



# **Determining the influence of corporate social responsibility by mining companies in the Sekhukhune District**

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Mini-dissertation submitted in partial fulfilment of the requirements for the degree *Master of Business Administration* at the North-West University

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Graduation ceremony: October 2018

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**i. DECLARATION**

I declare that “**Determining the influence of corporate social responsibility by mining companies in the Sekhukhune District**” is my own work and that all the sources quoted or used herein have been properly acknowledged by means of complete reference.

**ii. LANGUAGE EDITING**

**This** study “**Determining the influence of corporate social responsibility by mining companies in the Sekhukhune District**” has been edited for language by Prof Edmore Mutekwe. Neither the research content nor the author’s intentions were altered in any way during the editing process.

### **iii. DEDICATION**

I would like to dedicate this research to God Almighty and my family, who have been with me through the difficult time of pursuing this study.

#### **iv. ACKNOWLEDGEMENTS**

I would like to thank the following people who were instrumental in the realisation of this study:

- My supervisor Dr Henry Lotz, for his kind support, guidance and encouragement.
- To my wife, Vongani Portia Mkhari, for her love, inspiration and motivation to pursue my studies during difficult times.
- My colleagues, for their constant inspiration and encouragement for me to complete this research study.
- All the participants in this study, for their valued time and assistance.
- North-West University Business School, for the opportunity to pursue my academic dream.
- With special thanks to God Almighty, without whom all this would not have been possible.

## **v. ABSTRACT**

Mining is a financial action that can possibly create considerable development in areas affected by its operations. Mining operations may, likewise, adversely influence the encompassing groups as an outcome of certain undesired practices, which may either harm nature or irritate existing social structures, for example, relocating graveyards. In spite of this destabilisation, mining organisations may offer either unfair remunerations or, now and again, take part in unequal dispersion of corporate social advantages. If not economically well structured, mining exercises can harm the scene, thus bringing about consistent losses to the groups. Along these lines, the exploration question is: What impact do the mining operations taking place in the Sekhukhune District Municipality have on the environment and social well-being of the local communities?

The goal of this study was to assess different programmes driven by mining organisations in the Sekhukhune District, in relation to their impact on structures such as the Local Economic Development (LED). The study also aimed to ascertain the socio-economic impact of such mining activities in neighbouring regions affected by mining operations. After finishing this exploration, a subjective strategy was subsequently taken. A contextual investigation of the Sekhukhune District Municipality in the Limpopo Province was conducted to examine the contributions made by the mining organisations concerning corporate social responsibility.

Up close and personal meetings were held with all important partners within the locality of Sekhukhune District. The study uncovered huge disparities between what mining companies are putting out there on paper and what was actually taking place on the ground. This brought into question the commitments of these mining organisations to issues of development and social justice. Mining organisations trust that they are contributing considerably to the groups in terms of feasible business improvement and in many other areas. The local community and businesses painted a different picture. These groups indicated that they feel disempowered to can engage mining organisations on these issues.

It is suggested that a joint investment, aimed at promoting key community projects under the guidance of LED, be established. Such an investment will go a long way in promoting cohesion among all the socio-economic role players in the District and, by extension, promote sustainable development in the area.

## **vi. Keywords**

The key keywords used in this study are:

- Implications,
- Corporate social responsibility,
- Mining,
- Sekhukhune District,
- Stakeholders.

## **vii. LIST OF ABBREVIATIONS**

<b>LED</b>	:	Local Economic Development
<b>CoGTA</b>	:	Cooperative Governance and Traditional Affairs
<b>SAHRC</b>	:	South African Human Rights Commission
<b>GDP</b>	:	Gross Domestic Product
<b>ILO</b>	:	International Labour Organisation
<b>GFBLA</b>	:	Gold Fields' Business and Leadership Academy
<b>MPRDA</b>	:	Minerals and Petroleum Resources Development Act
<b>ARM</b>	:	African Rainbow Minerals
<b>SDA</b>	:	Sekhukhune Development Agency
<b>SRP</b>	:	Social Responsibility Programme

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## CHAPTER ONE

### 1. Introduction

#### 1.1 Background and introduction

This study was aimed at exploring the corporate social responsibility that the mining corporations in the Sekhukhune District provide to the surrounding communities. The mining industry has a unique economic impact that extends from national economic development and environment to socio-cultural profiles of their surrounding communities.

A huge economic development that follows the establishment of mining operations has the ability to change the lives of thousands of surrounding communities for the better. However, these development operations can also have negative effects on the socio-economic development of communities, if not properly planned, coordinated and managed (Mujih, 2007). This means that the mines can, for instance, use significant amounts of land and water which can adversely affect the poor who depend on these resources for their livelihood.

The increasing role of corporate social responsibility is impacting the relationship between firms and their various stakeholders: investors, customers, suppliers, employees, communities and governments. More is expected from organisations and, accordingly, companies that have poor performance in sustainable development are facing growing pressure from a multitude of sources (Deigh *et al.*, 2016).

Skinner and Mersham (2008) state that the relationship between South Africa, South African communities and mining companies is admittedly very complex, although it has evolved over a substantial period of time. Where the existing vulnerabilities of communities have not been adequately addressed, adding business, in this instance extractive industries, to the landscape may, in fact, exacerbate these vulnerabilities and bring inequalities starkly into focus.

Traditionally, the responsibility of management is to always act in a manner that seeks to maximise shareholder or firm value. However, the question in this regard has always been: "Does action taken to benefit the welfare of other stakeholders conflict with this notion (maximising shareholder or firm value)?" One view is that sustainable development can lead to the maximisation of firm value through acting towards improving the welfare of interest groups that are able to affect firm value (Fisman, Heal, & Nair, 2006: 1-33).

Although statistics may vary, most critics would agree that mining is a key contributor to Sekhukhune's Gross Geographic Product and that it is a sector with a great potential for the immediate future in the region. Modern mining has been practised in Sekhukhune District for well over a century. It involves the exploitation of asbestos, chromite and platinum deposits. The contribution of mining to GGP in Sekhukhune is estimated at between 15 – 20%, depending on the source of the statistics (Sekhukhune District Municipality, 2008).

Sekhukhune District Municipality (2008) describes the mining environment in the Sekhukhune District as characterised by communities which are mainly isolated. These are communities which are originally rural and with high levels of illiteracy and a very high dependence on the mining companies for their livelihood and economic development. The rural environment is barren and is associated with unpleasant landscapes caused by large-scale excavations. Additionally, these communities are often exposed to toxic environmental hazards from the mining operations. Although some mines can reach a life span of close to forty years, mining is, by its nature, not a permanent activity because of its dependence on available mineral deposits. Mining is a fast growing industry in this region and is associated with high earnings for the mining corporations. Local communities, on the other hand, do not respond effectively to the developmental changes that mining operations present.

Mining in the Sekhukhune District is also responsible for the rapid transformation of the region from an agricultural-based region to a cash-dependent one, with fewer agricultural opportunities. This sudden change threatens food security for many community members who are self-reliant with regards to food production. Mining communities throughout Limpopo Province are characterised by poor environmental as well as social conditions (Greater Tubatse Municipality, 2016).

## **1.2 Problem statement**

Around the mining industries, there are proliferations of informal settlements, which pose a challenge for the mining industry and government in so far as ensuring that proper development takes place in the area. This also hampers other projects which are aimed at improving the standard of living of all citizens of the country.

Sekhukhune District is a water scarce region. This is as a result of acid mine drainage which is a threat to streams and rivers in the region and the province of Limpopo at large. The damming up of the rivers by the Department of Water Affairs and Forestry, partnering with mining corporations, is limiting the rural communities from accessing water. Suggestions that communities should pay for piped water from dams would further limit access, as some communities may not be able to afford.

According to a research conducted by the South African National Roads Agency in 2007 on Community Empowerment Impact Assessment, most of the people who are employed in Tubatse work within the government sector (27%) where they provide services within the health and social development sectors. This trend is seen throughout the district. Mining employs approximately 20% of the employed people while the agriculture, forestry and fisheries sector employs 12% of the people. Most of the people in the district (62.7%) live in poverty.

Mining companies in the Sekhukhune District also play a vital role in developing the areas in which they operate. Their actions in this regard impact on economic growth as they have an immediate impact on both the social and the ecological environment of the region. Businesses are responsible for sourcing raw materials, manufacturing and marketing their products, and are accountable for the implications of their activities on society and the environment. To this end, companies are becoming increasingly aware of the impact of their activities and, as such, they are striving to make their business decisions more sustainable by applying the corporate social responsibility principle within their companies, in the wider environment they operate in, and in their relationship with suppliers and customers (Greater Tubatse Municipality, 2016).

The South African Constitution Act 108 of 1996, Section 24 states that “everybody has the right to an environment that is not harmful to their health or wellbeing; and to have the environment protected, for the benefit of the present and future generations, through reasonable legislative and other measures that; prevent pollution and ecological degradation, promote conservation, and secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.” It is, therefore, every citizen’s right to have their air and water quality protected, especially considering the negative impact which can be caused by certain pollutants at a high concentration.

The term social responsibility is a brilliant one; it means something, but not always the same thing to everybody. To some it conveys the idea of legal responsibility or liability; to others it means socially responsible behaviour in an ethical manner. The meaning transmitted in this regard is that of “responsible for,” in a causal mode; many simply equate it with a charitable contribution; some take it to mean socially conscious; many of those who embrace it most fervently see it as a mere synonym for “legitimacy,” in the context of “belonging” or being proper or valid; a few see it as a sort of fiduciary duty imposing higher standards of behaviour on businessmen than on citizens at large (Carroll, 1999).

Coombs and Holladay (2012) define corporate social responsibility as a voluntary action that a corporation implements as it pursues its mission and fulfils its perceived obligation to shareholders, including employees, communities, the environment and to society as a whole.

Although there is no single, universally accepted definition of the term 'Corporate Social Responsibility,' it generally means, among other ideas: companies' voluntary commitment to helping improve the lives or community well-being of its stakeholders, sustainable economic developments, conducting businesses in a way beyond legal, commercial or ethical requirements (Jones, Bowd & Tench, 2009).

Van Wyk, Segwe, Cronje, van Wyk and Chenga (2008) argue that the mining companies engage in corporate social responsibility programmes, either because they are obliged to or because they consider it good publicity. They do not do so because they consider communities to be partners or because they realise the severely disruptive impact of mining on communities. Mining companies behave as if they are 'entitled' to the minerals and treat communities as if they are an obstacle to this entitlement.

Van der burg, & Zanella (2006) also argue that the African businesses do not automatically associate Corporate Social Responsibility with broad measures and changes relating to their internal processes or with their relationship with suppliers. In South Africa, for instance, Corporate Social Responsibility is closely related to the implementation of the Broad Based Black Economic Empowerment (BBBEE) initiative.

Mining beneficiation is defined by Smith (2010:1) as the business practices which benefit the communities where products are mined, harvested and otherwise taken. This means that the notion of mining beneficiation goes beyond transforming minerals to a higher value product in order to increase potential profits for the company. It is value-added processing and practices that are able to advance the empowerment of historically disadvantaged communities by presenting opportunities for development of new entrepreneurs around large and small mining industries. Such beneficiation focuses on the practical contribution of corporations towards environmental, social and economic benefit of the local community.

