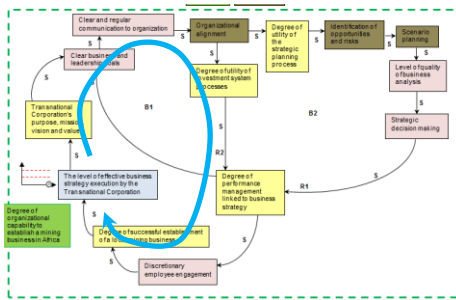


Figure 5-5: Reinforcing Loop 2 as part of the Cycle 1 Mechanism (Developed by author)

R2 (illustrated in blue) represents the second of two reinforcing loops of organizational behavior that models the Transnational Corporation's approach to executing its business strategy. R2 highlights the role of the investment system within the greater mechanism.

The relationship between the variables in R2 is directly proportional, and this means that when a variable moves in the positive direction, the next variable is also influenced positively.

Again, in the case of R2, this implies that a succinct statement of the Transnational Corporation's principles, as expressed in the purpose, mission, vision and values, leads to clear business and leadership goals. Clear and regular communication of these goals to the organization promotes organizational alignment to follow the investment system process when considering new investments for the corporation. The business case, risks, and opportunities of the investment is clearly articulated and linked to key performance indicators that support the Transnational Corporation's business strategy.



5.2.1.3 Simplified Cycle 1 Mechanism

The mechanism explained in section 5.2.1.1 above, needs to be simplified to provide an uncluttered understanding of the behavior of the concern variable. An interrelationship digraph is used to achieve this.

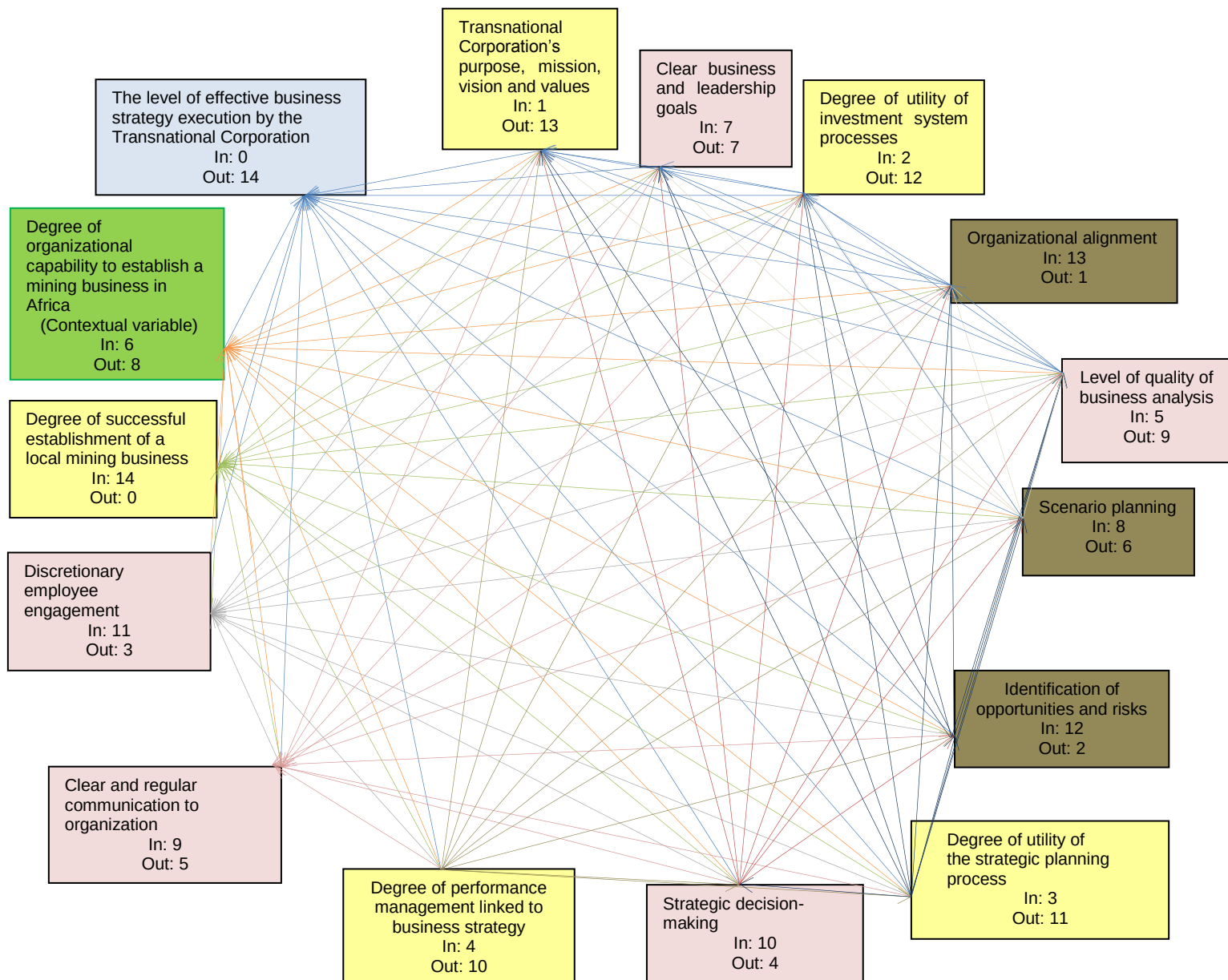


Figure 5-7: Interrelationship Digraph for Cycle 1

By using the interrelationship digraph, the mechanism is condensed to a simpler format consisting of the following variables and presented below:

- (1) The level of effective business strategy execution by the Transnational Corporation (Concern behavior over time).
- (2) Degree of organizational capability to establish a mining business in Africa (Contextual variable).
- (3) Transnational Corporation's purpose, mission, vision and values.
- (4) Degree of utility of investment system processes.
- (5) Degree of utility of the strategic planning process.
- (6) Degree of performance management linked to business strategy.
- (7) Degree of successful establishment of a local mining business (Key outcome).

It is necessary to provide the underlying logic to understand the relationships between the variables in the simplified mechanism, shown in Figure 5-8, as they influence the outcome and lead to proposed interventions. The contextual variable permeating the mechanism is expressed as the degree of organizational capability to establish a mining business in Africa.

Legend:

Contextual
core
variable

Concern
variable

Condensed
variable

S: Directly proportional effect between variables
O: Inversely proportional effect between variables

Degree of
organizational
capability to
establish a mining
business in Africa

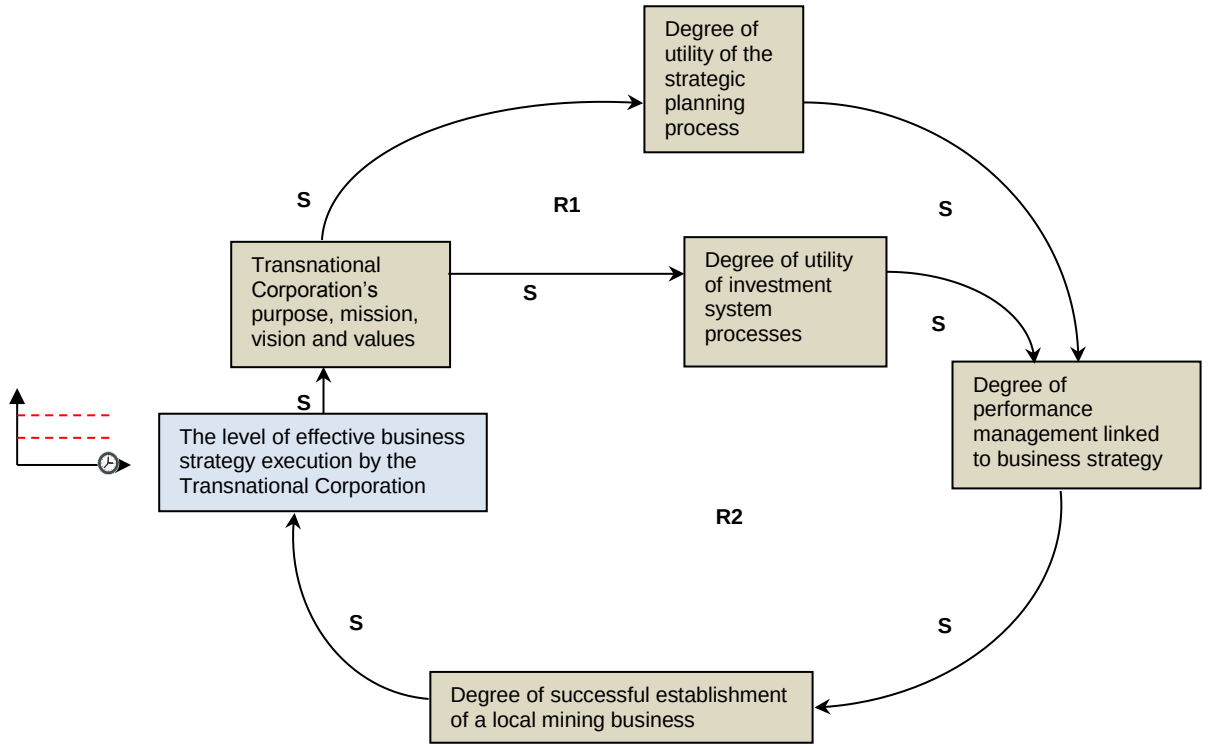


Figure 5-8: Simplified Cycle 1 Mechanism (Developed by author)

R1 represents a reinforcing loop that models the impact of the strategic planning process on the degree of successful establishment of a local mining business by the Transnational Corporation (key outcome) in the African mining environment.

- (1) The clearer the Transnational Corporation's purpose, mission, vision and values are articulated to the organization, the higher the utility of the strategic business planning process will be. This is because the organization will align its interpretation of their contribution to strategic planning according to the business goals of the organization and the African context.
- (2) The higher the degree of utility of the strategic planning process used by the Transnational Corporation, the greater the link between organizational performance and

business strategy. The reason for this relationship is that quality of strategic decision-making will improve, leading to enhanced performance towards achieving the Transnational Corporation's strategy. The utility of the strategic planning process is enriched by the degree that it accounts for the African context in identifying risks and opportunities in this environment and adapts scenario planning accordingly. This will lead to a clear understanding of the business case, its associated risks, and opportunities, as well as the perceived range of outcomes expected. The quality of the business analysis in the strategic planning financial model will positively influence decision-making, performance and support the overall business strategy.

- (3) Performance, the fact that it is linked to the business strategy and managed accordingly, will positively influence the degree of successful establishment of a local mining business in Africa.
- (4) The higher the degree of successful establishment of a local mining business in Africa, the higher the level of effective business strategy execution by the Transnational Corporation.

R2 represents a reinforcing loop that models the impact of the investment system process on the degree of successful establishment of a local mining business by the Transnational Corporation (key outcome) in the African mining environment.

- (1) The clearer the Transnational Corporation's purpose, mission, vision and values are articulated to the organization, the higher the utility of the investment system processes will be. This is because the organization will align their execution, guided by the investment system processes, according to the business goals of the organization and the African context.
- (2) As the degree of utility of investment system processes increase, the performance of the organization follows suit. This is because the organization is aligned towards achieving the business goals through executing the strategy and measured accordingly. The utility of the investment system processes are notably improved by the degree it accounts for the specific African context of the investment and whether it is flexible enough to fit the purpose of the particular investment.
- (3) Performance, the fact that it is linked to the business strategy and managed accordingly, will positively influence the degree of successful establishment of a local mining business in Africa.

- (4) The higher the degree of successful establishment of a local mining business in Africa, the higher the level of effective business strategy execution by the Transnational Corporation.

The simplified mechanism points to two main drivers in this situation and context as explained through the reinforcing loops, R1 and R2, above.

The degree of utility of the strategic planning process and investment system processes leads to a higher level of effective business strategy execution and consequently the successful establishment of a local mining business, which is the desired outcome.

5.2.1.4 Output of the Cycle 1 Mechanism

Following the C-M-O link, the context and mechanism have been presented and allows an explanation of the (empirically observed) output.

The key output of the mechanism is the successful establishment of a local mining business by the Transnational Corporation in the African environment.

Reflecting on the causal loop diagram illustrated by the simplified mechanism leads to an understanding of the theory and also alludes to possible interventions that can be proposed to address the concern.

5.2.1.5 Proposed Interventions in Cycle 1

The theory will consequently illuminate the CIMO link between the local context (C), the mechanism (M), intervention addressing the concern (I) and the empirically discernible output (O) as seen in Figure 5-9 below.

The rationale behind the proposed interventions will be discussed at the hand of this figure.

Legend:

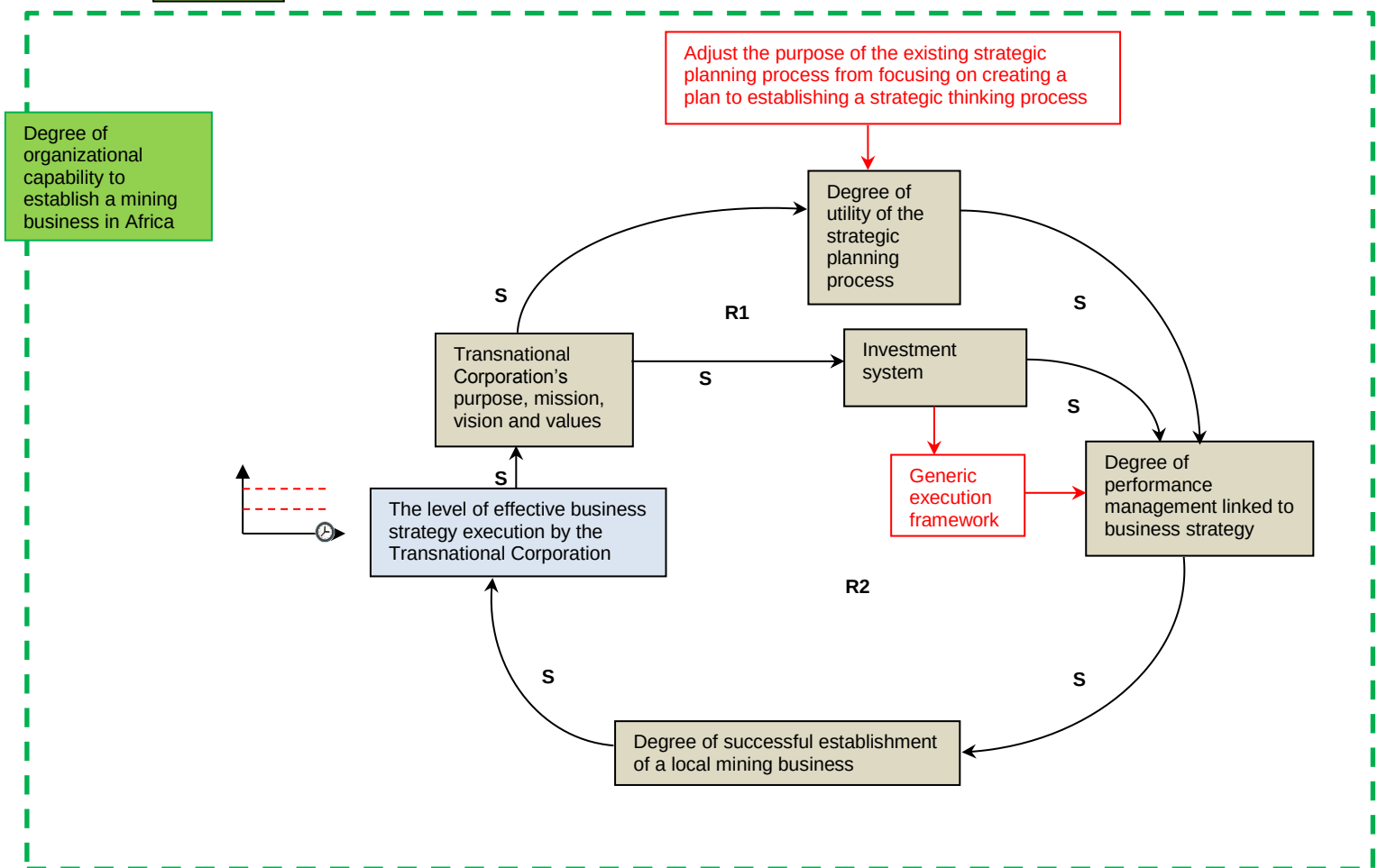
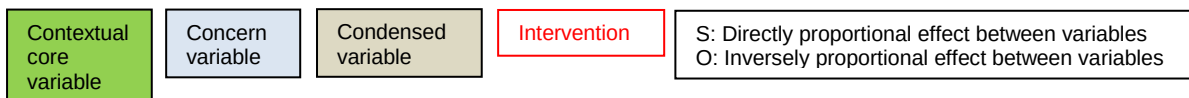


Figure 5-9: Interventions are added to the Cycle 1 Mechanism (Developed by author)

The proposed interventions are designed to improve the level of effective business strategy execution by the Transnational Corporation in the African context.

Intervention 1: Adjust the purpose of the existing strategic planning process from focusing on creating a plan to establishing a strategic thinking process.

Strategic innovation, intent and scenario planning are significant contributors towards improving the overall business strategy design, planning and execution.

Africa's turbulent, unpredictable business environment poses a significant challenge to building strategy and being able to execute that strategy successfully. This reality leads to

reconsideration of the processes of strategy design, the nature of organizational strategy and the execution thereof.

In unstructured and fast-moving contexts, strategy tends to emerge from the understanding of the environment at the time and provides an opportunity for innovation (Grant, 2003:491-517). Strategic innovation is enhanced through sensitivity to emerging discontinuities in the Transnational Corporation's evolution in response to the economic and environmental realities of the time. According to Burgelman and Grove (2007:965-979), these strategic inflection points offer the potential for essential strategic change.

Clear strategic intent is important when uncertainty impedes detail planning. Strategy is then primarily concerned with establishing broad parameters for the development of the business (Bourgeois, 1980:25-39; Grant, 2003:491-517). Uncertainty requires that strategy is concerned less with specific actions and more with establishing clarity of direction within which short-term flexibility can be reconciled with overall coordination of strategic decisions. This requires that long-term strategic goals are established, articulated through statements of vision and mission and committed to through strategic intent (Grant, 2003:491-517; Hamel & Prahalad, 2005:148-161; Van der Heijden, 2011).

Planning for various scenarios seeks not to predict the future but to envisage alternative views of the future in the form of distinct configurations of key environmental variables (Schoemaker, 2004:274-296). Moving away from single-point forecasts in favour of alternative futures implies a shift from single-point plans in favour of strategy alternatives. Strategy alternatives emphasise strategic flexibility that creates optionality (Grant, 2003:491-517). The key contribution of scenario planning is to establish a process for strategic thinking and organizational learning and not so much the creation of strategic plans.

As a business, Shell engages in extensive scenario planning and argues that the real purpose of effective planning is not to make plans, but to change the mental models that decision makers carry in their heads (Schoemaker & van der Heijden, 1992:41-46). Scenario analysis expands the strategic planning process to engage decision makers in sharing and amalgamating their different perspectives and allow their implicit assumptions and mental models to emerge (Grant, 2003:491-517).

Intervention 2: Implement a generic execution framework as part of the investment system to assist company leaders to execute the establishment of a mining business in Africa.

In many organizations, there is a disconnect between the development of strategy and its successful execution (Artto *et al.*, 2001; Hilson, 2002; Knutson, 2003; Williams & Parr, 2004; Dietrich & Lehtonen, 2005; Buys & Stander, 2010). A common reason for failure in execution is a lack of adequately providing for the context where the execution is to take place and the lack of a holistic implementation approach across different disciplines (Ika *et al.*, 2012:105-116).

Various strategy execution models exist, including the McKinsey 7 'S' framework and The Higgins 8 'S' Framework (Waterman *et al.*, 1980:14-26; Higgins, 2005:3-13). These models are relevant and useful but do not specifically address the contextual aspect of establishing a mining business in Africa.

The interventions described above will enhance the level of effective business strategy execution by the Transnational Corporation specifically related to the successful establishment of a local mining business in Africa.

5.3 CYCLE 2: EXECUTION OF GREENFIELDS PROJECT MANAGEMENT

5.3.1 Cycle 2 Resultant Theory (Context, Intervention, Mechanism, Output)

The model created and presented as a causal loop diagram in Figure 5-10, represents a theory explaining the mechanism at work as applicable to this context and produces empirically observable output. This is referred to as the CMO link (Context-Mechanism-Output).

The CIMO link (Context-Intervention-Mechanism-Output) will be developed in this section.

The legend in Figure 5-10 identifies which are a concern, core, intervening, contextual or contextual intervening variables. Following Figure 5-10, the model is broken down, and each of the loops explained individually. The individual explanations of each loop will enrich the understanding of the overall causal loop diagram.

