



**The execution of Corporate Social Responsibility strategies for  
“community” benefit: A case study of the South African Mining Industry  
and host communities in King Cetshwayo District (KwaZulu-Natal)**

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by

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## **ACKNOWLEDGEMENT**

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## **ABSTRACT**

The mining industry in South Africa has been involved in communities for many decades. Mining companies found themselves in the ‘spotlight’ for the conditions linked to the migrant labour system they adopted. Similarly, it is important to note that mining in South Africa is the major contributor to the GDP and plays an important role in economic growth and community development, given the country’s legacy of mineral resources. To deal with the negative perception of mines, the mines responded by trying to mend their tarnished images through engaging in various CSR-linked initiatives, although such initiatives are seen as mere philanthropic acts by the affected communities; in this case, the Dube, Mbonambi, Mkhwanazi and Sokhulu (DMMS) communities in Richards Bay, KwaZulu Natal. Consultation needs to begin before any mine development takes place, not after the mine has begun operating, which is often the case. The persistent problems within the Richards Bay Minerals (RBM) vicinity are viewed by the DMMS communities as those that the company gives salience to without consideration of the communities’ needs. Genuine CSR policies must be implemented and be updated according to needs of the surrounding communities, to avoid bias and to be seen to be doing well to the community while in actual fact the programmes are not sustainable.

The research which was conducted using a qualitative methodology had a total of 16 respondents taking part. The study was conducted using the interview technique. Some of the key findings included that fact that respondents were unhappy with the numbers of community members who were employed at RBM’s mining operations. The community members also felt that the mining company had not invested adequately in community projects. In order to address the challenges the company is facing with the DMMS communities, some of the respondents suggested that job opportunities should be awarded to the communities on a proportional basis depending on the size of the community. The respondents also suggested that more people from the host communities should be given jobs at RBM.

Some of the recommendations that have been made in order to address the challenges RBM has been facing with its host communities include conducting a study in order to understand the host community better in order to better structure its CSR projects aimed at benefitting

the DMMS communities. The other recommendation is frequent engagements with the community members regarding CSR project plans.

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## LIST OF ACRONYMS

BBBEE	Broad Based Black Economic Empowerment
BEE	Black Economic Empowerment
CC	Corporate Citizenship
CRISA	Code for Responsible Investing in South Africa
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
DMMS	Dube, Mbonambi, Mkhwanazi and Sokhulu
ESG	Environmental Societal Governance
ESPS	Employee Share Participation Scheme
GRI	Global Reporting Initiatives
GSIA	Global Sustainable Investment Alliance
ICMM	International Council of Mining and Minerals
IoDSA	Institute of Directors South Africa
KZN	KwaZulu-Natal
MPRDA	Minerals and Petroleum Resources Development Act
RBM	Richards Bay Minerals
RI	Responsible Investing

## **GLOSSARY**

iNkosi

Chief

iSizwe

Traditional Community

iSizwe SamaZulu

Zulu Nation

uBukhosi

Chieftaincy

uMzulu

Zulu person

## **CHAPTER 1: INTRODUCTION**

### 1.1 Introduction

In South Africa today, there is an outcry that mines are not doing enough to benefit the communities where the mines are established. This is because, from time immemorial, the mining sector had a narrow view of the negative impacts of its daily operations, but in some instances, it operates without social legitimacy, leaving the surrounding communities in devastation. Once the economically-viable minerals have been extracted, then operations go elsewhere to greener pastures, leaving the affected communities with degraded land, effluents killing the nearby environmental streams and the like. On the other hand, some mines and other extractive industries like oil and gas have engaged in CSR initiatives to try and compensate for the problems. This gives rise to the question of whether a relationship exists between CSR performance and its social impact. An understanding of companies' societal impacts through CSR could be improved by developing tools to assess, measure and monitor internal and external factors which drive CSR performance. The increased dominance of corporate capital has taken place at the expense of nation states (Luning, 2012). It is therefore not surprising, that in the classical view, Friedman (1970) argues that disbursing the firm's resources on doing "social good" or being socially responsible unjustifiably increases costs that reduce profits for the shareholders and increase prices for consumers.

This 'profit maximisation' principle, various discussions, scientific arguments and diverse views on the subject of CSR and sustainability has created an opportunity for a further investigation into the CSR phenomenon. Carroll (1991:38) simplified the explanation of CSR by creating a "pyramid of corporate social responsibility" and outlined all the components of the pyramid as philanthropic, legal, ethical and economic. For Carroll (1993:33), the philanthropic activities would include giving to charity, adopting a school, building a day care centre, conducting rehabilitation centres for drug addicts and building of clinics. Recent studies such as that by Luning (2012) agree that CSR is very important right from the beginning in the establishment of a mine, including the early stages of exploration. During that period a socially-responsible relationship with the affected communities has to be constructed and negotiated until post-mining planning phase. In this regard, the World Bank provides a set of voluntary principles and a benchmarking guide to companies on how to deal with matters pertaining to community relations and CSR initiatives (Hohnen, 2007).

## 1.2 Research Context: Background

The study focus is on the Richards Bay Minerals (RBM) and the host communities of Dube, Mbonambi, Mkhwanazi and Sokhulu (DMMS). The DMMS communities are indigenous communities located in the King Cetshwayo District, in the north-eastern region in the province of KwaZulu-Natal (KZN), South Africa. The DMMS traditional communities are isiZulu-speaking communities whose practices are aligned to the practices of isiZwe samaZulu, the “Zulu Nation”. One of the critical practices within isiZwe samaZulu is how an iNkosi (chief) is appointed and entrusted with a role to lead a particular isiZwe traditional community. uBukhosi-related disputes within the isiZwe samaZulu are not an uncommon phenomenon. Such disputes can be traced as far back in history as the times before iNkosi uShaka, who is recognised as a symbol of being uMzulu (a Zulu person) (Ritter, 1955). The earlier history on uBukhosi-related disputes indicates that a position of iNkosi is synonymous with power and influence; thus most battles were over the control of land, livestock and other valuable commodities of that era (Ritter, 1955). The land which the DMMS communities own is rich in heavy sand mineral resources such as titanium dioxide, high-purity pig iron, ductile iron, rutile and zircon (Richards Bay Minerals, 2015).

These communities argue that the mining corporations are not fully responsible in meeting their social needs. The CSR initiatives in the host communities are viewed as a philanthropic exercise and not doing enough to be sustainable over time. However, the empirical evidence indicates that corporate social responsibility of RBM includes economic and ethical considerations in the face of unrestricted expectations of the communities (Hohnen, 2007).

## 1.3 Problem statement

Over the last twenty years the Department of Cooperative Governance and Traditional Affairs (COGTA) (KZN) has observed an increase in the number of uBukhosi-related disputes in the DMMS traditional communities (COGTA (KZN), 2015). The traditional communities felt left behind in important decisions which involve their land and heritage. The extractive industry in the region decides what is good for the communities from philanthropic to economic issues without involving the uBukhosi in the cycle of CSR, such as the allocation of lucrative Broad-Based Black Economic Empowerment (BBBEE) deals within the mining industry. Even though, the mines claim to be employing the communities over and above CSR requirements, there appears to be no causal relationship between local

employment and sustainable development as the mine tends to use cheap foreign labour (Holden, 2005).

Another challenge facing the DMMS traditional communities is an issue of community unrest which is common in areas closest to the RBM mining operations (Richards Bay Minerals, 2016). The communities are fighting for better living wages to force the mines to end cheap labour and participate in sustainable CSR campaigns to alleviate poverty. However, the mines argue that there is a potential risk in undertaking CSR beyond their means, because a dependency culture might develop and that can have irreparable repercussions for the dependent community, especially if the mine decided to shut down operations in the region (Jenkins, 2008). In this regard, Freeman and Liedtka (1991) indicate that the idea of corporate social responsibility has failed to help create a good society. Therefore, the imbalances within the communities and the companies are worth investigating in an attempt to harmonise the relationship between them.

#### 1.4 Purpose of the study

On 11 December 2008, a 26% BBBEE transaction was signed between RBM and its BBBEE consortium, consisting of DMMS traditional communities, Employee Share Participation Scheme (ESPS) and other investors (Richards Bay Minerals, 2015). The aforementioned BBBEE deal was valued at R4.5 billion (Richards Bay Minerals, 2009). The signing of the deal was confronted with many challenges that included the disputes from uBukhosi and labour protests from the host communities. Therefore, the purpose of the study was to investigate whether a correlation existed between the number of uBukhosi-related disputes and the introduction of mining operations within the DMMS traditional communities, by analysing financial period pre- and post-11 December 2008. The study was conducted within the Corporate Social Responsibility (CSR) theoretical framework. The study investigates whether there was an escalation in the number of uBukhosi-related disputes after 11 December 2008. The significance of 11 December 2008 is that this was the signing off of the BBBEE deal between RBM, DMMS and other stakeholders (Richards Bay Minerals, 2009).

The study also looks at the roles played by the mines in developing the host communities sampled and evaluates their perceptions of whether CSR is a must for the mining sector; by analysing the idea that management's only social responsibility is to maximise profits and create wealth for the shareholders.

## 1.5 Objectives of the study

The objectives of the study are outlined below:

- i. To examine whether the impact of CSR benefits are sustainable in the host communities.
- ii. To investigate the influence of power the CSR provider has over the local communities' governance structures.
- iii. To investigate the causes of disputes within the context of BBBEE deals signed by the traditional communities, as represented by iNkosi, to determine whether a correlation exists between the signing of a BBBEE deal and uBukhosi-related disputes.
- iv. To examine the extent of involvement of CSR beneficiaries in the decision-making about the desired initiatives within the involved communities.
- v. To investigate whether a mining company, after honouring its financial and regulatory obligation, within the BBBEE context has other responsibilities within and/or to that community.

## 1.6 Research questions

The research questions of the study are:

- i. Is there any impact of the mining corporations operating within the host communities?
- ii. Explore the causes of the disputes between the traditional leadership, communities and the mines?
- iii. During the signing of the BEE deals were all consultative processes followed correctly?

