

UNIVERSITY OF KWAZULU-NATAL

**The role of Richards Bay Minerals (RBM) on the sustainable local economic development
of KwaMbonambi and Sokhulu communities**

By

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A dissertation submitted in partial fulfilment of the requirements for the degree of

Master of Business Administration

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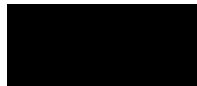
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ACKNOWLEDGEMENTS

I would like to thank God All Mighty for giving me strength and courage throughout this journey; for it was through God of Mount Zion this study is completed.

I wish to extend my sincere gratitude to my supervisor, Dr Nomkhosi Luthuli, for a good working relationship. Without your guidance, I would not have been able to complete this study.

To my son, Bohlale, you have inspired me to always give my best, thank you for your understanding and patience throughout this journey

I am very grateful to the RBM CCR team, host communities and traditional authorities for agreeing to participate in this research.

Finally, I would thank all my brothers, fellow class mates and friends for their support and for making this journey memorable.

ABSTRACT

Corporate social responsibility (CSR) is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all the stakeholders involved. There is enough evidence judging from the day-to-day occurring of protests against the organisations within the community it operates. Community members are faced with poverty and unemployment despite the legislation that the mining industry contributes 80 percent to the local gross domestic product (GDP) (Municipal IDP, 2008/2009: 49-88 & Draft LED Strategy, 2007:4).

The aim of the study is to explore the complexities of the working relationship between Richards Bay Minerals and communities of Kwa Sokhulu and Kwa Mbonambi. Both communities are rural areas located in the North Coast of KwaZulu-Natal. The areas hosts the third largest economic production contributor in the province of KwaZulu-Natal. RBM contributes about 50 percent of KwaZulu-Natal's mining sector by value of output as they currently have the capability to produce in excess of two million tons of combined output annually. The focus was on CSR and investment, local economic development, small business development and merging businesses and development. Theories of CSR and investment were explored. For the purpose of this study, the research focus was on managerial and relational theory only.

A qualitative research method was used to gather data during the study. Participation was from tribal authorities, RBM communication and community relations team, local business community members who work for RBM and unemployed community members. The study revealed that parts of the community members are in agreement that RBM has contributed to the well-being of locals, there are those who believe that the CSR programmes offered by RBM are skewed to benefit only a few, while the majority are starving. It appears that CSR management at RBM are not distributing the benefits equally to all local community members.

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LIST OF ACRONYMS

SLP: Social labour plan

CSR: Corporate social responsibility

CSRIP: Corporate social responsibility and investment plan

DMR: Department of Minerals and Energy

SMMEs: Small, medium and micro enterprises

TC: Traditional counsel

CHAPTER 1

1.1 INTRODUCTION

This chapter introduces and discusses the background and outlines the rationale of the research. It also states research problem and study intentions. Furthermore, it briefly highlights the research methodology adopted for this study.

The relationship between mining companies and host communities are not good. This is seen by continuous community protest in many host communities around the country. Government of South Africa through Department of Minerals and Energy (DMR) regulates mines to ensure that all mines fulfil Corporate Social Responsibility (CSR) commitments as stipulated in the Social Labour Plan (SLP). This forms part of the national strategy which is to ensure mines contribute to the wellbeing of the community where it operates. Corporate Social Responsibility (CSR) projects and initiatives are mainly the face of the organisation. CSR serves as Public relation and used to influence host communities and stakeholders, if it is poorly managed can lead to business disruptions (Miluwi 2013).

CSR initiative has been used as a vehicle to restore dignity of host communities post 1994 democratic dispensation. For this very reason mines are still regarded as leaders in SLP implementation and contributed immensely in changing lives. Siyobi (2015). CSR forms part of business strategy towards sustainable development in ensuring deliverance of economic, environmental and social to the benefits of all the stakeholders (Mabuza Msezane and Kweta. 2010). Many investors want to invest in organisations that protects the environment where it operates, this include the relation it has with the host community.

The DMR is responsible to set out policies and regulations to ensure compliance is enforced before mining commences. Part of the compliance is to ensure that implemented policies do address the injustices of the past while not compromising the profitability of the operation.

There are many CSR definitions which differs by implementation from company to company to their host communities. It is therefore in the best interest for state through DMR to negotiate and come up with polices that are investor friendly to the benefit of all stakeholders (Seduma 2011). According to Seduma (2011) CSR concept is broad however its purpose remains to drive sustainable change in improving lives for all stakeholders. According to CSR toolkit 2007 CSR programmes are designed in a way that enables multinational companies to voluntarily give back to its host communities. This study seeks to explore the complexities of the working relationship between Richards Bay Minerals (RBM) and communities of Kwa Sokhulu and Kwa Mbonambi.

1.2 BACKGROUND OF THE STUDY

Kwa Mbonambi and Kwa Sokhulu are rural areas situated in Richards bay North Coast of KwaZulu-Natal. Richards Bay Minerals a subsidiary of Rio Tinto is the largest economic contributor in the province of KwaZulu-Natal. About fifty percent of KwaZulu-Natal's mining output comes from RBM. The mining giant has a capacity to produce two millions tons on its different products annually. As prescribed by MPRD act (2000), the mining giant RBM has set of CSR project which forms part of SLP. The SLP is submitted to DMR in order for the mining companies to acquire mining rights and operating licence. According to Hamann, (2014) CSR linked projects do promote Local Economic Development (LED).

There has been lot of demonstration by host community members in Kwa Mbonambi and Kwa Sokhulu areas. The unrest do causes disruptions where RBM has to stop its operations for safety of its workforce. Community resort to protest when their needs are not addressed. This is another method communities uses to air its frustration to get the attention of the authority. Kwa Mbonambi and Kwa Sokhulu areas are rural and under developed. The two host communities still need RBM to play role in bringing change development. According to Njapha (2017), both areas still need services such as health care facilities, schools and other educational facilities, roads, water reticulation, housing, sanitation infrastructure and jobs. The above mentioned services are critical to the relationship between RBM and its host communities. It has been proven on many occasions that communities protest when their basic services are not met. Both areas need full commitment of the mine for them to develop.

Communities around active mine area suffer from diseases related to pollution and other negative social impact caused by the mines. (Trope, 2016). Mining in SA started back in the 1900. Post 1994, government of South Africa through DMR did put in place legislations and policy to address LED issues within mining communities. SLP and balanced BEE became part of the legislation framework government of South Africa systematically put in place to enable and encourage companies to voluntarily participate in CSR. (Ntjapa 2017). There are other legislations which were formed to transform procurement in the mining sector which is known as Preferential Procurement Framework Act (Act no. 5 of 2000). The legislation enforce mines to procure from BEE compliant companies. The last one is Skills Development Act (Act 97 Of 1998), which encourages companies to train and develop employees.

1.3 STATEMENT OF THE PROBLEM

The conflict between multinational companies and local communities is not a new study. In November 2005 Ghana News Agency reported that police officials shot and killed residence in the North District of Ghana during a community and multinational company strike. 16 August 2012 South Africa mining sector was shocked by the devastating news of 34 miner who were killed and 78 wounded by the Police. The conflict occurs in the wake of high unemployment, lack of job and business opportunities, (Twala 2012). According to Slabbert (1998), Professor Meyer Feldberg was the first to introduce the CSR while delivering an inaugural lecture on business profits and social responsibility at the University of Cape Town in 1970. It is evident that Kwa Sokhulu and Kwa Mbonambi community's members are not happy with how RBM conducts its CSR projects as per agreed SLP. This is despite the local GDP contribution to the province (GDP) (Municipal IDP, 2018/2019: 49-88 & Draft LED Strategy, 2020:4). The KwaMbonambi and Sokhulu community members are clearly not happy with the RBM. The rate of unemployment is high among the youth while both villages are poverty stricken due to poor educational level (Fraye & Fagan, 2003)

1.4 AIM OF THE STUDY

Aim of the study is to explore the complexities of the working relationship between Richards Bay Minerals and communities of Kwa Sokhulu and KwaMbonambi

1.5 RESEARCH QUESTIONS

The main research question: Does Richards Bay Minerals perform its social corporate responsibilities in the hosting communities (KwaMbonambi and Sokhulu areas)? Below are research sub-questions, which are in-line with the identified problem. They include;

- What are the needs of the community members of Sokhulu and Mbonambi?
- What are the expectations of the community members from Richards Bay Minerals?
- What are the Community Social Responsibility Investment plans of Richards Bay Minerals for the Sokhulu and Mbonambi communities?
- What are the Gaps between the needs and expectations of the communities as well as Community Social Responsibility investment plans of Richards Bay Minerals?
- What is the impact of RBM towards improving the quality of lives of the local communities?