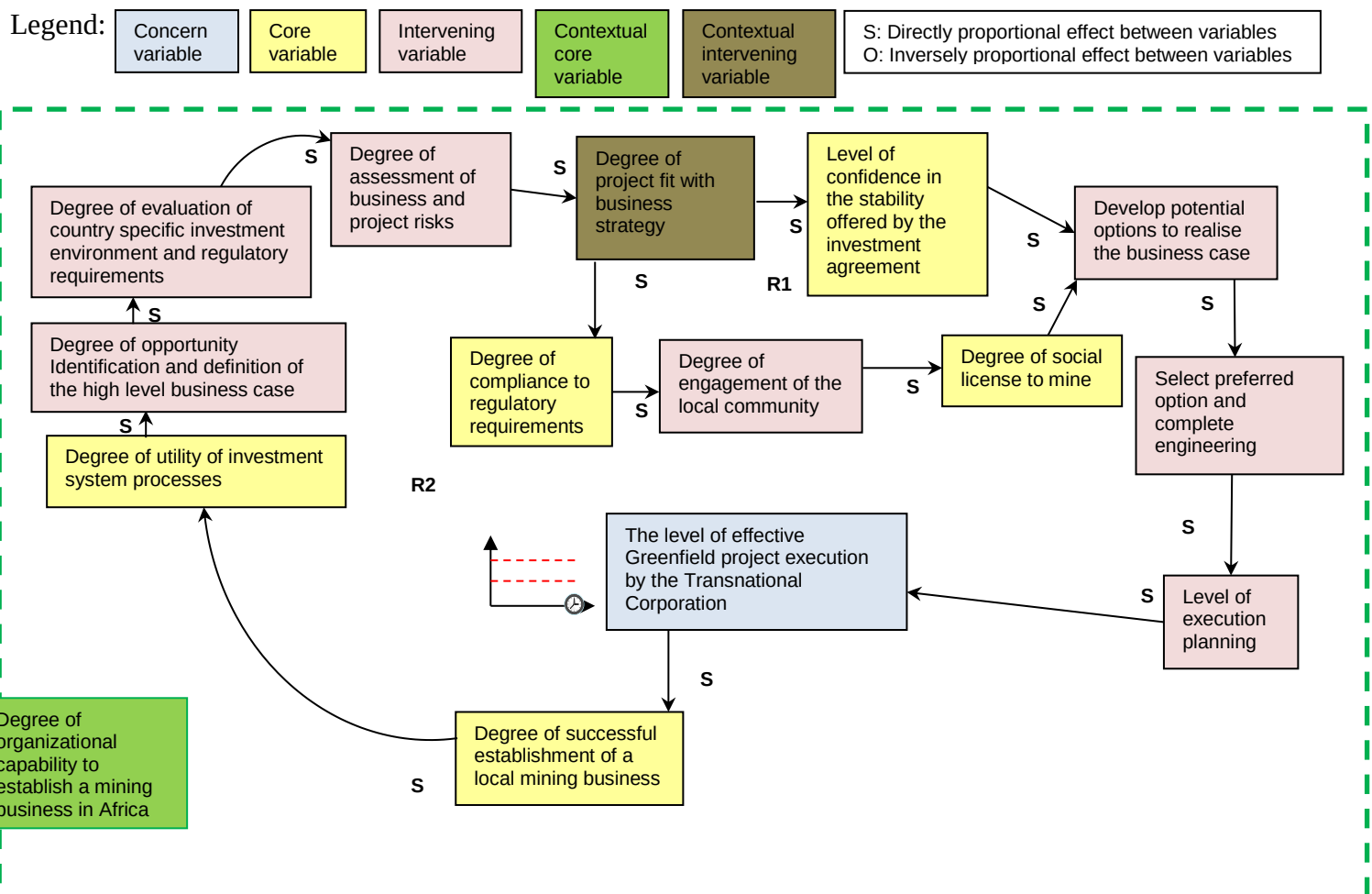


Figure 5-10: Cycle 2 Mechanism explaining behavior of the concern variable, R1 and R2 are reinforcing loops (Developed by author)

The diagrams that follow are meant to illustrate the flow of the rationale (the blue arrow) for each argument based on the detail in Figure 5-10. The purpose is to illustrate the flow of the argument to the reader and not present detail as this can be reviewed in Figure 5-10 if required.

5.3.1.1 Cycle 2 Mechanism

Reinforcing Loop 1:

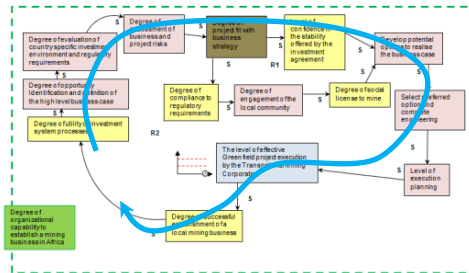


Figure 5-11: Cycle 2 Mechanism explaining behavior of the concern variable (Developed by author)

R1 (illustrated in blue) represents one of two reinforcing loops of organizational behavior that models the Transnational Corporation's approach to Greenfield project execution. R1 depicts the impact of the country specific investment agreement on the options considered to realise the business case.

The relationship between the variables in R1 is directly proportional, and this means that when a variable moves in the positive direction, the next variable is also influenced positively.

In the case of R1, this denotes that a high degree of utilisation of the investment system process leads to a structured approach to identify business opportunities and high level business cases. This in turn ensures that the appropriate information is obtained to allow effective evaluation of country specific environments and regulatory requirements. The degree of quality of the evaluation sets the foundation for the assessment of business and project risks. A clear understanding of the business and project risks allows the organization to determine the degree of project fit with the Transnational Corporation's business strategy. The degree of business risk is influenced by the perceived degree of stability offered by the investment agreement. The degree of stability offered by the investment agreement impacts the organization's thought processes in developing potential options to realise the business case. The choice of preferred project option to advance engineering on is determined by the best combination of financial

metrics and perceived business risks and issues. A firm decision on the preferred project option improves the effectiveness of execution planning because the project scope is frozen. The effectiveness of execution planning improves the level of effective Greenfield project execution. Effective Greenfield project execution by the Transnational Corporation improves the degree of successful establishment of a local mining business.

Reinforcing Loop 2:

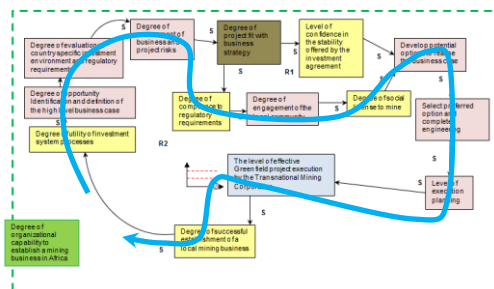


Figure 5-12: Cycle 2 Mechanism explaining behavior of the concern variable (Developed by author)

R2 (illustrated in blue) represents the second of two reinforcing loops of organizational behavior that models the Transnational Corporation's approach to Greenfield project execution. R2 highlights the influence of the regulatory requirements and community engagement on the project options considered to realise the business case.

The relationship between the variables in R2 is directly proportional, and this means that when a variable moves in the positive direction, the next variable is also influenced positively.

In the case of R2, the logic path is similar to that of R1 up to determining the degree of project fit with the business strategy and repeated here for completeness.

A high degree of utilisation of the investment system process supports a structured approach to identify business opportunities and high level business cases. This in turn ensures that applicable information is obtained to allow effective evaluation of country specific environments and regulatory requirements. The degree of quality of the evaluation sets the foundation for the assessment of business and project risks. A clear understanding of the business and project risks allows the organization to determine the degree of project fit with the Transnational Corporation's business strategy.

The project fit, business case, and schedule are impacted by the extent of regulatory requirements. The regulatory requirements guide the Transnational Corporation's engagement with the community. The degree of community engagement will significantly impact the degree of social license to mine granted by the affected community. The social license to mine is not a regulatory requirement and refers to the impacted community's support of the mining activities in their environment. Typical community concerns revolve around compensation for land and crops impacted by the proposed mine as well as anticipated improvements in infrastructure. At this point, the path of R2 joins that of R1 and the greater mechanism again and is repeated for the sake of completeness.

The degree of social license to mine influences the organization's thought processes in developing potential options to realise the business case. The choice of preferred project option to advance engineering on is determined by the best combination of financial metrics and perceived business risks and issues. A firm decision on the preferred project option improves the quality of execution planning because the project scope is frozen. The effectiveness of execution planning improves the level of effective Greenfield project execution. Effective Greenfield project execution by the Transnational Corporation improves the degree of successful establishment of a local mining business.

5.3.1.2 Impact of Context on the Cycle 2 Mechanism

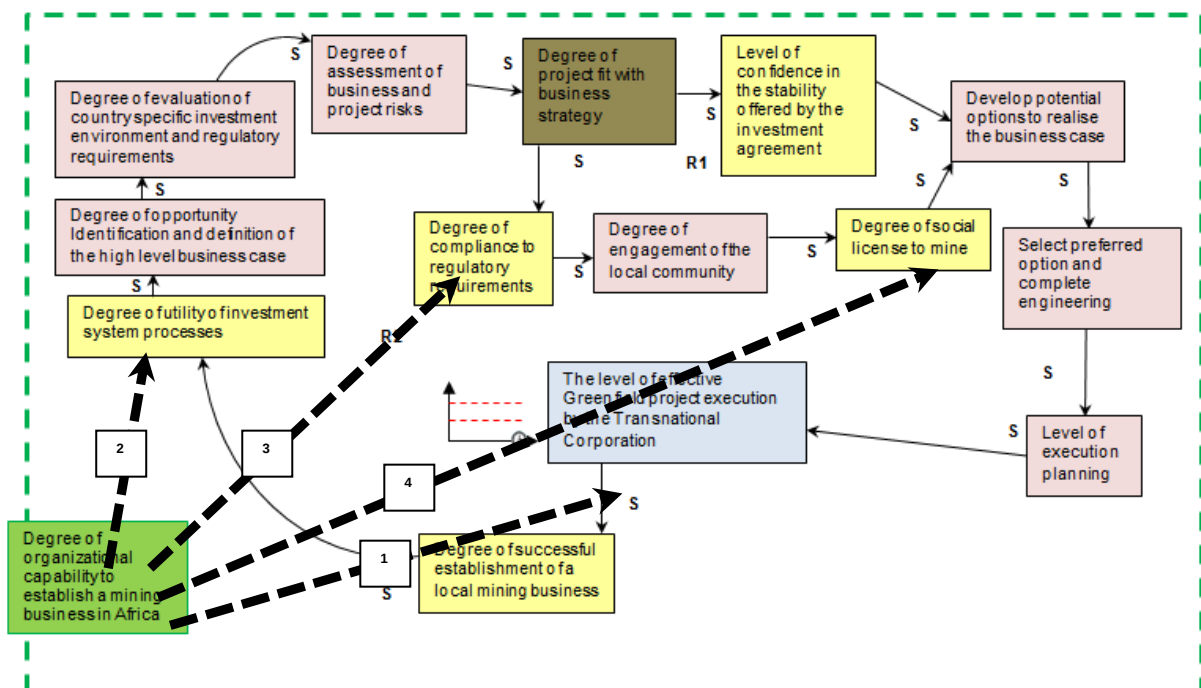


Figure 5-13: Impact of context on the Cycle 2 Mechanism (Developed by author)

As the degree of organizational capability to establish a mining business in Africa increases, the following impacts can be discerned:

- (1) Engaging the organization to support the Transnational Mining Corporation's efforts towards effective Greenfield project execution in the applicable country-specific context (concern variable).
- (2) Focusing the organization to account for the context when applying the investment system processes of the Transnational Corporation.
- (3) Sensitising the organization to country-specific regulatory requirements and the impact this has on the project's business case, schedule and associated risks.
- (4) Engaging the organization to recognise the impact of the social license to mine when considering alternative project options to realise an investment in the mining business in Africa.

5.3.1.3 Simplified Cycle 2 Mechanism

The mechanism explained in section 5.3.1.1 above, needs to be simplified to provide an uncluttered understanding of the behavior of the concern variable. An interrelationship digraph is employed to achieve this.

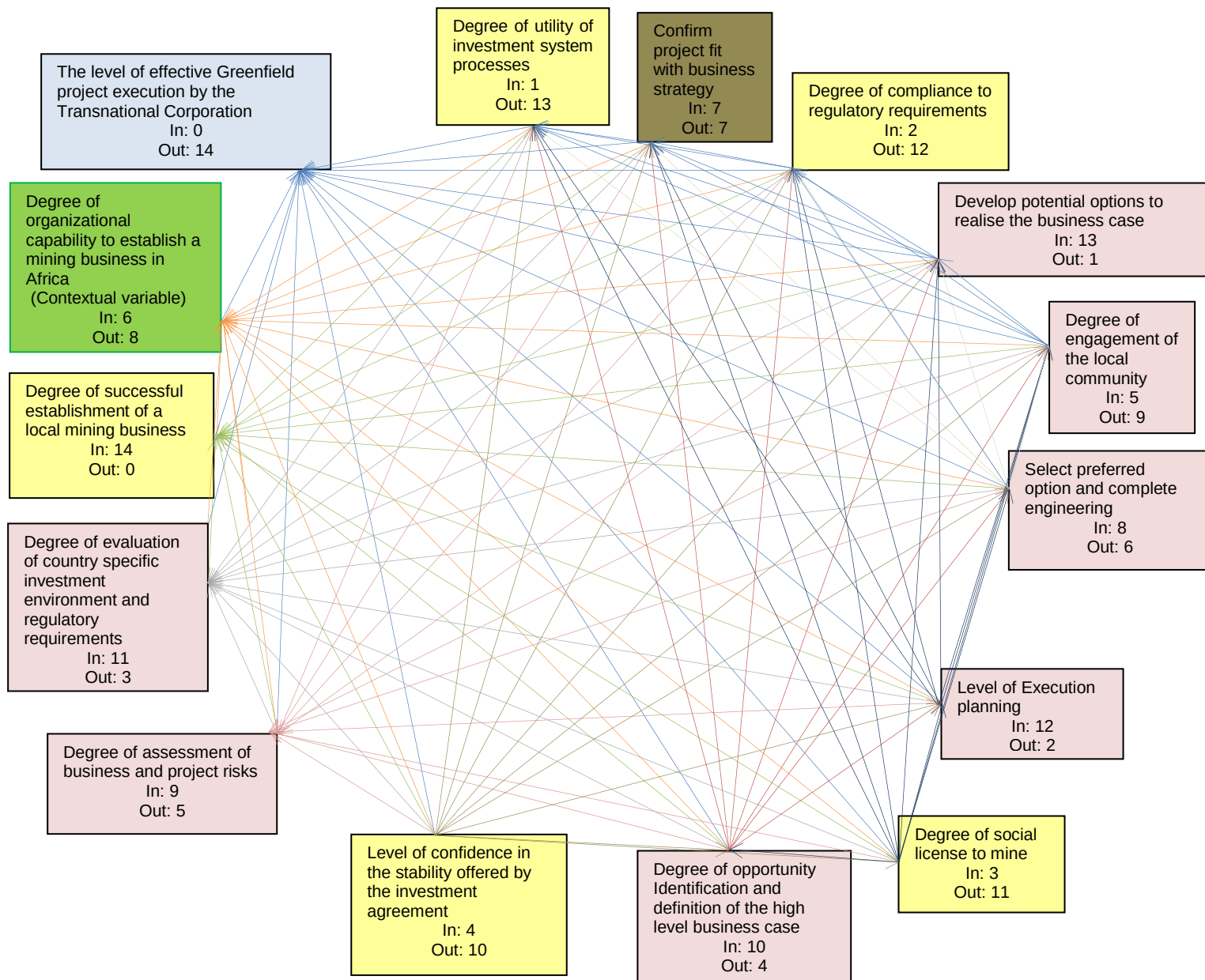


Figure 5-14: Interrelationship Digraph for Cycle 2

By using the interrelationship digraph, the mechanism is condensed to a simpler format consisting of the following variables and presented below:

- (1) The level of effective Greenfield project execution by the Transnational Mining Corporation (Concern behavior over time).
- (2) Degree of organizational capability to establish a mining business in Africa (contextual variable).
- (3) Degree of utility of investment system processes.
- (4) Degree of compliance to regulatory requirements.
- (5) Degree of social license to mine.
- (6) Degree of stability guaranteed by investment agreement.
- (7) Degree of successful establishment of a local mining business (Key outcome).

It is necessary to provide the underlying logic to understand the relationships between the variables in the simplified mechanism, shown in Figure 2-6, as they influence the outcome and lead to proposed interventions. The contextual variable permeating the mechanism is expressed as the degree of organizational capability to establish a mining business in Africa.

Legend:

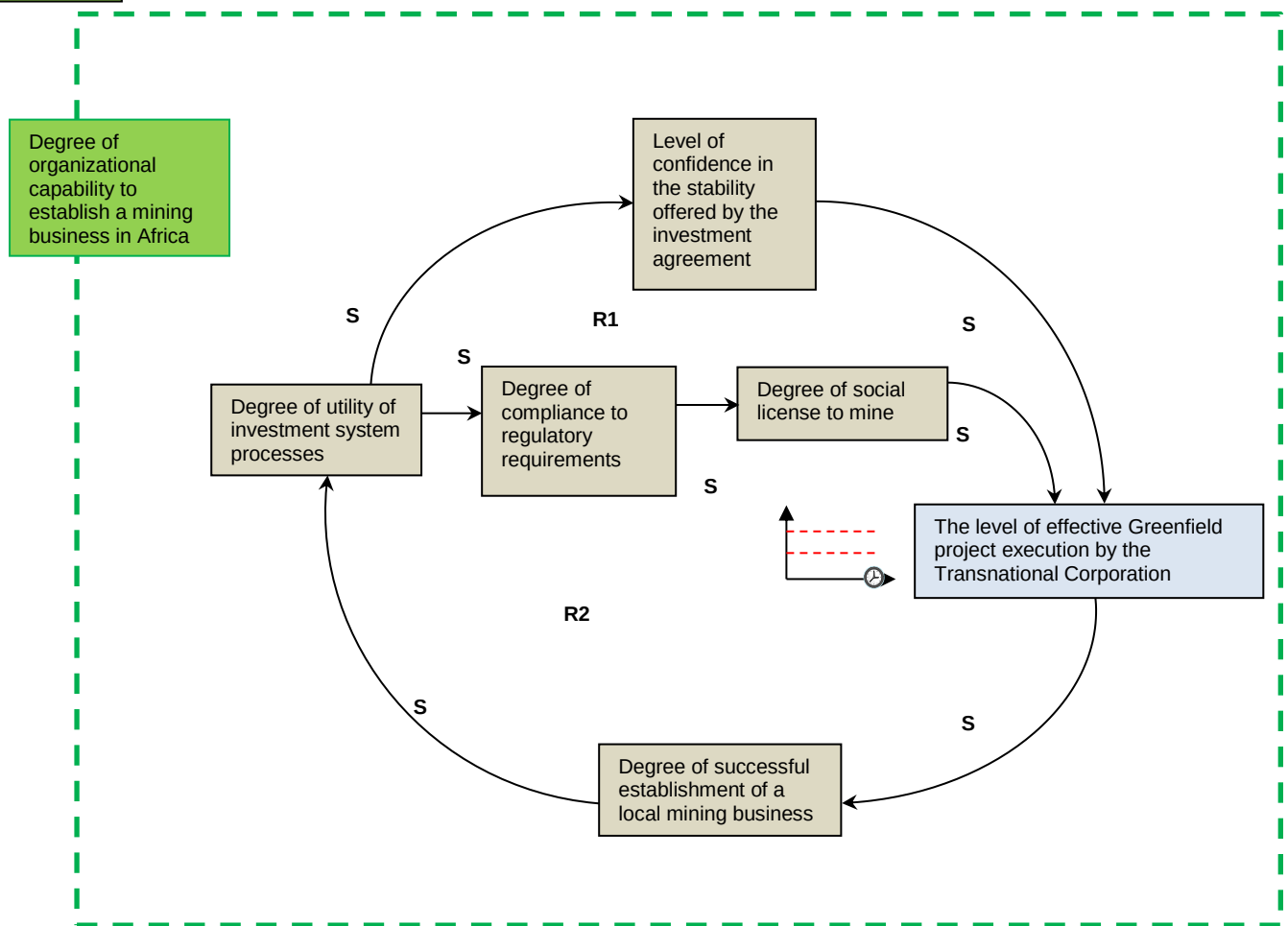
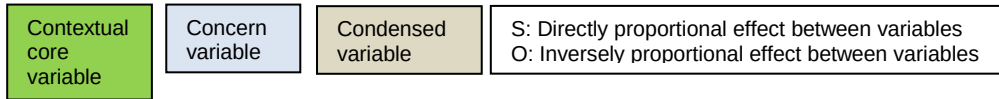


Figure 5-15: Simplified Cycle 2 Mechanism (Developed by author)

R1 represents a reinforcing loop that models the impact of the country specific investment agreement on the degree of successful establishment of a local mining business by the Transnational Corporation (key outcome) in the African mining environment.