## 1.7 Significance of the study

The DMMS communities, where the study was conducted, are rural communities with a need for development (Statistics South Africa, 2011). The land which is owned by the DMMS communities is rich in mineral resources (Department of Mineral Resources, 2015). In 1976, RBM started its first mining operations within the DMMS communities (Richards Bay Minerals, 2015). Currently the DMMS communities are faced with challenges of underdevelopment and there is a significant number of uBukhosi-related disputes within these communities (Department of Cooperative Governance and Traditional Affairs (KZN), 2015). The study investigates whether uBukhosi disputes and financial investments made into the DMMS communities by RBM have any influence on the uBukhosi-related disputes. The

study findings will assist the government in understanding some of the causes of uBukhosi-related disputes and may contribute to the development of responsive intervention strategies when resolving such disputes. The study findings will also assist the private sector in improving their understanding of the dynamics which exist within the communities they invest in and whether their operations and financial transactions have any influence on uBukhosi-related disputes. The study will investigate the “what if” question, i.e. what if mining operations have an influence on uBukhosi-related disputes? Do private companies’ responsibilities extend beyond the honouring of financial and regulatory obligations?

The expected implications of this study are:

- There could be an improved understanding by government of the causes of uBukhosi-related disputes.
- There could be a change in the government’s approach when intervening in uBukhosi-related disputes.
- There could be an improved understanding of the community dynamics by a mining company.
- There could be an improved understanding of the mining company’s responsibility towards the host communities.

## 1.8 Research scope

The research will focus on four traditional communities of Dube, Mkhwanazi, Mbonambi and Sokhulu. However, it will also include the management staff of Richards Bay Minerals to participate fully during the data gathering process.

## 1.9 Conclusion

This chapter covered key issues in literature and also outlined the problem statement. It has also exposed some limitations of the study. The literature review was dealt with in detail in the next chapter.

## CHAPTER 2: LITERATURE REVIEW

### 2.1 Introduction

The subject of corporate social responsibility has been widely discussed in literature covering themes that include sustainability development, legislative frameworks and environmental, social and governance (ESG) issues. A debate on whether a company should be socially responsible beyond its normal operations and compliance requirements can be built on the pillars of two opposing arguments led by Friedman (1962) versus Bowen (1953). Friedman (1970:122-126) argues that corporate social responsibility (CSR) is a “fundamentally subversive doctrine” because, in a ‘free’ society, business must engage in activities whose aim is to exploit resources solely for profit maximisation, as long as business is conducted within the ambit of the relevant laws and regulations. According to Bowen (1953), businessmen are concerned about their social responsibility which comes as a result of either being forced, persuaded or through a need to separate ownership from control. A company whose operations contribute to the destabilisation of a community and still hides behind a veil that it has honoured its financial and regulatory requirements is not socially responsible. Business does not operate in a social vacuum and if the host community’s sustainability is compromised, the business’s ability to make profit will also be compromised (Oxfam, 2015). By way of example, a study conducted at Sefikile Village in the North-West Province (South Africa) concluded that mineral policy reforms had not adequately addressed the complexities pertaining to rural communities (Mnwana, 2015). Mnwana (2015) found that, if serious struggles over land, mining revenue and public services exist, business operations and company profits are negatively affected. Hamann (2004) argues that CSR is a mere publicity-posturing activity employed by corporates in order to improve their image and protect the shareholders’ interests.

According to European Commission (2001), there is no standard CSR regulatory framework and all mining companies are self-regulatory due to CSR being voluntary in nature. Yuan, Bao and Verbeke (2011) argue that the outward approach, i.e. a company deciding for its host community which CSR initiatives to implement, is problematic in that the corporate entity ends up neglecting internal processes that impact CSR and sustainable community development. Yuan *et al.* (2011) emphasise that CSR initiatives cannot be sustained solely by means of business efficiencies but must be implemented through an integration of corporate’s internal processes. Fuisz-Kehrbach (2015) concluded that CSR should be approached using a

global ‘three-dimension framework’ which seeks to balance the needs of the social and environmental needs and corporate supply chain sustainability. In post-war Sierra Leone, CSR facilitated unsustainable community development and created imbalanced power relations between the mining companies and host communities (Sigismund, 2015). This study concluded that a lack of proper communication by a mining company on CSR decisions lead to the implementation of pre-defined development projects which are rejected by the communities, as these are perceived to be at a variance with the community’s needs. Sigismund (2015) observed that instability within the social structure at community level may impede community development and recommends that active engagement between a mining company and social structures be extended to include various groups within a particular community. Another study conducted by Campbell (2012) on the sustainability of CSR initiatives within various African countries concluded that certain mining companies use CSR initiatives as an attempt to respond to business risk.

The Campbell (2012) argument is supported by Barkemeyer, Stringer, Hollins and Josephi (2015) who observe that, in the absence of a standardised CSR reporting framework, certain mining companies engage in CSR initiatives due to a need to reduce their taxation costs. In their study, Lee and McKenzie (1994) question whether a company has any responsibility to the society over and above the paying of taxes and compliance with the law. They argue that CSR contributions should not be legislated because CSR is a voluntary act and passing it into law may unfairly expand the legislative compliance scope of companies who have already honoured their financial and regulatory obligations. Furthermore, they are of the view that social development is solely government’s responsibility.

In favour of an argument which attributes the destruction in the environment, societal and community governance structures to mining companies, Garvin, McGee, Smoyer-Tomic, and Aubynn (2009) indicated that communities should hold mining companies responsible for this. They observed that certain mining companies did not live up to their responsibility to support community development but chose to shift the blame to government and/or dismiss the legitimacy of community’s concerns. Garvin et al. (2009) also observed that the introduction of mining operations improves the economic activities of local, regional and national economy. However, they concluded that an equitable balance between the impact of mining operations and community development would assist in reducing tensions between a mining company and its host community. According to Kamp and Owen (2013), community relations and development are key components of CSR and yet the mining industry in general

has not embraced the fact that this is key to their core business and sustainability. Kamp and Owen (2013) argue in agreement with Garvin et al. (2009) that sustainable community development can never be achieved in the absence of an equitable balance between a mining company and its host community.

In a study conducted by Dupuy (2014), it was concluded that community development is a mandatory requirement for mining companies and should be enacted into law. Garvin et al. (2009) urge the national government to implement regulatory reforms, ensure enforceability thereof through the strengthening of independent monitoring and evaluation by government institutions to transform mining operations and ensure that positive socio-economic gains are realised at community, regional and national levels. Elkington (1997) concluded that business sustainability and competitiveness demand a shift of mind from extreme profit-maximising capitalism to a sustainable, environmentally, societally and economically-conscious capitalist system. A need for CSR is said to be greater in developing countries (Eweje, 2006). A mining operation attracts foreign direct investment into the country and it also creates an opportunity for accelerated community development; as observed by Eweje (2006), a mining company through its CSR initiatives provides an alternative for government's service delivery. A reference for accelerated development is also supported by Mnwana (2015) where, within the context of apartheid South Africa, the majority of the communities were systematically excluded from participating in the main stream the country's economy. According to Harvey (2014), the host communities do not trust the mining companies, as mining companies' reputation is negatively perceived, while Hamann (2004) argues that the implementation of CSR is distorted as it seeks to present a positive rather than a balanced view of the company's image and reputation.

However, Hamann and Kapelus (2004) have identified that a need for fair accountability on CSR implementation exists as mining companies are often accused of implementing CSR initiatives which serves their own interests. The voluntary nature of CSR implementation has been raised as a major concern by the European Commission which has recommended that all companies should embed CSR responsibility as part of core business (European Commission, 2001). The United Nations has stated that a major challenge facing companies in general lies in measuring the impact of CSR initiatives with companies often resorting to reporting on financial performance instead of measuring how they benefitted society (Oxfam, 2015). According to Yuan et al. (2011), societal stakeholders expect that their needs can be

accommodated based on how well the business is doing without giving cognisance to process issues such as labour laws and supply chain management policies.

## 2.2 What is corporate social responsibility?

In the past, social critics have documented the negative impacts caused by corporations' operations in their respective environments, in particular, the extractive industries. However, few companies took steps to solve the social problems associated with their businesses. The companies were accused of being socially irresponsible. However, according to Schwartz and Carroll (2003), many scholars have tried to define the concept of CSR for decades, but the concept remains difficult to understand. The definitions lie between two distinct arguments like Friedman (1970) who argued that the business is only obliged to maximise profits within the rule of law and low social morality, and other scholars who believe that the business should be socially responsible to the broader community (Baden & Harwood, 2013; Epstein, 1987; Smith, Gonin & Besharov, 2013). Carroll (1991:38) simplified the explanation of CSR by creating a "pyramid of corporate social responsibility" and outlined all the components of his pyramid as seen below in Figure 2.1.

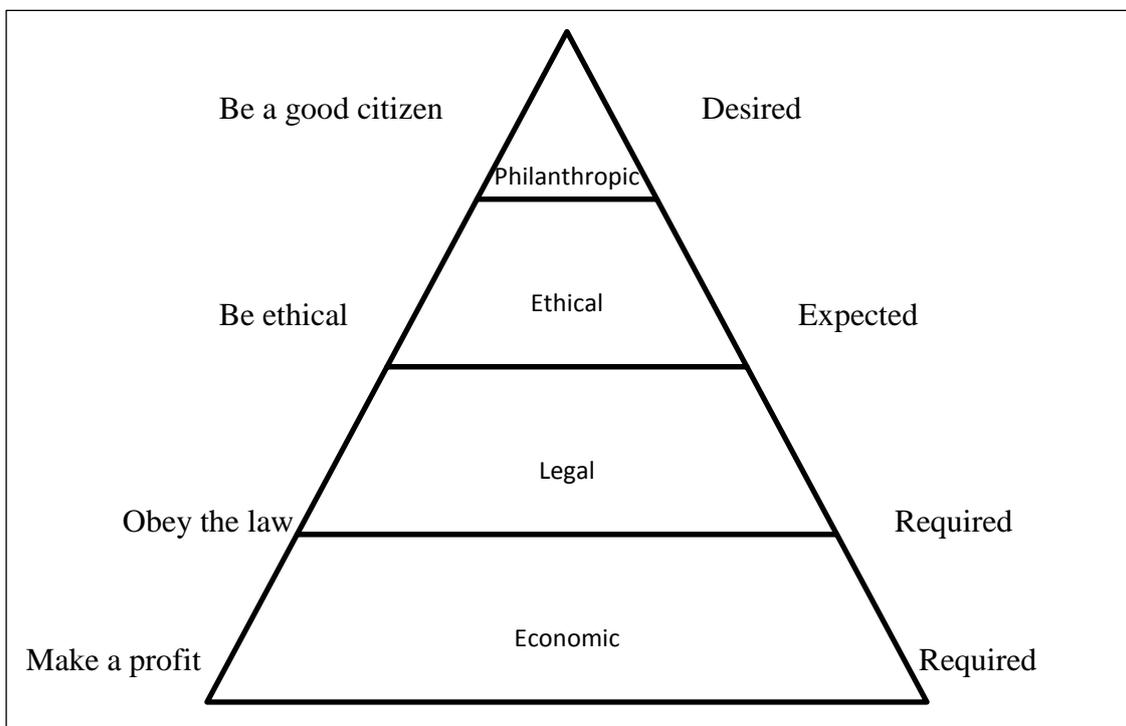


Figure 2.1: The pyramid of corporate social responsibility

Source: Carroll (1991)

