

**Developing a Corporate Social Responsibility
(CSR) framework for the diamond mining
industry in Zimbabwe: The case of Mbada
Diamonds Company**

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Thesis submitted for the degree *Philosophiae Doctor* in
Development and Management with the curriculum *Corporate
Social Responsibility* at the Potchefstroom Campus of the North-
West University

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Graduation: October 2018

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ACKNOWLEDGEMENTS

I wish to extend my heartfelt gratitude to the following persons and institutions that contributed to the completion of this study:

- My promoter, Prof. Eddie Bain, for his kind support, guidance and exposure he gave me during the course of the study;
- My parents and especially my mum, Christine Rhoda, for setting a path to my academic journey;
- My sister, Rachael, and North-West University Research and Capacity Development for making it possible through important financial support;
- The North-West University Statistical Advisory Services for assisting with data analysis;
- Declan and Meghan for their belief in Daddy;
- To my wife, Mazvita, for all her love and encouragement;
- All the respondents who participated in the study;
- My editor. Renée van der Merwe for the language editing of my work; and
- Sekuru Simbi for the provision of transport during data collection.

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Dear Sir/Madam

This serves to confirm that I have edited a thesis submitted by Moment Tembo entitled "DEVELOPING A CORPORATE SOCIAL RESPONSIBILITY (CSR) FRAMEWORK FOR THE DIAMOND MINING INDUSTRY IN ZIMBABWE: THE CASE OF MBADA DIAMONDS"

While I have suggested various changes, I cannot guarantee that these have been implemented nor can I take responsibility for any other subsequent changes or additions that may have been made.

Yours faithfully

Renée van der Merwe

ABSTRACT

Corporate social responsibility (CSR) is a growing concept in Africa and in Zimbabwe in particular. The CSR concept is also disputed and varying in execution and attainment of outcomes in relation to contexts and within different sectors of the economy. As such, in the mining sector of Zimbabwe, the researcher undertook to investigate what the experiences were of the communities adjacent to Mbada Diamonds, a diamond mining company, in rural Marange in the province of Manicaland, Zimbabwe. The research also focused on the perspectives on Mbada Diamonds by the representatives of non-governmental organisations (NGOs), officials of local government, the Zimbabwe Mining Development Corporation and the management of Mbada Diamonds.

The mining sector in Zimbabwe is presented as having high socio-economic and environmental impacts. As such, mining corporates are expected to carry out CSR activities in order to mitigate risks such as displacements and resettlements as well as poverty. It is submitted that carrying out such activities reduces risks of conflict with local stakeholders and improves income for the company as well as the ability to provide sustainable development through the improvement of community infrastructure.

Mbada Diamonds at Marange has been in the limelight for its lack of proper implementation of CSR, which in many ways ignored both the international, regional, and local policy regulatory frameworks of CSR. The study found that Mbada Diamonds did not engage meaningfully with the mine-impacted communities in order to carry out CSR projects in terms of stakeholder engagement principles. The study concluded that Mbada Diamonds did not include in their corporate governance at Marange meaningful human rights practices, CSR vision and mission, CSR management practices, environmental management practices, or the adoption of CSR policies for the benefit of all stakeholders.

A conceptual framework was developed from the literature and the empiric evidence which outlined the gaps found in both the literature and empiric evidence in terms of CSR benefits, CSR environment, CSR management, CSR policy, and CSR vision and mission. A schematic presentation depicting the development of the conceptual framework was presented.

The study recommended that Mbada Diamonds should provide benefits for all stakeholders which include the provision of better living conditions and health and

education facilities for both hosting and relocated communities. It is essential to provide local employment, community business and sustainable and meaningful development projects. It is also submitted that the vision and mission for Mbada Diamonds should be people centred, and seen to be respecting environment ethics and the upholding of both community and individual human rights. Both the government of Zimbabwe and Mbada should also have policies for relocation and compensation, policies for community participation, and policies which are aligned to regulation and community decisions.

KEY TERMS: community engagement; corporate governance (CG); corporate social responsibility (CSR); Environmental impacts; Mbada Diamonds; socio-economic impacts; sustainable development; Zimbabwe's mining sector

ACRONYMS AND ABBREVIATIONS

AMV	Africa Mining Vision
CAC	Convention Against Corruption
CCCG	Commonwealth Code on Corporate Governance
CDA	Community Development Agreement
CLA	Communal Lands Act
CSR	Corporate social responsibility
CSOTs	Community share ownership trusts
CPP	Corporate social performance
DFDR	Development Forced Displacement and Resettlement
DRC	Democratic Republic of Congo
EIA	Environment impact assessment
EITI	Extractive Industry Transparency Initiative
EMA	Environmental Management Authority
EU	European Union
FDI	Foreign direct investment
FPIC	Free, prior and informed consent
FPRW	Fundamental principles and rights at work
GDP	Gross domestic product
GMI	Global Mining Initiative
GRI	Global Reporting Initiative
HIV/AIDS	Human immune virus/Acquired immunodeficiency syndrome
ILO	International Labour Organization
IFC	International Finance Corporation
IR	Integrated Reporting
ISCT	Integrated social contracts theory
ISO	International Standards Organization
JSE	Johannesburg Stock Exchange
KPCS	Kimberley Process Certification Scheme
MIDR	Mining-induced displacement and resettlement
MDG	Millennium Development Goals
MMA	Mining and Minerals Act
MMSD	Mining metals for sustainable development
MOU	Memorandum of understanding
NEEA	National Economic Empowerment Act
NEPAD	New Partnership for African Development

NGO	Non-governmental organisation
NPR	Net positive return
NWU	North-West University
OECD	Organisation for Economic Corporation and Development
OSISA	Open Society Initiative for Southern Africa
PPP	People, planet, profit
RDED	Rio Declaration on Environment and Development
RMI	Responsible Mining Initiative
SARW	Southern Africa Resource Watch
SARB	Southern Africa Resource Barometer
SADC	Southern Africa Development Committee
SD	Sustainable development
SDA	Sustainable development agreements
SDRA	Sustainable Development Report on Africa
SLO	Social license to operate
SPSS	Statistical Package for Social Sciences
STATSSA	Statistics South Africa
SR	Sustainable reporting
UDHR	Universal Declaration on Human Rights
UN	United Nations
UNDP	United Nations Development Program
UNGC	United Nations Global Compact
USD	United States dollar
WBSD	World Business Council on Sustainable Development
ZELA	Zimbabwe Environment Lawyers Association
ZMDC	Zimbabwe Mining Development Company
ZMDCA	Zimbabwe Mining Development Company Act
ZMRTI	Zimbabwe Mining Revenue Transparency International
ZIMASSET	Zimbabwe Agenda for Sustainable Socio-Economic Transformation
ZIMPLATS	Zimbabwe Platinum Private Limited
ZIMSTATS	Zimbabwe Statistics Department

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CHAPTER 1: BACKGROUND, PROBLEM STATEMENT, OBJECTIVES AND METHODOLOGY

1.1 Introduction

Africa is a continent with vast natural resources which include oil, minerals such as diamonds, agricultural products and many more (Spiegel, 2014:261). As such, the demand for natural resources from African countries by emerging economies such as China, India, and South Korea has been dubbed the second scramble for Africa (Naidu & Mbazima, 2008:757; SARW, 2013:4). During the 19th Century, the Western countries scrambled for political territories in Africa in order to get raw materials for the rapidly developing industries in Europe nicknamed 'the scramble for Africa'. The need for resources in the 21st century by the Asian tigers from African mineral resources is also called the second scramble by Naidu and Mbazima (2008: 757) as similar in nature with the first scramble. The impact of this scramble to obtain natural resources from, for example, the mining industry operations, has both positive and negative impacts on adjacent communities and society in general.

On the positive side, mineral extraction attracts foreign direct investment (FDI), thus boosting foreign investments that can provide new development of infrastructure, technology, and industries which create employment in African countries (Pogue, 2000:4). In Zimbabwe, for example, mining contributed 17 and 18 per cent of the gross domestic product (GDP) of the country during the years 2014 and 2015 respectively (ZIMSTATS, 2015). However, in spite of the commencement of mineral extraction in Zimbabwe in the latter stages of the previous century, the country is still largely under-developed on most fronts. Instead of an increase in developmental activities due to mining activities such as mineral extraction, low economic growth remains a reality in many mineral extracting countries (Bulte, Dementia & Deacon, 2005:1030). Therefore, Zimbabwe is faced with high levels of inequality and poverty.

Wiig and Kolstad (2010:180) add that the presence of minerals is arguably more of "a curse rather than a blessing" in Africa. Many theories support this assertion, for example, the theory of underdevelopment and the resource curse theory, which argue that the presence of mineral resources in Africa is associated with negative economic development and growth (Murombo, 2013:45).

1.2 Contextualisation

According to the Southern Africa Resource Watch (2013:4), mining companies' profits in Africa are increasing but at the cost of the socio-economic and environmental well-being of African communities. There are large deposits of mineral resources in, for example, Zimbabwe, the

Democratic Republic of the Congo (DRC) and Nigeria, where local and international mining companies extract large quantities of minerals. However, the constant political, service delivery and cultural conflicts between governments, communities and civil society are directly or indirectly linked to questions of mineral resources equity (Murombo, 2013:42). In many instances communities feel marginalised when it comes to political interventions in mining activities and also because corporate mining companies exclude them from financial and economic gains from profits made by such corporations (Ikelegbe, 2005:220). Weak political governance of public and private mining companies' activities creates loopholes leading to a constant loss of revenue through tax evasion and corruption by such mining companies. Money lost in this manner could have been utilised to create economic and social welfare for the communities which live under the direct influence of the activities of such companies (SARW, 2013:6).

The cases above summarise the inconsistencies of mineral exploitation by companies and the practical outcomes of far little socio-economic developments experienced in many African societies. Mining companies are then criticised by communities who are directly affected by the mining activities for the over-exploitation of mineral resources without actually improving the quality of their social and economic lives. Murombo (2013:37) argues that in such cases, mining activities are labelled a curse by communities.

Pressend and Othieno (2009:10) argue that in the developed world the philosophy is that natural resources are there to be "harvested" by private corporations, even if it is at the social and economic cost of the indigenous people. In terms of this philosophy there is thus no need to address or improve the livelihoods of communities through mining activities. Also, from a corporate social responsibility (CSR) view, this situation is aggravated by a mining-induced displacement and resettlement (MIDR) of adjacent communities (Owen & Kemp, 2015:481). Where there is MIDR, there are normally social and economic implications for communities who are displaced in an uncoordinated and unsustainable way (Farrell, Hammann & Mackres, 2012:199; Owen & Kemp, 2015:481). Murombo (2013:49) and Hodge (2014:6) add that mineral extraction and processing activities usually come at a cost to the mining-impacted communities, and they also indicate that the natural environment around mines is severely scarred by mining activities if not addressed properly.

If mining companies are reluctant to take up their social responsibility of communities, their actions will lead to the following severe conditions:

- Environmental degradation,
- Health and safety issues,
- Gender and cultural issues,

- Human rights violations,
- Disruptive and violent actions by communities,
- Large-scale water-borne diseases, and

Severe general pollution of the area around the mine (Matangi, 2006:605; Southern Africa Resource Watch, 2013:1; Swatuk, 2010:532).

A country's public institutions are also responsible for ensuring that mining companies implement CSR principles because the government is ultimately responsible for the well-being of its total population. A country with effectively functioning public institutions tends to ensure that the private sector addresses their CSR activities responsibly, which will ensure that communities in that country also benefit from mining operations (Collier & Goderis, 2007:178). Effective functioning institutions are those democratic instruments and institutions of state that enforce transparency and accountability in both public and private sectors (Collier & Goderis, 2007:179). In contrast, Wig and Kolstad (2010:187) argue that ineffective government institutions negatively influence effective CSR actions as laid down by the 'resource case' theory. This theory states that the lack of CSR interaction between government and corporates in the extractive mining industry has a negative impact on communities and the environment. This means that sustainable development is not properly attended to in that neither the state nor corporate governance take CSR responsibility into account, and as a result, communities remain under-developed (Murombo, 2013:45).

In accordance with the business case theory, corporates are expected to be profit-making, but at the same time they must be responsive to the principles of sustainable development (Neal, 2008:465). This theory emphasises the notion that business is operational because of its financial viability and that profit-making is its core business. However, it also states that a business should take responsibility for the social and economic development of its surrounding communities. The view in accordance with this theory is that mining corporates must be doing financially well, but doing well in terms of their stakeholders is also important. A business such as a mining corporation should thus not only attend to its core business (financial gain) but also to its responsibility towards creating a better society (Kurucz, Colbert & Wheeler, 2008:84). This entails that a mining corporation must invest in communities and thus become key contributors to sustainable development (Hodge, 2014:6). The International Council for Global mining (2014:7) pointed out that the focus should not only be on sustainable financial mining, but also on how the mining of minerals should contribute to sustainable development of their surrounding communities.

The stakeholder theory, according to Crane, McWilliams, Matten, Moon and Siegel (2008) on the other hand, deals with stakeholders' competing interests. Therefore, managers must use

discretion in managing different stakeholder interests (Parsons, Lacey & Moffat, 2014:87). The recognition of community laws and hyper-norms must be utilised to determine who the stakeholders are and the development of an instrument that can be used by mining managers to deal with resource allocation among stakeholders (Crowther & Aras, 2008:15). Hyper-norms are universal norms that are fundamental to human existence (Donaldson and Preston, 1995:265). In brief, the stakeholder theory is core to CSR as it creates reputational and legitimacy value through the improvement of the corporates' financial, ethical and social performances obtained through complying with community laws, norms and ethics.

In spite of a mining company's economic responsibility, the CSR context of a company should also take responsibility for a community's welfare. This is, from an ethical point of view, the correct way to act and is also included in the CSR normative¹ and non-normative² theoretical perspectives of du Plessis (2005:9) and Simpson and Taylor (2013). Mining operations are therefore not exempted from ethical principles, standards, codes and ethical guidelines that lay the foundation for CSR conduct by mining corporates (Lockett, Moon & Visser, 2006:115; Fombrun, 2005:7). The ethical roots of CSR should therefore be embedded in society's expectations of the ethical obligations of corporates to creating sustainable awareness, and setting guidelines and interventions on their socio-economic and environmental activities (Barnet, Darnall & Husted, 2015:63).

CSR principles and conduct in accordance with these activities should include corporate-specific ethical codes of conduct in dealing with the environment, human rights, fairness to suppliers and customers, and opposition to bribery and corruption (McBarnet, Voiculescu & Campbell, 2007:10). An understanding of the CSR principles and related conduct can provide the knowledge and understanding of how corporations relate to their social, economic, and environmental responsibilities.

This research explored the principles of CSR and how Mbada Diamonds in Zimbabwe addressed the CSR phenomena in practice on the Marange mining fields of Zimbabwe. Mbada Diamonds location on site assimilated about 29 villages which needed some resettlement because they were sitting either on top of the precious stones or too close to the diamond mine. This meant that the mining activities of Mbada Diamonds had an impact on the social and economic activities of a large number of villagers in Marange. In all the Mbada Diamonds' mining fields there are tributaries flowing into the Save River from the east and the Odzi River from the west of the mining

¹ The normative perspective argues that corporates ought to have a moral obligation to look after stakeholders' interests (Asif *et al.*, 2013:9)

² The non-normative approach focuses on the gains that are accrued as a result of adopting CSR activities/models (Asif *et al.*, 2013:9).

sites, resulting in social, economic, and environmental and natural impacts. The triple bottom line components (social, economic, and environmental factors) have therefore become threatened. The study also focused on existing CSR policies and practices of the Mbada mine and how they addressed the socio-economic and environmental needs of the adjacent communities.

The external political environment of Zimbabwe and the government's role regarding CSR contextualised this study. The study is scientifically founded on well-known CSR theories which also acted as a framework to understanding how Mbada Diamonds should address its CSR responsibilities to its adjacent communities.

This research has explored the gap between CSR principles and practice by the mining extractive industry in relation to the CSR principles, as well as its influence on social development transformation at Mbada Diamonds in Zimbabwe. The research's central focus was on the interaction of this mining company with its major stakeholders (the adjacent communities) and how the mine addresses its CSR.

1.3 Problem statement

Zimbabwe has for the past decade gained the global attention for its mineral resources. The government's conflicting political and economic relations with Western countries, resulting in an economic downturn, encouraged the government to have closer ties with Eastern bloc countries, and China is an important role player in this regard (Busse, Erdogan and Muhlen (2016:19)). As a result, the Chinese are being given more access to Zimbabwean natural resources than any other country. Interestingly, the Zimbabwean government sees this outreach to China not only as an economic proposition, but also as key to political survival (Spiegel, 2015:261).

According to Zadek (2009:11), the Chinese are not sincere when it comes to undertaking CSR. This perception supports the fact that most Chinese mining businesses (Mbada Diamonds is half-owned by a Chinese consortium) in Zimbabwe ignore and lack strategies of socio-economic and environmental development (Zadek, 2009:10). As a national perception, this can be verified by the following statistics:

The United Nations Development Report (2009) on mining in Zimbabwe argues that minerals can contribute 2 billion US dollars to the economy of Zimbabwe annually. Yet, only US300 million was contributed to the Zimbabwe GDP in 2014. Public opinion and public forums, media and civil society were dissatisfied with this state of affairs and the mining sector at large. This dissatisfaction with the mining companies' socio-economic activities does not, however, end there. Communities are also dissatisfied with the manner in which mining companies address their CSR practices. This phenomenon is also reported at Marange, the area in which the Mbada

Diamonds operate (Ashton, Love, Mahachi & Dirks, 2001:26). Spiegel (2015:265) posits that mining activities disrupt the natural environment, for example, through the negative impacts on environmental eco-systems. The mining communities also experienced a negative impact in the form of violence, crime, prostitution, displacement, loss of livelihood, distortion of traditional practices and human rights abuses (Hawkins, 2009:456; Murombo, 2013:47). As is shown in this research (see Chapter 4), the above situation is also present at Mbada Diamonds and the question arises whether the corporate understands its responsibilities towards negative impacts and will adopt CSR policies towards minimizing such negative impacts.

In addition, the Zimbabwe economy is emerging from a period of hyper-inflation of more than a billion per cent and high levels of unemployment (more than 80 per cent in 2015) (Spiegel, 2012:76). Instead of diamond mining becoming a potential economic lifeline for the country to turn the economy around, the general perception is that the companies at Marange are actually extracting resources without being properly accountable. This is also the case with Mbada Diamonds and it seems that the mining management focuses only on draining the area economically without addressing the needs of the adjacent communities.

This is against a background of diamond production at Marange reaching 8.2 million carats in 2010, 8.7 million carats in 2011, and 12 million carats in 2012, comprising 13 per cent of the world's rough diamonds (about 16.9 million carats) in 2013 (Muchadenyika, 2015:48). However, according to Sibanda and Makore (2017:3), none of the profits of these mining activities reached the communities and social-economic developments received scant attention.

Given the foregoing discussion, the general research question was constructed as follows: *How can the theoretical foundation and principles of CSR be included in a CSR framework that can guide mining companies, such as the Mbada Diamond Company in Zimbabwe, in addressing their social responsibilities to the adjacent communities?*

1.3.1 Research questions and objectives

Specific research questions and objectives within the ambit of the general research question are identified as follows:

1.3.2 Specific research questions

- Which theories, models and approaches form the foundation of the practice 'corporate social responsibility'?
- What is the understanding of CSR in the Zimbabwe mining industry and what does it entail at the hand of international, regional and national policy regulatory frameworks?

- How do Mbada Diamonds and its adjacent communities perceive the CSR activities of the company? (Empirical investigation based on the knowledge gained from chapters 2 and 3, interviews, questionnaires).
- What does the theoretical foundation entail regarding the development and building of conceptual frameworks?
- How can a conceptual framework be developed and built to guide the mining industry in Zimbabwe with the Mbada Diamonds as locus?

1.3.3 Specific research objectives

- To conduct an analysis of theories, models and approaches which form the foundation of the phenomenon corporate social responsibility;
- To understand what CSR in the mining industry in Zimbabwe entails at the hand of policy regulatory frameworks;
- To explore how Mbada Diamonds and its adjacent communities perceive the CSR activities of the company (Empirical investigation based on the knowledge gained from Chapters 2 and 3, interviews, questionnaires);
- To determine what the theoretical foundation entails regarding the development and building of conceptual frameworks; and
- To develop and build a conceptual framework to guide the mining industry in Zimbabwe with the Mbada Diamonds as locus.

1.4 Central theoretical statements

The stakeholder theory suggest that a business should be managed to be economically profitable, law-abiding, and ethical and socially supportive (Carroll, 1999:286; Kolk & Tulder; 2010:120). The stakeholder theory is built on the recognition that corporates have both negative and positive impacts on societal development (D'Amato, Henderson & Florence, 2009:8), and therefore should utilise their core competencies to go “beyond compliance” and add value in mining-impacted communities (Rodriguez, Siegel, Hillman & Eden, 2006:736).

If corporates are able to balance stakeholders’ interests (Kerr, Janda & Pitts, 2009:483; Keith, 2010:20) through stakeholder engagement, company-wide commitments and strategies, measurable targets for improvement, training, CSR management practices, and reporting (Cochran, 2007:455; Keith, 2010:20), then they are capable of economic transformation in communities.

The Triple-P concept, namely people, planet, profit (PPP), focuses on business that is aware of doing business while serving both the planet and humanity well (Van Tulder & Van der Zwart,

2006:120). If the Zimbabwean extractive industries make use of PPP principles, corporates can stand out as agents of sustainable development.

According to Wempe (2008:697), mining corporates are bound by societal norms and ethics to undertake corporate social activities as assumed by the social contracts theory. The integrated social contracts theory (ISCT) argues that there is a social contract between society and corporates which is maintained by the respect (self-discipline by corporates) of ethics and norms (hyper-norms) found within the specific society (Dunfee, 2006:303; Auchter & Dziwewa, 2013:208).