- (1) The higher the degree of utilisation of the investment system processes, the more refined the understanding of the degree of stability offered by the investment agreement. The more effective the organization perform the investment system activities with consideration of the African context, the better the execution risks are identified. This allows the project team to develop the project execution plan to account for potential economic, political, social or other risks threatening the execution of the project.

- (2) The higher the level of confidence in the stability offered by the investment agreement, the higher the level of effective Greenfield project execution by the Transnational Mining Corporation. The proposition is that a legal agreement and commitment to the terms of the investment agreement between the specific country and the Transnational Corporation will lead to positive relationships between major stakeholders providing a stable environment for project execution.
- (3) The higher the level of effective Greenfield project execution by the Transnational Mining Corporation, the higher the degree of successful establishment of a local mining business in Africa.
- (4) The higher the degree of successful establishment of a local mining business in Africa, the higher the degree of utility of investment system processes. This is a reinforcing relationship where the successful establishment of the business will endorse the usefulness of the investment system.

R2 represents a reinforcing loop that models the impact of the regulatory requirements and social license to mine on the degree of successful establishment of a local mining business by the Transnational Corporation (key outcome) in the African mining environment.

- (1) The higher the degree of utility of investment system processes, the clearer the understanding of the required degree of compliance with regulations. The extent of regulatory requirements and the cost of compliance impact the project's strategic fit, business case, and schedule.
- (2) As the degree of compliance with regulatory requirements increase, the degree of social license to mine increases. As the organization demonstrates its commitment towards complying with regulations, the community is positively influenced towards supporting the mining activities of the Transnational Mining Corporation.
- (3) As the degree of social license to mine increases, the level of effective Greenfield project execution by the Transnational Mining Corporation improves. A stable, supportive community is conducive to effective project execution.
- (4) The higher the level of effective Greenfield project execution by the Transnational Mining Corporation, the higher the degree of successful establishment of a local mining business in Africa.

- (5) The higher the degree of successful establishment of a local mining business in Africa, the higher the degree of utility of investment system processes. This is a reinforcing relationship where the successful establishment of the business will endorse the usefulness of the investment system.

The simplified mechanism points to two main drivers in this situation and context as explained through the reinforcing loops, R1 and R2, above.

Driver 1: The level of confidence in the stability offered by the investment agreement.

Driver 2: The degree of compliance with regulatory requirements and social license to mine.

These drivers lead to a higher level of effective Greenfield project execution by the Transnational Mining Corporation and consequently the successful establishment of a local mining business, which is the desired outcome.

5.3.1.4 Output from the Cycle 2 Mechanism

Following the C-M-O link, the context and mechanism have been presented and allows an explanation of the (empirically observed) output.

The key output of the mechanism is the successful establishment of a local mining business by the Transnational Corporation in the African mining environment. The mechanism models the organizational behavior of the Transnational Corporation's approach to Greenfield project execution.

When referring to the simplified mechanism in Figure 2-6 this leads to an understanding of the theory and also alludes to possible interventions that can be proposed to address the concern.

5.3.1.5 Proposed Interventions in Cycle 2

The theory will consequently illuminate the CIMO link between the local context (C), the mechanism (M), intervention addressing the concern (I) and the empirically discernible output (O) as seen in Figure 5-16 below.

The rationale behind the proposed interventions will be discussed at the hand of this figure.

Legend:

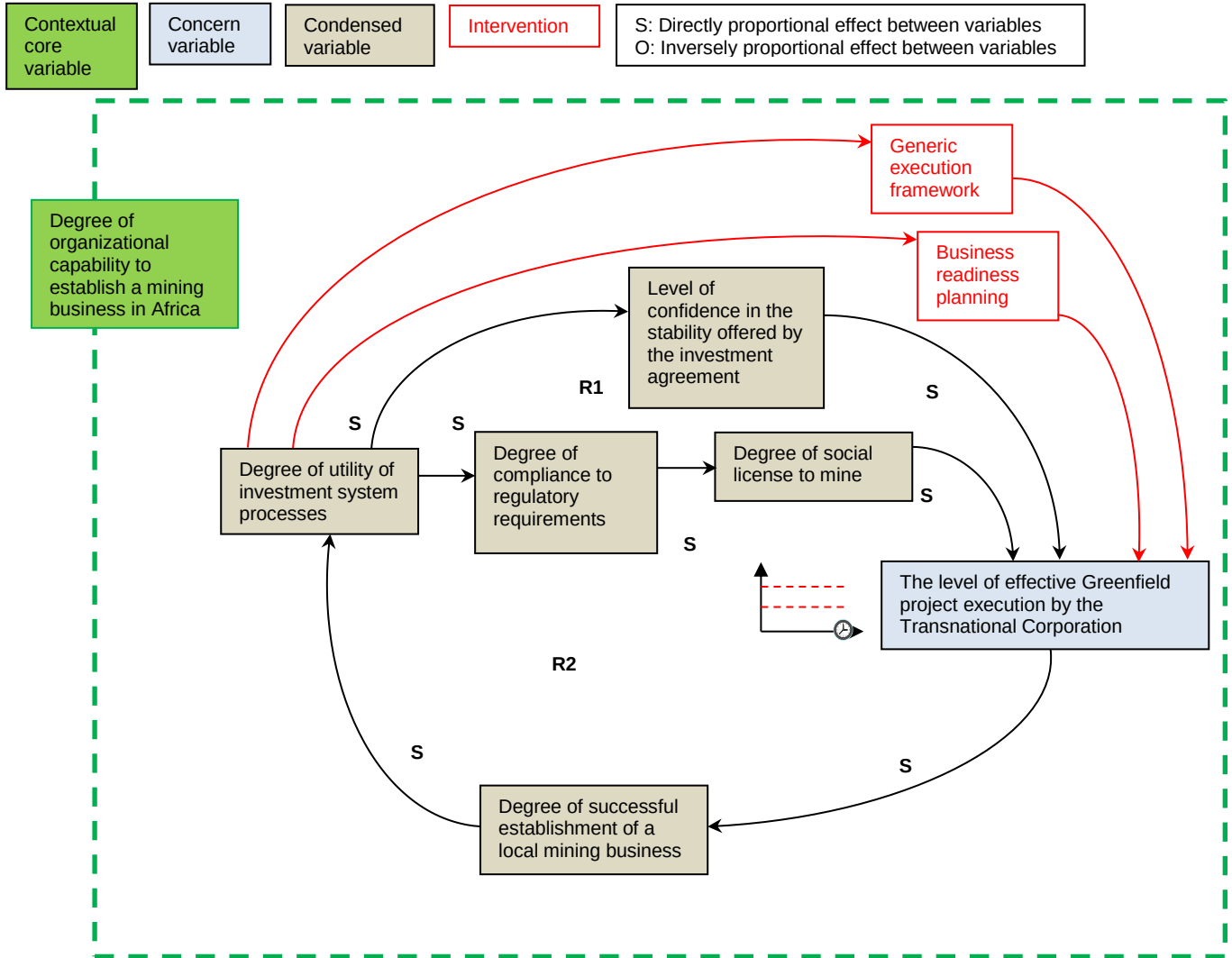


Figure 5-16: The Interventions are added to the Cycle 2 Mechanism (Developed by author)

The proposed interventions are designed to improve the level of effective Greenfield project execution by the Transnational Corporation in the African context.

Intervention 1: Implement a generic execution framework as part of the investment system to assist company leaders to execute the establishment of a mining business in Africa.

Many unsuccessful business strategy executions by various organizations are found in literature. This underlines the necessity for an improved understanding of the key enablers for successful execution and its influence on the execution process. Many variables impact the

degree of successful business strategy execution, but studies attempting to ascertain what these variables are, prove to be limited (Heide *et al.*, 2002:217-231; Hrebiniak, 2005a).

Greenfield project execution is a key discipline required to establish a mining business. A volatile and uncertain business environment emphasises the importance of the organizational culture towards supporting the establishment of a mining business in Africa.

Transnational Corporations in the mining industry all compete for the same growth opportunities and investment dollars. When evaluating investments in Africa, they are all exposed to the same environment. It can be argued that the Transnational Corporation who proves to be the most successful at establishing a local mining business in Africa will have a distinct competitive edge.

Intervention 2: Implement business readiness planning to increase the degree of successful establishment of a local mining business in Africa.

The successful establishment of a business does not consist of the construction of the mine, supporting infrastructure and processing plant alone. Successful operation of the business is just as important to the overall realisation of the business case as its construction. Business readiness planning must be an integral part of execution planning to ensure that when construction of the project is complete, there is a seamless transition into operations. A trained operational team equipped with the necessary management systems and resources are essential to operating the business. Business readiness planning should focus on people, processes, tactics and systems required to operate the business.

Both these factors need to be integrated effectively during the execution planning activities to ensure sustainability of the business (Gardner, 2001).

The interventions described above will enhance the level of effective Greenfield project execution by the Transnational Corporation and promote the successful establishment of a local mining business in Africa.

5.4 CYCLE 3: MANAGEMENT OF DIVERSITY

5.4.1 Cycle 3 Resultant Theory (Context, Intervention, Mechanism, Output)

The model created and shown in Figure 5-17 represents a theory explaining the mechanism at work as applicable to this context and produces empirically observable output. This is also referred to as the CMO link (Context-Mechanism-Output).

The CIMO link (Context-Intervention-Mechanism-Output) will be developed in this section.

The legend in Figure 5-17 identifies which are a concern, core, intervening, contextual or contextual intervening variables. In the explanation following Figure 5-17, the model is disseminated, and each of the loops explained individually. These individual explanations will enhance insight into the overall causal loop diagram.

Legend:

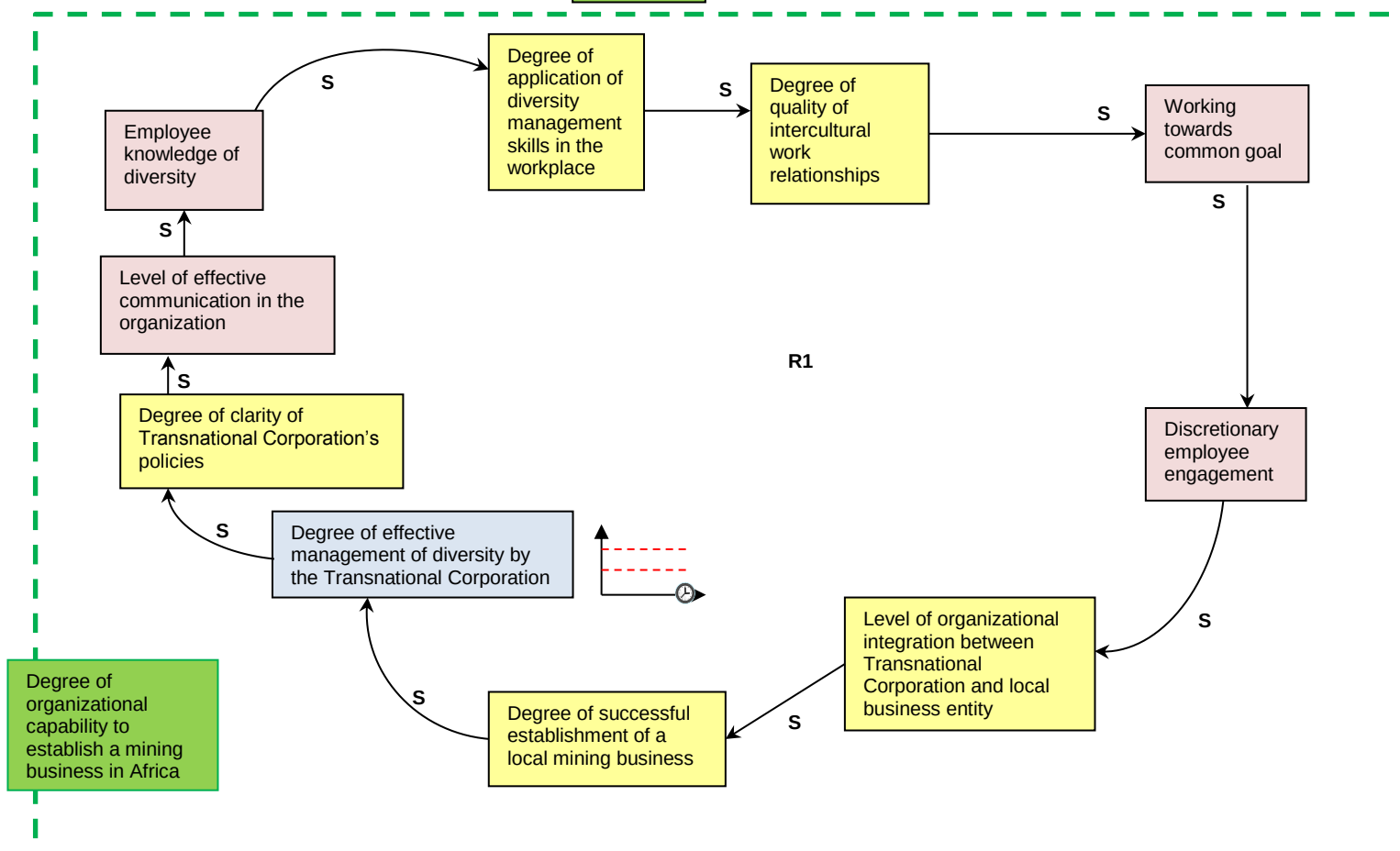
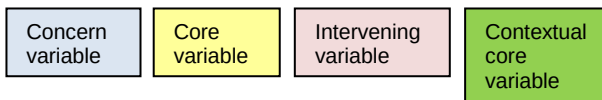


Figure 5-17: Cycle 3 Mechanism explaining behavior of the concern variable, R1 is a reinforcing loop (Developed by author)

The diagrams that follow are meant to illustrate the flow of the rationale (the blue arrow) for each argument based on the detail in Figure 5-17. The purpose is to illustrate the flow of the argument to the reader and not present detail as this can be reviewed in Figure 5-17 if required.

5.4.1.1 Cycle 3 Mechanism

Reinforcing Loop 1:

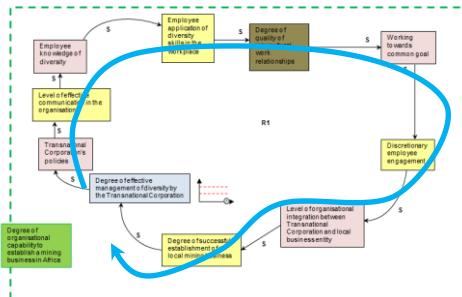


Figure 5-18: Cycle 3 Mechanism explaining behavior of the concern variable (Developed by author)

R1 (illustrated in blue) represents a reinforcing loop of organizational behavior that models the Transnational Corporation's approach to managing diversity.

The relationship between the variables in R1 is directly proportional, and this means that when a variable moves in the positive direction, the next variable is also influenced positively.

Clear policies on the management of diversity will improve the level of effective communication within the Transnational Corporation. Clear and regular communication promotes employee knowledge of diversity. The employee's degree of knowledge and understanding of the management of diversity will promote the application of these skills in the working environment. The higher the application of diversity management skills in the workplace, the higher the degree of quality intercultural relationships in the organization will be. Quality intercultural relationships will lead to the employees working towards a common organizational goal. Working towards the same goal will stimulate discretionary employee engagement. Employee engagement leads to a higher level of organizational integration between the Transnational Corporation and the local business entity being established. The degree of successful establishment of a local mining business increases as the level of organizational integration between the Transnational Corporation and local business entity develops.

The degree of effective management of diversity by the Transnational Corporation improves as the degree of successful establishment of a local mining business improves.

5.4.1.2 Impact of Context on the Cycle 3 Mechanism

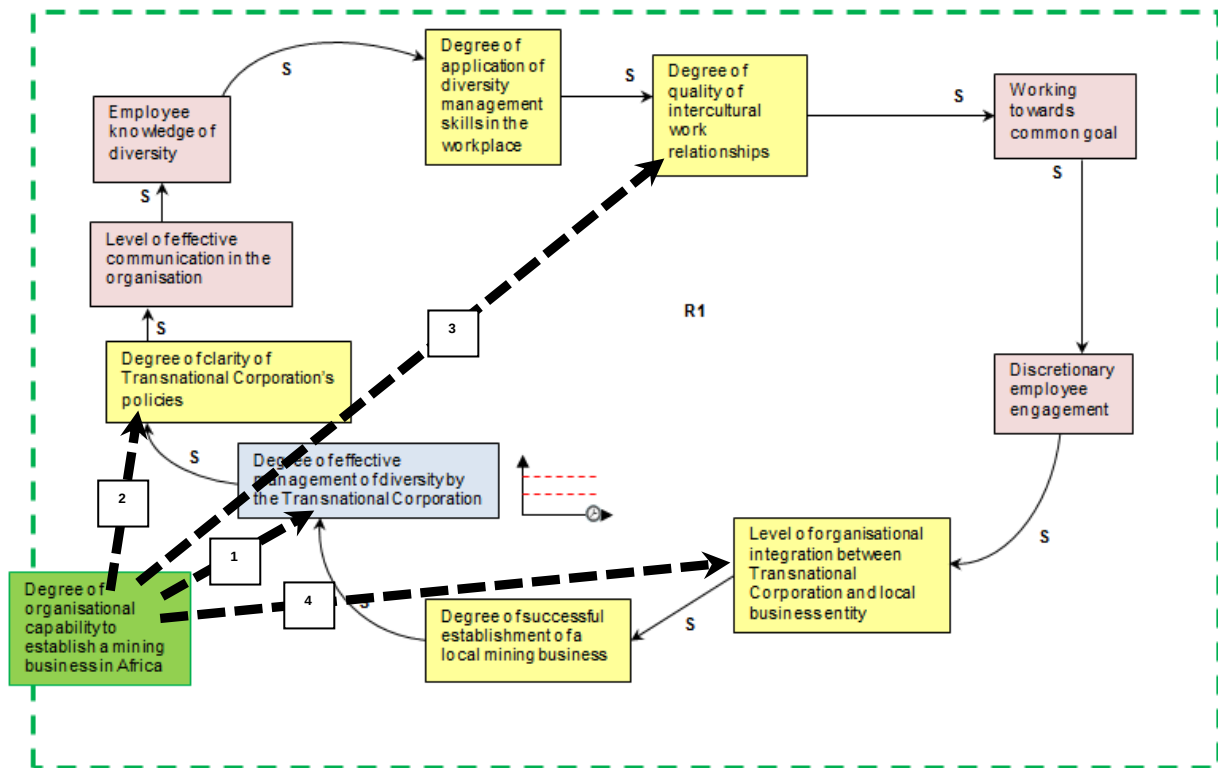


Figure 5-19: Impact of context on the Cycle 3 Mechanism (Developed by author)

As the degree of organizational capability to establish a mining business in Africa increases, the following impacts can be discerned:

- (1) Emphasising the impact of the African context on the degree of effective management of diversity by the Transnational Mining Corporation (concern variable).
- (2) Focusing the leadership to account for the context when forming the Transnational Corporation's policies to reflect the corporation's view on diversity and the management thereof.
- (3) Sensitising the organization to intercultural work relationships and the impact this has on the organizational culture.

- (4) Guiding the organization to recognise that the level of organizational integration influences the degree of successful establishment of a mining business in Africa.

5.4.1.3 Simplified Cycle 3 Mechanism

The mechanism explained in Section 5.4.1.1 above, needs to be simplified to provide an uncluttered understanding of the behavior of the concern variable. An interrelationship digraph will be used to achieve this.