1.6 RESEARCH OBJECTIVES

The main objective of the study is to find out the extent to which RBM have performed its social responsibilities to the hosting communities. Sub-objectives of the study are;

- To determine the needs of the community members of Sokhulu and Mbonambi villages.
- To determine and understand expectations community have on Richards bay minerals
- To find out the Community Social Responsibility Investment plans Richards bay Minerals have for the Sokhulu and Mbonambi communities.
- To find the Gabs between the needs and expectations of the community as wells as the Social Responsibility investment Plans of Richards bay Minerals
- To determine the impact RBM has towards improving the quality of lives of the local communities

1.7. BRIEF LITERATURE REVIEW

1.7.1 Introduction

Communities are becoming more aware of CSR that mining companies should participate in in order to keep their operating mining licence active, Nyembo (2018). According to Porter and Kramer (2006), there is a significant increase in holding multi organisations accountable for their consequence role on social and environmental impact. The topic is gaining attention in both academic and business contexts. According to Kapelus (2002: 275) Mining companies have questionable reputation on how they deal with Social responsibility this however does not take away their escalated effort and resources dedication to CSR.

There are good CSR project in papers in many organisations however implementation still remains a challenge, Flowers (2013). There is a considerable amount of pressure from authorities to ensure that mining companies comply with social responsible regulations (Lober 2012). It is in the best interest of the mining companies to implement SLP. This is to create and maintain not only trust but working relationship among stakeholders.

1.7.2 Definition of key terms

CSR is defined as a continued ethical commitment by business to contribute to economic development, to a life that is quality for the workforce and for the community (Miluwi 2013). Van den Ende (2004) defined community as a group of people with common interest, shares same purpose, common values, traditions, goals and objectives.

1.7.3 CSR in the South African mining industry

Siyobi (2015) argues that CSR initiative has been used as a vehicle to restore dignity of host communities post 1994 democratic dispensation. For this very reason mines are still regarded as leaders in SLP implementation and contributed immensely in changing lives. As part of developing local SMMEs RBM took initiative to launch Business Development Centre (BDC), which was officiated by the Deputy Minister of the Department of Mineral Resources, Godfrey Oliphant RBMs Managing Director then, Mpho Mothoa. The BDC's primary focus will be creating and

developing (SMMEs) from the host communities. Mr Mothoa further emphasised RBM's strategy on ensuring that there is sustainable social and economic development after the mine's life. Part of the RBM's strategy is to ensure local suppliers are developed to be strategic suppliers.

1.8. BRIEF RESEARCH DESIGN AND METHODOLOGY

1.8.1 Qualitative research method

The research method used must be informed by the research question or problem so that the desired research objective can be achieved (Nicholas 1991:15). In this study the qualitative research method is used because it's easily interpreted. Qualitative research method is a primary exploratory research. In this research method, the researcher works hand in hand with the participants. The qualitative research method mainly focuses on the quality of the events taking place. This method focuses on the real life events which enable the researcher to interpret and analyse the results based on the feelings, perceptions and behaviour of the study subject. In qualitative research method, the researcher clearly understands the participant's emotions, ideas and perceptions of the target population towards the CSR done by the multinational companies in the host communities.

1.8.2 Target population and survey area

The target population is a sample in which the survey data of the study will be collected and analysed in order to make conclusions and recommendations (Cox 2013). In this study the researcher is targeting three groups: The Richards Bay Minerals officials (Communities and Corporate Relations), the mine workers (contractors from the host communities) and the community members. This research was conducted in KwaSokhulu and KwaMbonambi area, these are the remote areas found in King Cetshwayo District Municipality in KwaZulu-Natal province. These areas are longing for development (economic, social and environmental).

1.8.3. Sample and sampling techniques

The process by which the researcher selects the observations is known as sampling. In this study the researcher used a sample of 12 participants (2 officials working in the department of community service, 2 contractor employees [they are employed because they are from the hosting communities], 2 leaders of the community and 6 members of the community from KwaSokhulu and KwaMbonambi area. This study made use of the non-probability and purposive sampling technique. Snowball sampling: The researcher used the help of other officials to select the participants (those employees working in the same division and those employed because they are from the host communities).

1.8.4 Data collection methods

In order to collect data, the study used primary sources of data collection which included interviews, questionnaire and observations. The secondary sources make use of personal records, publications and mass media.

1.8.4.1 Interviews

The researcher had interviews with both the officials and the community members, the conversations that took place were recorded. Interviews questions were carefully designed in order to help the researcher get enough information about how the Richards Bay Minerals Company benefits the host communities.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

The literature review chapter looks into the corporate governance within the mining sector when dealing with CSR initiatives. The chapter discusses CSR, community development and community needs assessment. The history of mining in South Africa goes back to 1850s. The mining sector was known as the driver of economy and development in Africa. This became a hope in many mining host communities that mines will bring change and development within the locals as it operates. This phenomenon has brought attention to the study on corporate social responsibility mines embarks on.

In today business Corporate Social Responsibility is in the forefront of all stakeholder's agenda for new business and development. This is no longer a tick box excises but good programs and initiatives must be in place. This has delivered a great pressure to the mining companies as the quality of social need improve time and again

This study is investigating the role of Richards Bay Minerals (RBM) on the sustainable local economic development of KwaMbonambi and Sokhulu communities. A focus will be on CSR, LED, SMMEs and development

The following research questions are explored

- What are the needs of the community members of Sokhulu and Mbonambi?
- What are the expectations of the community members from Richards Bay Minerals?
- What are the Community Social Responsibility Investment plans of Richards Bay Minerals for the Sokhulu and Mbonambi communities?
- What are the Gaps between the needs and expectations of the communities as well as Community Social Responsibility investment plans of Richards Bay Minerals?
- What is the impact of RBM towards improving the quality of lives of the local communities?

2.2 CORPORATE GOVERNANCE

According to (King Report IV 2016) corporate governance is defined as an act of effective and ethical leadership by the governing body to achieve the below governance outcomes: 1. ethical culture, 2. good performance, 3. effective control and 4. Legitimacy. According to Ehler (2007), corporate governance can be further defined as the informal and formal relationships between the corporate sector and its stakeholders

The King Committee on corporate administration qualifies the thought of CSR as "A well-overseen organisation will know about and react to, social issues, putting a high need on moral benchmarks. This is additionally represented in the (King IV 2016) report in which CSR centres around creating techniques with the goal to achieve and business execution can be estimated in the financial, social and ecological setting, alluding to the 'triple setting' to indicate the three measurements: which are the monetary, society and the regular habitat. These three measurements ought to be seen as entwined and an incorporated entirety (King IV).

(Kings IV 2016) advocates for the integrated thinking which focuses on the following

- Acknowledging companies as corporate citizen.
- All stakeholder- inclusive approach and
- sustainable social development

Organisation forming part of the society

Most organisations operate in a societies, which are affected by issues within the society. Organisations rely on broader society and government to provide a conducive operating environment. These are tasked to provide a viable customer base and skill that the organisation requires to operate. In return organisations contribute to wealth creation, provide goods and services and development of human capital (Kings IV 2016).

2.3 CORPORATE SOCIAL RESPONSIBILITY AND INVESTMENT

CSR is a strategy in which the organisations monitor their businesses in a way that is ethical, societal friendly and how the business benefits the host community (Ismail 2009). Sustainability aspects like economic, social and environmental are embraced by the CSR in order to provide maximum development benefits for the host communities. CSR needs to be incorporated into the main activities and decisions taken by the company. The top management needs to prioritise sustainability (Hamann 2003).

In the South African concept CSR involves: (Ndhlovu 2011)

In South African context CSR does not only address corporate citizenship that talks of social responsibility but goes further to cover affirmative action and skills development to bridge the imbalances that were created during the apartheid regime. In South Africa there is a legislation that was passed to govern the CSR activities with the code of conduct. Furthermore, the government passed the labour laws that aimed in providing excellent work which is in line with the International Labour Organisation (ILO) laws (Ndhlovu 2011).

In recent years organisations and communities have demonstrated awareness in Corporate Social responsibility. According to Porter (2013), companies that are held responsible for the environmental impact are on an increase. The topic has gained interest from academic context and burning issue for business and foreign direct investment (Kotler at al 2005). This refers to the strategies which are used by the Mining companies to ensure good governance and beneficial to all stakeholders. (Nwoba and Udoikah 2016).

The issue of CSR has been in motion since the 1950s and studies on CSR have reported that its description is gradually evolving in meaning (Ismail 2009). According to CSR the firm does only respond to its shareholders but it further responds to other stakeholders (e.g. employees, customers, host communities and the general public) on matters like human rights, wellness of the employees, climate change (Ralph 2003).

In South Africa the CSI has been viewed as the particular component for CSR. During the Apartheid time CSI was viewed as a marvel which was fundamental for the survival in a solid

universal environment of approval and exchange limitations sanction and developing local political turmoil (Ndhlovu 2011). At first, the idea of CSI was undefined from the CSR exercises.