The adoption of CSR principles by corporates derives advantages for both the corporate and the mining host communities (Husted, 2003:481; D'Amato *et al.*, 2009:5). CSR consciousness in satisfying key stakeholders in accordance with the stakeholder theory creates a business environment conducive to the fair distribution of wealth in communities, ethical environment practice and business competitiveness (Hopkins, 2003:2; Jenkins and Edwards, 2006:2). CSR includes both monetary and non-monetary benefits (Weber, 2008:250). Some of the direct monetary advantages of CSR include retention of talented workers (Sprinkle & Maines, 2010:180), increase in market share, and risk management (Li, 2014:450), whereas non-monetary benefits comprise, for example, the social license to operate (SLO) (Thompson & Joyce, 2015:84; Lacey & Lammont, 2014:832) and ultimately sustainable development (SD).

However, there is no universal model for CSR; theories and models differ globally and in context. According to Griffin (2000:480), CSR is not uniform but relies on variables such as time, culture, industry and context; what Wood (1991:703) describes as "environmental conditions" which refer to the assessment of changes within evolving norms, beliefs, values and definitions. Therefore, there is a need to identify a CSR framework that contextually addresses CSR for Mbada Diamonds and the diamond mining industry of Zimbabwe in general.

In order to explore and develop a framework for CSR strategy in the diamond mining sector in Zimbabwe, the following research methodological framework was utilised.

1.5 Research methodology

The following section provides a discussion on the research design, methodology, population and sampling, data collecting instruments, strategy for data analysis and reliability and validity of the study.

1.5.1 Research design

A research design is described by Schreiber and Asner-Self (2010:30) as a systematic process of active inquiry and discovery through collecting, analysing, and inferring from data in order to

understand a given phenomenon which is to be investigated. According to Brynard and Hanekom (2006:7), there are a number of research designs available which can be categorised into two groups, namely basic and applied research. For the purpose of this research, applied research is utilised based on the fact that the outcome of the research advances the fundamental knowledge about the human world. This means that a number of relevant literature sources, theoretical books, journals and Internet sources were reviewed. According to Graziano and Raulin (2004:43), literature must be examined to learn how to conceptualise, measure and test ideas. The above authors maintain that the careful examination of literature is an important part of research because there is no room for vague ideas in a scientific study (Graziano & Raulin, 2004:43). The literature review included material from Zimbabwean sources as well as international literature on CSR. The literature study included an analysis of international, regional, and national codes and legislation on CSR. The following sources were consulted to ensure that there is sufficient material for this research:

- Catalogue of theses and dissertations from the North-West University;
- Catalogue of books from Exclusive Books International;
- The Internet;
- Scholarly articles in journals;
- Academic conference papers; and
- Legislation, policies, frameworks, models, processes and theories pertaining to CSR conceptualisation and implementation by mining companies and its effect on mining communities.
- The researcher also attended two conferences on mining impact and CSR organised by the Bench Marks Foundation (BMF).
- On the website for Mbada Diamonds, there was no information that the researcher could have used especially corporate annual reports and visions or mission statements. What the researcher obtained on the vision and mission for Mbada Diamonds was gathered from secondary sources.

1.5.2 Methodological approach

A mixed-method approach was utilised. A mixed method involves the use of both quantitative and qualitative methods of data collection and analysis which best meet the need of the research purpose. Creswell (2014:215) defines a transformative mixed method as "...a pragmatic approach to research which liberally draws methods from both quantitative and qualitative databases." It uses a social lens drawn from social justice or power as an overarching perspective within a design to converge data or use it sequentially building on the other database (Mertens, 2010:470).

Table 1.1: Advantages of a mixed method approach

1.	Used to check the validity of the other databases.
2.	One database could explore different types of questions than another database.
3.	One database could lead to better instruments when instruments from another database may not be well suited for a certain sample of the population.

Source: Creswell, 2014

1.5.2.1 Quantitative data collection

A semi-structured questionnaire in the form of a Likert scale and explanations (see Annexure B) was utilised to collect the quantitative data. The questionnaire intended to collect the quantitative data on what the respondents perceived as the CSR activities for Mbada Diamonds as well as to provide explanations or a qualitative description of their responses. As such the researcher developed a questionnaire with both a quantitative Likert-scale questionnaire and qualitative explanations. The Likert-scale approach determined the respondents’ perspective through choosing one of four responses, as per a pre-determined four-point rating scale. For each statement they were required to indicate whether their response to the statement was most important (1), important (2), little important (3) or not important (4) by ticking the most appropriate box to provide the information required by the researcher. This approach became therefore the starting point in determining what the respondents perceived of the CSR activities of Mbada Diamonds.

1.5.2.2 Qualitative data collection

A qualitative research approach aims to achieve an in-depth description within a particular situation and social setting (Mouton, 2007:443). As discussed in section 1.5.2.1 above, the data collection questionnaire was semi-structured. In semi-structured questions, structured and unstructured questions are used. The unstructured questions have a descriptive approach and are therefore qualitative (Patton & Cochran, 2002:23). The descriptive format was intended for further explanations or to follow up on the initial quantitative questions. The respondents, who included the local government, Mbada Diamonds, the Environmental Management Agency, the Zimbabwe Mining Development Corporation, representatives from non-governmental organisations (NGOs) and 75 from members of the community (both relocated and not), provided their explanations as a follow up to their quantitative responses.

A structured interview was also utilised in the study to cater for those who did not have time to fill in the questionnaire. According to Phellas, Bloch and Seale (2011:183), structured interviews or

scheduling are those interview questions which are systematic and similar in nature in such a way that every interviewee is asked the same type of questions. Interviews were conducted with the leader of a particular civil rights group and those respondents who were not able to read or write (names withheld for confidentiality). The face-to-face interviews took place at the convenience of the participants.

1.5.3 Population and sampling

A population refers to a target of individuals or groups with common characteristics that suit the researcher's interest when conducting a study (du Plooy, Colliers, Davies and Bezuidenhout (2014:132). A population or total population is the entire group from which a researcher will obtain information on a certain subject. In many instances, the total population is too large it is then necessary for the researcher to select a target group, which will then be regarded as representative of the whole population (Yin, 2008:111).

The researcher adopted a non-probability sampling method where the researcher continuously collected data until each category was saturated. This type of sampling is described as purposive sampling by Glaser, Barney and Anselm (1967:46). In sampling, it is essential to carefully select the most appropriate informants before beginning data collection. A purposive selected sample of 100 respondents was derived from a carefully selected population of the people who were regarded by the researcher to be stakeholders for Mbada Diamonds mine. Relevant characteristics of respondents in population and sampling are essential as data collection should be relevant to the focus of any study (Mugo, 2002:7).

A total of five (5) respondents were derived from each organisation, namely the local government, Mbada Diamonds, the Environmental Management Agency, the Zimbabwe Mining Development Corporation, representatives from non-governmental organisations (NGOs) and 75 from members of the community (both relocated and not) (see Table 1.2):

Table 1.2: Sampling size

ORGANISATION	SAMPLE
Local government	5
Mbada Diamonds	5
Environment Management Agency	5
Zimbabwe Mining Development Corporation	5
Non-governmental organisations	5
Community members	75
Total	100

Source: Own construct

The researcher conducted a door to door method during data collection from the community members and no respondent refrained from responding. Respondents from the local government, Mbada Diamonds, Environment Management Agency, Zimbabwe Mining Development Corporation and non-governmental organisations were visited at their offices and only two respondents chose an alternative meeting at a restaurant. All the respondents gave their official position within the capacity of their offices. However, there was also room for them to provide their personal perspective which was unofficial.

1.5.4 Data collection instruments

As discussed in section 1.5.2, this research study followed a transformational mixed method and under this method a semi-structured questionnaire was administered to all respondents. A semi-structured questionnaire is defined as the administration of a questionnaire with both guided (quantitative) and unguided (qualitative) responses giving the respondent an opportunity to explain and elaborate on other facts (Creswell, 2003:216). This gave the researcher an advantage for the analysis of further explanations and valuable insight. This questionnaire made provision for respondents to indicate their preference of selection on a four -point Likert scale (see section 1.5.2.1 above). The data collection instruments were carefully selected to suit the selected sample composition. In addition, not only where the instrument determined by the sample composition of the respondents but also primarily by the research questions. The researcher also gathered and interpreted information on CSR strategies for Mbada Diamonds through the semi-structured questionnaires. The results of the quantitative and the qualitative responses are presented in Chapter 4.

1.5.5 Strategy for data analysis

Data analysis is a way to give a clear meaning of the collected data during research so that it can be comprehended (Hatch, 2002:148). This section describes how both the quantitative and qualitative data were analysed. For this study, data was converged and sequentially analysed with one database building on the other as espoused by the mixed method (Creswell, 2014:215). The themes (variables) the researcher was interested in included CSR benefits, CSR vision and mission, CSR environment, CSR management, CSR policies, and CSR human rights.

1.5.5.1 Quantitative data analysis

Quantitative data was analysed by the North-West University Statistical Consultation Services using the SPSS Program Version 22.0. The data was then presented in the form of Figures and Tables and interpreted in Chapter 4 of this study. The Statistical Consultation Services of the North-West University provided the data in terms of co-efficiency for reliability, mean, standard deviations, correlations and frequency tables.

Cronbach alpha co-efficiency

Cronbach alpha coefficients were calculated for each factor to determine the internal consistency reliability of factors. According to Eislene *et al.*, (2005:114) the closer the alpha value is to 1, the better the internal consistency (reliability) of the scale. The internal consistency of each of the factors was assessed by calculating Cronbach alpha and the value >0.7 was considered to represent a sufficient standard of reliability for this study.

Factor means and standard deviations

The mean and standard deviation as a form of descriptive statistics denotes how measurements of a group are spread out from the average or the expected value. The lower the standard deviation, the closer the cluster is to the expected value (Smith, Mazibuko & Muzvidziwa, 2015:458).

Correlation

The Pearson correlation was carried out to find the relationship of CSR activities and different variables and to determine the strength of each relationship by the use of correlation coefficients.

Frequency tables

The Statistics Consultant Services for the North-West University provided the frequency tables on each tested variable. The frequency tables were then presented in the form of figures in Chapter 4. The figures presented how frequently each response from most important (1), important (2), little important (3) or not important (4) were a respondent's choice.

1.5.5.2 Qualitative data analysis

Qualitative data from the open-ended explanations on the questionnaire was broken into manageable themes (Mouton, 2001:108). The themes identified included CSR benefits, CSR vision and mission, CSR environment, CSR management, CSR policies and CSR human rights. As such, the researcher analysed the patterns, trends and relationships of these themes. The qualitative data was presented in Chapter 4.

1.6 Ethical considerations

Ethical considerations are a vital part of research. The Research Ethical Committee of the North-West University (NWU) functions to serve as the guideline for ethical considerations in research. Postgraduate students are expected to complete a Research Ethical Application Form before making contact with any participants of their research projects. The guideline communicates the scope of the research and the extent of ethical considerations regarding people and animals. The Research Ethical Committee of the NWU approved the commencement of the research project after the researcher had undertaken to abide by the regulations in the guideline. The Ethics Clearance number is NWU-00390-16-A7. Additionally, the following ethical considerations were continuously kept in mind while conducting this research:

- Voluntary participation (no participant was forced to take part in the research and participants were free to withdraw from the research at any moment);
- No harm to participants (the researcher ensured that no physical or psychological harm was done to the participants as a result of the study);
- Anonymity and confidentiality (all information gathered during the study was handled confidentially and permission from the participants was obtained that all the information thus acquired could be shared publicly); and
- No deception of the subjects (participants were informed about the aim, the purpose and the procedures of the study and were not deceived in any way).

1.7 Limitations of the study

Most of the respondents, above 90 per cent, were literate, and as such, could read and write. The few who could not were assisted by the researcher without influencing their responses. Another anticipated limitation was being denied access by the police and traditional authorities (chiefs and headmen). The researcher, however, used a student card and the letter for ethical clearance from the North-West University which explained that the study was entirely for academic purposes during the field work. As such, the researcher was allowed access to most of the key participants. The discussions with Mbada Diamonds' officials were conducted at their offices in Harare. This did not affect the study much as the researcher's aim was to observe activities around the mining fields. Due to the distance of the case area and expenses involved in carrying out a study, no pilot study was conducted. The researcher therefore visited the research field to undertake the actual study without a pilot study due to financial and time constraints.

1.8 Significance of the study

This study derived inspiration from the need to see sustainable development in societies with natural resources, in particular in the mine-impacted communities within the Mbada Diamonds operations. In this study it was found that the efficient use of mining resources in these mine-impacted communities could bring about sustainable development. Meaningful CSR practices, if applied effectively, reduce conflict and set a platform for societal transformation. This study, among others, contributes to furthering CSR as an academic practice, providing a framework for adaptive implementation of social, economic and ethical practices in Zimbabwe's extractive industry, with particular reference to Mbada Diamonds.

1.9 Conclusion

This chapter has outlined the steps followed by the researcher in assessing the impact of CSR projects of Mbada Diamonds at Marange in the Manicaland Province of Zimbabwe. The steps included the introduction of the chapter where the researcher pointed out the importance of mining in African socio-economic development but that the underdevelopment of most African countries, including Zimbabwe, continues, despite the availability of vast minerals. The chapter outlined that the inconsistency is mainly due to the lack of commitment to meaningful CSR activities by mining corporates. The researcher further contextualised the study by focusing on Zimbabwe, particularly the diamond mining sector at Marange. It was also pointed out that Mbada Diamonds has created the perception of not being supportive of socio-economic transformation for the adjacent communities and those affected by their diamond mining activities.

The chapter further outlined the general and primary research questions and objectives. Furthermore, the theoretical perspectives of the business focus on stakeholders were discussed, as well as the people, planet and profit objectives of business. The chapter pointed out that a social contract exists between corporates and stakeholders which should translate into a social license to operate (SLO) (to be discussed in detail in Chapter 2). The researcher then outlined the methodological framework of the study which included the research design, methodology, population and sampling, data collecting instruments, strategy for data analysis, and reliability and validity of the study. The limitations and significance of the study, as well as the chapter layout were also discussed.

1.10 Concept definition

Certain concepts are used throughout this study. It is necessary that these concepts be defined in order to ensure clarity and the correct application thereof. The following core concepts to this study are briefly mentioned below; they will be dealt with extensively in Chapters 2 and 3.

Sustainable development: This is development that meets the present needs without compromising the ability of future generations to meet their own needs.

Corporate responsibility: This refers to corporations' initiatives to assess and take responsibility for the company's effects on the environment and social well-being of communities or societies, or both.

1.11 Layout of the chapters

The chapters of this study are structured as follows:

Chapter 1: Introduction and background, problem statement and methodology of the study

This chapter discusses the introduction and background of the study and is structured as follows: the introduction, contextualisation, problem statement, the research questions and objectives, central theoretical and methodological framework, the limitations and significance of the study, and conceptual definitions. It concludes with the layout of the chapters.

Chapter 2: Literature review: CSR definitions, theories of CSR, CSR for development, risks in mining, advantages of CSR and challenges to CSR

Chapter 2 provides the literature review of the study which includes different interpretations and definitions of CSR and what it means in mining and development. In the chapter different theories which include Carroll's four dimensions' theory of CSR, emerging theories from Carroll such as

the classical theory, agency theory, institutional, and legitimacy theory are discussed. Also discussed is the basis of the study, namely the stakeholder theory and related concepts such as the social contracts, social licence to operate and free, prior and informed consent. In the chapter the contribution of mining corporates' CSR to development is also discussed. The chapter is concluded by the provision of risks found in mining, the advantages for adopting CSR and subsequent challenges.

Chapter 3: Mining regulatory framework: International, regional and local

The chapter is introduced by a discussion on how corporate governance is essential to the adoption and practice of CSR. This chapter also provides a description of international, regional and local regulatory frameworks influencing CSR practice and implementation in the Zimbabwean mining sector. In the chapter the emerging issues in CSR regulation and the adoption of different CSR regulations which were found to be discretionary and often voluntary, were also discussed.

Chapter 4: Data presentation and interpretation: Biographic information, stakeholder engagement, CSR management, and experiences

In this chapter the researcher presents and interprets the collected quantitative and qualitative data. The quantitative data was analysed by the North-West University Statistical Consultation Services from which interpretations were provided. The presentation was divided into biographic information, stakeholder engagement, and CSR management and experiences.

Chapter 5: Building a conceptual framework: Theoretical foundation and framework construction

In this chapter, the theoretical foundation for the construction of a conceptual framework is discussed, and subsequently a framework for Mbada Diamonds is provided based on the findings of the research.

Chapter 6: Conclusions, recommendations, strategic conceptual framework, areas for future studies and summary of the study

This chapter provides the conclusions, recommendations, strategic conceptual framework, areas for future studies and summary of the study.

The following chapter (Chapter 2) provides a literature review of the study which includes the definitions of CSR, theories of CSR, CSR for development, risks in mining, and advantages and challenges regarding the practice of corporate social responsibility.

CHAPTER TWO: LITERATURE REVIEW: CSR DEFINITIONS, THEORIES OF CSR, CSR FOR DEVELOPMENT, RISKS IN MINING, ADVANTAGES OF CSR AND CHALLENGES TO CSR

2.1 Introduction

In this chapter the researcher discusses the concepts and theories related to CSR that form the foundation of this study. A 'concept' refers to "...an abstract idea based on a phenomenon in reality which constitute an empirical generalisation" while a 'theory' refers to a set of related concepts which allows for escaping the confining particulars of data (Casanave & Li, 2015:107). A concept is therefore an idea and a theory is a connected set of ideas. The main purpose of this chapter is therefore to review literature covering CSR concepts and theories with a special focus on mining.

The concept CSR manifested in the 1950s and became a topical issue around the 1970s (Carroll, 2016:2; Smith, Mazibuko & Muzvidziwa, 2015:448). From the 1990s onwards, new concepts such as 'corporate citizenship', 'business ethics', 'corporate social performance', and 'sustainable development' emerged and are used in the management literature (Fassin, Van Rossem & Buelens, 2010:3). The concepts 'CSR' and 'business ethics' are used interchangeably in academic literature as illustrated by the central role of ethics in CSR (Garriga & Mele, 2004:52).

The business ethics in CSR concepts and theories relevant to corporates can provide conceptual frameworks and strategies for ethical and responsible mining by corporates that could benefit various mining communities in Zimbabwe. The Zimbabwean mining sector needs such a further conceptualisation of responsible and ethical mining practices, according to Smith, Mazibuko and Muzvidziwa (2015:449).

In order to further understand and conceptualise the business ethics of CSR in the mining sector of Zimbabwe, this chapter is organised as follows: The introduction is followed by an overview of CSR concepts where different CSR definitions are provided. The researcher goes on to discuss and summarise the theories derived from the CSR concepts of Carroll's pyramid, namely the classical theory, the agency theory, legitimacy theory, the stakeholder's theory and the instrumental/strategic theory. The selected mining-applicable theories are then discussed, namely the shareholder, stakeholder, and integrated social contracts theories. The link between CSR and community development in the extractive sector of Africa follows next in the discussion. The researcher also identifies and explains corporate risk factors in the mining industry, followed by the advantages of CSR and the challenges thereof. The researcher concludes by summarising the chapter and pointing out what is to be presented in the next chapter.

2.2 Overview of CSR

The concept of CSR has developed around the world from the 1950s in different names (emerging concepts), traditions and rationales (Carroll, 2016:1). The concept is based on varying moral philosophies, with translations and adaptations to cultural contexts (Kakabadse, 2007:13). The earliest scholars of CSR, for example, Bowen, in 1953, recognised the influence of business in society and sought answers to the available options that business influence can have within society. In the wake of rising social movements around the 1960s, the CSR scholarly definitions and conceptual work were further developed.

The scholarly work tried to provide answers to what influence business was expected to have on the issues (grievances) emerging from the civil rights movements, consumer movements, environmental movements and women's movements (Carroll, 2016:2). The various issues discussed in CSR included sustainable development, business ethics, corporate social contracts, corporate accountability, business in society, corporate citizenship and corporate governance (Kakabadse, 2007:13). Together, the social movement and the scholarly work on CSR set a course for the consideration and adoption of CSR into business management. The business managers became obliged to assume responsibility over the public good (Hamidu, Haron & Amron, 2015:84). Through CSR, business managers were viewed as public trustees who needed to balance the relationships between competing stakeholder claims and corporate resources. The different stakeholders' interests were instrumental in making business become more responsible so as to be compliant with regulations and transparency, and to contribute to societal development (Hamidu, Haron & Amron, 2015:84). The stakeholders' interests shaped the business responsibility not only to its shareholders for profit making, but also to society.

However, other scholars believed that business had a responsibility only to its shareholders which is that of making profit. Scholars such as Levitt in 1958 and Friedman in 1962 argued that the aim of business is material gain and that social issues are not the concern of business people (Carroll, 2016:2; Henderson, 2001:30; Jensen, 2001:8; Sundaram & Inkpen, 2004:350). Despite these critical arguments, CSR was developed and adopted by corporates and applied in different forms around the world.

CSR as a concept has expanded and rooted itself in different interpretations and approaches embedded in varying contexts (Geva, 2008:1; Idowu & Fihlo, 2009: xvi). The fundamentally varying definitions of the CSR concept resulted in a complicated understanding of CSR (Burke & Logsdon, 1996:496; Geva, 2008:1). According to Bansal, Jiang and Jung (2012:70), Broad (2014:6), Silvestre *et al.* (2015:2), and Kolk (2016:24), a variety of definitional problems exist relating to CSR in that CSR means something but not the same thing to everyone. The CSR

definitions of the European Union (EU), the World Business Council on Sustainable Development (WBCSD) and the Southern African Development Community (SADC) are different in both meanings and contexts.