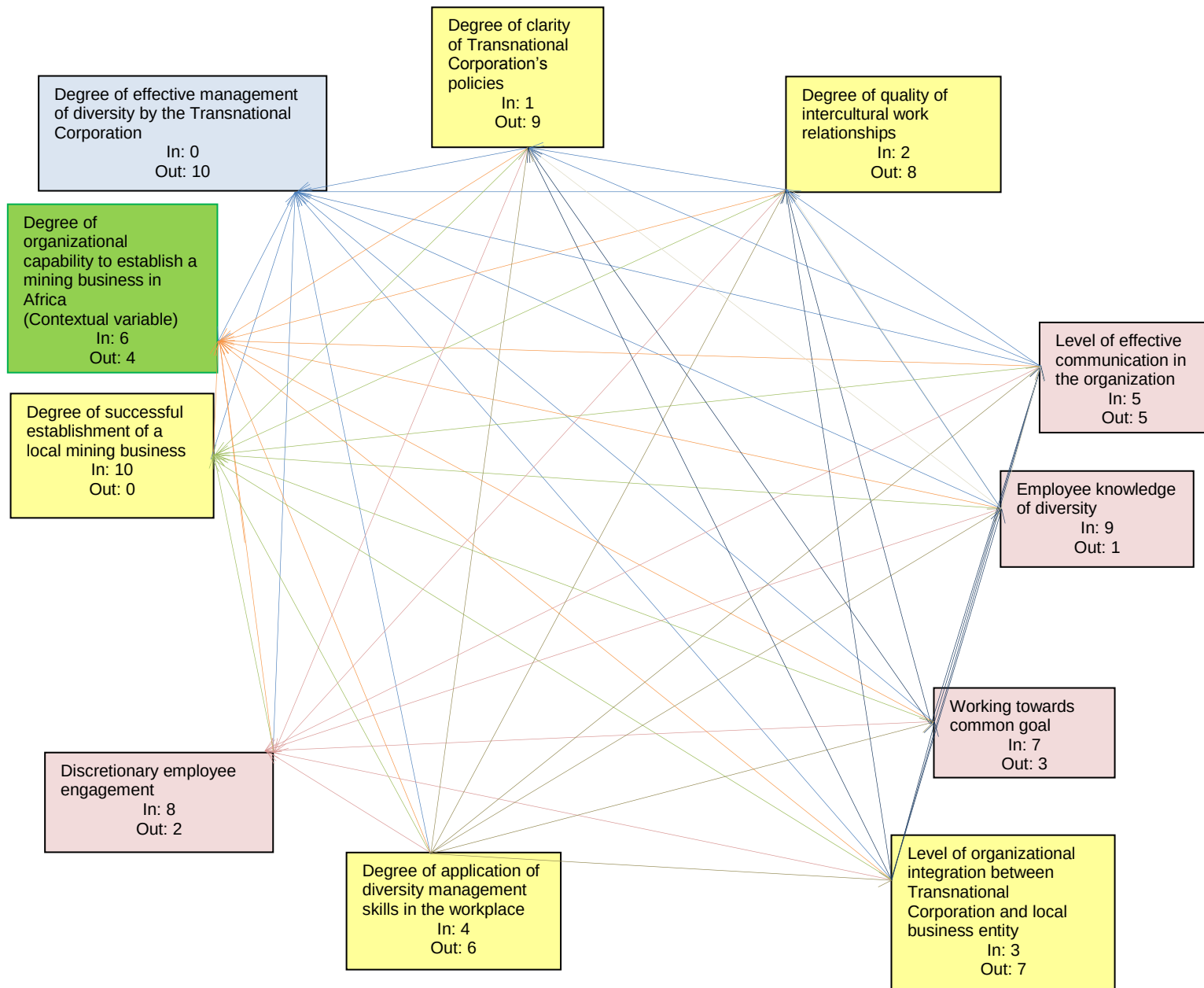


Figure 5-20: Interrelationship Digraph for Cycle 3

By using the interrelationship digraph, the mechanism is condensed to a simpler format consisting of the following variables and presented below:

- (1) Degree of effective management of diversity by the Transnational Corporation (Concern behavior over time).
- (2) Degree of organizational capability to establish a mining business in Africa (Contextual variable).
- (3) Degree of clarity of the Transnational Corporation's policies.
- (4) Degree of application of diversity management skills in the workplace.
- (5) Degree of quality of intercultural work relationships.
- (6) Level of organizational integration between Transnational Corporation and local business entity.
- (7) Degree of successful establishment of a local mining business.

It is necessary to provide the underlying logic to understand the relationships between the variables in the simplified mechanism, shown in Figure 3-5, as they influence the outcome and lead to proposed interventions. The contextual variable permeating the mechanism is expressed as the degree of organizational capability to establish a mining business in Africa.

Legend:

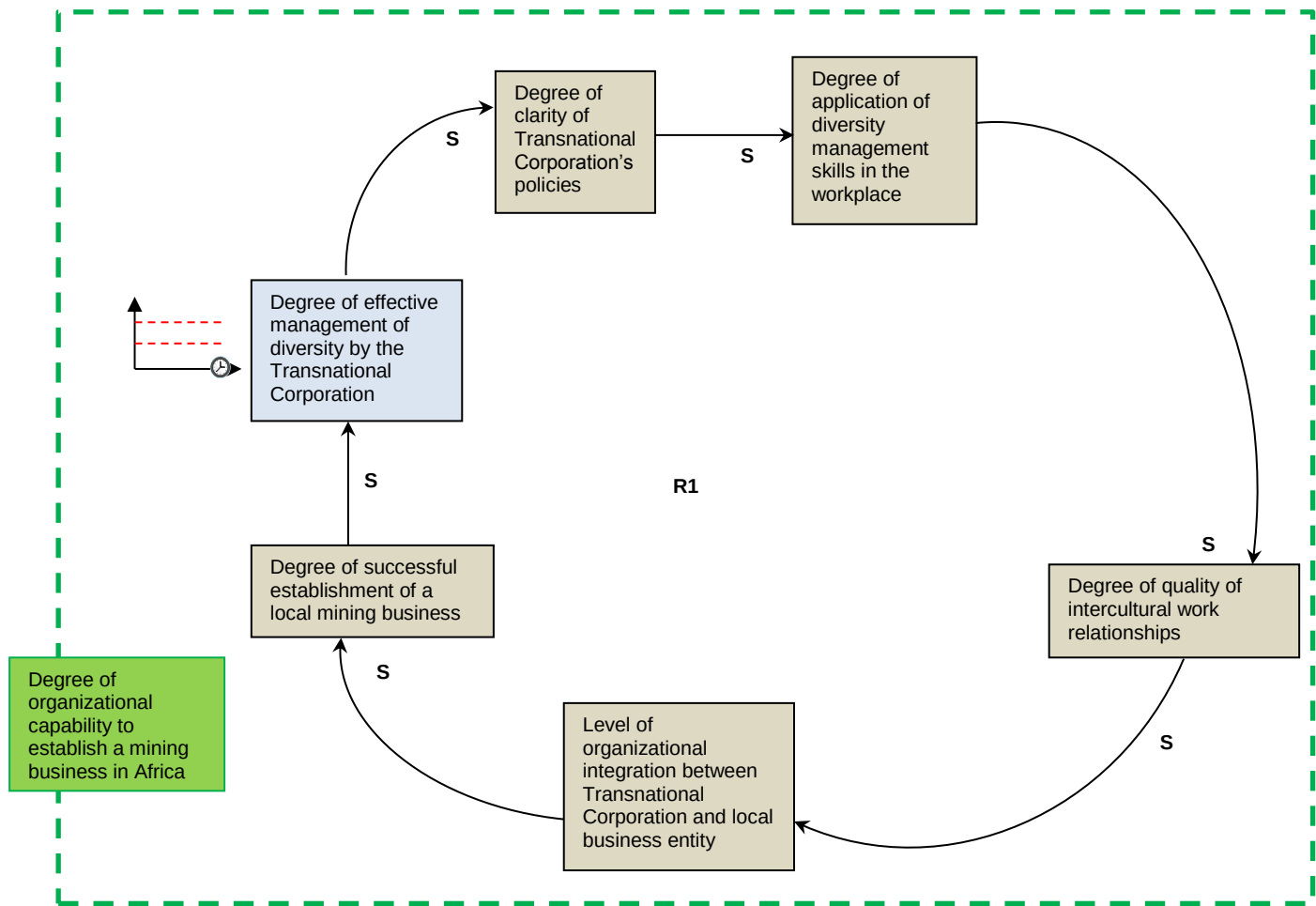
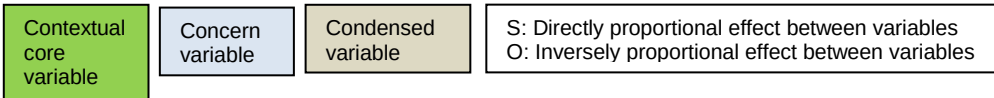


Figure 5-21: Simplified Cycle 3 Mechanism (Developed by author)

R1 represents a reinforcing loop that models the impact of the management of diversity on the degree of successful establishment of a local mining business by the Transnational Corporation (key outcome) in the African mining environment.

- (1) As the degree of clarity of the Transnational Corporation's policies increase, so will the application of diversity skills in the workplace. Clear policies on the management of diversity will improve organizational communication and appreciation of diversity. The employee's degree of knowledge and understanding of the management of diversity will determine the degree to which diversity skills are applied in the working environment.

- (2) The higher the application of diversity management skills in the workplace, the higher the degree of quality intercultural relationships in the organization will be. Quality intercultural relationships will lead to an improved understanding between individuals and cultures. This in turn will assist in forming the organizational culture required to support the establishment of a mining business in the African context.
- (3) The higher the degree of quality intercultural relationships in the organization, the higher the level of organizational integration will be between the Transnational Corporation and the local business entity being established.
- (4) The higher the level of organizational integration between the Transnational Corporation and local business entity, the higher the degree of successful establishment of a local mining business. As the organizational culture develops towards a more culturally intelligent form, the capability of the Transnational Corporation to support the business will improve.
- (5) The higher the degree of successful establishment of a local mining business in the African context, the higher the degree of effective management of diversity by the Transnational Corporation.
- (6) The higher the degree of effective management of diversity by the Transnational Corporation, the clearer the policies will be. This is so because knowledge of the environment in which the business is established will improve and guide the policies developed.
- (7) The simplified mechanism highlights the importance of intercultural understanding in this situation and context as explained through the reinforcing loop R1 above.
- (8) The degree of quality of intercultural work relationships leads to a higher degree of effective management of diversity by the Transnational Corporation and consequently the successful establishment of a local mining business, which is the desired outcome.

5.4.1.4 Output of the Cycle 3 Mechanism

Following the C-M-O link, the context and mechanism have been presented and allows an explanation of the (empirically observed) output.

The key output of the mechanism is the successful establishment of a local mining business by the Transnational Corporation in the African mining environment.

Reflecting on the causal loop diagram illustrated by the simplified mechanism leads to an understanding of the theory and also alludes to possible interventions that can be proposed to address the concern.

5.4.1.5 Proposed Interventions in Cycle 3

The theory will consequently illuminate the CIMO link between the local context (C), the mechanism (M), intervention addressing the concern (I) and the empirically discernible output (O) as seen in Figure 5-21 below.

The rationale behind the proposed interventions will be discussed at the hand of this figure.

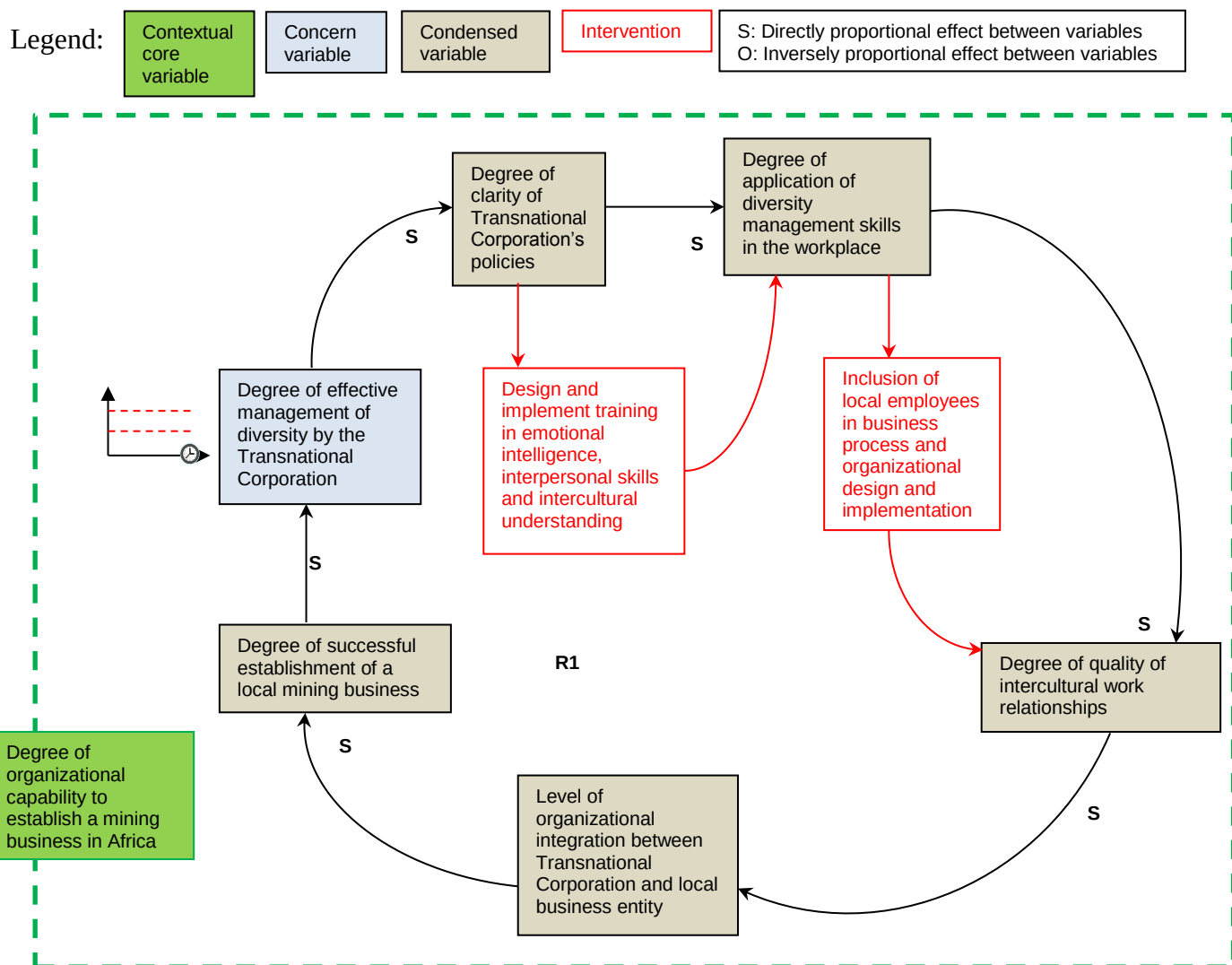


Figure 5-22: The Interventions are added to the Cycle 3 Mechanism (Developed by author)

The proposed interventions are designed to improve the level of effective management of diversity by the Transnational Corporation in the African context.

Intervention 1: Implementing and maintaining interpersonal, emotional intelligence and cultural skills training for Expatriate employees (representing the Transnational Corporation) and National employees will improve intercultural knowledge and skills. This will empower the people in the organization to apply these skills and improve the degree of quality of intercultural relationships. Good work relationships will build trust and provide a solid foundation to establish a mining business in the African environment.

Much of the following section was discussed before in the literature study but repeated here to underpin the rationale.

In the context of intercultural diversity management, the self-organising system must be stimulated with cohesive external stimulation in the form of encouragement of collaboration to become and remain sustainable (Bolten, 2009:1-7).

Socially competent and trustworthy personnel need to be developed to become promoters of collaboration.

“They need to initiate the emergent processes by acting as interfaces in the reciprocity that develops between the individual nodes of the network. The promoters may establish the connections, activate them, or intensify them, but their primary function is to act as the communicative catalyst with the active network nodes representing a fulcrum between the micro and macro levels of the organization. Promoters encourage learning processes, the exchange of knowledge, and open the channels of communication, interaction, and collaboration while simultaneously building a foundation of trust. They help to recognise potential compatibilities within the active network and seek interfaces with networks outside of their own. In this way, promoters encourage the development of the cohesion potential among the members of the collective while at the same time they strengthen the organizational network as a ‘macro culture’. In their function as a ‘moderator’, then, promoters undertake a formative role in the emergent processes. They represent, therefore, essential components in the successful establishment of ‘emergent systemic competence’ within organizations and furthermore promote an internal intercultural diversity competence.” (Bolten, 2009:1-7).

Incentives should be offered for creating and encouraging cohesive cooperation. This requires the complex interaction of organizational and personnel development in the specific context of diversity processes (Bolten, 2009:6). The concept of aligning performance management with the

Transnational Corporation's goals is a common thread through the research and applicable to the management of diversity as well.

Intervention 2: Creating a genuine opportunity for local employees to collaborate in design and implementation of business processes and the setup of the local business entity will improve the degree of quality of intercultural work relationships. Mutual understanding will be enhanced through this collaborative approach and employee engagement and commitment to a common goal will be encouraged leading to effective organizational integration. Accounting for the African context in establishing the business will greatly enhance the level of effective management of diversity by the Transnational Corporation.

Bolten (2009:1) proposes a dialogic form of intercultural diversity management which itself drives a certain mode of diversity: "Be yourself, but let's collaborate." It is an active, cooperative form of diversity that encourages cohesive networking and aligns with the core concepts emerging from the Grounded Theory process.

Fragmentation and isolation within a transnational organization will be a constant due to the demographic of its employees and can also lead to a group of individuals to be lost in diversity. Without a common vision and goals to build a foundation for collaboration between individuals, said individuals could not establish sustainable, reciprocal relationships based on mutual respect and trust (Putnam, 2001:41-51).

The interventions described above will enhance the cultural competence of the organization and lead to more profitable, safe, sustainable and socially and environmentally responsible business.

5.5 CONCEPT ANALYSIS

A concept analysis was done on the core variables that emerged from the Grounded Theory process to explicate their meanings and establish their interrelationships. Each concept was analysed through enunciating its attributes, antecedents, and consequences. This assisted in analysing the causal relationships between the concepts as portrayed in the causal loop diagram. The literature study and memos produced during the Grounded Theory process enhances the concept analysis shown in Table 5-1 below.

Table 5-1: Concept Analysis of the Core Variables emerging from the Grounded Theory Implementation

	Antecedents	Defining attributes	Consequences	Process/ Outcome
Business strategy	The leadership activity of charting the course of a business.	Business strategy is the means by which an organization sets out to achieve its desired objectives over a defined period.	A roadmap and framework of processes and procedures used to ensure that an organization can fulfil all tasks required to achieve its objectives.	A key process in establishing and sustaining a viable business.
Greenfield project execution	A core capability required for establishing an independent business operation.	Execution of a project in a new environment or site where the organization has no existing footprint.	New infrastructure or a new business operation.	A framework of processes used to execute projects in new areas.
Management of diversity	The cultural variety phenomenon in organizations.	Management of interaction between people of different ethnic backgrounds, religions, sex and age groups.	Successful management of diverse people into a cohesive and productive unit.	A process of management and an outcome of a diverse organization.
Degree of country specific constraints	Infrastructure, logistics and regulatory frameworks are generally underdeveloped in emerging countries.	Each country/region has unique characteristics influencing the ease of doing business there.	Degree of investor appetite to invest in the specific country.	The outcome is the degree of risk and sustainability in establishing and operating a business in a specific country.
Degree of organizational capability to establish a mining business in Africa (Contextual variable)	Organizations that are not structurally and systemically set up for investment in Africa are challenged to execute projects and sustain the investments.	Degree of systems, right people, institutional knowledge and track record of the organization in establishing mining businesses in Africa.	Degree of investment and execution risk that the organization will be exposed too.	The outcome is the degree of profitable and sustainable investment in the mining industry in Africa.

5.6 SYSTEM ARCHETYPES AND BEER'S YO-YO MODEL

System archetypes and the yo-yo model are the systems thinking tools used to assist in theory building.

The intention of using the yo-yo model is to metaphorically link a well understood situation to a less understood situation. These metaphors will assist in explaining the less understood situation at the hand of the well understood situation.

The less understood situation which is the problem statement of this thesis (The degree of utility of the Transnational Corporation's strategy execution in establishing a local business entity in the mining industry in Africa.), was subjected to homomorphic (many to one) mapping as illustrated in Figure 5-22.



Figure 5-23: Homomorphic mapping of the less understood situation

After the homomorphic mapping, this less understood situation was then compared with some systems archetypes representing well understood scientifically described situations. The archetypes investigated were; Limits to Growth (Limits to Success), Shifting the Burden, Eroding Goals, Escalation, Success to the Successful, Tragedy of the Commons, Fixes that Fail, Growth and Underinvestment, Accidental Adversaries and the Attractiveness Principle (Braun, 2002:1-26).

The fundamental characteristics of the chosen archetype were compared with the fundamental characteristics of the less understood situation, and the archetype that related the closest to the situation was the Attractiveness Principle. This archetype is illustrated in Figure 4-2 below, and the rationale behind choosing it above other archetypes is explained in the section that follows.