High CSR brings about extra costs that may place a firm at a monetary drawback or economically disadvantage contrasted with other, less socially capable, firms. A few enterprises 'might utilise the abundant CSR formulae to redirect consideration on the important needs. CSR can, along these lines, conceal a large number of socially unreliable errors. Scholars contend that organisations, which dedicate considerable assets to neoclassical financial specialists, see CSR as a rebellious precept that avoids from the fundamental monetary business of "profiting" for the proprietors and investors of the organisation. The Keynesian approach centres around more extensive social and condition objectives, where organisations need to pay attention to their social duties more (Ndhlovu 2011).

2.4 CORPORATE SOCIAL RESPONSIBILITY INVESTMENT AND COMMUNITY DEVELOPMENT

Community Development (CD) is characterised as a process of identifying and changing unsatisfactory conditions within the community where its members lives and work. According to Ismail (2009), the community members share expectations and the responsibility taken from those expectations. There are pioneers in every community who are responsible for events happening. Leaders within the community do influence community members to be responsible for their action. Community development (CD) alludes to activities taken by the community in association with the outside associations/companies to engage the members of the community individuals by giving skills and abilities they need so as to bring change into their communities (Ismail 2009).

Community Development targets creating dynamic and manageable community dependent on social equity and shared regard. CD urges the power structures to evacuate the obstructions that thwarts individuals (Community Development) from taking an interest in the issues that influence their lives, this is accomplished by the investment of individuals all. According to Ismail (2009), the guiding principles of CD are teaching, empowering and engaging (Federation of community Development Learning, 2009).

2.4.1 COMMUNITY NEEDS ASSESSMENT AND CSR

CSR initiatives works to improve the socio economic lives of the community members. CSR initiative are implemented to benefit Mine host communities,(Nwoba and Udoikah 2016). According to Thomsan (2017) CSR is used to integrate social and environmental concerns arising between the mine and its host communities. In some cases, firms comply with CSR because of the company laws and in some cases, it is initiated by the firm/corporation. (Thomsan 2017). There is a number of needs that results from the interaction of people. These needs include access to healthcare, improved economic activities, jobs creation etc, (Nwoba and Udoikah 2016). It is every community's goal to promote healthier lifestyle, access quality education and skill development.

According to Maimunah (2009) community development is an initiative which is taken by the community with the aid of the external organisations to empower the community members. External organisations include but not limited to government departments, NGOs and different other businesses. The businesses are also allowed to come up with programs that will lead to the development of the hosting communities. There are expectations when stakeholders interact which create hope for better outcome. According to (Nwoba and Udoikah) (2016), any negligence by the Mines when dealing with CSR results in conflict which has a potential to cause community unrest.

The company's management must setup a separate committee that will deal with the CSR functions. This committee needs to do a proper planning and the very first initiative of this committee is need assessment for the CSR project. If this committee does not do the needs assessment of the community the project will not be sustainable and its impact will be minimal. The socio-political impact, environmental issues, condition of infrastructure, health facilities, education awareness and level, availability of food and water, public transport and sanitation requirements are to be assessed before the CSR project kick-off. It is important for the CSR team to do thorough need assessment before carrying out community projects this shows the corporate philanthropy. A successful needs assessment is conducted in the following ways (Thomsan 2017).

- Research; you need to find out the needs of the particular town, area or community on the internet by reading the various reports and news. You must refer to the authentic reports published by government or NGOs,
- Talking to individuals; surveys are very important in social needs assessment and talking to people on the ground is important.
- Talking to groups; focus group discussions are an effective way to find out common issues like lack of health care facilities.
- Use of available assets; you need to be aware of other assets like natural resources, manpower, environmental conditions, work already performed by other organisations or government to solve a certain issue. This information strengthens your assessment needs.
- Stakeholder engagement: there are different stakeholders involved in a community project. They may include the funding company, local government, local politicians and most importantly the hosting community members. Involving these stakeholders is an important task for the success of the project. Prioritisation of these needs should be based on the community.

2.4.2 EXPECTATIONS BETWEEN MINING COMPANIES AND ITS HOST COMMUNITIES

The expectations and desires between organisations and communities are not clear and most at times, there is no clear agreement on what organisations should do and how communities react to organisation effort. (Parsons and Moffat, 2014) Some researchers contend that the social permit does not look for legitimisation yet rather its emphasis is on partner perception. This is a part of analysis by certain researchers who see social permit to operate as just a term utilised by industry trying to oversee restriction to advancements by communities (Owen and Kemp, 2013).

The intention of the organisations has been questioned by a few, explicitly in occasions where a ton of exertion has been used, including communities being organisation driven, as opposed to being driven from inside the community. As it were, organisations implement initiatives without understanding community desires and expectations and furthermore don't get a chance to express their desires for the community.

Regular meetings

Investment Communities anticipate support of even option and underestimated voices. Organisations can ignore these voices and wrongly accept that wide social agreement is accomplished (Owen and Kemp, 2013). The way that activities are generally driven from an organisation viewpoint could clarify a portion of the contention among organisations and communities. As per Uwafiokun (2007), community expectation is the wellspring of contention in many areas. At the point when organisations reject communities, they are (naturally) not living up to their expectation.

Communities hope to meet with organisations to talk about issues of basic common interest (Uwafiokun, 2007). Of importance is the desire for two-way correspondence among organisations and community which could help building capacity. When there is cooperation both community and organisation are to achieve common objective and target. Regular meetings between organisation and community create an environment where critical expectations and components be discussed in favour of the community. Such components incorporate trust, mutual respect and accessibility which are critical to a relationship that can breeze through the assessment of authenticity and validity by the community (Thomson and Boutilier, 2011). These components of a relationship are frequently worked through repeated contact and open doors for a good working relationship.

Quality of the relationship

There is a huge difference between organisations and community when building up social permit to operate (Lacey et al., 2012; Williams and Waltion, 2013). The focal point of the community is on the apparent nature of the relationship, which is different from the business centre around undertakings and procedures that are mechanistic, educational and value-based (Thomson and Joyce, 2008; Williams and Waltion, 2013). This differentiation features significant difficulties for organisations attempting to secure authenticity and validity for another activity. Organisations at times think little of the significance of relationship working with a community and the time span required to do that and additionally they overestimate the nature of the connections that they have with a community (Williams and Waltion, 2013).

Communities expect the improvement of a relationship that is important and ready to convey discourse fit for prompting results that are commonly gainful. Advancement of such connections possibly makes a stage for adjusted arrangements and co-formation of results, where an organisation's activities and practices are adjusted to the community expectations and goals (Williams and Waltion, 2013).

Trust

Trust is significant for a community and to believe an out-bunch is to expect that they won't abuse one's powerlessness and that they will even look to participate (Moffat and Zhang, 2014; Rousseau et al., 1998). Community might be required to react emphatically toward organisations where these elements don't exploit their vulnerabilities, exhibit respectability, work cooperatively with them and meet community expectations about organisation conduct (Moffat and Zhang, 2014). Trust is additionally affected by different desires, similar to nature of contact and the relationship. Despite the fact that this is a community expectation d, trust is hard to quantify and takes time to build.

Company expectations

The expectation for a verifiable social permit to work is driven by the business. The social permit to work has been embraced by industry as an answer to address the expectation gap (Owen and Kemp, 2013), anyway this gap has not been totally crossed over. This is on the grounds that organisations regularly do not look profound into the expectations for stakeholders, nor do they react to stakeholders' desires in the way most favoured by those stakeholders. Rather, they keep on attesting that their social permit to operate is set up and in place, checking either the exertion or the aftereffect of that exertion. This is a test as it suggests that the communities are not completely engaged with the way toward setting up a social permit to work, in spite of this being a key community expectation. These is done with the expectation that legitimacy efforts will be acceptable to communities.

As per Parsons et al. (2014), there is weight on organisations to conceptualise the social permit to work as something they should verify to legitimise activities. Organisations are likewise compelled

to limit administrative burdens; underestimate disagree and manage reputation. The weights organisations are under impact their endeavours and put weight on them to make view of authenticity. As indicated by Deegan et al. (2002), making a move that is propelled by they should be seen as genuine, is unmistakable from revelation that is provoked by a conviction that the community has the option to think about specific tasks. Organisation endeavours are persuaded by the objective to be seen as authentic, which does not connect to community expectation at all and is centred rather on what organisations need to accomplish.

The expectation to engage with stakeholders with power and legitimacy

Organisations regularly look for authenticity and direct their legitimating consideration regarding the partners whom they see could add to the accomplishment of their objectives. The desires for the prevailing partners – those apparent to have power and authenticity – will ordinarily matter to manager (Mitchell et al., 1997), be seen better and have more weight. As per Lim and Patten (2009), the legitimation thought process would in general show itself regarding administrative consistence and impression the executives. This methodology does not meet community expectations, which are to have more extensive portrayal and comprehensiveness.