The involvement of current and former government officials as shareholders, board members or managers in mining companies causes tensions and conflict and undermines the trust of communities in the various spheres and institutions of government. South Africa also applies the King Report on Corporate Governance in many of its industries and companies. This code promotes good social and

environmental practices as part of good corporate governance, which is closely oriented to the standards of international corporate governance. The JSE Securities Exchange prescribes compliance with King III to their listed companies (King, 2009).

As a result of corporate scandals and the lack of trust that they have brought, corporate social responsibility has become an important issue for companies to address. The erosion of trust has put pressure on corporations to improve their Corporate Social Responsibility policies and practices. Time, focus and money are not only put on increasing the economical dimension of one's business, but also on other dimensions. In particular, social and environmental issues have been pushed into the limelight. Corporations are now looking into their "triple bottom line", trying to make a sustainable change. Transparency and accountability are today two important elements which have made it difficult for corporations to escape scrutiny. It is no longer a question about whether or not to act responsibly or ethically, but rather how.

### **1.3 Research questions**

The current study seeks to address the above problem by answering the following questions:

- What is the history of the mining sector in Sekhukhune District?
- What is the role of corporate social responsibility by mining companies in the society?
- What are the impacts of corporate social responsibility by the mining companies in Sekhukhune District?
- What are the effects of corporate social responsibility on the mining stakeholders?
- What are social and environmental impacts of mining in the Sekhukhune District with regards to the following?
  - Impact on livelihoods;
  - Impact on public health;
  - Impact on migration;
  - Human placements and settlement;
  - Loss of access to clean water, and
  - Impact on cultural and agricultural resources.

### **1.4 The importance of the study**

The goal of the current study was to contribute to existing literature on the subject under study. The study aimed to achieve this by focusing on the contribution, and

implications on stakeholders, of the corporate social responsibilities and the mining activities in the proposed areas. The beneficiaries of this study include; mines, mining practitioners, policy-makers and academics. The study also contributes to theory on corporate social responsibility of business and identification of future research directions. Some of these major contributions are listed below.

It is hoped that this study will contribute to the existing knowledge on the implications of mining on the society, legislative framework on mining corporations and human rights and strive to ascertain and identify other underlying factors that might have impact in the future.

Participating mines will receive a summary of the outcomes of this study. This will allow an opportunity to gain critical insight into the corporate social responsibility practices of mining corporations and inform them about the importance that other businesses assign to stakeholders and communities. A comparison of individual attitudes with the overall outlook may help corporations to reconsider their approaches towards social involvement and encourage them to participate in corporate social responsibility.

Policy makers and practitioners can use the results of this study to improve and reorient their plans so that they can increase the Corporate Social Responsibility participation rate of mines. This can potentially improve the standards of social life and the national economy on a macro scale too.

This study will also produce academic papers both on the findings of the exploratory research and the applicability of theoretical frameworks in the corporate social responsibility literature.

The results of this research generated new insights into corporate social responsibility in the mining industry and added to the existing knowledge of corporate management. The overall understanding of the approach to corporate social responsibility in mining developed from this study will assist future researchers from various disciplines to investigate business issues related to mining companies and their social attitudes.

It is expected that the knowledge gained from this study will benefit future researchers, from a range of disciplines, who may wish to investigate the topic. The advanced perception of business responsibility will also contribute to the development of a comprehensive theory that can improve mining business management, in particular, and social life and economic growth in general.

## 1.5 Research objectives

The research study aims to ascertain the impact and implications of corporate social responsibility by platinum mines in Limpopo within the framework of sustainable development. This was achieved through the collection and analysis of primary and secondary data associated with the following areas of impact: Procurement, Employment, Social and Infrastructure Provision and Fiscal Contribution:

- Give a historical overview of the mining sector in Limpopo;
- Seek to understand how effective mine procurement has been in stimulating local economic development;
- To determine the roles and contributions of mining companies in the society;
- Highlight key issues in the mining environment in the region against the background of the corporate social responsibility practices of mining companies in relation to the dimensions of sustainable development;
- Critically analyse the findings in terms of the gaps between policy and practice;
- To examine the implications of corporate social responsibility on the society and mining stakeholders, and
- To ascertain the impacts of mining on the social and environmental areas.

## 1.6 Research hypothesis

A qualitative research methodology was applied to investigate the corporate social responsibility approaches undertaken by the Sekhukhune District mining corporations. The reasons for selecting a qualitative investigation are based on two factors. Firstly, the research focuses on an area which was little understood. The current study is exploratory rather than confirmatory in nature and a qualitative approach was deemed appropriate.

Secondly, the type of information that this research needed to collect and analyse involved an in-depth understanding of a complex phenomenon with a hidden slice of reality – the perceptions of managers to get a holistic view of this topic and a clearer understanding. Thus, quantitative methods would not have been adequate. The qualitative methodology will enable the researcher to obtain ‘real’, ‘rich’ and ‘deep’ information which is considered important, relevant and significant for this type of investigation.

By contrast, as a qualitative research, this work does not consist of proposing and testing hypotheses whose primary interest is to achieve understanding of a particular situation, or individuals, or groups of individuals, rather than to explain and predict future behaviours as in the hard sciences, with laws, theories and hypotheses. The



employed qualitative methods are primarily inductive, in contrast to the deductive methods of experimental science.

### **1.7 Literature review**

In this study the researcher made use of information that was deemed consistent and relevant to the research. This information was drawn from books, articles and journals. These sources are often written by well-known professors and researchers who have taken an active interest in the corporate social responsibility subject. It is, therefore, believed that the information given in this current study is reliable, suitable and valid. The information that was collected through interviews was also thoroughly analysed and compared to that from the above mentioned written sources.

The application of both stakeholder theory and social capital theory was undertaken after reviewing the most recent available literature on the two subjects. The four parent literatures associated with these two subjects are; corporate social responsibility, stakeholder theory, social capital theory and small and medium enterprises. The available literature in this regard is largely confined to corporate social responsibility. Stakeholder theory and social capital theory are used in this study to interpret and analyse the research results. The keywords used in this regard are:

- Corporate,
- Social,
- Responsibility,
- Mining,
- Stakeholders,
- Effect,
- Impact
- Communities

### **1.8 Research approach**

The current study was performed to gather the perceptions of the community about the beneficiation services rendered by the mines which are operating in Tubatse, Sekhukhune District. The study also includes the perceptions of the mine management about services that they are providing to the surrounding communities in Tubatse.

On the other hand, Kumar (2014) defines a research strategy as a road map that one needs to help guide their research, with the aim of gaining answers to their research

questions and ensure that such answers are valid, objective, accurate and economical.

Research design, in this case, includes the description of the population of the research, sample procedure, research instrument used, procedure for administering the instrument and, finally, methods of analysing data.

This study employed the descriptive design due to the fact that this form of research design is able to explain the phenomena under study. This design is further able to predict and relate behavioural aspects. This means that, in its application in explaining such behavioural aspects in the case of Modikwa, Two Rivers and Twichehem mines and their local community of Tubatse, this method will enable the researcher to recommend certain changes. It will also help him to take control of mechanisms that will assist in combating challenges relating to the mines' socio-economic contribution to the surrounding local communities at large.

In order to gain more insights into the subject of corporate social responsibility, an exploratory research design was applied in this study. This enabled the researcher to gain a better understanding of the situation and increased his familiarity with the problem under study and clarified the complex concepts such as; 'What is meant by Corporate Social Responsibility?'; 'What is the role of Corporate Social Responsibility of the mining companies in society?' and 'How do we develop a method in which Corporate Social Responsibility can be measured?' Exploratory research was deemed appropriate in this case because little is known about the subject under investigation and the study is relatively small in scope and is flexible.

#### **1.8.1 Research instruments**

It is not only time consuming to sort out and collect useful data (data coming mainly from interviews, books and articles), but it is also difficult to get access to information that is useful and true. Information taken from company websites was also questioned in this study. This was so because it is a known fact that companies often seek to make themselves look good in the eyes of the public and the information they provide might, therefore, be glorified and sometimes untrue. To this end, the researcher had to be critical of all the information and material that came his way in the process of conducting this study, regardless of whether the information was obtained from primary or secondary sources. Comparison of sources assisted a great deal in this regard.

### **1.8.1.1 Collection of data from Community Representatives**

The researcher was assisted to collect data for purposes of this study, from the local community, by a ward councilor from Greater Tubatse. The councilor also assisted in organising all community structures with the aim of having them all under one roof. Questionnaires were then handed out to the respondents and explanations were given for further clarity.

Before any interviews could commence, a letter requesting for permission to conduct the interviews was sent to the mine offices and permission for such was granted. The initial intention of the study was to target all members of the management team. However, the mine management decided that the research should instead focus on those mine divisions that are mostly relevant to issues of community involvement. This, therefore, required that one interview be conducted with each of the following mine divisions:

- Community Engagement Development;
- Housing Development
- Transformation
- Recruitment and
- Sustainable Development.

## **1.9 Sampling**

Wegner (2008) indicates that if, in a census, it were possible to gather all the required data from every member of the target population then all researchers would be conducting censuses. This would result in complete data being available on all random variables. This approach is done mostly in cases where the study population is relatively small. This may not be applicable in all data collection situations, hence research is still relevant. Given the small number of the target population in this study, for example, all members of the population formed part of the subject of the study. This is not usually the case in research, particularly in studies that involve larger groups or larger population sizes. Churchill & Brown (2010) describe census sampling as a type of sampling planning in which data is collected from about each member of the target population.

## **1.10 Data recording**

The research study interviews were recorded on video, voice recorders and some transcriptions were cross checked by a few participants. The supervisor also reviewed the transcript drafts and provided suggestions regarding the categorisation of key words contained in the transcripts. A database of primary data collected from

the interviews and other important documents will be stored as hard copies in the form of discs in individual files in a secure environment and will be retained for a long period until they are no longer needed.

### 1.11 Data analysis

The data collected in this study was analysed in relation to the original research problem and the given research questions. The analysis of the collected data was also done in relation to the issues raised in the literature review and in terms of what was deemed relevant to the current study.

This analysis was done according to the common themes which emerged out of the grouping of the frequencies of the responses gathered during the conducting of this study. The supporting statements which accompanied the given responses were also very helpful in the analysis of the collected data.

Data analysis in this research is closely related to the way the data was collected. The three stages of process, as defined by Miles and Huberman (1994), were adopted in this regard. Miles and Huberman (1994) describe the steps involved in the process of analysis as follows:

**First step:** Data reduction - this refers to the process of simplifying and transforming collected data into a form that is manageable and textual. This process was continuously applied throughout the conducting of the current study.

**Second step:** Data display – this involves the transforming of the reduced data into a form which permits the drawing up of conclusions and action plans. In qualitative research this exercise is often deemed to be a crucial part of the extended text. In the current study, this step is visible in the analysis of the responses of individual interviews and descriptions. The technique of cross-sectional-case analysis was applied in this regard.

**Third step:** Conclusion forming and verification - this refers to the researcher noting regularities, patterns, possible configurations, casual flows, explanations and propositions. In addition to confirming the validity of the meanings which emerged from the data collected for the current study, field notes or consultation with the respective respondents were also used to counter check the accuracy of the received information.

### 1.12 Data quality

The quality of a research design is determined by the extent of its validity and reliability (Yin 1994) as well as by the degree of rigour followed in the theory-building from investigated cases. In order to ensure this rigour and enable others to judge the quality of the current study, the researcher applied tests in order to construct validity, internal validity, external validity and reliability of this study. Furthermore, for each test, a case study response tactic was implemented in the appropriate phase of the current study.

