

# Exploring methods to improve the image of South African diamond mines

**I.M. Mabusela**

**23924756**

Mini-dissertation submitted in partial fulfilment of the  
requirement for the degree of *Masters of Business  
Administration* at the Potchefstroom Business  
School of the North-West University

**Supervisor: Professor C.J. Botha**

**May 2016**

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## **ABSTRACT**

Companies invest time and money in the management of corporate reputation, exacerbated by interest groups who continuously challenge companies regarding their impact to society, the environment and employees.

The research study was conducted to research the determinants of reputation and consider those that will be relevant for improving the image of the South African diamond mines, understanding reputational interdependencies as the actions of one mining company may have an impact on the industry in general, determining how the local diamond mining sector is perceived reputationally against other local mining sectors, and comparing how the South African mining sector compares reputationally against other mining countries.

The mining industry has been operating in South Africa over a hundred years and this brings with legacy issues that continue to impact negatively on the reputation of the local mining industry. Through reputational interdependencies, the local diamond mining sector's reputation will be impacted by the actions of another South African mining company even if they are not from the same sector that being diamonds.

Consumers are also becoming increasingly conscious of how companies contribute to social challenges in and around their communities, how companies access and source their raw material and produce the final product.

In conducting the research a quantitative method was used, with questionnaires distributed to respondents within De Beers, Anglo American South Africa, Department of Mineral Resources, South African Diamond and Precious Regulator, State Diamond Trader, the South African Chamber of Mines and Community development consultants.

**Key words:** reputational management, determinants of reputation, mining industry, South African diamond mines, image

## ACKNOWLEDGEMENTS

My deepest appreciation goes to the following persons:

- My wife, Zandile Mabusela, for her patience and support throughout my studies
- My parents, David and Shirley Mabusela, for their love of education and unconditional support
- To my children, for allowing me the space to study – I hope my studying will be a source of encouragement to them
- Sakhile Ngcobo, my former boss and friend, for providing the space and support to pursue my studies
- My colleague and friend, Abel Madonsela, who gave me the courage to register for my MBA studies
- My syndicate group, it is through their help and support that I managed to complete my MBA
- Prof. C.J. Botha, my study leader, for his advice and encouraging words
- Finally, I would like to thank the Lord for giving me the courage and stamina to persevere during the toughest moments. Thank you for answering my prayers.

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## CHAPTER 1

### 1. NATURE AND SCOPE OF THE STUDY

#### 1.1. INTRODUCTION

There has been much research and reports written regarding reputation management, in general and as it relates to the mining industry. Some of the reports are based on the mining industry in other countries and their recommendation is that similar studies should be conducted in other countries, and in our case South Africa.

In “A Stakeholder Model of Reputation: The Australian Mining Industry”, Tuck (2012a:18) states that the model developed in this paper is based on the results of one study into reputation formation in a specific industry – the Australian mining industry. To determine whether the findings of this study are applicable in other settings there is a need for research into the stakeholder reputation formation processes for mining companies in other countries and for other industries more generally.

In some papers, the diamond mining industry in other countries positions themselves against that of southern Africa with their consumers to drive sales. This country positioning is relevant to our study, in seeing how other diamond producing countries are positioning themselves against South Africa. In Schlosser’s (2012:175) report titled “The ethicalisation of Canadian diamonds” the advertisement of Canadian diamonds as ethical alternatives further enables discourses of timeless, unyielding, “white” natures at the core of modern Canada by positioning them against glossed-over, limited (and sometimes unspoken) understandings of “conflict diamonds” in parts of sub-Saharan Africa.

One consistent theme that is reinforced in the majority of these journals and research documents is that of stakeholder engagement. While in some industries, the number of key stakeholder groupings may fall into a single category that being customers, in the mining industry, there are a number of these that are community, government, NGOs and more. The complexity of stakeholder engagement is so reflected in Carter (2006:1169), who states that future research should examine what happens when there are two or more stakeholder groups that are simultaneously salient to a firm. As Goffman (1959) notes, when actors must address multiple audiences simultaneously the interaction becomes much more complicated and role confusion may occur.

One of the most appropriate articles regarding reputation of the South African mining industry is one by Humby (2014:473), focusing on the legacy of the industry and how this can be addressed. While appropriate, there is a need to also consider current issues such as Regulatory compliance, community development and the salary gap between management and employees.

In the article, Humby (2014:473) states that the South African mining industry is challenged by the need to address a number of legacy issues that promote a “rear view mirror view” of the industry and fan discontent leading to potential policy change. This study considers how this industry can engage more constructively and proactively with its past by outlining the choices for an overarching remedial theory and forms of engagement. After considering how the South African mining industry fared before the country’s Truth and Reconciliation Commission, the article examines recent conflicts in which the legacies of migrant labour and silicosis have been implicated.

The study concludes that the past is unlikely to be addressed through a uniform process, and that the industry would do better to be more attentive to the remedial theories and limitations and opportunities inherent in multiple forms of engagement, as these manifest in flashpoints of conflict that invoke legacy issues.

Looking at the referenced articles above, it is clear that there is a need to consider reputation management for the diamond industry, within the South African context, with focus on past and current issues, and the impact that multiple key stakeholders may have on reputation management.

## **1.2. BACKGROUND OF THE STUDY**

Companies invest time and money in the management of corporate reputation, exacerbated by interest groups who continuously challenge companies regarding its impact to society, the environment and employees.

Consumers are also becoming increasingly conscious of how companies contribute to social challenges in and around their communities, how companies access and source their raw material and produce the final product. This consumer awareness has resulted in companies investing much of their time in carefully selecting and managing companies that they source raw material or goods from and, how in some instances such as mining, they extract their product and manage the impact to local communities and the environment.

This scope change has inevitably resulted in the focus on sustainability issues that includes the social, environmental and economic impact.

At the core of all companies' existence is the objective to make profit and with all the effort invested by companies to manage their reputation – financial, time and human resources – it is worth researching the different methods of improving the image of South African diamond mining companies.

### **1.3. PROBLEM STATEMENT**

While King III has elevated the focus on corporate reputation, this focus area is still considered a “Soft Issue”, which has very little impact on the long-term economic sustainability of organisations.

This is more amplified in the mining sector, where Corporate Social Investment and the implementation of Social and Labour Plans, which are not effectively implemented by some mining companies, are seen as a “silver bullet” to influencing stakeholders' perception of mining companies.

The reality is that there are many determinants of reputation management and this research study will investigate which of these are relevant for improving the image of the South African diamond mining sector.

### **1.4. RESEARCH OBJECTIVES**

#### **1.4.1. Primary objective**

The primary objective of the research study is to research the determinants of reputation and consider those that will be relevant for improving the image of the South African diamond mines.

#### **1.4.2. Secondary objectives**

- Understanding reputational interdependencies as the actions of one mining company may have an impact on the industry in general;
- Determining how the local diamond mining sector is perceived reputationally against other local mining sectors; and

- Comparing how the South African mining sector compares reputationally against other mining countries.

### **1.5. SCOPE**

The scope of the research study is the South African mining sector, with particular focus on the diamond mines.

Worth noting is that the literature review will cover other sectors, and utilise the sourced information to develop a questionnaire that will determine which of the identified determinants are relevant for the South African diamond mines.

### **1.6. RESEARCH METHODOLOGY**

The research method selected is quantitative research. According to Barnham (2015:837) quantitative research measures phenomena such as brand awareness, brand penetration, product preferences, and more, and elicits numbers and percentages that, at least within the constraints of a given sample, have the status of 'facts'.

The quantitative search for 'facts' can be usefully thought of as a series of 'what?' questions (for example, what number or percentage of people prefer product 'A' to product 'B', or what number of people in a given population have drunk beer in the past week).

A literature review will be conducted to identify the determinants of reputation and questionnaires distributed to respondents, within De Beers, Anglo American South Africa, Department of Mineral Resources, South African Diamond and Precious Regulator, State Diamond Trader, the South African Chamber of Mines and Community development consultants.

### **1.7. RESEARCH STUDY OUTLINE**

The research study consists of four chapters, these being:

- Chapter 1: Nature and Scope of the study
- Chapter 2: Reputation Management
- Chapter 3: Empirical study and Results interpretation

- Chapter 4: Conclusion and Recommendations

## **1.8. SUMMARY**

Chapter 1 covered the objectives of the study, the problem statement, methodology and the scope of the study. In chapter 2, the researcher provides the reader with a literature review on reputation management and the determinants of reputation.

## CHAPTER 2

### 2. REPUTATION MANAGEMENT

#### 2.1. INTRODUCTION

According to Bechan (2008:1) positive reputation is a valuable corporate asset and needs to be managed proactively in response to new threats entering the marketplace. Recent events have shown that the reputation of an organisation can take years to build, yet takes only a few seconds to destroy.

In Doorley and Garcia (2006:46), reputation management consultant Deon Binneman estimates that reputation makes up as much as 50% of a company's share price, with some studies showing that more than half a company's value can be wiped out in a crisis.

Bechan (2008:2) states that reputation has to be earned and it is established slowly over time. It is built on trust. However, trust is a fragile thing. It can be destroyed in the blink of an eye. In addition, globalisation, new communication technology and democracy have spread far and wide. As a result, consumers, investors and employees have become more critical and demanding than ever before.

From the above sources, it is clear that while it takes time to build a positive corporate reputation, it can be destroyed very quickly. It is further indicated that the reputation of a company needs to be proactively managed in an effort to develop and build further over time.

Bechan (2008:2) continues by asserting that Non-Governmental Organisations (NGOs) have sprung up in opposition to almost every sector of government and industry. Activist groups, the rise in critical consumer journalism, and new government legislation on matters of governance have all become challenges and threats to corporate reputation. In addition to these factors, many corporates have done the damage themselves through accounting scandals, fraud and also the sudden withdrawal of certain products. 'Reputation' has become an asset that now needs to be managed proactively, in reaction to the new threats in the marketplace.

Fombrun and Stanley (1990:233-259) (cited by Bechan, 2008:3) state that reputation emerges from various stakeholders who use economic and non-economic criteria to make their assessments of the past actions and the future prospects of organisations.

They state that this action creates either positive or negative reputation in the public arena and amongst rivals.

Many of the big corporates have done the reputational damage themselves and have come to have their ethical practices questioned and scrutinised by various sectors of stakeholders (Bechan, 2008:4). Proactive stakeholders today include:

- Activist groups
- Investors
- Protest groups (human rights abuse and environmental damage)
- Anti-globalisation protestors (trade injustices)
- Governments and new laws
- Media
- Regulating bodies
- Communities

Hills (2008:12) (cited by Bechan, 2008:4) continues to say that to minimise damage to an organisation's reputation, especially in crisis communication or change management instances, communication with all stakeholders becomes even more vital. In order to be effective, communication needs to be proactive, open, two-way and, most importantly, credible to show that you are on top of your game. Communication will be effective only if stakeholders perceive it to have integrity and integrity is the cornerstone of a good reputation.

It is evident that the influence of stakeholders to a company's reputation is critical and it is important to implement a proactive stakeholder engagement plan that will be aimed at developing a mutually beneficial relationship that will stand the company in good stead well into the future.

Porter (1996:61-78) (quoted by Bechan, 2008:3) states that strong corporate reputation occurs from a tight strategic fit among a highly integrated set of tangible and intangible relationships. This he believes leads to sustained competitive advantage.

Casado Molina *et al.* (2013:48) further affirm that in the eighties, 65% of the value of a company depended on its tangible assets and 35% on intangibles.

However, at the beginning of the second decade of the 21st century, it is now considered that this proportion has been reversed: the intangibles make up 70% of the value of a company and 30% is made up of the tangibles.

From the above, it can be deduced that reputation management is no longer a soft issue, but a strategic business imperative that has a direct impact on the company's value.

IOD, 2009 (cited by Reddiar *et al.*, 2012:29) indicates that in South Africa, the King III report has specifically mandated the directors of a company to take formal responsibility for corporate reputation at board level by specifying corporate reputation as a board agenda item.

The importance of reputation management has further been exacerbated by legislative compliance and corporate governance, through King III. Reputation management cannot be viewed as a Public Relations exercise, but a legal requirement for conducting business.

According to Alsop, 2004 (cited by Reddiar *et al.*, 2012:31), one of the biggest challenges posed to maintaining and enhancing corporate reputation was that most directors and senior management did not know how to define, measure, or manage corporate reputation.

If one cannot define, or measure, or manage an integral asset of the company, there is much cause for concern.

Bechan (2008:2) further suggests that knowing the top determinants of current reputation management can but help to enhance the business objectives of an organisation by contributing to the bottom line and gaining a competitive advantage. This includes:

- Creating stakeholder support on public and policy issues;
- Creating consumer loyalty;
- Creating positive shareholder value for investors;
- Attracting and retaining the most skilled and capable personnel; and
- Lessening the impact of a crisis on financial affairs and stakeholder relations.

Having said this, Mudeliar (2007:9) states that without a doubt, inadequate management of a reputation crisis could result in:

- A company's significant share volatility;
- Damage to a company's credibility and the trust and confidence that people have for a company;
- Decreased employee loyalty lower sales; and
- Reduced profits.

Winn *et al.* (2008:37) indicate that in an effort to manage industry reputation, industry members may jointly mobilise resources and plan actions (Astley & Fombrun, 1983) to counteract environmental pressures (Barnett, 2006b), or firms may act individually to benefit the collective. We refer to collective reputation management as all activities and behaviour undertaken by members of a collective to deliberately alter judgments about the reputation of the collective. Activities include information sharing, joint research and development, establishing codes of conduct, allying through trade associations (a primary vehicle of industry

cooperation, cf., Barnett, 2006a) and performing industry-level public relations and advertising (Aldrich & Fiol, 1994).

Bechan (2008:4) states that, historically, there has been a steady progression of various sectors of businesses that have had their share of unpopularity and that have experienced poor public reputations, mostly as a result of 'unethical' business practices. Historically, the reputation of certain industries has been more difficult to manage because of the contentious nature of their operations and products. These include:

- Tobacco;
- Chemicals;
- Oil and gas;
- Fur;
- Fast food;
- Arms;
- Pharmaceuticals; and
- Nuclear and mining, in more recent times.

This section has highlighted the importance of reputation management to companies, with a direct bearing on its share price, talent retention and competitive urge; amongst others.

The importance of reputation management has been exacerbated by globalisation, the advancement of communication technology and pressure from stakeholders (NGOs, communities and governments). Unfortunately the mining industry is also amongst the business sectors that historically have a reputation that is difficult to manage due to the nature of its business, but to proactively deal with this challenge, managers need to clearly define, measure and manage their corporate reputation.

The next section will focus on defining reputation management and reviewing the reputation management as it relates to the South African mining industry.

## 2.2. DEFINITION OF REPUTATION

Scott and Walsham (2005:308) state that reputation has been a key resource, shaping commercial choices throughout history, as Greif's (1989) account of business relations among medieval Maghribi traders show. Shakespeare even commented on it in *Othello*: Who steals my purse steals trash \_\_\_ But he that filches from me my good name robs me of that which not enriches him, and makes me poor indeed (*Iago*, III, iii, p. 130).

In Doorley and Garcia (2006:25), Charles Fombrun, an emeritus professor of Business at New York University, defines reputation as: "A perceptual representation of a company's past actions and future prospects that describes the firm's overall appeal to all of its key constituents when compared with other leading rivals."

Tuck (2012b:3) further states that reputations are about perceptions and people's perceptions of companies influence how they buy, sell, invest and who they work for.

Bromley, 1993, 2003 (cited by Carter, 2006:1145) goes on to say that corporate reputation consists of a set of key characteristics attributed to the firm by various stakeholders including, but not limited to, such attributes as quality of management, quality of products or services, community and environmental responsibility, innovativeness, and financial soundness.

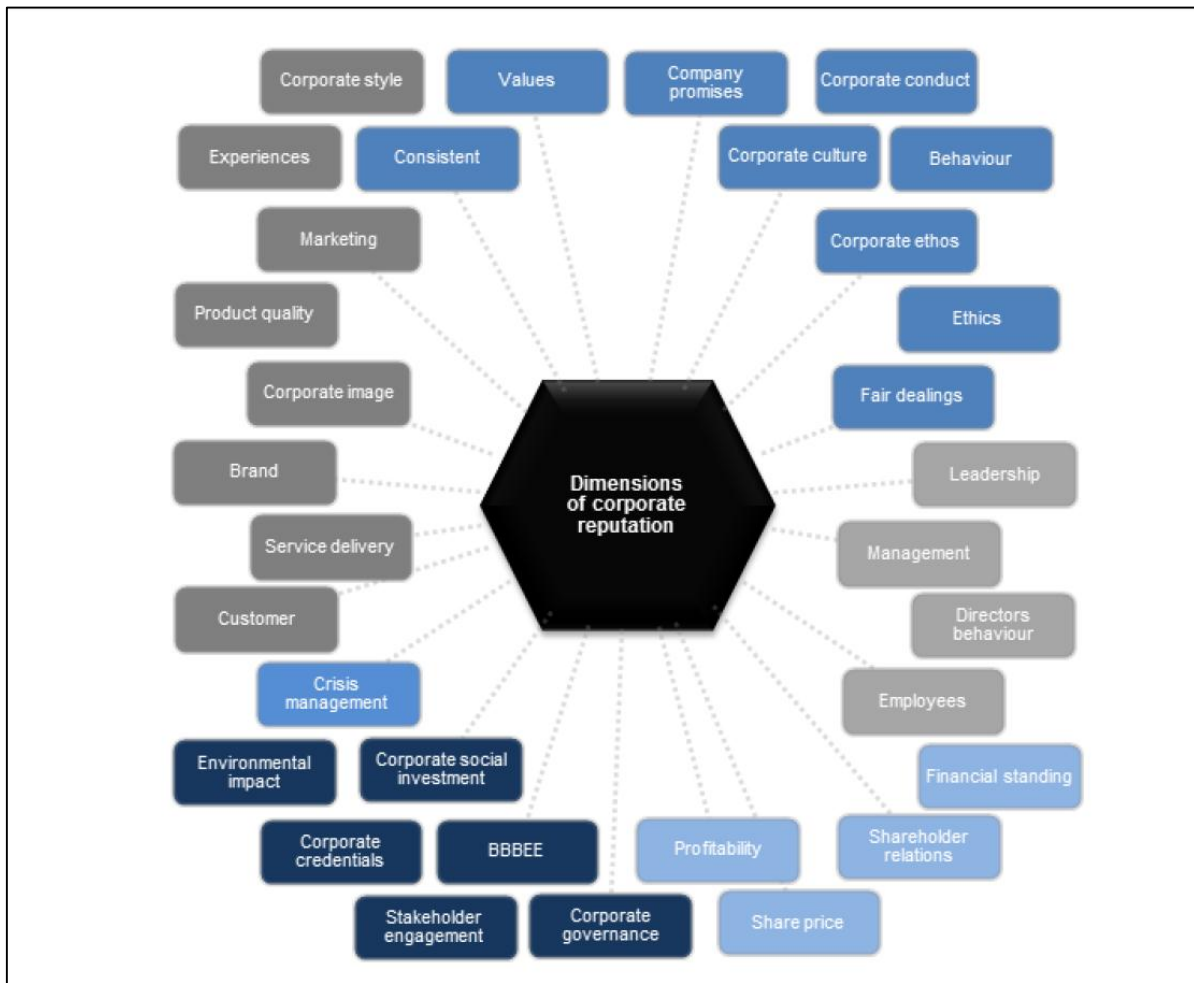
From the above, reputation of a company can be defined as the perception that its stakeholders have of it, based on its past, present and future. This perception by stakeholders will determine how they will engage and respond to the company and its products, including how it is viewed against its competitors.

Carter (2006:1145) continues to quote various researchers stating that having a favourable reputation has been argued to be one of the best ways to attract and retain good employees (Gatewood *et al.*, 1993), charge premium prices (Milgrom & Roberts, 1992), attract investors (Fombrun & Shanley, 1990), and build a competitive advantage (Barney, 1991; Roberts & Dowling, 2002).

From the above, it is evident that reputation touches all aspects of a business; its strategy, finances, people, operating model, product and stakeholders.

Walker (2010) (cited by Reddiar *et al.*, 2012:37) stated that reputation consisted of different dimensions and that these dimensions were issues specific for each stakeholder and/or company.

**Table 2.1:** Dimensions of corporate communications



According to Tuck (2012a:4), the determinants of corporate reputation also vary by industry and this variation may be significant for certain sectors, especially the resources sector which operates without close proximity to final customers and has significant environmental impacts (Grieg-Gran, 2002; Brammer & Pavelin, 2004; 2006 in Tuck 2012b:3). The nature of an industry will influence the ability of stakeholders to assess a firm's impacts, due to the variation in complexity of operations across industries (King *et al.*, 2002 in Tuck 2012b:3).

Importantly, for mining companies reputations influence access to new mineral deposits and community support for existing projects. Reputations are important for mining companies to gain from stakeholders both acceptance and a social licence, in particular from community stakeholders in order to access and develop mineral deposits (Tuck, 2012b:3).

Buchholz and Rosenthal (2005) (cited by Tuck, 2012a:4) argue that firms are an intrinsic part of the communities in which they operate, indicating that a firm and its stakeholders should be viewed as part of a network.

This has important implications for the study of reputation, and in particular, for the study of reputation in the mining industry where obtaining a social licence is crucial.

It goes without saying that reputation management in the mining industry is critical considering environmental and community development requirements linked to its social licence to operate.

In the next section, focused attention is given to the mining sector and reputation management.

### **2.3. SOUTH AFRICAN MINING INDUSTRY**

According to Ndlovu-Mitchell (2013:677), history shows that the economy of South Africa was revolutionised by the presence of diamond deposits and, therefore, diamond mining has been at the core of the South African economy. In the 1800s, the Main Reef of the Witwatersrand was discovered, triggering a great gold-rush that gave birth to mining. Not only did South Africa have large deposits of gold, it also had large deposits of diamonds, which transformed the economic history of South Africa. The transformation resulted in sophisticated economic activity, but it also came with challenges such as racism, which was contained in apartheid-influenced legislation. Black people historically were excluded from participating meaningfully in the diamond industry, except as labour.

Richardson and Van Helten (1984:320) mention that as early as the first decade of this century, the Transvaal colony, within which lay the Witwatersrand and several other minor gold fields, was the largest single producer of gold in the world.

However, the impact of the Witwatersrand discoveries was greater than a consideration of its place in total world production reveals. Its regional impact was also profound, not least because the discovery of the Witwatersrand formed part of what is sometimes called "the mineral revolution" in southern Africa.

The development of industrial capitalism in the region was markedly accelerated, whilst the long era of dispossession of independent African chiefdoms was finally completed, paving the way for the mobilisation of large numbers of African labourers to provide cheap labour for this industrial revolution (Richardson & Van Helten, 1984:320).

Although mining's direct contribution to Gross Domestic Product (GDP) has declined to some five per cent from around 20 per cent in 1970 and nine per cent in 1994, the mining industry still accounts for almost 60 per cent of South Africa's export revenue, as well as the employment of about half a million people directly and a further half a million indirectly.

The mining industry thus remains a significant private-sector contributor to the fiscus, providing some US\$2.7bn in taxes (approximately 14 per cent of total corporate income taxes) and US\$729m in royalties in the financial year ending March 2012 (Leon, 2013:178).

Leon (2013:177) asserts that South Africa's prodigious mineral endowment, estimated to be the largest in the world and worth almost US\$2.5 trillion.