Most communities, maybe propelled by Carroll (1993)'s pyramid, assume that CSR a purely philanthropic exercise. Especially in the South African context, when the Anglo-American mines created charity organisations to benefit the communities around the affected areas, such communities did not recognise this as CSR. For Carroll (1993:33), the philanthropic activities would include giving to charity, adopting a school, building a day care centre, establishing rehabilitation centres for drug addicts and building of clinics. However, Schwartz and Carroll (2003:509) introduced another approach classified as the “three-domain model of CSR” which encourages the following responsibilities which are economic, legal and ethical (Figure 2.2). However, these categories are not far from Carroll's four-part pyramid, except the philanthropic category which is subsumed under the ethical and economic domains showing the possible conflicting motivations for philanthropic duties.

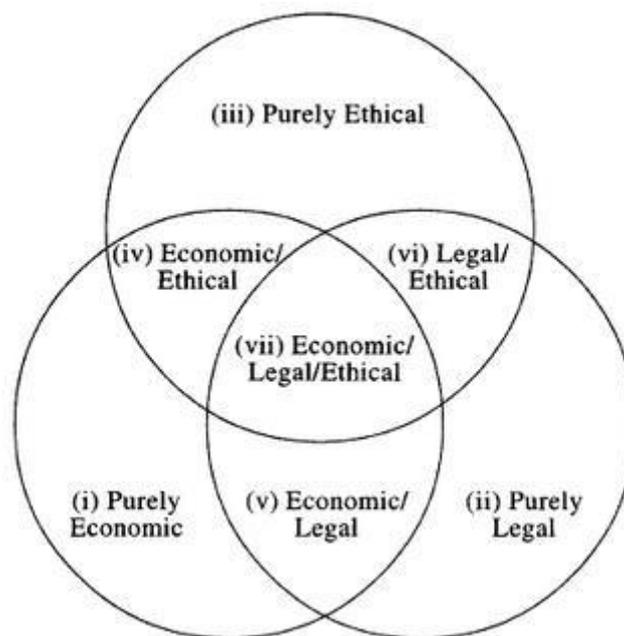


Figure 2.2: The three-domain model of CSR

Source: Schwartz and Carroll (2003:509)

According to Bowen (1953:3-6), businesses have the responsibility to “pursue those policies, to commit those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of the society”. Many scholars after Bowen and have created an enormous pool of literature on corporate social responsibility. CSR may also be known as "corporate citizenship" which can involve the short-term costs that do not provide immediate financial benefits to the company, but support the community positively in addressing social

and environmental issues. However, in the literature, CSR acknowledges private companies in partnership with the government and civil society groups as theoretically important agents of development (Hamann & Acutt, 2003). Therefore, the issue of CSR or ‘corporate citizenship’ is designed to create a relationship between the market economy and sustainable development.

### 2.3 Role of the Mining Sector in Corporate Social Responsibility

Historically, mining was perceived just an activity of exploiting the region until natural resources were dilapidated. Thereafter, the mining company would close down and move to the next place and do the same thing which was to mine and leave. However, according to Govindan, Kannan and Shankar (2014), due to mounting pressure from local communities, indigenous groups and environmental activists, the mining industry started introducing integrated sustainable practices into their operations in the early 1980s, although there is a gap in literature on mining industries that integrated CSR strategy properly.

The main reason a corporation embraces CSR is to contribute to a better society and cleaner environment. In recent years, mining industries have been criticised for the delay in implementing CSR strategies properly. Hamman and Kapelus (2004) argue that, in practice, the critics of CSR want CSR to advance above the level of “greenwashing”<sup>1</sup>, and companies need to be held accountable for the negative impacts caused by their operational activity.

However, Mwanza (2015) argues that local communities who are custodians of the large-scale mines tend to suffer antagonistic social and environmental impacts. Moreover, these settlements classically derive few benefits from the mineral wealth generated in their immediate environment (Mate, 2002). One of the widely-reported challenges which make large-scale mineral extraction unbearable to local communities is displacement. Such a problem is well expressed by Hilson and Yakovleva (2007) who emphasise that mass extraction of minerals is responsible for local conflict and innumerable social problems, none more significant than community dislocation. In natural resource-rich sub-Saharan Africa, studies have shown that the absence of direct community control remains a major driver of communal resistance and socio-political conflict (Ikelegbe, 2005). Other reasons include: (1) environmental dilapidation (Lockie et al., 2009); (2) poor communication between mine management and surrounding communities (Hilson, 2002); (3) a lack of compensation for

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<sup>1</sup> Greenwashing is when a company or organisation spends more time and money claiming to be “green” through advertising and marketing than actually implementing business practices that minimise environmental impact (Mahoney, Thorne, Cecil & LaGore, 2013).

operating mining activities on indigenous lands (Clark & Clark, 1999); (4) mining companies that fail to secure social licences (Holden, 2005:432); and (5) forced relocations of indigenous communities from their ancestral lands to make way for new activities (Clark & Clark, 1999:193).

Despite companies' advocating Corporate Social Responsibility (CSR), corporate citizenship (CC), corporate social investment (CSI) and sustainable development, the situation remains hostile. This bottleneck has earned the extractive industries a bad reputation and significantly contracted local communities' trust of mining companies (Harvey, 2013). Although South Africa's mining companies, particularly those in the platinum industry, have reportedly demonstrated some commitment towards their CSR obligations, they have not been seen as genuinely concerned about the social well-being of the communities on whose land they operate. As such, the character of CSR has traditionally been expressed as philanthropic initiatives premised on competitive efforts at gaining improved image and reputation. Moreover, Hamman (2004) states that not only does this indicator of CSR prevent a sincere, proactive engagement with the underlying causes of social problems in the area but the competitive element also helps to hinder the establishment of improved partnerships between local actors.

#### 2.4 International Council on Mining and Minerals

The International Council on Mining and Metals (ICMM) has committed its member companies to a set of ten principles, six supporting position statements and transparent and accountable reporting practices (International Council of Mining and Metals, 2010). The ten principles serve as a best-practice framework for sustainable development within the mining and metals industry. The ICMM's position statement on "indigenous people and mining" envisions a constructive relationship between its members and indigenous people based on mutual respect, meaningful engagement, trust and mutual benefit. ICMM expects its members to recognise that indigenous people are potentially vulnerable and through the implementation of ICMM Sustainable Development Framework, in line with Global Reporting Initiatives (GRI), members should uphold fundamental human rights, respect cultures and contribute to the social, economic and institutional development of indigenous people who have been historically disadvantaged. ICMM recognises that mining operations

can have a negative or positive impact on indigenous people whose rights should be protected by government and respected by member companies.

## **2.5 King Reports on Corporate Governance in South Africa**

In 1992, the Council of the Institute of Directors in Southern Africa (IoDSA) issued Professor Mervyn King with a mandate to form a committee that would be responsible for the drafting of guidance on corporate governance in South Africa. The committee published its first report on Corporate Governance (King I) in 1994, resulting in the birth of a standardised Corporate Governance Code for directors in South Africa (IoDSA, 1994).

In 2002, King I was revised and replaced by King II which included issues of sustainability and risk management with the latter being replaced by King III (2009) which recommends that companies should produce sustainability reports in terms of the Global Reporting Initiatives (GRI) (IoDSA, 2009).

One of the weaknesses of the King I, II and III is that the corporate governance code is non-legislative and cannot be enforced through legislation. This weakness is mitigated by an inclusion of King I, II and III principles in other legislative documents i.e. Companies Act of South Africa (No. 71 of 2008), JSE Security Exchange Listing Requirements, the Public Finance Management Act (No. 1 of 2009) and Promotion of Access to Information Act (No. 2 of 2000) (IoDSA, 2009).

Notwithstanding the non-legislative nature of the King report, directors are required to explain and provide motivation on what informs their deviation or non-compliance with the Corporate Governance Code (IoDSA, 2009). Section 76 of the 2008 Companies Act prescribes the standards of directors' conduct breaches of which may result in directors being held personally liable for any loss, damage or costs sustained by the company as a consequence of the director having acted or not acted in the name of the company (Companies and Intellectual Property Commission, 2008).

In terms of guidance on King Corporate Governance Code, the Johannesburg Stock Exchange's approach is that there are certain principles which are mandatory with the balance being adopted on an 'apply or explain' basis. The Companies Act (No. 71 of 2008)

still provides additional provisions to be complied with in terms of a social and ethics committee (Johannesburg Stock Exchange Limited, 2014)

## 2.6 Code for Responsible Investing in South Africa

In 2012, the IoDSA published the Code for Responsible Investing in South Africa (CRISA). CRISA recognises the importance of environmental, societal and governance (ESG) issues and regards the integration thereof into long-term investment strategies as important for sustainability of a company. Although there is no statutory obligation on companies to comply with CRISA principles, a need for a non-mandatory, market-based code of corporate governance and the importance of identification, measurement and integration of ESG issues into long-term investment strategies is significantly high in a developing economy such as that of South Africa. The intention of CRISA principles is not to force companies to comply but sets out governance duties of institutional investors in relation to systems of corporate governance and ESG issues. Acceptance of CRISA as a standard for investing in the South African market and application of its principles is a voluntary act; hence companies are required to “apply or explain”. Institutional investors are accountable to shareholders and where they opt to deviate from the application of CRISA principles, they are required to explain their reasoning and motivation to the shareholders (IoDSA, 2012).