Engagement without norms

Most organisations have been associating with communities and, as indicated by Moffat and Zhang (2014), standards are arranged and built through collaboration. The rules for the communication procedure are not clear and thus, there has been enormous scale of disappointment from the community. There are significant gaps in expectation between organisations and communities. The test with authenticity is that it is taken a look from two outrageous closures, from either the gathering looking for authenticity or from the viewpoint of the gathering giving or retaining authenticity. On account of organisations and communities, there is no arrangement and this is an issue. When there is no clarity on expectations set between the mine and its host community it becomes difficult to measure accountability. According to (Claasen and Roloff, 2012), Mines cannot determine key points to account on alone. Classen et al 2012, further argue that expectation

that are not clear allow companies to exploit and manipulate expectation and perception community have about the Mine instead of fulfilling their mandate

2.4.3 CSR INITIATIVES BENEFIT FOR COMMUNITY AND THE MINE

There are a few different ways to comprehend why mining organisations are taking part in CSR programs. From the community's point of view, the CSR projects of mining organisations give an instrument of remuneration to the social and natural expenses related with mining. These expenses are typically connected with ecological effect, higher food and lodging expenses and social effects from an expansion in the number labourers living in the region (Garriaga and Mele 2004).

Mining organisations gain advantage from CSR programs in different ways. According to (Humphreys 2000, fulfilling CSR projects strengthen a better relationship between the Mine and its host community. He further argues that mines suffer great loss when the relationship is broken which at some point leads to Mine closure.

Villagra 2016 confirms that organisations that successfully implement CSR don't measure their prosperity dependent on an absolutely budgetary main concern, rather they consider themselves responsible to the triple primary concern of accounts, social effect and ecological effect.

2.4.3.1 Skills scarcity

The absence of correct skillset makes support of local people in mining business difficult, for instance beneficiation process need correct skillset to be successful. National government as a key strategic partner is tasked to assist creating environment for skill exchange and training.

Mining houses ought to consistently advise and work closely with government and the community to ensure success of the CSR ventures. Mining houses ought to comprehend the significance of CSR for the business. It ought to be centre to the corporate system and not be viewed as an extra/'specially appointed' process.

Outsource the administration of CSR ventures, however not the duty.

Local government as an active partner to create a conducive environment for partnerships to be formed to deal with CSR initiative. Mining companies should always consult and involve government and the communities in the CSR projects.

According to DPLG (2005), for CSR organisations to be successful, the activities bolstered ought to be significant to local partners; intelligible; and powerful in the local setting. The mining companies should develop exit strategy to deal with the legacy of CSR projects. Correct skillset is to be develop to sustain all initiatives.

2.4.3.2 Roles of the Different Partners in LED

Local government create and give an environment domain for the partnership between organisations and community to occur (DPLG, 2005). The municipal job in LED identified with mining CSR can be on setting up discussions to assemble associations and to coordinate with a scope of partners and not really to run programs themselves (DPLG, 2005).Local natural associations and NGOs to distinguish and impart the socio-condition needs of the local community related to mining. Mining houses to lead initiation and implementation of the LED interventions in partnership with all stakeholders as required by the social and labour plans

2.5 CORPORATE SOCIAL RESPONSIBILITY AND LOCAL ECONOMIC DEVELOPMENT

This section explores local economic development in the South African context. This will be looking at the impact of small business development in creating employment and increasing economic participation by black business.

2.5.1 Small business development

The small business in South Africa has a potential to create jobs and increase cash generation. This will occur at the same time redressing imbalances of the past while increasing black economic emancipation.

South Africa's big businesses can go about as an incredible upgrade for the SMME area by giving a genuine and unfaltering source of interest. Nonetheless, organisations are encouraged to work closely with the SMMEs to guarantee that the item they produce is of the fundamental quality and that targets are met

LED in South Africa

LED has been recognised globally by academic and other development practitioners' stakeholders as the vehicle to create jobs to eradicate unemployment improve socio economic and improve quality life. According to (Rogerson 2009) all socio-economic issues need to be addressed in an integrated manor taken in a holistic approach

It requires strong partnership and solid cooperation to have improved local governance performance regarding LED. The LED delivery triangle model consists of three partners which are government, private sector and local communities (Meyer, 2014).

Purpose of local economic development

Local economic development (LED) purpose is to build up the local economic capacity in an area to improve its economic fortunes and quality life for all. It is a process whereby public sector, business and non-governmental sectors works together to create better conditions to eradicate unemployment and enhance economic growth (Meyer, 2014).Key LED goals include:

- Creating environment where local investment is conducive for local business to function
- Support for SMMEs;
- Creating environment for the formation of new enterprises this is achieved by attracting external investment
- Investing in education and employee skill development
- Supporting the growth of particular clusters of businesses;
- Targeting city for regeneration or growth which is areas based(local initiative)
- Create Supporting structure for both informal and newly emerging businesses

2.6 CONCLUSION

This chapter served to provide a background for this investigation. It explored the complex relationship between Richards bay Minerals and the host communities. The chapter dealt with the importance of corporate governance dealing with CSR. It further outlined the effect of not upholding ethics leadership and the consequences of not upholding measures stipulated in the Kings Report IV (2016) on corporate governance. These further discussed the Corporate Social Responsibility, community development and community needs assessment. This refers to the strategies which are used by the corporations or firms in order to run their firms in a way that is ethical, society friendly and beneficial to the development of the host community (Nwoba and Udoikah 2016). These needs included access to healthcare, improved economic activities, jobs creation etc.

The chapter explored the key legitimacy between RBM and its host communities which are necessary to maintain licence to operate. This covered quality leadership from the Traditional Counsel, frequency of meeting between all stakeholders, level of trust to meet all the stakeholder's expectations.

All the information collected concerning local community, economic development and CSR programs was interpreted to set a base for making recommendation for RBM to embark on good working relation with its host communities. The literature gives possible solution to the known problems between community and Mines in South Africa.

Below are key issues which are important for the better working relationship

Clear communication between the Mine and host communities

Clear local government role in the local economic development and CSR

The gap between the community expectations and the Mine community investment plan

Continuous feedback to local authority and community

The methodology utilised on this research is discussed on the next chapter.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 INTRODUCTION

As indicated in chapter 1, the aim of this study was to explore the complexities of the working relationship between Richards Bay Minerals and communities of Kwa Sokhulu and KwaMbonambi area. This chapter discussed the research methodology that was employed in this study. A broad overview of the research approach, data collection, sampling methods, target population, trustworthiness and credibility of the research, analysis and ethical considerations of the study was discussed detailed in this chapter.

3.2 RESEARCH APPROACH

Given the exploratory nature of the study, a qualitative method design was used to collect primary data. The qualitative research approach is a type of study where the researcher studies the actions of the human from the view of the social actors themselves (Hlatywayo, 2015). In this study the researcher draws out information from the participant's views and experiences. It is mainly focused on understanding and exploring the reality from the perspective of the insiders (participant's) (Hlatywayo;2015).

The qualitative research approach is also called the 'warm' approach (Silver and Lewins, 2012:10). The quantitative research approach is defined as a method that validates a theory which is made up of variables, measured with numbers and analysed with statistical analysis in order to conclude whether the prediction of the theory is truthful (Creswell and Clark, 2011:2; Cameron, 2011:248). The quantitative research is called a 'cold' approach since the expected answer is the one set out by the hypothesis in the beginning of the study. The mixed research approach is defined as an approach where the researcher uses both the qualitative and the quantitative research methods to carry out the study, the researcher incorporates both the methods to collect data and analyse of results (Cresswell 2011).

The qualitative research approach was utilised in this study, in this type of studies the data is descriptive and in a respondent's own verbal or written words. The researcher asked the respondents to share their personal experiences based on the local economic development and

Community Social Responsibility Investment plans that Richards Bay Minerals have for the hosting communities (KwaSokhulu and KwaMbonambi area). The respondents voiced out their views in the use of these two interventions in place.

3.2.1 Qualitative research method

In order to obtain the desired research objectives the research design should be driven by the research questions or the problem statement of the research. In this study the qualitative research method is used because it's easily interpreted. Qualitative research method is a primary exploratory research. In this research method, the researcher works hand in hand with the participants. The qualitative research method mainly focuses on the quality of the events taking place. This method focuses on the real life events which enable the researcher to interpret and analyse the results based on the feelings, perceptions and behaviour of the study subject. In qualitative research method, the researcher clearly understands the participant's emotions, ideas and perceptions of the target population towards the CSR done by the multinational companies in the host communities.

3.3 RESEARCH PARADIGM

The research design and methodology is a broad plan which explains how the study will be carried out. Research paradigms are the social research classes. Paradigms are explained as something which serves as an example or model of how something will be done or achieved. Paradigms maybe small examples which have been put in the simplest form and are used to illustrate proceedings, processes and theoretical points (Webster Dictionary 2012). In this study the researcher employed the social constructivism approach. The aim of this study is to explore the complexities of the working relationship between Richards Bay Minerals and communities of Kwa Sokhulu and Kwa Mbonambi. The main objective of the study is to find out the extent to which RBM have performed its social responsibilities to the hosting communities.