The European Union defines CSR as "...the responsibilities of enterprises for their negative impact on society, achieved by being compliant to the law and integrating social, environmental, ethical, consumer and human rights concerns into their business strategy and operations" (European Commission, 2011:3). In accordance with the above definition, corporates have responsibilities for those aspects of society that are negatively impacted upon by their day-to-day activities. It therefore becomes incumbent upon the corporates to include CSR strategies and the implementation of these strategies in a way that would minimise or eliminate the negative impact of their operations.

While the EU defines CSR in terms of correcting the negative impacts of business, the World Business Council on Sustainable Development (WBCSD), on the other hand, focuses more on CSR which commits to and promotes sustainable economic development. The WBCSD defines CSR as "...the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life" (WBCSD, 2000:45). In terms of this definition, businesses (mining included) are therefore obligated to contribute, through their CSR policies and practices, to sustainable economic development for the local communities in which business is taking place.

In the context of the developing world, CSR definitions appear to be targeting specific sectors, for instance, the Southern African Development Community (SADC) outlines the Principles and Guidelines for Corporate Social Responsibility with special reference to mining (Kabemba, 2014:56; Kakabadse, 2007). In terms of these principles, mining is a major economic activity in the SADC region hence the mining sector is targeted by CSR principles. The principles outline, among others, that mining corporates in the SADC must create policies for local communities' involvement by properly engaging them. Parliament and civil society need to put mechanisms in place to review the performance of CSR throughout the life of the mine, and after mine closure. A comprehensive CSR policy must be established through a multi-stakeholder process, which includes civil society, communities, mines and state representatives (SARW, 2013:20).

According to the definitions stated above, the questions arise as to what these corporate responsibilities, aimed at the negative effects of mining, refer to and how sustainable development is to be undertaken by mining corporates, as well as what institutions and principles should be implemented by the mining sector, specifically for SADC countries. The following responsibilities have been derived from the different CSR concepts and definitions namely an obligation to

society, stakeholders' involvement, community benefit, sustainable economic development, ethical environmental practice, law abiding and human rights, and transparency and accountability. These concepts and responsibilities are also found in and supported by theories. However, there is no acceptable single theory on CSR but different theories that depend on the contexts and how CSR is observed from different stakeholders' perspectives (Hamidu *et al.*, 2015:87).

2.3 Theories of CSR

The earliest model for CSR responsibilities from which theories developed is Carroll's four-dimensional pyramid (Mehaan *et al.*, 2004:3; Malik & Nadeem, 2014:2). Carroll highlighted four levels of corporate responsibilities in a hierarchical order, namely economic (lowest and foundational level), legal (second level), ethical (third level) and philanthropic responsibilities (highest level) (Lamandi, 2011; Nalband & Kelabi, 2014) (see Figure 2 below).



Source: Adapted from Thomas and Kumar (2016:2)

Figure 2.1: Carroll's CSR Pyramid Model (1991)

The economic responsibilities' level is fundamental to business success, while the legal responsibilities' level (compliance to laws and regulations) and ethical responsibilities' level legitimise the business in society. Lastly, the philanthropic responsibilities' level provides and contributes resources for the improvement of the lives of the communities (Nalband & Kelabi, 2014; Ranangen & Zobel, 2014:26). Carroll's CSR model, although criticised for lacking

instrumentality, formed the basis for many theories that have their origins in the four-dimensional pyramid (Nalband & Kelabi, 2014:238).

A variety of theories regarding CSR emerged among scholars, either as an extension of Carroll's pyramid or as a development from it. For instance, theories such as the classical theory, the agency theory (Salazar & Husted, 2008), the legitimacy theory (Suchman, 1995), the stakeholder theory (Donaldson & Preston, 1995), and the instrumental/strategic theory (Garriga & Mele, 2004) were developed from the CSR pyramid. These emerging theories discussed different dimensions of CSR ranging from those of CSR focused on stakeholders and managers' decisions (Hamidu *et al.*, (2015:91). The emerging theories from Carroll's pyramid model as presented by Hamidu *et al.* (2015) and supported by scholarly expressions are presented below in two formats. Firstly, a summary is given of the emerging theories, namely the classic view, the agency theory, the legitimacy theory, the instrumental theory and the shareholder theory. Although the Islamic theory is also mentioned by Hamidu *et al.*, it is not included in the text because Zimbabwe is a country that prescribes predominantly to the Christian faith (Maphosa, 1997:190). Secondly, the stakeholder theory is discussed in detail as it forms the basis of this research.

2.3.1 Emerging theories from Carroll's CSR pyramid

The following theories are subsequently summarised:

2.3.1.1 Classical theory

The classical theory by Friedman (1962, 1970) provides that the sole responsibility of business is shareholders' wealth maximisation. The main aim of business is profit maximisation, being a good corporate citizen and obeying the law; anything more than that exceeds the mandate of business (Hamidu, Haron & Amran, 2015:88). As such, profit maximisation within the confines of the law and what the law accepts, while any attempts to improve social welfare should be left for the government. The main message of the proponents of the classical theory, namely Levitt (1983) and Waddock and Graves (1997), is that business becomes less competitive as the expenditure on social and other CSR commitments burdens the business' commitments. In the process of CSR implementation, additional costs are incurred, such as the expense of introducing and maintaining a new environmental protection policy for a mining corporate. Therefore, such commitment to philanthropic responsibility denotes additional costs and becomes a competitive disadvantage to the financial performance of the company (Hamidu *et al.*, 2015:88). As such, it is concluded that there is a negative relationship between CSR commitment and financial performance in the short run because of additional expenditure resulting in losses. According to Burke and Logsdon (1996:501), economic benefit should be the target or focus of all CSR policies because CSR initiatives should serve as an avenue of ensuring profit maximisation for

shareholders; where profits are unattainable, CSR activities should be stopped. However, Zhao and Murrel (2016:2378) proved that in the long run, a commitment to CSR provides a positive performance outcome for the firm.

2.3.1.2 Agency theory

The agency theory expresses the relationship between the agents (managers) and the principals who are shareholders or investors where the managers are acting as agents to the shareholders (Salazar & Husted, 2008:152). One of the major fundamental problems that this form of legal relationship presents to the principal is the need to have a constant scrutiny on each step taken by the agents. As such, the principal is updated through financial information on a regular basis to help in monitoring the gains achieved from delegating responsibility to the agent (Hamidu *et al.*, 2015:89). It is naturally assumed that agents know more of a corporation than the principal, therefore the agents exercise their discretion to maximise their utility. As such, the managers assume responsibilities for legal and other obligations found within the contracts and agreements between the agent and the principal whereby delegated power is assumed to make certain decisions as given to the agent (Hamidu *et al.*, 2015:89). CSR is thus found within the hands of the agents who are the managers.

2.3.1.3 Institutional theory

The institutional theory argues that conformity with institutional norms is positively related with accessibility to resources and achieving organisational legitimacy. According to Martinez *et al.* (2016:10), in trying to achieve conformity between the institution and its competitive environment, the activities of a corporate body must reflect the dominance of institutional characteristics. The process of trying to conform to institutional norms and practices makes an organisation socially acceptable. This is known as isomorphism (in sociology this refers to the similarity of the processes or structure of one organization to those of another) which can be either institutional or competitive (Hamidu *et al.*, 2015:90). Isomorphism is generated through a coercive mechanism (forced to conform), normative mechanism (necessary to conform) and mimetic which is basically copying other competitors expecting they have an acceptable standard (Bevort, 2000:31). In this regard, CSR can be used by corporates to conform to societal norms while obtaining legitimacy.

2.3.1.4 Legitimacy theory

In accordance with the legitimacy theory, CSR activities could provide answers to the environmental pressures involving social, political and economic forces to achieve legitimacy (Parsons *et al.*, 2014:85). The engagement in CSR by corporates gains the organisation legitimacy or moral standing from stakeholders who expect a commitment to the implementation

of CSR. According to Gifford *et al.* (2010:306), there is a positive relationship which exists between conformity with the stakeholders' expectations and the legitimacy accorded to the organisation. Engaging in CSR increases organisational legitimacy. A legitimacy gap therefore exists if CSR initiatives do not tally with the expectations of the community. There are two major concepts found in legitimacy theory according to Haron and Amron (2015:88) which are the perception of the general public, for instance, the perception of the general public on corporate activities, and the efficiency in the methods for disclosure by the corporates.

2.3.1.5 Instrumental theory

In terms of the instrumental theory, social responsibility as part of the business strategy should be for reasons of good image, public relations, and the firm's competitive advantage through reputational marketing (Ackers, 2015:13). CSR becomes a vital tool for enhancing corporate image through CSR from the perspective of a strategy aiming to take CSR as an opportunity to exploit and gain benefits for the corporate business (Hamidu, Haron & Amron, 2015:90; Webber, 2008:248). The instrumental or strategic theory and the classical theory are similar when it comes to CSR supporting wealth maximisation as a sole responsibility to shareholders. The only difference between the two theories is that the classical theory has an extreme profit motive at the expense of the community, while the instrumental theory tries to adopt or execute CSR commitments as a strategic point for increasing reputation and maximising wealth (Hamidu *et al.*, 2015:91).

2.3.1.6 Shareholder theory

The shareholder theory, also known as fiduciary capitalism, denotes that the business aim is predominantly for making profits and therefore, growing the economic value of the company for the shareholders (Crane *et al.*, 2008:55), but that it also aims to engage in CSR activities only if prescribed by law or if the activities increase the shareholder value. CSR is provisioned for incentives, innovation and cutting costs, while equity is created through the tax system and using the laws and government activity such as social grants and subsidies (Crane *et al.*, 2008:60). It is evident that the shareholder theory relegates CSR mainly to those activities that allow maximisation of profits and creation of capital wealth for shareholders and less so as a business obligation to society. In addition, the use of laws to ensure compliance of corporate behaviour is criticised, as laws can be imperfect, non-existent and may only be implemented after a catastrophe (Crane *et al.*, 2008:61). The shareholder theory ignores the fact that wealth can increase at the expense of workers, and natural resources become extinct and a massively damaged environment is left behind.

In developing countries, mining is largely associated with environmental concerns, human rights and underdevelopment (Ranangen, 2013:1). These concerns are evidence of businesses creating wealth for their shareholders but not acting responsibly (Cochran, 2007:449; Kakabdse *et al.*, 2005:277; Hilson, 2012:131). The shareholder theory is therefore insufficient for the realisation of meaningful corporate social responsibility. The emphasis of this theory is that social responsibility is viewed for realising corporate goals and relegating it to philanthropy. However, in Africa, socio-economic issues cannot be relegated to be a result of businesses creating their wealth or at the mercy of business philanthropic decisions. Dodd (1932:1149) in Cochran (2007:449) and Ghosh and Chakrabort (2014:61) argue that the responsibility of business to society should be structural and support national policies to realise socio-economic goals.

A lack of business support in the creation of beneficiation and support for national policy has delegitimised most mining corporates in Africa. According to Haslam and Tanimoune (2016:402) and Velasquez (2012:234), in many ways mining corporates are faced by conflicts (protests and media backlashes). In order to avoid conflict, there is a growing body of literature which emphasises the management of relations between corporates and different societal interests. St Laurent and Bullion (2015:590) argue that there is now an awareness that business should embrace a responsibility to society or face the risk of conflict (Berle, 1954:169; Hilson, 2012:131). In light of the mining-related conflicts, corporates must consider acting responsibly because acting responsibly legitimates business activities (Hilson, 2012:131; Maphosa, 1997:182).

Burke and Logsdon (1996:495) argue that reorienting corporate responsibility towards a more strategic stakeholder perspective supports corporates' financial interests and other stakeholder expectations (Bitcha, 2003:8). If corporates include CSR within their corporate governance policies, business becomes responsive to societal issues (Cochran, 2007:450).

Mining corporates are exposed to the above discourse on CSR. It is therefore interesting to comprehend whether the Mbada Diamond Company's corporate responsibility framework understands CSR as a corporate responsibility aimed not only at making a profit but managing relations with adjacent communities and fulfilling societal obligations as well. Also, it is doubtful whether the management of Mbada Diamond Company understands the argument by Crane *et al.* (2008:61) that there is no economic value independent of stakeholders' welfare as espoused by the stakeholder theory.

The stakeholder theory is subsequently discussed in detail because it formed the basis of the study and the main tenets of the stakeholder theory also provided substance on the questionnaire guide for data collection. Stakeholder relational theories such as the social licence to operate

(SLO), free, prior and informed consent (FPIC), and the integrated social contracts theory are also subsequently discussed.

2.3.2 Base theories for the study: Stakeholder theory, social licence to operate, free, prior and informed consent and the integrated social theory

The stakeholder theory is the notion that CSR, for corporates, has an obligation to constituent groups who have a “stake” or claim on the company other than shareholders (Crane *et al.*, 2008:62). The stakeholder theory can be called a CSR theory as it provides a framework for responsible business towards society. The theory provides that corporates have a responsibility over those affected by the firm’s activities through creating ecological, economic and social value for stakeholders, including communities (Asif, Searcy, Zutchi & Fisher, 2013:8). Corporates are even expected to manage conflicting stakeholders. According to Mitchel, Angle and Wood (1997:854), Vries, Verheul and Willemse (2003:101) and Yu and Choi (2014:2), stakeholders possess three elements towards any organisation (therefore, also the mining corporates), namely:

- Power - the power of stakeholders to influence the organisation;
- Legitimacy – relating to the acceptance of the relationship with the organisation; and
- Urgency - the stakeholder’s urgent claim on attention from an organisation.

Powerful stakeholders have a power relationship with a particular organisation and have the ability to affect the latter’s objectives while other stakeholders have contracts, memoranda of understanding, and there are those who may have little power (Yu & Choi, 2014:145). Some stakeholders may have legitimate claims on the organisation (see section 2.3.1.4 above) in that their expectations are based on their legitimate claims which, if not fulfilled, results in the legitimacy of the organisation being withdrawn. Lastly, some stakeholders have urgent claims on organisational attention to their expectations. The main arguments emanating from the stakeholder theory is how managers prioritise and allocate resources for such competing demands for corporate help from potential recipients (Penn & Thomas, 2017:8; Ackermann & Eden, 2016:183). The recipients could be those with the power to affect business’ objectives, with legitimate claims on the mining corporate and who urgently requires attention.

There have been several ways of translating the stakeholder theory into practical processes envisaged by Crane *et al.*, (2008:349) that include the analytic hierarchy process (AHP) by Hosseini and Brenner in 1992. The AHP denotes the collection of data from different stakeholders and then ranks the interests of the various stakeholders. According to Crane *et al.*, (2008:355), the major setback for the AHP is when the collected information is invalid or weak, then the AHP becomes meaningless. Other methods for translating the stakeholder theory into practice include the resource divisibility method by Reynolds *et al.* (2006), where the divisibility is made within

decision-judgement on action assessed on its merit and across decisions made across time and stakeholder groups.

Veiga, Scoble & McAllister (2001:190) provide fundamentals to community stakeholders' management who they argue are those actors or groups found within communities who are directly affected by nearby mining operations. Veiga *et al.* (2001) and Ackerman and Eden (2011) provide the practical aspect of the stakeholder approach to mining communities. They argue that communities vary in composition (some urban and some rural) and as such their profiles and needs become contextual (Veiga *et al.*, 2001:192; Ackermann & Eden, 2011:181). According to the stakeholder theory, mining corporates could promote sustainable community development from before mining operations commence (exploration) through to closure (Veiga *et al.*, 2001:200). Two major practical aspects in creating sustainable community development are provided by Veiga *et al.* (2001) as community consultations and the effective creation of value or benefit.

2.3.2.1 Community consultations

The stakeholder approach in its practical terms allow corporates and state apparatus to determine the future and structure of communities (Veiga *et al.*, 2001:200; Rajablu *et al.*, 2014:114) and to engage in participatory governance through community consultations. Consultations should include all actors and groups within the local communities and not only the local politicians. Veiga *et al.* (2001:201) point out that consultations should also be carried out before, during and after the closure of a mine development. According to Veiga *et al.*, (2001:200) a socio-economic needs assessment should be regarded as an on-going process, having regard for the needs and aspirations of the community. The consultations should be seen to be developing a sense of control and ownership among stakeholders and the promotion of value-addition within communities.

2.3.2.2 Value/Benefit creation

The addition of value or community benefits, according to Veiga *et al.* (2001:200), may include local employment, provision of infrastructure from the mining company and other downstream activities, for example, procurement of mining supporting products such as stationery, fuel and many more. Corporates, in consultation with the communities, are expected to provide long-term bio-physical and socio-economic improvements which involve financial institutions, the government, NGOs and community associations (Kudlak & Low, 2015:221). The management of infrastructure such as roads, power and housing should be assumed by government, also in consultation with communities.

The consultative and value creation approaches in stakeholder management cut across other concepts in stakeholder management literature which include the social licence to operate (SLO), and the concept of free, prior and informed consent (FPIC) as discussed below.

2.3.3 Social licence to operate (SLO) and free, prior and informed consent (FPIC)

A social license to operate is theorised as a continuous acceptance and approval from the local community (Lacey & Lammont, 2014:832) and other stakeholders who affect profitability. The notion of a social licence to operate is closely linked to several other concepts such as legitimacy, reputation, stakeholders and corporate social responsibility and performance (Cronje *et al.*, 2014:9). In other words, according to the Kumba Iron Ore Report (2014) by Cronje, Bain, Chenga, Van Wyk, Reyneke, Snyman, Osuafor, and Thulo (2014:7), the social licence to operate,

“...governs the extent to which a corporation is constrained to meet societal expectations and avoid activities that societies (or influential elements within them) deem unacceptable, whether or not those expectations are embodied in law.”

Furthermore, they suggest that it can be understood as

“...demands on and expectations for a business enterprise that emerge from neighbourhoods, environmental groups, community members, and other demands of the surrounding civil society”.

The SLO is related to the stakeholder approach as it relates to the management approach of stakeholders in order to obtain the acceptance and approval of stakeholders and communities. The SLO enforces social compacts among corporates, the government and the local communities (Lyytimaki & Peltonen, 2016:479). An effective corporate social responsibility policy gains corporate the appropriate level of local support which constitutes the SLO. Society grants or withholds the support mainly based on the fulfilment of their expectations and meaningful outcomes through mutually benefiting dialogue and contact (Harvey, 2014:7) (see section 2.7.2 below). The issues of acceptance and approval found in the concept of the SLO are broad and overlap into other concepts such as the free, prior and informed consent (FPIC).

FPIC denotes that the corporates operating in indigenous territories have to secure free, prior and informed consent (Oxfam, 2017:20) (see section 2.7.3 below). FPIC generally proposes that communities are able to make decisions freely without coercion, intimidation or manipulation and should be given sufficient time to assess their involvement. Communities should be informed on the negative and positive impacts of any corporate activity and corporates have to seek the approval of the community on any corporate activity while respecting and upholding community

decisions (Owen & Kemp, 2014:95). As such, FPIC promotes the need for holistic engagement and the respect for communities as partners, and not obstacles, to corporate operations. Both the SLO and the FPIC expect each stakeholder and stakeholder group to give consent before organisational decisions are made and these are core tenets of the stakeholder theory. The stakeholder engagement theory, through the SLO and the FPIC, could therefore be applicable in mining communities and CSR as it promotes effective consultation, just and fair processes and the obtaining of consent from mining communities without coercion or intimidation.

According to the Cronje, et al., (2014:10) for stakeholder discussions to commence, it is necessary to identify micro-social contracts which bind each stakeholder group. The micro-social contracts are used to identify shared norms, accepted behaviours and shared values among stakeholder groups. The stakeholder theory is inseparable from the integrated social contracts theory (ISCT) because stakeholders are regarded as the occupational or economic community in the ISCT.

2.3.4 Integrated social contracts theory

The integrated social contracts theory (ISCT) was originally used in general and based on consent; it was then applied to businesses by Donaldson and Dunfee in 1994 as the social contracts for business (SCB) (Smith, 2000:15). This theory, based on consent, aims at reconciling the conflicts among norms that are a result of the contexts of business activities involving different occupational or stakeholder groups (Wempe, 2008:698). Different occupational or stakeholder groups, according to the ISCT theory, are argued to have conflicting norms and values such as socio-economic needs and other expectations which are called micro-social contracts (Dunfee, 2006:308). ISCT provides that the moral value is derived from gaining the consent and support of each individual member of the economic community through managing the identified specific hyper-norms (Auchter & Dziwewa, 2013:209). Hyper-norms are those norms by which all others are to be judged. So, in general terms, the simplified questions from this approach are: what are the available hyper-norms and values and how should a corporate obey them? This is similar to the management and fulfilling of legitimate interests of all stakeholders.

The key concept of the ISCT is that satisfactory solutions are reached through the agreements of the contracting parties involved in any arrangement, such as mining (Smith, 2000:18). The contract requires the characterisation by business mining corporates including the conditions existing in the society, and recognition of problems that can shape the triple bottom line³ which forms the basis of the social contracts for the business as a corporate social responsibility (Luning,

³ Triple bottom line is the concerted effort to bring together economic, social and environmental considerations into a corporate's evaluation and decision making processes (Wang, Lin & Yao, 2013:1850).

2012:211; Vintro, Fortuny, Sanmiquel, Freijo & Edo, 2012:119). The social contracts are then deemed to be acceptable owing to the win-win approach to agreements which is a normative ethical approach (Yin, 2014:450). A normative ethical approach then presupposes what “ought to be” as expressed by the stakeholders (Owen & Kemp, 2015:400).

Therefore, what is put into focus is the ability of managers to strike a balance between critical attributes of the society (hyper-norms) as required by law or expected societal values (Aktas, Cicek & Kiyak, 2011:1563). In the mining sector, it is evident that corporate responsibility can no longer be the subject of corporate philanthropy in the face of powerful and organised stakeholders who are naturally indebted to having micro-social contracts with operating companies in the fulfilment of hyper-norms according to the ISCT. In Africa, and the mining sector, several hyper-norms can be identified. Africa needs corporates who respect the environment from which most people derive their livelihoods, for example, farming, infrastructure and a dire need for socio-economic development.