The key CRISA principles to be considered by an institutional investor, in respect of ESG issues, are as follows:

- a) Incorporate sustainability considerations into investment analysis and investment activities;
- b) Accept and demonstrate ownership responsibility in investment arrangements and activities;
- c) Apply a collaborative approach to promote acceptance and implementation of the CRISA principles;
- d) Recognise the circumstances for conflicts of interest and pro-actively develop strategies to mitigate these when they occur; and
- e) Be transparent on policy development processes, its content, implementation and application thereof (IoDSA, 2012).

In addition, CRISA principles are linked to the international concept of Responsible Investment (RI). RI advocates that an institutional investor has a fiduciary duty to act in the best interest of the shareholders who have a need for investing within ethical parameters. An institutional investor should therefore employ an investment approach which considers ESG factors, as defined by the Global Sustainable Investment Alliance (GSIA) (Global Sustainable Investment Alliance, 2014).

## **2.7 Traditional communities and mining in South Africa**

In South Africa, the injustices of the past before 1994 marginalised the traditional communities from fully participating in the economy. Such acts included the mining of the land without its owners benefitting from the resources extracted within their communities. However, Mnwana (2015) indicates that the new government after 1994, in its obligation to reverse these injustices, came up with new legislation in the mining industry. The legislation focused on the removing the racial exclusion of Africans from owning mines, and the relationship between the host communities and the mining companies. The legislation cited by Mnwana (2015) is the Minerals and Petroleum Resources Development Act of 2002 (Act 28 of 2002, or the MPRDA) and its associated guidelines. It was through this law that traditional communities in South Africa affected by the mining industry were included. Therefore, the government introduced measures such as BBBEE partnerships between the mines and the host communities, conversion of royalties into equity shares and social labour programmes.

## **2.8 RBM's corporate social investment**

Corporate social investment has become a buzzword in modern day business. According to Werna, Keivani and Murphy (2009:206) corporate social investment can be defined as “the planned, monitored and voluntary use of private funds for projects of social interest”. In other words, it refers to the investment by private companies in initiatives that benefit the communities in which they operate. One of the most common corporate social investment is corporate philanthropy which is classified under the donor-recipient paradigm. South African businesses have been involved in corporate social investment (CSI) for a long time now and most of that investment has been directed towards an emphasis on health projects nationally or in communities surrounding their company's operations (Idowu & Filh, 2009). The understanding of most South African companies that are involved in CSI is that their responsibility to the communities in which they operate extends beyond just payment of taxes

but involves investment in the communities that are supporting them. RBM is no stranger to CSI as it has been involved in a number of initiatives which involve private and public partnerships, Black Economic Empowerment initiatives and has also been playing a critical role in local economic development. According to Madlala (2016:1), since RBM began operations in Richards Bay in 1976, it has ploughed back millions of rands into the surrounding communities through various corporate social investment initiatives across a number of various sectors which include health, education and agriculture. RBM's corporate social investment is discussed in the following subsections.

### 2.8.1 Private and public partnerships

The descriptions of private-public partnerships (PPP) are wide-ranging and ambiguous and there is little precision with as to how the term is used. According to Buxbaum and Ortiz (2009:7), a PPP is defined as an agreement formed between public and private sector entities which allows more private sector participation than usual. In other words, this is when private companies and public sector companies or agencies cooperate in projects or business that benefit society. These kinds of partnerships are needed in order for the country to get faster development in different aspects of the economy. Accelerated sustainable development needs private-public partnerships that demand commitment and capacity from all the role-players involved (Frankel, 2013:169). The Department of Health-KZN (2009:1) reported that RBM had partnered with the local government authorities to build 6 clinics in Kwa-Zulu Natal (KZN). These public health facilities were constructed in order to assist in combating the health challenges which are facing the Umhlathuze Municipality community. Two of the new clinics which were named Mkhontokayise and Isiboniso health facilities were opened officially opened in December 2009. Mkhontokayise Clinic is found in Mkhwanazi Traditional Authority and Isiboniso Clinic is found in Dube Traditional Authority (Department of Health-KZN, 2009). These are areas which are found in the DMMS communities which are part of this study.

The African continent has been experiencing an increase in the number of business networks comprising of private-private partnerships as well as private-public partnerships combined with large business hubs to execute large infrastructural and technological projects across Africa and beyond (Adeleye White & Bos, 2016:13). According to Adeleye et al. (2016:13), one example of such private-public partnerships can be seen in the example of Sasol Limited, a South African company which has led the development and commercialisation of synthetic

fuel technologies, liquid fuels, chemicals and electricity across the globe. Public-private partnerships may actually offer new avenues for investment of financial resources and other resources for the public sector (D'Adesky, 2004:204).

#### 2.8.1.2 Black economic empowerment

Broad-based black economic empowerment (BBBEE) is a strategy the government has adopted to achieve political transformation objectives in South African communities (Brink & Berndt, 2008). The purpose of the strategy is to bring equality by increasing the participation of black people in mainstream economic activities and equalising the distribution of income. It is popularly known as BEE. Legislation by way of the BBBEE Act (No 53 of 2003) is one way that private companies have been forced to become involved in corporate social responsibility, because the BBBEE Act has set up a system whereby things like government tenders are awarded to companies in which previously disadvantaged individuals and communities have a significant stake (Thurber & Morse, 2015). According to Thurber and Morse (2015), a key aspect of BEE was a concerted effort to increase black ownership in the economy in general and in the mining sector, in particular. In an effort to ensure BEE becomes a success, there has been an overhaul of the licensing regime for prospecting and mining as well. RBM, just like most big South African firms, has become involved in BEE initiatives. According to Madlala (2016), RBM concluded two multi-million-rand black economic empowerment deals, one with a company called Ubunye Mining Services which represented the local Sokhulu, Mbonambi, Dube and Mkhwanazi entrepreneurs. The second BEE deal resulted in the awarding of a dry mining services contract to Albion Services, another private company which represented the local traditional authorities and community entrepreneurs (Madlala, 2016). The company has had other BEE deals in the past; in 2008, RBM announced the final signing for agreements for its 26% BEE deal which was worth R4.5 billion (Van Der Merwe, 2008). According to Van Der Merwe (2008), the host communities which are made up of Sokhulu, Dube, Mbonambi and Mkhwanazi received a significant 10.8% stake in the company whilst, at the same time, employees received a 2% stake in RBM through an employee share participation scheme. The host communities (DMMS) who benefitted from this BEE deal did not have to contribute any upfront equity for their stake in RBM, as the current shareholders of the company facilitated funding of the equity acquisitions. The DMMS communities have benefitted from BEE deals from 2008 to present day.

### 2.8.1.3 CSR and local economic development

CSR can also be pursued through other strategies such as local economic development. In most countries, governments have been increasingly looking to business in addressing challenges. Zadek, Forstater and Yu (2012) state that private company participation in national economic development in terms of investment and training and technology development, and in terms of partnerships and support in the building of institutions and formulation of policies and local capacities, is needed for sustainable economies. The area of CSR has become an important area of study as academics have focussed on finding out more about how it relates to the host community's sustainability. According to Yusoff and Adamu (2016), sound financial management can effectively be achieved through appropriate CSR practice that leads to a sizable economic development. CSR can actually lead to the economic betterment of the communities that are around businesses such as RBM. The awarding of equity holdings to the members of the DMMS communities and local business entities in RBM is an example of the economic empowerment of local communities. A definition of CSR by Basu and Palazzo (2008) cited in Heath and Ni (2008:68) stated that CSR was the continuing commitment by business entities to behave ethically and contribute to economic development. RBM has also taken it upon itself to develop local suppliers and host community businesses in a bid to ensure that the benefits of its mining activities flow to the host communities (KZN Top Business, 2016). The mining company has also ensured that the benefits that accrue to the host communities are not just for the duration of the mining operations but are sustainable beyond the end of operations. Some of the initiatives which have contributed towards local economic development include local procurement, local employment, skills development as well as corporate social investment. The Managing Director of RBM, Mpho Mothoa, highlighted that the company's commitment was beyond mining but was also focussed towards making meaningful contribution towards the lives of the people from the surrounding communities (KZN Top Business, 2016).

### 2.8.1.4 Corporate good governance

Corporate governance is a term which can be defined in a variety of ways (Mallin, 2011). Fernando (2006:14) defined corporate governance as conducting business in accordance with the owners' or shareholders' desires, which generally will be to make as much money as possible whilst at the same time adhering to the basic rules of the society which are embodied in law and local customs of a given society. A more concise definition of corporate

governance states that “it is a system by which business entities are strategically directed, managed in an integrative manner and holistically controlled in an entrepreneurial and ethical way and in a manner which is appropriate to each particular context” (Hilb, 2016:221). RBM states in its Sustainable Development Report of 2012 that, in order to maintain business viability, it actively embeds long-term concerns into decision-making processes and business strategy (Rio Tinto, 2012). The report further indicated that RBM had established a dedicated team to oversee corporate governance as well as communication, human resources, risk management, stakeholder management among other aspects of business. The preparation of the Sustainable Development Report of 2012 conforms to the standards to Rio Tinto’s internal standards as well as with the King Code on Corporate Governance Principles for South Africa (King III). Corporate governance is considered to be an important aspect of CSR. Aras and Crowther (2010) confirm that there was an accepted linkage between good corporate governance and corporate social responsibility even though the relationship is not clearly defined. According to Brennan (2011), as corporate governance principles continue to evolve, they will provide strong foundations on which broader CSR principles and business ethics can be further enhanced. This discussion therefore indicates that CSR and corporate governance are intertwined and complementary. In shedding light on the relationship between these two concepts, Boubaker and Nguyen (2015) argue that CSR could be viewed as the board’s responsibility, and sound corporate governance as a fundamental requirement for sustainable CSR. They further posited that corporate governance could play a central role in ensuring organisational legitimacy through CSR disclosures. Good corporate governance is linked to corporate social responsibility but more research is still required to establish a clearer relationship.