Despite an encouraging climb in 2012 in the Fraser Institute's annual ranking of mining jurisdictions' 'policy potential' - rising 13 places in the 2011/2012 survey, after falling 18 places over the three prior surveys - South Africa was still placed only 54th out of the 93 mining jurisdictions ranked, falling in the bottom half and well below its neighbours Namibia and Botswana (Leon, 2013:177).

African National Congress (1994:99) (cited by Capps, 2012:316) states that South Africa is one of the richest countries in terms of minerals. Up to now, however, this enormous wealth has only been used for the benefit of the tiny white minority. The minerals in the ground belong to all South Africans, including future generations. Moreover, the current system of mineral rights prevents the optimal development of mining and the appropriate use of urban land. We must seek the return of private mineral rights to the democratic government in line with the rest of the world.

Leon (2013:189) mentions that the National Development Plan itself observes that there is an urgent need to stimulate mining investment and production, and sets out six proposals aimed at growing investment, outputs, exports and employment in the minerals sector, which includes: addressing the major constraints impeding accelerated growth and development of the mining sector in South Africa (such as amending the Mineral and Petroleum Resources Development Act, No. 28 of 2002 (MPRDA) to ensure a predictable, competitive and stable mining regulatory framework); developing and enhancing linkages with other sections of the economy; and improving the alignment of the Mining Charter requirements to ensure effectiveness in local communities.

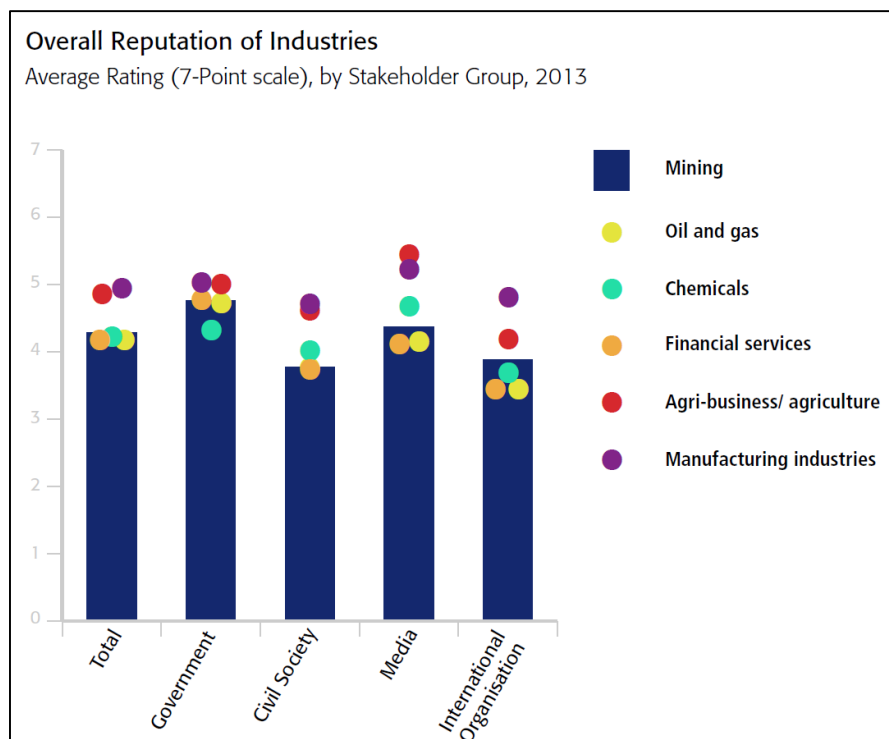
While the South African mining industry has played a significant role in the industrialisation of the country, this history comes with a baggage of benefiting only a small white minority, with blacks only providing labour.

## 2.4. REPUTATION OF THE MINING INDUSTRY

Mahon and Wartick, 2003; Berens and Van Riel, 2004 (both sources cited by Tuck, 2012:2) state that reputation research to date has had a strong focus on consumer orientated companies and research into corporate reputation in low differentiation industries such as the mining industry is limited. Brammer and Pavelin, 2006 (quoted by Tuck, 2012:2) indicate that the mining industry generally operates without close proximity to final customers and has little or no possibility for product differentiation, a result of the homogenous nature of many of the mining industry's products.

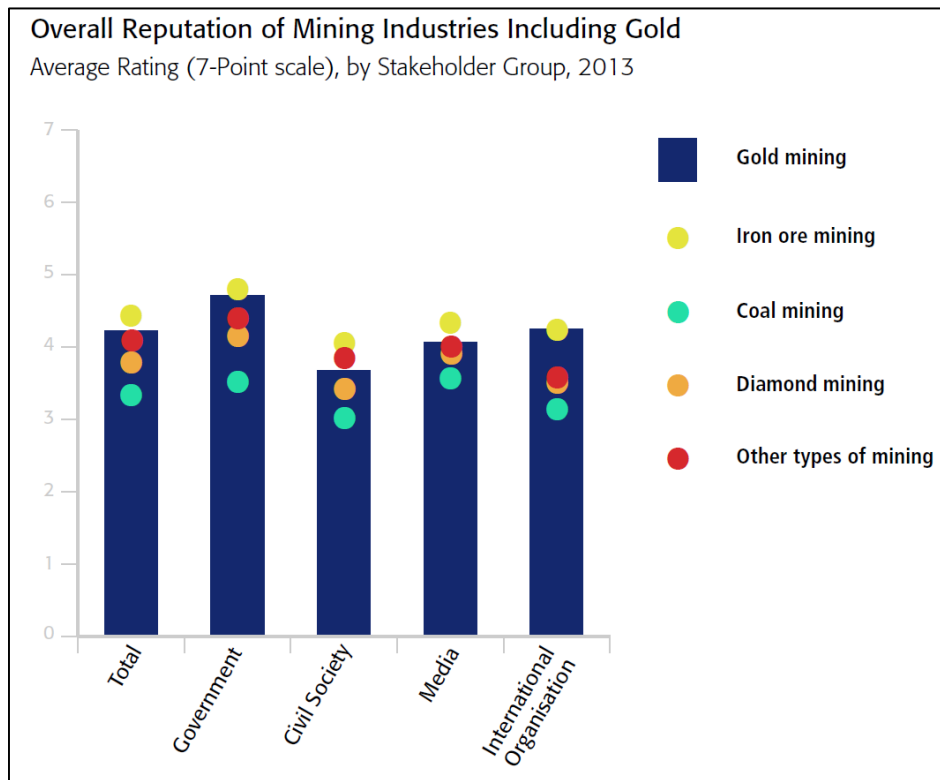
According to the WGC (2013:6), the mining industry overall is perceived to have a similar reputation to the chemicals, financial services and oil and gas industries, according to interested stakeholders.

**Table 2.2:** Overall Reputation of the Mining Industry



The WGC (2013:5) further states that the reputation of the gold mining industry is perceived as more positive than that of diamond and coal mining, but less positive than iron ore.

**Table 2.3:** Overall Reputation of the Mining Industry including gold



Dashwood (2012:119) highlights that in the mid-1990s, mining companies faced a serious reputational crisis. Concerns about the environment and growing awareness of the environmental destruction associated with mining on the part of the public led to closer scrutiny of mining operations. Opposition to new mining projects in advanced industrialised countries resulted in large tracts of land being closed off to mining, when land was set aside for nature reserves or national parks.

As many large mining companies sought out new opportunities in the developing world and former Soviet block of countries, environmental NGOs with a global reach targeted individual mining companies and brought attention to their environmental and social practices. According to Hamann, 2003 (cited by Dashwood, 2012:119), several major incidents in the mid-1990s causing serious environmental damage further contributed to the bad reputation of mining companies

Yet the South African government has claimed that it is taking measures to transform the industry's role in development, requiring it to change its relationship to the country as a whole, taking measures to bring about greater equity and bring in those previously disadvantaged. The companies themselves claim they have absorbed this message and are committed to becoming good corporate citizens (Dashwood, 2012:119).

Previous research indicates that the determinants of corporate reputation may vary by industry, and that this variation may be significant for certain sectors, especially the resources sector Grieg-Gran, 2002; Brammer and Pavelin, 2004 (cited by Tuck, 2012a:2). Furthermore, Brammer and Pavelin, 2006 (cited by Tuck, 2012a:2) argue that the salience of stakeholder groups can vary across industries.

The next section deals with some of the determinants of reputation within the mining industry.

## **2.5. DETERMINANTS OF REPUTATION**

### **2.5.1. Stakeholder Management**

Tuck (2012a:4) states that the ambiguity inherent in the formation of reputation and the observed stakeholder network effects also suggests the possibility of industry effects (reputational interdependencies) in the reputation formation process for stakeholders – a link between industry reputations and corporate reputations.

King et al. (2002) (quoted by Tuck, 2012a:4) propose that when stakeholders are unable to distinguish between the activities of individual companies that a reputation commons problem may exist for companies within certain industries, dependent upon the nature of the industry. That is, reputations may also be determined by observers' judgements of other firms within the industry. When major incidents or accidents happen within an industry, damage has sometimes occurred to the public perception of the whole industry and not just the offending company.

For the mining industry, it is important that these reputational interdependencies are understood and managed as the actions of one mining company may have an impact on the industry in general. There is thus a close link between industry reputations and corporate reputations.

Deephouse, 2000 (cited by Tuck, 2012a:4) states that the adoption of a network view of reputation suggests that stakeholders will form reputation based on a broad range of factors

and not just their past direct experiences of a company. It is argued that stakeholders also receive information through intermediaries such as the media and that these information intermediaries will reduce information asymmetry.

However, the levels of direct experience with a company and rights to information from a company vary between the stakeholder groups. This suggests that the level of reliance on information intermediaries, such as the media, may also vary between stakeholder groups.

If a mining company's stakeholder groups rely differentially upon these various sources of information in the formation of reputation this suggests that the stakeholder network effects may also differ between the stakeholder groups (Tuck, 2012a:4).

The formation of a reputation is not only influenced by the direct experience with a company, but may be influenced by access to information through the media, publications and information sources.

According to Hills (2008:12) the following are the eight steps to building effective stakeholder relationships:

1. Develop a stakeholder strategy on communication.
2. Determine a process for execution of strategies.
3. Consistently involve, engage and feedback.
4. Understand each stakeholder, the role they play, know the communication tools at hand and identify messages to be filtered through to the various mediums.
5. Media train key spokespeople on dealing with sensitive issues and neuro-linguistic programming.
6. Manage specific stakeholders' expectations and issues – customers, investors, suppliers, employees, the media, activists and governments.
7. Explore ways to enhance relationships with various stakeholders.
8. Measure, assess and evaluate stakeholder relationship influence – implement improvement.

Engagement enables communication on various issues within an organisation. It also encourages all influential parties to come together to discuss possible approaches to overcoming conflicting agendas and promote a consistent, open and balanced dialogue.

Within organisations, one key stakeholder is the Chief Executive Officer and the next section explores the influence that they have on the company's reputation, referred to as Chief Executive Officers' Capital.

### **2.5.2. Chief Executive Officer's Capital**

According to Barney's (1991,115) (cited by Sohn & Lariscy, 2012:321) standards of determining the value of a source of sustained competitive advantage, Chief Executive Officer (CEO) reputation is a good candidate to be an organisation's strategic resource. First, a CEO's favourable reputation is valuable.

This value is often described as CEO capital. Second, CEO reputations are rare, given that only a few CEOs by industry have good reputations. Third, how the CEO has earned a favourable reputation is difficult to explain by several causes.

Sohn and Lariscy (2012:321) continues to state that even though a competitor may imitate a CEO possessing a good reputation, he/she may not perfectly replicate the same qualities of reputation, because a positive CEO reputation is accumulated over a long time and is historically specific. Therefore, a CEO's reputation may be imperfectly imitable. Fourth, a CEO's reputation is nonsubstitutable by any other resources.

Even though a CEO's vision for the firm may be replaced by a good management team, the favourable perceptions held by external stakeholders (for example, consumers, investors, and media) of the CEO are unlikely to be replaced by the management team.

One of the CEO's key responsibilities within the mining industry is how their organisation is contributing to the sustainable development of its local community, focus for our next section.

### **2.5.3. Sustainable Development**

Dansereau (2010:67) indicates that the United Nations Development Programme (UNDP) adopted a similar notion of business in development by encouraging a 'triple bottom line' in which corporations were expected to reconcile environmental and social considerations with financial profitability. This required that they obtain not only an operating license from government but a 'social licence' from the community (UNDP, 2004).

For most major mining companies, the adoption of corporate social responsibility (CSR) policies can be understood as a strategic response to address reputational issues surrounding public concern over the environmentally damaging practices associated with mining (Dashwood, 2012:118).

Dashwood (2012:119) states that CSR is understood as the beyond – law obligations which companies must adhere to because their economic activities affect the social and ecological systems in which they are embedded (Culpeper & Whiteman, 1998; Prakash, 2000). Abiding by existing regulations represents the baseline of good corporate behaviour (Carroll, 1999), but CSR is not philanthropy, in the sense that companies can simply choose which charity they might support. CSR denotes an obligation companies have in the economic, social and environmental realms, the three pillars of sustainable development.

From the above, it is evident that Sustainable Development is not about the selection of social programmes to invest in, but a deliberate focus by the organisation on the sustainable investment in social, environmental and economic development.

Dashwood (2012:120) continues by saying that due to the fact that mining companies must locate where the ore is, and because of the huge up-front capital costs associated with opening a new mine, mining companies are vulnerable to community opposition to their operations. Even if they have the necessary licences and government approvals, mining companies must seek a “social licence” to operate, and they cannot simply pick up and leave in the event of community opposition without incurring a huge loss (Gunningham *et al.*, 2003).

These factors, together with conditions attached to loans imposed by the World Bank, IFC and private commercial banks, led mining companies to see a direct correlation between their profitability, and their ability to demonstrate a commitment to CSR (Vogel, 2005).

The commencement of environmental reporting and creation of senior executive positions with responsibility for the environment can be taken as a reflection of a strategic response to external pressures, and an indication of growing attention to CSR (Dashwood, 2012:128).

The focus on Corporate Social Responsibility by mining company is a direct response to pressure from local communities, financial institutions and the requirement for environmental reporting.

In mining, local community involvement will ensure a reduction in the harm done to those in closest proximity to a mine while the mining company will contribute to the development of local business activities through the creation of small scale income-generating activities and micro-enterprises run by local community organisations and supported by the social development arm of the mining company, or via procurement contracts with entrepreneurial groups within the local community (Dansereau, 2010:65).

The mining company will support greater training, public services such as education and health, and the creation of public goods such as clean water, transport, energy and infrastructure. It is also aimed at reforming small-scale mining, subjecting it to state regulation that will improve its environmental, health and safety records, and provide documented and taxable employment (World Bank, 2007) (cited by Dansereau, 2010:67).

According to Dansereau (2010:68) this approach would also contribute to improved community and employee relations, the development of supply linkages, reduced dependence on the mine for local economic wellbeing over time as well as bring substantial benefits in terms of reputation, and good corporate citizenship (World Bank, 2007).

Dansereau (2010:68) is of the view that the state would also benefit from increased revenues through enhanced mineral rent which it will direct to development now defined as activities directed towards poverty reduction directed towards achieving its Millennium Development Goals.

Corporate Social Responsibility also has a direct impact on the development of local communities and contribution to the fiscus by mining companies through mineral rent, tax and the creation of local employment opportunities.

Companies indicate they undertake their community work in conjunction with municipal governments through the municipalities' Integrated Development Plan (IDP) as required by government in order to link company activity with longer term local economic development goals in communities and municipalities adjacent to the mines as well as in labour-sending areas, inside and outside of South Africa (Dansereau, 2010:76). Dansereau (2010:77) indicates that yet there is recognition that the IDP process remains a weak organ of community and regional development.

A 2005 study demonstrates that social development projects are poorly integrated into the IDPs and the projects also have a high failure rate as large amounts of money are spent without on-going advice and attention to sustainability or adequate monitoring and evaluation and communities have a lack of skills in this area (Limpitlaw, 2005).

In the mining industry, partnership between the mining companies and local government is critical to ensure a sustainable contribution by mining companies linked to government's Integrated Development Plans.

Dansereau (2010:78) highlights that in the platinum rich Bushveld area in Limpopo province, and in Rustenburg, mining company relations with traditional communities have been conflictual resulting in protests and court actions by the communities involved.

Communities have sought compensation for damages to their homes from mine blasting, water contamination, the loss of land for subsistence agriculture and the removal of farmers to inhospitable land with little access to water resulting in the loss of livelihood and their traditional way of life.

According to Curtis (2008:5-6) (cited by Dansereau 2010:78), further displacements are anticipated as mining is moving into densely populated rural areas. The relocation process has been made worse as the mining companies do not consult directly with community members but rely instead on inputs from non-elected Section 21 companies (Mines and Communities, 2007). These are non-governmental organisations, known as Section 21 companies because of their non-profit status under the Companies Act, who speak for the community and act as go-betweens with mining companies. They also sign documents and receive community claims (Dansereau, 2010:78).

As part of their mining operations, companies at times have a negative impact on the surrounding communities through blasting, water contamination and removal of communities from their ancestral land to inhospitable areas, which adversely affect their livelihood and traditional way of life.

There is no doubt that Sustainable Development, if implemented correctly and in partnership with the local community, non-governmental organisations and government will have a lasting and positive impact on the legacy of that organisation.

#### **2.5.4. Legacy**

Legacy has plagued the South African mining industry in recent times (Humby, 2014:1). A strategic plan developed by the South African Chamber of Mines' Executive Council, for instance, recognises that even though the existing industry is not necessarily responsible for the damage, legacy issues perpetuate a "rear view mirror view" of the industry as uncaring towards the safety, health and dignity of workers or the needs of local communities around mines; negligent with respect to the environment and opposed to transformation and beneficiation. This, the report notes, remains the "overriding" perspective of many South Africans that fans the "embers of discontent" driving potential policy change.

Swart (2008) (quoted by Humby, 2014:1) states that coming to terms with the legacy of mining in South Africa is of course part of the broader on-going transitional project of coming to terms with apartheid, a past made painful by the systematic domination and oppression of people on the basis of many forms of discrimination, but most particularly on the basis of race, class and gender.

A challenge for the mining sector is that its legacy is to some extent linked to the apartheid era in South Africa. Issues of discrimination according to race and gender, the lack of transformation and safety concerns, are perceived as still prevalent within the mining sector by stakeholders. This perception unfortunately also impacts newly established mining companies that were not even operational during the apartheid years.

Humby (2014:4) indicates that to their credit, the Anglo American Corporation and the Chamber of Mines (representing a number of South African mining houses) responded to the Truth and Reconciliation Commission's (TRC) invitation and participated in the business hearings. Notwithstanding these submissions, the mining industry was judged harshly in the TRC's final report. The report identified the industry's involvement with the state as being of the "first order", in other words, "direct involvement with the state in the formation of oppressive policies and practices" (Truth and Reconciliation Commission 1998, para 63).

According to Humby (2014:4), what seemed to irk the Commission was the industry's lack of full revelation and recognition. It held that the Chamber of Mines' failure to grapple with the moral implications of subhuman compound conditions, brutal suppression and meagre wages was "regrettable and not constructive" (ibid, para 65). While framed in terms of restorative justice, the business hearings exacerbated rather than rehabilitated negative perceptions of the mining industry.

In addressing legacy issues, it is important for the mining industry to openly honest, taking full responsibility of the role the industry played during the apartheid era and, most importantly, to recognise and accept the negative impact that its actions had on local communities and the country as a whole.

The reality is that the perceived negative impact of the mining industry on local communities has led to the South African government enacting legislation that aimed at redressing the imbalances of the past.

### 2.5.5. Legislation

Before 1994, the operating of mines and works and of machinery used on mines was regulated in South Africa by the Mines and Works Amendment Act No. 27 of 1956 (SA, 1956) which had as its aim: 'to consolidate and amend the laws relating to the operating of mines and works and of machinery used in connection therewith', while the Minerals Act No. 50 of 1991 (SA, 1991) was 'to regulate the prospecting for and the optimal exploitation, processing and utilisation of minerals'; and 'to regulate the orderly utilisation and the rehabilitation of the surface of land during and after prospecting and mining operations'. Mineral rights were privately owned usually by the landowner. They could be traded and be used as security (Sorensen, 2011:171).

Leon (2012:8) asserts that most people will agree that it was imperative that South Africa's first democratic government, elected in April 1994, develop a new mineral regulatory framework to address the apartheid government's past exclusionary practices against black South Africans.

While these, it is worth recalling, were effected across all sectors of the economy, they were almost certainly worst in the mining industry with its terrible legacy of migrant labour, unsafe working conditions, labour repression and economic exclusion. In order to address these – and related – socio-economic issues the MPRDA was passed by Parliament in June 2002 and brought into force on 1 May 2004.

Hamann (2003) (as cited by Capps, 2012:322) indicates that in addition to its social goal of promoting black capital, the Mineral Development Bill (MDB) also included the more welfarist objective of stimulating the 'local and rural economic development and social upliftment of communities affected by mining'.

Here, the bill's drafters could draw attention to mining capital's historic neglect, if not destruction, of both the traditional 'labour sending' areas, and those 'rural communities' forced to 'host' mining activities.

Two specific sets of measures were devised to 'uplift' the rural poor. First, the new, universal royalty now received by the state would be ring-fenced for redistribution to the labour reserve and mining areas for the explicit purpose of 'rural development'. Second, in order to qualify for 'new order' rights, all established mining companies would also have to submit a 'social plan' that included measures to 'empower' local 'communities' through corporate social investment, small enterprise promotion and, later, equity stakes.

The intention behind both the original and revised Mining Charter was to champion the government's Black Economic Empowerment (BEE) policy, which itself is an attempt to de-racialise the economy, by requiring mining companies, inter alia, to divest equity in favour of black South Africans: 15 per cent by 2009 and 26 per cent by 2014, ostensibly at fair market value (Leon, 2013:188).

Dansereau (2010:73) indicates that many BEE transactions have been aimed at facilitating the emergence of a new elite. They involve a small group of the same people, sometimes referred to as the 'BEE Gentlemen', all of whom have close connections to the African National Congress (ANC) including Saki Macazoma, Cyril Ramaphosa, Tokyo Sexwale, and Patrice Motsepe. The fear is that this concentration of empowerment transactions allows established companies involved in partnership with the new BEE companies to achieve a 'comfort level', but with little significant transformation.

Post 1994, government amended the Mining legislation to redress the negative impact that the mining sector has had on communities, its workers and the country. Also key is that pre-1994; the mining rights were privately owned by the land owners and could be treated as security by private individuals with no benefit to the state and the people of South Africa.

Dansereau (2010:74) mentions that more recently government is expressing dissatisfaction with the extent of broad-based economic empowerment and is threatening to tighten BEE rules, as indicated by former Deputy President Kgalema Motlanthe in February 2010 who claimed that the 'story is dominated by a few individuals benefiting again and again' (Mail and Guardian, February 4, 2010). In July, the Minister of Mineral Resources, voiced her dissatisfaction at the poor achievements as it was clear the 2014 Mining Charter deadline of 26% Historically Disadvantaged South Africans (HDSA) ownership would not be met as only 9% of shareholders in mining were HDSA, concluding that the 'racial pattern of mining ownership had not changed fundamentally since the end of apartheid'.