Validation – in this regard the researcher determined the extent that each interview question was processed in order to present a valid interview and produce quality data. According to McDaniel and Gates (2008) validation is a process which ascertains that interviews are conducted as specified and with the goal of validation being to detect interview fraud or failure to follow key instructions. McDaniel and Gates (2008) further describe editing as a process of ascertaining that interview answers and other relevant information are captured properly and completely.

Reliability refers to how consistently a selected technique measures concepts so that other researchers would get the same results when the same process is being used Yin (1994). It is, therefore, essential to develop a study protocol in the research design stage and use it to collect data and develop a case database during the data collection procedures. The database provided a copy of all-important documents and evidence used in the current study. In short, all details, from the research study questions to the final research study report are well documented in order to make it possible for others to replicate this study.

### 1.13 Ethical considerations

Kumar (2014) states that in order to conduct a research, one has to be guided by a code of ethics that has been in existence for many years. In addition, this code of ethics should be capable of accommodating the changing values, cultures, needs and expectations of those who are involved in research.

The researcher paid attention to all aspects of research ethics regarding the rights and obligations of the researcher, interviewees and those of any potential sponsors. These aspects include:

- seeking informed consent from participants,
- avoiding misrepresentation of data,
- being competent and reviewing literature to produce high quality research results,

- avoiding modifying the results of the research,
- informing and explaining to interviewees about any potential harms and how the research results will be used,
- avoiding pressuring interviewees to participate in the study,
- avoiding harming the interviewees anyhow, and
- protecting interviewees' rights to confidentiality and anonymity to disclose information that they regard to be sensitive.

Due consideration was given to any disclosure and reporting of information pertaining to the mines.

In the collection of information, the first consideration was given to avoiding bias, usage of appropriate research methodology, avoiding incorrect reporting, avoiding inappropriate use of information gathered, provision and deprivation of treatment.

In case the researcher got sponsors for this research, one ethical consideration was to follow the restrictions imposed by the sponsoring organisation in terms of methodology of research and prohibition of publication of findings, as follows:

- The researcher was to ask for permission from the Modikwa, Two Rivers and Twichehem mines management to conduct the study.
- The names and identification details of the respondents were not going to be requested, and all information was to be kept confidential.
- The researcher was to provide adequate explanation to each of the participants about the study and its purpose in order to obtain their informed consent.
- An undertaking was to be made not to expose the participants to any danger, and to respect any request for anonymity.
- It was to be made clear to the respondents that, should they wish to withdraw from the study at any time and for whatever reason, they should feel free to do so.

A report was to be made available to the involved stakeholders who may be interested in reading it.

Notably, no funding was secured for this study, yet all the above stipulations were observed.

#### **1.14 Chapter outline**

To achieve the objectives of this research, the chapters contained in this current study were structured in the following manner:

Chapter 1: Orientation and problem statement.

Chapter 2: Literature review.

Chapter 3: Research methodology.

Chapter 4: Results and discussion.

Chapter 5: Conclusions and recommendations.

#### **1.15 Chapter conclusion**

This chapter provided an introduction and a background to the current study. The research objectives and questions, method employed in data collection, sampling as well as ethical considerations, taken in accordance with the performance of the current study, were also presented in this chapter.

The next chapter presents the literature review undertaken for purposes of the current study.

## **CHAPTER TWO**

### **2. Literature Review**

#### **2.1 Introduction**

This chapter offers an extensive discussion of the impact that the mining companies can have on the development of local communities can play in advancing reasonable Local Economic Development (LED) within the jurisdiction of Sekhukhune District Municipality. The chapter begins by looking into mining and sustainable community development. It further presents clarity on the importance of sustainable development and LED in the broader scheme of socio-economic development in South Africa, especially as they relate to the mining businesses. In addition, the chapter concentrates on clarifying issues associated with the mining industry and offers possible solutions to the issues that may arise.

#### **2.2 Mining and Sustainable Local Economic Development (LED)**

The mining business can possibly give a few financial opportunities to an area where mining operation happens. The mining part, moron the other hand may impact adversely on the area in which it operates (Misani, 2010). Most of the time, the local community economy is gets dominated by the extractive business, thus making the local population subject to a single dominant mining concern.. The surrounding areas will probably be negatively affected should the mining operations stop operating. The mining operations require a proactive approach to maintain the environment. These arrangements must be done to ensure that the community benefits in monetary terms through the trickle-down effect to non-mining companies (Otto & Cordes, 2002; Stark, 2002).

##### **2.2.1 Sustainable Development**

Sustainable development, as defined by the Brundtland Report (year of publication), is an improvement that meets the prerequisites of the present without trading off the capacity of future generations to address personal issues. Sustainable development is concerned with social advancement, the proficient use of ecological resources and keeping up financial development. To that end, the South African government came up with its own blueprint for sustainable development entitled the National Strategy for Sustainable Development (NSSD) (United Nations, 1987).

The primary goal of the NSSD is to guarantee a superior personal satisfaction for every South African, now and for eras to come, by advancing social exercises that meet the necessities of all people living in South Africa, taking part in practices that will adequately protect the environment, advancing productive utilisation of all the



national natural resources and keeping and stable levels of economic development (Department of Environmental Affairs, 2008).

### **2.2.2 Local Economic Development (LED)**

The International Labour Organisation (ILO) define LED as a procedure that is focused on improvement that incorporates the local communities and orchestrates partnerships between the private sector and the public sector and local government of a particular region to facilitate and put into practice an improvement system that has been settled upon by all partners. The local development plan should be premised on an ideal that seeks to bring economic development to an area through the leveraging of locally available resources (ILO, 2002). Development can be initiated through the usage of projects that might be advertised by the national government, as envisaged in the national LED strategy, rules and programmes (Nel & John, 2006; DPLG, 2006).

Tomlinson (1994) opines that to achieve the end goal of local economic development, there is need for mutually beneficial association between the communities and the business organisations so that trust can be built. Once that trust is built it will have the overall positive effect of attracting other businesses to the area thus stimulating further economic growth. The growth of the local economy will result in less poverty and increased employment opportunities. If properly implemented these associations may result in the capacitating of local businesses thus building the entrepreneurial base of the community. It is clear that the growth of local businesses bodes well for the development of the local economy given the much vaunted multiplier effect and the much needed capacity building that often accompanies the growth of industry and local economies (Tomlinson, 1994).

Early LED methodologies were focused on activities that involved cooperation between the local populations in general and the private sector. The primary aim was to make the area to be seen in good light by the broader community (Blakely & Bradshaw, 2002; Theodore and Morris, 1994; Rogerson, 2006). Theodore and Morris (1994) add to this narrative when he contends that the aim was to make sure that the area is attractive to potential investors. This was done via making the area unique and, therefore, stands out in the eyes of the investors. The local government would thus put in place a plethora of attractions which included but not limited to infrastructure, favourable by-laws, tax cuts and rules that made it easy to change land zoning in the area. Some states and local governments even went to the extent

of abolishing minimum wages as a way of attracting direct investment (Theodore & Morris, 1994).

Theodore & Morris (1994) further contend that a company's choice to move is generally driven by an assortment of elements which government cannot control. These may include the population size of the area, transportation costs, community buying power, , wages and union control.

The recent trend in LED is one that puts the community at the forefront of all developmental efforts with non-governmental organisations (NGOs) playing a supporting role. The focus of the efforts is human capital development as well creating a sustainable economic base as well financial inclusion (Nel, 2001). In such situations, LED is concerned with the advancement of the abilities of the local population and empowering them to claim and take part in economic pursuits that become available in their local area. The overall objective is therefore to facilitate the exploitation of local resources by the local population and in the process bettering their own lives (Nel & John, 2006). Tapela (2008) contends that these LED activities can be described as endeavours that focus on coming up with workable systems that encourage the immediate inclusion of the local population in the economy through the building of businesses in cooperation with both public and private enterprises.

Tomlinson (1994) recognises various LED approaches that have been used. He posits that these methodologies have been a blend of conventional entrepreneurial activities, urban productivity and human capital development approaches meant to foster local economic development,

### **2.2.3 LED within the South African setting**

Immense effort was put into building up a formalised LED strategy system for South Africa in the mid-90s. Above all, it was given impetus by the downfall of the apartheid administration and the need to meet the government's stated desire to redistribute the national resources that were hitherto distributed along racial lines. The South African sought to achieve this imperative through enactment of requisite legislation as well come up with policy frameworks similar to the National Strategy for Sustainable Development (NSSD) of 1999, alluded to above (Nel & John, 2006). During the reign of the apartheid regime, LED was kept to insignificant decentralised investments with while more emphasis was put on promoting and attracting large investment. In post-apartheid South Africa, LED has played a crucial development part, as indicated by an assortment of activities which incorporate the development of urban communities as focuses of creation, utilisation, learning, data preparing and the utilisation of government provided resources/amenities (Nel, 2001).

Locally driven sustainable development can thus be shown in the South African context setting as cooperation between people in a specific locale, groups, and the private sectors. This association is typically created with the aim of upgrading the livelihoods of the local population (Nel & John, 2006). The national system for community economic development in South Africa for the 2006 – 2011 period was meant to advance the aggregate approach for LED in South Africa. It, likewise, contextualises the role of local economies in the national economy and advocates the improvement of systems to reduce poverty (Nel & John, 2006). The national and local spheres of government give support to districts in creating community economic initiatives. The Department of Cooperative Governance and Traditional Affairs (CoGTA), distinguishes the following as the key standards on which LED in South Africa is anchored on (DPLG, 2006):

- Poverty and unemployment are key problems confronting South Africa. Economic developmental methods should therefore focus employment creation and poverty alleviation;
- LED must target already disadvantaged individuals, underrepresented groups and, and small to medium scale enterprises to permit them to contribute in a significant way towards the economic growth of the nation;
- There is no single way to deal with LED. Every region may build up an approach that best suits its community setting;
- LED advances local ownership of resources group inclusion, community administration and shared leadership;
- LED includes local, national, global cooperation among groups, organisations and government to take care of economic issues and establish joint business ventures for the benefit of local communities;
- LED utilises community assets and abilities and opens wide doors for improvement;
- LED includes the coordination of various financial activities in a comprehensive way to deal with local community development; and
- LED depends on adaptable ways to deal with the effects of changing conditions at community, national and global levels.

In South Africa, LED activities emerged out of the need to meet the financial expectations of a few areas. The Growth, Employment and Redistribution

Programme (Equip) impacted the bearing of LED (Nel & John, 2006). The most well-known approaches used in South Africa to acknowledge LED have been the foundations of local structures for LED (Nel, 2001). These structures have been limited to create a fitting environment for LED to thrive, as evidenced by the establishment of associations between the general society business and civic groups. According to Nel (2001), for LED to be fully functional the following aspects must in place: sound proposition, funding and properly qualified personnel.

The most widely recognised topics of exchange by LED researchers are:

- the open deliberation over key business development versus creative poverty alleviation approaches;
- the presence of loss control systems and assets required to oversee development ventures;
- the difficulties of co-planning and coordinating LED activities in public enterprises;
- the contrast between large scale enterprises and small scale entrepreneurs;
- the challenges and opportunities arising from the distinction between large urban areas contrasted with smaller urban areas;
- the issue of developing specific areas focusing on LED activities (Nel & John, 2006).