#### 2.8.1.5 Sustainable responsible investment theory

Sustainable responsible investment (SRI) is said to reflect a potpourri of investment philosophies and methods. The SRI movement was originally labelled as ethical investing but now the term “sustainable responsible investment” has become more common in investment circles (Giamporcaro & Pretorius, 2012). SRI has been defined as an investment strategy that takes into account a company’s performance in the three pillars of sustainable development which are people, planet and profit or social, environment and financial, when selecting and managing investment portfolios (Fung *et al.*, 2010). When an organisation’s most significant environmental and social aspects are attended to, business value is created. The modern

business is called upon to realise that sustainability concerns and evolving stakeholder expectations are having a greater impact on the business environment than ever before (MacMahon, Sosa & Morrison, 2011).

RBM has ensured that its mining activities do not result in the destruction of the environment; where environmental degradation occurs as a result of mining activities corrective action is taken. RBM mines on sand dunes and has rehabilitated them after use since its inception (KZN Top Business, 2016). Besides the rehabilitation of the sand dunes, RBM has other environmental concerns. The mining company also ensures that water use, power usage, air quality and waste levels are carefully monitored and managed. According to KZN Top Business (2016), RBM has exploited technology and other innovative systems to reduce consumption and maximise the reuse of resources.

## 2.9 Chapter summary

The literature review chapter discussed the concept of corporate social responsibility. CSR has been identified as a critical requirement for mining companies. A major obstacle to ensuring that disputes are minimised between mining companies and the surrounding communities is how issues relating to CSR have been addressed. One of the major challenges that has been identified is that mineral policy reforms have not been able to adequately address the complexities pertaining to rural communities. Companies are reminded to take CSR seriously because it contributes to a better society and a cleaner environment. There is also a movement of sustainable responsible investment which challenges corporations to invest in initiatives that consider ethics, the people and the environment. The next chapter discusses the research methodology which discusses how the study was planned and conducted.

## **CHAPTER 3: RESEARCH METHODOLOGY**

### **3.1 Introduction**

During the research project, a researcher has numerous methodologies to choose from, depending on the projected objectives of the study. According to Singleton (2003) “social scientific research is social”, which means that the research subject involves participants who may act, think, feel and interact differently. This phenomenon inspires the researcher to observe methodological approaches to the social world. Research methodology is defined by Babbie and Mouton (2012:88) as an approach the researcher employs in investigating a subject and the techniques used to collect data and information as the research methods. Bryman (2012) defines research as a process of collecting and interpreting information to answer questions, and he further argues that the process followed will only qualify as research if it is controlled, rigorous, systematic, valid and verifiable, empirical and critical. However, if the methodology is not rigorous, the conclusions and ultimately the recommendations will not be sound. The researcher chose a qualitative approach with the hope of engaging the corporate management of RBM in interviews and engaging in participatory action research when dealing with the communities.

According to Bryman and Bell (2015), the qualitative researcher tends to provide a detailed description about what is happening on the ground, and stresses the need to understand and be able to explain the social behaviour in the specific environmental context.

### **3.2 Rationale of research methodology**

Research methodology is a strategy or plan of action that dictates our choice and use of methods and links them to the desired outcomes (Baum, MacDoughall & Smith, 2006). Participatory action research and qualitative approach were adopted for the purposes of this study. According to Babbie (2013) inside the participatory action research (PAR) paradigm, the researcher’s role is to serve as a resource to those being studied which is typically the disadvantaged groups as an opportunity for them to act effectively in their own interest. While Bryman and Bell (2015) indicate that in qualitative research design ethnography is involved where the researcher appreciates the human interaction and communities through immersion, direct participation and observation within the community you wish to study.

### 3.3 Research site

The research was mainly focused on the Richards Bay area which includes four traditional communities namely Dube, Mbonambi, Mkhwanazi and Sokhulu. These traditional communities are the beneficiaries of the on-going partnerships between themselves and RBM.

### 3.4 Participatory action research (PAR) approach

According to Babbie (2013), this approach started in Third World research development, and quickly spread to other parts of the world. This approach is relevant to the underprivileged and those living in the rural settings and in dealing with community power structures, corporate research and other social movements. According to Babbie and Mouton (2001) the specific aims of PAR are to:

- a) stimulate actions which are useful to participants by leading to an improvement in their situation and induce positive transformation;
- b) transform the physical environment and economic conditions as well as the participants' overall quality of life;
- c) develop self-reliance among the participants; and
- d) develop freedom and democracy in a general and political sense.

All participants in PAR should be equal and learn and educate together; indigenous knowledge, wisdom and proficiency of participants are highly respected and valued in this approach. The merging of traditional and academic knowledge is another strong point of the approach and leads to a much more accurate picture and deeper understanding of a research setting. According to Baum et al. (2006) PAR differs from conservative research in three ways:

- a) Firstly, it focuses on research whose purpose is to enable action. Action is achieved through an insightful cycle, whereby participants collect and analyse data, then determine what action should follow. The subsequent action is then further researched and an iterative reflective cycle propagates data collection, reflection, and action as in a spiral action.
- b) Secondly, PAR pays careful attention to power relationships advocating for power to be deliberately shared between the researcher and the researched: concealing the line

between them until the researched become the researchers. The researched stop being objects and become partners in the whole research process: including selecting the research topic, data collection, and analysis and deciding what action should happen as a result of the research findings.

This type of research approach involves the qualitative method during the process of data gathering using the interviews. The notion of similarities was based on the assumption of Bryman and Bell (2015) that phenomenological designs means researching the world through the views of those with direct lived experience to find out how they interpret their experiences and make sense of their world.

### 3.5 Qualitative method

According to Laws, Harper, Jones and Marcus (2013), the participatory action research approach is not a method but it can be used in line with either qualitative or quantitative methods. For the purpose of this research, the study followed a qualitative methodology. Bryman and Bell (2015) state that qualitative research is predominantly concerned about the relationship between theory and research, and its main focus is on generating rather than proving theory. Therefore, it has the ability to measure social reality between shifting and emergent, as interpreted by the participants. For the purpose of this study face to face interviews were preferred. The researcher remained neutral, seeking to understand the social reality as it happened and at the end to provide rich descriptions of the participants and their interactions in a natural setting.

### 3.6 Research design

Before probing types of research designs it is significant to be clear about the role and purpose of research design. According to Bless and Higson-Smith (1995), a research design can be defined as the planning of any scientific research from the initial to the last phase of the project. Therefore, it implies that it is the guideline for collecting, analysing and interpreting the gathered data or observed facts. However, they acknowledge that, in most cases, research design is also described as research management or planning. It therefore describes the most viable operations to be conducted in order to test a specific hypothesis under given circumstance. Welman and Kruger (2002:45-68) argue that research design is: "The plan according to which we obtain research participants (subjects) and collect information from them. In it we describe what we are going to do with the participants, with a

view to reaching conclusions about the research problem”. The above explanation compels the researcher to specify the number of participants to be used, i.e. to decide which statistical technique to use and whether these participants are to be selected randomly from the population involved. Bless and Higson-Smith (1995) argue that every research design should be carefully tailored to the proper needs of the researcher as well as the problem statement.

### 3.7 Population and sampling

The principal study participants are the Richards Bay Minerals, Dube Traditional Council, Mbonambi Traditional Council, Mkhwanazi Traditional Council, Sokhulu Traditional Council, Natal Port Cement (Pty) Ltd, Department of Cooperative Governance and Traditional Affairs (KZN) and Department of Mineral Resources (KZN). To all intents and purposes, the population is uncountable. Nevertheless, this is not specifically relevant in a qualitative study where it is more important to involve enough people with the right kind of information and knowledge of the phenomenon to fully answer the research questions. Qualitative studies also do not require large numbers as the results are focused on a specific situation with limited intentions of generalising the results to a wider population. Mason (2010) found that the ideal size of a qualitative sample was 31. The sample for this study consisted of 32 interviewees, comprising of 25% of traditional council members (6 members plus 1 iNkosi) from each traditional community of Dube, Mbonambi, Mkhwanazi and Sokhulu, 1 manager from RBM, 1 manager from the Department of Cooperative Governance and Traditional Affairs, 1 manager from Natal Port Cement (Pty) Ltd and 1 manager from the Department of Mineral Resources.

### 3.7 Data collection methods

The study leader conducted used face to face interviews with pre-determined questions using a tape recorder as the main instrument for data collection. In addition to conducting interviews, data from documentary sources such as strategic reports, laws and regulations were perused and analysed. A set of questions was developed consisting of formally structured and open-ended questions addressing the issue of whether a correlation exists between the signing of a BBBEE deal and uBukhosi-related disputes and whether the responsibility of a company extends beyond the honouring of financial and regulatory obligation.

### 3.8 Data analysis

The data analysis used qualitative data analysis techniques. According to Babbie (2012) qualitative analysis involves examining social research data without converting them to a numerical format. However, the researcher is aware of the claims made by Grbich (2013) that the processes of qualitative data analysis research are complex, as it involves people, processes and the presentation of the results, all of which present their own problems such as accuracy of the data, time and skills to do the analysis and considerations of whether to use manual analysis or software.

There are software packages in qualitative data analysis to assist the researcher although Pope Ziebland and Mays (2000) argue that a computer package may be a useful benefit when gathering, organising, and reorganising data and helping to find exclusions, but no package is proficient in finding a link between theory and data or defining an applicable structure for the analysis. One way of doing this is by using analytic induction. This involves an iterative testing and retesting of theoretical ideas using the data. The researcher also used qualitative data analysis (QDA) software as an additional tool during data analysis phase. Furthermore a process of thematic analysis was used.

### 3.9 Reliability and validity

According to Crafford, et al. (2007:170) reliability is the 'ability of a test to give the same or similar results everytime is taken while the validity of a test attests to the accuracy of the measurement'. However, Bryman and Bell (2015) indicate that problems with reliability may occur once the policies and definitions concerning the phenomena may differ over a period of time as already shown in Chapter 2 with the varied definitions of CSR, and the potential inaccuracy of the original data in official or company documents. Bryman and Bell (2015:272) also expressed concerns about the validity problems that may arise in secondary data analysis when the initial definitions applied in the research do not match the definitions in the secondary analysis. To address issues of reliability and validity (or in qualitative terms, issues of trustworthiness), the researcher followed the qualitative research methodology and the questions asked were in line with the literature review and were aligned with similar, previous interviews on the issues of mining and sustainability. The question guide is appended as Appendix A,

### 3.10 Limitations

The envisaged limitation is in traditional communities where there is no standing iNkosi, due to death or health issues. To mitigate the risk posed by the constraint of a traditional council without iNkosi, an iNkosi's part will be occupied by an iBambabukhosi "acting Chief" or uNdunankulu "chief headman" who are appointed in terms of amaZulu custom to lead the community to avoid a leadership vacuum.