By contrast there have been less mass empowerment deals as called for in the Broad-based Black Economic Empowerment or BBBEE measures aimed at different collectivities including workers' groups and traditional communities (Dansereau, 2010:74).

According to Leon (2012:21), in a documentary entitled 'Mining for Change: a Story of South African Mining' released in June 2011, Malema argued that the country's mines must be nationalised to return mineral wealth stolen by the white colonists to the black majority. This calls for full-scale nationalisation, unaccompanied by any compensation became a central aspect of Malema's successful campaign for re-election as the African National Congress Youth League (ANCYL) President in June 2011.

Manson (2013:409) continues, in June 2012 at its policy conference, the ANC rejected nationalisation of the country's ailing mining industry. The ANC proposed an alternative plan comprised of the imposition of higher taxes and penalties on mining houses, local beneficiation of minerals and a greater role for the state in new mining ventures.

The amendment to the mining legislation has not been effective in addressing the developmental challenges as intended by government, but has led to few individuals benefiting through BEE, without any tangible benefit to local communities and employees.

Furthermore, Sorensen (2011:178) states that the National Environmental Management Amendment Act 62 of 2008 (NEMA) (SA, 2008) incorporates changes to chapter 5 which deals with integrated environmental management. The Ministers of the Environment and Mineral Resources agreed that there should be one environment management system, specified by the environmental authority. 'This system will also in future apply to mining activities and will be prescribed by NEMA'.

In practical terms it means that while the Minister of Environmental Affairs is the 'custodian' of the environment, the Minister of Mineral Resources remains the competent authority to oversee mining-related environmental issues in terms of NEMA until the MPRDA has been suitably amended. Eighteen months after the MPRDA has been amended, NEMA becomes the relevant Act to regulate environmental management of mining.

Legislation within the mining industry also included issues of Health and Safety, which continues to plague the mining industry's reputation till this day.

#### **2.5.6. Health**

Nelson (2012:89) mentions that South Africa is a mineral-rich country. Although the mining of these minerals generates wealth for the country, it also causes diseases in the mine workers who are exposed to harmful dust. Pulmonary silicosis, the disease most commonly caused by exposure to crystalline silica dust, was described in South African gold miners in the early 1900s not many years after gold-mining commenced.

Most studies since then have been cross-sectional, with only one large cohort study being conducted on white miners; long-term trends have not been reported. Currently, South Africa has one of the highest rates of silicosis in the world.

With reference to the gold mining sector, Nelson (2012:90) states that the only long-term cohort study, conducted on white miners, provides a clear illustration of the progression of silicosis long after retirement.

Not surprisingly, the prevalence of disease in black miners in earlier years, when exposure to dust was for relatively short periods, was much lower than in white miners. Three subsequent studies of ex-miners from Lesotho, Botswana, and the Eastern Cape reported proportions of silicosis of up to 36%. By 2001, many years after short-term contracts had been phased out; the proportion of black employed gold miners with silicosis was 14 times higher than that reported in 1984.

Nelson (2012:96) continues by saying that although the Department of Mineral Resources (DMR) requires all mines to conduct occupational hygiene surveillance on a regular basis, according to prescribed guidelines, many of the mines do not follow the regulations. Dust measurements should be regularly conducted by all mines and audited and validated by the Department of Mineral Resources.

Even with the enactment of the Mine Health and Safety legislation, there are mining companies that are still non-compliant, with their employees still exposed to unhealthy working conditions. There is a need for stringent and regular audits conducted by the Department of Mineral Resources to ensure compliance.

### **2.5.7. Safety**

Leger (1994) (cited by Eweje, 2005:170) points out that: The South African mining industry has long been characterised by an alarming accident rate: between 1900 and 1993, 69,000 died in mining accidents, and over a million were seriously injured.

In the 1990s, nearly two miners died underground every working day, while serious diseases, including tuberculosis, are widespread among mineworkers. There are indications that accidents may be underreported, while the fact that most former miners return to remote rural areas inhibits data collection regarding the incidence of occupational diseases.

Dansereau (2010:70) mentions that the first major change was the 1996 Mine Health and Safety Act aimed at improving the sector's poor health and safety record. The state increased the power and capacity of the mining inspectorate (RSA, DME, 2003) which now could and did order the temporary closures of mines found to contravene safety regulations.

The fact that the mining industry is perceived to have under reported health and safety stats for a long time, which subsequently led to government, through the Department of Minerals and Energy, amending legislation to address this challenge, does not stand the mining sector in good stead as it will be perceived not to be committed to proactively addressing challenges within the sector.

#### **2.5.8. Financial investment in host countries**

In practice, Dansereau (2010:71) states that mining companies have benefited from the overall move to greater financial liberalisation, as it eliminated some of the regulations on capital movement, making it possible to transfer their headquarters and stock market listings to London at the end of the 1990s.

The older mining houses that dominate the South African industry unbundled their holdings, shed their non-core and industrial interests, and globalised their reach through international mergers or acquisitions of foreign companies (Cawood *et al.*, 2001).

Companies such as Anglo-American, De Beers and BHP Billiton transferred their primary listings and corporate head offices out of South Africa resulting in a surplus outflow of R5 billion between 1994 and 2001 (COSATU, 2002).

South African assets were being purchased at the same time by foreign resource companies, resulting in a globalised ownership structure of South African mining assets, resulting in a drop in local ownership from 22% in 1975 to 5% by 1999 (Cawood *et al.*, 2001). Carmody (2002) argues that mining houses were interested in globalising, first by using investment in Africa as a springboard to broader investment, and then by moving to London.

This allowed them to unlock 'shareholder value' as it led to an increase in share value price in relation to assets, and to maintain assets in hard currency while gaining access to cheaper capital and becoming more mobile. Anglo-American increased its profit by 24%, the year it moved to London, 1999/2000 (Dansereau, 2010:72).

In attracting foreign direct investment into the country, it is imperative for South African Blue Chip companies to be seen to be leading in demonstrating confidence in the country and for these companies to be transferring their primary listing to the London securities exchange, is seen as a lack of confidence in the country by these "South African companies".

Such listings are also seen as the transfer of funds out of South Africa, funds that were generated locally and should be of benefit to country and local community. In accordance with the Freedom Charter of 1955; “The mineral wealth beneath the soil, the Banks and monopoly industry shall be transferred to the ownership of the people as a whole”.

The next section focuses on the living and working conditions of mineworkers and mine community, a determinant of reputation.

### **2.5.9. Living and working conditions of mineworkers and mine communities**

Leon (2013:184) states that although the incident at the Marikana mine was ostensibly driven by union rivalry and wage dissatisfaction, as much as by the conduct of the police, the root causes seem to run much deeper, to the daily living and working conditions of mineworkers and mine communities. Looking at how best to optimise South Africa's prodigious mineral wealth, an important focus must be on those most directly affected by mining – those South Africans whose physical and social space is affected by the arrival and, importantly, the departure of mining companies. A fundamental priority should be to ensure that mine communities are fairly included in the benefits that mining clearly brings to the economy.

Leon (2013:185) highlights that the real problem that needs to be addressed with mine communities is much wider than simply one of living conditions. At the Mining Lekgotla organised by the South African Chamber of Mines in June 2012, the author urged government and industry to recognise the need for a 'new deal' for South Africa's mineworkers and mine communities, because without it – without strengthening the social licence to operate – South Africa would not have a sufficiently firm foundation for equitable and sustainable growth in the mining sector.

According to the above references, how a mining company treats those closest to it, its communities and workers, is indicative of its commitment to transformation and sustainable development.

Under the MPRDA, a mining right may only be issued if the applicant submits a compliant social and labour plan (SLP) to the DMR as well as subsequently complying with its requirements. SLPs aim to give effect to sections 2(f) and (i) of the MPRDA: to promote employment and advance the social and economic welfare of all South Africans; as well as to ensure that holders of mining rights contribute towards the socio-economic development of the areas in which they are operating.

South Africa's current approach to mine communities is simply not delivering these benefits. It presupposes a one-size-fits-all model for such communities, despite their diverse needs and circumstances. Moreover, it reserves no seat at the regulatory table for the affected mine communities (Leon, 2013:187).

It is vital that, as the future of mining in South Africa is discussed, mine communities and workers are given a fair say in how mining will affect their own future. A look beyond South Africa's borders at what reform-minded African mining jurisdictions are doing to promote community participation should assist.

Central to the objective of community development is their involvement in the process of outlining the interventions that will be implemented in their communities for their benefit. Hitherto, communities have been ignored by mining companies as indicated by Leon.

## **2.6. ETHICAL CONSIDERATION**

Hooker (2004) (cited by Ivancin, 2012:150) states that "Business ethics" as an oxymoron is a joke that has been around a long time. The joke builds on the business philosophy centering on the all-consuming economic mission of the business and the assumption that profit motives drive all decisions. The goal of the business is to provide a return on investment for its shareholders or owners, and it need not concern itself with anything other than this goal. While this is a simplistic view and many businesses have recognised that being a good citizen can also mean good business, the concept does reflect something about the culture of business.

Ivancin (2012:151) states that the public in general and customers of particular companies expect the entities they deal with to adhere to certain ethical standards and to be good citizens. Consumers want to know that they share the values of the companies they buy from or, at the very least, find those values to be acceptable.

Ivancin (2012:151) goes on to say that as the public has gained a more visible and vocal role, its relationship with businesses has changed. Social media has certainly made it easier for the public to highlight any shortcomings of business decisions, but the relationship between businesses and the public has been evolving over the last several decades. Businesses have recognised that they are active parts of society and must be good citizens. They have recognised not only an obligation to their shareholders but also to other stakeholders, including their employees, customers, vendors, other business partners, the communities in which they operate, and society as a whole. Companies have not always come to this realisation voluntarily; regulation and other external pressure have had much to do with it.

It is encouraging that businesses are now realising the importance of ethics in how they conduct their business. The reality is that this did not happen voluntarily in most cases, but was as an effect of stakeholders' expectation, pressure and regulation by government that has led to the change.

## **2.7. SUMMARY**

This chapter has provided an overview of some of the determinants of reputation. It is worth noting that the reputation of a single company may be affected, positively or negatively, by incidents or accidents that happen within that particular industry. This happens mostly when stakeholders are unable to distinguish between the activities of individual companies.

In this regard, consideration needs to be given to the influence that the actions of the other mining industry player have on the reputation of the diamond industry, as a stand-alone sector. This is of particular interest considering affiliation to industry organisations such as the Chamber of Mines that tends to represent and speak on behalf of the industry at large.

The mining industry has also been part of the South African economy since the later 1800s, and still today, the industry cannot rid itself of the legacy of exploitation of workers, migrant labour, fatalities, poor working condition, health issues and the support of an exclusive economy. It is also worth stating that, at times, it is the same companies that conduct activities that negatively impacts on their reputation, thus the damage being self-inflicted.

In recent years, the mining industry has been adopting and implementing strategies that are focused on the triple bottom line of people, profit and planet; which are at the heart of conducting business in an ethical manner.

In Chapter 3, the researcher will focus on the research methodology and results of the study.

## CHAPTER 3

### 3. RESEARCH METHODOLOGY AND RESULTS

#### 3.1. INTRODUCTION

Chapter 2 focused on an overview of the South African mining industry, the definition of Reputation, Reputation Management of the Mining Industry and the Determinants of reputation.

In Chapter 3, focus will be given to the Research Design, the Survey Questionnaire as a measuring instrument, the collection of the data and finally, the presentation and interpretation of the research results.

#### 3.2. RESEARCH DESIGN

Mukhopadhyay and Gupta (2015:111) state that in quantitative research, the most commonly used data collection methods are survey and making use of existing secondary data sources.

The research for this mini-dissertation included a literature review and a questionnaire that was sent to respondents to complete.

In designing research questions; Rowley (2014:315) suggests that you need to check that your questions:

- are as short as possible;
- are not leading or have implicit assumptions;
- do not include two questions in one;
- only exceptionally invite “yes/no” answers;
- are not too vague or general;
- do not use double negatives;
- are not, in any sense, invasive, or asking questions that the respondent is unlikely to want to answer; and
- do not invite respondents to breach confidentiality.

### **3.3. RESEARCH SAMPLING**

Subsequent to conducting a literature review, a questionnaire was developed as a research tool. Rowley (2014:309) states that questionnaires are mostly used in conducting quantitative research, where the researcher wants to profile the sample in terms of numbers (for example, the proportion of the sample in different age groups) or to be able to count the frequency of occurrence of opinions, attitudes, experiences, processes, behaviours, or predictions.

Rowley (2014:309) states that in research in organisational studies, management, and business, participants may be selected either as an individual or as a representative of their team, organisation, or industry. 140 questionnaires were sent out to respondents within De Beers, Anglo American South Africa, Department of Mineral Resources, South African Diamond and Precious Regulator, State Diamond Trader, the South African Chamber of Mines and Community development consultants' staff members.

According to Rowley (2014:308) research questionnaires may be distributed to the potential respondents by post, e-mail, as an online questionnaire, or face-to-face by hand. For purpose of this research, the questionnaires were mainly distributed via email, with some delivered by hand, to colleagues who were in the same building. The questionnaire was accompanied by a cover letter that explained the objective of the research and commitment to confidentiality, to list a few.

From the 140 questionnaires distributed, 72 questionnaires were completed and sent back by the respondents, amounting to 51% response rate.

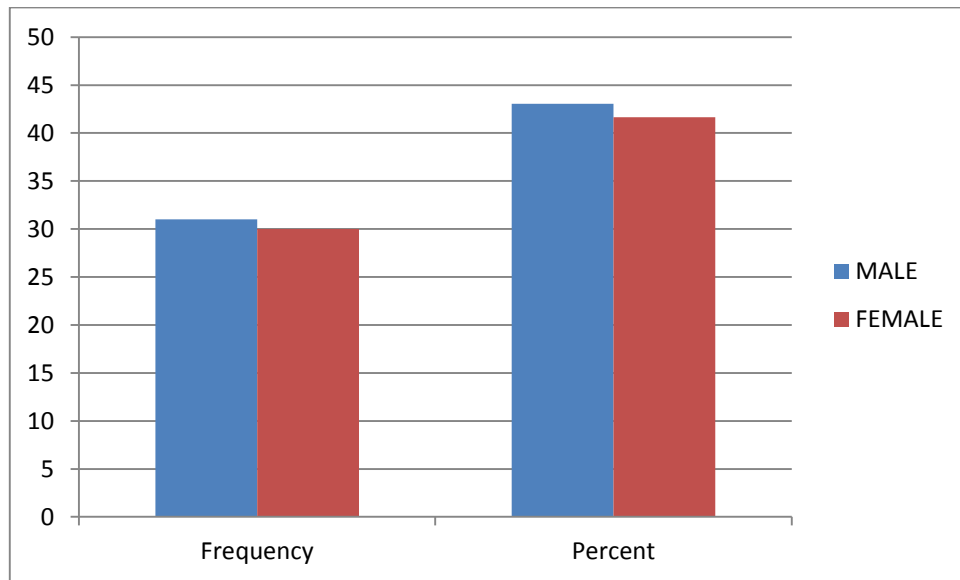
Rowley (2014:309) highlights that since one of the main advantages of questionnaires is the ability to make contact with and gather responses from a relatively large number of people in scattered and possibly remote locations, questionnaires are typically used in surveys, where the objective is to profile a "population".

Once the questionnaires were received back, they were statistically analysed and the data interpreted and the next section includes a report on the results.

### 3.4. RESEARCH RESULTS

#### Section A: Demographics

**Figure 3.1:** Gender of respondents

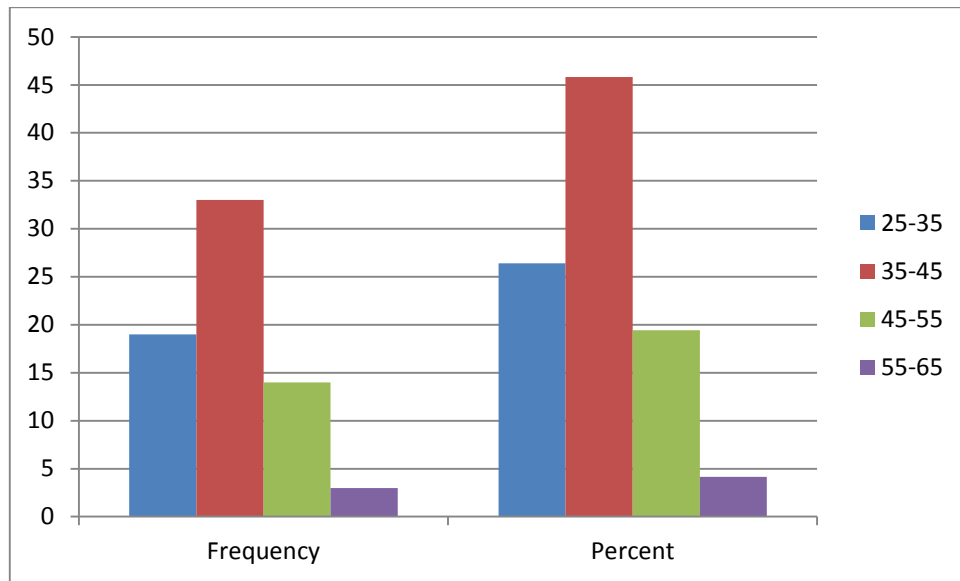


There were a total of 140 questionnaires that were sent out and 72 were returned completed. From those returned, 11 did not state their gender, 31 were males and 30 females. This outcome was not the intention of the survey and to check if this correlation had any impact on the outcome of the research, a T-test was done on Gender and the results indicated that there was no statistical difference due to gender, with the Effect Size of 0.12.

**Table 3.1 (a):** T-test Gender

GENDER		N	Mean	Std. Deviation	Sig. (2-tailed)	Effect Size
FactorQ1_Q2 6	1 (Male)	31	1.5651	.24766	.593	0.12
	2 (Female)	30	1.6057	.33725		

**Figure 3.2:** Age of respondents



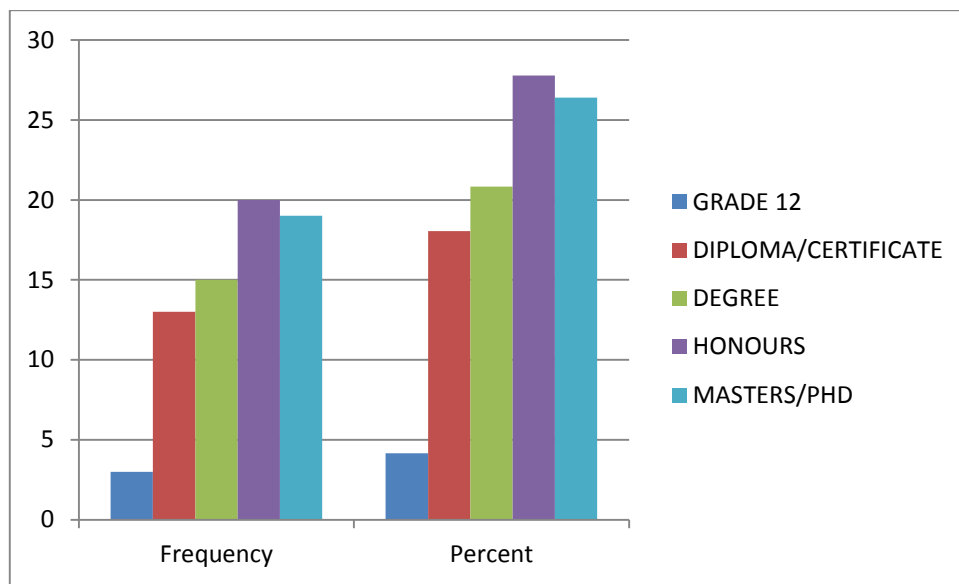
Pertaining to age, 52 of our respondents, 72% were between the ages of 25 and 45. This is indicative of the working environment where the majority of staff members will be young. The views of those younger than 45 years of age regarding determinants of reputation management will be worth noting in comparison to those older than 45 years of age.

To check if Age had any impact on the outcome of the research, a T-test was done and the results indicated that there was no statistical difference due to age, with the Effect Size of 0.05.

**Table 3.2 (a):** T-test Age

AGE_Recoded		N	Mean	Std. Deviation	Sig. (2-tailed)	Effect size
FactorQ1_Q26	1.00 (below 35)	19	1.5587	.34290	.812	0.05
	2.00 (above 45)	50	1.5768	.25550		

**Figure 3.3:** Level of qualification of respondents



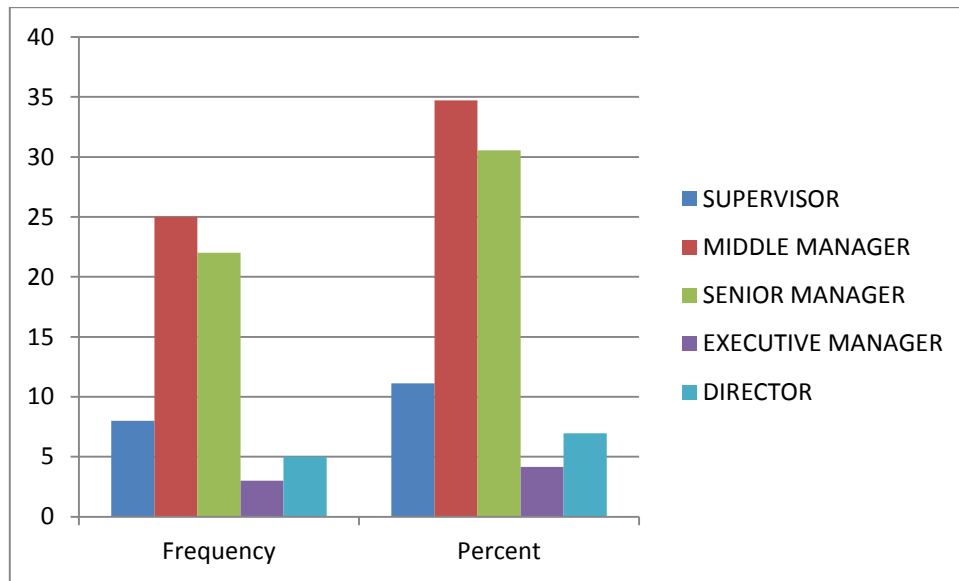
Only 4% of the respondents have grade 12, with the majority, 28%, Honours degrees. These results should be expected as the survey was conducted at a corporate office environment, which has more professionals than at an operations level.

The education level plays an important role in how people perceive reputation and knowledge of what are the determinants of reputation management. This knowledge is also important considering that those surveyed occupy roles that, in one way or another, have impact of the reputation of the organisation they work for. The Effect Sizes indicate that there was no statistical difference due to qualifications.

**Table 3.3 (a):** T-test qualifications

	N	Mean	Std. Deviation	Sig.	Effect size		
					2&	3&	4&
2 (Diploma/certificate)	13	1.6065	.30087	.869			
3 (Degree)	15	1.5557	.27046		0.17		
4 (Honours)	20	1.5808	.28095		0.09	0.09	
5 (Masters/PHD)	19	1.6380	.33477		0.09	0.25	0.17
Total	67	1.5964	.29365				

**Figure 3.4:** Level within organisation



The majority of the respondents, 66%, are in middle and senior management roles. In most organisations, middle and senior managers play a pivotal role in strategy implementation and developing tactics on how the strategy should be implemented.

In the case of reputation management, these employees will need to be conscious of internal and external perceptions of the company and come up with tactics to address any negative impact, but also harness those that are having a positive impact on reputation management.