2.4 CSR and community development in Africa

According to Campbell (2012:138), by definition, CSR denotes corporate actors that go beyond making profit but also use their power in society to influence community development. In 2010, the Johannesburg Declaration on Sustainable Development Report and the New Partnership for African Development (NEPAD), prescribed that it is also the duty of the private sector to contribute to the evolution of equitable and sustainable communities and societies and to generate social development benefits (Sustainable Development Report on Africa (SDRA), 2008:19).

In the light of the above declaration and partnership, one would expect the application of CSR in Africa by the mining sector to contribute towards addressing the socio-economic issues affecting the daily lives of Africans. The socio-economic issues include health, education and training, and agriculture and food security. The International Council on Mining and Metals (ICMM) (2014) and the Sustainable Development Report on Africa (SDRA) argue that CSR activities in Africa are expected to provide positive contributions to community development. It can therefore be recognised that poverty alleviation and sustainable development will not be achieved through government actions alone. In many African countries, and particularly Zimbabwe, the practice and concept of CSR is relatively recent, and it is increasingly a prominent discourse. In Southern Africa, particularly in mining, CSR is sometimes used as the shorthand for business contribution to sustainable development (SDRA, 2008:80).

2.5 CSR and mining

It has been discussed in the foregoing analysis that corporates in the mining sector have a bad reputation when it comes to environmental issues, human rights and other business ethics issues. The contentious issues in mining also include complex social policy debates on legitimacy, revenue transparency, conflict minerals, equity and development (Owen & Kemp, 2015:482). The extraction and processing of minerals have been associated with a number of corporate ethical challenges which include various economic, environmental and economic issues, for example, depletion of non-renewable resources, disturbance of the landscape and threats to the health and safety of workers and citizens (Azapagic, 2004:641). The stated issues have made mining a challenge for both corporates and communities due to a variety of mining related risk factors if CSR related issues are not properly managed (Velasquez, 2012:233). These are risk factors in mining and for community stakeholders if they are not properly constituted in corporates' CSR policies as discussed below.

2.6 Corporate risk factors and CSR in mining

Changes in communities experiencing mining activities are at times acute and potentially risky, what Haslam and Tanimoune (2016:402) call the cases of contentious politics or conflict minerals. Interaction with communities has the potential for social conflict at all stages of the mine development, extraction, and closure processes. In mining areas, conflicts are prevalent (Vasquez, 2012:233) in the range of severe cases of conflict, for example, the conflict over diamonds in Angola and Sierra Leon (Bannon & Collier, 2003:23), to minimal sporadic cases such as the Lonmin Disaster of 2011 in South Africa (Tilly, 2008:5; Tarrow, 2008:2).

It is also argued that foreign companies are more vulnerable to conflicts than local corporates (Haslam & Talimoune, 2016:416), hence it will be interesting to investigate the levels of risk experienced by Mbada Diamonds owned by both foreign and local shareholders at Marange. A study carried out by Broad in 2014 in the Philippines, Guatemala and El Salvador indicated that mining corporations invariably bring conflict to previously peaceful areas. Mismanagement of mineral resource revenue can cause harmful aspects of organised white collar corruption, authoritarianism, government ineffectiveness, high military spending, and civil war (Smith, Shepherd & Dorward, 2012:242). Discussed below are the most common risk factors associated with the extractive industry, namely contractual risks, resettlement risks, inequality among communities, environmental concerns, the fear of acute cultural changes within communities, and the technology to be used.

2.6.1 Contractual risks

Contractual conflicts arise when there are uneven negotiating powers and mistrust between the communities, corporates or authorities (local, district and national authorities) emanating from communities' limited rights (St Laurent & Bullion, 2015:590). According to the Southern Africa Resource Watch (SARW, 2013:13), concession agreements normally favour the extractive corporations owing to weak negotiating capabilities by authorities. More often, negotiations end up benefiting the corrupt government and community individuals, and not the community as a whole. In such a scenario, unequal power, mistrust, and vulnerability degenerate into the mobilization of indigenous rights and environmental activism when contract negotiations do not recognise all stakeholders, in particular the adjacent communities.

According to Luning (2012:208), even if stakeholders are recognized within the contracts upon negotiations, disagreements may emanate from methods of compensation, the technology (see section 2.6.6) to be used, or resettlement methods (see section 2.6.2). Thus, contracts which are initially negotiated and accepted always remain vulnerable to changes at different stages of a mining lifecycle. Compensations also often maintain a relationship of dependence and victimization (St Laurent & Bullion 2016:591) when they are used as payments to offset favours (Gamau, Billon & Spiegel, 2016:163) and are directly consumed and not invested (Sing, 2015). In addition, selective compensation payments, varying amounts of royalty payments to individual social groups, for example, differences between men and women, result in friction and conflicts (Gamau, Billon & Spiegel, 2016:171). Harvey (2014:8) and St Laurent and Billon (2015:591) argue that compensation is not enough but that corporates should adopt the principle of beneficence instead, which encourages sharing of profits, and projects that are planned in accordance with the needs and aspirations of communities.

Other scholars have argued about defining the “qualifying community” to be involved in negotiations (Luning, 2012:207). In some areas, for example, in diamond mining, migrating illegal artisanal miners form part of the people present in communities but are not residents. Therefore, efforts should be made to determine who qualifies as community, and most importantly, to consult extensively with locals to avoid exclusions on contractual negotiations (Muller, 2006:189) such as displacement and resettlement.

2.6.2 Mining-induced displacement and resettlement (MIDR) risks

Mentioned in the previous section is the negotiation within contracts of compensation and methods of resettlement. Resettlements in mining, dubbed as mining-induced displacement and resettlement (MIDR) or development-forced displacement and resettlement (DFDR), are carried out on communities living on land with mineral resources or those living too close to mining

activities (Cernea, 2008:90; Owen & Kemp, 2015:478). MIDR is a mining industry-specific debate which emerged from the often-generalised development-forced dispossession and resettlements (DIDR) (Cernea, 2008:96; Owen & Kemp, 2015:479).

The resettlement aspect of mining is one of the most problematic, highly contested and sensitive practices (Owen & Kemp, 2015:479). According to Cernea (2008:89), there is a growing awareness that the majority of the projects that displace people fail to resettle them equitably. For example, a case study on mining carried out by Farrell, Hamann and Mackres in 2012 exposed that, while careful monitoring of the construction quality of the resettlement houses and village infrastructure was done, detailed planning around the issue of livelihoods restoration, and the monitoring of related socio-economic activities, was often lacking. This is despite the evident assumption that villagers' livelihoods would change, based on the design of the relocated villages. Another example was that of subsistence farming, a common practice in the old villages, which was not adequately contemplated in the relocated areas, with farm lands being situated separately from residences. In another example, households in the new villages are connected to electricity and other basic services, which require monthly payments, beyond what residents used in the old villages (firewood), clearly implying an assumption that household incomes would increase in the new village (Farrell, Hamann & Mackres, 2012:199). This evidently points to the fact that upon MIDR, corporates transform communities' traditional settlement methods and ways of obtaining livelihoods and cultural practices that may have lasted over centuries.

The significant changes upon resettlement often lead to community mobilisations justifying their "indigeneity" as a basis to counter dispossession (St Laurent & Bullion, 2015:591) and prompting friction and conflicts in mining areas. 'Indigeneity' or 'territorialised politics of identity' refers to the feeling of having rights in a place because one belongs there (St Laurient & Billon, 2015:591). Cernea (2008:90) argues that the use of compensation as the single tool for handling expropriation, displacement and resettlement, puts a strain on the communities' development, conflicting with the perceived rational objectives and morality of MIDR. The critiques of the compensation theory point out that compensation is neither a benefit nor an investment but an incomplete restitution for what was taken away, along with chronic failure to assist and restore livelihoods and improvement (Cernea, 2008:90). The problems listed above emanating from resettlement lead to inequality in areas adjacent to mining areas.

2.6.3 Inequality among communities in mining areas

In Africa, mining predominantly takes place in rural areas where there is limited or a general lack of service delivery, employment and therefore income (Muchadenyika, 2015:715). The disruptions of land use patterns, particularly those that affect local livelihoods, coupled by a

scarcity of economic benefits and opportunities derived from the mines, contribute to dissatisfaction and conflicts (Vasquez, 2012:233; Haslam & Tanimoune, 2016:403). Mineral extraction should contribute to development by increasing employment, economic growth and public services. Thus, a change in livelihood mechanisms should bring a change in community income, especially rural areas which are often excluded from the mainstream productive sectors (Gamau, Billon & Spiegel, 2015:171; Haslam & Tanimoune, 2016:415). Similarly, inequality may result from local groups competing over spin-offs such as scarce resources available through corporate partisanship and try to marginalize and exclude others (Luning, 2012:203). The distribution of benefits among community members is mainly the centre of conflicts. For example, the identification of gatekeepers in a large pool of a “qualifying community” may lead to shifts in alliances and tensions among neighbours (Luning, 2012:208). A “qualifying community” is a community or persons located within the boundaries of a mining right that can potentially be negatively or positively impacted upon by mining operations (Luning, 2012:207).

Conflicts can also emanate from mismanagement, corruption and exploitative terms of commercial relations that create inequality and undermine collective and individual rights of community members (Vasquez, 2012:234; Gamau, Billon & Spiegel, 2015:163). Corporates are sometimes accused of selecting and buying individuals with community power just to facilitate dispute resolutions (Luning, 2012:211).

The World Bank supports the reduction of poverty through corporates by adopting methods and models to help alleviate poverty in low and middle-income countries (Harvey, 2014:7; Gamau, Billon & Spiegel, 2015:163). However, scholars have argued that the existence of mineral mining dependence strongly correlates with a higher poverty and inequality rate (Smith, Shepherd & Dorward, 2012:242; Gamau, Billon & Spiegel, 2015:164) and that, in most cases, mineral extraction has a “resource curse” (poverty) connotation. Poverty, according to Gamau, Billon and Spiegel (2015:164), involves material deprivation, lack of access to education and health services, vulnerability and exposure to risk, lack of voice, and powerlessness. Poverty can also be caused by environmental factors such as lack of clean water, clean air, fertile soils and many other environmental concerns.

2.6.4 Environmental risks

In the wake of global warming and the rise of the oceans, internationally, citizens, governments and non-governmental organisations are focusing on methods to preserve the environment (Kolk & Tulder, 2010:119; Smith, Shepherd & Dorward, 2012:242). At local levels community members are more aware of and sensitive to all forms of environmental activities that take place in their areas and which have an impact on their lives. According to Vasquez (2012:233), the

environment is a crucial site of struggle in mining conflicts. Mining exploration and extraction have the potential to contaminate and destroy the environment and deplete water supplies (Vasquez, 2012:234). Water impacts are the primary causes of discontent in most mining territories because the environmental impact assessments are carried out by consultants appointed by corporates or the government which are basically untrustworthy or corrupted (Que *et al.*, 2015:492).

In most African countries, and Zimbabwe in particular, environmental mining concerns stem mainly from the disturbances of livelihoods and benefits derived from the environment by communities (Human Rights Watch, 2009:67). The livelihood disturbances include deprivation of the primary livelihood sources, namely land (including parklands and protected land) and water which can be expropriated and utilised unequally and unjustly between mining corporates and communities (Haslam & Tanimoune, 2016:402).

Open-cast mining is one example of a mining method that distorts and changes environmental terrain and water drainage systems. It often leads to water shortages, for example, damming water and having restricted access to it can be a concern for community members. Open-cast mining causes a rise in water table storages underground. In addition, ineffective damming methods result in wetlands drying up and flood risks (Kowalska, 2014:128). For example, the Bento Rodrigues Dam disaster which occurred on the 5th of November in 2015, when an iron ore tailings dam in Bento Rodrigues, a sub-district of Mariana, Brazil, caused catastrophic floods killing at least 17 and injuring 164. The use of cyanide and mercury in mining also causes water pollution to drinking water, water bodies and watercourses (Kowalska, 2014:128). Mining activities contribute to air pollution through dust from tailings which may contain elements such as sulphur, helium, iron, and uranium. Mining impacts also contribute to land pollution, for example, open-cast mining causes craters, hollows, cracks and bars which deforms the area, coupled with noise pollution from drilling and blasting (Kowalska, 2014:128; Owen, Que, Owuah-Ofeh & Samaranayake, 2015:489). Environmental changes due to resettlement or environmental degradations alter communities' traditional and cultural ways of life.

2.6.5 Risk to traditional and cultural changes in communities

Indigenous culture is one of the most disregarded and very sensitive aspects that prompt conflicts in mining areas. Que *et al.* (2015:491) identify cultural impacts as a vital factor of engagement because mining may have effects on the cultural norms and practices of a community's cultural heritage. According to Farrel, Hamann and Mackres (2012:194), conflicts arise from the mishandling of cultural heritage (e.g. graveyards, sacred mountains, and rivers) by mining firms

⁴ Business editor. 2015. <http://www.bbc.com/news/business-35158646> accessed on the 12th of August 2017

and the rising of what is regarded in Africa as immoral behaviour such as prostitution which is prevalent in most mining areas. Mining therefore often disrupts the local and social contexts, for example, traditional royalty (chiefs, kings) lose their traditional authority if resettled from their ancestral lands. Indigenous knowledge systems (for example, oral historians, mid-wives, traditional healers, and traditional agriculture), and traditional religious systems (relocations from a sacred worshipped mountain, river or tree) are distorted. For instance, mining often takes up large areas of land on which a community relies heavily for crop rotation or nomadic pastoralism, and when dispossessed of this land, they experience a lack of support to their traditional ways of farming as result (Hilson, 2012:69).

2.6.6 Risk of technological change

Mining introduces a variety of changes within mining communities. The open-cast system of mining, especially mining coal and alluvial diamonds such as those at Marange is destructive in that water sources are diverted or exposed and dries up (Ghose, 2007:72). New technologies, such as damming and water-taps, are introduced which basically need support for repairs and chemicals in the form of monthly rates from communities who are not used to buying water. The same applies to the introduction of electricity to a community which has traditionally used firewood as a source of energy.

To summarise: the corporate risks in mining are many and unique to different geographical areas and for specific stakeholders and often culminate in conflicts. Conflicts are costly and disrupt business stability, create a bad reputation for corporates and lead to a loss of markets and financial investments. Corporates, therefore, can utilise their CSR capacity and resources to manage risks and conflicts in their operating areas. CSR gives corporates the ability to manage such risks through its various advantages in adding socio-economic and environmental value for itself and its stakeholders (Calabrese, Costa & Rosati, 2015:2). The advantages derived from mining corporates' adopting CSR which can assist in reducing conflict risks are discussed below.

2.7 Advantages of adopting CSR policies

The adoption of CSR policies by mining corporates has advantages not only for the corporates but also for the host communities (Husted, 2003:481; D'Amato *et al.*, 2009:5). CSR allows corporates the awareness of satisfying the needs of key stakeholders which creates a conflict-free business environment, fair distribution of wealth in communities, ethical environment practice, and business competitiveness (Jenkins, 2006:2). According to Foster, Punjasiri and Cheng (2010:14), a study carried out by the International Finance Corporation (IFC) on the business case for CSR in emerging markets confirmed that CSR enhances reputations and leads to higher sales, reduced costs and risks, improved human resources, and access to capital.

According to Sprinkle and Maines (2010:180), workers are motivated by better working conditions. Internal capacity development and volunteering programmes appeal to, motivate, and retain and attract best employee talent (Weber, 2008:249). The hiring of a local pool of employees does not only deal with community conflicts or the 'indigeneity' crisis (a crisis that emerges as a result of ignoring the norms and values of indigenous people) but has a development orientation through the creation of sustainable livelihoods (Mackenzie & Hoath, 2014:46).

CSR also obligates corporates to comply with ethical and legal regulations (Valiente *et al.*, 2012:26) and what Carroll (2016:2) describes as "social issues management". These are the issues relating to consumers, environment, discrimination, safety, health, and shareholders, among a host of responsibilities. Through CSR, corporates could uphold laws and regulations on mining issues such as water use, air pollution, land use and socio-economic matters (ICMM, 2011; Que *et al.*, 2015:492).

It is important to argue that these advantages do not appeal to all stakeholders uniformly; each has different effects on particular stakeholders (Smith, Mazibuko & Muzvidziwa, 2015:451). CSR should therefore be viewed from different stakeholder standpoints. For the purposes of this research, different stakeholder standpoints have been considered on the impact of mining, with a particular focus on Mbada's CSR initiatives at Marange, or the lack thereof, in order to develop a CSR conceptual framework for the mining company.

The following are important benefits created by corporates when they adopt CSR policies, and properly manage and implement a CSR framework in the extractive industry, namely net positive return (NPR) social license to operate (SLO), and sustainable development (SD).

2.7.1 Net positive return as a CSR benefit

According to Harvey (2014:8), the extractive sector can embrace social responsibility for improving reputation and, ultimately, revenues. There is already a widespread economic concept and belief that shareholder value can be improved through contributing to sustainable development. Corporates can manage their operations in a way that promotes economic growth and increases competitiveness while ensuring environmental protection, and promoting social responsibility, including workers' interests (Fontaine, 2013:12). CSR practices give a business a competitive advantage, namely a good reputation, which ultimately increases the company market share and revenue/profits (Webber, 2008:250). The economic stage of Carroll (1991) also suggests that CSR implementation creates a competitive advantage and corporates gain improved financial performance through an enhanced brand name (Malik & Nadeem, 2014:12).

Scholars such as Davis (1973) and Solomon and Hansen (1985) have also argued that a positive relationship exists between CSR policy adoption and financial performance. Co-creating economic and social value (Rangan, Chase & Sahel, 2012:7), also referred to as shareholder value (Bansal, Jiang & Jung, 2015:70), is made possible by innovating new business management methods and technologies that reduce operating costs as well as mitigating environmental impacts. Net positive returns can also be guaranteed by implementing CSR initiatives to create a corporate legitimacy, which Zhang and Moffat (2014:62) call a 'social license to operate'.

2.7.2 Social license to operate (SLO) as a CSR benefit

The explicit assertion is that CSR policies provide ways to ensure a corporate's acceptability, expressed in the consent of stakeholders for mining corporates to continue with mining in accordance with a social license to operate (Slack, 2012:181; Lacey & Lammont, 2014:833; Que *et al.*, 2015:489). According to the Bench Marks Policy Gap 10, Kumba Iron Ore Report (BMF, 2015:86), an SLO cannot be issued but is rather earned. This 'being earned' is relevant to the mining industry which must navigate expectations on economic, social and environmental impacts within societies. Corporates' successful mining operations are dependent on a stable operating environment, devoid of protests and acts of sabotage which may come as a result of a lack of an SLO (Que *et al.*, 2015:489; Slack, 2012:182). Hence an SLO is described as a form of unwritten social contract which may extend further than the legal connotations of social contracting (Lacey & Lammont, 2014:833).

Encompassed within the SLO is compliance with the moral unwritten contract (Katrin & Kerhbach, 2015:101). Therefore, the SLO is one benefit of a functional CSR policy as it bridges a consent-based approach (contractarianism) and a justice-based approach (contractualism) (Lacey & Lammont, 2014:835). This bridge (connection) between contractarianism and contractualism is therefore effected through communities' approving corporate-community activities focusing on the socio-economic and environment aspects for communities.

Community permission or "social license to operate" is a vital requirement for a firm's operations, what Owen and Kemp (2014:92) term "free, prior and informed consent" (FPIC).

2.7.3 Free, prior and informed consent (FPIC) as a CSR benefit

Similar to SLO, FPIC denotes the need to go beyond the legal applicability of mining operations in indigenous and mining-impacted communities towards a broad-based community consent (Vintro *et al.*, 2012:119; Owen & Kemp, 2014:92). Consent is then required on the issues related to communities, such as mining-induced displacement and resettlement (Owen & Kemp,

2015:480), community involvement such as labour and procurement access (Wiig & Kolstad, 2010:179), and support for local programmes.

The respecting and upholding of consent from freely and properly informed communities for a corporate's mining operations provide a basis for granting permission and willing participation. The consent develops an ownership and responsibility of the communities over corporate activities and other corporate-community relations. According to Calabrese, Costa and Rosati (2015:2), the material aspect (or provision of resources) in corporate-community relationships is obtained through the promotion of sustainable development (SD) within communities.

2.7.4 Sustainable development (SD) as a CSR benefit

Sustainability is a common concept of development used in both local governance⁵, civil society and mining (Kolk & Tulder, 2010:119). Sustainable development (SD) envisions a desirable society that can provide permanent prosperity within the bio-physical constraints of the physical world in a way that is fair and equitable to all of humanity, to other species and to the future generations (Brundtland Commission, 1987; Vintro *et al.*, 2012:149; Constanza in Manfredi *et al.*, 2014:16). Griggs *et al.*, (2014:305) focus on an economy and a society sustained within earth's life support systems, conceptualising SD as development that meets the need of the present while safeguarding earth's life support system on which the welfare of current and future generations depends.

SD in its various terms includes taking care of the planet (use of green energy sources, proper use of natural resources, clean water, soil, air and climate), being people oriented (health, sanitation, education, food and energy), being prosperous (strong and inclusive transforming economies), and ensuring justice (strong and peaceful societies that have strong institutions) and dignity for all (ending poverty, fighting inequality and unfairness) (Vintro *et al.*, 2012:149; Kolk, 2016:31).

According to Hak, Janouskova and Moldan (2014:565), SD emerges in the context of environmental concerns with its first appearance in the World Charter for Nature (UN, 1982), addressed in the document Our Common Future (WECD, 1987). The World Summit on Social Development in Copenhagen in 1995 (UN, 1995) stressed SD's key role in securing global social development by referring to two pillars, namely economic and social development. A third pillar, which is environmental protection, was added to the original two pillars by the World Summit on Sustainable Development in Johannesburg, South Africa, in 2002 (UN, 2002).