#### **2.2.4 Mining and Local Economic Development (LED)**

Mines are often the key economic hubs in the areas where they are found. Research generally confirms that, in numerous nations, the positive effect of mining on the local population is, to a great degree, restricted due to the absence of programmed overflow impacts. In any case, with fitting LED instruments, mining tasks could bring more than their own particular direct work to a community (Nel & John, 2006). By wilfully taking an interest in, or notwithstanding driving a LED programme in a community, mining organisations and other local partners (local government, educational institutions and non-governmental organisations) can cooperate to guarantee that the local populace, including the poorest sections, can profit from the nearness of new ventures and partake in the developmental efforts of their community's economy.

Critically, LED techniques and projects are progressively being viewed as a necessary imperative for national level change, particularly in nations with powerless national governments and constrained private sectors (Nel, 2001).

For the mining industry, an effective LED programme would help improve stakeholder and worker relations, create provider linkages, diminish reliance on the

mine by local communities. It will also bring considerable benefits as far as notoriety and great corporate citizenship (Tomlinson, 1994). There has been a significant involvement in the European Union, especially in declining coal and steel territories, and in addition involvement in northern Mexico, Morocco and somewhere else that gives lessons that can be adjusted with regards to mining speculations.

Sustainable development is about synergies between organisations, communities and non-profit organisations. These entities cooperate, through proactive procedures, to accomplish reasonable economic development that guarantees growth in business as well as personal satisfaction for members of the local communities. Local communities are dependent on a specific mine as the main source of income/work in the territory. An imperative segment of a LED programme is the advancement of miniaturized scale, small to medium scale enterprises (SMEs) (Nel, 2001). Nel (2001) in addition argues that the mine may attract service providers who in turn will contribute to the general development of the area through employment creation and multiplier effect.

Be that as it may, the LED processes and projects should look beyond the SMES and rather focus on the general developmental framework, all the programmes and thus extend the scope to a number of key sectors of the economy. This holistic approach is one that is advocated for by Tomlinson (1994), who argues that developmental efforts in general should include inter alia:

- "Conventional" speculation advancement and maintenance exercises;
- Capacitation of SMEs both in terms of administrative systems as well as making sure that they receive sufficient business to remain viable.
- Infrastructure development and re-organisation that deals with both the hard and the soft issues at both individual business and group levels.
- Micro-entrepreneurial activities;
- Environmental changes to existing offices (in mostly urban territories), counting town focus upgrades, cocoa field recovery, modern bequest and business parks updating and site recovery; and
- Training and development, including access to work, environmental issues, and rehabilitation of damaged environment.

The mining company should also plan for the time when mining activities will stop. It should put in place recovery methodologies and activities that will allow the community to take over the mine so that it may continue to benefit albeit at a smaller scale from the mine. The recovery methods should also focus on how the physical environment will be rehabilitated so that the deleterious effects of environment degradation may be mitigated. The World Bank (date) suggests that in preparation for the eventual closure of the mine the mining concern should focus on the following:

- Development of SME service providers both upstream and downstream;
- Developing manufacturers to the mining business and other non-mining SMEs;
- Mining-related natural environment rehabilitation;
- Mining related wellbeing programs (HIV/AIDs, Malaria, mining relate diseases as well as other different infections);
- Small-scale mining programs;
- Development of human resources including preparation of small scale miners to re-work and take over the mine after the cessation of large scale mine works;
- Adapting frameworks and administrative systems that encourage future social and business advancement;
- The advancement of new/substitute financial services.

### 2.2.5 Problems associated with the mining business

A few researchers have contended that mineral assets if not properly managed will not contribute to national development. The damage that mining causes to the physical environment is far more than the economic benefits that mining brings (Walker, 2001 21-50; Tapela, 2008 45; Nel, 2001 32).

Mining operations have a number of different. Stark (2002) identifies the following stages: the investigation stage, the development stage, the creation stage and the mine conclusion stage. The investigation stage is the most important stage as it is the first time that the mining company gets to interact with the local community. This stage has a low financial and environmental effect on the community as mining exercises have not yet started (Stark, 2002).

The development stage is short yet it has a tremendous effect and impacts the long-term relationship with the community. It is during this stage that the business is opened and the mining concern relocates to the new mining site. It is important to note that minerals are often discovered in areas that are very remote and that such areas will have limited infrastructure due to their remoteness (Otto & Cordes, 2001). If not properly managed, this stage may bring about a few physical environmental issues to the fore while, at the same time, resulting in social unrest as the locals might resist the relocation of the mining company to their area.

The development stage comes with additional with long-term impacts since it presents the era of wage and a few negative and unintended results may manifest especially if there is no goal congruency between the mining company and the local communities especially in terms of the disbursement of financial gains (Stark, 2002; Otto and Cordes, 2002; Tapela, 2008).

The last stage is important since it is during the stage that the local normally lose their jobs as the mining operations will be winding down. The second issue is that the physical environment will also be in danger of being degraded. Moreover, as Tapela (2008) contends, mining activities may compound or start social pressure among groups influenced by mining operations, when the groups start to feel that they are as a rule unreasonably treated or lowly repaid by the mining organisations working in their area. The foundation that is set up amid mining operations may be immature or dismissed when mining operations stop (Otto & Cordes, 2002).

It is additionally accepted that mining's positive contact with groups is on the decrease as the greater part of groups living near mining operations get laid off from work and business openings and the multiplier impacts synonymous with mining operations start to decline (Stark, 2002; Otto & Cordes, 2002). The last is said to

have been given impetus by an assortment of components which incorporate a generous abatement in the expenses of transporting extensive materials and the appearance of multinational organisations as essential players in the business empowering mines to be situated at locations separate from where the mineral is handled (Stark, 2002; Otto & Cordes, 2002). In South Africa some local populations have benefitted from mining activities while in other areas the benefits have not been largely felt due to the politically-sanctioned racially segregation administration (Otto & Cordes, 2002).

The technological improvements in the mining sector have seen a decline in the number of unskilled jobs while at the same time the number of skilled jobs has increased. The mining sector has thus become extremely specialised in terms of the type of jobs that are available to local communities. The net effect of that is that more often than not the mining companies are forced to look elsewhere for the skilled employees. The local communities will on the other hand feel marginalised and left out (Stark, 2002). In other mining towns/areas mining operations have ended up being enclaves isolated from other areas of the economy (Otto & Cordes, 2002). It is likewise contended that in situations where there is deficient work supply, mining organisations might be obliged to enlist work from different locales contributing towards the customary and social blend of a specific territory. Social conflicts may emerge radiating from the destabilizing impacts on customary lifestyles. This has surely been the situation with a larger part of mining operations in South Africa.

Local communities may not see the dilution of their values as good a good or appropriate thing as they will be wary that their unique way of life will be compromised (Steyn, 2013). In a few mining areas it is normal for ethnic conflicts to arise fuelled by the mining activities taking place in those areas. During the time when there is conflict little development if any takes place. According to Stark (2002) the affirmation of one ethnic group's financial rights at the expense of others is promoting social inequality. Clashes between mining organisations, groups and the legislature have sprung from this very issue of financial and social inequality between the various ethnic groups in the area under study. The most vocal expression of such unhappiness has been the protestations from landowners and groups in the area who felt ignored and side-lined by the mining operations taking place in their areas. The major issues raised by these protesters are the loss of land, lack of full employments, debasement of the earth, and the mishandling of human rights issues (Otto & Cordes, 2002).

The developments presented by mining exercises, for example, financial status among group individuals have likewise been distinguished as having the capacity to



compound clashes (Stark, 2002). Otto and Cordes (2002) contend that, before, mining operations commence, there are contracts that are signed by the national government and the mining companies, without any consultation with the local communities who will be directly impacted by the mining operations (Otto & Cordes, 2002). They additionally posit that latest global trends relating to mineral contracts and their implementation commits governments who oversee nations that are mineral rich to take into account the developmental needs of the local areas and people. The aim is to make sure that the local communities benefit most from the exploitation of minerals in their area (Otto & Cordes, 2002).

Some democratic governments have decentralised their responsibilities to different levels of government (Jourdan, 2006). The need to break hindrances is obvious in various mining areas particularly those situated right where the mining takes place. Jourdan (2006) states that though this is happening some governments are not following the trend because they pander to the whims of the voters and therefore argue that there is need for income to be distributed by the central government in order to cater for national development imperatives. They argue that minerals are national resources whose benefits ought to cascade to all areas of the country. They often site the uneven distribution of resources as the overarching reason for the need for central control (Jourdan, 2006).

#### **2.2.6 Potential answers for or to the issues connected with the mining industry**

Mining activities can possibly present riches to the regions where mining operations are taking place. This can, in turn, translate into new financial opportunities that can provide new job opportunities, new business ventures and better schools (Otto & Cordes, 2002). A few nations, most eminently the United States, Canada, the Nordic nations and Australia have been seen great development in areas where mining takes place (Walker, 2006). The key intervention used by these countries as recognized by Walker (2006) and Jourdan (2006) was the realisation that mining may be used as key driver of economic growth. The multiplier effects of the mineral exploitation were/are still being felt long after the exhaustion of the minerals. To achieve their goals they focused on technological innovation as well as making sure that they capacitated local companies that were part of the supply chain Walker, (2006); Jourdan, (2006) and Boscio & Humpreys (2007) clarify the understanding of mining and practical corporate social responsibility as endeavours set up to discover ways that will change over an exhausting mineral asset into an economical wellspring of riches as the mining business does not speak to a high linkage promoter kind of creation.

The authors also posit that the discovery of minerals is the bedrock of subsequent economic development as it results in capital mobilisation by the mining concern in order to exploit the minerals. However, the main contribution should be seen in its capacity to include the marginalised in economic ventures that would otherwise be unavailable if the mining was not running. The mining company may easily incorporate SMEs into its supply chain. The trickle-down effect will result in the creation and support secondary financial segments (Boscio & Humpreys, 2007). Otto and Cordes (2002) attest that the limited life expectancy of mines implies that it is fundamental to put in place measures to maintain the immediate advantages that mines bring to groups as wages and welfare. This can be accomplished by consolidating mining exercises into nearby and provincial improvement arrangements to help the local communities to utilise the appropriate technologies that will support the advantages derived from the mining business (Otto and Cordes, 2002; Stark, 2002). There is need for transparency which can easily be achieved if the mining companies in conjunction with the relevant government bodies take time to educate the local populace about how the income is distributed. Another approach would be for the mining company, over and above the taxes it pays to government, to contribute directly to community development projects (Otto & Cordes, 2002; Stark, 2002; Tapela, 2002).

It is also important that the mining company also focus on the group interests. By focusing on group interests the company will invariably be taking care of the developmental needs of the local communities. However, there needs to be a properly agreed to method that takes care of community aspirations and needs. Once an approach is agreed on it is important that the same be done as long as the mining activities are taking place (Otto & Cordes, 2002). Stark (2002) opines that there is need to create systems which can empower groups to oversee critical activities that will result in proper management of the funds availed by the mining company.