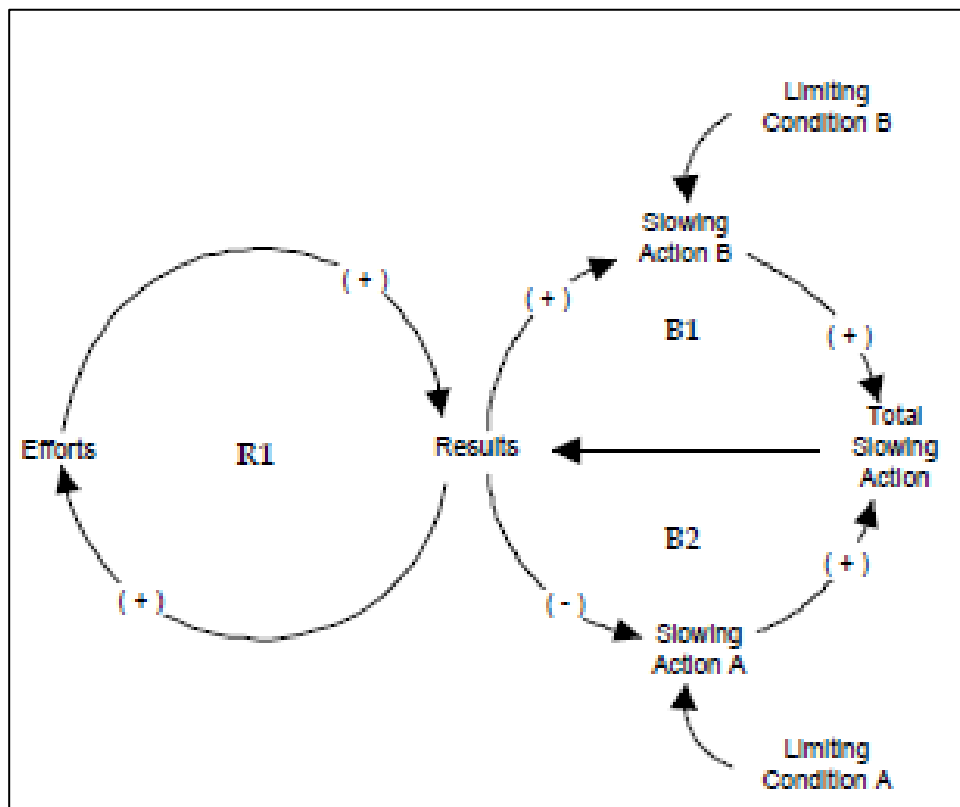


Figure 5-24: Attractiveness Principle Archetype (Braun, 2002:21)

The Attractiveness Principle archetype bears a strong resemblance to Limits to Growth with the addition of multiple slowing actions. Each slowing action presents a challenge to be addressed if the Transnational Corporation is to overcome the combined limits to growth. The name of the archetype originates from the quandary of deciding which of the limits to address first (Senge, 2014). Leaders need to decide which limit to address first regarding the future benefit to the desired results that are being pushed by the effort (or growing action). With limited resources and multiple limits impeding growth, leaders need to compare the potential future value of removing or reducing each of the slowing actions, including any synergistic effect they may have in reducing or removing interdependent limiting conditions. The availability of resources can reduce the options available that the Transnational Corporation can pursue. The lesser ambiguity may be counterbalanced by the limited benefits the Transnational Corporation can expect (Braun, 2002:21).

The dynamic theory on this archetype states that the result pursued by the organization (which is the aim of a growing action) may be subject to multiple slowing actions, each of which represents an opportunity and an opportunity cost. Insight into the interdependencies between

the slowing actions is a critical insight into deciding how limited resources should be utilised to decrease or eliminate the slowing actions (Braun, 2002:21).

The attractiveness principle often presents itself in organizations. When faced with many challenges, leaders must prioritise the problems or problem symptoms to address to pursue those with the highest impact to the organization's goals.

The lessons from the Attractiveness Principle, on planning, are that if the organization does not include limits in its planning, it is planning for failure. This archetype illustrates that being successful can be just as perilous to long-term health as being unsuccessful. By mapping out the growth engines and potential risks in advance, future problems can be anticipated and eliminated before becoming threats and is reinforced in this archetype. The insight into the dynamics of the mechanism is complicated by interacting limits. As systems and planning become more complex, so does the degree of anticipation into the future limits of the mechanism.

Continuous improvement commonly uncovers several and interrelated problems. Interrelated problems are a system of problems that ideally replace the approach to problem symptoms taken individually and treated as distinctive problems unto themselves. Cautious and systemic examination of the interrelated problems can reveal possible synergies when available resources are engaged to wisely chosen limits. If such limits are reduced or removed, this can result in extra resources being available to be directed at the remaining limits. Other synergies that might manifest are the reduction or removal of other limits as a dynamic side effect of addressing the limits first selected.

The Attractiveness Principle archetype is powerful when considering long-term decisions that affect the availability of resources, their conversion to key capabilities, and the development of selected capabilities into core competencies. This commonly applies to organizations that pursue resource based strategies. These organizations face the challenge of constant renewal if they are to maintain their competitive advantage (Braun, 2002:22).

The Attractiveness Principle illustrates the mechanism at work when the complexity of the situation increases and the interactions between the parts become increasingly hard to anticipate. This archetype makes a strong case for dynamic modelling to expose the synergies that may emerge from the Transnational Corporation's response to growth engines as complexity rises.

Fundamentally this archetype presents expansionistic thinking where the constraint exists of leaders seeking to solve systems of problems in the largest system within their area of influence. The archetype also highlights the difference between knowledge and understanding. Knowledge can be defined as facts, information, and skills acquired through experience or education (Oxford, 2016). Understanding can be viewed as a mental process of comprehending the knowledge as defined above.

This archetype assists the Transnational Corporation to understand the mechanism and dynamics involved in starting and doing business in the mining industry in Africa and aims to provide a foundation from which to craft a systemic solution.

The well understood situation being represented by the Attractiveness Principle archetype is now isomorphically mapped with the situational variables that emerged from the Grounded Theory process and is illustrated in Table 4-1. The term “successfully” in the table below refers to a profitable, sustainable, socially and environmentally responsible business.

Table 5-2. Isomorphic mapping of the Attractiveness Principle Archetype's variables to the variables of the studied and less understood situation.

Archetype variable	↔	Situation variable	Rationale behind isomorphic relationships
Efforts		Investment by Transnational Corporation.	The effort of the Transnational Corporation to grow the business.
Results		Degree of growth in sustainable mining businesses in Africa.	The key outcome pursued by the Transnational Corporation.
Slowing Action A		Efficiency.	The organizational and country specific issues that constrain the Transnational Corporation's ability to execute its strategy successfully.
Limiting Condition A		Level of organizational constraints of the Transnational Corporation; Management processes; Human resources; Degree of country-specific constraints; Logistical constraints; Geopolitical stability; Regulatory processes.	As the Transnational Corporation pursues growth, the strain increases the capacity and capability of the management processes and human resources. Country-specific logistical, geopolitical and regulatory issues generally limit execution efficiency in the context of Africa. These limits slow the efficiency of execution in the Transnational Corporation.
Slowing Action B		Effectiveness.	The Transnational Corporation's capability to execute its strategy successfully in the African context.
Limiting Condition B		Execution capability of the Transnational Corporation; Business strategy; Greenfield project execution; Management of diversity.	The limiting conditions are impacting effectiveness due to issues around business strategy, Greenfield project execution, and management of diversity.
Total Slowing Action		The degree of utility of the Transnational Corporation's strategy execution in establishing a local business entity in the mining industry in Africa.	The quality of execution by the Transnational Corporation represents the total slowing action to the required results which is the growth of the business in this context.

5.7 RESULTANT THEORY AFTER META-SYNTHESIS

5.7.1 Resultant Theory (Context, Intervention, Mechanism, Output)

The model created and presented as a causal loop diagram in Figure 5-24, represents a theory explaining the mechanism at work as applicable to this context and produces empirically observable output. This is referred to as the CMO link (Context-Mechanism-Output).

The CIMO link (Context-Intervention-Mechanism-Output) is developed in this section.

The legend in Figure 5-24 identifies which are concern, core, intervening, contextual or contextual intervening variables. Following Figure 5-24, the model is broken down, and each of the loops explained individually. The individual explanations of each loop will enrich the understanding of the overall causal loop diagram.

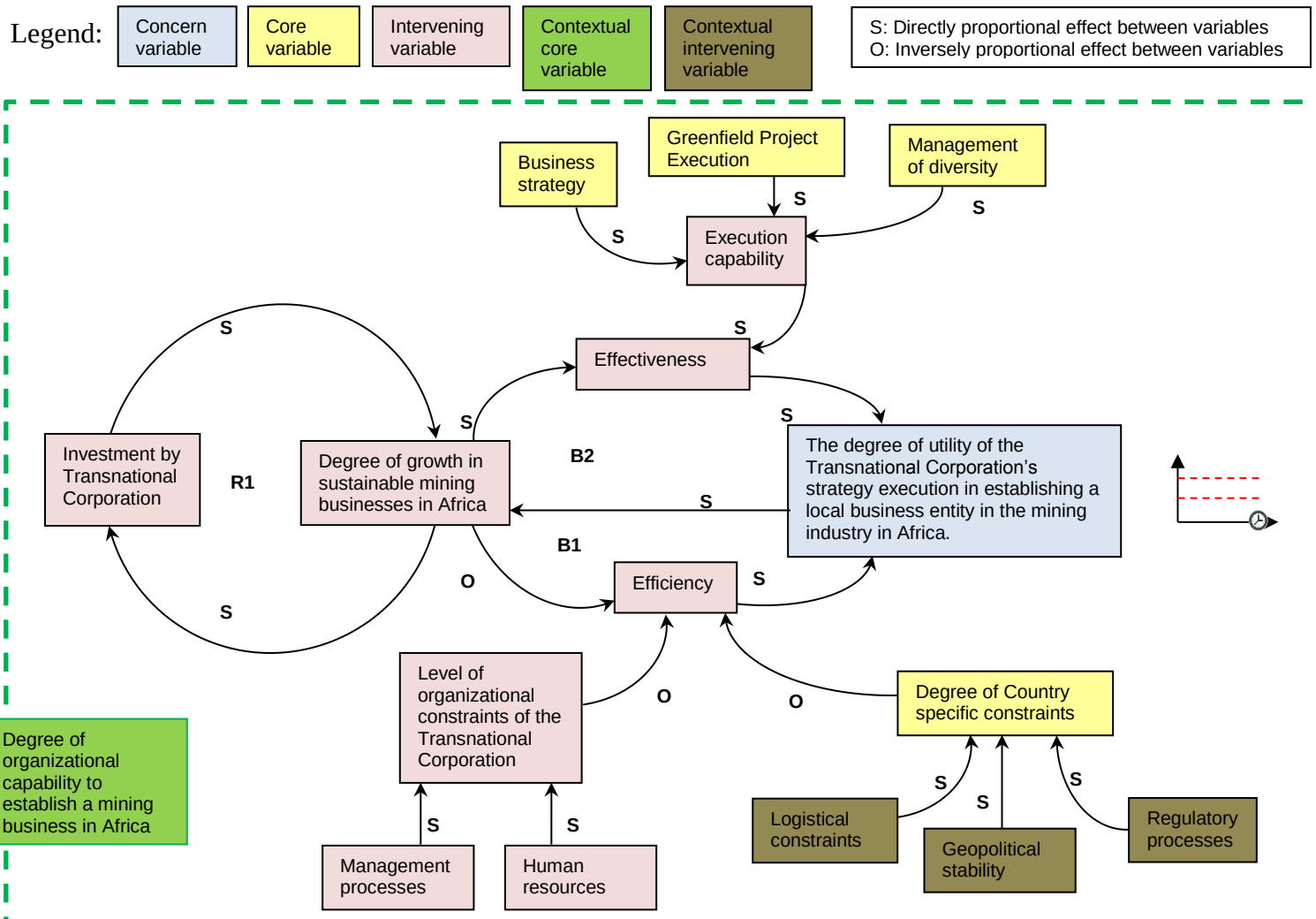


Figure 5-25: Mechanism explaining behavior of the concern variable, R1 is a reinforcing loop, while B1 and B2 are balancing loops (Developed by author)

The diagrams that follow are meant to illustrate the flow of the rationale (the blue arrow) for each argument based on the detail in Figure 5-25. The purpose is to illustrate the flow of the argument to the reader and not present detail as this can be reviewed in Figure 5-25 if required.

5.7.1.1 Mechanism

Reinforcing Loop 1:

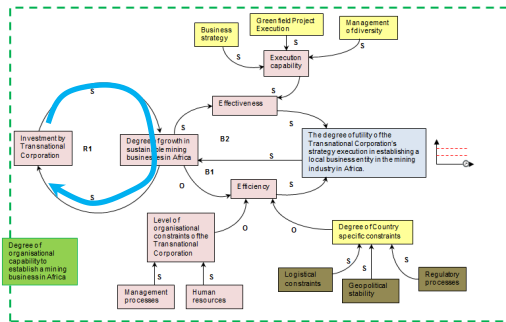


Figure 5-26: Reinforcing Loop 1 as part of the Mechanism (Developed by author)

R1 (illustrated in blue) represents the reinforcing loop that models the behavior of the Transnational Corporation with regards to investment in response to the degree of growth in sustainable mining businesses in Africa.

As the number of successfully established African mines in the Transnational Corporation's portfolio increases so will further investment into similar projects.

The Transnational Corporation is faced with the dilemma of how to grow successful mining businesses in Africa. It has the choice between focusing its efforts on effectiveness or efficiency. Organizations have limited financial and human resources at their disposal and had to prioritise which initiatives to drive. As illustrated in this mechanism, it has to decide between improving its effectiveness through execution capability and improving efficiency through alleviating the constraints imposed on the organization.

Balancing Loop 1:

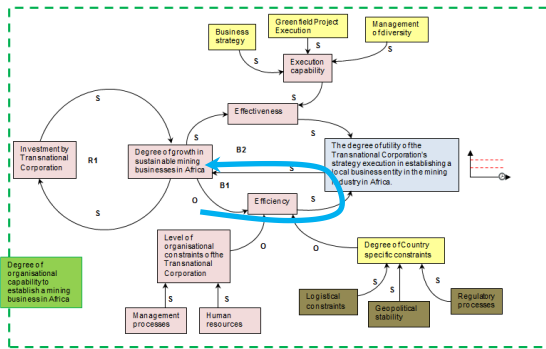


Figure 5-27: Balancing Loop 1 as part of the Mechanism (Developed by author)

B1 presents a balancing loop highlighting the Transnational Corporation's efforts to reduce constraints on its efficiency. Efficiency is influenced by the level of organizational limits and degree of country specific constraints. Organizational constraints refer to the suitability of management processes used to manage the organization as well as the skill level and experience of its leaders and employees to execute its strategy in the African context. The country specific constraints refer to geopolitical, logistical and regulatory issues that impact on the execution efficiency of the organization. As the efficiency decreases, the degree of utility of the Transnational Corporation's strategy execution in establishing a local business entity in the mining industry in Africa deteriorates. Poorer strategy execution leads to a decrease in successfully established mines that consequently lead to a reduction in the degree of growth in sustainable mining businesses in Africa as part of the Transnational Corporation's asset portfolio.

Balancing Loop 2:

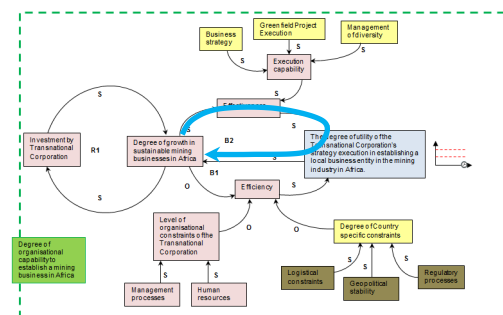


Figure 5-28: Balancing Loop 2 as part of the Mechanism (Developed by author)

B2 presents a balancing loop highlighting the Transnational Corporation's efforts to improve its effectiveness through execution capability. The synergy and integration between business strategy, Greenfield project execution, and management of diversity in accounting for the African context influences execution capability. As the execution capability increases, the degree of utility of the Transnational Corporation's strategy execution in establishing a local business entity in the mining industry in Africa improves. Improved strategy execution leads to an increase in the degree of growth in sustainable mining businesses in Africa that forms part of the Transnational Corporation's portfolio of assets.

5.7.1.2 Context

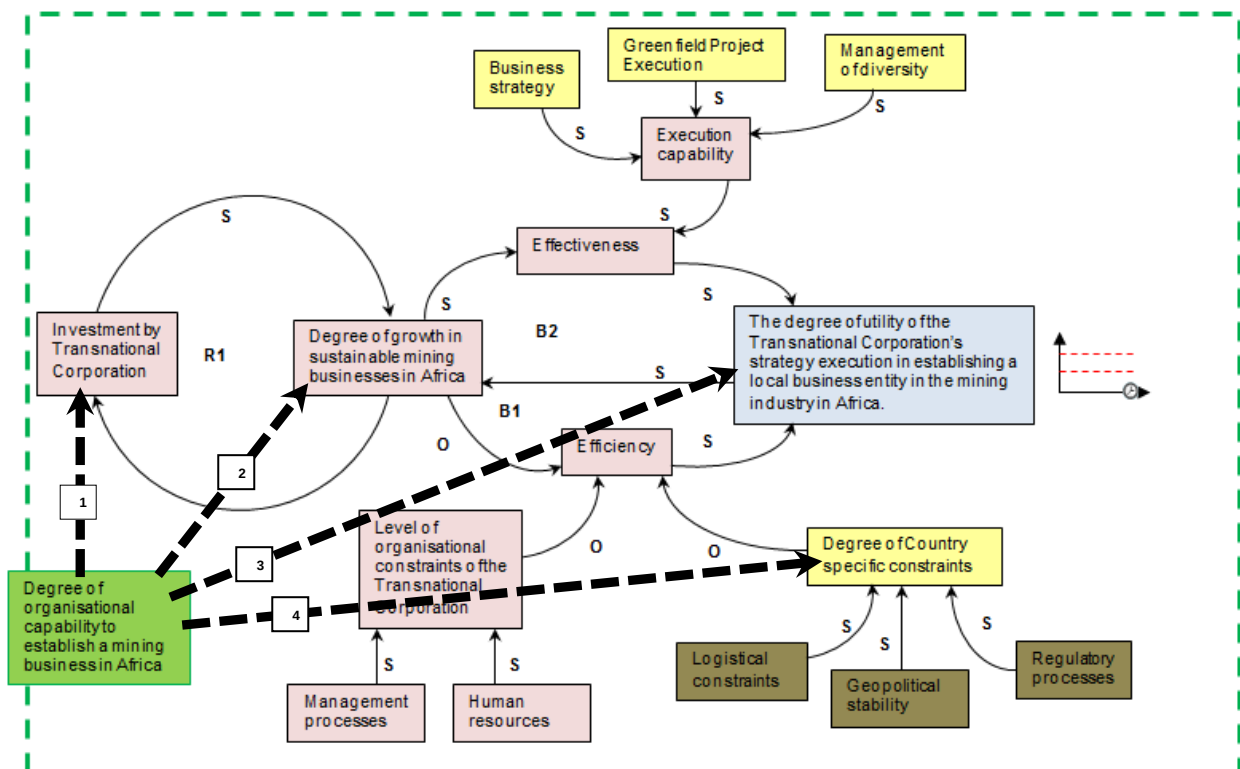


Figure 5-29: Impact of Context on the Mechanism (Developed by author)

As the degree of organizational capability to establish a mining business in Africa increases, the following impacts can be discerned:

- (1) Influencing the level of investment in Africa by the Transnational Corporation.
- (2) Impacting the degree of growth in sustainable mining businesses in Africa (outcome).

- (3) Influencing the degree of utility of the Transnational Corporation's strategy execution in establishing a local business entity in the mining industry in Africa (concern variable).
- (4) Focusing the organization to account for the degree of country specific constraints to execution efficiency.

5.7.1.3 Simplified Mechanism

The mechanism explained in Section 5.7.1.1, needs to be simplified to provide an uncluttered understanding of the behavior of the concern variable. An interrelationship digraph is used to achieve this.