⁵ Governance is the formal and informal rules that regulate the public realm or an idea consistent with international human rights, norms and standards (UN, 2012:23)

SD is a long-term result envisaged in the Millennium Development Goals (MDGs) (Hak, Janouskova & Moldan, 2014:566; Chen, Liu & Hu, 2015:206), hence MDGs can be called Sustainable Development Goals (SDGs) (Kolk, 2016:25). The emphasis of SD goals and targets in all sectors incorporates the concept of SD into the operations of the extractive sector's CSR frameworks. Through CSR, firms can provide a framework for SD in addressing the environmental, climate, alternative energy and community development issues (Gilberthorpe & Banks, 2011). SD can be one of the core aims for CSR. According to Vintro *et al.* (2012:149), SD and ethical management can be utilised and included in the agendas of the mining industry.

However, CSR in the extractive industry often meets with criticism from scholars such as Kowalska (2014:132) and Kerhbach (2015:101) who argue that it is practically impossible to achieve SD, and corporates can therefore not promote it. The criticism is arguably based on too many trade-offs in the mining sector where African countries need investments at all costs, relaxed rules and regulations (moral free space) and corruption⁶ (Kolk & Tulder, 2010:120).

SD, like CSR, seems to have different meanings according to different aspects of human life, therefore a challenge arises in defining and implementing key sets of integrated targets (Kolk, 2016:24). An international organisation, the Mining Minerals for Sustainable Development (MMSD), acknowledges the extractive industries' shortcomings in convincing stakeholders of their SLO and quest to fully address the challenges of poverty alleviation, job creation, capacity building and skills creation, governance, gender, equity, and stakeholder engagement (Smith *et al.*, 2012:242). As such, international organisations such as the Global Mining Initiative (GMI) are mandated to changing the way in which the mining industry operates by an exploration of the role of the sector in the transition to SD (Smith, Shepherd & Dorward, 2012:242).

Despite these challenges, there are expectations of the extractive sector to contribute positively to society (Kolk & Tulder, 2010; Owen & Kemp, 2015; Gamu, Bullion & Spiegel, 2015; Haslam & Tanimoune, 2016) through adopting policies on CSR that contribute to sustainable development (Luning, 2012; Vasquez, 2012; Kerbach, 2015:101).

2.7.5 Management of risk as a CSR benefit

Proper implementation of CSR policies creates a beneficial relationship between stakeholders and by so doing, it assists in managing conflicts and possible risks (Kotler & Lee, 2005; Zadek, 2000). The conflicts associated with mining can be avoided if there is a disciplined approach and

⁶ It is argued by Murombo (2013:286) that Africa loses 1 trillion USD per year to corrupt activities.

strong safeguarding of stakeholder interests in environmental, social, economic and human rights areas (Farrel, Hamann & Mackres, 2012:194).

The adoption, for example, of SLO and FPIC approaches that encompass and maintain reciprocal benefits among stakeholders ensures that there is a low risk of conflict from local communities that can stop or slow down (through protests or sabotage) economic output, and damage the company's reputation with potentially significant financial losses. The non-adoption of such approaches results in conflicts and a bad reputation for the company and stakeholder power brokers such as civil society, trade unions and the government. The 34 deaths and an additional 78 miners injured at a mining protest at Marikana in South Africa on Thursday, 16 August 2012 were an example of this and had a bearing on the reputation index of the Lonmin platinum mine recording a loss of 1.9 billion USD in 2015 (Forslund, 2013:8). Although there are several advantages in corporates' practice and implementation of CSR, it does not go without challenges.

2.8 Challenges to CSR

The concept and practice of CSR are relatively new in Africa, and corporates and stakeholders face challenges, for example, poor enforcement of regulations, absent civil society scrutiny, and weak consumer activism (SDRA, 2008:81). This section discusses the major challenges to CSR practices specific to the extractive sector namely; institutional incapacity, poor land ownership rights, corruption, and low economic performance.

2.8.1 Institutional incapacity in relation to CSR

CSR practice is largely dependent on functional institutions of democracy, accountability, and concerned stakeholders, therefore it becomes a challenge when the state is not institutionally accountable to its citizens and lacks the capacity to do so (Bulte, Demania & Deacon, 2005:1032). According to a study conducted by Murombo in 2013 on the regulation of mining in Zimbabwe and South Africa, many inconsistencies in the two countries' mining sectors were pointed out. Murombo (2013:39) found that regulating institutions and instruments on mining in both Zimbabwe and South Africa show that the focus of laws and policies facilitates extraction with little regard for the impact of mining on the environment, communities and local development. In addition, in Marange, Zimbabwe, the Environment Management Agency (EMA) struggled to subject the mining companies to environmental impact assessments (Murombo. 2013:42).

This incapacitation is evidently detrimental to CSR practice and for SD. For example, relocations of communities at Marange are constantly in the media spotlight and the dissatisfaction of communities is symptomatic of deficiencies in legal and regulative institutions in Zimbabwe (Murombo, 2013:33). Addressing mining laws and regulations through research may modernise

the law and mitigate social and environmental impacts of mining, strengthening these institutions in the process. Strengthening laws and institutions creates a balance between stakeholders and mining corporates in terms of land ownership rights.

2.8.2 Land ownership rights in relation to CSR

According to Smith, Shepherd and Dorward (2010:241), the land ownership rights in Zimbabwe are grounded in common property rights and communal use regimes where the state has every right to land, determining where communities live and where extraction activities are authorised. The problems of undervaluing land and natural resources and also the prevalence of poor land use planning emanate from government and mining companies' failure to engage the communities (Murombo, 2013:45). Evidently, government incapacity or "governance gaps" (Campbell, 2012:138) to manage mining (large scale and small scale) in Africa short-changes the CSR-related development tied to resource extraction. Sen (2007:69) and Cernea (2008:456) add that non-market and non-competitive methods of land compensation are often employed by governments in developing countries. The lack of community rights in the mining sector creates openings for unsustainable practices for example, corruption.

2.8.3 Corruption in relation to CSR

According to the African Partnerships Forum (2012) and Alfred *et al.* (2013:46), illicit financial flows emphasize not only state corruption but also corporates' patterns of avoiding taxation, royalty payments and socio-economic responsibility. The World Bank (2008) and Smith, Shepherd and Dorward (2010:241) argue that it is evident that the management and distribution of revenues generated from the extractive sector remain a challenge to most governments in the developing world. Corruption is more damaging because revenues are continuously stolen and are difficult to detect through audits (Global Witness, 2012:17; Nwapi, 2015:92).

The existence of parallel shadow economies (black markets) and elite groups has a negative consequence for investment and formal economic growth. Olsen *et al.* (2015:10) attribute this to weaknesses in institutional capacity and the law, allowing corruption in policy frameworks (Nwapi, 2015:92).

Political elites who solicit bribes or contributions for political activities in return for protection from high-ranking officials and extortion for personal wealth play down the efforts by corporates to honour their legal and non-legal obligations. In the process, corporates are insulated from being accountable to the political elites (Bueno de Mesquita & Smith, 2009:345). Corruption creates room to undermine all forms of transparency and accountability by corporates in the extractive sector and the upholding of socio-economic and environmental responsibility as per the

expectations of the law and communities. Corruption does not only exacerbate illicit financial flows but also provides a systematic pattern of corporates avoiding taxation, royalty payments and socio-economic responsibility (African Partnerships Forum, 2012). Corruption, in turn, does not contribute to a stable economic environment.

2.8.4 Unstable economic environment in relation to CSR

CSR activities are dependent on profitability and stable economic environment (Bansal *et al.*, 2015), hence the economic category of Carroll's CSR pyramid highlights the need for corporates to maximize earnings for the viability of a business (Mehaan *et al.*, 2004:3). Research has indicated that sustainable CSR initiatives are costly and incompatible with the corporates' financial success, hence CSR decreases in economically constrained environments (Barnett *et al.*, 2015:63; Bansal *et al.*, 2015:69). Zimbabwe is a country ravaged by economic constraints since 2000, and a chaotic land reform programme (Spiegel, 2015:266) and this situation motivated an investigation of the challenges and specific constraints on CSR policy and practice in Zimbabwean economically unstable environments, with particular reference to Mbada Diamonds.

In addition, the fact that social and environmental costs are accrued before the mining production commences with generating income is also a challenge to the relationship between corporates and the communities which is rooted in low economic performance of the company (Farrell, Hamann & Mackres, 2012:196). Although there is evidence suggesting that firms undertake selective sustainable 'trimming' so as to adapt to a new economic environment (Barnett *et al.*, 2015:63), a significant drop in CSR initiatives is evident in troubled economies.

2.9 Conclusion

The concept of CSR has different meanings to different contexts and agendas. The understanding and expectations of CSR are different between a developed state and that of developing economies such as in Africa. In addition, CSR has different dimensions for different sectors of the economy. In the mining sector, corporates are expected to seek consent from community members on all operations and take the lead in the bio-physical and socio-economic improvement for local communities. There is a general understanding among CSR scholars in mining that corporates need to practise and refine their CSR strategies through stakeholder engagement in order to gain the social licence to operate.

Several theories applicable to CSR in different contexts were discussed, based on Carroll's model and theories which emerged from his CSR pyramid. The emerging theories included the classical, agency, institutional, legitimacy, instrumental and shareholder theories. The stakeholder theory

and relational concepts such as social licence to operate (SLO) and free, prior and informed consent (FPIC), as well as the integrated social contract theory were discussed, forming the basis of the study. Although Friedman believes business is essentially for creating value for the shareholders, the theories proved that CSR can be undertaken for the realisation of both corporate shareholder and community goals. An effective stakeholder engagement with the communities in the mining sector, obtaining their consent and licence to operate, allows mining corporates to maintain an unwritten but legitimate contract with adjacent communities and other stakeholders. As such, CSR implementation can be used for community development and the African agenda for sustainable development and reduction of poverty.

The mining sector poses evident risks to adjacent communities and society at large due to the previously stated reasons such as the destruction of the environment and human rights abuses. Other risk factors in the mining sector articulated in this chapter include contractual disagreements, mining-induced displacement and resettlement, and inequality, among others. As such, implementing a CSR policy is advantageous for a mining corporate as the absence of the stated risks helps in improving the corporate's income and legitimacy and promotes sustainable development within adjacent communities.

The chapter went on to present a discussion of challenges to CSR which include institutional incapacity of the corporates to implement CSR, government's lack of implementation of enforcement, land ownership rights, corruption, and unstable economic challenges of a host country which may result in the government accepting investment at the cost of the environment and the communities.

The next chapter (Chapter 3) explores how corporate governance in the Zimbabwe mining sector and for Mbada Diamonds is aligned to the international, regional and national (Zimbabwe) regulatory frameworks and how these have an influence on the adoption and implementation of corporate social responsibility in Zimbabwe.

CHAPTER 3: MINING POLICY REGULATORY FRAMEWORKS: INTERNATIONAL, REGIONAL AND LOCAL

3.1 Introduction

In the previous chapter (Chapter 2) a review of literature on CSR was presented with a focus on the concepts and theories of CSR referenced to the mining sector. In section 2.8.1 it was identified that the focus of policy regulatory frameworks facilitates extraction with little regard to the impact of mining on the environment, communities and local development. It was also identified that owing to a lack of CSR policies in the mining sector, the mining corporates are not compelled to undertake adequate CSR activities. In this chapter the international, regional, and national (local) policy regulatory frameworks for the mining sector of Zimbabwe are discussed within the following context:

Mining has been crucial to Zimbabwe's economic growth since the reign of the Munhumutapa Kingdom between 1430 and 1760, and the settler and colonial governments and still remains key to the overall economic empowerment and development of the gross domestic product (GDP) of Zimbabwe to date (Chindori-Chininga 2012:8; Murombo 2016:230; Hollaway 1997:27). However, the overall contribution of the mining sector to the GDP of Zimbabwe had been impeded by negative factors such as corruption and inadequate mining laws in supporting CSR policies to empower the people in mining-affected communities (Murombo, 2010:570; Murombo, 2013:33; Chindori-Chininga, 2012:7; Saurombe, 2014:7).

In the discussion of the international, regional, and national (local) policy regulatory frameworks in this chapter, they have been related to the challenges associated therewith within the Zimbabwean mining sector, and the adequacy, or otherwise, of the provisions thereof have been explored. The international policy regulatory frameworks include the United Nations Global Compact (UNGC), the Extractive Industry Transparency (EITI), the Global Reporting Initiative (GRI), the International Standards Organisation (ISO), and the Principles for Global Corporate Social Responsibility: Bench Marks for Measuring Business Performance.

In addition, some regional standards such as the African Mining Vision (AMV), the King Codes on Corporate Conduct and Governance and the Commonwealth Code on Corporate Governance (CCCG) are discussed. In the same vein, the Zimbabwean legislation and regulations are also discussed. These include Acts and regulations such as the Environment Management Act (EMA) 13 of 2002 (Chapter 20:27), the Mines and Minerals Act (MMA) 1135 of 1975 (Chapter 21:05), and the Indigenisation and Economic Empowerment Act 14 of 2007 (IEEA) (Chapter 14:33) in relation to the promotion of sustainable CSR policies among the mining corporates in Zimbabwe.

These Acts are then discussed in relation to the relevant international and regional regulations on meaningful CSR practices for the mining sector in Zimbabwe.

According to Van Wyk (2012:99), there is no standard blueprint for CSR policy frameworks but there are a variety of established codes, principles and other types of CSR initiatives that can be used by corporates worldwide. International, regional, and national (local) norms, codes, standards and regulations exist in the mining industry. These regulatory instruments generally refer to sustainable development and how firms ought to use resource revenues and behave towards local mining-impacted communities while mining (Dupuy, 2014:202).

The underlying objective of international, regional, and national (local) enabling regulatory frameworks is to ensure that mining becomes sustainable and supports the development of the areas where minerals are located (Murombo, 2010:57).

Regulatory policy frameworks and their implementation in relation to CSR and mining is a contested area, for example, legal scholars prefer the legal instruments (“hard law”), social scientists prefer the different methods of social behaviour, and economists prefer internal corporate discretion on corporate behaviour (Sing, 2015:126). This may explain the reason why, despite the availability of voluntary regulatory initiatives that can be used to improve the behaviour of mining firms in revenue management and provide community benefits, some states are still turning to “hard law” to manage the effective use of CSR in mining. Hard law “...refers to legally binding obligations that are precise and that delegate authority through an Act of Parliament intended for a particular sector” (Abbott & Snidal, 2000:421). Hard law consists of rules that are legally binding and mandatory and rules that are enforced by the state (Dupuy, 2014:200).

Many questions then arise pertaining to CSR policy frameworks and their strategic practice. For instance, what is the relationship between CSR and laws? Is CSR a mandatory or voluntary exercise and does law help in shaping both adoption and implementation of CSR initiatives (Gunningham, 2006:476)? CSR initiatives are also classified as corporate codes of conduct, multi stakeholder initiatives, certification and labelling, model codes, sector or industry-wide initiatives, international framework agreements (IFA), and statutory instruments (hard laws) (Van Wyk (2012:101) that could be adopted within organisations’ corporate governance (CG) structures.

3.2 Corporate governance

Corporate governance (CG) gained prominence around the 1980s (Maune, 2015:167). The concept of corporate governance has developed since then in both developed and less-developed economies (Liu, 2006:453; Leech & Manjon, 2002:158). CG is defined by the OECD as “...a set of relationships between a company’s management, its board, its stakeholders and

shareholders” (Tapanjeh, 2007:558). Thus, CG governs the relationship between all involved in a corporate business. CG is also defined by the Cadbury Committee on Corporate Governance in 1992 as the systems that are used to direct, control and understand how managers can balance the various interests of the parties involved in a company. According to Maune (2015:169), the word ‘systems’ defines a division of power and the promulgation of mechanisms for achieving accountability. CG principles therefore ensure accountability between the board of directors, management and stakeholders such as employees and the community. Basically, CG imbeds itself as a foundation for CSR. For instance, the Organisation for Economic Co-operation and Development (OECD) principles of corporate governance can be interpreted as guiding corporates to practise CSR.

The OECD principles provide guidance for the best practices related to CG (Robertson *et al.*, 2013: 316; Anca, 2012:156). The OECD principles of corporate governance do not only consider shareholder value but also the importance of stakeholders (Abu-Tapanjeh, 2009:558). The OECD principles include the fact that the best corporations recognise that business ethics and corporate awareness of the environment and societal interest of the communities in which they operate can have a positive impact on the reputation and long-term performance of corporations (Morrow *et al.*, 2015:7). This approach is tantamount to businesses having a social responsibility agenda in their operating areas.

The OECD guide for stakeholder engagement provides a framework for meaningful engagement for both the management and workers who can be consulted when countries are creating and adopting their CG codes (OECD, 2016:21). Stakeholder engagement becomes meaningful if the management of corporates understand their local and operational contexts (OECD, 2016:22). Understanding the contexts means that OECD guidelines can be adapted to varying legal, institutional and environmental regulatory policy frameworks found in different countries, thereby including Zimbabwe and Marange for Mbada Diamonds.

It is necessary to point out that Zimbabwe is not a member of the OECD but that the mining sector in Zimbabwe can derive guidance from the OECD principles because it can also refer to a mining-specific applicable guide of reference for many mining corporates in the world (Abu-Taapanjeh, 2009:557). In addition, progress had been experienced by both OECD members and non-members, underscored by the statement that the OECD principles are “...becoming one of the universal benchmarks for corporate governance” (Matei & Drumasu, 2015:497). It would follow that these benchmarks for corporate governance and stakeholder engagement, being universal, would then, as guidelines, have an effect on the practical implications of CG on CSR for corporations in different states, including Zimbabwe.

3.2.1 Practical implications of CG on CSR

CG becomes a foundation for business because it is applicable in all kinds of businesses. According to Sikwila and Chavhunduka (2015:654), although CG is applied differently from one corporation to another, from one country to another, and from one sector to the other, the issues of accountability, values and behaviours cut across all economic sectors. The difference in applicability needs specific and timely re-evaluation by managers (Tapanjeh, 2007:558). Managers can evaluate their CG to deal with international, regional, and national (local) specific ethical issues, such as corruption due to weak regulations in developing countries (Barkemeyer, Preuss & Lee, 2015:322). Through the compliance to such different ethical and governance issues, CG can create value for all stakeholders' interests (Balachandran & Faff, 2015:1).

In the mining sector, for example, corporates need to consider both their positive and negative impacts on and within communities. CG positions itself as an instrument that can be used to manage such impacts through corporate accountability, transparency, fairness and independence, integrity, and social responsibility, among others (Matei & Drumasu, 2015:499).

The CG situation in Zimbabwe can be described as follows:

In April 2015, Zimbabwe commissioned and developed its own principles on CG, called the ZIMCODE. The ZIMCODE is now widely accepted in the country as the leading framework on corporate governance. In essence, the Code consists of the prescriptions for good governance for Zimbabwean companies (Chavhunduka & Sikwila, 2015:651). This is because such prescriptions direct, control and hold corporates to account for compliance with laws and regulations and to adhere to ethics, standards and codes for best practices (Tsumba, 2002:105). The prescriptions endeavour to curtail corporate failures as a result of corruption, fraud, excessive remuneration of members of the boards of directors, and poor resource management. Thus, for the mining sector in Zimbabwe, the ZIMCODE, if adopted and implemented by corporates, reduces corruption and facilitates the efficient use of public resources which ultimately improves the contribution of mining corporates to local and national development in line with international standards (Chavhunduka & Sikwila, 2015:653). The international standards on CG are therefore increasingly being developed and refined in Zimbabwe in response to requests for dealing with mining justice, global warming and climate change, and the need to achieve sustainable development.

Despite the failure to adopt the policy regulatory frameworks for CSR, responsible mining corporates sometimes choose to create and align their CSR policies with international and regional standards of CSR. Zimbabwe Platinum (PVT) (ZIMPLATS) is such an example (Murombo, 2013:53). There are a variety of international codes, standards and regulations that

promote the adoption of CSR policies, programmes and projects in general for any business, and, in particular of CSR for the mining sector. The following section discusses the international policy regulatory frameworks on CSR and how they can be linked to the practice of CSR in the mining sector of Zimbabwe and by Mbada Diamonds.

3.3 International policy regulatory frameworks on CSR

There has been a growing need for reformation and improved practice of CSR in the mining sector (Dupuy, 2014:203). This need has been reinforced by the increase in the study and practice of sustainable development (SD) for both humanity and the environment. SD now features in almost every initiative aimed at the betterment of human life and the protection of the environment. The call for greater acceptance of CSR policy regulatory frameworks in the mining sector reinforces sustainable development in that there are several international standards and regulations which ensure the realisation of sustainable practices in the mining sector through meaningful CSR. Such standards and regulations include, but are not limited, to the United Nations Global Compact (UNGC), the Extractive Industry Transparency Initiatives (EITI), the Global Reporting Initiative (GRI), the International Standards Organisation (ISO) system, the Principles for Global Corporate Social Responsibility; Bench Marks for Measuring Business Performance, the King Codes on Good Corporate Governance, the Commonwealth Code on Good Corporate Governance, and the under-construction Responsible Mining Index (RMI).

3.3.1 United Nations Global Compact (UNGC)

The UNGC is a global initiative with principles which, if meaningfully adopted by states, amount to CSR frameworks through their focus on human rights, best labour practices and the protection of the environment. The UNGC initiative is aimed at increasing the benefits of development through corporate policies and actions (Williams, 2004:755). The UNGC initiative contains guidelines that are in line with the Universal Declaration of Human Rights (UDHR) (1948), the Rio Declaration on Environment and Development (RDED) (1992), the International Labour Organisation (ILO), the Fundamental Principles and Rights at Work (FPRW) (1998) and the Convention against Corruption (CAC) (Williams, 2004:756). According to Van Wyk (2012:106), the United Nations Global Compact asks companies to embrace, support and enact, within their sphere of influence, the ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption (UNGC, 2010:40) (see Table 3.1).