### 3.11 Ethical considerations of the study

According to Quinn and Cochran (2002), all involvement of humans in a study must be voluntary, and participants must give their informed consent prior to participation. In addition, participants must be allowed to withdraw from the study at any time without penalty, and they have the right to obtain the results of the study if they so wish. In this study, the researcher treated all the participants with dignity, and their rights and welfare were protected by ensuring anonymity in reporting the results. All the sources used in this study were referenced to avoid plagiarism.

#### 3.11.1 Consent form

The participants were given a consent form stating that they agreed to participate in this study. However, it was stressed that their participation was voluntary and they were free to withdraw anytime without having to supply a reason. The consent form is attached at the end of this thesis in Appendix B.

#### 3.11.2 Confidentiality and anonymity

The participants were further informed that the study was anonymous. The researcher did not collect any identity information with the intention of retaining it. The participants were assured that the records of this study would be kept strictly confidential. The researcher stressed that no report would be published that could possibly identify the participant.

### 3.12 Chapter summary

This chapter outlined the research methodology, research design and the method in detail. It also dealt with ethical considerations which included the consent form and the confidentiality

of the participants in the study. The following chapter presents the analysed data collected from the respondents.

## **CHAPTER 4: RESULTS AND FINDINGS**

### **4.1 Introduction**

This chapter discusses the findings from the primary research that was conducted using interviews. A total of 16 respondents participated in interviews which were conducted with members of the communities surrounding Richards Bay Minerals operations as well as key personnel from the company. The results that are reported here are of a qualitative nature and are supported by the literature that is presented in Chapter 2 of this dissertation. Thematic analysis was used to analyse the results collected from the respondents from the target population.

### **4.2 Response Rate**

Response rate is very important when conducting quantitative studies but it does not carry the same importance when it comes to qualitative studies. According to Halabi and Kell (2010), a response rate can be defined as the proportion of responders (complete or partial) among the eligible participants or sample. Response rate is not important under qualitative research as this methodology does not make use of large numbers (Houser, 2015). A total of 32 respondents were targeted and 16 took part in the study, bringing the response rate to 50%. Interview techniques are usually known to result in high response rates (Ary, Jacobs, Sorensen & Walker, 2014) which are important in qualitative research if one wants to reach a data saturation point beyond which no further information adds value and one knows that sufficient information has been collected for analysis (Fusch & Ness, 2015).

### **4.3 Results from Interviews**

A total of nine interview questions were posed to the 16 respondents regarding the corporate social responsibility of RBM and regarding the issues surrounding the DMMS communities' disputes with the mining company. The results are presented in terms of themes which have been identified from the results collected and in line with the study objectives and the three main research questions presented in the first chapter of the study.

### **4.4 Benefits of RBM's operations to DMMS**

The first section of results captured the benefits that the DMMS communities have gained from the operations of Richards Bay Minerals. The themes discussed below were identified from the responses of the participants.

#### 4.4.1 Employment opportunities

The respondents indicated that their communities had benefitted from employment opportunities. The responses from the community members also indicated that most of them felt that the employment opportunities that had been availed to them were insufficient. Some of the responses are listed below.

*“Some communities have got jobs from RBM, but as members of communities we still feel that more opportunities need to be created for our communities.”* Respondent 5.

*“Most of the jobs that at RBM have only benefitted a few of our brothers and sisters, the bulk of the employees in these mining operations are not from our communities.”* Respondent 7.

*“I read a newspaper article which indicated that out of the 4,000 RBM employees, 2000 were temporary employees and only 160 of the employees had been hired from Sokhulu village. Yes, our people are getting employment but I feel that more opportunities can be created”.* Respondent 12.

The general consensus gathered from the responses showed that Richards Bay Minerals had created employment opportunities for the local communities but the community members were not satisfied with numbers of their people who were employed. A feeling that the mining company had not done much in terms of employing locals could be identified and it is one of the reason which fuelled the protests and disrupted business activities for RBM. During a protest by community members, police spokesperson highlighted that the protestors demanded that only local community members be employed at RBM’s mining operations (Hans, 2016). RBM’s operations have not created significant employment for local communities; consequently, the people from the DMMS communities feel that only strangers are benefitting from the mine’s operations and this is a recipe for instability. The employment created for locals in the DMMS communities is presented graphically as indicated in Figure 4.1 below.



Figure 4.1: Total employees plotted against local employees

The chart indicates that out of a total of 4,000 employees employed by RBM, only 160 are drawn from Sokhulu village. According to a study conducted in Guinea, it was concluded that whilst substantial revenues come from extractive industry they have not led to improvements in the living conditions of communities that surround the mining operations (Lantos, 2007). The mining operations are said to have failed to foster robust local supply chains that can generate wealth for local communities. Lantos (2007) indicated that the same scenario can be found throughout most of Africa. This is the situation that is found in the DMMS communities which have barely benefitted from the massive mining operations of the RBM. This has led to violent protests which have resulted in destruction of company machinery as local communities demand jobs.

#### 4.4.2 Business opportunities for local entrepreneurs

RBM's operations have also facilitated the rise of local entrepreneurs. According to RBM, its mining operations have created opportunities for local business people to assume a role in the company's business activities. The respondents, mostly drawn from the DMMS communities, had varied viewpoints regarding this matter. Respondent 10 indicated that local contractors had been given opportunities to be part of economic development in their area; he cited the awarding of dry mining services contract to a black owned company known by the name Albion Services. Other respondents' viewpoints varied radically from those of respondent 10. According to Respondent 3, the mining activities of RBM were yet to benefit local entrepreneurs. Another participant, Respondent 6, highlighted they wished to obtain contracts but they felt that there was favouritism as some villages tended to get more opportunities than

others. Some of the opinions regarding the issue of entrepreneurial opportunities are as follows:

*“We have seen an indigenous owned company or two, I believe that is just window dressing, I feel that very little has been done by RBM to give back to the DMMS communities.”* Respondent 1.

*“The surrounding communities cannot get all the businesses that RBM gives to local communities; I feel greed is what the problem here is.”* Respondent 5.

*“RBM promised the DMMS communities too many things and now it has become too difficult to deliver on these promises, the company has not done enough to assist these communities in as far as developing local enterprises is concerned.”* Respondent 14.

The responses indicated that RBM has created opportunities for local enterprises but the locals felt that they deserved more, hence the continued conflict between the mining company and the community members. The other issue is regarding the management of expectations: the company seems to have made promises to the local communities which it has not been able to keep. RBM recently concluded two multi-million-rand black economic empowerment deals, one with a company called Ubunye Mining Services which represented the local Sokhulu, Mbonambi, Dube and Mkhwanazi entrepreneurs (Madlala, 2016). Literature provides evidence which indicates that local communities have benefitted through BEE opportunities but the conflicts that have continued to take place indicate that the communities are not at all impressed with how much RBM has given back in terms of giving entrepreneurs opportunities. According to an RBM Media Release and in line with its target to award 20% of total annual contestable spend to local and host community vendors, the company awarded a total of 12 contracts to local enterprises and five joint ventures for the year 2016 (Kast, 2016).

#### 4.4.3 Infrastructure developments

The respondents also indicated that their communities had been beneficiaries of infrastructure developments. Respondent 1 indicated that they had witnessed the construction of clinics and school infrastructure funded by Richards Bay Minerals. Respondent 11 revealed that she had attended the official opening of one of the clinics that had been funded by RBM in the Mkhwanazi Traditional Authority. The majority of the respondents acknowledged that they

had seen the infrastructure developments which RBM had done in their local communities. There were some respondents who shared differing viewpoints with regard to the issues of infrastructure developments in the tribal areas as follows:

*“I have not seen a meaningful development brought about by RBM in my community; I just think they are taking our community for a ride.”* Respondent 16.

*“If RBM is to be viewed as being serious as far as developments are concerned, it has to show it by injecting more funds in meaningful developments that benefit all the DMMS communities. Now it seems that, the company is just favouring other tribal areas ahead of others and this going to force them to close their mining businesses soon because we will not tolerate that.”* Respondent 12.

RBM has recently opened six clinics that it built for the DMMS communities and it has plans to construct roads for these communities. A number of the respondents acknowledge that RBM has invested in infrastructure development in their areas having invested in health, education and roads. Unfortunately, despite all these investments, not all of the community members are satisfied that RBM has done any meaningful developments in their areas. Most of the respondents feel that RBM has done more development in one area than in the other areas. The Department of Health-KZN (2009) reported that RBM had partnered with the local government authorities to build six clinics in Kwa-Zulu Natal province. RBM has also budgeted a total of R40 million for the construction of a main road in Sokhulu village (Hans, 2016). The challenge that RBM is faced with is the management of expectations; they are dealing with communities who are expecting more developments in their communities from the company and, in their opinion, the company has not lived up to those expectations.

#### 4.4.4 Educational funding

A few respondents acknowledged that they had benefitted from the educational funding that had been provided by RBM in terms of bursaries for their children. According to Respondent 3, his daughter who is currently studying mining at an undisclosed university was being funded by the RBM scholarship funds which were aimed at empowering the local communities with good education so that more could be employed in blue collar jobs at RBM's offices in and around the Richards Bay municipality. Respondent 8 also indicated that he had a friend from the Mkhwanazi tribal area whose child had obtained a scholarship from RBM to continue with tertiary studies in the field of mining in the year 2017. Respondent 16

indicated that he had never heard of bursary or scholarships being offered to students from the DMMS communities unless they were being issued only to those from royal families around the communities. The response provided by Respondent 16 indicates what many respondents highlighted when it came to the issue of employment opportunities where some accused the company of favouritism in giving jobs to some villages ahead of others. A councillor from the DMMS communities acknowledged that a total of R17 million received from RBM had been spent on bursaries and revamping of local schools (Hans, 2016). An advertisement appearing on the internet indicated that RBM was offering scholarships to those who wanted to study in a number of fields which included accounting, environmental science, geology and related fields, chemistry, metallurgy and mining, chemical, electrical or mechanical engineering (Correctional Service Learnership, 2016). The company was offering these scholarships to those who qualified to pursue higher education at major universities in South Africa. A member of the Sokhulu tribal area argued that the company was supposed to be providing bursaries for local youth to study mining and also help them start catering businesses (Hans, 2016). The communities seem to want more than RBM is prepared to do for them without really considering that RBM exists in order to generate profits for its shareholders.