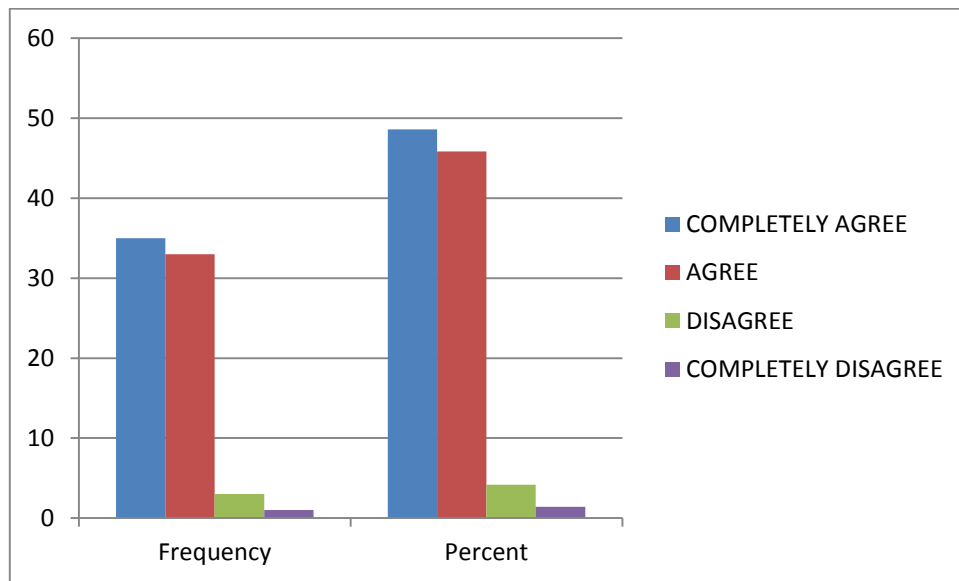
To check if Level within organisation had any impact on the outcome of the research, a T-test was done and the results indicated that there was no statistical difference due to Level, with the Effect Size of 0.38.

**Table 3.4(a):** T-test on Level within organisation

LEVEL		N	Mean	Std. Deviation	Sig. (2-tailed)	Effect Size
FactorQ1_Q26	2 (Middle Manager)	25	1.5594	.23699	.141	0.38
	3 (Senior Manager)	22	1.6831	.32666		

## Section B: Perception of Reputation Management

**Figure 3.5:** Financial performance

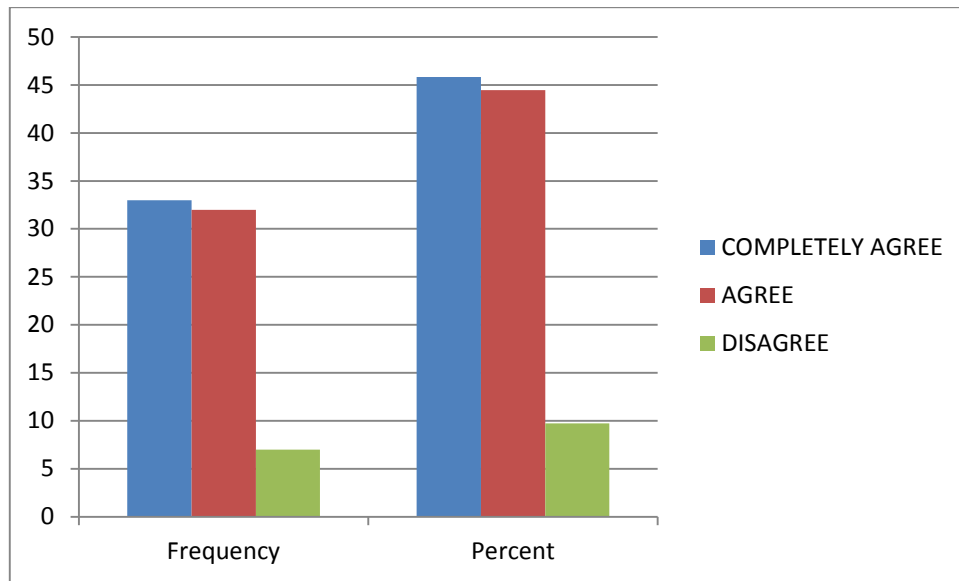


Only 5% of the respondents disagreed that financial performance has an impact on reputation management, with 95% agreeing that it has an impact. Of significance is that the majority, 49%, completely agreed to this statement.

This result is in line with Bromley (1993, 2003) (cited by Carter, 2006:1145) who indicated that corporate reputation consists of a set of key characteristics attributed to the firm by various stakeholders including, but not limited to, such attributes as quality of management, quality of products or services, community and environmental responsibility, innovativeness, and financial soundness (Fombrun & Shanley, 1990).

Financial performance thus plays a significant role with how mining companies' reputation is perceived by stakeholders.

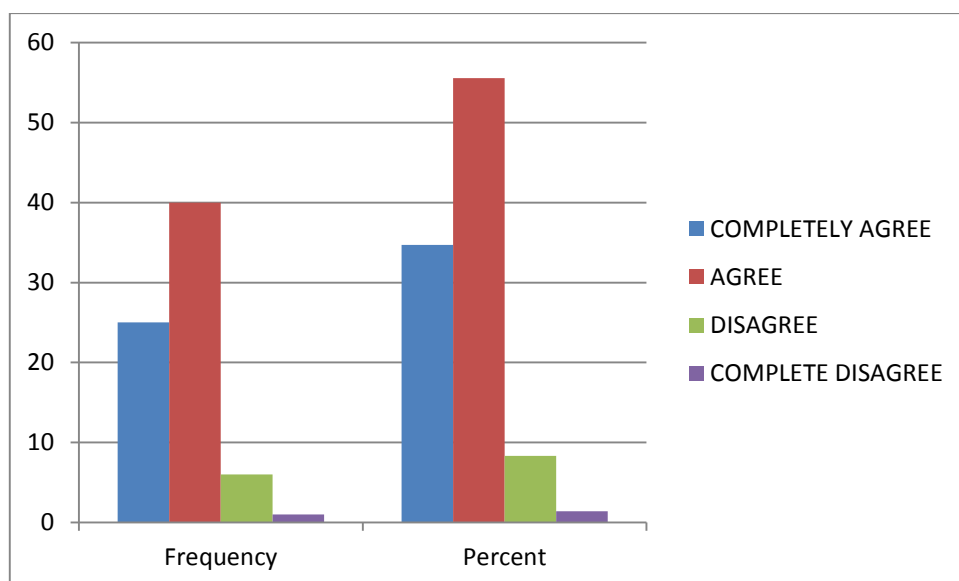
**Figure 3.6: Share price**



The majority of respondents, 90%, agree that the share price of a company has an impact on its reputation, with the majority, 46%, completely agreeing with the statement.

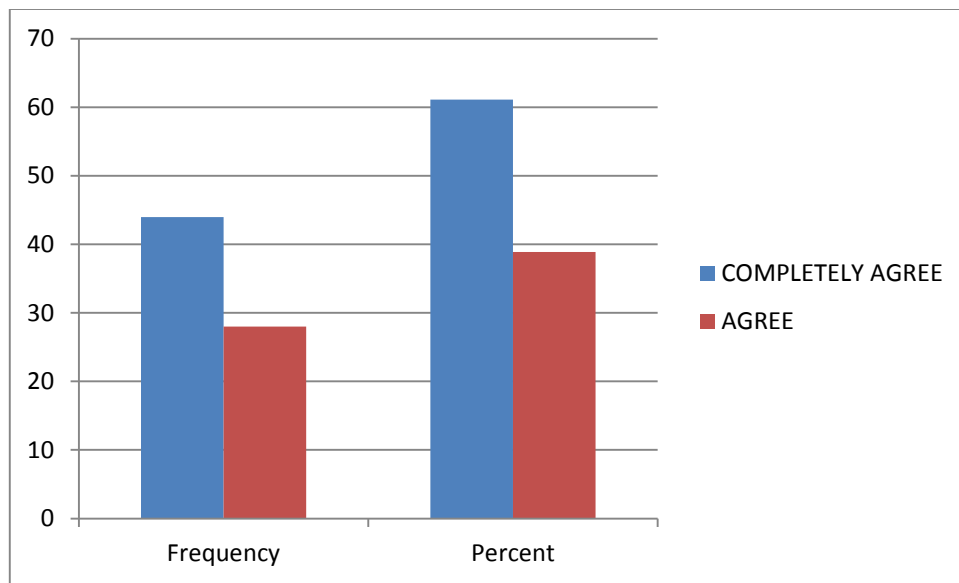
In his research, Bechan (2008:4) selected a number of industries such as Tobacco, Oil and gas, mining and Pharmaceuticals that have experienced poor public reputations, mostly as a result of 'unethical' business practices. He goes on to state that this section of industries has highlighted the importance of reputation management to companies, with a direct bearing on its share price, talent retention and competitive urge; amongst others.

**Figure 3.7: Competitive advantage**



Only 9% of the respondents disagreed with the statement that reputation gives companies a competitive advantage. This is aligned to Porter (1996:61-78) (quoted by Bechan, 2008:3) who states that strong corporate reputation occurs from a tight strategic fit among a highly integrated set of tangible and intangible relationships. This he believes leads to sustained competitive advantage.

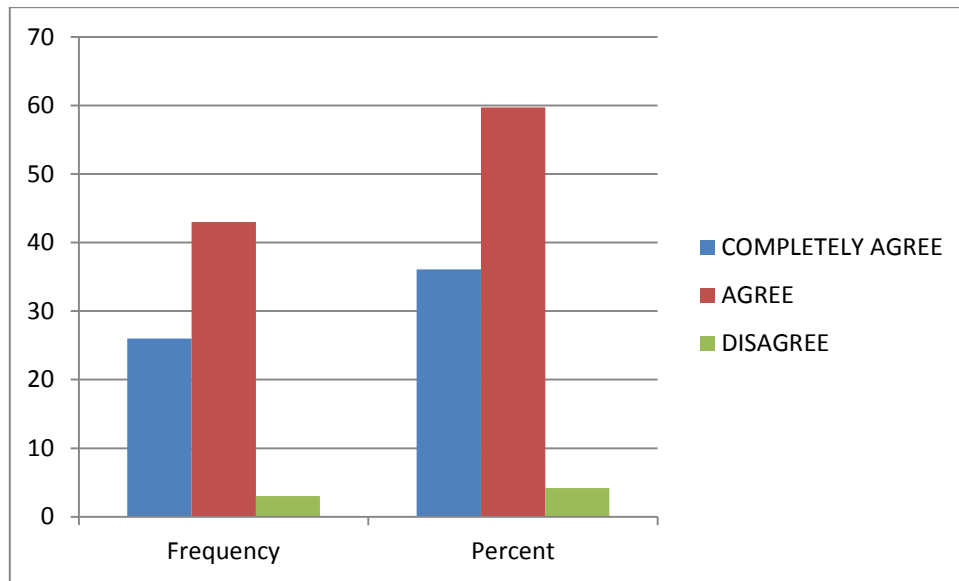
**Figure 3.8:** Safety performance



All respondents, 100%, agreed that safety performance has an impact on the reputation of a company. With safety being a key priority in the mining sector, the majority of the respondents, 61%, completely agree with the statement.

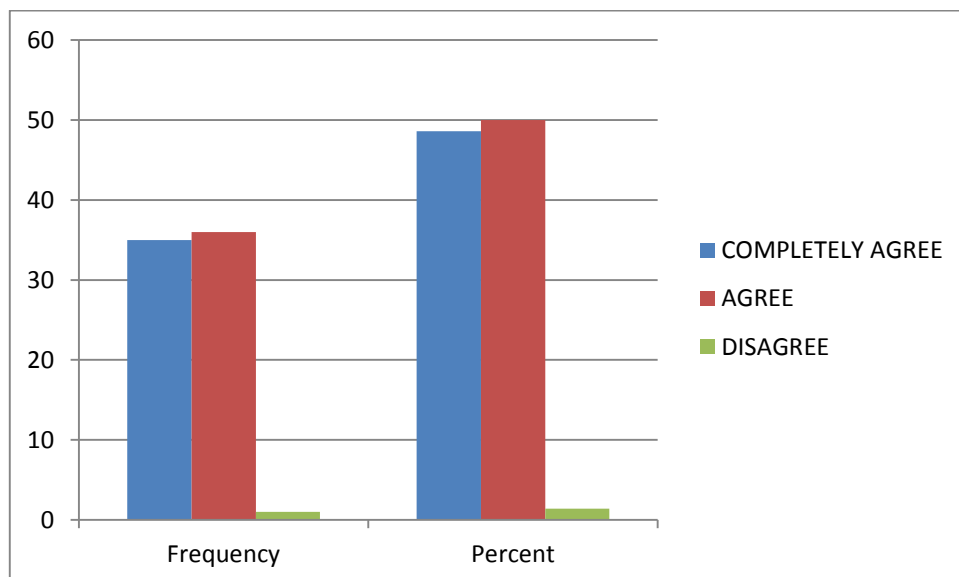
This importance is underscored by Dansereau (2010:70) who mentions the fact that the mining industry is perceived to have under reported health and safety stats for a long time, which subsequently led to government, through the Department of Minerals and Energy, amending legislation to address this challenge, does not stand the mining sector in good stead as it will be perceived not to be committed to proactively addressing challenges within the sector.

**Figure 3.9: Health programmes**



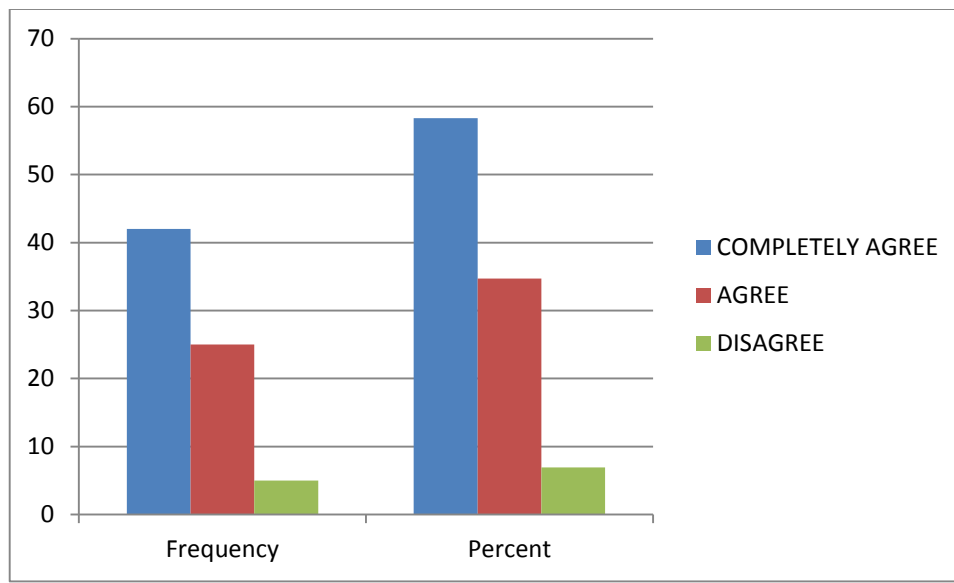
The majority of the respondents, 96%, are of the view that Health programmes implemented by mining companies have an influence on the reputation. This is in line with Nelson (2012:96) who states that even with the enactment of the Mine Health and Safety legislation; there are mining companies that are still non-compliant, with their employees still exposed to unhealthy working conditions. There is a need for stringent and regular audits conducted by the Department of Mineral Resources to ensure compliance.

**Figure 3.10: Environmental programmes**



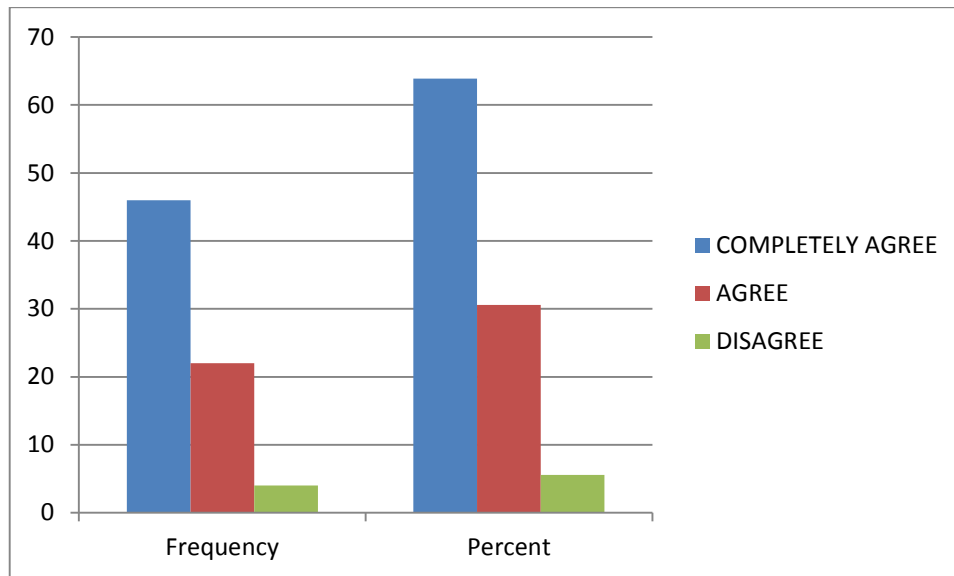
Regarding the impact of environmental programmes implemented by mining companies and their impact to reputation, 99% of respondents agree that there is a direct correlation. Buchholz and Rosenthal (2005) (cited by Tuck, 2012a:4) argue reputation management in the mining industry is critical considering environmental and community development requirements linked to its social licence to operate.

**Figure 3.11: Corporate Social Investment programmes**



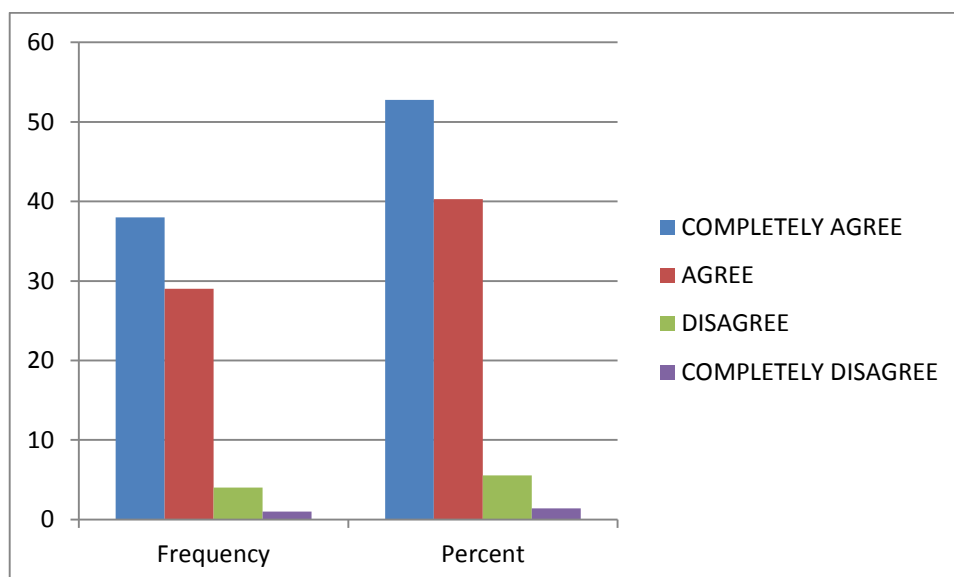
With regards to Corporate Social Investment, 93% of respondents are of the view that it has an impact on the reputation of mining companies. This has been echoed by Dashwood, when he stated that; for most major mining companies, the adoption of corporate social responsibility policies can be understood as a strategic response to address reputational issues surrounding public concern over the environmentally damaging practices associated with mining (Dashwood, 2012:118).

**Figure 3.12: Legacy**



Legacy of mining companies is perceived by 94% of respondents as having an impact on the reputation of mining companies. Swart (2008) (quoted by Humby, 2014:1) states that coming to terms with the legacy of mining in South Africa is of course part of the broader on-going transitional project of coming to terms with apartheid, a past made painful by the systematic domination and oppression of people on the basis of many forms of discrimination, but most particularly on the basis of race, class and gender.

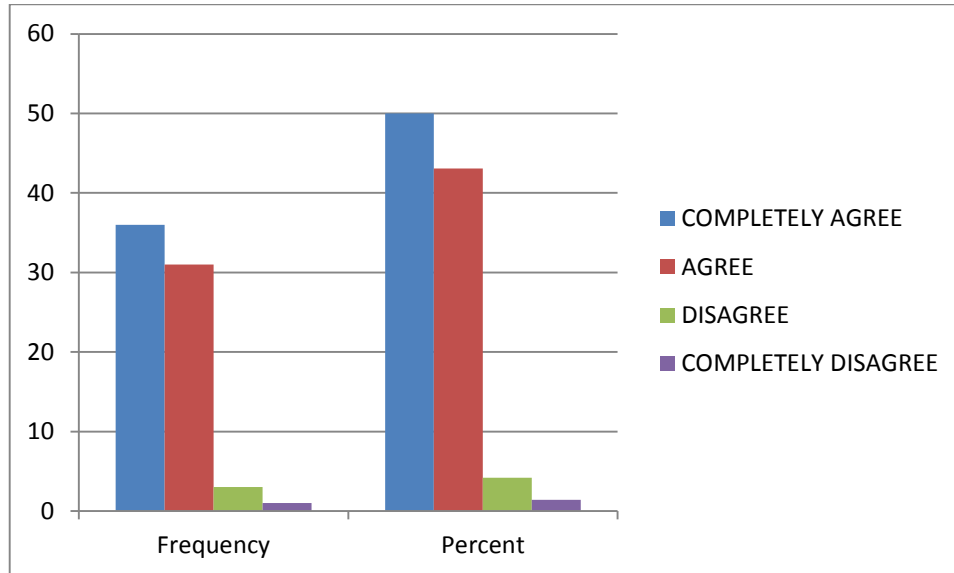
**Figure 3.13: Ability to attract talent**



Only 7% of respondents disagree that the reputation of a mining company has an impact on its ability to attract talent, with 53% completely agreeing to this statement. This is further emphasised by Bechan (2008:4) when he indicates that there is a direct bearing between

reputation management of companies, and its share price, talent retention and competitive urge; amongst others.

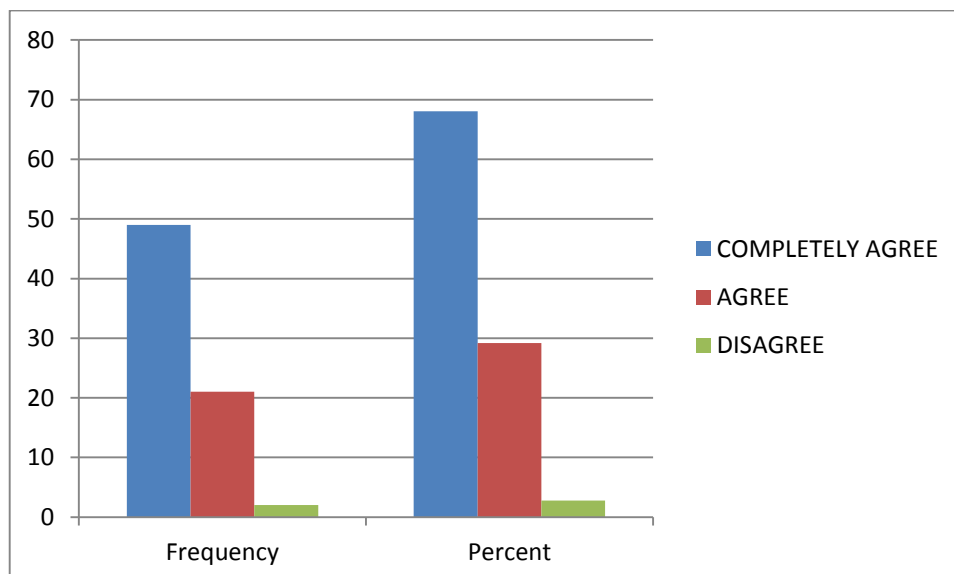
**Figure 3.14:** Effective stakeholder engagement plan



From the research, 95% of respondents agree that effective stakeholder engagement plans implemented by mining companies has a direct impact on its reputation.