Table 3.1: Core values of the UNGC

Human Rights	1. Business should support and respect the protection of internationally proclaimed human rights within their sphere of influence.
	2. Business should make sure they are not complicit in human rights abuses.
Labour	3. Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.
	4. Business should ensure the elimination of all forms of forced and compulsory labour.
	5. The effective abolition of slave labour.
	6. Elimination of discrimination in respect of employment and occupation.
Environment	7. Business should support the precautionary approach to environmental challenges.
	8. Undertake initiatives to promote greater environmental responsibility.
	9. Encourage the development and diffusion of environmentally friendly technologies.
Anti-corruption	10. Business should work against corruption in all its forms, including extortion and bribery.

Source: Adapted from Van Wyk (2012:106)

The UNGC principles can be adopted by mining corporates such as Mbada Diamonds within their specific context (Voegtlin & Pless, 2014:180). The principles, although they do not cover the economic benefit of stakeholders, do provide corporates with some guidelines in order to improve their CSR engagement within their operating environments. According to Van Wyk (2012:108), there is no other CSR initiative with the moral authority and convening power of the UN. The mining communities in Zimbabwe can also take advantage of the initiative in respecting human rights, respecting the environment, ensuring fair labour practices, and taking anti-corruption measures within adjacent communities which are core stipulates of the UNGC.

Besides ignoring the economic benefit of stakeholders, the UNGC is also criticised for its corporates' easy entry, whereby they become members without being properly monitored or assessed (Rieth, Zimmer, Hamann & Hanks, 2007:101; Voegtlin & Pless, 2014:181). Corporates can be members of the UNGC without actually practising the core values and principles for which the host stands (Voegtlin & Pless, 2014:179), a practice commonly known as "bluewashing". As such, it is not known whether UNGC corporate membership in the mining sector has changed their behaviour significantly and whether the changes have improved the socio-environmental

conditions (Rieth, Zimmer, Hamann & Hanks, 2007:101). It also does not provide principles specifically for the mining sector, such as the Extractive Industry Transparency Initiative (EITI)

3.3.2 Extractive Industries Transparency Initiative (EITI)

The EITI as an initiative functioning alongside other CSR standards and seeks transparency in the use of revenue from the extractive sector by corporates and the government (Smith, Shepherd & Dorward, 2012:242). According to Murombo (2010:571), the issue of the use of mining proceeds is one of the most contentious issues in the extractive industry. It becomes contentious if corporates and governments experience challenges in formulating policies which will ensure that mineral proceeds meaningfully benefit all stakeholders. In the wake of the challenges in the inadequacy or the non-implementation of policies that benefit mining stakeholders in Zimbabwe, the EITI has the ability to compensate the shortcomings of such policies within the context of CSR in the mining sector.

A policy regulatory framework for Mbada Diamonds in Zimbabwe could, for example, reflect on the EITI principle that "...the prudent use of natural resource wealth should be an important engine for sustainable economic growth and sustainable development" (Ronald, 2016:450). The EITI recognises the potential benefits and challenges of increasing local transparency through robust monitoring, evaluation, and recommends multi-stakeholder discussions, reporting, disclosure, verification, and dissemination of developed policy and reports (Ovadia, 2014:140). The multi-stakeholder aspect of the EITI gives this initiative the potential for corporates to engage the communities, as one group of stakeholders, in the mining sector. Through the engagement of the community, the EITI recognises the principle of transparency by governments and companies in the extractive industries and the need to enhance public financial management and accountability in the context of respect for contracts and laws (Keblusek, 2010:8).

EITI transparency is also enhanced through disclosures that enable stakeholders to understand the laws and procedures for the award of exploration and production rights, the legal, regulatory and contractual frameworks that should apply to the extractive sector, and the institutional responsibilities of the State in managing the sector (Smith, Shepherd & Dorward, 2012:242). The EITI also obligates the disclosures of information related to exploration and production, enabling stakeholders to understand the potential of the sector through information about exploration activities, production data and export data (Rogan, 2016:23). The EITI recommended transparent legal framework and award of extractive industry rights include legal framework and fiscal regime, license allocations, register of licenses, contracts, beneficial ownership, and state participation in the extractive sector (EITI, 2016:18).

There is, however, an on-going debate on EITI effectiveness due to certain concerns, for example, EITI's transparency standards not being strict enough. Although EITI standards require disclosures on revenue generated by corporates, there is insufficient information on the allocation of this revenue to the government or the local communities (Smith, Shepherd & Dorward, 2012; Keblusek, 2010:19). The EITI cannot achieve its goal of natural resource benefit for all if states are not required to disclose how the money is being spent.

The EITI's membership is also too limited and voluntary. For example, in South America, Peru is currently the only EITI member despite the extractive industries playing a large economic role in the region. In addition, transparency is necessary but not sufficient on its own (Ovadia, 2014:142). Transparency is only an effective anti-corruption measure when there is an educated electorate, when a free media can effectively publicize information, and when key stakeholders have the power to hold the government accountable.

Despite these flaws, the mining sector in Zimbabwe could still adopt EITI principles which recognise that corporates and government have the ability to use mining as a conduit to sustainable development and the eradication of poverty (Rogan, 2016:26). Transparency and accountability in mining communities ensure that mining corporates are disclosing proceeds and their activities from mining and are accountable to their actions within their mining areas. It can be further submitted that Zimbabwe and Mbada can ratify and transpose the EITI proposals and policies through the Zimbabwe Mining Revenue Transparency Initiative (ZMRTI) into the relevant mining legislation to encourage accountability and transparency among all the relevant stakeholders (Centre for Research and Development, 2014:5; Dhliwayo & Mtisi 2012:2; Murombo, 2016:242; Murombo, 2013:37). The ZMRTI is a sister and local version of the EITI in Zimbabwe.

Another CSR standard which focuses on transparency and accountability is the Global Reporting Initiative (GRI).

3.3.3 Global Reporting Initiative (GRI)

The GRI is a framework of guidelines that focuses on sustainable reporting by business (Fogliasso & Deeds, 2012:62). The vision of GRI is to have a sustainable global economy where businesses manage their economic, environmental and social performance, responsible governance, and transparent reporting (Vigneau, Moon & Humphreys, 2015:472). The changes in global business ask for the businesses to be accountable for their actions by acting responsibly and following generally acceptable reporting standards. The GRI framework consists of principles and guidelines, standards of disclosures, and sector supplements on what to report and how to report (Vigeau *et al.*, 2015:472).

The GRI framework guides corporates in completing their sustainable reports more accurately and enables corporates to make comparisons with their competitors (Barkemeyer *et al.*, 2015:315). Sustainable reporting also offers guidelines on balanced and reasonable reporting on the performance of a reporting organisation (Barkemeyer *et al.*, 2015:315; Vigeau *et al.*, 2015:472).

According to the GRI, a sustainability report (SR) is defined as a report on the economic, environmental and social impacts which provides a balanced representation of both positive and negative contributions to the overall performance of the organisation that is consistent with the organisation's commitment, strategy, and management approach in accordance with the sustainability reporting guidelines. SRs can be used in benchmarking and assessing sustainability performance with respect to laws, norms, codes, performance standards and voluntary initiatives demonstrating how the organisation influences and is influenced by expectations on sustainable development (SD) (Vigeau *et al.*, 2015:473). Summarily, GRI provides guidelines to promote organisational transparency, accountability and stakeholder engagement.

Like the EITI, the GRI is a reporting instrument that lacks the explicit proposals on CSR where mining corporates' activities can be viewed as supporting and promoting sustainable economic development of host communities (Van Wyk, 2012:127). Despite this, the GRI Reporting Framework is developed and continuously improved through intensive multi-stakeholder engagement that involves reporting organisations and information seekers who together can develop and review content for the Reporting Framework (GRI, 2009:4).

The engagement of stakeholders allows the GRI as a reporting framework to be utilised in the mining sector of Zimbabwe, or by Mbada Diamonds in particular, to report on their performance within areas of operation. With the input of stakeholders, corporate practices could be reported fairly, and possible corrective measures could be instituted. When corporates report their activities, they should consider reporting in terms of the underpinnings of the socio-economic and environmental standards as expected from the available standards, such as the International Standards Organisation (ISO) 26 000 and 14 000.

3.3.4 International Standards Organisation (ISO) system

The International Standards Organisation is one of many systems being used to manage business actions, for example, the ISO 26 000 (social responsibility standard) and ISO 14 000 (environmental standard) (Castka & Balzarove, 2007:75). The ISO 26000 provides businesses and organisations with guidance on how they can operate in a socially responsible manner, and how to be ethical and transparent in their relationship with society (Sustainable MENA Report, 2014; ISO, 2010, ix).

The ISO 26000 is an instrument enabling corporates to go beyond legal requirements in considering societal, environmental, legal, cultural, political, and organisational diversity as well as differences in economic conditions while being consistent with international norms and ethics (Shwartz & Tilling, 2009:290). The ISO 26 000 has six guiding principles of CSR, namely accountability, transparency, ethical behaviour, respect for stakeholders' interest, respect for the rule of law, respect for international norms and behaviour, and respect for human rights. Managers are expected to identify relevant issues and set priorities on core subjects, for example, organisational governance, human rights, labour practices, environment, fair operating practices, consumer issues and community involvement and development (Veiga, *et al.*, 2013:20).

The ISO 26 000 standard can be considered a full framework on CSR which can be adopted by the mining corporates in Zimbabwe or by Mbada Diamonds. The standard caters for the management of corporates activities which is through transparency and accountability, while it encourages corporates to act ethically, respecting the stakeholders' interests, rule of law, international norms, and human rights. Although the standard is a general standard, most aspects concerning mining are well catered for by this standard. While the environment standards guidelines are included in the ethical aspect of ISO 26 000, they are more detailed in the ISO 14 000.

The ISO 14 000 is an environmental management system which allows an organisation to identify, evaluate, and reduce the environmental impact of its activities. The ISO 14 000 developed by the ISO committee (ISO/TC, 207) constitutes a series of standards for environment management systems, environmental auditing, environmental performance evaluation, life cycle assessments, environmental communication, environmental aspects of design and development, environmental aspects in product standards (ISO Guide 64), terms and definitions, greenhouse gas management and related activities, and measuring the carbon footprint of products (ISO Guide 64). Compliance with the ISO 14 000 is important since organisations must conform in order to obtain registration and certification (Castka *et al.*, 2008:76). This aspect from ISO 14 000 can be adopted in Zimbabwe and be included in the EMA with specifications that compliance has a bearing on obtaining operating licenses.

The other important and mining-specific index for responsible mining is the Responsible Mining Index (RMI).

3.3.5 The Responsible Mining Index (RMI)

The Responsible Mining Index (RMI) was established by the Responsible Mining Foundation with a goal to "...encourage continuous improvement in responsible mining in the minerals and metals industry by highlighting leading practices and transparently assessing the performance of mining

corporates”.⁷ The RMI is to encourage the continuous improvement in responsible mining through transparency in economic, environmental, social and governance issues. The Responsible Mining Foundation is still in the construction phase of the index for responsible mining. The RMI methodology refers to the issues on the African agenda such as poverty, economic benefit and environment with regard to mineral and metals mining. According to Chaminuka and Musingafi (2015:90), the methodology only targets 30 large corporates and is silent on the majority of smaller mining firms. However, the smaller firms outside the targeted 30 can make use of the objectives of the RMI to the corporates’ benefit and for the benefit of the communities adjacent to the mining firms.

3.3.6 The Principles for Global Corporate Social Responsibility: Bench Marks for Measuring Business Performance

According to the Bench Marks Foundation (BMF) (2012), Principles for Global Corporate Social Responsibility: Bench Marks for Measuring Business Performance, also known as the Bench Marks Principles, were developed by a network of faith-based partner organisations. The principles stand for justice to be served for “...those oppressed, impoverished and exploited...” and ...“work to change the structures of policies in order to create a fair and sustainable world”. According to Van Wyk (2012:123), the Bench Marks Principles promote positive corporate social responsibility consistent with the responsibility to sustain the human community and all creation. The Bench Mark Principles call for the following:

- A new relationship between corporations, communities and ecosystems;
- Support for a sustainable system of production and a more equitable system for the distribution of the economic benefits of production and environmental services;
- Participation of stakeholders and those most affected by the activities of corporations in the decision-making processes of companies;
- Preservation and protection of the environment for present and future generations;
- Respect for the dignity of every person, for workers' right to organize a union and bargain collectively, and for all core labour rights as defined by the ILO;
- Strong codes of conduct for corporations and suppliers independently monitored by local non-governmental and community organisations;
- Affirmation of indigenous peoples' right to full participation in the business decisions which pertain to their ancestral lands and their way of life;
- Human rights policies based on the Universal Declaration of Human Rights;

⁷ Responsible mining index. 2018. Responsible Mining Foundation. Synergy.

- Commitment to the principle of workers' rights of access to health care, and accessible and affordable medicines, including anti-retroviral for the treatment of AIDS; and
- Corporate governance policies that balance the sometimes-competing interests of managers, employees, shareholders and communities, and that are based on ethical values, including inclusivity, integrity, honesty, justice and transparency.

The principles are offered to workers and to companies seeking to respond to the challenges of doing business in the global economy in a socially responsible manner. The Bench Mark Principles are designed to measure the extent to which a company is operating in a way that can be considered, from a faith perspective, to be responsible. Consequently, the Bench Mark Principles are not intended as a code of conduct but as a tool for measuring business CSR performance (Van Wyk, 2012:22). The approach used is to start with general principles that faith communities believe are fundamental if a business is to act in a responsible way. More detailed policies and indicators are then developed which enable the user to identify the extent to which those principles are being upheld (Van Wyk, 2012:125). The three different levels of the analytic themes are the following:

Principles: These are statements of business philosophy fundamental to a responsible company's actions;

Criteria: These are particular company policies and/or practices that can be compared for consistency with the Principles;

Benchmarks: These are specific reference points of measurement to be used in assessing the company's performance in relation to the Criteria.

The Bench Marks Principles are divided into two categories of themes and stakeholders. Firstly, there is the wider community which includes the issues external to the company, namely the neighbouring communities, the environment, and the wider society in which the company operates. Secondly, the Bench Mark Principles focus on the business community encompassing the employees, suppliers, the corporates' clients and their business partners; in a nutshell, the stakeholders and issues connected to companies' internal structures.

The Bench Mark Principles is a thorough and comprehensive instrument. Van Wyk (2012) pointed out that it provides "...a broader and more detailed scope of CSR themes and indicators..." than many other codes and standards. It is widely available and freely accessible so that it can be adopted by any organisation from any geographical position in the world, including therefore the Zimbabwean government and Mbada Diamonds. The principles focus on consensus stakeholder

input on all CSR initiatives, communities, annual reporting, and initiatives including the verification of reports, and allow for the adaptability of the principles to different contexts.

The following section provides the emerging issues from the international policy regulatory frameworks on corporate social responsibility.

3.3.7 Emerging Issues from the International Regulations on CSR

There has been a growing global movement calling for sustainable development led by the mining sector. The growth of environmental and human rights activists is now equated prominently with those activists for economic rights issues in the mining sector. Issues specific to CSR also include mining transparency, accountability and the adoption of principles and standards for mining budget allocations and priorities. However, it has emerged from the preceding discussion that most of the international standards have limited capacity to enforce sanctions globally and are voluntary. In many ways standards such as the EITI and GRI lack explicit proposals on CSR in the mining sector.

There are regional policy regulatory frameworks for CSR which can be adopted by mining companies in Zimbabwe. Among these are regional CSR standards such as the Africa Mining Vision, The King Codes on Corporate Conduct and Governance I, II & II (King Reports), the Common-wealth Code on Corporate Governance (CCCG).

3.4 Regional standards on CSR

The following section discusses the regional standards on CSR available for Mbada Diamonds.

3.4.1 The Africa Mining Vision (AMV)

The AMV is a regional policy regulatory framework formulated to reverse the trend in Africa whereby the region produces minerals but communities are excluded from the benefits of mining. It identifies seven objectives, namely the promotion of good governance, the development of institutional and human capacity, the optimisation of knowledge and mineral resource use, the building of infrastructure, the stimulation of economic diversification and the harnessing of the potential of small-scale miners (Van Wyk, Reyneke & Bain, 2018:17). The AMV's African Mineral Governance Framework is voluntarily adopted into a country's law, policies and regulations and implemented to become operational (Van Wyk, Reyneke & Bain, 2018:22). The AMV is also constituted as a Country Mining Vision for the management of minerals.

In Zimbabwe, the country's economic blueprint, the ZIMASSET, and the proposed Draft Minerals Policy of 2013 are based on the African Mining Vision (AMV) (Gudyanga, 2015:25) with the

emphasis on valuation and beneficiation. However, the ZIMASSET is yet to be fully adopted, if not abandoned, while the Draft Minerals Policy of 2013 is yet to be adopted in Zimbabwe. In addition, there is no significant evidence on previous studies which attests to African Union (AU) member countries adopting and implementing the AMV (Bennet, 2014:21). In Zimbabwe, the Country Mining Vision (CMV) for Zimbabwe reflected in the Draft Minerals Policy is regarded as ambitious as the economic conditions in the country are not supportive of the policy. Gaps also remain in transparency and accountability and Zimbabwe is yet to adopt the EITI principles. According to Zamasiya and Dhlakama (2016), although the Zimbabwe Environment Lawyers' Association is advocating for the renegotiation of the diamond contracts and agreements at Marange based on the principles of the AMV, this regional policy is yet to be adopted in Zimbabwe.

Policy regulatory frameworks from a regional perspective can be adopted by the countries of that specific region – in this case the Southern African Development Community (SADC) - including Zimbabwe as a member state, and the case of this study, Mbada Diamonds. For instance, Zimbabwe included some principles of the King Codes on Good Corporate Governance into the ZIMCODE. However, to a large extent the Zimbabwean mining policy frameworks are yet to adopt most of the best principles of mining from the region within their frameworks. According to Tumba (2010:134), in the absence of a code of corporate governance prior to the period of the ZIMCODE, most corporates in Zimbabwe adopted the King Codes on Corporate Governance. Although the King Codes on CG are applicable to South Africa, they have also been adopted at a regional level, especially in the SADC countries.

3.4.2 The King Codes on Corporate Conduct and Governance I, II & III (King Reports)

The King Codes on CG principles formed the basis of and significantly influenced the construction of the ZIMCODE for CG in Zimbabwe (refer to section 3.2.2), hence the inclusion of a discussion of the King Reports (Chavhunduka & Sikwila, 2015:652). While the King Reports have been written to improve governance in South African companies, many companies can freely adopt the CG principles (Esser, 2010:200) as corporates are increasingly expected to consider financial, human, environmental, social, and technological concerns when setting their CG strategy.

The King Reports I, II and III define a governance model for South African (SA) companies (Baker, 2010:29) with recommended standards for boards and directors of listed companies, banks and state-owned corporates (Rensburg & Botha, 2014:29). King I of 1994 was based on the Cadbury Report of the United Kingdom (Esser, 2009:188) in an attempt to create the highest standards of CG in SA. King I had a set of voluntary CG principles which were aimed at businesses listed on

the Johannesburg Stock Exchange (JSE). The King I Report was revised and adapted to become the King II Report.

The King II Report included new sections on sustainability (Rensburg & Botha, 2014:32), namely integrated sustainability reporting which includes the principles of discipline, transparency, independency, accountability, responsibility, fairness, social responsibility, and considering various stakeholders (Esser, 2009:190). King III is a revised version of King II, which provides general principles of good corporate governance relating to the board and directors as discussed as follows:

The King III Report points out that a corporate strategy should consider activities that go beyond financial performance but also the impact of the operations 'on society and the environment' by investing in the well-being of the economy, society and the environment and upholding stakeholders' rights and needs (King III, Chapter 1, s1.2). The King III supports integrated sustainability reporting and disclosures where reports should be compiled on governance, strategy and sustainability in an integrated way as opposed to reporting on these elements separately. The board of the company has to ensure the integrity of the corporate's integrated report (IR) which includes sustainability and financial performance (FP) (King III, Chapter 9, s9.1-3).

The King III morally binds corporates to be compliant with laws, to adhere to non-binding rules, codes and standards, and stipulates that the board must ensure that the company knows the effects of their operations and have a compliance strategy as delegated to the management (King III Chapter 6, s6.1-4). In addition, King III, Chapter 11, s 8.6 encourages corporates to manage stakeholder relationships where the board should appreciate that stakeholder's perceptions affect a company's reputation. In accordance with this, the board should delegate the management to deal proactively with stakeholder relationships by balancing between its various stakeholders' groupings in the best interest of the company, knowing that transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.

King III states that strategy, risk, performance and sustainability are inseparable and an Integrated Report (IR) should provide a greater context of performance indicators clarifying how relevant information fits into a business and the long-term strategy. The principles of the code, many of them integrated in the ZIMCODE, can be adopted by Mbada Diamonds for the benefit of its various stakeholders and the adjacent communities in particular.

As a former Commonwealth country, Zimbabwean mining corporates, Mbada Diamonds included, could be assessed as to whether they are guided by the Commonwealth Code on Corporate Governance (CCCG).

3.4.3 Commonwealth Code on CG (CCCG)

According to Tsumba (2002:120), like many other Commonwealth countries, in the absence of a CG code prior to 2014, Zimbabwean companies modelled most of their CG regulations on those of the British regulatory system. The CCCG, among other issues, deals with the Board, remuneration, role of shareholders, financial reporting, transparency and audit, stakeholders, worker participation/employment equity, and ethics (Bosch, 1995).

The Commonwealth code for CG is aimed at promoting excellence in corporate governance for the Commonwealth countries by promoting good standards in CG and business practices throughout the Commonwealth and to facilitate the development of appropriate institutions which will be able to advance, teach and disseminate such standards (Commonwealth Association of Corporate Governance, 1999). The Commonwealth code for corporate governance is underpinned by the following fifteen principles.