Sub-objectives of the study are;

- To determine the needs of the community members of Sokhulu and Mbonambi villages.
- To determine and understand expectations community have on Richards bay minerals
- To find out the Community Social Responsibility Investment plans Richards bay Minerals have for the Sokhulu and Mbonambi communities.
- To find the Gaps between the needs and expectations of the community as wells as the Social Responsibility Investment Plans of Richards bay Minerals
- To determine the impact RBM has towards improving the quality of lives of the local communities

3.4 Population and Sample

3.4.1 Target population and survey area

The target population is a sample in which the survey data of the study will be collected and analysed in order to make conclusions and recommendations (Cox 2013). In this study the researcher targeted three groups: The Richards Bay Minerals officials (Communities and Corporate Relations), the mine workers (contractors from the host communities) and the community members.

This research was conducted in KwaSokhulu and KwaMbonambi area, these are the remote areas found in King Cetshwayo District Municipality in KwaZulu-Natal province. These areas are longing for development (economic, social and environmental).

The process by which the researcher selects the observations is known as sampling. In this study the researcher used a sample of 12 participants (2 officials working in the department of community service, 2 contractor employees [they are employed because they are from the hosting communities], 2 leaders of the community and 6 members of the community from KwaSokhulu and KwaMbonambi area.

This study made use of the non-probability and purposive sampling technique. Snowball sampling: The researcher used the help of other officials to select the participants (those employees working in the same division and those employed because they are from the host communities).

3.5 Data collection tool

For data collection the researcher conducted interviews which are a primary source of data collection while the secondary source includes personal records, publications and mass media.

3.5.1 Interviews

The researcher had interviews with both the officials and the community members, the conversations that took place were recorded. Interviews questions were carefully designed in order to help the researcher get enough information about how the Richards Bay Minerals company benefits the host communities.

3.6 Data Analysis

The data analysis were made based on the data collection tools used which included interviews and observations made by the researcher during data collection. During the interviews the researcher used the questions which were carefully formulated and sequenced based on the purpose of the study. After the collection of data the researcher analysed the data and unpacked it to make sense in order to conclude based on the findings which were given by the participant's during interviews and observations. The data was compared using the following categories;

Thematic analysis; this method is mainly used for the analysis of qualitative data. It seeks to identify a pattern of meanings in a clustered data set. This analysis method examines the themes within the data set. Thematic analysis does not only count the phrases or words in a text but it further identifies implicit and explicit ideas within the data set (Nowell et al. 2017).

3.7 Knowledge trustworthiness and Credibility

It is very important for the research findings to be trustworthy and credible as possible (Granheim and Lundman 2004:109). The researcher strived to present trustworthy findings by abiding by the ethical procedures and took into considerations responses of all the participants. In assuring that the research findings are valid and reliable the researcher considered the following:

In order for the researcher to achieve the desired outcomes, the research tools, processes and data analysis methods used were appropriate or suitable for the study. The research methodology was appropriate to answer the research questions and the research design was also valid for the methodology. The conclusion was validated by the appropriateness of the sampling and data analysis methods used.

Trustworthiness examines if the data collection and data analysis techniques would produce consistent results if the study was repeated or if the study was conducted by another researcher taking into account that they are other biases and errors that can impact the reliability of the study.

3.8 Ethics

Researcher bias

This is a factor which induces bias in the researchers' recording of the responses. A researcher may interpret the result from the respondent in a subjective way. By avoiding this, the researcher will try to be objective.

Participant's bias

The researcher must not interview people who might be in favour of either parties, like a respondent might be in favour of the company or be in favour of the community or a respondent who might provide false information. For an example in this study the researcher avoided asking open questions to the workers or official because the respondents were going to be afraid to give the true reflection of the issue because the respondent might be overheard by someone.

The research findings were found through the interviews which were conducted by the researcher and afterwards it was analysed, as the study proceeds one needs to be aware that there are ethics that must be taken into considerations. The ethical considerations are the most important part of research as they ensure that the participants confidentiality and anonymity is protected. The researcher observed the following ethical considerations

3.8.1 Harm avoidance

In social research the chances of physical harm are very slim but harm is not only physical it can be in other forms. Harm may be caused in various ways like forcing the participant to reveal information that s/he is not comfortable in sharing or asking for personal information such as income receipts, information that violate the participants rights and privacy. The researcher needs to take note of this principle before and after research in order to ensure that the comfort of the participant matters or is taken into considerations.

3.8.2 Informed consent

The participants were made aware that it is their right to withdraw from the study should they wish to or when they are no longer comfortable with sharing some information. The researcher made it a point that the participants participated voluntary and ensured that he do not take advantage of the people who cannot protect themselves like children and uneducated people.

3.8.3 Confidentiality

The participant's right to privacy must be respected and protected. The participants were kept anonymous since they were revealing sensitive information. The researcher ensured that their privacy was not invaded during interviews and ensured confidentiality. The participants remained anonymous during the interviews, there were no face sheets containing identifiers like the participants names, addresses and professions when answering the interview and questionnaire.

3.9 Conclusion

The purpose of this chapter was to give a transparent overview of how the research was carried out with emphasis to the research method used, sample selection, strategies used to collect and analyse data. Knowledge trustworthiness and credibility (validity and credibility) was also discussed in this chapter. The study used a qualitative research method. The research approach used in this study as a primary method of collecting data involved conducting interviews, where the interviewees were recorded. The following chapter will focus on the analysis of data and interpretation of the results.

Chapter 4: Results findings and Discussion

The previous chapter presented methodology which was followed for data collection. This chapter discusses research findings interpret using literature and research objectives

4.1 Research objectives results and discussions

4.1.1. Research objective 1.

To determine the needs of the community members of Sokhulu and Mbonambi villages.

The outmost purpose for the research objective no1 was to test and bring understanding if RBM do know the needs of the people of KwaSokhulu and Kwa Mbonambi village. From the empirical results it was found that RBM do conduct community need baseline assessment every three years. This is done to first check if there are any changes from the previous assessment. If it is found that there are changes the information get updated to ensure that it fits to the RBM strategy. The assessment is done in consultation with Traditional council and independent consultants hired by RBM. It was also found that information is not shared to the community members. The following was said by the community member during the interview on the 20th August 2019.

“There are no assessments conducted within the community that I witnessed being conducted. If somehow it is done it is done without community knowledge and findings are not shared with us”

There is no alignment of information between Traditional Council and community members. This is in agreement with the literature. Thomason 2017 argue that it is important for organisation to do baseline assessment. He further prescribes how this assessment should be done. Every Organisation should do social and skill assessment at the area where it operates (Udoikah 2016). The assessment should include towns and further survey the social need for people on the ground.

From the community engagements on the 17 September 2019 a member said following were said.

“As a community we need jobs, there are lot of young people who are not working always on the street. RBM says it wants maths and science to get employment. The roads we have on the community are in in bad condition, there is no reliable water supply and we need better schools so that our kids can pass maths and science”

From the empirical results the following needs were identified by the two Tribal Councils, community members and RBM as company: employment, housing, water, sanitation, roads, bursaries and skill development programs. The good thing about these results is that all stakeholders know what interventions need to be done. RBM has all this program in its SLPs set by the Department of Mineral Resource and Energy and has this as part of Social labour investment plan. The biggest challenge is bringing all stakeholders together and ensure that there is an alignment of progress made on all this projects and inventions.

This challenge was demonstrated well by the empirical results during study. The community members are not given an update on the assessment conducted and progress on initiative/ project to address their needs. There is no proper plan to give feedback on the work done by RBM. The Imbizo where RBM update the community about the work it is doing happens once a year and not properly themed to attract relevant audience. The researcher can conclude that lack of timeous proper feedback from RBM to the community members is a problem and causes strike. Behagel's (2017) study affirms that in order to have true civic engagement, strong representative structures need to be set up and should not only include voted representatives, but also working groups with a diverse set of (capable) actors, to powerfully present local ideas.

The sad perception by community members is that all projects done are for the royal house and those in close proximity with the Tribal Counsel. Information and update is not cascaded to the ordinary community members.

The mine has corporate social responsibility in the areas as set out by the Mineral and Petroleum Resource Development Act (2002) which requires the submission of the Social and Labour Plan (SLP) as a prerequisite for the granting of mining or production right

The skill assessment results conducted by RBM showed that company is not investing more on educating the locals. There are only two professional engineers who come from Kwa Mbonambi community whom were sponsored and are working for RBM. There is no single professional from Kwa Sokhulu who was sponsored and work for RBM on the technical field. The empirical results show that communities are not treated the same not much development is done for Kwa Sokhulu community. The negligence on CSR by the firms/organisations results in conflict which hinders the achievement of the firm objective (Nwoba and Udoikah 2016). The literature above is in

agreement with the case between RBM and Kwa Sokhulu village. The community set a protest due to poor development within the area. The protest occurred in 2016 which resulted in RBM mining equipment being burned during the unrest. The researcher can conclude that lack of development in the host community do cause unrests.