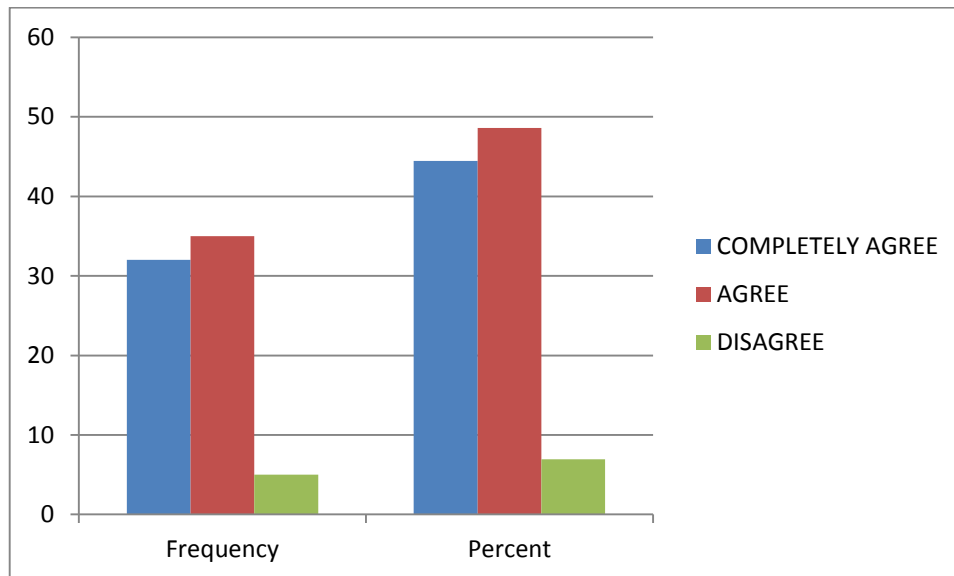
Hills (2008:12) (cited by Bechan, 2008:4) states that it is evident that the influence of stakeholders to a company’s reputation is critical and it is important to implement a proactive stakeholder engagement plan that will be aimed at developing a mutually beneficial relationship that will stand the company in good stead well into the future.

**Figure 3.15:** Economic investment in local communities



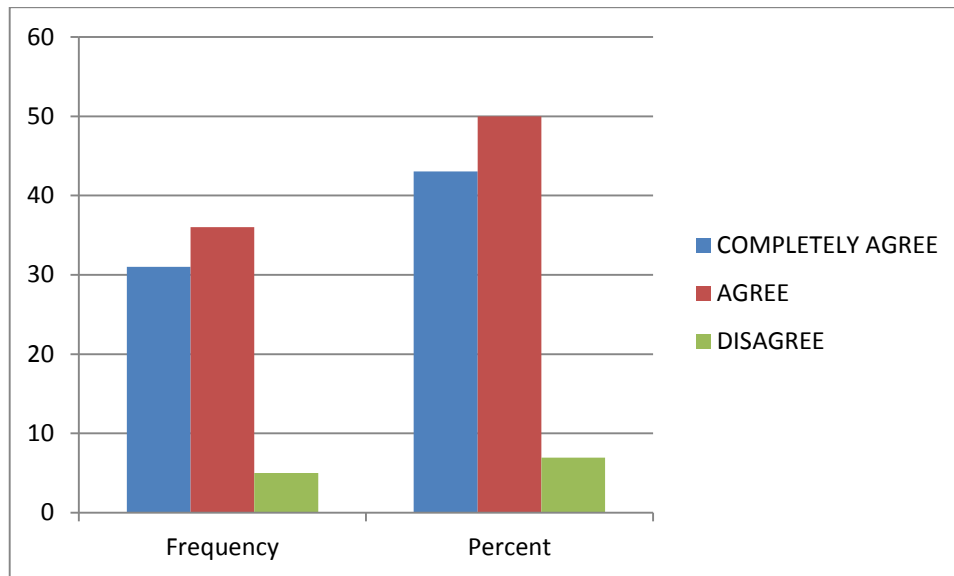
An overwhelming majority of respondents are of the view that economic investment by mining companies in local economies has an impact on its reputation, this at 97% and with 68% completely agreeing to this statement. This supports Humby (2014:4), who states that the reality is that the perceived negative impact of the mining industry on local communities has led to the South African government enacting legislation that aimed at redressing the imbalances of the past.

**Figure 3.16:** Financial investment in host countries



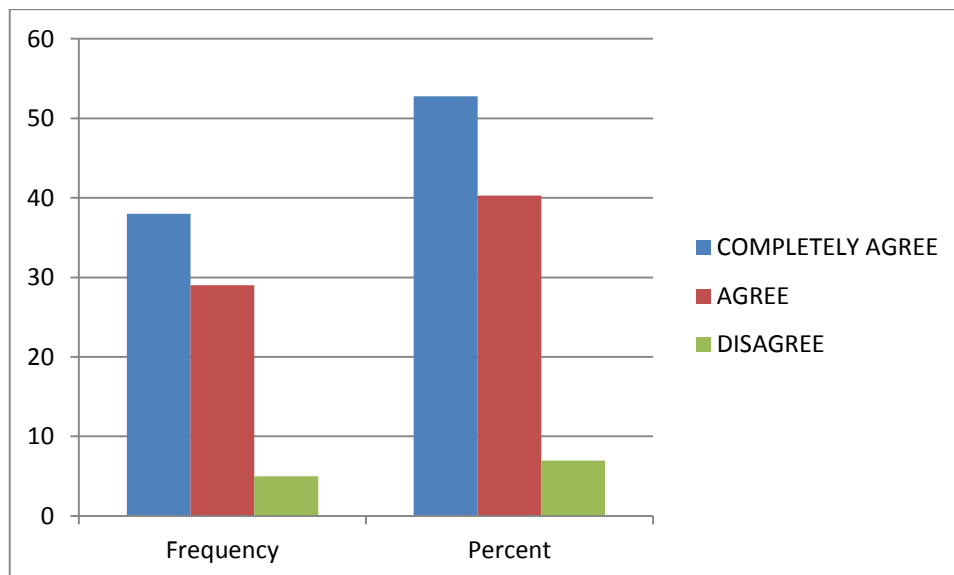
Only 7% of respondents disagree with the statement that financial investment in host countries by mining companies has an impact on their reputation. According to Dansereau (2010:72) listings are also seen as the transfer of funds out of the South Africa, funds that were generated locally and should be of benefit to country and local community. In accordance with the Freedom Charter of 1955; “The mineral wealth beneath the soil, the Banks and monopoly industry shall be transferred to the ownership of the people as a whole”.

**Figure 3.17:** Perception of a CEO by stakeholders



From the survey results, 93% of the respondents agreed that the perception of the CEO of a mining company has an influence on its reputation. This is aligned to Barney (1991:115) (cited by Sohn and Lariscy, 2012:321) who states that standards of determining the value of a source of sustained competitive advantage, Chief Executive Officer (CEO) reputation is a good candidate to be an organisation's strategic resource.

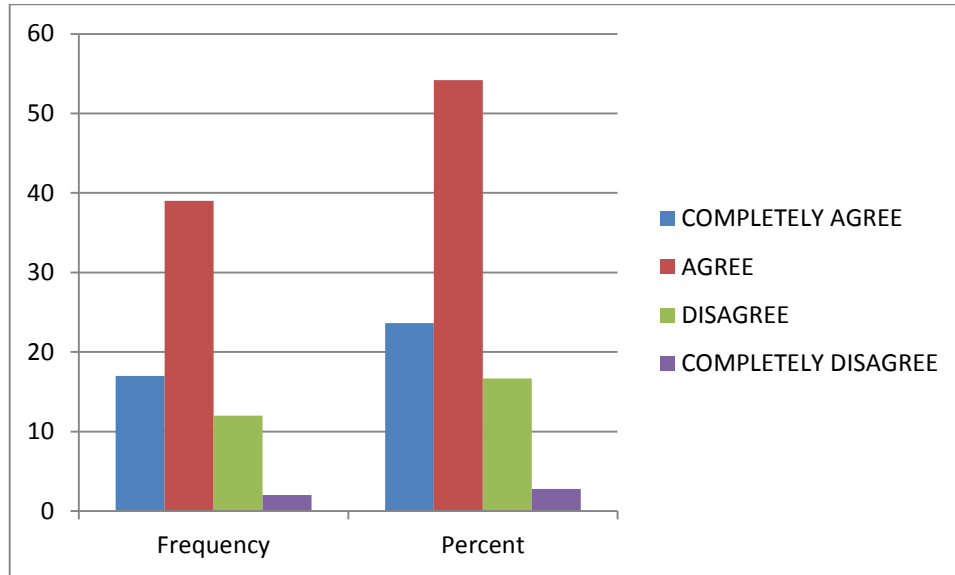
**Figure 3.18:** Legislative compliance



The majority of respondents, 93%, are of the view that legislative compliance by a mining company has an influence on its reputation. According to IOD (2009) (cited by Reddiar *et al.*, 2012:29) the importance of reputation management has further been exacerbated by legislative compliance and corporate governance, through King III.

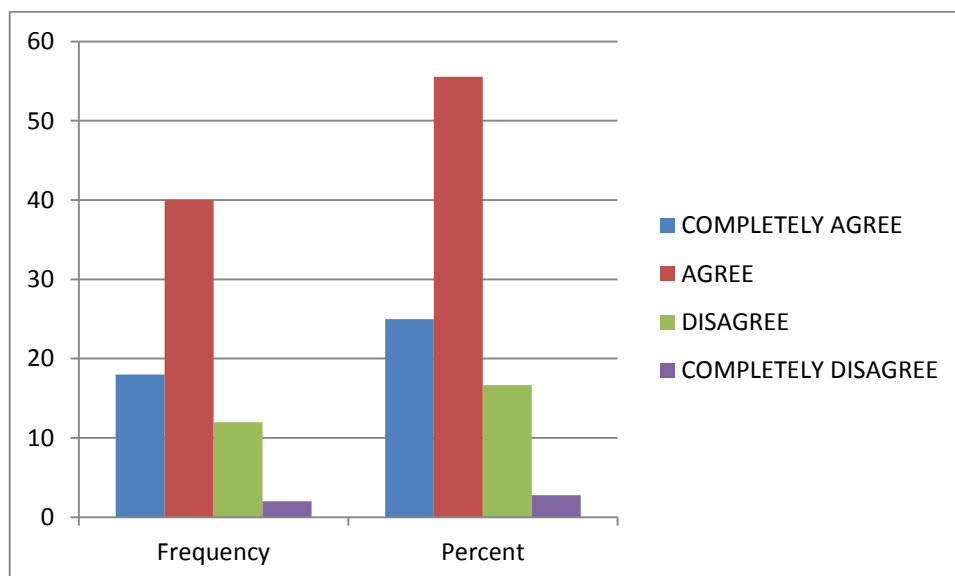
Reputation management cannot be viewed as a Public Relations exercise, but a legal requirement for conducting business.

**Figure 3.19:** Beneficiation initiatives



Regarding beneficiation initiatives implemented by mining companies, 20% of the respondents disagreed that it had an impact on reputation. The majority agreed with this statement with 54% responded agreeing and 24% completely agreeing.

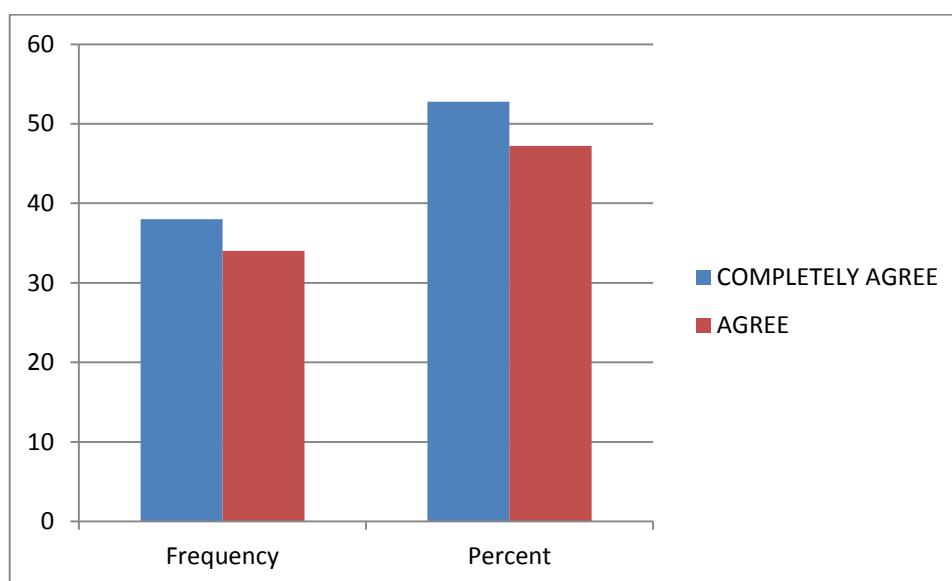
**Figure 3.20:** Ability to access exploration permits and mining licences



Only 20% of respondents disagreed to the statement that the reputation of mining companies affects its ability to access exploration permits and mining licences. This is not aligned to Tuck (2012b:3) who is of the view that for mining companies reputations influence access to new mineral deposits and community support for existing projects.

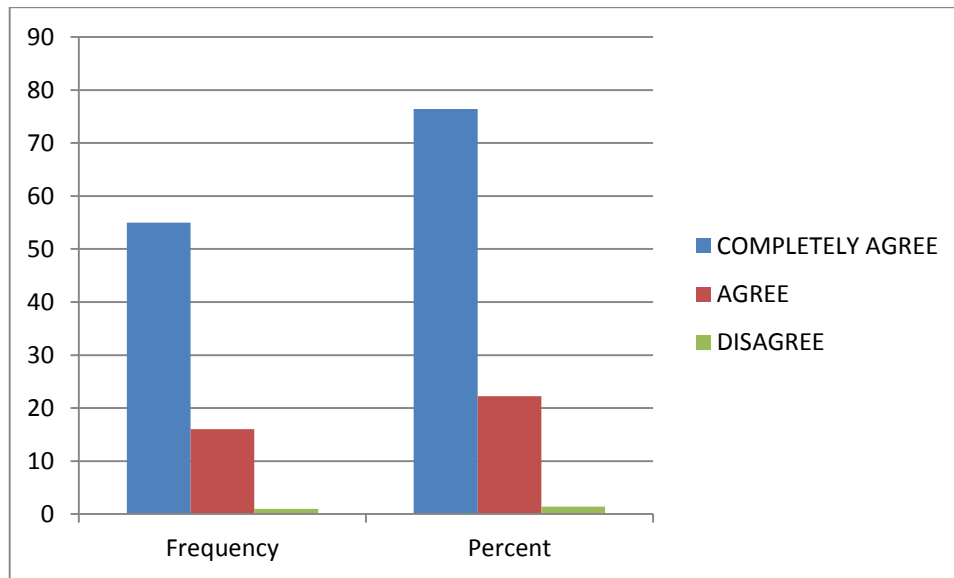
Reputations are important for mining companies to gain from stakeholders both acceptance and a social licence, in particular from community stakeholders in order to access and develop mineral deposits. Having said this, the majority of the respondents 80%, agree with Tuck's view.

**Figure 3.21:** Define and measure reputation



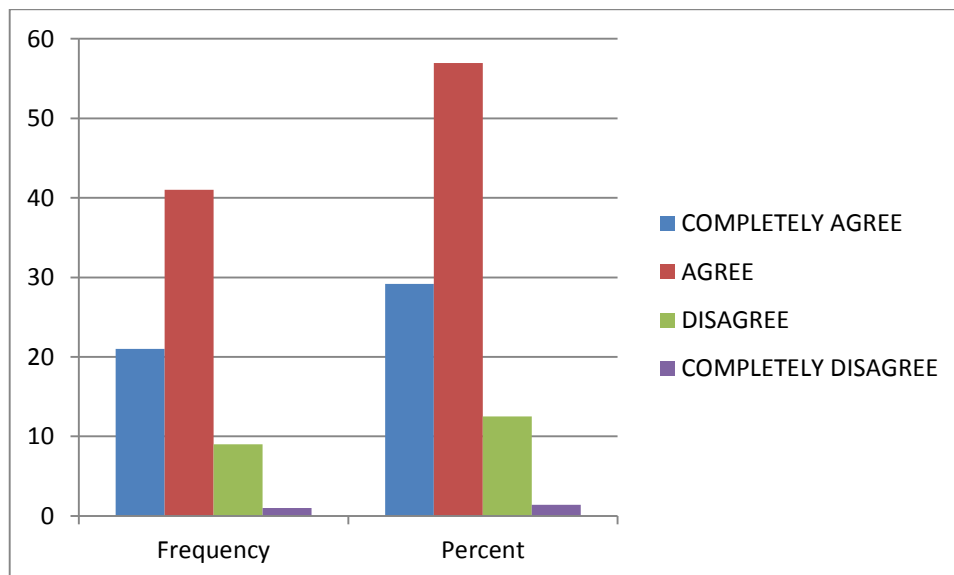
All respondents, 100%, are of the view that mining companies should define and measure reputation. According to Alsop (2004) (cited by Reddiar *et al.*, 2012:31), one of the biggest challenges posed to maintaining and enhancing corporate reputation was that most directors and senior management did not know how to define, measure, or manage corporate reputation.

**Figure 3.22:** Reputation of mining companies should be proactively managed



Only 1% disagree that mining companies should proactively manage their reputation. This is aligned to Bechan (2008:1) who stated that positive reputation is a valuable corporate asset and needs to be managed proactively in response to new threats entering the marketplace. Recent events have shown that the reputation of an organisation can take years to build, yet takes only a few seconds to destroy.

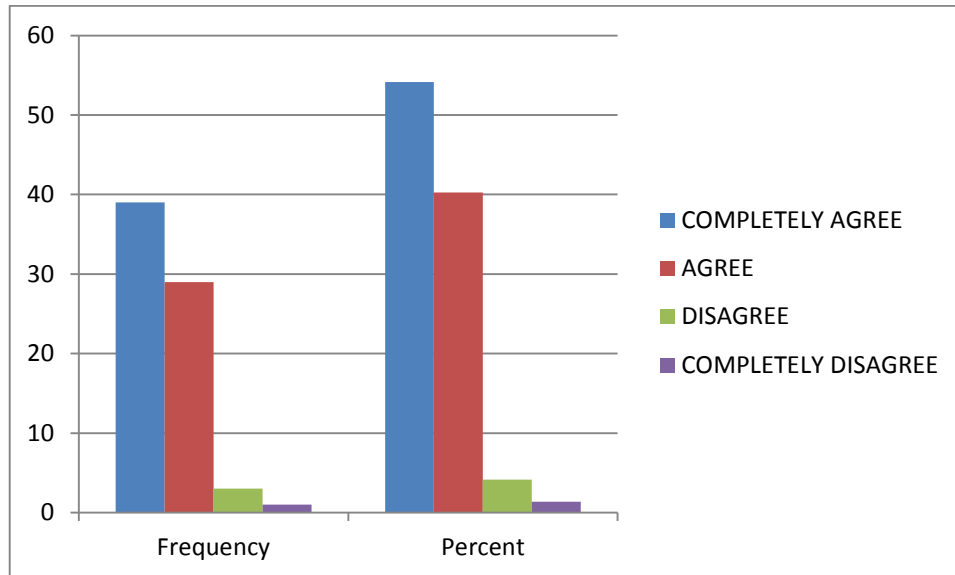
**Figure 3.23:** Pressure by stakeholders such as NGOs to manage their reputation



The majority of respondents, 86%, agreed that mining companies are further pressured by stakeholders such as NGOs to manage their reputation. According to Bechan (2008:4) the importance of reputation management has been exacerbated by globalisation, the

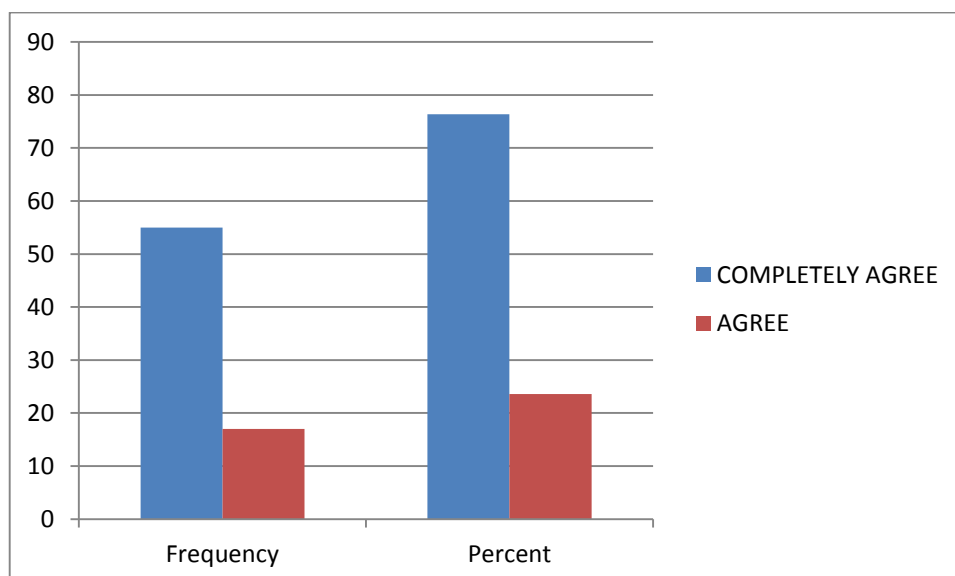
advancement of communication technology and pressure from stakeholders (NGOs, communities and governments).