#### 4.5 Causes of disputes with RBM

Violent protests and the destruction of RBM property have been reported and this has been caused by some quarters in the DMMS communities. The respondents who participated in the interviews provided some answers as to how RBM was connected to these disturbances especially through its corporate social responsibility initiatives. The disturbances that have taken place in this area have also been linked to chieftaincy disputes.

##### 4.5.1 Increase in number of locals employed

The respondents indicated that they wanted more locals to be employed especially from the Sokhulu and Mbonambi tribal areas. Respondent 5 argued that because their land was the one which was providing the mineral resources, only people from their communities should get jobs there. This point was also echoed by Respondent 2 who indicated that it was baffling why RBM could not employ its people to drive the trucks delivering mineral ore as this did not require skill, but only required a driving licence. The respondents argued that they wanted the people from their communities to get as many jobs as they could from the mining

operation as the mine was making millions in profits and only giving back very little to the DMMS communities. According to Respondent 13, the number of jobs that had been given to the communities was insignificant; the respondent actually indicated that he did not know of anyone from his village in Sokhulu being employed by RBM, and he supported further protest action to force RBM to close its operations. One of the contributing factors in the protests by the DMMS communities seems to be related to the number of the community members who had obtained employment at RBM. The villagers want only people from surrounding communities to work at the mining operation. This is a challenge because the company needs to employ people who possess the skills they require which are not necessarily found in the local communities. A study conducted by Muntingh (2011) indicated that community members in mining areas expected a reduction in unemployment and creation of permanent jobs which can benefit them. The communities have not received what they expected from RBM and this has led to conflict with the community.

#### 4.5.2 Chieftainship disputes in KwaMbonambi

The other problem that has fuelled the conflict in the DMMS area is connected to the Mbuyazi chieftainship disputes. According to the respondents, the chieftainship dispute has been an obstacle to the payment of the land claims to the DMMS. Respondent 3 indicated that failure to resolve the issue of the tribal conflicts in the Mbonambi area would mean peace would remain a distant dream for RBM and its employees. Some respondents are angry that the chieftainship dispute has stopped their communities from obtaining their share of the R30 million land claims which RBM is supposed to pay. Respondent 12 argued that there were some sections of the DMMS communities which were responsible for unrest and who wanted to delay the payment of the land claims. The responses of the interviewees on whether they thought the disputes in the DMMS communities which are now affecting RBM operations were linked to chieftaincy are presented in the figure below.

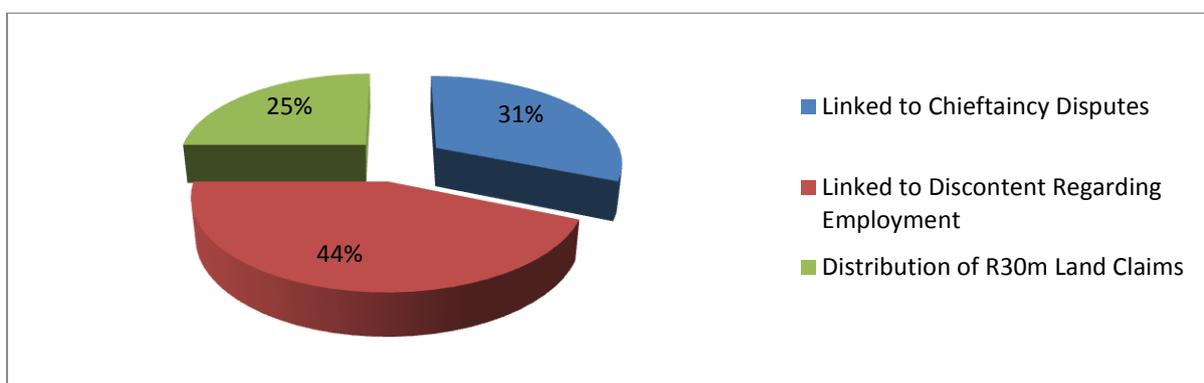


Figure 4.2: Causes of conflict in DMMS communities

The figure indicates that most of the respondents believe the protests and conflict situation that is occurring is actually caused by the discontent of the people with regard to how the jobs have been distributed in the communities. They also think people from their communities have not adequately benefitted from the job opportunities. Many of the respondents, however, also believe the chieftaincy disputes among the Mbuyazi clan is a major contributing factor which is responsible for stalling the distribution of the R30 million worth of land claims. Respondent 7 indicated that they wanted a share of the R30 million land claim and they were getting frustrated with the delays in the resolution of this dispute. Respondent 4 also expressed frustration regarding the resolution of the chieftaincy in the Mbonambi area as they wanted peace to prevail and RBM operations to continue without disturbances. The literature indicated an increase in the number of uBukhosi-related disputes in the DMMS traditional communities (COGTA (KZN), 2015). According to Harper (2016), development funds amounting to R30 million have been withheld since 2010 because of the lengthy court battle over succession issues regarding the Mbuyazi chieftaincy in the KwaMbonambi area, Northern KwaZulu-Natal.

#### 4.5.3 RBM's false promises regarding development projects

The respondents also indicated that they were not able to trust RBM anymore because it had promised them development programmes but they were yet to see any tangible activity. The respondents indicated that RBM had been promising so much developmental work which would benefit their communities but they had only seen very little of what had been promised. According to Respondent 8, RBM had only given the DMMS communities only 30% of what they had promised and they were still waiting for the other 70% of the promised projects. When the respondents were asked about the contracts and supplying opportunities which RBM had given to the DMMS communities, most of the respondents professed ignorance regarding that matter. Respondent 13 indicated that entrepreneurial opportunities were not going to benefit them as most people in these communities lacked the financial resources to take advantage of these opportunities to become suppliers. The respondents argued that they wanted to see tangible activities such as road construction which would see small local contractors being given opportunities to make money and employ other

community members. Respondent 5 indicated that despite their efforts to obtain an audience with RBM regarding these and other matters, their efforts had been futile so far.

#### 4.5.4 Meagre funds invested in community development projects

The respondents also indicated that they were dissatisfied with the amount of funds that are being invested in community development projects. A respondent was quoted saying the following regarding development funds: *“If RBM is serious about investing in developmental projects in our communities, the funds invested have to be significant and be able to benefit a sizable number of community members”* (Respondent 12). The respondents want to see significant developments taking place in their communities. RBM has invested in a number of community development projects but the community reckons that this simply not adequate. Respondent 9 indicated that he personally wanted RBM to increase the amount of funds that RBM invested in community development projects. RBM’s Managing Director, Mpho Mothoa highlighted that the company’s commitment was beyond mining but was also focussed towards making meaningful contribution towards the lives of the people from the surrounding communities (KZN Top Business, 2016). Despite the company’s commitments to better the lives of the DMMS communities, there was still conflict between the mining giant and the communities. This was an indication that the communities were not satisfied with the investments the company was making in community development initiatives. The company seems to have a long way to travel until its CSR projects are deemed adequate by the DMMS communities.

#### 4.6 Chapter summary

The chapter presented the results which were obtained from the interviews which were conducted with the respondents which were selected from the DMMS communities. The results revealed that the communities were not satisfied with the employment of people who were from outside the DMMS communities. One of the major complaints from the respondents was that they wanted more people to be employed and they also wanted more business opportunities to be awarded to local business people. The respondents also stated that they wanted the funds being availed for community development initiatives to be increased. The next chapter presents the recommendations and conclusions.

## **CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

The final chapter of the study summarises the findings from literature as well as those from the empirical research. The chapter also provides the conclusions and recommendations for the study. Many business entities have realised the importance of corporate social responsibility and they have realised it is one way of harmoniously existing side by side with the communities where they do business. RBM has been facing challenges with the members of communities in which it operates and it has lost mining equipment in arson attacks and suffered work stoppages due to misunderstandings with the DMMS communities of KZN. The members of the communities claim that the RBM employs mostly outsiders at the expense of the locals. The on-going disputes are now threatening the company's long-term sustainability as it could also lose its global customers.

### **5.2 Summary of findings**

This section presents the findings that were made from the literature studies and also from the empirical research which was conducted using interviews. This section is there divided into two parts starting with the findings from literature review.

#### **5.2.1 Findings from Literature Review**

The findings discussed in this chapter are linked to the research questions and objectives of this study. The research questions and objectives are presented in the first chapter of this dissertation. The first research question wanted to find out if the mining operations had an impact on the host communities. Literature indicated that the RBM's operations were positively impacting the DMMS communities of KwaZulu-Natal. According to Dupuy (2014), community development is a mandatory development for mining should be enacted as law: RBM complies with such legislation. Literature has indicated that corporations should engage in CSR in order to contribute to a better society and cleaner environment. According to Friedman (1962), even though a business exists in order to maximise the wealth of its shareholders by maximising its profits, it cannot continue as a going concern if it ignores its social responsibility and behaves as if it operates in a societal vacuum. The International Council of Mining and Metals (2010) states that its members should uphold fundamental human rights, respect cultures and contribute to the social, economic and institutional development of indigenous people who have been historically disadvantaged.

RBM is said to have invested millions of Rands into the surrounding communities through various corporate social investment initiatives across various sectors which include health, education and agriculture (Madlala, 2016). RBM partnered with the government to build six clinics for the benefit of the host communities (Department of Health–KZN (2009). Two of the new clinics built with the assistance of RBM were officially opened in 2009. RBM also concluded two multi-million-rand black economic empowerment deals which give the communities a 10.8% stake in the company at the conclusion of a BBBEE deal and introduced an employee share participation scheme (Van Der Merwe, 2008). RBM has also ensured that local enterprises obtain procurement deals and has been focussed on employing locals, skills development as well as corporate social investment as a way of giving back to host communities (KZN Top Business, 2016).