It was recognised that government support may be needed to help to empower local people through the creation of proper structures and regulations meant to manage and properly account for monies and endowments from the mining companies (Otto & Cordes, 2002; Stark, 2002). The community may use the funds in many ways which include buying shares for the community (community share ownership schemes) as well registering trusts and investing in property. The profits emanating from the investments may then be used for the betterment of the community (Stark, 2002; Otto & Cordes, 2002). This approach usually is applicable in those countries where the government does not have the capacity to meet the developmental needs

of the country. This technique is said to be useful in situations where local government has limited capacity in terms of administrative systems and lacks the policy and regulatory framework to spearhead and stimulate development at the local level (Otto & Cordes, 2002). This approach has been successfully used in countries Bolivia. The Bolivian Mining code behoves mining companies to actively participate in the developmental efforts of the regions in which they will be operating (Otto & Cordes, 2002; Stark, 2002).

In instances where conflict exists among the various stakeholders, there is need to have a proper dispute resolution mechanisms. The dispute resolution mechanisms should be easily deployed and should be able to deal with disputes speedily so that developmental efforts are not seriously impacted because of the disputes. Communication channels among the various stakeholders should remain open all the times so that disputes will not escalate out of control (Stark, 2002; Otto & Cordes, 2002).

Boscio and Humphreys (2007) show that proactive agreements should be put in place for LED to take place in a mineral based local communities. The agreements have to be solid enough so that financial and all the other commitments are realised. The mining companies may be joint ventures between the business organisation concerned and the community using the investment vehicles that were referred to in the earlier part of this research report. For this to be executed productively the agreements must take into the different capacities of the stakeholders. This is necessary so that the arrangements are not loop sided and do not impose burdens and responsibilities that the stakeholders will not be able to fulfil Boscio & Humphreys, 2007). The mining company's commitments to the community and the attendant multiplier effect may include specialists spending their wages, the government using the tax income in the area in which it was collected. Boscio and Humphreys (2007) advocate strong relationships between mining companies and their respective stakeholders. They note that where strong linkages exist there has best great development. These developments will be anchored in the supply chain linkages, as the local companies will be active providers of services which are both downstream and upstream, of the mining concern.

### **2.3 Business openings associated with mining operations**

Besides the direct opportunities that emanate from the opening of the mine in given areas; like transport service provision, water and power provision, there is scope for the lateral development of other industries which are not directly linked to the mining

activities. Such industries also contribute to local development as they generate employment for locals (Weber, Strongman, Kunanayagam, McMahon & Sheldon, 2001). While this open door presents itself with mining operations, some little organisations display a powerful urge for freedom and maintain a strategic distance from business wanders which encroach all alone autonomy, and are more goal on enhancing day to day techniques. They typically confront troubles in acquiring money and therefore have fewer assets (Weber-Fahr, Strongman, Kunanayagam, McMahon & Sheldon, 2001).

Keeping in mind the end goal to make more monetary open doors in rustic groups encompassing its mines, Minera Yanacocha, South America's biggest gold maker, is working with Technoserve. The organisation is helping SMES profit by the mines nearness in Cajamarca, a district of Peru's northern good countries where a large portion of the populace lives in destitution. With support from the International Finance Corporation, since 2003, the organisation capacitated twenty-two (22) Cajamarcan organisations to supply the mines with food, including cheddar, jelly and filtered water (Technoserve, 2013). As per the Mining, Minerals and Sustainable Development's (MMSD) 2003 report, various organisations have entered into special procurement arrangements whereby they get supplies from community providers and merchants. A substantial portion of these arrangements are progressively replicated at national level, resulting in joint ventures and outsourcing as a method for limiting multiplier impacts (Mining, Minerals and Sustainable Development, 2003).

The AngloGold Ashanti's report gives a case on ways to improve local economic development, wherein the organisation executes a programme for micro-enterprise development in South Africa. The organisation buys extensively from small firms and grants tenders on an affirmative action basis. At each operation, outsourcing openings are composed through Small Business Boards of trustees, which give a stage to get and produce new business thoughts also, to screen new business proposition.

AngloGold additionally gives non-mine chances to private companies. Connected with this journey is a bundle of help that incorporates administrations, for example, administration and specialized help, investment, credit back, spanning fund, advance help and joint endeavours (MMSD, 2003).

The Succeed Red Book (2013) alerts that, while it is feasible for little and medium undertakings (SMEs) to work with South Africa's mining part, openings are more restricted than previously. Private venture proprietors need to do their homework appropriately, construct associations with mine obtainment chiefs, and guarantee it

can offer separated, esteem included item or administration in the event that needs to be exceeded (The Succeed Red Book, 2013). Independent ventures working near mining operations could have preference with regards to offering for contracts. Be that as it may, these open doors are as it were opening up in chose ranges and are not quite the same as one mine to the following (The Succeed Red Book, 2013). As indicated by The Succeed Red Book (2013), a portion of the mining houses in South Africa do have projects and strategies set up to help SME improvement in the mining division, illustrations being the accompanying (The Succeed Red Book, 2013):

- Gold Fields' Thusanang Entrepreneurial Support Centre which helps local business people begin independent venture around the company's operations.
- Gold Fields' Business and Leadership Academy (GFBLA) whose aim is to create programmes appropriate for the company's needs. Local people are then prepared by GFBLA to start own business which will benefits for the operations of Gold Fields
- English Platinum has activity programme which targets organisations within a 50 kilometre zone of its mines, to work with.
- Exxaro is creating opportunities in the communities connected with its operations.

## **2.4 Chapter conclusion**

Chapter 2 presented an extensive discussion of the impact that mining organisations can have in advancing reasonable Local Economic Development (LED) within the jurisdiction of Sekhukhune District Municipality. The chapter further focused on mining and sustainable development. It further presented clarity on the importance of Sustainable Development and LED in the broader scheme of socio-economic development in South African especially as they relate to the mining businesses. In addition, the chapter concentrated on clarifying issues associated with the mining industry and unloads conceivable solutions for the issues that may arise.

The next chapter examines the research methodology employed in this study.

## CHAPTER THREE

### 3. Research Methodology

#### 3.1 Introduction

This chapter presents the research design of the current study. It further outlines the research approach, sample design, procedure, data collection methods and research ethics followed during the undertaking of this study.

#### 3.2 Research Design

This section presents the philosophical underpinnings of this study as well as the research strategy applied in its undertaking.

##### 3.2.1 Research Philosophy

The most widely recognised strategies utilised as a part of logical research are quantitative and subjective strategies. Both strategies are utilised for gathering exact information and are suited for various settings. These two strategies are integral and they, from time to time, complement each other. Neither of the two strategies is superior to the other. Each of the two techniques has its own merits and demerits. However, as stated earlier, the strategies can be jointly utilised as a part of the same research study. The decision on which of the methodological approach to use at a given time and instance is unequivocally reliant upon the kind of the data to be explored, the issue, the reason and, lastly, the ebb and flow of the inquiry (Holme & Solvang, 1997). The strategy decided for this thesis is a subjective technique. As per McDaniels and Gates (2005), the quantitative technique depends on measurable data and, in this way, is frequently utilised to call attention to connections among the relevant factors.

While the quantitative research technique is formalised, exceptionally organised and characterised by an abnormal state of control, conversely, the subjective technique is formalised to a limited extend and, thus, is highly adaptable as the research progresses (Holme & Solvang, 1997). Holme & Solvang (1997) additionally posit that a subjective strategy gives the researcher a more profound comprehension of a particular subject.

The subjective strategy is, likewise, best applicable when examining the perspectives and estimations of the respondents (McDaniel & Gates, 2006). The subjective technique utilises words such as, investigation and revelation. At the point when a specialist needs to understand a circumstance or a phenomenon, it would be prudent to use a research strategy that is inductive in nature (Patton, 2002). A subjective research, by and large, is a product of inductive thinking. Hence, the subjective approach was the main technique applied in this research.

To accomplish the objective of this work, a significant comprehension of all the role players in the scope of the study is required. Thus, these encounters could best be brought to light by utilising the subjective strategy. In spite of the fact that the subjective research generally creates target information to make complete conclusions, subjective information will give a significant pointer of the fulfilment levels of the communities living in Sekhukhune District. The inductive thinking used as part of the investigation can satisfactorily influence decisions pertaining to social and employment legislation in South Africa.

### 3.2.2 Research Strategy

Some analysts, notably Yin (2003), concur that there are numerous options of designing research plans and procedures, for instance;

- recognising the presence of choices which incorporate tests,
- overviews (ordinarily utilised with huge volumes of information),
- ethnography (a phenomenological approach which comes from human studies, which entails a methodical observation of human action);
- activity examination (where field exploration is extensively used);
- demonstration (where specific models are created, based on the outcome of the exploration); and,
- contextual investigations (which try to comprehend social phenomena within a specific setting).

A contextual analysis approach is quite suitable when managing relationships in social settings. Yin (2003) states that there are more than six (6) various cases to think about in this regard. Firstly, a contextual analysis model can be founded on a solitary (concentrate on one occasion) or on a various (concentrate on at least two occasions) contextual investigation models. Furthermore, whether single or numerous, contextual analyses can be exploratory, distinct or informative.

An exploratory contextual investigation is expected to characterise the inquiries and theories of many research studies, in order to give guidance towards the practicality of the research systems to be followed.

An illustrative contextual investigation rather displays information bearing cause-effect connections clarifying how given phenomena happened (Yin, 2003). The point of a contextual analysis is to concentrate on individual occurrences, as opposed to a wide range (Denscombe, 1998). Eriksson and Wiedersheim-Paul (2006) contend that a contextual analysis is helpful in getting further understanding of a predetermined issue.

The advantage of utilising a contextual analysis approach is that it creates an opportunity to not just discover what the results are, but also to assist in explaining why certain results are the way they are (Denscombe, 1998). The hidden explanation behind the decision of a contextual analysis, in this instance, is the intricacy of exploring the impact of mining on host communities. The current study is an instance of how mining organisations could enhance their commitment to community development by guaranteeing sustainable business development in the Sekhukhune District Municipality. The study additionally investigates ways of bringing issues to light in communities and local government, with regards to methods that mining organisations may employ to fulfil corporate social investment. The study further looks at the nature of the relationship between the mining organisations, community leaders and local government. The understanding, collaboration and coordination of LED ventures and projects within the mining communities represent potential contention among partners, who tend to hold dissimilar perspectives on the methods and nature of community development. In the instance of this investigation on the nature and quantum of corporate social responsibility by mining companies in the Sekhukhune District Municipality, an exploratory technique is aptly utilised to comprehend the commitments mining organisations make to the communities in which they operate, in order to guarantee sustainable business, ecological and economic development.

### **3.3 Population and sampling**

Johnson (2008) advocates the choice of a small sample from within a small geographical region in order to permit a more concentrated investigation. This view is upheld by Perry (1998b) and Munro and Munro (2003) who contend that, in spite of the fact that contextual analyses require concentrated investigation, they additionally rely on broad data collection from small samples. There are two potential difficulties associated with utilising the contextual analysis strategy, specifically the degree to which the contextual investigations approach fulfils postgraduate prerequisites (Perry, 1998b; Rugimbana, 2008). While some schools of thought see the approach as adequate, there is still contention on what constitutes a contextual investigation (Rugimbana, 2008). The refinement between a contextual investigation and a unit of examination is the focal point of the debate.