**Figure 3.24:** Management and employees of mining companies at times also course reputational damage



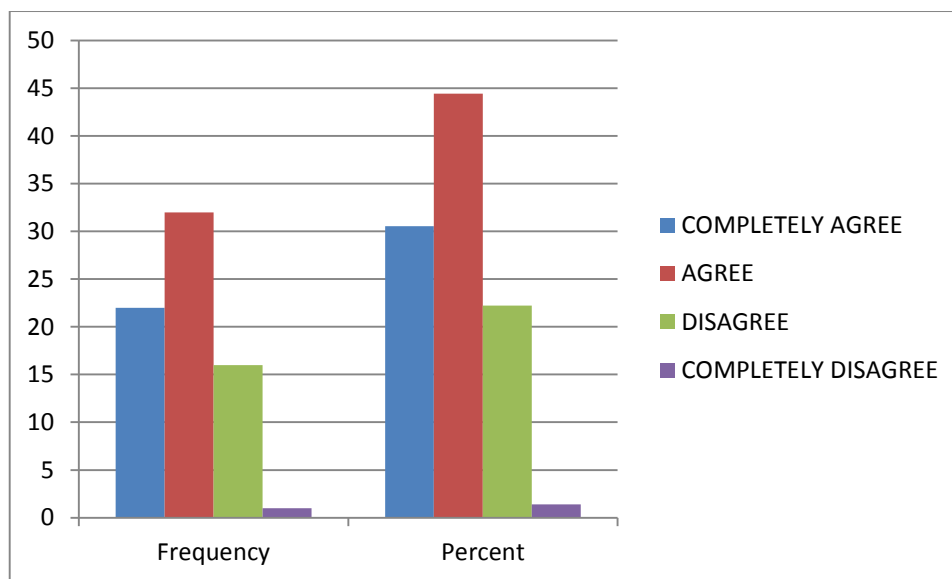
According to the majority of respondents, 95%, management and employees of mining companies at times also cause reputational damage to their companies through unethical business practices. According to Bechan (2008:2) many corporates have done the damage themselves through accounting scandals, fraud and also the sudden withdrawal of certain products. ‘Reputation’ has become an asset that now needs to be managed proactively, in reaction to the new threats in the marketplace.

**Figure 3.25:** Integrity



Regarding integrity being the cornerstone of good reputation, 100% of respondents are in agreement with this statement, which is in line with Hills (2008:12) (cited by Bechan, 2008:4) who said that to minimise damage to an organisation’s reputation, especially in crisis communication or change management instances, communication with all stakeholders becomes even more vital. In order to be effective, communication needs to be proactive, open, two-way and, most importantly, credible to show that the mine is on top of its game. Communication will be effective only if stakeholders perceive it to have integrity and integrity is the cornerstone of a good reputation.

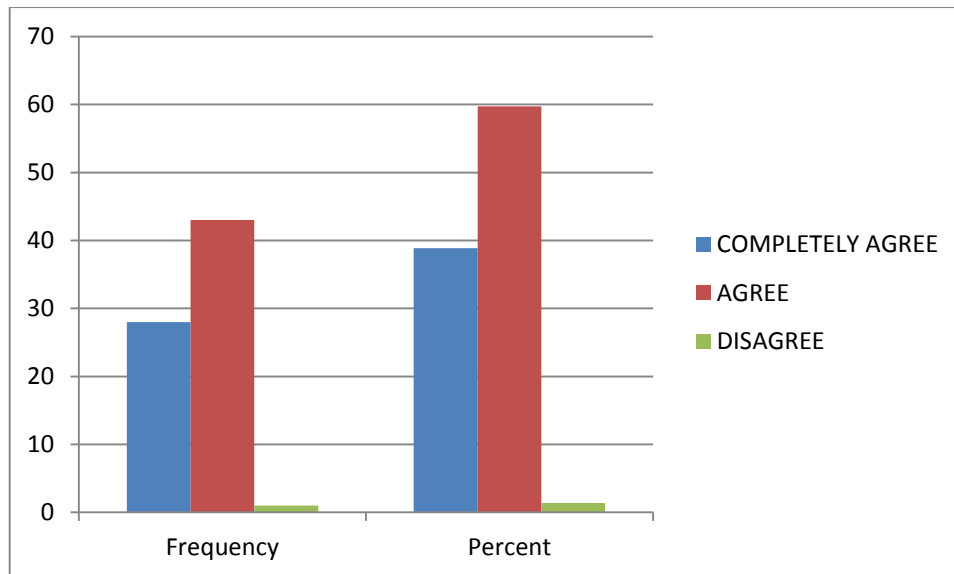
**Figure 3.26:** Negative incident



Regarding a negative incident of a mining company having a negative reputational impact on the whole industry, 23% of respondents disagreed with this statement. King et al. (2002) (quoted by Tuck, 2012a:4) propose that when stakeholders are unable to distinguish between the activities of individual companies that a reputation commons problem may exist for companies within certain industries, dependent upon the nature of the industry. That is, reputations may also be determined by observers’ judgements of other firms within the industry. When major incidents or accidents happen within an industry, damage has sometimes occurred to the public perception of the whole industry and not just the offending company.

It is worth noting the 77% of respondents agreed with the statement.

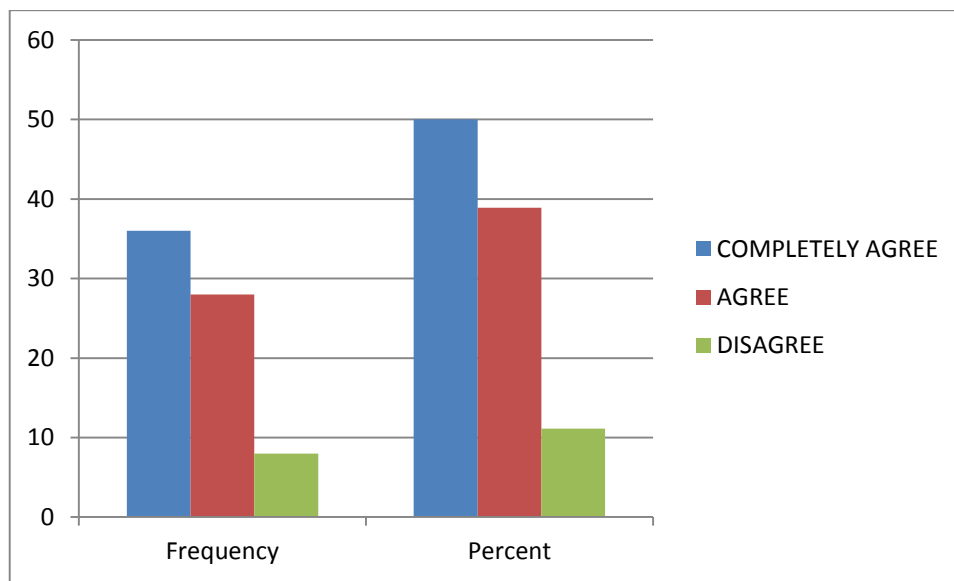
**Figure 3.27:** Reputation of a mining company may be developed or altered through different activities



Only 1% of the respondents disagreed with the statement that reputation of a mining company may be developed or altered through different activities viewed directly by the stakeholders as well as indirectly through the media or company reports.

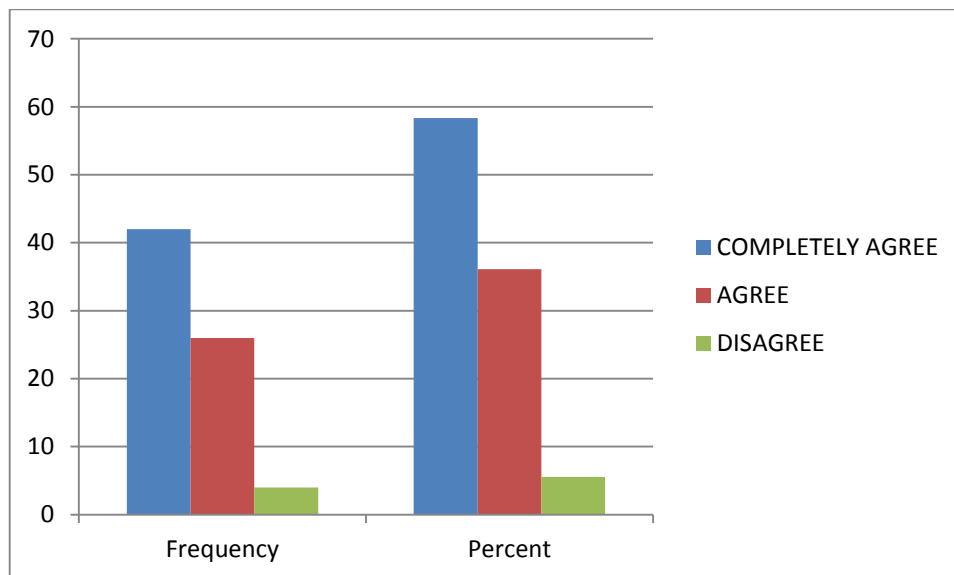
It is thus important that company employees and management should be conscious of how they behave in public when representing the company and it is important that negative media articles are responded to urgently and with honesty. Company reports are internally generated and provide companies with a channel to convey their messages to their stakeholders. It is important, is as with the media, that information in the reports is accurate and a true reflection of the status quo.

**Figure 3.28:** Living conditions of mining community



Only 11% of respondents disagreed with the statement that the living conditions of a mining community has a direct impact on the reputation of the mining company operating in that community. It is thus important for mining companies to work with local municipalities to improve the living condition of their communities, which in most cases; it is where their employees live.

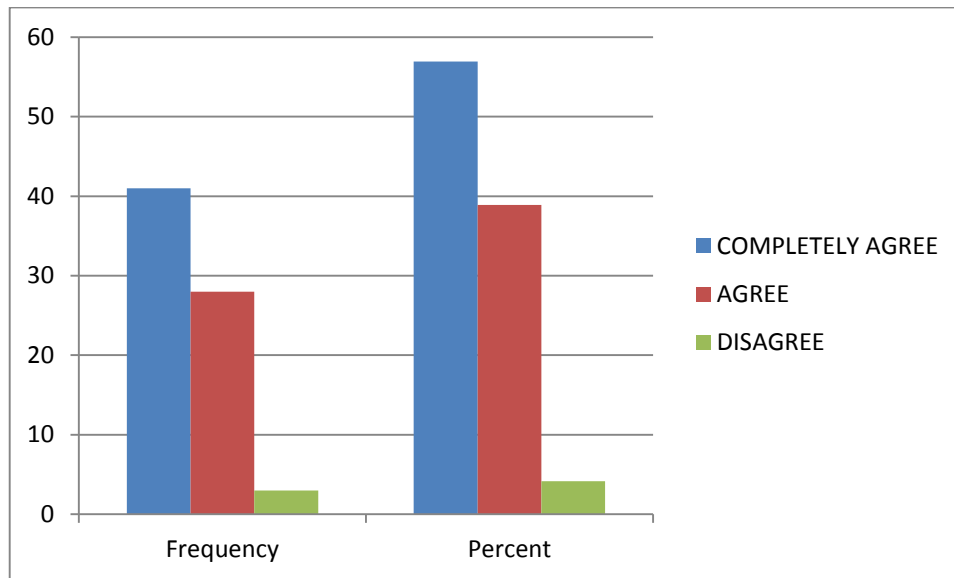
**Figure 3.29:** Living conditions of mineworkers



Only 6% of respondents disagreed with the statement that the living conditions of mineworkers have a direct impact on the reputation of the mining company operating in that community.

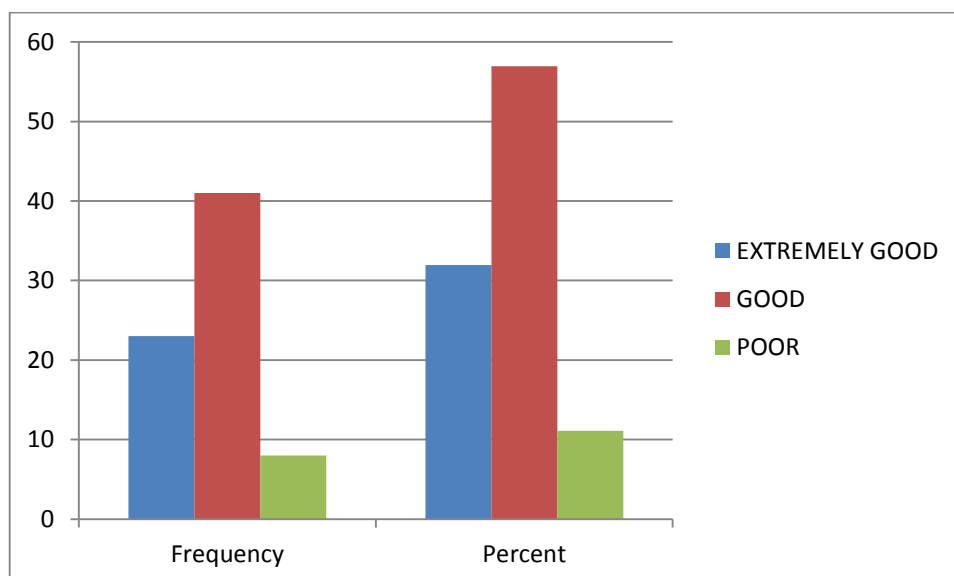
This is aligned to Leon (2013:184) who states that although the incident at the Marikana mine was ostensibly driven by union rivalry and wage dissatisfaction, as much as by the conduct of the police, the root causes seem to run much deeper, to the daily living and working conditions of mineworkers and mine communities.

**Figure 3.30:** Working conditions of mineworkers



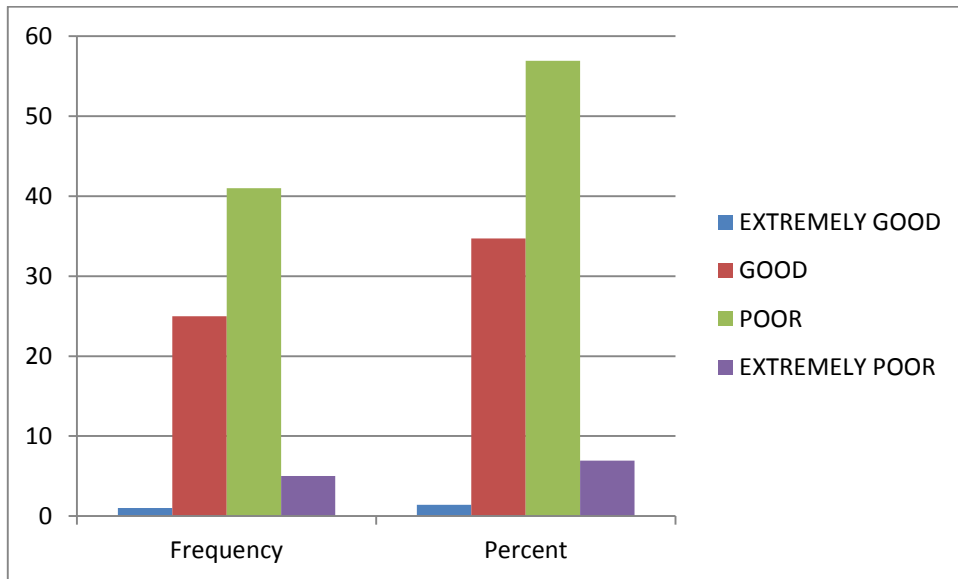
Only 4% of respondents disagree with this statement, with the majority 57% completely agreeing. This statement is also underscored by Leon (2013:184) statement in 3.29 above that states that the daily living and working conditions of mineworkers had an impact on the incident at the Marikana mine. This challenge is also exacerbated by the issue of migrant labour, which continues to burden the mining industry to date.

**Figure 3.31 (a):** Diamonds



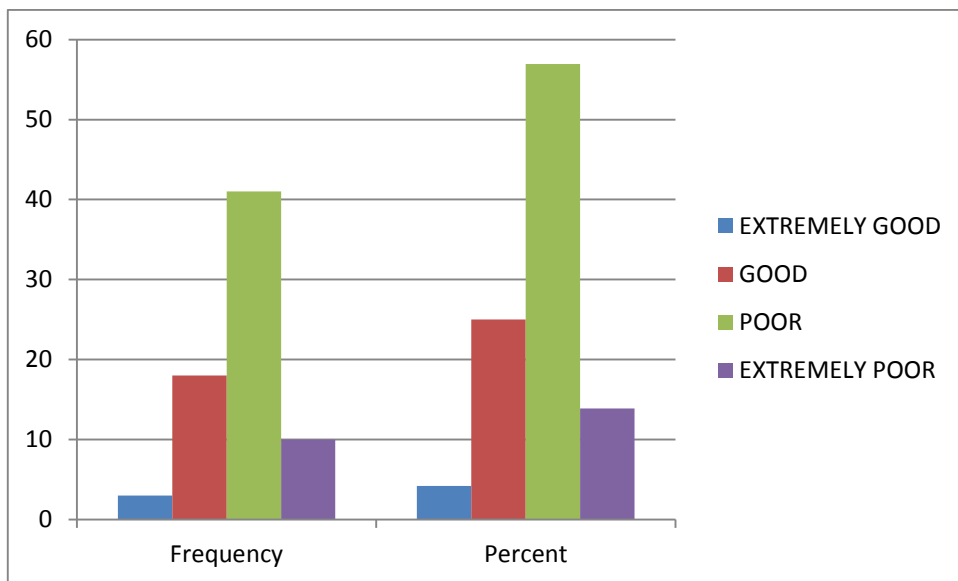
The diamond sector is perceived to have a poor reputation by 11% of the respondents.

**Figure 3.31 (b): Gold**



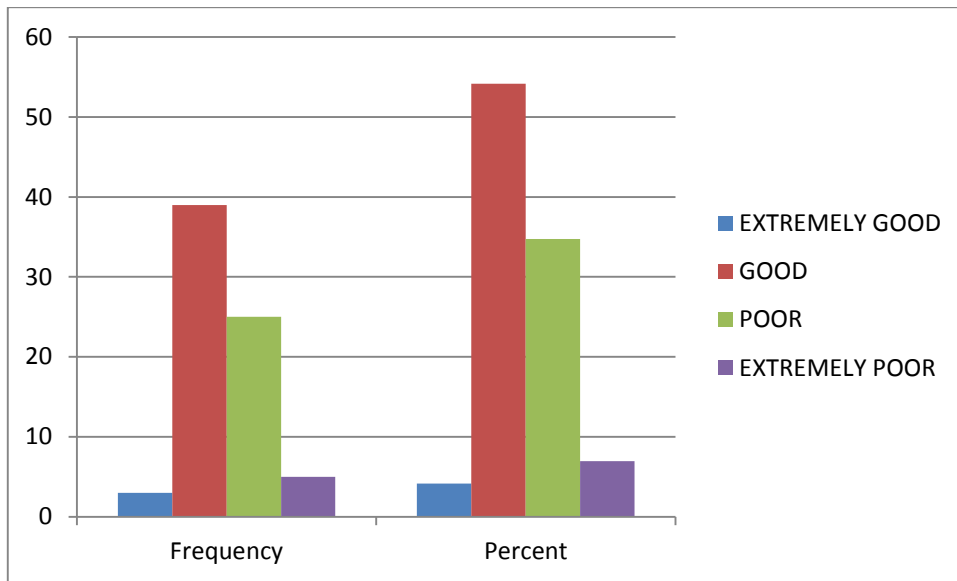
The gold sector is perceived to have a poor reputation by 64% of the respondents.

**Figure 3.31 (c): Platinum**



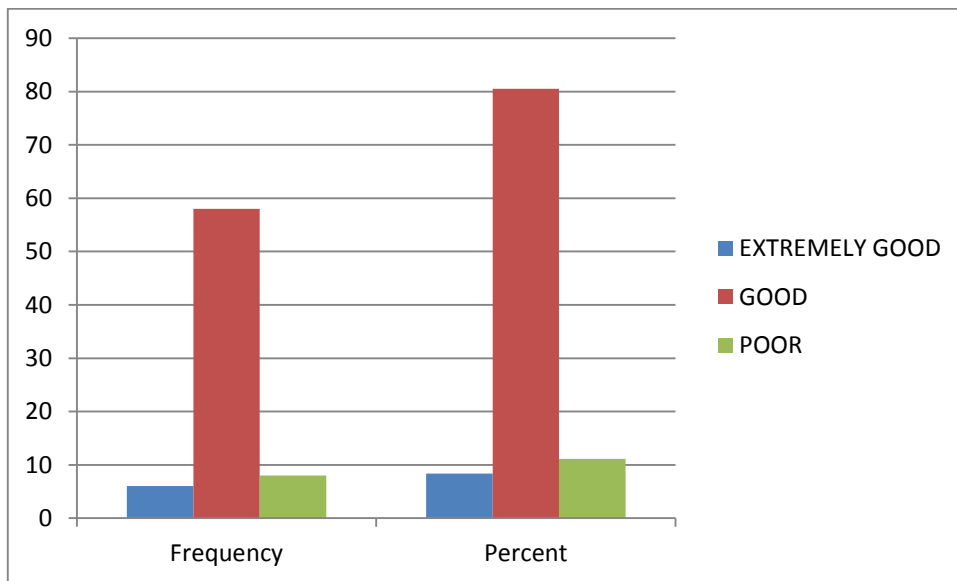
The platinum sector is perceived to have a poor reputation by 71% of the respondents.

**Figure 3.31 (d): Coal**



The coal sector is perceived to have a poor reputation by 42% of the respondents.

**Figure 3.31 (e): Iron Ore**

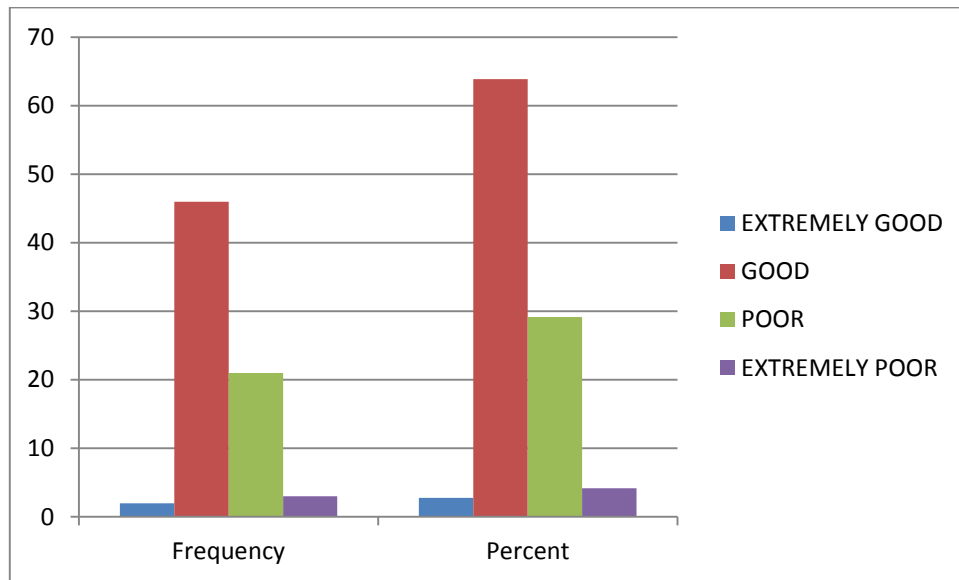


The Iron Ore sector is perceived to have a poor reputation by 11% of the respondents. According to the above, the mining sector can be rated as follows and in descending order of perceived reputation by the respondents:

1. Iron Ore and Diamond sectors
2. Coal sector
3. Gold
4. Platinum

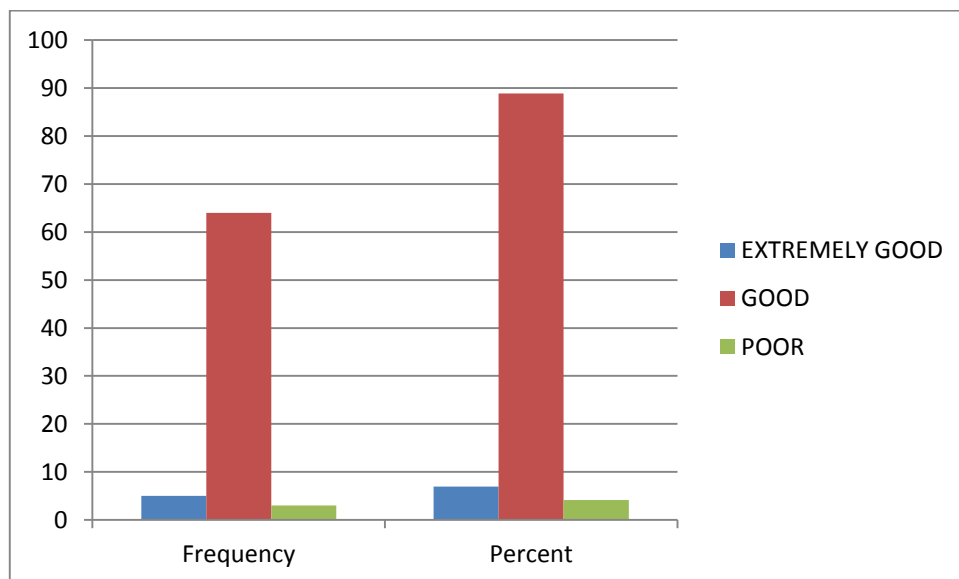
This is in direct contrast to the research by the WGC (2013:5) that states that the reputation of the gold mining industry is perceived as more positive than that of diamond and coal mining, but less positive than iron ore. In our research, the diamond and coal sectors are perceived in a more positive light than gold.