As part of giving back to the community RBM do have annual budget that is spent to implement project initiatives to give back to the host communities. This include sponsoring fight against gender-based violence, drugs abuse and sport tournament initiatives. Both authorities acknowledge these projects while community members cannot tell if this are government projects or RBM sponsored. The following was stated by a community member during the interview on the 09 September 2019.

“We see projects taking place within the community but cannot tell whether it is from RBM or Local municipality. RBM is invisible on many projects taking place in our community”

From the empirical results RBM do host community outreach projects for the host communities however most of those projects are hosted in Mbonambi area. Recently RBM did back to school campaign for Mbonambi and Sokhulo where 100 learners were given shoes and uniform. There is also community health management program where a group of community health workers are contracted by RBM since 1993. This group is working closely with local clinics to look after bed ridden patients. RBM pays salaries of this community workers. This good programs are not shared or made known to the community members. The sentiment is not shared by locals but only those whom are directly affected or beneficiaries of the program. What is the percentage of the employees of RBM which comes from the hosting communities?

RBM do have programs tailored to address host community needs. The following said by RBM CCR representative during the interview on the 24 October 2019

“As RBM we do have the best interest of our host community at heart. We do have projects which are tailored to address the community needs which comes from the need assessment. There are platform and channels which are set to ensure there is alignment.”

RBM has set various platforms to ensure needs are raised and addressed. RBM has set out platforms such as local labour desk where locals are recruited through that platform. This is to

address local unemployment crisis. In terms of water which is part of SLP 1 there are water bulk projects which is currently underway to provide bulk water to kwaMbonambi specifically with the plan to extend to Sokhulu area. Roads forms part of SLP 2 of RBM which is a five years development program. Bursaries are done annually. For development projects it is done aligned with social labour plan. Out of this needs which are regulated by the Department of Mineral Resource RBM does provide communities with Cultural heritage sides since mining activities takes place in the area where humans were residing in the past. Human remains which are found are stored and the area becomes heritage site.

4.1.2. Research objective 2.

To determine and understand expectations community have on Richards bay minerals

The main aim for this research objective is to find understand the expectation which community have from the mine. Most at times this create an expectation which at the end brings lot of disappointment and resentment from the community to the mine. Many strikes do start due to failure to meet the expectations. The following expectations from community to RBM were raised during the interview

“AS a community we expect RBM to help create job, be on frontline when it comes to socio economic development. We expecting quality road going inside the village and water coming out on our taps.”

During the interview with the traditional council the following expectation were raised.

“We as the traditional council expect RBM to treat the Traditional council with respect, the road leading to the tribal authority is not tared or quality that shows it is going to the royal house. We do not have water and our graves were not relocated/repatriated in a correct manor”

From empirical results there is a forum of engagement between the community and RBM and there is also an engagement forum with Traditional council. There are different platforms like structure to deal with the youth, the business and agricultural cooperatives. The small forums like youth development do report to Traditional council engagement. The Traditional Council have identified structures that are given mandate to engage RBM. The sitting occurs monthly and where necessary. RBM has a division called communication and Community Relations CCR. This is a division dedicated to deal with communities. Nyembo 2018 is in agreement that the benefits of creating platforms for dialogue and consultation between the parties are crucial. Uwafiokun (2007), further argues that at the point when organisations reject communities, they are (naturally) not living up to their expectation. Literature encourages cordial relationship full of engagement between stakeholders. (Moffat & Zhang, 2014) argues that it always becomes a problem if communities are excluded when decisions are taken as they feel disrespected in the process.

Results also shows that RBM do deal with formal request which are part of the expectation via Traditional council. The request include request for bulk water supply which is delivered by trucks to Mbonambi community and Sokhulu area. The request came during draught season and still continues during rainy season. There are also formal community request which are linked to community development programs which were identified while others do come as request i.e. roads, street lighting etc.

From empirical results Community needs are mandated to local municipality however RBM do support the local municipality to meet those needs. From RBM CCR team during the interview

“RBM do submit its CSR planned work as part of the SLP commitment to the local municipality for integration. This helps to develop structured approach when comes to socio economic development”

According to the (DPLG, 2005) Local government create and give an environment domain for the partnership between organisations and community to occur. Community members including Traditional Councils do approach the mine with list of needs which at other areas are functions of local government. The expectation is mine should deliver on those needs. Mining houses do initiate and implement the LED interventions (in partnership with stakeholders) as part of the requirement of the social and labour plans. RBM do supply waste skips to help with waste management within

communities. Waste management forms part of municipality function however RBM assisted with trucks to support waste management. Most need are met through the delivery of SLP. There are income delivery projects which include toilet paper making project which is supply RBM and sell to the locals. There is a fine line between RBM and local government as to who should ensure basic needs of the host communities are met.

The following was mentioned during the interview by RBM CCR representative

“RBM has committed 10% of its annual after tax profit to support CSR projects within the host communities”

RBM however spend 10 percent of their annual profit after tax to both SLPs programs as listed by DMR which covers community and ones which are listed by Local municipality for the next five years. The concern from locals is that most project are delivered but they are not sure if are from local government or RBM sponsored.

There are actions which can be done to ensure that communities are informed of the projects plans RBM has in the pipeline. RBM must meet frequently with the community share good work. This should be done by calling Imbizo and sensitise the project work. The very same platform can be used to give feedback on the previous raised matters. The company can also use local radio station to talk about community development project that are currently taking place and the use newspaper to cover when celebrating success. The above action can ensure that RBM is visible in the eyes of the community members. From the interview one community member who also works for RBM said

“RBM is invisible within the community, the only time you hear about them is when there is unrest. We do not see it initiating sports competition, library related projects to promote education”

RBM has justified this by saying that in every project they work in they partner with local government so that there can be exit strategy to create sustainability. RBM plan is not to own projects however it funds this project and allow for government to run and be sustainable. RBM should meet up with local government frequently and be transparent on its commitment to CSR

work. CSR projects and work should be in the lips of community members not only on the leaders in the traditional council. RBM further stated that it communicates with Traditional Council about the project and the status however information is not shared for everyone.

The organisation runs many programs to ensure that skills are transferred both internal and external. This include bursaries and income generating projects. Bursaries are given to qualifying students for Engineering science, accounting in the university and for Tvet colleges. The company also provide internships to train for multi skills i.e. Fitting, welding and electrical engineering to the community members. This include skills transfer for the community members to be self-sustainable after RBM life.

With all good work listed above the community do still strike. The largest strike took place was in 2018 which lasted for 10 weeks. The strike was from contractors whom were not happy with the wage paid by principal contractors. This strike did affect RBM because contractors are from the community whom block the road to RBM as part of a protest strategy. The strike was resolved with resolutions to audit and determine how much contractors must be paid when doing work for RBM. The terms were set by RBM senior leadership team to the vendors.

The 2016 strike was mainly on the compensation for monitory value. This money was for trees and seepage caused by RBM. The strike was due to unfair payment where some members never received the promised money while others paid. The model which was used to identify deserving payment was also disputed while other members whom were identified as deserving did not receive money due to them. The strike ended without clear strategy on how to avoid the repeat of the same case.

Below are comments by community member during the interview on the 14 October 2019

“RBM keep promising to pay compensation for the damages due to pipe burst and seepage but nothing happens. They say they have paid but money does not reach to us the right beneficiaries”

RBM has never come up with a solution to the payment crisis. The unrest resurfaces every year November. In 2019 the protest turned violent that RBM employees were shot at while driving to

work but unknown gunmen due to dispute over payments. The protest caused RBM a shipment and less confidence by the customer. The strike is still continues with no knowledge when it will end. This is what the RBM SLT said when asked to comment about the strike

“The strike cost RBM millions and forces the business to declare (force majour) to customer due poor running of the plants”

The possible solution to this is RBM to come up with a different approach on how to pay its beneficiaries. RBM has existing payroll system which they must use pay beneficiary in their individual account based on the audited claims. RBM must eliminate or do away with pushing payment to the representatives as the money does not reach to the right beneficiaries. The strategy to pay trust account proved to not be working as money cannot be accounted for and many are left disgruntled. Hosting communities strike, grievances do raise are unfair payment criteria and bribery, lack of jobs, no water and poor roads. RBM has opportunity to uplift communities with youth programs which could help with better education. Aggrieved contractors from the community do influence the community to strike.

The other strike in 2017 was from Sokhulu which was based on lack of development from Sokhulu as opposed to Mbonambi. This affected business as equipment were vandalised and burned. This was resolved by building clinics and roads to the community. There is still more the company is planning do to improve socio economic development for Kwa Sokhulu community. Bulk water supply infrastructure is on pipeline funded by RBM

4.1.3. Research objective 3.

To find out the Community Social Responsibility Investment plans Richards bay Minerals have for the Sokhulu and Mbonambi communities.

The main aim for this research objective is to check if there are any investment plans RBM have for the host communities. CSRIP forms part of SLP which are mandatory by DMR. From the empirical results RBM understand CSRIP as Voluntary initiative project. This is included in 10 percent after tax profit which amounts to R200 Million RBM spend on host communities. This

include capacity building for youth leadership development programs. Support voluntary imbizo event, donations committee which deals with the request and road grading within the communities. On the very same roads community members feel RBM is invisible when it comes to roads and water supply.