#### **3.3.1 Units of investigation**

On the off chance that review outline, the subject of units and components is much challenged, and intense debate has emerged around recognizing units of investigation from cases. The writing gives restricting and clashing points of view. On one hand, Patton (2002) and Yin (2003) hold the view that a case is indistinguishable



to a unit of investigation. A unit of investigation is that which means the "heart" of a contextual analysis or the focal idea through which marvels might be caught on. At the end of the day, it is straightforwardly associated with comprehension, get ready what's more, executing the contextual investigation. Both Yin (2003) and Graunbaum (2007) concede to the qualities of a unit of investigation. For this examination, LED chiefs inside the SDM, mining company supervisors and nearby customary pioneers at SDM constitute the units of examination (Yin, 2003; Graunbaum, 2007) As indicated by Graunbaum (2007), the level of deliberation or hypothesis is more characteristic of inside cases since they are the paradigmatic substances and not regarded as the units of investigation. Be that as it may, recognisable proof of proper units of investigation build the odds for the accomplishment of purposes and targets (Graunbaum, 2007).

### **3.3.2 Sample choice**

The setting of the current study is a region in a district situated in the Limpopo Province on the South African outskirts. There are two foremost strategies used to make a determination of respondents. These are the likelihood choice and the non-likelihood choice (Holme & Solvang, 1997). The likelihood choice is based upon a cognisant choice while the non-likelihood choice can be clarified as an arbitrary choice. Since the creator of this explorative study expected to contact the most important partners in the SDM and needed them to impart their insights and emotions concerning the subject, the likelihood determination had all the earmarks of being the most effective technique hence it was selected and applied.

### **3.3.3 Data collection**

Data was collected through personal meetings with the target group. According to Rugimbana (2008) these kinds of meetings afford the researcher an opportunity to change the line of questioning during the session. Rugimbana (2008) goes on to say this strategy allows the researcher to harvest more impromptu knowledge into the subject under study. The inquiries were intended to separate the important data on the commitment the mining business makes to practical business improvement in the SDM. A total of four meetings were planned for purposes of this study. To this end a total of four classes were also setup to serve as interview venues for all the targeted audience/groups in this study.

### **3.4 Limitations of case study research**

Like some other research work, there are dependability constraints in this current study too. A series of accompanying impediments were encountered during the carrying out of the current study. These were; firstly, the remoteness of the territory under investigation made it difficult for the researcher to have an easy reach. The

roads are also bad and made it almost impossible for the researcher to reach the area with ease. The same was the case with respondents as they struggled to get to the venues in time. The expenses for the voyaging were similarly high mainly due to the constrained access for the respondents. This was particularly the case for the community districts. The investigation did however take place as all participants were keen to be of assistance.

The last constraint was the carefully selected information supplied by the mining organisations. This happened despite the fact that all necessary arrangements were made with mining organisations beforehand in this regard. As per Parkhe (1993), normal impediments to the contextual analysis technique are connected with (an) excessively complex speculations; (b) institutional predisposition against contextual analysis; (c) duty required of the analyst; and (d) inclination against contextual investigation, not being thought of as an independent strategy, particularly in regard to legitimacy and dependability. Additionally, accessing a portion of the distinguished subjects could be a test. It required consulting with senior administration staff for the most part, more so as a result of the diverse perspectives held by the distinctive gathering of subjects.

The previously mentioned restrictions of contextual analysis research were taken into account in this current study. With respect to inclination against contextual investigation, this is gradually turning out to be a lesser worry as contextual investigation inquiries about records as referred to by Parkhe (1993); Perry (1998b), Healy and Perry (2000) and Rugimbana (2008). This kind of enquiry has often delivered valid, thorough and dependable outcomes. It is additionally imperative to note, as portrayed by Parkhe (1993), that contextual analyses have been the source of distrust since they speak to a "basic move" in research introduction for some scientists.

### **3.5 Validity, Reliability, Trustworthiness and Quality in Case Study Procedures**

Not all researchers love and appreciate all the available research techniques. Contextual analysis configuration is no exception. According to Yin (2003) this technique neither promotes reading material nor endorses a look into systems. Best case scenario, examiners in subjective research depend on aides, for example, Yin (2003); and Rugimbana (2008), note that exploration involves a set of interpretive exercises with no hypothesis or worldview that encapsulates it. Accordingly, every contextual investigation may vary starting with one then onto the next. It ought to, nonetheless, be noticed that the issue of value, legitimacy and unwavering quality is frequently open to address. (Perry, 1998b). Subjectivity could emerge from reflections or "substances" made separately from researchers' distinctive

perspectives. Thus, a review embraced in the subjective plan ought to broadly address the issues of legitimacy and unwavering quality with a specific end goal. (Healy & Perry, 2000). Besides, Healy and Perry (2000) propose six tests for enhancing the nature of subjective research inside the authenticity worldview. Normally, these come from the segments of ideal models, to the specific, metaphysics, epistemology, and strategy and are as per the following: (1) ontological fitness, (2) unexpected legitimacy, (3) various impressions of associate scientists, (4) methodological reliability, (5) logical speculation, and (6) legitimacy.

It has since been established that a logical worldview is a piece of three viewpoints – philosophy, epistemology and strategy. Healy and Perry (2000) contend that fitting utilisation of these parts highlight the impact upon which the nature of research operates.

For the motivation behind this examination, a broad audit of the writing was utilised as a procedure to define a theoretical casing. Ultimately quality, as it identifies with system, was considered. In an attempt to guarantee quality this current study focused on the methodological rules which are endorsed in the writing on the outline of contextual investigations (Perry, 1998b; Healy & Perry, 2000; Rugimbana, 2008).

### **3.5.1 Validity Tests in Case Study Designs**

Built legitimacy alludes to creating “operational measures or a theoretical structure for the marvels under investigation. Subsequently, minimising “partisan loyalty reactions” was the end goal of the current study. Furthermore, as proposed by Yin (2003) the following accompanying strategies were applied in this study:

- Utilisation of numerous wellsprings of proof;
- Building up of a chain of proof; and
- Allowing key sources to survey the draft case report.

The above strategies were used in this examination. While inward legitimacy is fundamentally concerned with cause-impact relationships, dangers to inner legitimacy may likewise influence contextual analyses (Yin, 2003). Besides, emerging from this, another thought with respect to interior legitimacy on the off chance that reviews may emerge – that of derivation. Since coordinate causation cannot be set up, analysts may make certain deductions. The accompanying four inquiries, as indicated by Yin (2003), ought to be attended to with respect to deductions:

- Is the deduction adjusted?

- Have all opponent clarifications and potential outcomes been considered?
- Is the confirmation merged?
- Does the deduction have all the earmarks of being hermetically sealed?

Generalisability can be regarded as the yardstick for the attainment of outside legitimacy. For purposes of this review, various cases were utilised.

### **3.5.2 Dependability**

As per Yin (2003), unwavering quality inside contextual investigation presupposes that if a scientist were to lead a similar contextual analysis, utilising the same strategies as portrayed inside the review, that analyst would land at the same results and discoveries. Yin (2003) additionally affirms that the general objective of dependability of contextual investigation is to minimise mistakes and predispositions in the review. In accordance with proposals by Healy and Perry (2000) and also Yin (2003), this review has met all the requirements of the methodology by utilising a contextual analysis convention.

### **3.6 Ethical Considerations**

This review clung to moral rules as required. An announcement in regards to the motivation behind the enquiry was given to all respondents concerned. This laid out their part in the review and how the data they gave was to be utilised. A signoff-sheet was utilised to acquire informed consent from the respondents as prescribed (Patton, 2002). During the initial part of the meetings, respondents were educated that their participation in the study was voluntary and that they could withdraw at any stage in the event that they felt the need to. . Contact points of interest of the analyst were given to every single member of the target group in order to enhance trust between them and the researcher. This gave them an opportunity to raise any matter of interest with the researcher and at any time of day.

Patton (2002) prescribes that confidentiality of every respondent has to be guaranteed at all times during the research. This principle was complied with in this study. The information gathered as part of this study will be safely put away and held for at least five (5) years as suggested by Patton (2002). The opportunity to conduct this study was granted by the Faculty of Management Sciences at the North-West University.

### **3.7 Chapter Conclusion**

Chapter 3 exhibited the methodology that can be embraced in research in general. It further outlined the research methodology applied in the current study as well as the rationale behind such a selection. The contextual investigation approach was adjusted in auditing the corporate social course of action that related to every mining organisation operating within the jurisdiction of the Sekhukhune District Municipality. The respondents were drawn from various interest groups in the area, namely: corporate; mining organisations, regions, customary pioneers and nearby organisations. The next chapter presents the results and findings of this study.

## CHAPTER FOUR

### 4. Results and Discussion

#### 4.1 Introduction

This chapter presents results and a discussion of the meaning of said results in the current study. The discoveries are examined in detail, coming full circle in a general induction toward the end of every segment. The discussion herein is linked to the literature review tabled in Chapter 2 of the study.

#### 4.2 Response Rate

Table 4.1 below presents the response rate of the respondents of this study. This is done by tabling both the category and the position held by each of the respondents.

**Table 4.1 Distribution of responses**

Category	Position	Total respondents
Sekhukhune District Municipality	Directors	3
Mining companies	Managers	4
Traditional leaders	Community heads	5
Mining enterprises	Owners	10
Developmental forum and interest groups	Leaders	15
<b>Total</b>		<b>37</b>

The interview sessions conducted as part of this study were attended by all the 37 respondents cited in Table 4.1 above. All these interviewees were responsive regardless of the occupied calendars of traditional leaders in the Sekhukhune District Municipality (SDM). The chief at Tubatse Local Municipality had been named Acting City Supervisor at the time of this review.

The sample size of 37 is taken as being a representative sample of the population under review within the Sekhukhune District, considering that it is over 30 which is the base limit of such tests.

Table 4.2 below presents the frequency of the engagements among stakeholders within the Sekhukhune District Municipality.

#### 4.3.1 Cooperation with Sekhukhune District Municipality

**Table 4.2 Engagement between stakeholders in Sekhukhune District Municipality**

Respondents	Cooperation	Methods of engagement
Anglo American Platinum	Yes	Regular forum meetings
African Rainbow minerals	Yes	Regular forum meetings
Samancor Chrome	Yes	Regular forum meetings
Xstrata Alloys	Yes	Regular forum meetings
Sekhukhune District	Yes	Regular forum meetings
CEO Sekhukhune Development Agency	Yes	Regular forum meetings
Director Economic and land development (GTLM)	Yes	Regular forum meetings
Director Economic and land development (FLM)	Yes	Regular forum meetings
Chief Kgoete	No	Regular forum meetings
Chief Makwana	Yes	Regular forum meetings
Chief Mokwena	Yes	Regular forum meetings
Chief Mongaletseng	Yes	Regular forum meetings
Chief Nchabeleng	No	Never invited

The interactions held with these stakeholders revealed that the sessions mentioned in Table 4.2 above were very helpful. The participants stated that these meetings assisted them in forging a sound working relationship with all other stakeholders operating under the same environment within the Sekhukhune District Municipality. One of the respondents specified that "your review will uncover exactly how much

the mining business is doing to sustain ranges at which we work. Individuals are not only mindful of this but will continuously think of stories". The perspective of the mining organisations is that records demonstrate that they have dependably been working towards having greater interactions with encompassing groups.