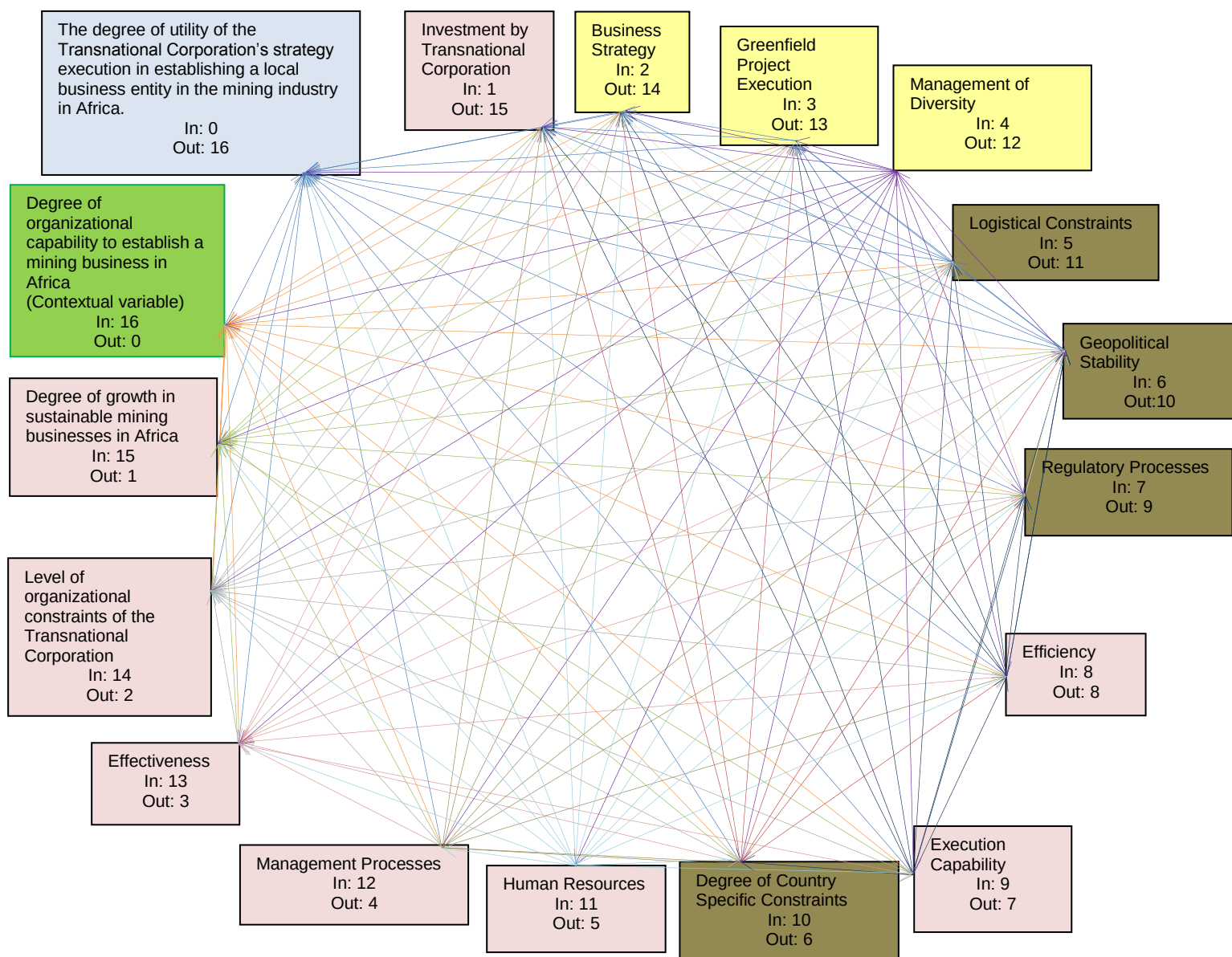


Figure 5-30: Interrelationship Digraph

The interrelationship digraph condenses the mechanism to a simpler format consisting of the following variables:

- (1) The degree of utility of the Transnational Corporation's strategy execution in establishing a local business entity in the mining industry in Africa (Concern behavior over time).
- (2) Degree of organizational capability to establish a mining business in Africa (contextual variable).
- (3) Investment by Transnational Corporation.
- (4) Degree of growth in sustainable mining businesses in Africa.
- (5) Business strategy.
- (6) Greenfield project execution.
- (7) Management of diversity.
- (8) Degree of country specific constraints.

It is necessary to provide the underlying logic to understand the relationships between the variables in the simplified mechanism, shown in Figure 5-29, as they influence the outcome and lead to proposed interventions. The contextual variable permeating the mechanism is expressed as the degree of organizational capability to establish a mining business in Africa.

Legend:

Concern variable	Core variable	Contextual core variable	Contextual intervening variable	Intervening variable	S: Directly proportional effect between variables O: Inversely proportional effect between variables
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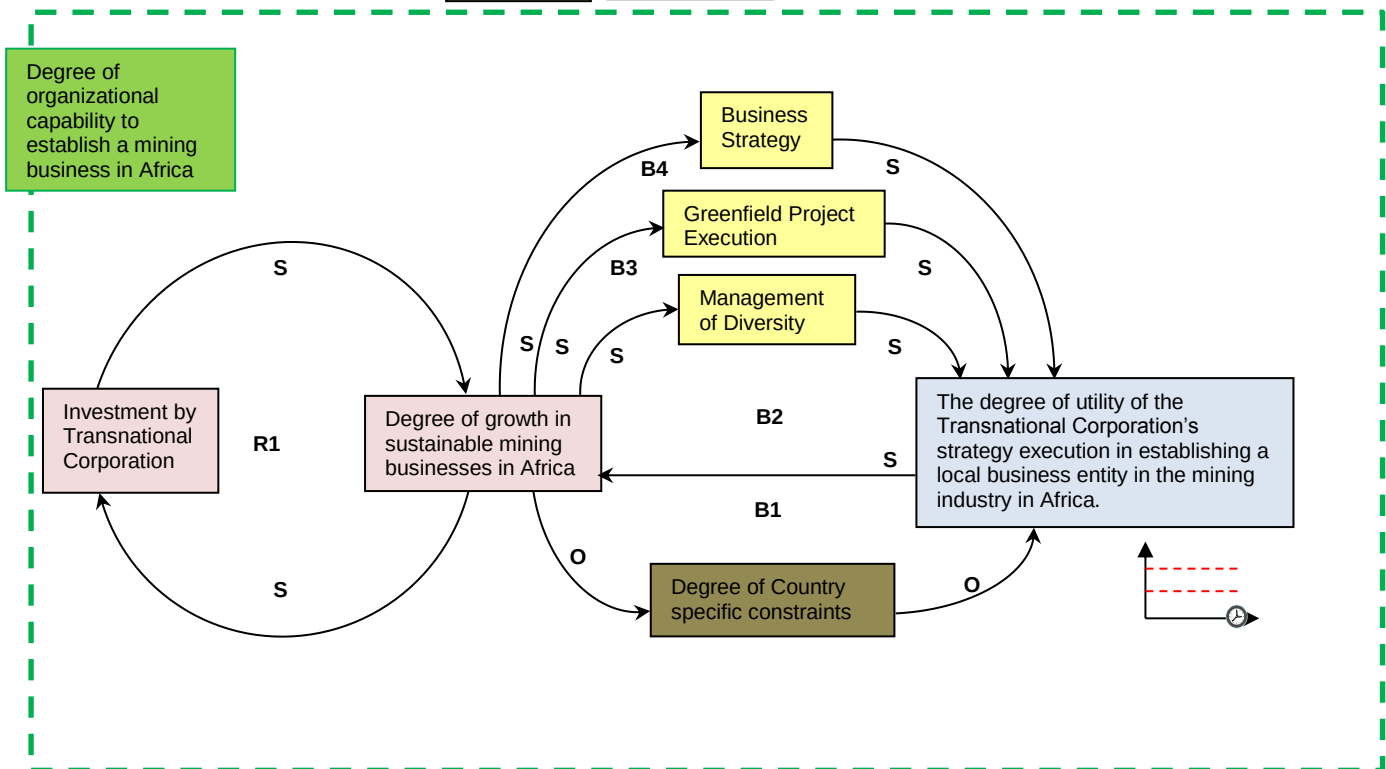


Figure 5-31: Simplified Mechanism (Developed by author)

R1 represents a reinforcing loop that models the impact that investment by the Transnational Corporation has on the degree of growth in sustainable mining businesses in Africa (key outcome) where these mines are established by the Transnational Corporation.

Successful establishment of mining businesses in Africa will attract more investment by the Transnational Corporation, but the poor or unsuccessful establishment will deter it.

- (1) The higher the degree of growth in sustainable mining businesses in Africa executed by the Transnational Corporation, the higher the level of investment in similar business endeavours will be.
- (2) The higher the level of investment by the Transnational Corporation, the higher the degree of growth in sustainable mining businesses in Africa, executed by the Transnational Corporation, will be.

B1 represents a balancing loop that models the impact that the degree of country specific constraints has on the degree of growth in sustainable mining businesses in Africa (key outcome).

- (1) The degree of growth in sustainable mining businesses in Africa increases when the degree of country specific constraints reduces.
- (2) The higher the degree of country specific constraints, the lower the degree of utility of the Transnational Corporation's strategy execution in establishing a local business entity in the mining industry in Africa.
- (3) As the degree of utility of the Transnational Corporation's strategy execution in establishing a local business entity in the mining industry in Africa increases so does the degree of growth in sustainable mining businesses in Africa.

B2 represents a balancing loop that models the impact that management of diversity has on the degree of growth in sustainable mining businesses in Africa (key outcome).

- (1) The degree of growth in sustainable mining businesses in Africa increases when the degree of management of diversity increases.
- (2) The higher the degree of management of diversity, the higher the degree of utility of the Transnational Corporation's strategy execution in establishing a local business entity in the mining industry in Africa.
- (3) As the degree of utility of the Transnational Corporation's strategy execution in establishing a local business entity in the mining industry in Africa increases so does the degree of growth in sustainable mining businesses in Africa.

B3 represents a balancing loop that models the impact that Greenfield project execution has on the degree of growth in sustainable mining businesses in Africa (key outcome).

- (1) The degree of growth in sustainable mining businesses in Africa increases when the degree of effective Greenfield project execution increases.
- (2) The higher the degree of effective Greenfield project execution, the higher the degree of utility of the Transnational Corporation's strategy execution in establishing a local business entity in the mining industry in Africa.

- (3) As the degree of utility of the Transnational Corporation's strategy execution in establishing a local business entity in the mining industry in Africa increases, so does the degree of growth in sustainable mining businesses in Africa.

B4 represents a balancing loop that models the impact that business strategy has on the success of the Transnational Corporation (key outcome) in the African environment.

- (1) The degree of growth in sustainable mining businesses in Africa increases when the degree of business strategy quality increases.
- (2) The higher the degree of business strategy quality, the higher the degree of utility of the Transnational Corporation's strategy execution in establishing a local business entity in the mining industry in Africa.
- (3) As the degree of utility of the Transnational Corporation's strategy execution in establishing a local business entity in the mining industry in Africa increases so does the degree of growth in sustainable mining businesses in Africa.

The simplified mechanism points to three main drivers and one restrainer in this situation and context as explained through the reinforcing and balancing loops above. Cumbersome country specific constraints restrain and effective management of diversity, Greenfield project execution and business strategy improve the degree of utility of the Transnational Corporation's strategy execution in establishing a local business entity in the mining industry in Africa which is the concern. The degree of growth in sustainable mining businesses in Africa that is established by the Transnational Corporation is the desired outcome.

5.7.1.4 Output

Following the C-M-O link, the context and mechanism have been presented and allows an explanation of the empirically observed output.

The key output is the degree of growth in sustainable mining businesses in Africa that are established by the Transnational Corporation.

Assuming that the competing Transnational Corporations in the mining industry are all exposed to the same African environment, it can be argued that the Transnational Corporation who develops an effective organizational capability to establish and operate a mining business in this context will have a distinct competitive edge.

Intervention: Develop a generic execution framework for Transnational Mining Corporations establishing a business in Africa.

The generic execution framework is based on the Grounded Theory and will endeavour to provide a roadmap to leaders and other stakeholders to effectively execute the establishment of a mining business in Africa. The interconnectedness of business strategy, project management, management of diversity and the integrated execution of these three main themes in the African context is key to success.

5.8 THEORY VALIDATION

The degree of successful establishment of a local mining business in the African environment is the measure of the Transnational Corporation's performance.

Effectively accounting for the African context in executing the strategy is ultimately the key driver to success.

The core variables emerging from the Grounded Theory process was combined with a generic systems archetype and enlightened by application of Beer's yo-yo model and the literature study (Beer, 1999).

In this light, triangulation has been achieved and validated.

5.9 CHAPTER SUMMARY

This chapter presented the results of the application of the Grounded Theory process for each of the three cycles. It also explained how the mechanism and theory for each cycle were constructed. The chapter then continued to meta-synthesise these results into a Grounded Theory addressing the problem statement of this research providing a recommendation (intervention) of how to answer the research question.

The Grounded Theory, with the proposed intervention, presented in Figure 5-32 was constructed to represent the theoretical coding component of the application of the augmented Grounded Theory process. From the perspective of critical realism, the retroductively generated mechanism represents the Real World component of the stratified ontology.

This Grounded Theory is the foundation of the generic execution framework to be presented in the next chapter.

Chapter 6 will conclude the thesis and evaluate the relevance, utility and validity of the research.

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

In this chapter, the conclusions and recommendations regarding the problem statement and objectives of the research will be presented.

This chapter is structured as follows:

- (1) The conclusions of the study with regards to the research problem;
- (2) The conclusions with regards to the research methodology used for the study;
- (3) The main conclusions and recommendations of the study regarding the primary research objective, which relates to the Grounded Theory and generic execution framework;
- (4) The conclusion with regards to the secondary, specific research objectives of the study; and
- (5) Recommendations for further research.

This chapter further reviews the relevance, utility, and validity of the research conducted. This is done to evaluate the contribution of this paper to Transnational Corporations establishing mining businesses in Africa. It also reviews the contribution to the parent disciplines of business strategy, Greenfield project management and management of diversity.

Multi-disciplinary research into the establishment of a mining business in Africa that incorporates business strategy, project management and management of diversity is not prevalent and thus points to this study making a significant contribution to the knowledge areas involved.

This research investigated how to transform the dynamics and relationships between a Transnational Corporation and the African context when establishing a new operation. The intent is to provide an understanding of the fundamental issues faced in this context through the developed Grounded Theory and to improve the viability of a business undertaking through the application of the generic execution framework presented in Figure 6-1.

This chapter also deliberates on the extent to which the theory is transferrable, and the ethical implications of the research are also considered, and recommendations are made for further research.

The research provided a deeper understanding of the dynamics and mechanisms involved in starting and doing business in the mining industry in Africa.

The derived Grounded Theory presented in Figure 5-32 provides insight into the causal relationships in this context using a mechanism. This mechanism will allow the application to other similar scenarios.

6.2 RESEARCH PROBLEM

Conclusion 1: The three-level literature study confirmed that extensive knowledge, theories and scholarly articles on business strategy, Greenfield project management and management of diversity are readily available.

Conclusion 2: The literature study further confirmed that the integration of this knowledge and execution of strategies are severely challenged.

Conclusion 3: It emphasised the need for an execution framework to provide a roadmap to leaders and other stakeholders to effectively execute on their strategies.

Conclusion 4: The problem statement: *“The degree of utility of the Transnational Corporation’s strategy execution in establishing a local business entity in the mining industry in Africa.”* was addressed by providing an answer to the research question in the sections that follow. *“How can the degree of utility of the Transnational Corporation’s strategy execution for the establishment of a local business entity in the mining industry in Africa be improved?”*.

6.3 RESEARCH METHODOLOGY

The research methodology used in this study was appropriate as the results generated were valid. The conclusions to follow substantiate its effectiveness.

Conclusion 1 (Grounded Theory Process): The use of the Grounded Theory process was substantiated by allowing the concepts to be formed and developed from observing the basic social process in the actual context of the study. This allowed data to emerge and only then elaborated on, as opposed to a literature study determining the direction of the study from the start. This provided valuable insight into the core concepts, variables and the relationship

between them. It illuminated the dynamics present when a Transnational Corporation establishes a local mining operation in Africa.

Conclusion 2 (Meta-Synthesis): Structuring the study to provide for three Grounded Theory cycles ensured that data saturation was achieved before the final cycle was conducted that produced the Grounded Theory of this study. Meta-synthesis ensured that the core variables of the study were derived from the propositions of all three the cycles, underpinning their validity.

Conclusion 3: (Literature Study): The literature study consisted of three levels. The first covered the parent disciplines of business strategy, Greenfield project management, and management of diversity. The second level dealt with the problem statement and research question. The third level illuminated the core variables. The different levels of the literature study confirmed or contradicted the data gathered. This allowed the researcher to investigate further and resolve any discrepancies in the data or reasoning employed in the generation of the Grounded Theory. The literature study provided a broad understanding of the research problem and impact of context on the execution framework developed.

Conclusion 4 (Target Population): The individuals that formed part of the study were representative of a cross section of the mining industry and its different stakeholder groups specifically focused on Africa. The different perspectives and goals of the stakeholder groups formed the basis of the data and confirmed the validity of the core concepts, Grounded Theory and generic execution framework developed in this study.

6.4 PRIMARY RESEARCH OBJECTIVE

The primary objective of this study was to develop a Grounded Theory and resulting generic execution framework for Transnational Corporations seeking to establish a local mining business in Africa. The conclusions in Sections 6.4.1 and 6.4.2 below confirm that the primary research objective was met.

6.4.1 Grounded Theory

Conclusion 1: Figure 5-32 is repeated below and presents the Grounded Theory developed in this research.

Recommendation 1: Development of a generic execution framework will provide the roadmap that Transnational Corporations and their leadership require bridging the gap between strategy and the successful execution of that strategy in the African context.

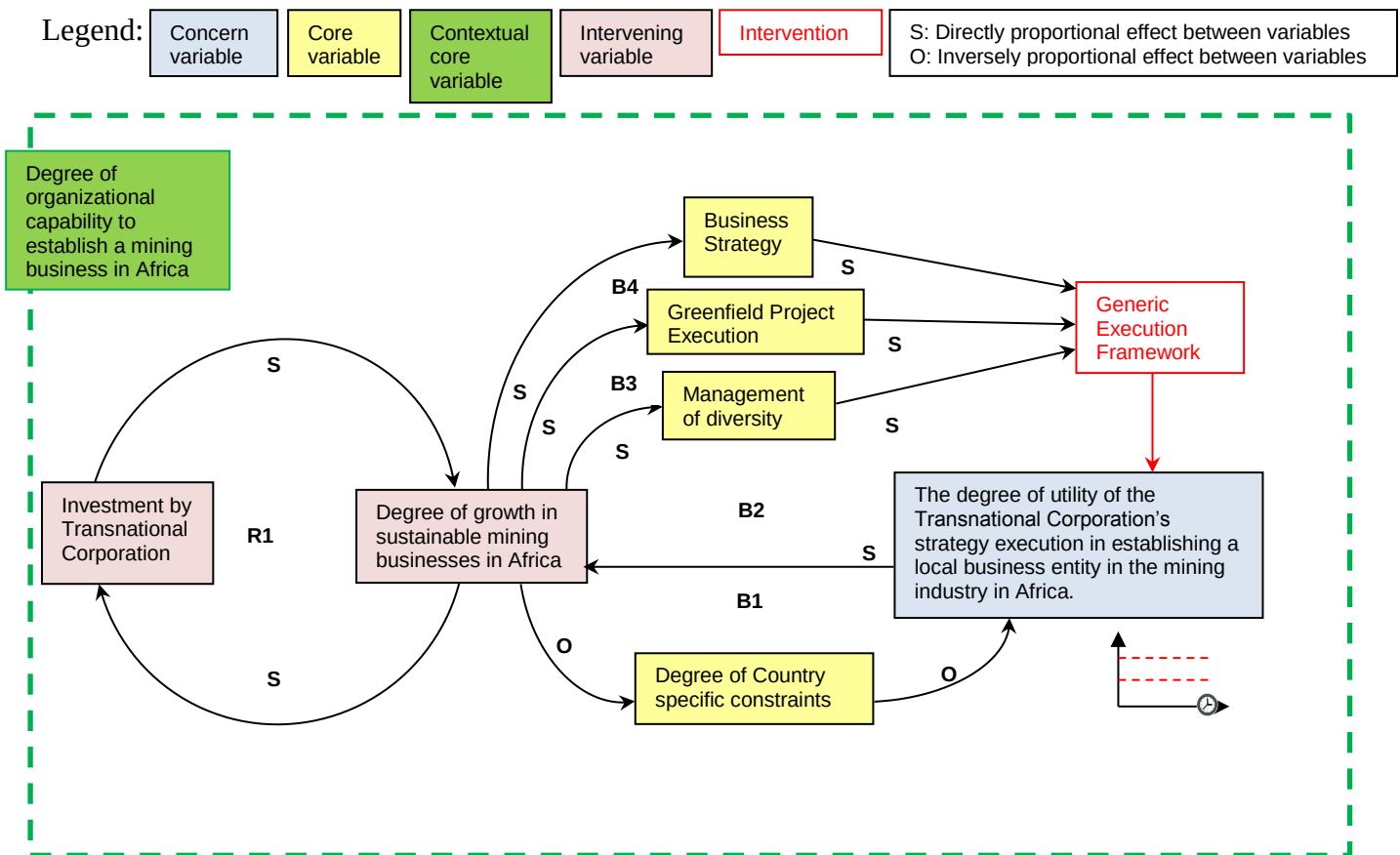


Figure 5-32: The Intervention added to the Mechanism (Developed by author)

6.4.2 Generic Execution Framework

The primary objective of this study was to develop a Grounded Theory (shown above) and resulting generic execution framework for Transnational Corporations seeking to establish a local mining business in Africa.