From the interview one community member said

“RBM tared a road that passes through the community only because it is used by its employees not because it is out of care for the community”

This is seen by not helping with bad roads on the streets of Mzingasi. The Mbonambi Traditional Council also shared the same sentiment example was given using the road that goes to the Traditional Council which was not tared and potholes on the road that connects Sokhulu to Mbonambi via Vez’unyawo to the mabhodla turn off.

Feedback from the community showed that community does not recognise and appreciate CSRI. Communities do not recognise the initiatives by RBM. This is mainly because some are not communicated while others had to be fought hard to be implemented. There is no line to interrogate this concept or this investment from the communities. This could be because of lack of exposure on what should happen. Most at time such initiatives when happen are more like a favour from RBM to the community.

The results show that RBM struggles to identify feasible CSRI projects which are long lasting and sustainable. This because of high turnover on the RBM CCR department.

From the interview with Traditional council the following was said

“we do not know who we dealing with. The team is forever changing and makes it hard to get proper feedback and meaningful follow up”

Some of the projects like Bambisani educational programs which transport learners to Grantleigh school to get tuition in maths and science are not sustainable. The objective of this initiative is to improve English, Maths and science within the communities. The project runs every weekend. The project is long term and did produce three engineers which works for RBM. From the results the community want education programs which will uplift every child within community than the elite

or the few. Both Traditional Councils and community members raised concerns on the selection criteria and wishes to have something close. This is what community member said during the interview

“The project is only benefiting the few and the selection criteria depends on connections than merits.”

Ideas were thrown like Take teachers from Grantleigh to come teach in local schools over weekend. This will be beneficial to the majority of learners within the host communities. RBM should be focusing on equipping local schools to have libraries and laboratories to meet educational standard that it needs. Issues of library should be taken into account as most host communities do not have access to books and internet. RBM however raised issue of security and theft. This led to project being removed from SLT due to theft.

4.1.4. Research objective 4.

To find the Gaps between the needs and expectations of the community as well as the Social Responsibility investment Plans of Richards bay Minerals

The main aim for this research objective is to find the gap between the needs and community expectations as well as SRIP. From empirical results host communities are not happy with the community project initiated by RBM however do appreciate work done. From the interview with the contractors from the community who are doing business with RBM

“We as business people from the community are excluded when projects are available. How will we get experience if we are not given chance to prove our worth”

One of the challenge local contractors experience is exclusion from the procurement process to deliver the local projects. Big lucrative projects are given to big companies while local companies work as subcontractors. RBM states challenge with quality as this has risk to reputation damage should it deliver poor workmanship. The community also feel entitled and have endless demand. Some always feel like whatever good work done is for royal house and those close to the Traditional Council as main beneficiaries. The gap between the needs and expectation of the

community SRIP is huge but Traditional Councils cannot quantify because there is a lack of alignment on projects delivered by RBM and what community need. This is caused by lack of alignment of the project RBM has for the communities.

The main complain raised by local businesses is they want to be part of the procurement process to deliver projects. *“In the past Issues were raised to some project as poor workmanship from local contractor RBM bared the cost of reworks”*. RBM do have forums and platforms to address all the needs listed by communities. These forums do meet monthly and do report to TC. Annual skill development plans which strictly caters locals. RBM do skill employees however cannot absorb everyone.

4.1.5. Research objective 5

To determine the impact RBM has towards improving the quality of lives of the local communities

The main aim for this objective is to study the economic impact on improving the livelihood of the local community members. RBM did setup business development Centre where 60 local companies participated. The aim was to train and qualify this companies to supply RBM. 90 percent of the companies are now vendors supplying RBM.

From the results 5 companies were formed. This companies are in mining and engineering goods supply which is run by youth from local communities, Metallurgical waste management which is run by joint communities and agriculture which is run by elderlies. The farmers do come and sell their crops during market day in the RBM premises. The market is limited as there is no support from RBM for the crops to be sold at fresh produced.

It is recommended that RBM support farmers to sell their crops in the fresh market produced to gain market share and for business to be sustainable. The other direct support can come from the canteen where Fedics group sign offtake agreement of fresh produced i.e. spinach, cabbage from local farmers.

Some SMMEs are doing mining supply while other are in catering business providing services during Mining Imbizos and other functions. Most local businesses do contract work at RBM and

do hire locals. This help in reducing unemployment in the host communities. Only 400 employees are from local. Most in the 400 works do work as operators with less than 10 as professionals like engineers accountants etc.

From results there is a general socio-economic empowerment as some are now providing food in each every house hold. The money is not much but sufficient to put food in the table as most are hired as contractors.

Based on the empirical results people of KwaSokhulu and kwaMbonambi get a preference for RBM vacancies/posts. RBM do advertises through TCs for local and external on newspaper however most locals fail assessment during recruitment process for technical roles. Most technical jobs are not locals due to skill level. Most community members are absorbed as contractors and low skill work. From the interview with the Traditional council the following was mentioned

“We are not happy that we do not have managers coming from locals working at RBM. We did put a formal request for the company to build us a TVet college so that our kids can get education”

A request has been put forward for RBM to build Tvet college which will support community to ensure multi skilled graduates are produced to have a constant supply to the Mine. The request is still with the SLT for consideration however RBM did mention that the school will not attract many as Unfolozi Tvet College is 30 km away. RBM also offered bursary for those locals who qualify to go to Tvet college .For the past 5 years bursaries were offered to 3 students Sokhulu and 10 in Mbonambi village.

4.2 Conclusion

From the results the researcher can conclude that RBM do know what are community needs but lack implementing strategy to ensure those needs are met. There is money allocated for CSR projects but not fully utilised. RBM struggles to identify feasible CSRI projects which have long lasting impact in the host communities. Although they help form companies but they do not provide necessary support for those companies to be sustainable and gain market share.

5. CHAPTER 5: CONCLUSION OF THE STUDY

Objective one

The outmost purpose for the research objective number one was to test and bring understanding if RBM know the needs of the people of Kwa Sokhulu and Kwa Mbonambi village. The study shows that RBM know the needs of the community. All stakeholders know what the needs for the community are. Surveys to align the community needs with RBM strategy are conducted every three years. The applicable needs across all stakeholders are jobs, housing, water and Sanitation, roads, Quality education and primary healthcare. The failure is on poor implementation of the CSR project to ensure these needs are met. Both RBM and Traditional councils should ensure better clear community between them and the community members. There should be improved relation and give feedback more frequently.

Objective two

The main aim for this research objective is to understand the expectation which community have from the mine. Communities do expect services from the mine. RBM do have engagement platform to engage with host communities. This is to align all expectations by the communities. It was found that RBM is invisible in most of work and expectations are not met. This however does not mean RBM is not doing well on its SLP implementation but mainly because work is done under the local government while RBM fund those initiative. RBM should improve its Public relations to improve its image within its stakeholders. All CSR projects must be known by community members. RBM should celebrate success and improve it conduct time with stakeholders

Objective three

The main aim for this research objective is to check if there are any corporate social responsibility investment plans RBM have for the host communities. RBM do not have CSRIP program of action

however treats this as voluntary initiative projects. RBM dedicate Ten percent after tax profit to implement SLP projects. This projects also cover the CSRIP as well. It was found that high turnover of staff in CCR department affect planning. It is difficult to get feedback and there is no continuity. It is recommended that RBM look for feasible sustainable projects which will improve the socio-economic development for the betterment of its community members.

Objective four

The main aim for this research objective is to find the gap between the needs and community expectations as well as SRIP. From empirical results host communities are not fully happy but do appreciate work done. It has become clear that the RBM seem to be failing in giving the local communities feedback on issues which are crucial to social responsibility. Communities are not satisfied about the contributions RBM provides to the local schools to support educational programs through their CSR programmes. It is difficult to find the extent of the gap between this because communities are not aligned or clued up with what is entailed in SLP. RBM should spend time educating its stakeholders about its SLP requirement and progress it has made so far. Transparency is highly encouraged to eliminate strikes

Objective five

The main aim for this objective is to study the economic impact on improving the livelihood of the local community members. While part of the community members is in agreement that RBM has contributed to the well-being of locals, there are those who believe that the CSR programmes offered by RBM are skewed to benefit the few, while majority are starving. f It do appear that CSR management at RBM are not distributing the fruits equally on all local community members. Only those in close proximity with the Traditional councils enjoys the fruits of the least CSR initiative projects in form of business opportunities

The extent RBM performed its social responsibilities to the hosting communities

Strength

RBM do have good intentions to perform its social responsibilities to the host communities. The organisation has demonstrated a willingness to implement its Social Labour Plan which include Corporate Social Responsibility project initiatives. This was demonstrated by putting aside 10 percent of its annual profit after tax to be spent on SLP project. RBM is a strong brand which is used to influence the community in a positive way. Everyone in the community wishes to associate the RBM as a brand. It brings hope to many within the host communities. Although not everyone in the host communities is happy but they do appreciate work done. RBM is directly involved to ensure primary healthcare is functioning in the hosting communities partnering Department of Health. This was demonstrated when RBM embark on implementing community healthcare where a group of community health workers working closely with clinic to give healthcare to bed ridden patients. The program has been running since 1993 and RBM pays salaries of the care givers.