Mining organisations have dependably been furrowing back at these groups even before the government enacted a law directing that there be some advantages accruing to the communities in the mining territories (Kgasago, 2013). One such enactment is the Minerals and Petroleum Resources Development Act (MPRDA) of the South African government through the Department of Mineral Resources (DMR). This Act stipulates that mining organisations should build up a Social Responsibility Programme (SLP) which needs to be submitted as a feature of their mining application. Failure to do so may result in the application not being processed. Kgasago (2013) contends that the programmes contained in such applications as put together by a prospective mining organisation usually carry a promise to outperform government in many areas of social development. This is presented as a general rule in such plans. An article in the (Sunday World, 2013) reported about a challenge walk by a group of Maandagsoek people in the Tubatse community district, to African Rainbow Minerals (ARM) Head Office in Sandton, where the group complained about ARM neglecting to bolster community endeavours, among other things. In light of the reminder, the organisation displayed measurements to the group showing that their spending on community endeavours remained at 30 percent of ARM's aggregate spending. This is typical of mining organisations presenting measurements with no premise.

A few respondents from Sekhukhune District Municipality concurred with mining organisations on the role and the importance of the Sekhukhune Development Agency (SDA) which is in charge of driving the monetary exercises within the region. This means the SDA enjoys the much needed support among all the key role players in the Sekhukhune District Municipality. The popular support enjoyed by the SDA will ensure that all the economic projects it handles will succeed.

The respondents from other two community regions demonstrated that they do not know about any activities being supported by big business for any improvement taking place in their area. This proposes that the bolster activities, while they might be set up, are not clearly apparent to all partners. Then again the dissimilar reactions may propose that mining organisations may likely be specifically supporting a few groups at the prohibition of others. Five conventional pioneers from the two community districts were met (in Sepedi District) to determine their insight into the



mining business and also the parts played by mining organisations and nearby districts in group improvement.

All the respondents trusted that they possess enough power that would ensure their groups were consulted and involved in any activities that are planned by mining organisations in their areas. They believe that anyone who wants to make use of their properties ought to approach them first. They further indicated that in future they may formally demand to attempt mining operations on their own. Amid the meetings, it was built up that the relationship between the district and mining organisations was good. A single respondent felt undermined by the District and in this way did not appreciate a decent association with the mining organisations working in the territory. The majority of respondents felt that the mining organisations offered other customary pioneers a considerable measure of cash, practically adding up to rewards for allowing them to mine in their territories. The power struggle existing between conventional pioneers and councillors as far as land rights were concerned was visible during the discussions. This was apparent in what one customary leader had to say "The community councillor in my general vicinity is not identified with me and in this way does not have my enthusiasm on a fundamental level. Thus they, in the region support SLPs with the mining organisations without my insight and that of my subjects." A total of 40% of the respondents demonstrated that they do not have any information of any nearby organisations being subcontracted to supply the mines with some consumables. In any case, 60% of respondents affirmed that community specialists have been offered acquirement contracts to furnish mining organisations with some fundamental supplies. The shifted reactions affirm the plausible irregularities in social duty arrangements of mining organisations in the diverse communities. Table 4.3 below indicates the views expressed by the local business community on the mining companies operating in the Sekhukhune District.

**Table 4.3 Views of local business on mining companies in Sekhukhune District**

<b>Name of Business entity</b>	<b>SDM-Mines Relationship</b>	<b>Consulting Process</b>
Classical Joint Trading Enterprise	Good	Do not know
Joxicom JV	Good	Do not know
Makinta Mahlako Transport	Good	Do not know
Mamphaka Trading Enterprise	Not good	Do not know

Moeding Construction and Projects	Not good	Do not know
Supplies	Good	Do not know
Myama Shakwane	Not good	Do not know
Sekhukhune Cleaning and Construction	Not good	Do not know
Seyahalalisela Construction	Not good	Do not know
Tukakgomo Chemicals	Good	Do not know

Table 4.3 above depicts the comments made by respondents in their classification of mining organisations in promoting community entrepreneurs in their area. All the ten respondents consulted in this regard showed that they did not know about any consultative procedure among the partners in their area. Seven out of the ten further demonstrated that there was no great relationship between them, the mining organisations and the Sekhukhune District.

#### **4.3.2 Procurement contracts offered to nearby organisations**

Government has not played any meaningful part in the advancement of nearby acquisition forms by mining organisations other than actualising positive HDSA enactment. To improve monetary effect and influence current activities, engagement and coordinated effort with government as an outsider should be given priority. Current government spending in the District is concentrated on social administrations. In spite of this, some mining organisations proactively started to draw in government as a partner and through their own strategies are beginning to focus on community organisations. A case of this engagement is through local government to which Anglo American pays the compensations of full time representatives for the reason of business improvement preparing for community occupants under the direction of Fetakgomo Municipality (Motswane, 2009).

As indicated by the respondents from the mining organisations, strategies to advance community business improvement do exist. These strategies do not just exist because of government programmes. While the DMR acknowledges the endeavour in improvement activities, such is not enacted and organisations are simply going an additional mile on their own (Kgasago, 2013). All the respondents from mining organisations showed that their organisations have built up acquisition techniques that are ideal to community undertakings. Kgasago (2013) highlighted this fact. "We get summoned to clarify at Head Office in the event that you are observed to acquire

merchandise and enterprises from somewhere else, you will be flame broiled as they need to know whether that administration or great couldn't be discovered locally". The proprietors of the nearby endeavours however had a slightly different view. They contend that one should be politically associated keeping in mind the end goal to get an agreement with the mines.

Acquisition systems might be accessible only for consistence purposes however they are most certainly not sufficiently considered. This view was shared by the pioneers of group improvement discussions and intrigue bunches. It is said that in the event one does not know anyone powerful in the community regions their business would not get any business from the mining organisations in the area. All the respondents from community organisations did not know the acquisition procedures of the mining organisations and showed up not to bargain decently with organisations.

"I don't truly know or have a thought of whether the obtainment procedure of the mining organisation that am working with, is reasonable or straightforward. The essential thing for my business is organizing, in the event that I know a couple designs in the mining organisation, I then express my enthusiasm for working with the mine, and after that they prescribe me to the obtainment division. I then land positions occasionally along these lines".

In countries like Canada and Australia, various organisations have embraced special obtainment approaches towards community providers and wholesalers. A large number of these activities are progressively being implemented through arrangements in national approaches and enactment concerning outside direct venture through, for instance, joint endeavours, organisations, and outsourcing as a method for limiting multiplier impacts (Kirkwood, 2006). For example, in 1998 Hamersley Iron (an auxiliary of Rio Tinto) opened a mine at Yandicoogina, in Western Australia. The mine is on terrains to which different Aboriginal people groups of the Banyjima, Yinhawangka live. Furthermore, Hyiyaparli dialect bunches have Native Title claims. Preceding building up the mine, Hamersley went into long term arrangements with the Gumala Aboriginal Organisation, which was explicitly settled to speak to Aboriginal interests. The result was the Yandicoogina Land Use Agreement, signed in 1997. Arrangements took a year and a half and an outside intermediary was utilised all through.

Supporting nearby organisations gives an essential advantage to groups. Particular acquirement arrangements for community providers and wholesalers ought to be fused into mining assertions and organisation arrangement. Community obtainment ought to be joined by advancements with a specific end goal in mind: to expand financial action in the regions.

#### **4.3.3 Enterprise advancement activities and business bolster**

According to two respondents from the mining organisations, venture advancement activities and business support are fundamental for the development of the nearby ventures. This is however not necessary since the MPRDA or the SLP rules are silent on such prerequisites. The respondents from the other three mining organisations agreed that organisations are doing exceptionally well for supportable advancement in the groups in which they operate. A respondent from Samancor Ferrochrome when asked to declare their focus area had this to say "we focus much on creating ventures, that are framework orientated or benefits, attempting to help business visionaries is ending up being purposeless, as a large portion of the proprietors have no aptitudes." A total of 80% of the respondents from the community proprietors showed that they do get the essential support from the mining organisations.

They singled out the financing and start-up capital for new businesses as a key indicator for such support. One respondent described how he changed from being a worker in one of the mines operating in the area to being an entrepreneur employing fifty individuals. The other twenty percent reported that while they do land positions from the mines they also have different businesses outside the mining business. This, according to them, render them 'non dependant' on the mines and the mining business. Every single one of the pioneers of the formative gatherings and intrigue bunches contended that having political connections was the most effective way to the top in this industry. The SDM was still being extremely politically sensitive. According to one pioneer rubbing one key political player the wrong way was a sure way of ensuring that one's business remained stagnant in the area.

#### **4.3.4 Local Economic Development in the Sekhukhune District**

The idea of Local Economic Development (LED) has been investigated widely and almost across all districts in the country. This is mainly because LED was seen as the best approach of guaranteeing sound employment in community groups. Nonetheless, there is reliance on experts in the readiness of driven methodologies for Districts. Districts are communicating a yearning to reclaim the duty and to assemble internal abilities in LED. Community Economic Development methodologies changes present a different approach in this regard.

The respondents from the mining organisations saw the idea of LED and all the associated procedures as being key to driving economic development in the area thereby help create thriving communities. Respondents from the two nearby regions appeared to be uncertain of LED procedures in their districts. They felt that execution in this regard ought to be carried out by the Sekhukhune Development Agency; a structure which was framed two years prior to the study being undertaken. Notably, this structure is still gravely understaffed with only a CEO and two staff members who are seconded from the Sekhukhune District Municipality. This is evidence that regions depend exclusively on specialists for the definition of LED methodologies. Patterson (2008) recommended that there has to be a tendency for a "cut-and-glue" duplication of systems for different districts in order for success in this regard to be guaranteed. This is essentially the motivation behind why there is no responsibility for such an execution among metropolitan authorities.

The respondents among customary pioneers did not know the substance of Local Monetary Development in their general vicinity. None of the pioneers had ever heard of the municipalities' Local Economic Development and the associated methodologies. Indeed, even independent ventures proprietors likewise are not educated about the goings on at metropolitan workplaces. Patterson (2008) contends that the LED methodology advancement should be streamlined and made more available to both inhabitants in districts and city. Respondents from the pioneers of improvement gatherings and intrigue aggregates in the zone exhibited top to bottom information of the LED and associated procedures. They stated that they were baffled when an impression was created that their regions were prone to open unrests and strikes.

#### **4.3.5 Sustainable improvement in the territory**

Mining is a brief movement, with the working life enduring from a couple of years to quite a few years. Once the mineral asset is depleted or operations are no longer productive mine conclusion is inescapable. Practical advancement alludes to improvement of current needs without bargaining on what is to come. It was built up from the present review that all respondents valued the need to monitor regular assets to profit future eras in Sekhukhune District. There was agreement among all concerned that they need to cooperate more in order to guarantee a legitimate and a manageable advancement plan in the areas of operation. The mining organisations have the important specialized capacities to help the groups in this attempt. The greatest test appears to rotate around some limitation which exists in some community districts. In conversing with the respondents from community entrepreneurs and those from the pioneers one gets a feeling that there is poor

coordination between the partners in significant and supportable improvement endeavours in the District.

#### **4.4 Summary of Views from Different Stakeholder Groups**

##### **4.4.1 Mining Companies**

Talk with respondents in mining organisations communicated a craving to work towards the advancement of the various interest groups operating within the Sekhukhune District. The respondents demonstrated that every single one of the necessities of the MPRDA is, by and large, outperformed. The goal is to help out the groups as demonstrated by meeting reactions. The organisations are moving into ventures that they believe are pertinent to the groups on a regular basis. These may not be what the groups truly require. This paternalistic state of mind of mining organisations combined with poor coordination of projects is notably flawed.