Table 3.2: Commonwealth CG principles

Principle 1	Exercise leadership, enterprise, integrity and judgment in directing the corporation so as to achieve continuing prosperity for the corporation and to act in the best interest of the business enterprise in a manner based on transparency, accountability and responsibility;
Principle 2	Ensure that through a managed and effective process board appointments are made that provide a mix of proficient directors, each of whom is able to add value and bring independent judgment to bear on the decision-making process;
Principle 3	Determine the corporation’s purpose and values, determine the strategy to achieve its purpose and to implement its values in order to ensure that it survives and thrives, and ensure that procedures and practices are in place that protect the corporation’s assets and reputation;
Principle 4	Monitor and evaluate the implementation of strategies, policies, management performance criteria and business plans;
Principle 5	Ensure that the corporation complies with all relevant laws, regulations and codes of best business practice;
Principle 6	Ensure that the corporation communicates with shareholders and other stakeholders effectively;
Principle 7	Serve the legitimate interests of the shareholders of the corporation and account to them fully;

Principle 8	Identify the corporation's internal and external stakeholders and agree on a policy, or policies, determining how the corporation should relate to them;
Principle 9	Ensure that no one person or a block of persons has unfettered power and that there is an appropriate balance of power and authority on the board which is, <i>inter alia</i> , usually reflected by separating the roles of the chief executive officer and chairman, and by having a balance between executive and non-executive directors;
Principle 10	Review processes and procedures regularly to ensure the effectiveness of their internal systems of control, so that their decision-making capability and the accuracy of their reporting and financial results are maintained at a high level at all times;
Principle 11	Assess its performance and effectiveness as a whole regularly, and that of the individual directors, including the chief executive officer;
Principle 12	Appoint the chief executive officer and at least participate in the appointment of senior management; ensure the motivation and protection of intellectual capital intrinsic to the corporation; ensure that there is adequate training in the corporation for management and employees, and a succession plan for senior management;
Principle 13	Ensure that all technology and systems used in the corporation are adequate to run the business properly for it to remain a meaningful competitor;
Principle 14	Identify key risk areas and key performance indicators of the business enterprise and monitor these factors;
Principle 15	Ensure annually that the corporation will continue as a going concern for its next fiscal year.

Source: Commonwealth Association for Corporate Governance (1999)

As discussed earlier, the international and regional policy regulatory frameworks on responsible mining, transparency and promotion of responsible behaviour in mining can have a bearing on the local (Zimbabwean) policies, and the legislation on mining management and development.

The following section discusses the emerging issues pertaining to the regional standards, codes and regulations:

3.4.4 Emerging issues from the Regional Policy Regulatory Frameworks on CSR

Issues emerged in the regional regulations indicating that standards are not adopted by Zimbabwe, for instance, the AMV, although the Zimbabwean government was an active participant in the formulation of the AMV. In addition, regional regulations are voluntary or included in ambitious economic policies such as the ZIMASSET which are untenable and later abandoned. Although some mining corporates such as the ZIMPLATS adopted popular regional standards, especially the King Code, there is no evidence that the mining sector uniformly adopted the

regional standards into their corporate governance. For instance, corporates in Zimbabwe could adopt the Commonwealth Code on CG; however, Zimbabwe withdrew from the Commonwealth region more than a decade ago, and as such, the explicit adoption of the Commonwealth codes and standards is not guaranteed for all diamond mining corporates or for the mining sector at large.

3.5 Mining and CSR regulation in Zimbabwe

The history of mining in Zimbabwe is evidence of longstanding mining activities that served the interests of only a few people. According to Hollaway (1997:27) and Kaseke *et al.* (2015:90), mining in Zimbabwe was carried out for royal wealth, gaining territory or for profit making with no CSR intentions, especially during the colonial period. The colonial mining policy was vested in the state in such a way that the state was empowered to sell, cede or give such rights to other persons such as prospectors and mining companies. However, the end of the colonial regime did not automatically translate into improved CSR mining policies in Zimbabwe (Chitimira & Tembo, 2017:286). As a result, during the period from 1980 to 1985, Zimbabwe experienced slow growth of the mining sector, its contribution to the GDP and those activities that benefit the community. The government, however, enacted certain policies, including legislation, which govern the mining sector. The Acts of Parliament are compulsory and punishable by law. These include the National Economic and Empowerment Act 14 of 2007 (NEEA), the Mines and Minerals Act 1135 of 1975 (MMA), and the Environment Management Act 13 of 2002 (EMA), as discussed below.

3.5.1 National Economic and Empowerment Act 14 of 2007 (NEEA)

The NEEA is an instrument of empowerment aimed at beneficiation and inclusion of Zimbabweans into the mainstream economy. The NEEA simply obliges the government to adopt relevant regulations and other measures to ensure that at least fifty-one per cent of the shares of every public company and any other business is owned, acquired or controlled by indigenous Zimbabwean people (sections 3(1) and (2) of the NEEA). Although the Act creates a funding mechanism through the community share ownership trusts (CSOTs) for improving the local stakeholder benefits from mining activities within communities, the NEEA's indigenisation policy is not directly or indirectly targeted at encouraging companies and related stakeholders to have sound CSR mining policies in place (Chitimira & Tembo, 2017:287).

The indigenisation policy, as it is popularly known, is largely aimed at revamping black economic empowerment and related affirmative action policies, and does not necessarily relate to CSR mining policies (see section 3(3) of the National Economic and Empowerment Act). It can be argued that, although the NEEA is a policy applicable across the whole economy, mining is largely the targeted sector. Murombo (2010:583) and Dupuy (2014:202) argue that the NEEA amounts

to nationalising mineral resources and does not necessarily appear as appreciating CSR as a best practice in mining. The only CSR aspect in the NEEA is where CSOTs are funded for community development. However, communities often fail to exploit the indigenisation policy provision for community participation in the wake of corruption and weak organisational capacity (Murombo, 2010:42). In addition, apart from compelling external investors to cede fifty-one per cent of their company shares to indigenous Zimbabwean people (sections 3(1) and (2)), the National Economic and Empowerment Act does not explicitly provide CSR-related mining policies or promote socio-economic development projects in the affected communities (Dhliwayo, 2014:2). The adoption of a rigorous CSR policy also does not appear in the principal mining law, the Mines and Minerals Act.

3.5.2 The Mines and Minerals Act 1135 of 1975 (MMA)

This MMA outlines the administration of all mining activities in Zimbabwe (sections 341-367), and is administered by the Ministry of Mines and Mining Development (sections 341-342) and politically overseen by the Minister of Mines and Mining Development. Among most of its flaws, the MMA penalties for any mining offences include the low prescribed fines or imprisonment for a period that ranges between three months and one year or both (sections 368-39). These relatively less-deterrent penalties could encourage unscrupulous persons or corporates to frequently engage in corruption and other prohibited illicit mining activities to the detriment of the local communities, the state and the economy at large. Moreover, the vesting of all minerals in the president and not in the state is probably one of the biggest flaws of the Mines and Minerals Act 1135 of 1975 (Chitimira & Tembo, 2017:7).

The control over, the right of prospecting and mining for, and disposing of all minerals, mineral oils and natural gases should have been vested in the state and not the President. This could have promoted transparency and more accountability on the part of the president and other members of the executive (Murombo, 2016:230). The MMA gives the president the right to dictate where mining may or may not take place and it does little to improve the rights of local communities (Murombo, 2012:569). When it comes to mining, the land ownership rights do not favour local or indigenous communities: they actually dispossess communities of their leverage to negotiate with government and mining companies (Murombo, 2012:580). The MMA also does not promote or provide the basis for the adoption of meaningful CSR practices in the mining sector. In fact, it predominantly supersedes the rights of communal land owners (Chitimira & Tembo, 2017:290).

The provisions of the MMA prevail over those of the Communal Land Act (CLA) 20 of 1982 (Chapter 20:04) in respect of acquiring land for mining activities. This could have been influenced

by the fact that the CLA does not provide security of tenure for communal land (sections 3-11). As a result, the communal land owners living closer to minerals of interest are forcibly displaced from their land by the government in favour of mining activities in accordance with the MMA. The displacements of people by mining companies gives rise to severe environmental degradation and socio-economic challenges on the part of communal land owners in most rural areas (Centre for Research and Development 2014:5; Rajah *et al.*, 2012:408). These challenges are exacerbated by the lack of a clear and robust CSR mining policy in the MMA.

Other mining-related legislation, for instance, the Environmental Management Act (EMA) 13 of 2002, promotes sustainable management of natural resources and the protection of the natural environment in Zimbabwe (sections 4-10). Like the Zimbabwe Constitution (Zimbabwe Constitution 2013, section 73 [1]), the EMA provides that every person has a right to a clean environment that is not harmful to their health and to have that environment protected for the benefit of present and future generations through reasonable legislative and other measures (see section 4[1]; Madebwe, 2015:115).

The EMA overrides any statutes that are inconsistent with its provisions, including the provisions in the Mines and Minerals Act. The EMA regulates all activities relevant to the environment in Zimbabwe, for example, impact assessments, carbon footprints and land use (Murombo, 2010:581). Apart from a fund, the Environment Fund (section 52[b]) created for environmental management and regulation, the EMA does not expressly deal with the regulation of mining activities. The Act also fails to explicitly provide CSR-related mining policies (Hawkins 2009:1), just as the Sheq policy adopted by the Zimbabwe Mining Development Corporation (ZMDC).

3.5.3 Sheq policy

The Sheq policy adopted by the government's Zimbabwe Mining Development Corporation (ZMDC) (which owns 51% of Mbada Diamonds) seeks to ensure that companies' activities do not result in injury and occupational diseases to people. In addition, it seeks to avoid damage to property and equipment, and pollution to the environment. The ZMDC as a public corporate was enacted by the Zimbabwe Mining Development Corporation Act 31 of 1982 (Chapter 21:08), as amended. In addition, the MDCA outlines the functions, powers and duties of the ZMDC (sections 20-25). Apart from empowering the ZMDC to issue shares and engage in lawful commercial business activities, the MDCA does not have any measures or policies for mining-related CSR activities (sections 20[a] and [c]). The Act does not clearly indicate whether the ZMDC is also empowered to issue shares to both local and external companies on behalf of the state (sections 26-27 read with sections 20 and 22-23) of the MDCA.

In terms of the Sheq policy, a company must undertake to develop, implement and maintain safety, health, and environmental and quality management systems that are compliant with international standards. The objective is to exceed the minimum legal and other requirements on the protection of the environment, health, safety, and avoid property damage. This is carried out by measuring safety and environmental performance indicators such as the elimination of accidents and incidents; the monitoring and control of noise, vibration and radiation; land, air and water quality monitoring; prevention of land degradation and preservation of flora and fauna; sustainable exploitation of mineral resources, and the control of the quality of services and goods provided.

The Sheq sustainability principles dwell much on the environmental aspect and sustainable mineral exploitation methods without referring to any relationship with communities adjacent to ZMDC mineral activities. As such, Murombo (2012:575) argues that mining laws and policies should be reaching out to provide tangible benefits for local communities, ensuring equity beyond procedural participation.

The Sheq policy also has an HIV and AIDS policy that seeks to provide adequate care and support to HIV positive employees, their spouses and dependents. The policy also commits to limit the spread of HIV and AIDS in the workplace and manage the negative impacts that HIV and AIDS have on the infected employees, spouses and dependents. This is ideally carried out through ensuring that the rights of employees who are HIV positive are protected and respected to eliminate any form of discrimination associated with the pandemic, thereby enforcing compliance with the Labour Relations (HIV and AIDS) Regulations SI 202 of 1998 in addition to other related legal requirements, and, lastly, ensuring that employees, spouses and dependents take the full medical treatment as prescribed. However, the Sheq policy is an internal policy for ZMDC operations as a public corporate and not a substantive CSR policy governing the whole mining sector of Zimbabwe.

The non-availability of an adequate diamond extraction policy presents a further challenge to the Zimbabwean mining regulatory framework (Dhliwayo & Mtisi, 2012:1). Despite the enactment of the Mines and Minerals Unit Regulations of 2008 and the Minerals Marketing Corporation (Diamond Sales to Local Diamond Manufactures) Regulations of 2010 in terms of the Mines and Minerals Act (Chapter 21:05), there is no rule, regulation or provision in the relevant mining laws that adequately provide for the regulation of diamond mining rights and transactions in Zimbabwe (Nyamunda & Mukwambo, 2012:145; Centre for Research and Development, 2014:5). Moreover, the regulation of mining rights as well as the marketing, trade and export of diamonds and other minerals has remained flawed from 1980 to date. For instance, the current laws do not adequately comply with all the relevant minimum requirements and standards of the international Kimberley

Process Certification Scheme (KPCS). The KPCS is the process established in 2003 to prevent conflict diamonds from entering the mainstream rough diamond trade by the United Nations General Assembly Resolution 55/56. This has caused illegal mining, smuggling and illicit trading of minerals in Zimbabwe to the detriment of its social and economic growth (Robb, 2012:658; Murombo, 2010:570; Murombo, 2016:238).

As indicated by Chitimira and Tembo (2017:293), Zimbabwe has made considerable efforts to enact some relevant environmental and other related mining legislation prior to, and subsequent to 1980. Nonetheless, the growth of the Zimbabwean mining sector has been consistently impeded by the enactment of inadequate mining laws, poor enforcement of such laws by the enforcement authorities, corruption and the lack of robust CSR-related mining policies from 1980 to date. For instance, the people's right to a clean, safe and unpolluted environment is sometimes violated by the government through its mining activities without granting them adequate compensation and redress in respect thereof (Madebwe, 2015:115). Forced displacements, brutal attacks on informal diamond miners by the police and soldiers as well as other related gross human rights violations of villagers in Chiadzwa is a case in point (Dhliwayo & Mtisi, 2012:1; Spiegel, 2014: 541; Nyamunda & Mukwambo, 2012:145; Saurombe, 2014:7).

Despite the efforts by the government of Zimbabwe in creating policies for regulating mining activities, more needs to be done to ensure that these laws and policies are adequate and consistently enforced to promote transparency and accountability in all mining-related activities (Murombo, 2016:242; Chindori-Chininga, 2012:6). This lack of transparency and accountability has given birth to various dubious mining agreements between government officials and fraudulent and incompetent mining companies, for example, in the Marange diamond fields from 2006 to date (Centre for Research and Development 2014:6). Accordingly, it is submitted that the government and other relevant stakeholders should ensure that adequate policies are created obliging the mining companies to draft and adopt sound and meaningful CSR-related mining policies that benefit the people in adjacent mining communities.

The following section provides the emerging issues derived from the preceding discussion on local laws and regulations on mining.

3.5.4 Emerging issues from the Local Regulations (Zimbabwe) on CSR

The laws governing the mining sector have been identified such as the MMA, EMA and IEE Acts. The laws, especially the MMA, govern the mining sector at operational level such as the licensing procedures, rights for the government and the power of government and the President in mining. The EMA Act protects the natural environment while the IEE only talks of empowerment through the 49 per cent foreign and 51 per cent local share ownership of only the diamond and platinum

sector since December 2017. Despite the prescribed contribution to Community Share Ownership Trust (CSOTs), in terms of CSR, the contribution to CSOTs is one obligation found in diamond and platinum mining while the rest of the mining sector is left to the discretion of the mining corporates. These identified laws and standards do not provide for the basis of the adoption of meaningful CSR policies in the mining sector. Although the Sheq policy attempts to cater for the CSR issues, it is an internal policy document for the ZMDC and not a policy for the rest of the mining sector.

3.6 Conclusion

This chapter was introduced by a discussion of corporate governance and its implications for the adoption of CSR through embedding, within their corporate strategies, the international, regional, and national (local) policy regulatory frameworks on responsible mining. The international codes and principles on CSR as discussed above include the UNGC, EITI, the GRI and the Principles for Global Corporate Social Responsibility: Bench Marks for Measuring Performance. In general, the discussed international codes and principles on mining morally bind corporates to be responsible and uphold ethical and responsible environmental practices, and respect for human rights through the recognition and management of local and community stakeholders. The codes and principles (international) discussed can be adopted by any country in any part of the world. These codes and principles could be carried out through equity, transparency, performance reporting and disclosures.

It was further pointed out that despite the availability of such international codes and principles, some, for example, the UNGC and EITI, are criticised for weaknesses in practicality. For instance, it was pointed out that members can easily affiliate with the organisations without being properly monitored or assessed. The researcher also discussed regional and local (Zimbabwe) codes and principles which have an influence on Zimbabwe's mining CSR policies. These included the King Codes on Corporate Conduct and Governance, local policy regulatory frameworks including the National Economic Empowerment Act 14 of 2007, the Mining and Minerals Act 1135 of 1975, the EMA Act 13 of 2002, the ZMDC's Sheq policy and the regional framework, African Mining Vision (AMV).

In analysing the above international, regional and local policy regulatory frameworks, it was pointed out that the international and regional policy regulatory frameworks are not mandatory but voluntary. In the case of the regional African Mining Vision, Zimbabwe despite being a signatory to it, has not yet adopted it as a government policy. Furthermore, the national (local) policies on mining in Zimbabwe do not explicitly provide a robust policy on CSR-related mining or the promotion of CSR activities within communities. Communities are not empowered by laws

either at negotiations as stakeholders or ownership of land. In addition, the government of Zimbabwe lacks the capacity to implement and enforce such policies. The Sheq policy recognises occupational safety, support for the HIV infected and environmental preservation. However, the Sheq policy is largely ignored by even those corporates in which the ZMDC is a shareholder as evidenced by the empiric evidence in Chapter 4 of this study where the policy is largely ignored.

Notwithstanding commendable efforts at promoting empowerment, transparency and accountability in the Zimbabwean mining sector, much more still needs to be done to ensure that these policies and legislations are adequate and consistently enforced to promote transparency and accountability in all mining-related activities. It is commendable that a corporate such as the ZIMPLATS adopted CSR initiatives found in the regional domain, for instance, the King Codes on Good Corporate Conduct and Governance, in the wake of inadequate local policies on meaningful CSR.

In the next chapter (Chapter 4) an analysis and the results are presented of what respondents from the mining-impacted communities, Mbada Diamonds, the Environmental Management Agency, the Mineral Marketing Corporation of Zimbabwe, Local Government, and civil society perceive of the CSR activities carried out by Mbada Diamonds.

CHAPTER 4: DATA PRESENTATION AND INTERPRETATION: DEMOGRAPHIC INFORMATION, STAKEHOLDER ENGAGEMENT, CSR MANAGEMENT, AND EXPERIENCES

4.1 Introduction

The preceding Chapters 2 and 3 discussed the theoretical background of the study. In Chapter 2 the different definitions and theories on CSR, were provided and attention was devoted to these definitions and theories applicable to the mining context. Chapter 3 laid down the international, regional and local standards, rules and regulations in the context of the policy regulatory frameworks of CSR that could be applicable to Zimbabwe. These chapters (2 and 3), provided the researcher with an in-depth understanding of different themes and indicators to be considered in mining-corporate operations in the mining sector.

This chapter firstly describes the analysis and the result of data as obtained from the quantitative and qualitative methods of data collection for the development of a CSR framework for Mbada Diamond Company at Marange in Zimbabwe. As discussed in Chapter 1, data was collected using a questionnaire with both closed-ended and open-ended follow-up questions. The collected data was analysed by the Statistical Advisory Services of the North-West University using the Statistical Package for Social Sciences (SPSS), Version 22 for the closed-ended questions, and the open-ended explanations were content analysed. Secondly, this chapter's objective is to explore how the Mbada Diamond Mining Company, its adjacent communities, NGOs, and the local authority perceive the CSR activities of the company. This was determined through the empirical investigation based on the knowledge gained from Chapters 2 and 3 and the questionnaires.

The knowledge gained from these chapters narrowed down into a questionnaire was administered to respondents from the affected communities, workers, NGOs, the management of Mbada, the local government officials from the Local Government (Mutare City Council), and the Zimbabwe Mining Development Corporation (ZMDC). The research methodology has been discussed in Chapter 1. The sample included the identified stakeholders because the questionnaire framework was intentionally made inclusive of these stakeholders. The sample is supported by the stakeholder theory which defines an inclusive approach to stakeholder identification (see Chapter 2 section 2.3.2).

The analysis of frequency in each section is reported in each statement as a percentage of the following readings of the Likert-scale scores:

- Most important

- Important
- Little important
- Not important

Descriptive statistics were reported in each statement as a percentage of the whole response. The benchmark response for the Likert-scale scores is Likert scores 1 and 2 which mean the response is satisfactory to the participant. Likert scores 3 and 4 denote that the response's satisfactory rate is limited or non-existent.

The following values were measured and results were presented together with the selected variables of the study as part of the factor analysis:

- Cronbach alpha co-efficiency
- Factor means
- Factor deviations
- Correlation
- Frequency tables
- Qualitative data presentation

Both quantitative and qualitative data were analysed and presented in an integrated way, according to relevant thematic issues. The structure of the chapter is as follows: it commences with the presentation of the demographics of the respondents followed by the reliability of the research instruments, means and standard deviation as well as the correlation of different variables. This is followed by sections in which frequencies from the quantitative data, and the descriptive analysis derived from the qualitative data are discussed.