Weaknesses

The company has poor communication which is demonstrated by lack of feedback to the stakeholders. The company does not have cordial relationship with Traditional council of the both communities. The company does not treat host communities equally, this is demonstrated by lack of socio-economic development in the Sokhulu village which led to unrest that resulted in company property being vandalised. The organisation easily neglected commitment to CSR which resulted in protest and hindered the achievement to the objective. The company does not have strategy to deal with claims payment for property and filed damage.

Opportunity

RBM is a big brand and can use this to gain popularity within it host communities. The company should be available and not missing out in action. The company should just utilise it public relation correctly to improve its image and perception within its communities. The organisation should

attract youth by targeting schools and sport grounds. While it sponsor youth events must also promote education and be seen building libraries with basic internet connection. Sponsor Coding classes to improve computer and programming literacy in the host communities. People still do have hope in RBM this brings a great opportunity to be the best company which is loved by its stakeholders.

Threats

Communities have lot of resentment towards RBM worse this cloud everything good the organisation is doing. The company took too long to try and deal with socio economic development in Sokhulu village. The delay caused business disruption during community unrest siting lack of development in that area. The company has failed to develop methods to deal with compensation pay-out for the property and field damages which has led to current unrest.

Gaps which RBM should focus to improve its position within the host communities

RBM does not have SLP implementing strategy which is transparent for all stakeholders. The company should work on being transparent on issues which affect communities

RBM does not have feasible sustainable project which will further improve socio economic development within the community. The company should invest in sustainable projects which will be viewed by many as pro community development. RBM must be seen leading poverty elevation project which will empower youth and women in business

The organisation does not have initiative projects which deals with brand management. It is important to always seen being involved in community building projects

5.2 RESEARCH CONTRIBUTION

Literature review has shown the importance of corporate governance in the mining sector. This demonstrated a need for organisation to ensure that there is stakeholder inclusivity at all times. Transparency is the key to effective healthy relationship between mines and host communities. Frequent community engagement is proven to crucial to enable cordial relationship between Mines and host communities. The literature was proven in the case between RBM and its host communities where violent community unrest are rife due to lack of transparency when dealing with CSR programs

The study revealed that stakeholders plays crucial role when developing and implementing CSR programs. The study has revealed that multinational companies are only interested in declaring positive on CSR related issues than actual implementation of SLP and CSR initiative. The study revealed that there is still lack of feedback by the mine to the host communities when dealing with CSR issues.

5.3 RESEARCH LIMITATION

The following limitations were identified during the study

The research main limitation was that the study was conducted in only two villages on the single geographical area. There are other two host communities which were excluded from the research. The results may not be valid for other two host villages excluded in the research. There the conclusion drawn from these findings may not be application to every mine host community in the country.

The second limitation for the study is that it used convenience sampling technique which is also known as a non-probability sampling to be selective on participants. So, the results of this study do not reflect the responses of the entire communities. The researcher recommends that the insights drawn from the study is relevant other host communities within the Richards bay. With the above

listed limitations, the findings from this research however do set a good platform for future research between multinational organisations and host communities.

5.4 RECOMMENDATION

From the research findings the following recommendations are made.

The division dealing with CSR within RBM should develop a strategy that will ensure all benefits are distributed equally with all stakeholders. Benefits include jobs, capacity building, and technology, contracting and business opportunities amongst the local communities. The strategy will bring calm within the host communities. All stakeholders must be included when CSR decisions are taken. It must be an inclusive process.

The following principles are recommended for RBM as the key to improve CSR implementation: Njapha 2017; Naidoo (2009: 244-246),

Accountability – reporting to stakeholders should be driven by the ideals of accountability and integrity. RBM should call Imbizos and account on its work when dealing with CSR. Transparency is crucial when building company reputation. The organisation must be known of keeping its commitment and treat people with respect.

Business relationships –the organisation should aim to be fair and honest with all business partners and track its business partners' CSR programs to ensure that they are not, in theory, incompatible with the company's programs. RBM must set guideline when dealing with CSR programs and monitor KPIs to ensure compliance

Community involvement –The Company's relationship with the host communities should be free, truthful, clear and constructive. There shouldn't be different voices coming from the same community but referring to the same matter. RBM must create a platform for the community to comment of CRS project and to submit projects they wish to see being pursued

5.5 CONCLUSION

The chapter summarised the study, presented contributions to the CSR study and recommended process to be followed when doing community engagement. The aim and objectives of this study have been met, by exploring the complexities of the working relationship between Richards Bay Minerals and communities of Kwa Sokhulu and Kwa Mbonambi

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APPENDIX A: DATA COLLECTION TOOL

The following are the research questions, they are in-line with the identified problem. Answering this question will be answering research objectives.

1. What are the needs of the community members of Sokhulu and Mbonambi?

- Has RBM conducted community needs assessment?
- What are the community needs that were identified?
- Has RBM conducted skills assessment?
- What are the skill profiles and what are the needed skills in the community?
- How often RBM does gives back to the community of Sokhulu and Mbonambi?
- What sort of community outreach projects does RBM do for the hosting communities?
- What is the percentage of the employees of RBM which comes from the hosting communities?
- Are there programs tailored according to the needs of the community?
- How many locals are employed by RBM?
- What kind of jobs are they employed in?

2. What are the expectations of the community members from Richards Bay Minerals?

- Is there a forum of engagement between the community and RBM?
- Does RBM have a liaison personnel tasked with the responsibility of being the communication conduit between RBM and the community?
- What are the set of formal requests from the community to RBM?
- What were the identified community development request to RBM?
- Does RBM meet the needs of the KwaMbonambi or Sokhulu area?
- What does social Labour Plan entail?
- Does RBM implements the programs and projects in line with the approved Social Labour Plan?
- How often does the hosting communities strike?
- What are concerns and grievances from the affected communities? When the hosting communities strike, what sort of grievances do they raise?

3. What are the Community Social Responsibility Investment plans of Richards Bay Minerals for the Sokhulu and Mbonambi communities?

- What does corporate social responsibility and investment mean to RBM?
- What does CSRI mean for the community?
- What sort of projects and programs does RBM consider as CSRI?
- What projects are they currently implementing in the community under CSRI?
- Does the CSRIP made sustainable projects and programs for both communities?
- Were there any consultations with the affected communities to discuss CSRIP?
- What formal CSRIP proposal sent to the host communities?
- Which members of the community have benefited from the CSRIP, and what do they benefit apart from the creation of jobs?

4. What are the Gaps between the needs and expectations of the communities as well as Community Social Responsibility investment plans of Richards Bay Minerals?

- Are the hosting communities happy with the CSRIP that RBM presented to them?
- What are some of the issues that they have raised?
- What RBM has done to address this issues?
- Looking at the needs and the then programs and projects of RBM, is there a solid alignment?

5. What is the impact of RBM towards improving the quality of lives of the local communities?

- How many SMMES companies has RMB formed and supports?
- What do those SMMEs do and have they been successful?
- How many employees are hired from host communities?
- Can they support their livelihoods with salaries they receive?
- Does the people of KwaSokhulu and kwaMbonambi get a preference for RBM vacancies/posts?
- How does RBM improve the livelihoods of the youth of the host communities?

- How many young people from the host communities have benefited from the RBM bursary over the last 10 years?

Investigator's signature..... Date.....

Signature of Participant..... Date.....

APPENDIX B: ETHICAL CLEARANCE



20 August 2019

Mr Makitimela Anthony Tloubatla (218077866)
Grad School Of Bus & Leadership
Westville

Dear Mr Tloubatla,

Protocol reference number: HSSREC/00000117/2019

Project title: The role of Richards Bay Minerals (RBM) on the sustainable local economic development of KwaMbonambi and Sokhulu communities

Full Approval – Expedited Application

This letter serves to notify you that your application received on 06 August 2019 in connection with the above, was reviewed by the Humanities and Social Sciences Research Ethics Committee (HSSREC) and the protocol has been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number. PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

This approval is valid for one year from 20 August 2019.

To ensure uninterrupted approval of this study beyond the approval expiry date, a progress report must be submitted to the Research Office on the appropriate form 2 - 3 months before the expiry date. A close-out report must be submitted when study is finished.

You

Dr Rosemary Sibanda (Chair)

Humanities & Social Sciences Research Ethics Committee
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Website: <http://research.ukzn.ac.za/Research-Ethics/>

Founding Campuses: ■ Edgewood ■ Howard College ■ Medical School ■ Pietermaritzburg ■ Westville

INSPIRING GREATNESS

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