##### **4.4.2 Sekhukhune District and its Municipalities**

The regions are an important layer of local government in South Africa. This is primarily the case because this layer of government is closest to people and as such it knows what their necessities are. They ought to have the capacity to speak to groups satisfactorily in the engagement with the mining organisations. The respondents in the current study felt that the discussions amongst regions and mining organisations were an unimportant convention with nothing significant emerging out of it. The respondents further stated that they knew about the open door brought by mining organisations and that this was only more effective on paper. They pointed out that in reality the mining organisations direct the plan and nearby regions simply embrace such plans without question. This creates misery among individual group members especially those which are of the view that the mining organisations give them a crude arrangement. As an outcome, there are some group unrests in a few ranges (see annexure E). The insufficiency of aptitudes and learning in the Sekhukhune District and community regions must be attended to as an issue of direness.

##### **4.4.3 Traditional Leaders and Local Businesses**

Some blended perspectives were noted when meetings were directed with conventional pioneers and nearby organisations on their association with Sekhukhune District Region and mining organisations. The majority of the respondents appeared to be disappointed with Sekhukhune District Municipality. Mining organisations on their part are scrutinized for the vague criteria for choice of private companies named as contactors. They are worried in accumulating measurements of help offered, paying little respect to whether somebody was impeded in the choice procedure.

This is the area Sekhukhune District Municipality ought to intercede to guarantee that nearby organisations are given due regard. It developed to the extent that the chosen organisations were claimed by previous workers of the organisation. This brings up an issue of whether other private companies can ever have a possibility of being considered by mining organisations.

The law is clear that every single South African ought to profit from the mineral resources of their nation.

#### **4.4.4 Leaders of Development Forums and Interest Groups in Sekhukhune**

A majority of individuals who have been out of Sekhukhune to work in different parts of South Africa understand the duties of mining organisations in the areas where they work. The respondents during the current study were seen as inconvenience producers for instructing groups on their encounters and on models of corporate social duty. Notwithstanding what some respondents feel about these respondents, they are undoubtedly the voice of the general population. They know about slip-ups made by mining organisations, the community districts or the customary pioneers in the procedure of group engagement and call attention to what should be finished.

#### **4.5 Chapter Conclusion**

Chapter 4 has introduced and discussed the results of the study. The discoveries were examined in detail covering all the aspects of the study.

The next chapter presents compact conclusions that were drawn from every segment of Chapter 4 giving more clarity to the findings of this study. The chapter will also present prospects for further studies in the knowledge area under review.

## CHAPTER FIVE

### 5. Conclusions and Recommendations

#### 5.1 Introduction

This chapter looks to show the conclusion and additional suggestions that may be considered by different analysts to assist the mining zones in the Sekhukhune District Municipality. In view of the discoveries of this study, the accompanying conclusions are drawn from which suggestions are additionally made.

#### 5.2 Conclusions

From this study the following conclusions were drawn:

- While mining organisations propose they are contributing generally to community monetary improvement and also to practical nearby undertakings, it may not be agreeable in all cases.
- As established in many literature sources, mining organisations do group advancement as they believe that in working together they are able to achieve more and are able to minimise general disappointments among them.
- There is by all accounts a major issue of misalignment of the mining companies' social engagements with their neighbouring municipalities. This misalignment is mainly visible in the poor coordination and the obtaining general disharmony regarding improvement plans and venture usage in municipalities.
- It was apparent that the municipality districts do not have the ability to manage their existing financial advancement projects. The general population in these divisions seem not to have the required technical know-how of managing such projects.
- Mining organisations in the vast majority of cases approach corporate social duty as a mere exercise of compliance with basic requirements and of maintaining consistency. These companies look great on paper in terms of discharging their social responsibilities.
- The review uncovered that the mining organisations operating in the area of Sekhukhune District Municipality previously had hard working representatives. This has set the bar too high for the current representatives and other potential administrators who have no past history with mining organisations.

#### 5.3 Recommendations

Given the findings of this study as outlined above, the following recommendations are made:



In order to guarantee the continuous sufficiency of the improvement projects championed by the mining organisations within the District, records of advancement venture should be kept by the Municipality who will act as the caretaker of such projects. This will guarantee that the Local Economic Development is pertinent in supporting necessities of all groups within its jurisdiction.

A closer working partnership among all key role players in the local economy of the Sekhukhule District Municipality could yield greater dividends to the local population. All Local Economic Development programmes could yield even greater dividends to the local businesses and to the Municipality. A fruitful Local Economic Advancement programme could help enhance good working relations between the mining entities operating in the area and their workers. A positive working relation between these two important stakeholders could help ensure a brighter future for the mining industry in the area. This could only mean more sustainable jobs for the locals and a sustainable development for the District.

Sekhukhune District Municipality has an obligation to fully capacitate itself. To this end ensuring that its workforce is well equipped and well trained should be a top priority. This in turn will reduce the current heavy reliance on advisors. A region that comprehends its people's needs and knows how to go about in satisfying those needs is a more successful region.

The Sekhukhune District should work on generating sustainable programmes which are aimed at developing both the local businesses and communities. It is recommended that the District should learn from the existing mining-community partnership presided over by the Royal Bafokeng family in Rustenburg, North West Province.

#### **5.4 Suggestion for future research**

As stated above, due to time and financial constraints this study was confined to just one of the many mining districts of South Africa. Notably, each district will have its own peculiarities which may not be applicable in others. It is therefore going to be difficult to generalise the findings of this study on any other mining district in the country or abroad. It is therefore recommended that similar studies be conducted in other mining districts in the country. Such further studies would assist in giving clearer national picture of the state of mining-community partnerships in South Africa.

#### **5.5. Chapter conclusion**

This chapter has highlighted the existing corporate social responsibility that the mining corporations are exercising among the communities of the Sekhukhune District Municipality. The chapter further made recommendations on how this

relationship can be improved upon. If these recommendations were to be implemented they could have a very positive effect on the relationship between the mining corporations in the Sekhukhune District Municipality and the surrounding communities.

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## **ADDENDUM: A**

### **SURVEY ON THE INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY BY MINING COMPANIES IN SEKHUKHUNE DISTRICT**

#### **Determining the influence of corporate social responsibility by mining companies in the Sekhukhune District**

The purpose of this study is to gauge the extent to which you perceive the mining companies within your area to be socially responsible. In addition, this study wishes to obtain your views as to the quality of the social responsibility you currently receive and the extent that you feel a sense of personal well-being. It is expected that your views will contribute to the maintenance of excellent mining services in the future.

Please note that participation in this study is completely voluntary. You may withdraw at any time. Completion and return of the questionnaire will be accepted as an expression of consent.

#### **GENERAL INSTRUCTIONS FOR QUESTIONNAIRE COMPLETION**

1. The questionnaire is in three short sections. Each section has its own instructions for completion.

**You are kindly requested to respond to every question in each section.**

2. The questionnaire has been designed in such a way as not to take more than 10 minutes of your time. Your first and immediate response is all that is required. Please note there is no right or wrong answer.
3. The last section requires you to provide some personal details. All the information you provide will be treated with STRICT CONFIDENTIALITY. Once all questionnaires have been collected and analyses conducted, the results of the study will be presented as a whole or in aggregate form (to ensure your anonymity) and written up as scholarly paper.
4. Thank-you for your participation in this important research project.



## PART A: BIOGRAPHICAL INFORMATION

### 1. Please indicate your age group

Under 30

30 – 39

40 – 49

50 and above


### 2. Please indicate your race group

Black

White

Indian

Coloured

Other (If other, please specify)


### 3. Please indicate your gender

Male

Female


### 4. Please indicate which language you speak

Sepedi

Xitsonga

English

IsiSwati

Isindebele


**5. Please indicate your local municipality**

Greater Tubatse

Makhuduthamaga

Elias Motsoaledi

Greater Marble Hall

Fetakgomo


## PART B: STATEMENTS RELATING TO CORPORATE SOCIAL RESPONSIBILITY

Please indicate your level of agreement or disagreement, by marking with an X, on the following organisational cultural dimensions of your organisation, using the following scale i.e.:

**1– Strongly Agree**

**2 – Agree**

**3 – Undecided**

**4 – Disagree**

**5 – Strongly Disagree**

Statement	1 Strongly Agree	2 Agree	3 Undecided	4 Disagree	5 Strongly Disagree
Social responsibility action programs can help to improve communities					
Mining companies should use its resources to ensure better service to society					
Business has the necessary money to engage in social action programs					
Irrespective of size , business have a responsibility to contribute to social issues					
Business should give first preference to local community for employment					
Involvement by business in CSR will improve quality of life of the society					

Statement	1 strongly agree	2 agree	3 undecided	4 Disagree	5 strongly disagree
Mining companies need to optimise their Corporate Social Responsibility on the surrounding communities					
It is the responsibility of the communities to demand CSI from the mining companies in their areas					
The mines are not forced to exercise their CSI on their surrounding communities					
The mining companies must be 100% responsible for putting bread on the communities' tables and no one else					
Things like housing development, infrastructure development including sanitation rests with the mining companies and not the municipality					

Statement	1 Strongly Agree	2 Agree	3 Undecided	4 Disagree	5 Strongly Disagree
Mines should sponsor churches and other religious institutions in the areas of the mining operations					
Mines should sign long term agreements with community representatives with regard to their commitment in supporting them					
All educational investments must come from the mines to ensure the sustenance of the cognitive development of such communities' young ones					
All the mines need to avail their geological reports (of prospecting) to the communities so they could be aware of the lifespan of the mining operations in their areas					

Statement	1 Strongly Agree	2 Agree	3 Undecided	4 Disagree	5 Strongly Disagree
Mines should build clinics and other health facilities in their areas of operation					
Mines should be open about their safety standards and also reveal all hazards that could affect both the well-being and safety of the surrounding communities.					
Mines should allow inspectors appointed or commissioned by the communities to inspect one aspect or other of the mining operation					
In the case where traditional authorities exist, such should work hand in hand with the mining operators to ensure a harmonious relationship					
Mines should build clinics and other health facilities in their areas of operation					
Mines should be open about their safety standards and also reveal all hazards that could affect both the well-being and safety of the surrounding communities.					

## PART C: CORPORATE SOCIAL RESPONSIBILITY PRACTICES

C: This part addresses Corporate Social Responsibility practices. Please indicate your answer by marking with a cross on the appropriate answer.

Yes


No

### Answer

1. CSR contribute towards employees' welfare
2. Donations to welfare organisations
3. Provide contribution for sporting
4. Sponsoring community event
5. Contribute to crime prevention programmes
6. Give money to charities in the community
7. Support public health programmes such as the fight against HIV/AIDS
8. Ensure health and safety procedure to the employees
9. Financially support environmental initiatives
10. Give money to charities in the community

YES	NO

## PART D: LANGUAGE EDITING CERTIFICATE

### **ACKNOWLEDGEMENT OF LANGUAGE EDITING**

Date: 22 May 2018

Name of Client: O. S. Mkhari

This is to certify that Language Editing has been carried out on the following article/dissertation/thesis

**Title of article/dissertation/thesis**

**Determining the influence of corporate social responsibility by mining companies in the Sekhukhune District**

Language editing was carried out to appropriate academic standards, including syntax, grammar and style.

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