**Figure 3.32 (a):** South Africa



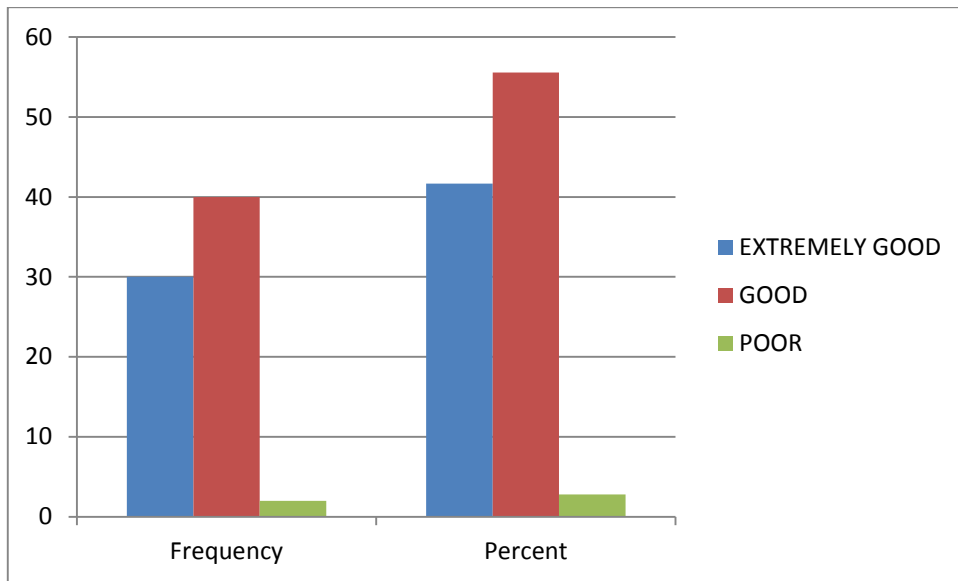
South Africa was rated as good by 67% of the respondents against the other countries that were rated.

**Figure 3.32 (b):** Namibia



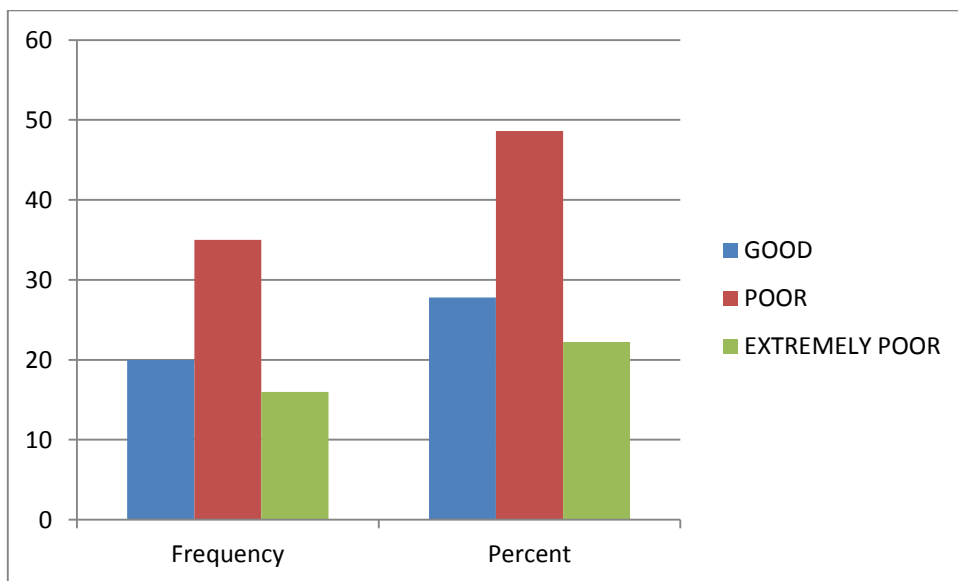
Namibia was rated as good by 96% of the respondents against the other countries that were rated.

**Figure 3.32 (c):** Botswana



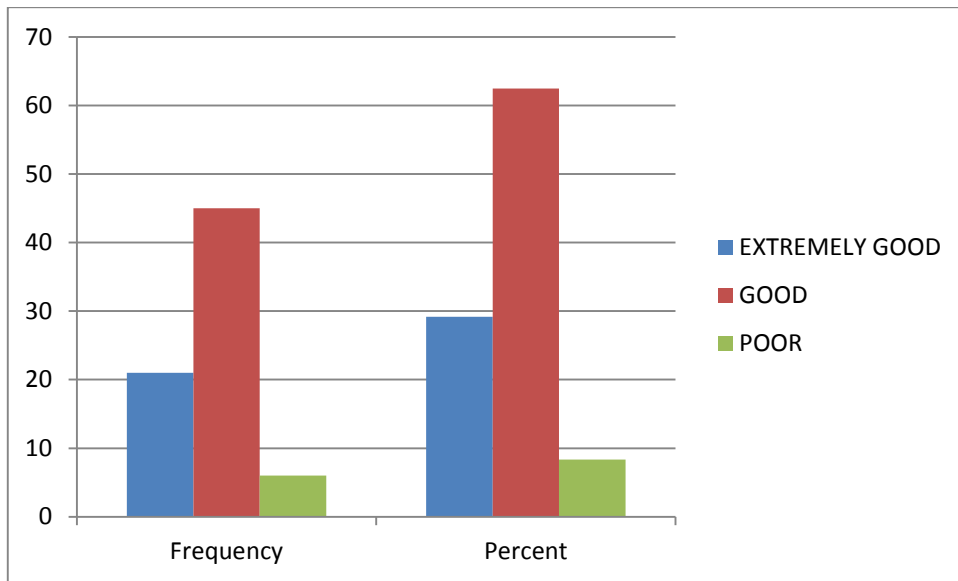
Botswana was rated as good by 97% of the respondents against the other countries that were rated.

**Figure 3.32 (d):** Angola



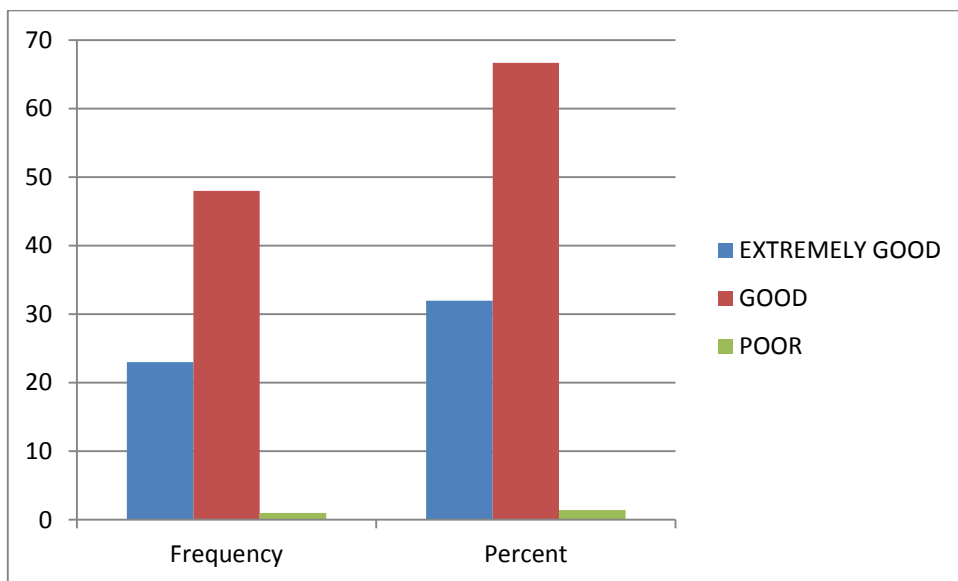
Angola was rated as good by 28% of the respondents against the other countries that were rated.

**Figure 3.32 (e):** Canada



Canada was rated as good by 92% of the respondents against the other countries that were rated.

**Figure 3.33 (f):** Australia

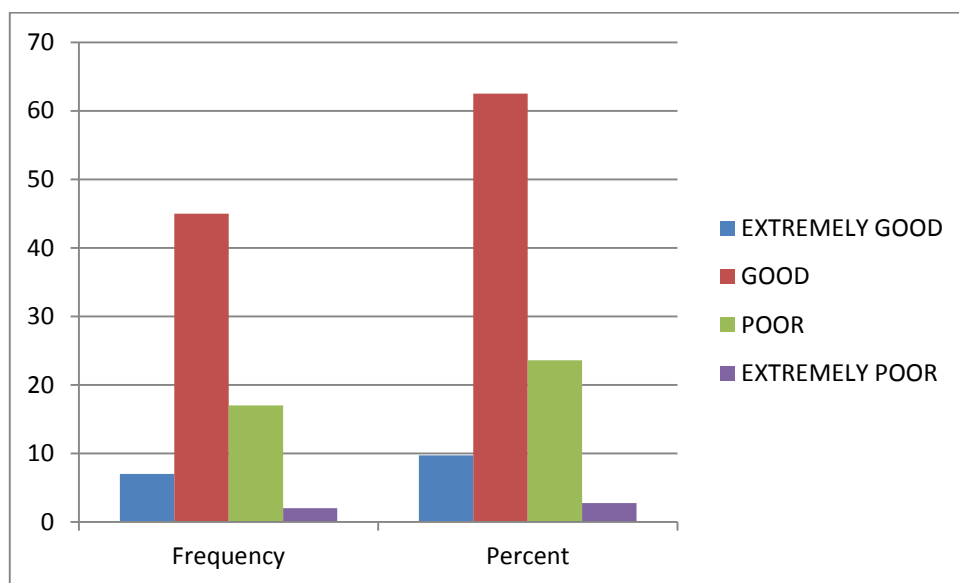


Australia was rated as good by 99% of the respondents against the other countries that were rated.

According to the above, the various countries can be rated as follows and in descending order of perceived reputation by the respondents:

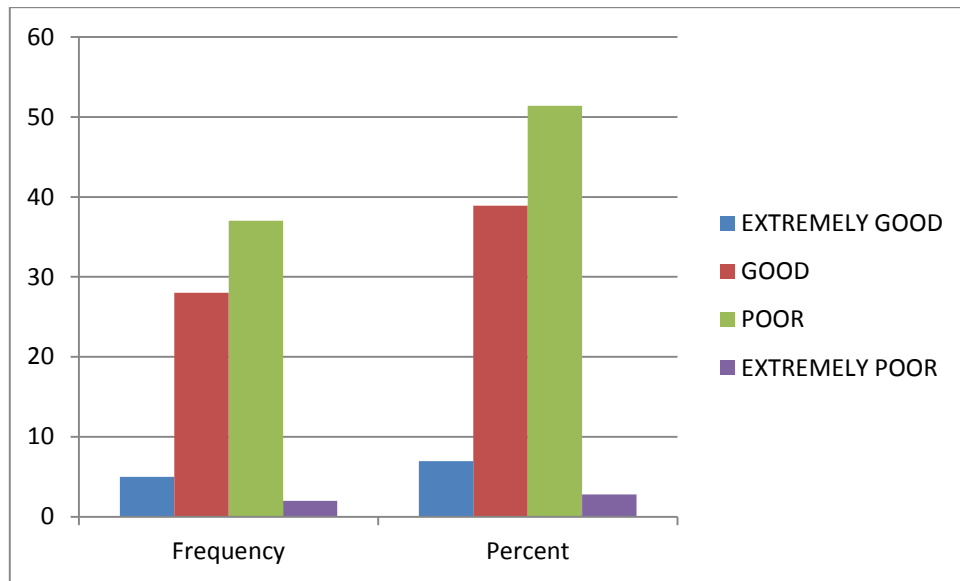
1. Australia
2. Botswana
3. Canada
4. Namibia
5. South Africa
6. Angola

**Figure 3.34 (a):** Chemical Industry



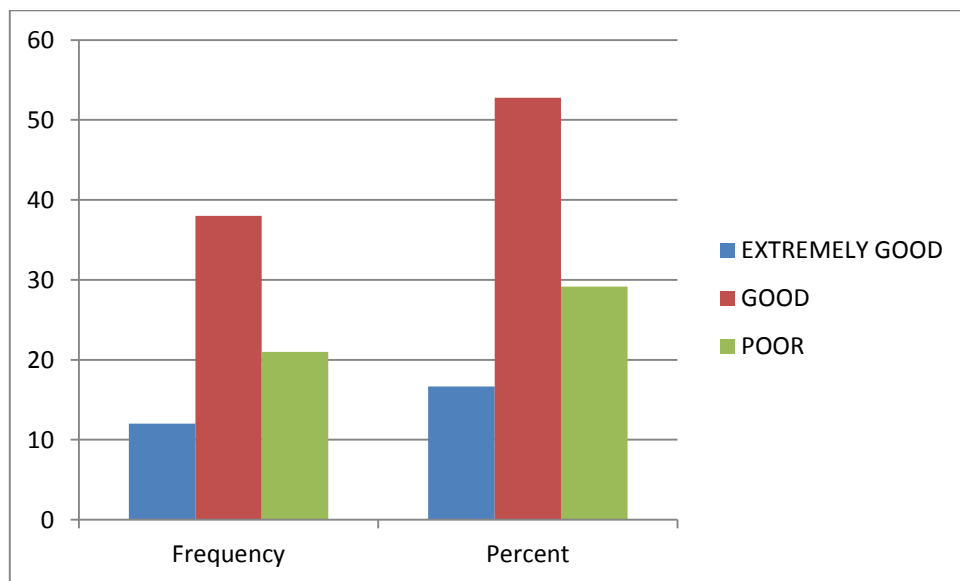
The mining industry was rated to have a more positive reputation by 73% of the respondents measured against the Chemical Industry.

**Figure 3.34 (b): Financial Industry**



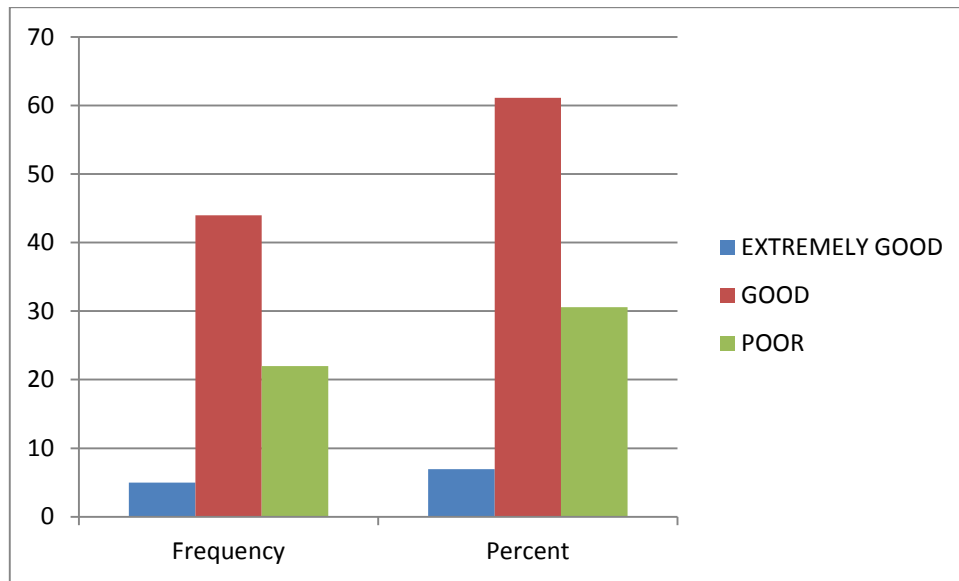
The mining industry was rated to have a more positive reputation by 46% of the respondents measured against the Financial Industry.

**Figure 3.34 (c): Oil Industry**



The mining industry was rated to have a more positive reputation by 70% of the respondents measured against the Oil Industry.

**Figure 3.34 (d): Gas Industry**



The mining industry was rated to have a more positive reputation by 69% of the respondents measured against the Gas Industry.

According to the above, the mining sector only measures negatively at 46% against the financial industry and positively against the Chemical, Oil and Gas sectors. This is contrary to the findings by the WGC (2013:6), which found that the mining industry overall is perceived to have a similar reputation to the chemicals, financial services and oil and gas industries, according to interested stakeholders.

**Table 3.35: Reliability Test**

To check if the questions developed for the survey (questions 1 to 26) were reliable, a Cronbach's Alpha test was conducted and the result of .864 indicates that they are.

<b>Cronbach's Alpha:</b>
<b>.864</b>

### **3.5. SUMMARY**

The research focused on the determinants of reputation management that were highlighted as part of the literature review in chapter 2. The determinants that were researched as part of the survey were as follows:

- Stakeholder management
- The Chief Executive Officer's Capital
- Sustainable Development
- Legislation
- Safety, Health and Environmental programmes
- Financial invest by mining companies in host countries
- Living and working conditions of mineworkers and mine communities
- Legacy

In analysing the responses from the survey, there was a direct correlation between the literature review and the responses. All of the above were perceived to have an influence on the reputation of the mining companies.

It can also be deduced that the above determinants are true for all industries and not necessarily mining companies as some of the companies referred to in the literature review were not in the mining sector.

Over and above these determinants, the research also tested finding from the Gold Mining Industry: Reputation & Issues: A Survey of Senior Stakeholders & Opinion Formers conducted by the WGC in 2013, which researched how mining was perceived when compared to other industries such as the Chemical sector. The survey also compared the various sectors of the mining industries, to determine which between Gold, Iron Ore, Diamond and Coal was perceived more positive in comparison to the others.

This part of the survey yielded different results from the World Gold Council on the Gold Mining Industry: Reputation & Issues: A Survey of Senior Stakeholders & Opinion Formers. The difference may be due to the fact that the Gold Mining Survey interviews were conducted with nearly 170 senior stakeholders and opinion formers, across twelve countries, and seven stakeholder groups. Additional in-depth, qualitative interviews were conducted with 20 respondents, to explore further some of the insights.

The survey for the mini-dissertation was conducted with respondents within South Africa and mostly from within De Beers Group of Companies. The difference may also be due to geographic differences as respondents for this dissertation were all based in South Africa and their perception based on a country view rather than a global perspective as was with the survey conducted by the World Gold Council.

The next chapter will focus on whether the objectives of the research have been met as outlined in the first chapter.

## **CHAPTER 4**

### **4. CONCLUSION AND RECOMMENDATIONS**

#### **4.1. INTRODUCTIONS**

Chapter four is focused on the conclusions and recommendations of the study by the researcher.

Chapter one covered the objectives, the problem statement, methodology and the scope of the study. Chapter two, the researcher provides the reader with a literature review on reputation management, an overview of the South African mining industry and the determinants of reputation. Finally, chapter three focused on the Research Design, the Survey Questionnaire as a measuring instrument, the collection of data and the presentation and interpretation of the research results.

#### **4.2. CONCLUSION BASED ON THE OBJECTIVES OF THE STUDY**

The main objective of the research study was to research the determinants of reputation and through research, consider those that will be pivotal to improving the image of the South African diamond mines.

The secondary objectives were: understanding reputational interdependencies as the actions of one mining company may have an impact on the industry in general; determining how the local diamond mining sector is perceived reputationally against other local mining sectors and comparing how the South African mining sector compares reputationally against other mining countries.

#### **4.3. DETERMINANTS OF REPUTATION MANAGEMENT AND THE MINING INDUSTRY**

The literature review conducted in chapter two highlighted a number of determinants of reputation and the questionnaire developed for the research study was targeted at testing whether these determinants are relevant for the South African diamond mining sector and if the respondents perceived the influence of these determinants on reputation in the same light as reported in the literature review.

For all the surveyed determinants, respondents indicated that these had a similar influence on reputation. If these determinants are not implemented effectively, they will have a negative impact on reputation of a company and vice versa. What is also worth highlighting is that some of the determinants that were sourced as part of the literature review were from research conducted in other industries and not mining. This indicates that determinants of reputation are not industry specific, and can be applied to other industries, and for our research purpose the South African diamond mines.

#### **4.4. REPUTATIONAL INTERDEPENDENCIES**

The literature review and the research study conducted both highlighted the fact that actions of one mining company may have an impact on the industry in general. In the research, 77% of respondents agreed with this statement.

Reputational interdependencies is also not based on the premise that the impact of the incident by one mining company will only impact mining companies in the same sector, that being gold. This will impact all mining companies, be they from the diamond, gold, platinum and iron ore sector.

This indicates that South African diamonds mines should not approach reputational management in silo, but work with industry as a whole, and preferably through organisations such as the South African Chamber of Mines. This platform will allow for the development and implementation of a proactive reputational management plan, with all mining sectors working in tandem.

#### **4.5. THE PERCEPTION OF THE DIAMOND SECTOR IN COMPARISON TO OTHER MINING SECTORS IN SOUTH AFRICA**

This is the one area where there was a difference between the literature review and the findings from the research study conducted. The WGC (2013:5) found that the reputation of the gold mining industry is perceived as more positive than that of diamond and coal mining, but less positive than iron ore. In the research, the diamond and coal sectors were perceived in a more positive light than gold.

This difference may be attributed to the fact that the World Gold Council conducted its survey across twelve countries and seven stakeholder groups. The research was only conducted in South Africa with a limited external stakeholder scope.

For the purpose of this research study, finding from the research will be considered considering our focus on South African.

#### **4.6. HOW DOES THE SOUTH AFRICAN MINING SECTOR COMPARE TO OTHER MINING COUNTRIES**

Considering that we are interested in the diamond mining sector in South Africa, it was important to find out how respondents perceived the South African mining sector against other countries based on reputation.

Our research produced the following results, with countries captured in descending order according to how their reputation is perceived by respondents:

1. Australia
2. Botswana
3. Canada
4. Namibia
5. South Africa
6. Angola

While the research did not test if the above findings had any impact on how the mining sector is perceived based on its domicile, it should be noted that South Africa is ranked as second last from the six countries and this could be as a result of how the South African mining companies are viewed by stakeholders.

This is an issue that the South African diamond mining sector needs to consider as part of its reputation management process.