The mine has suffered work stoppages and it has lost mining equipment worth millions of Rands due to disputes with its host communities. In April 2016, residents of KwaMbonambi in the King Cetshwayo District burnt mining machinery and blocked access to the mine which forced the mine to shut down for three days (Harper, 2016). The residents of the DMMS are demanding employment and contracting opportunities and also want RBM to increase the funds it is investing in community development initiatives. According to Hans (2016), Sokhulu and Mbonambi community members marched to the company offices to present a memorandum which contained demands which included jobs only for community members and not for those they defined as outsiders.

### 5.2.2 Findings from primary research

This section presents a summary of the findings from the empirical research which was conducted with the members of the DMMS communities. The results revealed that not much in terms of employment had been created by RBM for the host communities. The respondents who took part in the interviews revealed that not many people had been employed from the host communities. One respondent revealed that out of the 4,000 employees working at RBM's operations only 160 had been recruited from the local communities. This finding painted a picture of insignificant employment that had been created by RBM for the benefit of host communities. This has become a major bone of contention with local communities wanting more employment opportunities. The results also revealed that RBM had also created business opportunities for the communities of the DMMS communities. Some respondents cited that a company by the name of Albion Services had been awarded a dry

mining contract by RBM. The respondents indicated that Albion Services is a black-owned company. The respondents generally indicated that even though indigenous businesses were being awarded contracts by the mining company, this was just a drop in the ocean and more was still needed. The empirical research also indicated that RBM had invested in community health centres which are otherwise known as clinics in their areas, in schools and in roads. RBM had invested millions into bursaries and scholarships. These were some of the good stories which reflected RBM's corporate social responsibility initiatives.

Despite the several initiatives that the mining company had been involved in, the company was in conflict with the host communities over a number of issues. The most outstanding grievance from the community was regarding the number of people from the DMMS communities who are employed in RBM's mining operations. The community members had protested on several occasions demanding that only community members be employed at the mine's operations in their localities. Furthermore, the community was embroiled in a chieftaincy dispute which had resulted in a total of R30 million worth of development funds not being released. This chieftaincy dispute in the Mbuyazi clan of the KwaMbonambi tribal area has been dragging on for a long-time and it was curtailing development projects and contributing to the unrest in the DMMS area.

### 5.3 Conclusions

Richard Bay Minerals, a mining company which is owned by Rio Tinto mining group, has operations in the Richards Bay area and has been experiencing challenges with the communities where it operates. The company feels it has done much for the host communities and it counts the following as some of its contributions to society: construction of clinics, schools, provision of bursaries and scholarships, employment for locals and black economic empowerment deals worth millions of Rands. The communities of the Dube, Mbonambi, Mkhwanazi and Sokhulu (DMMS) have been up in arms, however, protesting that they have not been given adequate job opportunities or contracting opportunities and they also feel that the company is not serious regarding its community development initiatives. The community representatives feel that the investments that RBM has made in the community projects need to be increased and more local people need to be employed at the mine. The study revealed that, despite the fact that RBM felt that it had done much for the community in terms of its CSR projects, the community did not agree.

## 5.4 Recommendations

The recommendations presented in this section are based on the findings that are discussed in the previous section and in the results discussed in Chapter 4 of this study. The recommendations are aimed at the management of RBM and some are aimed at the government.

### 5.4.1 Recommendations by the participants

The respondents provided a number of recommendations which they thought would result in a harmonious existence side by side of the DMMS communities and Richards Bay Minerals. The recommendations are discussed in below.

#### 5.4.1.1 Use a pro-rata basis in employment

A number of respondents complained that they did not see a significant number of their fellow community members being employed at the mine and they suggested that RBM had to use ratio to apportion employment opportunities. The respondents indicated that the community with the highest number of people was supposed to provide the most number of workers to RBM operations. They argued that the fair distribution of employment opportunities among the DMMS communities was one way forward which could be used to quell the tensions between the community and the mining giant.

#### 5.4.1.2 Reviewing amount of funds for community projects

Respondents also suggested that the company discuss with community leaders about reviewing the amount availed for community development projects. Among some of the suggestions by the community members was that the community development funds be a constant percentage of the annual profits or a figure that was adjusted upwards or downwards depending on the movement in profits. The only concern of some of the respondents was that RBM could be forced to report false profit figures. The general consensus, however, was that there need to be annual meetings between representatives of the DMMS communities and the representatives of RBM regarding the funds earmarked for community development so that amicable agreements can be reached regarding how much these funds should be on an annual basis.

#### 5.4.1.3 Enterprise training for community members

The respondents also recommended that government, through the Department of Trade and Industry, should assist with training community members so that they can become entrepreneurs. The community members indicated that in as much as they wanted to take advantage of the business opportunities, they still required training especially in the areas of accounting, management and general management of new business ventures. The respondents indicated that RBM could work with the relevant government departments to give the community members training in managing business ventures.

#### 5.4.1.4 Intervention of government in addressing chieftaincy disputes

The community members recommended that the chieftaincy dispute rocking the KwaMbonambi tribal area should be resolved speedily in order for RBM operations to continue undisturbed. The speedy resolution of the chieftaincy dispute would be a step in the right direction as it would lead to the release of development funds worth R30 million and this might help ease the tensions in the DMMS communities which had so far resulted in some deaths. The resolution of the chieftaincy dispute would bring peace which is needed at this moment in order for development to continue in these communities.

### 5.4.2 Recommendations arising from the empirical research

#### 5.4.2.1 Improving perceptions of RBM among community members

RBM should embark on a drive to improve the perceptions of people in the surrounding communities regarding its operations and the mining sector as a whole. The community currently believes that the mining company is deliberately giving outsiders jobs which they should instead be getting as community members. RBM management's public relations should engage communities and educate them about the nature of mining and the expertise that is required in these complex operations. The company also needs to educate the community about the changes that have been taking place in the global markets for mining commodities. When the community amass this knowledge about the mining industry, it may become simpler for RBM to manage expectations from the surrounding communities. The communities will become aware of the kind of skills that are required for one to work in a mine and when they understand that markets for commodities are sometimes depressed, the community members will be aware of the fact that company does not always churn out super

profits year after year. The management of perceptions will be a huge step in addressing the challenges that RBM is having with the DMMS communities.

#### 5.4.2.2 Keeping promises and not overpromising

The DMMS communities are made up of previously disadvantaged people who had been marginalised by the apartheid regime for decades. Because of this history, the element of trust between communities and companies which are mostly perceived to be white-owned is very fragile. It is therefore essential that RBM avoids promising the communities things that it cannot do as this can result in conflicts which are being witnessed now. Every time the promises that have been made by the mining executives are not kept, negative perceptions of large mining companies are simply reinforced. The more promises the company makes but does not keep, the more the battle lines are drawn and the more conflicts arise. It is therefore essential that RBM makes realistic promises regarding its CSR initiatives.

#### 5.4.2.3 Engage communities more in CSR projects plans

The community members who are the ones who are meant to benefit from the CSR plans should be engaged more frequently. When RBM comes up with CSR plans without consulting with community members, it is just asking for more trouble. When drawing up CSR plans, RBM should ensure that each host community is equitably represented and, before the representative comes, he or she must have collected views from their respective communities. In this way, the communities would feel respected and part of the CSR initiatives. No CSR projects should be planned by the company without first discussing this with the community representatives. The employment of community members and awarding of contracts to local businesses should also be done in the same way. Members of communities must be aware of how the decisions that affected their communities were reached in order for them not to resist these initiatives. The research indicates that the DMMS communities feel that RBM is an alien operation which has got nothing to do with them. These negative perceptions can be addressed through engaging all host community members.

#### 5.5 Recommendations for future research

- The management of RBM needs to conduct a study to increase its understanding of the communities that surround it. The study would help the company understand the effects that the mine's CSR initiatives have had on community members since the company started operating in the area.

- A study needs to be conducted as soon as possible among the members of the DMMS communities to determine what community members actually want from RBM. The study would give RBM accurate information regarding how its CSR initiatives should be structured.

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## Appendix A: Interviewee Questions

1. Has Richards Bay Minerals' operations benefitted the local communities in as far as you are concerned? Please explain
2. Could you briefly discuss any programmes that RBM has invested in which you have directed benefitted from?
3. Do you feel the corporate social responsibility programmes of RBM have fallen short of your expectations?
4. What would be desirable in as far as local communities are concerned with regards to corporate social investment in your communities is concerned? Please explain
5. RBM has invested in a number of corporate social responsibility initiatives in health, education, agriculture and it concluded two multi-million-rand black economic empowerment deals in 2015. Did these benefit your communities anyhow?
6. Has RBM's CSR initiatives played a role in influencing unrest within your communities?
7. What has fuelled disputes with RBM, when the business seems to have invested in a number of CSR projects? Please explain.
8. What do you recommend as a course of action for the future to bring content to the DMMS communities as far RBM's CSR initiatives are concerned?
9. Please state anything that you think will calm down the people of DMMS communities with regards to RBM's CSR initiatives?

**RESEARCH CONSENT FORM (COPY)**

<b>Name of Researcher</b>
F.L. Mbanjwa
<b>Title of study</b>
The execution of Corporate Social Responsibility strategies for “community” benefit: A case study of the South African Mining & Quarry Industry and host communities in King Cetshwayo District (KwaZulu Natal)

**Please read and complete this form carefully. If you are willing to participate in this study, ring the appropriate responses and sign and date the declaration at the end. If you do not understand anything and would like more information, please ask.**

I have had the research satisfactorily explained to me in verbal and / or written form by the researcher.	YES / NO
I understand that the research will involve: <i>(insert a brief statement of the main features of the research e.g. interview, the conditions under which it will be undertaken, e.g. audiotape and the time involved e.g. 45 mins).</i>	YES / NO
I understand that I may withdraw from this study at any time without having to give an explanation. This will not affect my future care or treatment.	YES / NO
I understand that all information about me will be treated in strict confidence and that I will not be named in any written work arising from this study.	YES / NO
I understand that any audiotape material of me will be used solely for research purposes and will be destroyed on completion of your research.	YES / NO
I understand that you will be discussing the progress of your research with others at the Graduate School of Business: University of Cape Town.	YES / NO

I freely give my consent to participate in this research study and have been given a copy of this form for my own information.

**Signature:** .....

**Date:** .....