Conclusion 2: Several elements influence the degree of success in executing strategy. From the literature study, it is clear that strategy execution is studied extensively and is well documented.

Studies that focus on strategy execution of Transnational Corporations establishing mining businesses in Africa, and the elements that influence it, are limited. This research endeavoured to identify these elements and integrate them into a generic execution framework. Transnational Corporations can utilise this framework as a roadmap to establish mining businesses in Africa. The framework is underpinned by the results of the research and the literature study.

Nine elements were identified as key enablers required to successfully establish a mining business in Africa (the key outcome):

- (1) Principles;
- (2) Purpose;
- (3) Systematic Execution;
- (4) Business Strategy;
- (5) Greenfield Project Execution;
- (6) Management of Diversity;
- (7) Leadership and Management;
- (8) Resources; and
- (9) Performance Management.

These enablers emerged from the Grounded Theory and were derived from various concepts, theories and existing strategy execution frameworks as found in literature.

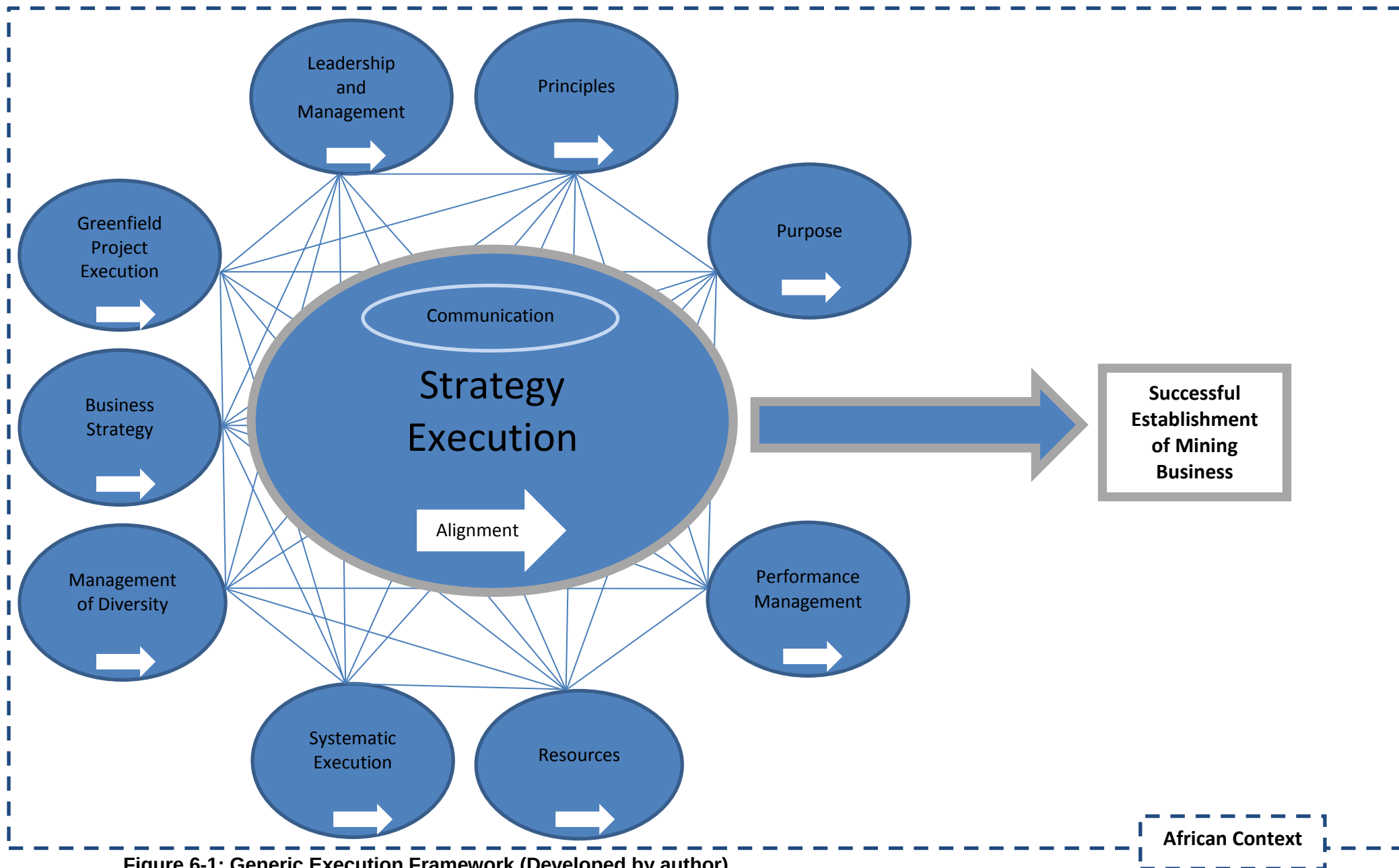


Figure 6-1: Generic Execution Framework (Developed by author)

The development of the Grounded Theory and generic execution framework in this study contributes to a better understanding of the key enablers that influences the capability of the Transnational Corporation to execute its strategies in the African context.

This framework intends to be a catalyst that challenges business leaders and managers to adapt their thinking processes to account for the context in which they are attempting to execute the strategy of the Transnational Corporation. The development of the generic execution framework is based on the interconnectedness of organizational elements. To achieve optimal strategy execution, these elements have to be balanced within the organization, and one element cannot be sacrificed for another. Each element is important, and the organization needs to fit and harmonise them (Waterman *et al.*, 1980:14-26).

The alignment of the elements towards the same goal will create the synergy that gives the organization their competitive edge to establish a mining business in Africa successfully, which is the desired outcome.

Principles: The values of the Transnational Corporation need to be instilled at all levels of the organization to ensure it affects strategy execution on all aspects of the business especially safety, ethics, social and environmental responsibility. Principles are the attitudes and guiding philosophies on how the Transnational Corporation should function. For the core values to be meaningful to the organization as a whole, as well as to the separate divisions, it should be consistent with the key business processes and form part of an integrated methodology (Pryor *et al.*, 2007:3-17).

Purpose: The strategic intent of the organization is the purpose of the Transnational Corporation (Pryor *et al.*, 2007:3-17). In the context of this study that implies growth of the business, specifically in Africa. This includes the strategy, objectives, vision, mission, as well as the measurement of strategy execution, and feedback to investors.

Leadership and Management: Leaders of the Transnational Corporation must define the direction and overall goals of the organization. Leadership must also develop the strategy and determine the tactics to achieve it. Leaders and managers need to define the organizational culture through visible felt leadership. Visible felt leadership is expressed through effective decision making, clear communication and active involvement in executing the strategy. The organizational structure and operating model should be adaptable and aligned to support strategy execution. Effective organizational alignment in the context of establishing a mining business in Africa will promote the desired business and organizational culture of the

Transnational Corporation. Culturally intelligent and capable leaders and managers with the appropriate skill sets are imperative for successful strategy execution. These skills and capabilities need to be maintained and developed further with appropriate training programmes.

Business Strategy: Clear strategic intent, formulated in a simple manner that is communicated consistently and transparently, sets the long terms goals of the Transnational Corporation. Africa's turbulent, unpredictable business environment poses a significant challenge to building a strategy and being able to execute that strategy successfully. Short-term flexibility and optionality are thus essential in the strategic decision-making process. The strategic planning process for the business needs to focus on creating the environment and structure to establish and promote a strategic thinking process. Strategic innovation, intent and scenario planning must be part of the overall business strategy formulation, planning, and execution.

Systematic Execution: A systematic, disciplined approach to executing investments is essential for success. This concept, in the form of an investment system, consistently emerged from this research and underlined its value. This element also takes account of organizational structure and culture, work and information systems, and essential business processes required to execute the Transnational Corporation's strategy. The Transnational Corporation's policies, processes, and procedures should be aligned with the business strategy and support the execution process. Consistently superior results come from systems and processes that have identified all the steps necessary to yield excellence. An organizational culture that embraces this concept solidifies the competitive advantage (Spence, 2009). The Transnational Corporation has to establish a prioritization system for each action to be implemented during strategy execution and care should be taken to align these to the strategy and review regularly. Effective delegation of decision-making authority to individuals who are responsible for executing the strategy is also necessary (Brenes *et al.*, 2008:590-598).

Greenfield Project Execution: Greenfield project execution by the Transnational Corporation must account for the country specific African context where the business is to be established. The standard investment system and related processes used by the Transnational Corporation must be augmented to also account for country specific issues like political stability, investment agreements, community relations, regulatory and other issues, as well as business readiness planning. Business readiness planning will ensure the mine can transition efficiently from the construction phase to operations and sustainably meet the business plan requirements.

Management of Diversity: The business is established in Africa and the strategy executed by a diverse group of people from different cultural backgrounds. Intercultural understanding,

respect, and appreciation will promote effective teamwork and external relations with government and affected communities. The execution strategy needs to include diversity training for the execution team. The Transnational Corporation must include local employees in the design and implementation of business strategy, processes, and organizational design to ensure successful establishment and sustainability of the business.

Resources: The Transnational Corporation must allocate the requisite resources to a project to enable execution thereof. People, time, financing, business systems, information, equipment, infrastructure, and technology have to integrate into a management operating system that collaboratively supports strategy execution. Resource constraints limit organizational efficiency. The resources available to the Transnational Corporation are finite and therefore have to align with the strategy to ensure effective execution.

Performance Management: The Transnational Corporation must drive the organization to achieve its business goals. The business strategy must set the direction of the organization and capture this as Key Performance Areas (KPA's). Effective performance management aligns and links individual performance goals, through Key Performance Indicators (KPI's), to the business and leadership goals of the organization. Leadership and management must rigorously apply the strategic business planning process and investment system of the Transnational Corporation in execution to bridge the divide between strategy and its execution. Leaders and managers must be fully accountable for execution of their projects. They should engrain high performance and standards in the organizational culture and maintain it. An outcome based performance management system must continuously monitor, evaluate and review performance against the business goals and provide consistent feedback on progress.

Recommendation 2: Transnational Corporations seeking to establish a mining business in Africa should consider developing a fit for purpose execution framework to guide its leadership in successfully executing the strategy of the organization.

6.5 SPECIFIC RESEARCH OBJECTIVES

Conclusion: To address the primary objective, the following secondary objectives were pursued and met in the first level of the literature study in chapter 4:

- Investigate and compare the business strategies and their execution employed by Transnational Corporations when establishing a local business entity in the mining industry in Africa

- Investigate and compare project management philosophies, organizational cultures, and effectiveness of Greenfield execution in Transnational Mining Corporations active in Africa
- Explore the management of diversity in Transnational Corporations in the mining industry in Africa

6.6 AREAS FOR FUTURE RESEARCH

The following areas have been identified for future research:

- A study that compares the degree of utility of Transnational Corporations' strategy execution in establishing a local business entity in the mining industry in other developing country contexts with similar challenges and conditions.
- A study that compares the degree of utility of Transnational Corporations' strategy execution in establishing a local business entity in the oil and gas industry in other developing country contexts with similar challenges and conditions.

6.7 SUMMARY OF THE RESEARCH

This research highlighted the challenges faced by Transnational Corporations when mining businesses are established in Africa. It also highlighted the need for an execution framework that provides a roadmap to leaders and other stakeholders to effectively execute on their strategies in the African context.

The primary objective of this study was to develop a Grounded Theory and resulting generic execution framework for Transnational Corporations seeking to establish a local mining business in Africa. The literature study indicated that strategy execution, in general, is studied extensively and is well documented. Studies that specifically focus on strategy execution of Transnational Corporations establishing mining businesses in Africa, and the elements that influence it, are limited. This research endeavoured to identify these elements and integrate them into a generic execution framework based on the Grounded Theory produced. Transnational Corporations can utilise this framework as a roadmap to establish mining businesses in Africa. The framework is supported by the results of the research and the literature study.

Chapter one reviewed the study context, research focus, and objectives as well as the structure of the study. It was established that Transnational Corporations in the mining industry compete for access to resources and are increasingly looking towards Africa to sustain and grow their

resource bases. This chapter provided the background of Transnational Corporations' challenges to effectively and sustainably establish and operate mining businesses in Africa. This led to the research problem statement and research objectives that directed the study towards development of the Grounded Theory and generic execution framework.

Chapter two explained the research methodology that was followed in this research. It covered the philosophical position and then moved on to the Grounded Theory methodology and adaption thereof as well as additional approaches to supplement the research. This culminated in the proposed augmented research methodology articulated in figure 2-7 that provides the overall framework that was used to conduct this research. It also made an argument for the validity of the research methodology and ethics of data collection methods.

Chapter three presented the results that emerged from implementing the augmented Grounded Theory methodology. This process produced five core variables that expound the behavior over time of the problem statement of this study being: *"The degree of utility of the Transnational Corporation's strategy execution in establishing a local business entity in the mining industry in Africa."* The core variables that emerged from data gathered in all the domains of the stakeholders was presented in this chapter. The propositions that were conceptualised and developed presented credible results of the application of the augmented Grounded Theory methodology.

Chapter four reviewed the literature using a three level literature review. The first level addressed the parent disciplines of business strategy, Greenfield project management, and management of diversity. The second level covered the problem statement and research question. The third level reviewed the core variables. The purpose of the literature review was to promote a deeper appreciation of the concern, its context and the core variables that emerged from the research.

Chapter five presented the results of the application of the Grounded Theory process for each of the three cycles. It also explained how the mechanism and theory for each cycle were constructed. The chapter then continued to meta-synthesise these results into a Grounded Theory addressing the research problem statement and providing a recommendation (intervention) of how to answer the research question.

Chapter six presented the conclusions and recommendation concerning the research problem and objectives of the study. This included the developed Grounded Theory and generic execution framework. This chapter further reviewed the relevance, utility, and validity of the

research conducted. This was done to evaluate the contribution of this paper to Transnational Corporations establishing mining businesses in Africa. It also reviewed the contribution to the parent disciplines of business strategy, Greenfield project management and management of diversity. This chapter also deliberated on the extent to which the theory is transferrable, and the ethical implications of the research were also considered. Recommendations were made for further research.

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ANNEXURE A: FORCE FIELD ANALYSIS

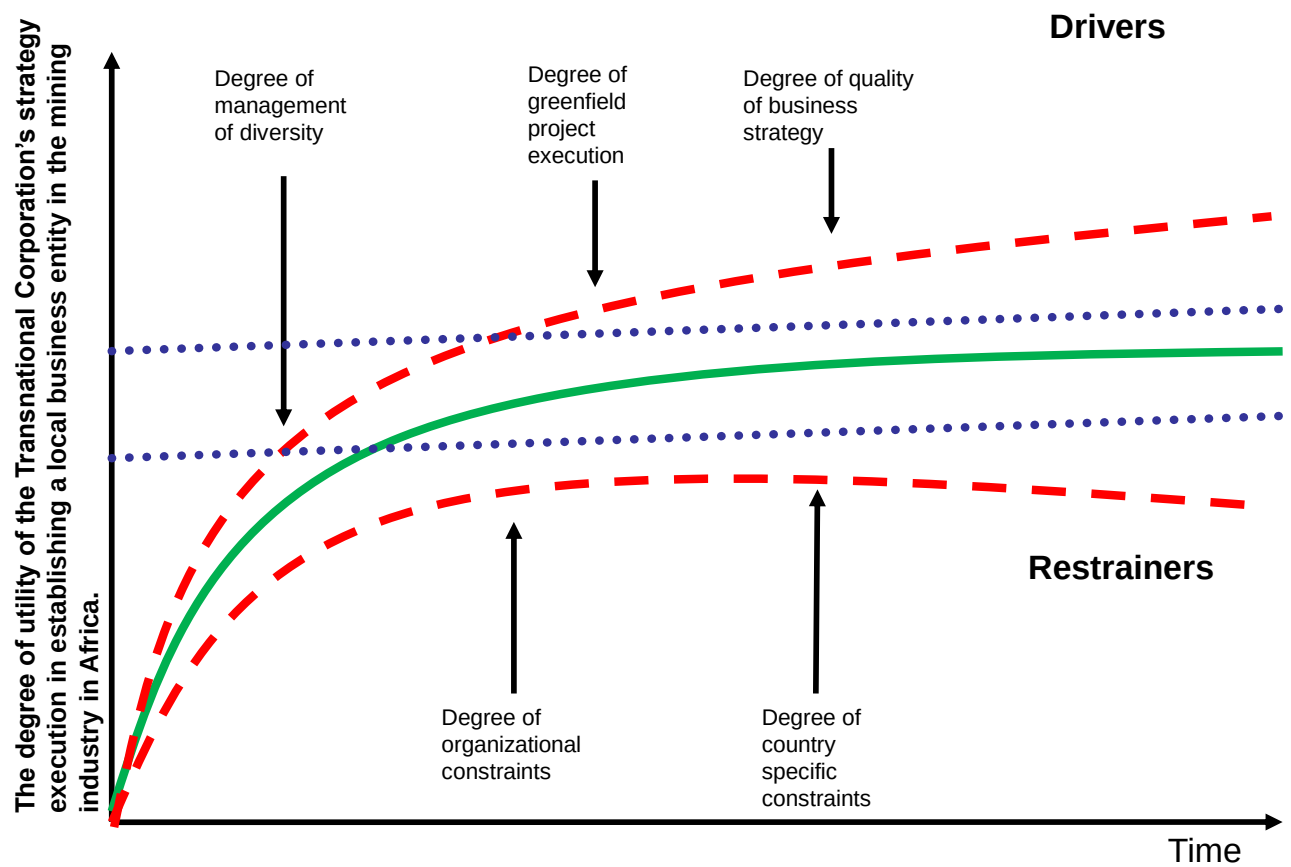


Figure A: Force Field Analysis

ANNEXURE B: CATWOE ANALYSIS

Table A: CATWOE Analysis (Checkland, 1981)

Stakeholders	Customers	Actors	Transformation	Worldview	Owner	Environment
Transnational Corporation	Shareholders	Shareholders, Policy makers for the Transnational Corporation, Employees, Local communities, governments	Balances the need for return on investment with Transnational Corporation's principles which include social and environmental responsibility	Responsible return on investment	Transnational Corporation, Shareholders	Requirement to deliver returns on investment to shareholders while maintaining the values and principles of the Transnational Corporation
Shareholders	Individual and institutional investors	Business managers, Investment managers and individual investors	Improving the execution capabilities of the organization in Africa	Wealth preservation and growth	Transnational Corporation Leadership	Highly competitive investment sector with many alternative investment options
Expatriate workers	Transnational Corporation	Expatriate employees, Policy makers of the Transnational Corporation, National Employees	Changing the execution model for establishment of a mining business in Africa	Realize the strategy of the Transnational Corporation	Transnational Corporation	Relative short term assignments where immediate performance is expected in a developing country environment not conducive to immediate results
National Employees	Transnational Corporation	National employees, Expatriate employees, Policy makers of the Transnational Corporation	Integration with the Transnational Corporation and collaboration in design of the organization and systems	Inclusiveness, diversity, integration, collaboration	Transnational Corporation	Local African business environment where Transnational Corporation and National employees need to work together to achieve a

Stakeholders	Customers	Actors	Transformation	Worldview	Owner	Environment
						sustainable outcome
Community	Community	Local members and leaders of the community, Transnational Corporation	Collaboration with Transnational Corporation in project execution and sustainable operation	Need to experience the benefits of a significant business in their community	Local people living in and around the area	Expectations of sustained benefit to the local community in the form of jobs, infrastructure and social projects
Government	People of specific country	Ministries, Legislators, Regulatory agencies, Transnational Corporation	Balances economic imperatives with other government necessities like social and cultural obligations	Meet the need of the voters	Legislature	African country context, economic and social voter expectations
Non-governmental organizations (NGO's)	Affected communities, the environment	Volunteers, Community members, Activists, Transnational Corporation	Monitors mining activity and its impacts on the environment, host communities and country	Meet the need for protecting the environment and provide an alternative voice to affected people	Volunteers, Community members, Activists, Sponsors	Providing a mechanism to ensure the voice of affected communities are heard and awareness of environmental issues is adequate