#### 4.7. LIMITATION OF THE STUDY

The following are limitations that have been identified as part of this research study:

- The questionnaires were only sent to 140 individuals and thus limiting the size of the sample.
- The number of respondents was 72 which is not suitable for the results of the survey to be generalised to a certain population.
- The questionnaires were the only research tool used for this survey and this tool is not suitable for the results of the survey to be generalised to a certain population.
- Other key stakeholders not included as part of the research study are mining communities, Unions, Mining analysts, Journalists, Safety, Health and Environmental Practitioners and Community based organisations. The inclusion of these stakeholders may have provided a well-rounded perception on the reputation of the South African mining sector.

#### 4.8. RECOMMENDATIONS

The management of reputation is not about excelling in one or a few of the determinants of reputation, but companies need to identify those determinants that are relevant for their sector and develop a proactive plan to address, sustain and improve their reputation. The reality is that if a company selects a number of determinants, failure to deliver on any one of them will have a negative reputational impact, with a particular or the rest of the stakeholders.

For South African diamond mines, the following determinants of reputation should be proactively managed to improve the image of South African diamond mines.

**Table 4.1:** Determinants of Reputation

Determinant	Comment
Financial Performance	It is important for South African diamond mining companies to ensure that they achieve positive and sustainable financial performance. This is a determinant that will be important for attracting investors and employees.

Safety, Health and Environmental programmes	Diamond mining companies need to focus on Safety, Health and Environmental programmes as part of conducting their mining activities.
Corporate Social Investment	Diamond mining companies need to ensure that they invest in projects that have impact for the broader community and address the pressing issues, working in partnership with community leaders and government.
Legacy	The South African mining industry has a history that spans over a hundred years and the sector is also linked to the legacy of apartheid. Diamond mining companies need, working in tandem with the rest of the sector, to focus on changing this negative legacy through sustainable community investment and putting South Africa first in all they do.
Effective stakeholder engagement	Reputation is a perception of a company or individual by stakeholders and it is imperative for South African diamond mining companies to identify stakeholders that are important to their organisation and proactively engage them about their business and socio-economic investment within their communities and the country.
Economic investment in communities	Similar to Corporate Social Investment, diamond mining companies need to consider how they can contribute towards economic development, through procurement and business development initiatives, in communities where they operate.
Financial Investment in host countries	<p>Most of South Africa's mining houses have moved their listing to London and this is viewed in a negative light by stakeholders who question their commitment to the country. This also holds true for any mining company that have presence overseas.</p> <p>Those South African diamond mining companies that have presence overseas or listed in those jurisdictions need to identify and implement initiatives that demonstrate their commitment to South Africa. Further benefit, if any, of how such listing in foreign jurisdictions</p>

	has a direct impact on, for example, financial performance and financial investment in South Africa and local communities, need to be emphasised.
Perception of CEO by stakeholders	South African diamond mining companies need to ensure that their CEOs are perceived in a positive light by their stakeholders and are focused on driving business performance, proactive engagement with stakeholders and leading their companies in community investment projects.
Legislative Compliance	South African diamond mining sector should ensure compliance to all mining regulations, and further strive to go beyond compliance, which will provide surety to stakeholders, especially government, that their compliance is not just another tick box exercise.
Beneficiation interventions	<p>The South African mining sector needs to ensure compliance to the Diamond Amendment Act, which regulates diamond beneficiation.</p> <p>Diamond mining companies need to consider working as a collective on beneficiation interventions to ensure an industry approach that may have the desired impact of resuscitating local diamond beneficiation which is on the decline in South Africa.</p>
Management and employees' behaviour	Diamond mining companies need to ensure that their managers and employees conduct themselves in line with the company's values when representing the company.
Negative incident by one mining company impacting the reputation of the mining sector as a whole	Diamond mining companies need to work together in implementing initiatives that will position the sector in a positive light, and also do the same, through the South African Chamber of Mines, to develop and implement a proactive reputation management programme for the South African mining sector.
Proactive and responsive media relations	The mining industry presents a number of reputational challenges such as investment in communities, safety and environmental issues to mention a few, and is thus

	<p>more often than not portrayed in the media in a negative light.</p> <p>Diamond mining companies need to implement a proactive media plan, honest and timely media responses. Spokespersons selected need to have credibility and trained to engage and respond to the media.</p>
Living conditions of mining communities and employees	<p>South African diamond mining companies need to understand the housing needs of their employees and communities, and work with government to develop housing, bulk infrastructure and establish social amenities that will contribute to the upliftment of their local communities.</p> <p>Furthermore, these local communities are in most cases where their employees live and by addressing the community's living condition, they will also be doing same for their employees.</p>
Working conditions of mineworkers	<p>Diamond mining companies need to ensure that the working conditions of their workers, this including remuneration, health and safety and taking due consideration of their basic human rights, are prioritised.</p>

Ultimately, and as has been confirmed by the literature review and research findings, a positive reputation will have a positive impact on the diamond mining company's share price, competitive advantage, ability to attract talent and to secure exploration permits and mining licences.

#### 4.9. CONCLUSION

As stated in chapter 2, reputation of a company can be defined as the perception that its stakeholders have of it, based on how it conducted its business in the past, present and its future business prospects. This perception by stakeholders will determine how they will engage and respond to the company and its products, including how it is viewed against its competitors.

Through the literature review, the researcher has managed to identify the determinants of reputation, with the research study confirming that the identified determinants were also relevant to the South African diamond mines.

The research study also highlighted the fact that the actions of one mining company may have an impact on the rest of the mining industry, this referred to as reputational interdependencies.

Worth noting is that the South African diamond mining sector is perceived to have a good reputation, on par with the Iron Ore mining sector. This should be seen as an opportunity that the diamond mines should leverage in its efforts to improve its reputation.

However, this advantage is compromised by the fact that the South African mining sector was ranked fifth from six mining jurisdictions selected for the research study. This view of the South African mining industry reflects a perception of the collective, including diamond mines.

Of significance is the fact that reputation has a direct impact on business performance as highlighted by Carter (2006:1145) who stated that having a favourable reputation has been argued to be one of the best ways to attract and retain good employees (Gatewood *et al.*, 1993), charge premium prices (Milgrom and Roberts, 1992), attract investors (Fombrun and Shanley, 1990), and build a competitive advantage (Barney, 1991; Roberts and Dowling, 2002).

There is also a growing focus on reputation management. Casado Molina *et al.* (2013:48) further affirm that in the eighties, 65% of the value of a company depended on its tangible assets and 35% on intangibles. However, at the beginning of the second decade of the 21st century, it is now considered that this proportion has been reversed: the intangibles make up 70% of the value of a company and 30% is made up of the tangibles.

The importance of reputation management has been highlighted by 100% of the research respondents who indicated that South African mining companies, and by association diamond mines, need to define and measured reputation as part of their business management processes.

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## **ANNEXTURE A: SURVEY QUESTIONNAIRE**

### **RE: SURVEY QUESTIONNAIRE: EXPLORING METHODS TO IMPROVE THE IMAGE OF SOUTH AFRICAN MINES**

Dear Research Participant

This letter serves as an invitation to participate in a survey that is part of my MBA research. The research is conducted to investigate methods that may be implemented to improve the image of South African Mines.

The South African mining industry is under scrutiny regarding its perceived role in community development, regulatory compliance, beneficiation; to mention a few. It is in this regard that there is a need to investigate methods that may be implemented to improve the image of the industry.

The questionnaire should take you approximately 15 minutes to complete. Considering your personal involvement in the mining industry, I believe that your input will go a long way in assisting with improving the reputation of the South African mining industry.

Your participation in this research is entirely voluntary and anonymous. Note that you are not waiving any legal claims, rights or remedies because of your participation in this research study. All information obtained from the questionnaire will be treated as Strictly Confidential.

This research has been approved by the North West University: Potchefstroom Business School, with the research conducted according to accepted ethical principles.

Should you have any questions related to this research or questionnaire, please do not hesitate to contact the researcher, Innocent Mabusela, on 083 399 7119 or [makhenene@gmail.com](mailto:makhenene@gmail.com) or alternatively the Study Leader, Professor Christoff Botha, on (018) 2991672 or [christoff.botha@nwu.ac.za](mailto:christoff.botha@nwu.ac.za).

Your participation in the research will be highly appreciated and kindly request for your completed questionnaire to be sent back to the researcher by no later than 25 September 2015.

Kind regards,

**Innocent Mabusela**

**Dissertation Questionnaire**

**Reputation Management**

**SECTION A**

**Demographics**

<b>Gender</b>	<b>Male</b>		<b>Female</b>		
<b>Age</b>	<b>18-25</b>	<b>25-35</b>	<b>36-45</b>	<b>46-55</b>	<b>56+</b>
<b>Qualification</b>	<b>Grade 12</b>	<b>Diploma/Certificate</b>	<b>B. Degree</b>	<b>Hon. Degree</b>	<b>Masters/PHD</b>
<b>Level within organisation</b>	<b>Supervisor</b>	<b>Middle Manager</b>	<b>Senior Manager</b>	<b>Executive Manager</b>	<b>Director</b>

**SECTION B: Perception of Reputation Management**

<b>Questions</b>	<b>Completely Agree</b>	<b>Agree</b>	<b>Disagree</b>	<b>Completely Disagree</b>
<b>1. The financial performance of mining companies has an impact on their reputation</b>				

<b>2. The reputation of mining companies has a direct influence on their share price</b>				
<b>3. The reputation of mining companies has a direct influence on their competitive advantage</b>				
<b>4. The safety performance of mining companies has an influence on their reputation</b>				

<b>Questions</b>	<b>Completely Agree</b>	<b>Agree</b>	<b>Disagree</b>	<b>Completely Disagree</b>
<b>5. Health programmes implemented by mining companies have an influence on their reputation</b>				
<b>6. Environmental programmes implemented by mining companies have an influence on their reputation</b>				
<b>7. Corporate Social Investment programmes implemented by mining companies have an influence on their reputation</b>				
<b>8. The legacy of mining companies has an influence on their reputation</b>				

9. The reputation of mining companies has an influence on their ability to attract talent				
10. An effective stakeholder engagement plan implement by mining companies has an influence on their reputation				
11. Economic investment in local communities by mining companies has an influence on their reputation				
12. Financial investment in host countries by mining companies has an influence on their reputation				
13. The perception of a CEO by stakeholders of a mining company has an influence on its reputation				
14. Legislative compliance by mining companies has an influence on their reputation				
15. Beneficiation initiatives implemented by mining companies have an influence on their reputation				

Questions	Completely Agree	Agree	Disagree	Completely Disagree
16. The reputation of mining companies affects their ability to access exploration permits and mining licences				
17. Management of mining companies should define and measure reputation				
18. The reputation of mining companies should be proactively managed				
19. Mining companies are further pressured by stakeholders such as NGO's to manage their reputation				
20. Management and employees of mining companies at times also cause reputational damage to their companies through unethical business practices				
21. integrity is the cornerstone of a good reputation				
22. A major negative incident by one mining company may have a negative reputational impact on the whole mining industry				

<b>23. The reputation of a mining company may be developed or altered through different activities viewed directly by the stakeholders as well as indirectly through the media or company reports</b>				
<b>24. The living conditions of a mining community has a direct impact on the reputation of the mining company operating in that community</b>				
<b>25. The living conditions of mineworkers has a direct impact on the reputation of the mining company operating in that community</b>				
<b>26. The working conditions of mineworkers has a direct impact on the reputation of the mining company operating in that community</b>				

<b>Question</b>	<b>Extremely Good</b>	<b>Good</b>	<b>Poor</b>	<b>Extremely Poor</b>
<b>27. Rate the following mining sectors according to how you perceive their reputation</b>				
<b>Diamond</b>				
<b>Gold</b>				
<b>Platinum</b>				
<b>Coal</b>				
<b>Iron Ore</b>				

<b>Question</b>	<b>Extremely Good</b>	<b>Good</b>	<b>Poor</b>	<b>Extremely Poor</b>
<b>28. Rate the following mining countries according to how you perceive their reputation</b>				
<b>South Africa</b>				
<b>Namibia</b>				
<b>Botswana</b>				
<b>Angola</b>				
<b>Canada</b>				
<b>Australia</b>				

<b>Question</b>	<b>Extremely Good</b>	<b>Good</b>	<b>Poor</b>	<b>Extremely Poor</b>
<b>29. Rate the reputation of the mining industry against the following industries</b>				
<b>Chemical Industry</b>				
<b>Financial Industry</b>				
<b>Oil Industry</b>				
<b>Gas Industry</b>				

**ANNEXURE B: SURVEY RESULTS**

Frequency Table						
GENDER						
		Frequency	Percent	Valid Percent	Cumulative Percent	
<b>Valid</b>	1	31	43.1	50.8	50.8	
	2	30	41.7	49.2	100.0	
	Total	61	84.7	100.0		
<b>Missing</b>	System	11	15.3			
<b>Total</b>		72	100.0			
AGE						
		Frequency	Percent	Valid Percent	Cumulative Percent	
<b>Valid</b>	2	19	26.4	27.5	27.5	
	3	33	45.8	47.8	75.4	
	4	14	19.4	20.3	95.7	

	5	3	4.2	4.3	100.0	
	Total	69	95.8	100.0		
<b>Missing</b>	System	3	4.2			
<b>Total</b>		72	100.0			
<b>QUALIFICATION</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	3	4.2	4.3	4.3	
	2	13	18.1	18.6	22.9	
	3	15	20.8	21.4	44.3	
	4	20	27.8	28.6	72.9	
	5	19	26.4	27.1	100.0	
	Total	70	97.2	100.0		
<b>Missing</b>	System	2	2.8			
<b>Total</b>		72	100.0			
<b>LEVEL</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	8	11.1	12.7	12.7	
	2	25	34.7	39.7	52.4	
	3	22	30.6	34.9	87.3	
	4	3	4.2	4.8	92.1	

	5	5	6.9	7.9	100.0	
	Total	63	87.5	100.0		
<b>Missing</b>	System	9	12.5			
<b>Total</b>		72	100.0			
<b>B1</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	35	48.6	48.6	48.6	
	2	33	45.8	45.8	94.4	
	3	3	4.2	4.2	98.6	
	4	1	1.4	1.4	100.0	
	Total	72	100.0	100.0		
<b>B2</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	33	45.8	45.8	45.8	
	2	32	44.4	44.4	90.3	
	3	7	9.7	9.7	100.0	
	Total	72	100.0	100.0		
<b>B3</b>						

		Frequency	Percent	Valid Percent	Cumulative Percent	
<b>Valid</b>	1	25	34.7	34.7	34.7	
	2	40	55.6	55.6	90.3	
	3	6	8.3	8.3	98.6	
	4	1	1.4	1.4	100.0	
	Total	72	100.0	100.0		
<b>B4</b>						
		Frequency	Percent	Valid Percent	Cumulative Percent	
<b>Valid</b>	1	44	61.1	61.1	61.1	
	2	28	38.9	38.9	100.0	
	Total	72	100.0	100.0		
<b>B5</b>						
		Frequency	Percent	Valid Percent	Cumulative Percent	
<b>Valid</b>	1	26	36.1	36.1	36.1	
	2	43	59.7	59.7	95.8	
	3	3	4.2	4.2	100.0	
	Total	72	100.0	100.0		

<b>B6</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	35	48.6	48.6	48.6	
	2	36	50.0	50.0	98.6	
	3	1	1.4	1.4	100.0	
	Total	72	100.0	100.0		
<b>B7</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	42	58.3	58.3	58.3	
	2	25	34.7	34.7	93.1	
	3	5	6.9	6.9	100.0	
	Total	72	100.0	100.0		
<b>B8</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	46	63.9	63.9	63.9	
	2	22	30.6	30.6	94.4	
	3	4	5.6	5.6	100.0	
	Total	72	100.0	100.0		

<b>B9</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	38	52.8	52.8	52.8	
	2	29	40.3	40.3	93.1	
	3	4	5.6	5.6	98.6	
	4	1	1.4	1.4	100.0	
	Total	72	100.0	100.0		
<b>B10</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	36	50.0	50.7	50.7	
	2	31	43.1	43.7	94.4	
	3	3	4.2	4.2	98.6	
	4	1	1.4	1.4	100.0	
	Total	71	98.6	100.0		
<b>Missing</b>	System	1	1.4			
<b>Total</b>		72	100.0			

<b>B11</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	49	68.1	68.1	68.1	
	2	21	29.2	29.2	97.2	
	3	2	2.8	2.8	100.0	
	Total	72	100.0	100.0		
<b>B12</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	32	44.4	44.4	44.4	
	2	35	48.6	48.6	93.1	
	3	5	6.9	6.9	100.0	
	Total	72	100.0	100.0		
<b>B13</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	31	43.1	43.1	43.1	
	2	36	50.0	50.0	93.1	
	3	5	6.9	6.9	100.0	
	Total	72	100.0	100.0		

<b>B14</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	38	52.8	52.8	52.8	
	2	29	40.3	40.3	93.1	
	3	5	6.9	6.9	100.0	
	Total	72	100.0	100.0		
<b>B15</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	17	23.6	24.3	24.3	
	2	39	54.2	55.7	80.0	
	3	12	16.7	17.1	97.1	
	4	2	2.8	2.9	100.0	
	Total	70	97.2	100.0		
<b>Missing</b>	System	2	2.8			
<b>Total</b>		72	100.0			

<b>B16</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	18	25.0	25.0	25.0	
	2	40	55.6	55.6	80.6	
	3	12	16.7	16.7	97.2	
	4	2	2.8	2.8	100.0	
	Total	72	100.0	100.0		
<b>B17</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	38	52.8	52.8	52.8	
	2	34	47.2	47.2	100.0	
	Total	72	100.0	100.0		
<b>B18</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	55	76.4	76.4	76.4	
	2	16	22.2	22.2	98.6	
	3	1	1.4	1.4	100.0	
	Total	72	100.0	100.0		

<b>B19</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	21	29.2	29.2	29.2	
	2	41	56.9	56.9	86.1	
	3	9	12.5	12.5	98.6	
	4	1	1.4	1.4	100.0	
	Total	72	100.0	100.0		
<b>B20</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	39	54.2	54.2	54.2	
	2	29	40.3	40.3	94.4	
	3	3	4.2	4.2	98.6	
	4	1	1.4	1.4	100.0	
	Total	72	100.0	100.0		

<b>B21</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	55	76.4	76.4	76.4	
	2	17	23.6	23.6	100.0	
	Total	72	100.0	100.0		
<b>B22</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	22	30.6	31.0	31.0	
	2	32	44.4	45.1	76.1	
	3	16	22.2	22.5	98.6	
	4	1	1.4	1.4	100.0	
	Total	71	98.6	100.0		
<b>Missing</b>	System	1	1.4			
<b>Total</b>		72	100.0			
<b>B23</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	28	38.9	38.9	38.9	
	2	43	59.7	59.7	98.6	
	3	1	1.4	1.4	100.0	
	Total	72	100.0	100.0		

<b>B24</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	36	50.0	50.0	50.0	
	2	28	38.9	38.9	88.9	
	3	8	11.1	11.1	100.0	
	Total	72	100.0	100.0		
<b>B25</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	42	58.3	58.3	58.3	
	2	26	36.1	36.1	94.4	
	3	4	5.6	5.6	100.0	
	Total	72	100.0	100.0		
<b>B26</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	41	56.9	56.9	56.9	
	2	28	38.9	38.9	95.8	
	3	3	4.2	4.2	100.0	
	Total	72	100.0	100.0		

<b>B27N1</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	23	31.9	31.9	31.9	
	2	41	56.9	56.9	88.9	
	3	8	11.1	11.1	100.0	
	Total	72	100.0	100.0		
<b>B27N2</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	1	1.4	1.4	1.4	
	2	25	34.7	34.7	36.1	
	3	41	56.9	56.9	93.1	
	4	5	6.9	6.9	100.0	
	Total	72	100.0	100.0		

<b>B27N3</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	3	4.2	4.2	4.2	
	2	18	25.0	25.0	29.2	
	3	41	56.9	56.9	86.1	
	4	10	13.9	13.9	100.0	
	Total	72	100.0	100.0		
<b>B27N4</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	3	4.2	4.2	4.2	
	2	39	54.2	54.2	58.3	
	3	25	34.7	34.7	93.1	
	4	5	6.9	6.9	100.0	
	Total	72	100.0	100.0		

<b>B27N5</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	6	8.3	8.3	8.3	
	2	58	80.6	80.6	88.9	
	3	8	11.1	11.1	100.0	
	Total	72	100.0	100.0		
<b>B28N1</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	2	2.8	2.8	2.8	
	2	46	63.9	63.9	66.7	
	3	21	29.2	29.2	95.8	
	4	3	4.2	4.2	100.0	
	Total	72	100.0	100.0		
<b>B28N2</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	5	6.9	6.9	6.9	
	2	64	88.9	88.9	95.8	
	3	3	4.2	4.2	100.0	
	Total	72	100.0	100.0		

<b>B28N3</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	30	41.7	41.7	41.7	
	2	40	55.6	55.6	97.2	
	3	2	2.8	2.8	100.0	
	Total	72	100.0	100.0		
<b>B28N4</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	2	20	27.8	28.2	28.2	
	3	35	48.6	49.3	77.5	
	4	16	22.2	22.5	100.0	
	Total	71	98.6	100.0		
<b>Missing</b>	System	1	1.4			
<b>Total</b>		72	100.0			

<b>B28N5</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	21	29.2	29.2	29.2	
	2	45	62.5	62.5	91.7	
	3	6	8.3	8.3	100.0	
	Total	72	100.0	100.0		
<b>B28N6</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	23	31.9	31.9	31.9	
	2	48	66.7	66.7	98.6	
	3	1	1.4	1.4	100.0	
	Total	72	100.0	100.0		

<b>B29N1</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	7	9.7	9.9	9.9	
	2	45	62.5	63.4	73.2	
	3	17	23.6	23.9	97.2	
	4	2	2.8	2.8	100.0	
	Total	71	98.6	100.0		
<b>Missing</b>	System	1	1.4			
<b>Total</b>		72	100.0			
<b>B29N2</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	5	6.9	6.9	6.9	
	2	28	38.9	38.9	45.8	
	3	37	51.4	51.4	97.2	
	4	2	2.8	2.8	100.0	
	Total	72	100.0	100.0		

<b>B29N3</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	12	16.7	16.9	16.9	
	2	38	52.8	53.5	70.4	
	3	21	29.2	29.6	100.0	
	Total	71	98.6	100.0		
<b>Missing</b>	System	1	1.4			
<b>Total</b>		72	100.0			
<b>B29N4</b>						
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>	
<b>Valid</b>	1	5	6.9	7.0	7.0	
	2	44	61.1	62.0	69.0	
	3	22	30.6	31.0	100.0	
	Total	71	98.6	100.0		
<b>Missing</b>	System	1	1.4			
<b>Total</b>		72	100.0			

**ANNEXURE C: LETTER FROM LANGUAGE EDITOR**

***DLTS***

**DIYNAMIC LANGUAGE & TRANSLATION SPECIALISTS**  
CK 95.17794/73  
Esselen str 71  
Potchefstroom  
2531

12 November 2015

Tel: (018) 293-3046

**TO WHOM IT MAY CONCERN**

**Re: Letter of confirmation of language editing**

The dissertation **Exploring methods to improve the image of South African diamond mines** by **Innocent Mabusela (23924756)** was language, technically and typographically edited. The citations, sources and referencing technique applied was also checked to comply with university guidelines. Final corrections as suggested remain the responsibility of the student.



**Antoinette Bisschoff**

Officially approved language editor of the NWU since 1998  
Member of SA Translators Institute (no. 100181)