ANNEXURE C: SUBSTANTIVE CODES AND CATEGORIES ASSOCIATED WITH PROPOSITIONS FROM EMPIRICAL DATA

Table B: Substantive codes and categories associated with propositions from empirical data

Propositions	Substantive codes associated with propositions	Final category
Organizational alignment will improve the degree of utility of investment system processes	Shaping the business case	
A higher degree of utility of investment system processes will increase the degree of performance management linked to the business strategy		
Organizational alignment will increase the degree of utility of the strategic planning process		
Increasing the degree of utility of the strategic planning process will improve the identification of opportunities and risks		
Identification of opportunities and risks will improve scenario planning		
Scenario planning promotes the level of quality of business analysis		
An increased degree of organizational capability to establish a mining business in Africa will improve the degree of utility of investment system processes		
An improved degree of utility of investment system processes improves the degree of opportunity		

Propositions	Substantive codes associated with propositions	Final category
identification and definition of the high level business case		Investment system Processes
An improved degree of opportunity identification and definition of the high level business case improves the degree of evaluation of the country specific investment environment and regulatory requirements		
Successful establishment of a local mining business increases the degree of utility of the investment system processes		
A higher degree of compliance to regulatory requirements by the proposed project improves the degree of project fit with the business strategy		
A higher degree of social license to mine improves development of the potential options to realize the business case		
Opportunities need to be shaped into profitable projects		
The owner organization must shape the business opportunity		
An improved degree of assessment of business and project risks promotes the insight into the degree of project fit with the business strategy (or not)		
A decrease in conflict between employees will improve interdepartmental integration		
Effective & efficient employee interaction will promote interdepartmental		

Propositions	Substantive codes associated with propositions	Final category
collaboration	Integration	
Collaborative approaches will improve relationships		
Cross-functional integration will promote efficiency		
Cross-functional integration will promote collaboration		
Coordination between departments will enhance integration		
An integrated communication strategy will increase alignment		
An integrated communication strategy promotes teamwork		
An integration mechanism counteracts differentiation in a matrix organization		
Standardization improves integration		
Regulation establishes common patterns of behavior		
Integration promotes achievement of common goals		
Mutual adjustment encourages collaboration		
Horizontal flow of information improves integration		
Work management system will improve communication		
Effective systemic feedback will improve information sharing between departments		
Integrated management systems will improve the flow of information		
Structured conversations will improve communication between employees		

Propositions	Substantive codes associated with propositions	Final category
A communication plan will improve the level of communication	Flow of information	Communication
Clear and regular communication will increase holistic understanding		
Clear communication will improve change management		
Clear and regular communication will promote innovation		
Effective & efficient employee interaction will reduce resistance to change		
Effective work relationships improves the flow of information		
Clear business and leadership goals increases the likelihood of clear communication to the organization		
Poor communication will increase misinterpretation of Transnational Corporation's principles		
Clear, regular communication of principles will promote insight into Transnational Corporation values		
Clear, unambiguous communication will improve adherence to company values		
Clear and regular communication will increase engagement from employees		
Clear and regular communication will increase engagement from managers		
An improved level of clarity of the Transnational Corporation's policies will lead to an increased level of		

Propositions	Substantive codes associated with propositions	Final category
effective communication in the organization		
Clear communication will improve understanding of purpose, vision and mission of the Transnational Corporation		
Knowledge of interpersonal skills will improve communication between employees		
Inconsistent application of principles will cause confusion		
Effective systemic feedback will promote effective communication		
Improved communication will promote understanding and support of company values		
A higher degree of performance management linked to the business strategy will support business and leadership goals	Alignment	
Improved strategic decision making leads to a higher degree of performance management linked to the business strategy		
Clear and regular communication to the organization promotes organizational alignment		
Realistic performance targets will reduce variation in performance		
Professional performance management will improve employee engagement		
A higher degree of intercultural work relationships will lead to working towards a common goal		
If the levels of conflict		

Propositions	Substantive codes associated with propositions	Final category
between employees reduce, production & safety performance will improve		
Increased engagement of managers will improve performance		
Review of systemic feedback will promote continuous improvement	Continuous Improvement	Performance management
Systemic feedback will promote continuous improvement		
Auditing will promote continuous improvement		
A higher level of communication will reduce over processing		
Use of interpersonal skills will improve performance		
Effective & efficient systemic management will improve performance		
Realistic performance targets will promote teamwork		
Realistic performance targets will increase employee job satisfaction		
A decrease in conflict between employees will improve communication		
Increased engagement of employees will improve performance		
Level of engagement of employees will increase if knowledge of interpersonal skills increases		
An increase in the level of local employee competence will promote company values		
An increase in the level of long term management focus		

Propositions	Substantive codes associated with propositions	Final category
will reduce short term operational variability		
Identification of existing systems in the context of the project will increase the degree of stakeholder identification	Identification	Stakeholder management
Missing stakeholders create surprises		
Effective stakeholder identification increases the degree of effective value allocation		
Unidentified stakeholders increases the probability of interference during execution		
Effective stakeholder analysis will identify key stakeholders		
Benchmarking of related projects will inform stakeholder identification in the specific context		
A higher degree of engagement with the local community leads to a higher degree of social license to mine		
Desirability of the Transnational Corporation will improve if long term commitment to the community is demonstrated		
Fair and clearly defined remuneration policies will increase value proposition to community		
Effective and consistent communication of the big picture will inform expectations		
Realistic expectations gives credibility		
Continually resetting		

Propositions	Substantive codes associated with propositions	Final category
expectations as changes occur will promote relationships		
Align project/business realities with perception		
Constantly validating and reaffirming perceptions leads to effective stakeholder management		
Work management system will empower managers	Management of work	
An improved level of Greenfield project execution by the Transnational Corporation leads to successful establishment of a local mining business		
Increased knowledge of systemic management will increase the use of management systems		
A work management system will reduce bureaucracy		
An integrated work management system will promote company values, vision and mission		
Review of systemic feedback will improve the quality of generated reports		
Work management system will improve work execution		
Realistic performance targets will improve the credibility of planning		
Integrated work management system will create value		
A work management system will increase the degree of integration of management systems		
Integrated work management		

Propositions	Substantive codes associated with propositions	Final category
system will promote long term planning		Transnational Corporation's management processes
Integrated work management system will increase synergies		
Auditing will increase efficiency of management systems		
A work management system will ensure effective systemic feedback		
An improved level of execution planning will increase the level of Greenfield project execution by the Transnational Corporation	Systemic processes	
Development of quality potential options to realize the business case will clarify selection of the preferred option to complete engineering on		
Auditing will improve confidence in the management systems and generated reports		
Review of systemic feedback will create value		
Review of systemic feedback will improve the quality of systemic feedback		
Effective & efficient systemic management will promote interdepartmental cooperation		
Level of engagement of managers will increase if knowledge of systemic management increases		
Effective & efficient systemic management will reduce resistance to change		
Effective & efficient systemic		

Propositions	Substantive codes associated with propositions	Final category
management will create value		
Effective systemic feedback will improve management systems		
Use of interpersonal skills will improve the effective and efficient use of management systems		
Review of systemic feedback will improve efficiency of management systems		
Systemic management will improve long term management focus		
Clear communication will improve change management		
Effective long term management focus will reduce costs	Decision making	
An increased level of quality of business analysis improves strategic decision making		
Investment system processes improve structured decision making		
An increase in the level of strategic management focus will improve sustainability		
Effective systemic feedback will improve management decision making		
Engaged employees will make better decisions		
Engaged managers will make better decisions		
Effective flow of information leads to more informed decision making		
Effective flow of information promotes informed decision making		

Propositions	Substantive codes associated with propositions	Final category
Right people (human resources) in the right roles improves organizational effectiveness	Resources	Organizational constraints
Effective management of financial capital enables efficiency		
Capital effectiveness attracts investors		
Ineffective systems constrain the organization		
Insufficient organizational infrastructure constrains the organization		
Level of engagement of employees will increase if the level of emotional intelligence of employees increases Desirability of knowledge regarding interpersonal skills will improve the performance	Emotional intelligence	
A higher degree of emotional intelligence of employees will promote respect for each other in the work place		
Emotionally intelligent employees will increase adherence to company values		
An increase in the emotional intelligence of an employee will promote personal growth and development		
Greater understanding and practice of emotional intelligence will prevent emotional responses to challenges		
Emotional intelligence training will improve employee knowledge and use of interpersonal skills in the work place		

Propositions	Substantive codes associated with propositions	Final category
Emotionally intelligent employees will make decent decisions		Interpersonal Skills
If the degree of emotional intelligence of employees increases, the degree of conflict between employees will reduce		
A higher degree of emotional intelligence of employees will promote respect for each other in the work place		
Clear and regular communication will increase understanding of each other	Relationships	
An increase in the level of conflict between management and the other employees will cause industrial relations problems		
Appropriate Expat participation in local customs will impact relationships positively		
A higher degree of application of diversity management skills in the workplace will lead to an improved degree of intercultural work relationships		
An increased degree of effective management of diversity by the Transnational Corporation will lead to a higher degree of successful establishment of a local mining business		
Knowledge of interpersonal skills will improve relationships		
Increased knowledge and use of interpersonal skills will increase the interaction between employees		

Propositions	Substantive codes associated with propositions	Final category
Application of interpersonal skills will improve employee relationships in the workplace		
Use of interpersonal skills will improve communication between employees		
Outside exposure will increase the reference framework of an employee		
A higher degree of emotional intelligence of employees will improve employee relationships		
Engagement in the local community will improve knowledge and understanding of traditions and customs		
Engaged employees will be more inclined towards respectful interaction in the workplace		
Credibility of Transnational Corporation's principles will improve relationships		
Realistic performance targets will promote fairness	Principles	
A succinct statement of the Transnational Corporation's principles, as expressed in the purpose, mission, vision and values, leads to clear business and leadership goals		
An increased level of effective business strategy execution by the Transnational Corporation will improve adherence to the Transnational Corporation's purpose, mission, vision and values		
A higher degree of effective management of diversity by the Transnational Corporation		

Propositions	Substantive codes associated with propositions	Final category
leads to an improved level of clarity of the Transnational Corporation's policies		
Consistent application of principles will build trust in the new organization		
Inconsistent application of principles will reduce Transnational Corporation's credibility		
Appropriate Expat behavior will lend credibility to Transnational Corporation's principles		
Respecting local customs will increase respect for Expats		
Less employee conflict will increase adherence to company values		
Employee buy-in with regards to the use of interpersonal skills will promote adherence to company values		
Poor track record at other operations will inhibit engagement from Nationals		
Mutual respect between employees will improve adherence to company values		
An increased degree of organizational capability to establish a mining business in Africa will improve the degree of effective management of diversity by the Transnational Corporation		
An increased level of effective communication in the organization will improve the level of employee knowledge of diversity		
Use of interpersonal skills will improve employee		

Propositions	Substantive codes associated with propositions	Final category
understanding of significance of company values		Intercultural Intelligence
Authentic engagement with locals will assist in mutual understanding of each other	Knowledge	
Benchmarking will provide context to decision making		
Local knowledge of Transnational Corporation's principles will promote insight into policies		
Studies of previous endeavours will increase knowledge specific to the region and microenvironment of the specific potential investment		
Collaboration with suitable local partners will increase knowledge		
Effective documentation of activities is important to build institutional knowledge		
Outside exposure will increase knowledge Discretionary employee engagement will increase the level of organizational integration between the Transnational Corporation and the local business entity		
Level of engagement of managers will increase if ownership of management systems increases		
An increased level of organizational integration between the Transnational Corporation and the local business entity will lead to a higher degree of successful establishment of a local mining business		

Propositions	Substantive codes associated with propositions	Final category
Unilateral implementation of Transnational Corporation's management systems will result in less efficient management systems	Inclusiveness	
Insensitive approach to implementation of Transnational Corporation's management systems will result in resistance from Nationals		
Outside exposure will promote innovation		
Effective communication will highlight similarities with current local principles and promote buy-in from Nationals		
Aspects of existing, local management systems provides for addressing local context and promotes effectiveness despite being viewed as inefficient from the Transnational Corporation's perspective		
A higher degree of performance management linked to the business strategy will increase discretionary employee engagement		
Realistic performance targets will improve employee engagement		
Discretionary employee engagement will increase the degree of successful establishment of a local mining business		
Working towards a common goal will promote discretionary employee engagement		
Prompt and appropriate feedback to questions from Nationals will encourage		Opportunity for Nationals to

Propositions	Substantive codes associated with propositions	Final category
engagement	Employee engagement	collaborate in design and implementation of management systems and organizational culture
Properly communicated Expatriate assignments will promote trust and willingness to engage		
The use of interpersonal skills will empower employees and promote engagement		
Good performance will increase engagement from employees		
Engaged managers will be more inclined to “go and see” work carried out in the workplace		
Employee engagement leads to innovation		
Employee engagement improves safety		
Employee engagement improves effectiveness and efficiency		
Consistently positive behavior from Expatriates promotes trust and relationships		
Employee engagement accelerates integration		
A predictable regulatory process is considered business friendly and attracts investment	Predictability	Regulatory processes
A higher degree of compliance to regulatory requirements leads to a higher degree of engagement with the local community		
Unpredictable regulatory processes causes project delays		
Systemic integration between different regulators in a country improves predictability		

Propositions	Substantive codes associated with propositions	Final category
Conditions of regulatory directives and permits issued that is applied inconsistently causes investment uncertainty	Clarity of compliance	
Volatile or sudden changes to regulatory requirements reduces investment appetite		
Adherence to signed agreements are a cornerstone of doing business		
Unclear or vague agreements lead to different interpretations by the parties involved		
Clarity of regulatory agreements is crucial to ensure compliance (or not).		
Different interpretations of regulations causes conflict between business and regulators		
Climate change can affect a region or country's stability (energy, food and health)	Energy and climate change	
Energy security is critical for any business to operate		
Impacts of climate change affects the potential business case and its longer term sustainability		
Climate change in another region can affect the area where the business will be established and/or operates		
Changes in the source of energy impacts the cost of energy and the sustainability of the business case		
The use of sustainable sources of energy are preferred over fossil fuels, but are not always economically viable		Geopolitical stability

Propositions	Substantive codes associated with propositions	Final category
An improved degree of evaluation of the country specific investment environment and regulatory requirements improves the degree of assessment of business and project risks	Sustainability	
An increased degree of project fit with business strategy will promote the level of confidence in the stability offered by the investment agreement in the specific country		
Sustainable community initiatives will increase desirability of Transnational Corporation's involvement in the community		
Stable democracies attract investment		
Financial health of a country influences the degree of social stability		
Training and education of Nationals in the local community and country improves sustainability of the business and country		
Country infrastructure (ports, roads, railway, electricity/water distribution, sewage, etc.) has a significant impact on the viability and sustainability of a mining business	Infrastructure	
Logistical infrastructure is the backbone of economic growth		
Logistics enable trade of goods and services		
Incomplete or ineffective infrastructure constrains project execution		Logistical

Propositions	Substantive codes associated with propositions	Final category
Supply chain processes facilitate the movement of goods	Supply chain management processes	constraints
Logistical management integrates the documentation, coordination, monitoring and financing activities for moving goods		
Effective supply chain systems promote efficiency and productivity		
Ineffective procurement, contracting/contracts management and materials management threatens the schedule and costs of projects		
Adherence to company values will increase the need for improved interpersonal skills of employees		
An improved level of employee knowledge of diversity will lead to a higher degree of application of diversity management skills in the workplace		
Training in conflict management will reduce conflict between employees		
Mentoring and Coaching will reduce waste		
Mentoring & Coaching will improve understanding of different cultures		
Mentoring & Coaching will improve the training system		
Interpersonal skills training will improve employee knowledge on the subject		
An increase in the level of systemic management knowledge will increase the level of long term		

Propositions	Substantive codes associated with propositions	Final category
management focus	Training	
Mentoring and Coaching will improve the safety of new employees in the workplace		
Knowledge and use of interpersonal skills will improve the effectiveness of all training		
Training of Expats in local customs will improve understanding of people and the local environment		
Continuous employee assessment & development will promote company value of caring for employees		
Continuous employee assessment & development will improve the quality of the training system		
Continuous employee assessment & development will improve competence		
An increase in the level of competence will empower employees		
Having the correct people in the correct jobs will improve long term management focus		
Properly implemented Expat assignments will promote teamwork		
Incorrect implementation of Expat assignments will decrease engagement from Nationals		
Poor implementation of Expat assignments will create perception with Nationals that they are viewed as inadequate		
Poorly communicated Expat placements will cause		Human

Propositions	Substantive codes associated with propositions	Final category
resistance from Nationals	Organizational effectiveness	Resources
An increase in the level of local employee competence will reduce dependency on expatriate skills		
Correct utilization of expatriate skills will improve the level of knowledge & skills transfer to local employees		
Fit for purpose organizational structures improves role clarity		
Knowledge of levels of work will increase effectiveness		
Work management systems improve quality of work		
Consistent leadership example, organizational structure and management systems will embed an effective organizational culture		
Understanding the context of work improves execution		
A culture of speaking up underpin the principles and values of the Transnational Corporation		
An increased degree of successful establishment of a local mining business will improve the level of effective business strategy execution by the Transnational Corporation	Accountability	
Organizational integration promotes effectiveness of execution		
Selection of the best option and completion of engineering will improve the level of execution planning		
An increased degree of organizational capability to		

Propositions	Substantive codes associated with propositions	Final category
establish a mining business in Africa will improve the level of effective business strategy execution by the Transnational Corporation		Execution capability
An increased degree of organizational capability to establish a mining business in Africa will improve the degree of successful establishment of a local mining business		
Research of the local relationships with the industry will increase Transnational Corporation's knowledge		
Knowledge of the nature of the local relationship with previous Transnational Corporations will improve understanding	Knowledge of country specific African context	
Local understanding of Transnational Corporation's principles will increase desirability of Transnational Corporation's presence in the community		
Feasibility studies by the Transnational Corporation that include a study of the local operation's traditions and customs will positively impact relationship building during execution of the new Greenfield project or acquisition		
Engagement with Competitors will expand the Transnational Corporation's perspective on local traditions and customs		
Work management system will reduce variability		
Unilateral implementation of Transnational Corporation's management systems will increase requisite variety		

Propositions	Substantive codes associated with propositions	Final category
Improved communication will lessen the degree of complexity	Complexity	Residual variety
Unidentified stakeholders increases likelihood of unexpected events		
An increase in the level of local employee competence will reduce complexity		
Systems with sufficient capability to deal with the complexity of the issues they face are effective	Viable systems model	
The viable systems model encourages evaluation of a wide range of possible solutions to complexity		
If an organization is able to adapt to change		
Organizational ability to respond to changes in the environment is a characteristic of a balanced organization, according to the viable systems model		
Systems that can carry out their functions inside of the organization and on a day to basis is a characteristic of a balanced organization, according to the viable systems model		
A system designed to be in balance with its internal environment and to deal with the accelerating rate of change in the external environment is a characteristic of a balanced organization, according to the viable systems model		
Adequate, informed policy systems that are ready to intervene when necessary is		

Propositions	Substantive codes associated with propositions	Final category
a characteristic of a balanced organization, according to the viable systems model		
An increase in variety leads to more complexity		
A complex system has a large variety		
A functional system requires its variety to be in balance		

ANNEXURE D: LETTER FROM LANGUAGE EDITOR



Dynamic Language &
Translation Specialists

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Friday, 11 November 2016

To whom it may concern,

Re: Letter of confirmation of language editing

The thesis **Development of a generic execution framework for Transnational Mining Corporations establishing a business in Africa** by TC van der Walt (26493357) was language, technically and typographically edited. The citations, sources and referencing technique applied was also checked to comply with NWU university guidelines. Final corrections as suggested remain the responsibility of the student.

Yours sincerely,

Antoinette Bisschoff

Officially approved language editor of the NWU since 1998
Member of SA Translators Institute (no. 100181)

Precision ... to the last letter

ANNEXURE E: ETHICAL CLEARANCE



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24 November 2016

Mr TC van der Walt
Postnet Suite 37
Private Bag X32
HIGHVELD PARK
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Dear Mr Van der Walt

ETHICAL CLEARANCE

This letter serves to confirm that the research project of Tommie van der Walt, with the title ***“The development of a generic execution framework for transnational mining corporations establishing a business in Africa”*** has undergone ethical review. The proposal was presented at a Faculty Research Meeting and accepted. The Faculty Research Meeting assigned the project number **EMS14/11/12-01/12**. This acceptance deems the proposed research as being of minimal risk, granted that all requirements of anonymity, confidentiality and informed consent are met. This letter should form part of your dissertation manuscript submitted for examination purposes.

Yours sincerely

Pieter Buys

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24 November 2016

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