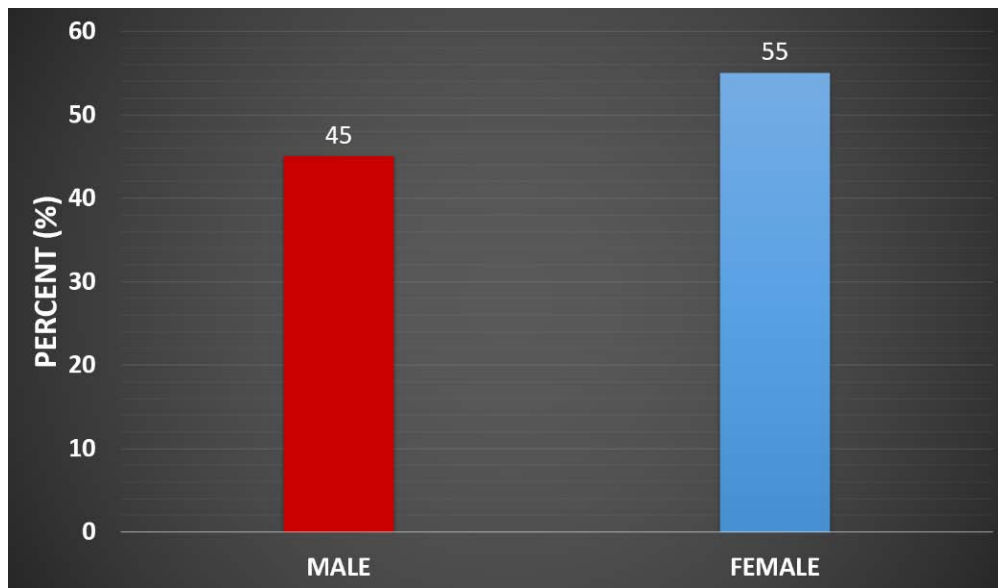
4.2 Section A: Demographic information

The following section presents the demographic information of all the respondents as obtained from the quantitative and qualitative data.

4.2.1 Gender

Graph 4.1 presents the gender distribution of all the respondents of the study. Of the total respondents, 45 per cent were males compared to a majority total percentage of 55 for the females represented in the sample.

Graph 4.1: Gender of respondents



Source: Adapted from NWU's Statistical Advisory Services (2017)

4.2.2 Marital status

It is clear from the presentation in Graph 4.2 below that the majority of the respondents in the study are married, constituting 53.2 per cent of the total respondents followed by those single comprising 24.5 per cent of the total respondents. Those divorced and widowed constitute a total of 13.8 and 8.5 per cent respectively.

Graph 4.2: Marital status of the respondents

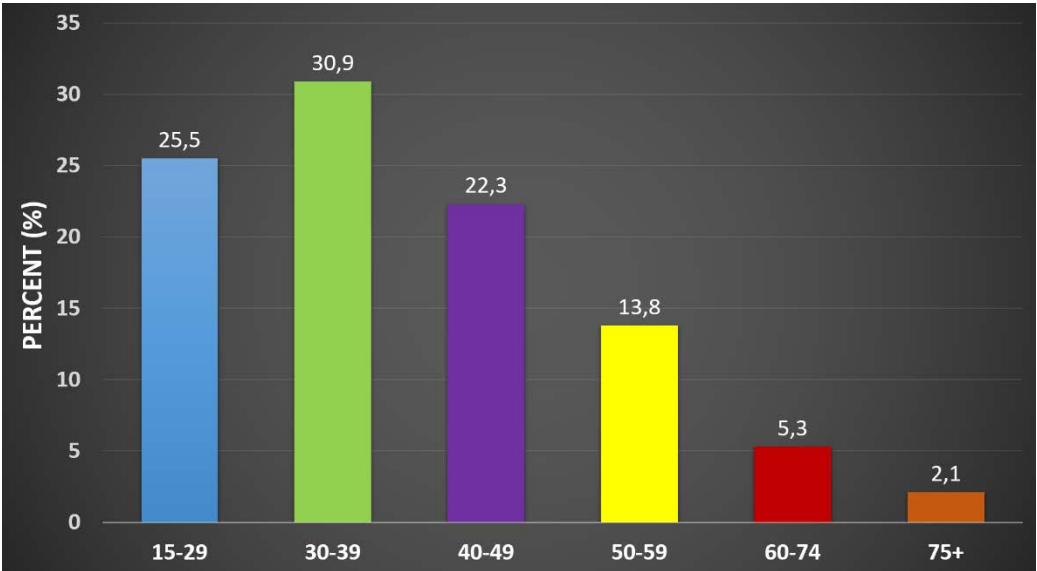


Source: Adapted from NWU's Statistical Advisory Services (2017)

4.2.3 Age

Graph 4.3 below presents the age group of all respondents in the study. It is evident that the majority respondents are found within the age group 30 to 39, constituting 30.9 per cent of the total respondents, followed by those between the age group between 15 and 29, with a total percentage of 25.5. Those between the age group of 40 to 49 constituted a total percentage of 22.3 per cent, while those aged between 50 and 59 amounted to 13.8 per cent. The elderly are also represented in the sample constituting a combined 7.4 per cent between the age groups 60 to 75 and older.

Graph 4.3: Age group of respondents

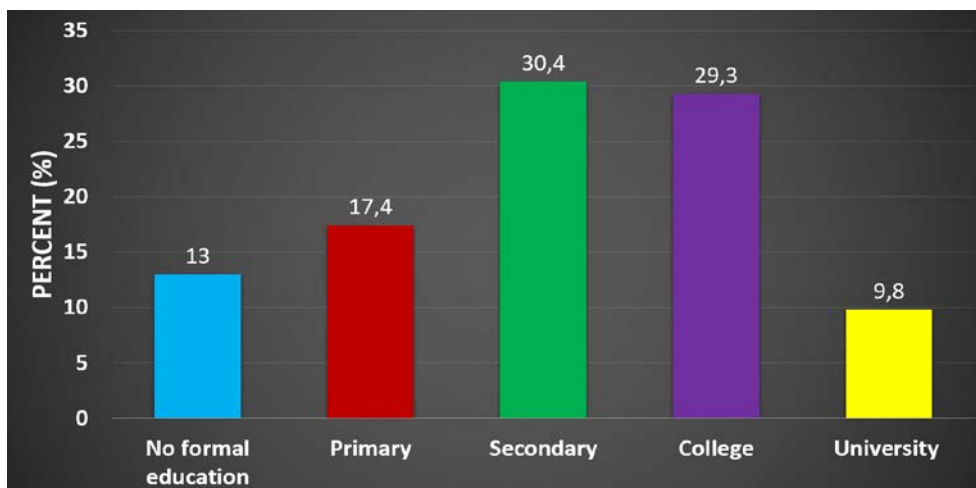


Source: Adapted from NWU’s Statistical Advisory Services (2017)

4.2.4 Level of education

Graph 4.4 presents the level of education of all respondents. A total of 13 per cent of the respondents had no formal education while 17.4 per cent had obtained primary education. The majority of the respondents were educated up to secondary school, constituting a majority of 30.4 per cent of the total respondents. In all, 29.3 per cent managed to obtain a college education while only 9.8 per cent obtained a university degree.

Graph 4.4: Education level of respondents

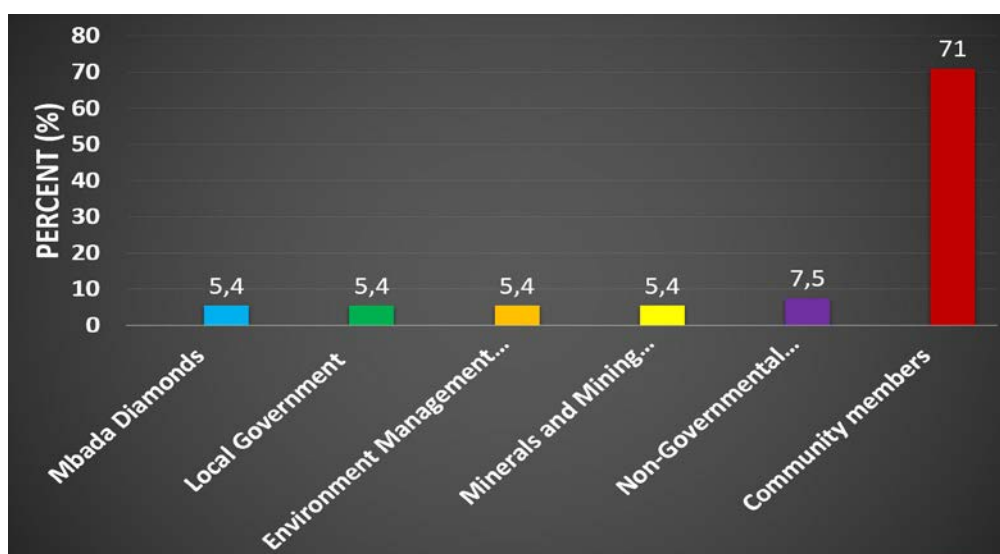


Source: Adapted from NWU’s Statistical Advisory Services (2017)

4.2.5 Organisation of respondents

Graph 4.5 below presents the grouping to which each participant belonged. Mbada Diamond officials, the Local Government, Environment Management Agency (EMA), and Zimbabwe Mining Development Corporation (ZMDC) constituted a constant 4.5 per cent each while the non-governmental organisations (NGO) constituted 7.5 per cent. The majority of the respondents, constituting 71 per cent, belonged to the communities surrounding Mbada Diamond Company whose members were affected by the Company’s activities in Marange.

Graph 4.5: Respondent’s organisations

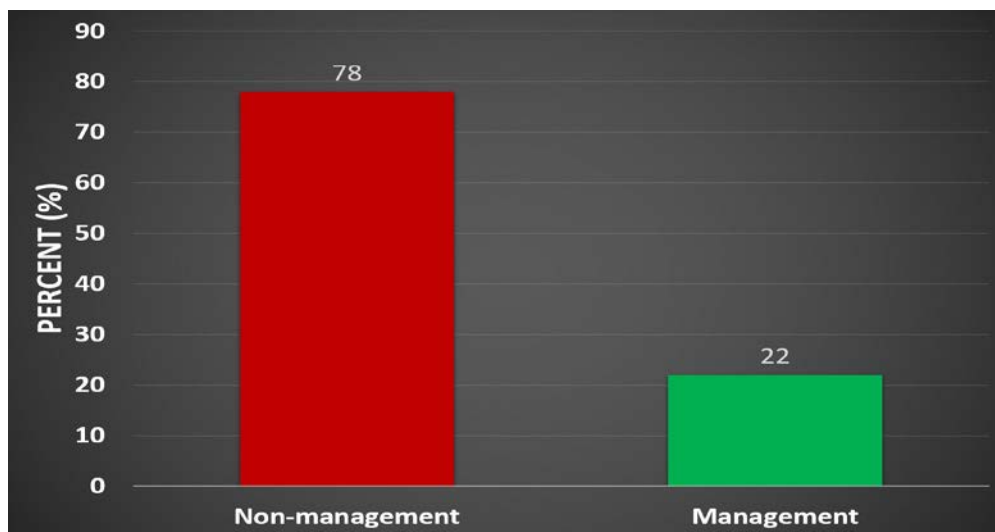


Source: Adapted from NWU’s Statistical Advisory Services (2017)

4.2.6 Position held

Graph 4.6 below presents the position of each participant in the grouping to which he/she belonged. The majority of the respondents did not hold any leadership positions in their respective groupings, while a majority of 78 per cent held a non-management position within their groups, compared to 22 per cent of the respondents belonging to a management position in their respective groups.

Graph 4.6: Position of respondents



Source: Adapted from NWU's Statistical Advisory Services (2017)

The following section presents the reliability of the instrument, the mean and standard deviation, and level of significance and correlation.

4.3 Section B: Reliability of the data instruments

According to Struwig and Stead (2001:130), reliability refers to a meticulous technique which is applied repetitively to the same object and is able to produce the same results. Every instrument is concerned with the reliability of the measurement to constantly produce results which are consistent (Daimantopoulos & Schlegelmilch, 2006:34). It is believed that the coefficient of internal reliability gives an approximation of the dependability of measurement and it is assumed that items measuring the same construct are expected to correlate (DeVellis, 2006:44). A correlation coefficient at or above 0.70 is often measured to be satisfactorily dependable to make decisions on observed scores (Webb, Shavelson & Haertel, 2006:1). The most widely used method for estimating internal consistency is Cronbach alpha (Bryman & Bell, 2007:164).

According to Eislene *et al.*, (2005:114), the closer the alpha value is to 1, the better the internal consistency (reliability) of the scale. The internal consistency of each of the factors was assessed by calculating Cronbach alpha and the value >0.7 was considered to represent a sufficient standard of reliability in this study. Table 4.1 below presents the Cronbach alpha values of the measuring instrument in this study which were all above the cut-off point of 0.7 except for the variables which were regarded as inadequate for further analysis (Environment and trust) and were subsequently deleted.

Table 4.1: Cronbach alpha values of measuring instruments

MEASURING INSTRUMENT	INITIAL VALUE	FINAL VALUE
Stakeholder engagement (SE)	0.77	0.77
Legitimacy (L_E)	0.78	0.78
Expectations (Diamond licencing) (EXP1)	0.71	0.69
Expectations (civil society) (EXP2)	0.86	0.88
Accountability (ACC)	0.77	0.78
Expectations (communities) (EXP3)	0.75	0.75
Goals (G)	0.87	0.87
Environment (E)	Did not load	Deleted
Trust (TR)	did not load	Deleted

Source: Adapted from NWU’s Statistical Advisory Services (2017)

4.3.1 Mean and standard deviation

Table 4.2 presents the mean and standard deviation for the research instrument. The mean and standard deviation as a form of descriptive statistics denotes how measurements of a group are spread out from the average or the expected value. The lower the standard deviation, the closer the cluster is to the expected value (Smith, Mazibuko & Muzvidziwa, 2015:458). Table 4.2 below indicates that the standard deviation is close and ranging around 0 to the mean, except for the expectation during diamond mine licencing (EXP1) with a standard deviation above 1.

Table 4.2: Mean and standard deviation

	N	MINIMUM	MAXIMUM	MEAN	STD. DEVIATION
Community Engagement (CE1)	86	1.00	4.00	1.1279	.48011
Legality (LEG)	86	1.00	4.00	1.5698	.95228
Legitimacy1 (L_E1)	90	1.00	2.88	1.4395	.42889
Legitimacy2 (L_E2)	87	1.00	2.83	1.3123	.40332
Community engagement (CE)	88	1.00	3.00	1.4455	.47049
Expectations1 (EXP1)	88	1.00	4.00	2.0909	1.08951
Legitimacy (L_E)	87	1.00	4.00	1.1149	.44265
Responsible behaviour (RB)	88	1.00	4.00	1.4924	.53481
Goals (G)	88	1.00	2.60	1.2068	.31286
Experiences (EX)	88	1.00	4.00	1.9132	.66735
Expectations2 (EXP2)	91	1.00	4.00	1.3903	.40761
Tools (T)	88	1.00	2.50	1.3366	.34965
Valid N	76				

Source: Adopted from NWU's Statistical Advisory Services (2017)

4.3.2 Level of significance and correlation for CSR

The Pearson correlation was carried out to ascertain the relationship of CSR activities and different variables and to determine the strength of each relationship by the use of correlation coefficient. The Pearson's r coefficient (or r^2), also known as the Pearson product-moment correlation, is defined by Hall (2015:1) as the ratio of the covariance of two variables representing a set of numerical data, normalised to the square root of their variances. The correlation results of the correlation analysis for CSR are presented in Table 4.9 below. According to the Pearson correlation, stakeholder engagement is influenced by stakeholder engagement (SE), legal (LEG), expectation (diamond licensing) (EXP1), responsible behaviour (RB), Expectations (civil society) (EXP2), legitimacy (L_E), goals (G), experiences (EX), community engagement (CE),

expectations (adjacent communities) (EXP3), and tools (T). Expectations at licencing are influenced by responsible behaviour, legitimacy, goals, expectations from the community, and tools for managing CSR. Responsible behaviour is influenced by legitimacy, goals, expectations from the community, and tools for managing CSR. Expectations from civil society are influenced by experiences and tools for managing CSR, legitimacy is influenced by goals to be achieved and experiences, while goals are influenced by community engagement, expectations of the communities, and tools for managing CSR. Finally, the expectations of the community are influenced by the tools used for managing CSR by the company. The significant levels of relationships between variables and the correlation coefficients are presented in Table 4.9 below. The significant p-values is <0.05. A p-value is the probability that the research results are statistically significant.

Table 4.3 also presents the level of significance and correlation coefficients for different variables in CSR.

Table 4.3: Level of significance and correlation of CSR for Mbada Diamonds

		SE	LEG	EXP1	RB	EXP2	L_E	G	EX	CE	EXP3	T
SE	Pearson Correlation	1	0.191	0.332	0.244	0.119	0.210	0.395	-0.161	0.023	0.350	0.457
	Sig. (2-tailed)		0.080	0.002	0.023	0.274	0.051	0.000	0.140	0.834	0.001	0.000
	N	90	85	87	87	87	87	87	85	85	90	87
LEG	Pearson Correlation	0.191	1	0.548	0.497	0.138	0.514	0.527	0.060	0.070	0.302	0.233
	Sig. (2-tailed)	0.080		0.000	0.000	0.217	0.000	0.000	0.596	0.520	0.005	0.035
	N	85	86	82	82	82	82	82	81	86	85	82
EXP1	Pearson Correlation	0.332	0.548	1	0.718	0.173	0.396	0.566	0.087	0.086	0.461	0.558
	Sig. (2-tailed)	0.002	0.000		0.000	0.110	0.000	0.000	0.435	0.441	0.000	0.000
	N	87	82	87	87	86	86	85	82	82	87	85
RB	Pearson Correlation	0.244	0.497	0.718	1	0.148	0.220	0.472	0.151	0.086	0.429	0.532
	Sig. (2-tailed)	0.023	0.000	0.000		0.170	0.042	0.000	0.174	0.445	0.000	0.000
	N	87	82	87	88	87	86	86	83	82	88	86
EXP2	Pearson Correlation	0.119	0.138	0.173	0.148	1	0.125	0.092	0.383	0.018	0.072	0.256
	Sig. (2-tailed)	0.274	0.217	0.110	0.170		0.248	0.399	0.000	0.872	0.508	0.018
	N	87	82	86	87	88	87	86	83	82	88	86
L_E	Pearson Correlation	0.210	0.514	0.396	0.220	0.125	1	0.291	0.249	0.161	0.166	0.101
	Sig. (2-tailed)	0.051	0.000	0.000	0.042	0.248		0.007	0.024	0.149	0.125	0.360
	N	87	82	86	86	87	87	85	82	82	87	85
G	Pearson Correlation	0.395	0.527	0.566	0.472	0.092	0.291	1	0.107	0.266	0.502	0.580
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.399	0.007		0.331	0.016	0.000	0.000
	N	87	82	85	86	86	85	88	85	82	88	88
EX	Pearson Correlation	-0.161	0.060	0.087	0.151	0.383	0.249	0.107	1	0.105	0.096	0.008
	Sig. (2-tailed)	0.140	0.596	0.435	0.174	0.000	0.024	0.331		0.352	0.380	0.940
	N	85	81	82	83	83	82	85	88	81	86	85
CE	Pearson Correlation	0.023	0.070	0.086	0.086	0.018	0.161	0.266	0.105	1	0.181	0.117
	Sig. (2-tailed)	0.834	0.520	0.441	0.445	0.872	0.149	0.016	0.352		0.097	0.296
	N	85	86	82	82	82	82	82	81	86	85	82
EXP3	Pearson Correlation	0.350	0.302	0.461	0.429	0.072	0.166	0.502	0.096	0.181	1	0.569
	Sig. (2-tailed)	0.001	0.005	0.000	0.000	0.508	0.125	0.000	0.380	0.097		0.000
	N	90	85	87	88	88	87	88	86	85	91	88
T	Pearson Correlation	0.457	0.233	0.558	0.532	0.256	0.101	0.580	0.008	0.117	0.569	1
	Sig. (2-tailed)	0.000	0.035	0.000	0.000	0.018	0.360	0.000	0.940	0.296	0.000	
	N	87	82	85	86	86	85	88	85	82	88	88

Key: SE=stakeholder engagement, LEG=legal, EXP1=Expectation (diamond licensing), RB=responsible behaviour, EXP2=Expectations (civil society), L_E=legitimacy, G=goals, EX=experiences, CE=community engagement, EXP3=expectations (adjacent communities), T=tools.

Significance=**red** Correlation =**blue**

Source: Adopted from NWU's Statistical Advisory Services (2017)

From Table 4.3, there is a significant relationship between stakeholder engagement and the following:

- ✓ Expectations when corporates are seeking diamond licences with a significant value of 0.002 and a correlation coefficient of 0.332. If the expectations are high on the corporations, the higher the need for extensive engagement with stakeholders.
- ✓ Responsible behaviour of mining corporates with a significant value of 0.023 and a correlation coefficient of 0.244. If a corporate undertakes effective stakeholder engagement, the more effective their responsible behaviour will be.
- ✓ The goals of a mining corporate with a significant value of 0.000 and correlation coefficient of 0.395. If a company engages stakeholders, it will realise its CSR goals.
- ✓ Expectations from the community with a significant value of 0.001 and a correlation coefficient of 0.350. When a mining company carries out stakeholder engagement, the more effectively it fulfils the expectations of the community.
- ✓ The tools used to implement and manage CSR with a significant value of 0.000 and a correlation coefficient of 0.457. The more effectively the stakeholder engagement is undertaken, the more effective are the tools for implementing and managing CSR.

Table 4.3 also indicates that there is a relationship between obtaining legal requirements (compliance) and the following:

- ✓ Expectations during diamond mining licencing with a significant value of 0.000 and a correlation coefficient of 0.548. The more a corporate is compliant with the legal expectations for licencing, the more its chances are of being granted a diamond mining licence.
- ✓ Responsible behaviour with a significant value of 0.000 and a correlation coefficient of 0.497. If Mbada Diamonds become legally compliant, it exhibits more responsible behaviour.
- ✓ Legitimacy with a significant coefficient of 0.000 and a correlation coefficient of 0.514. The more Mbada becomes legally compliant, the more its legitimacy is recognised.
- ✓ Achieving goals with a significant value of 0.000 and a correlation coefficient of 0.527. If a company fulfils its legal obligations, the more easily it achieves its goals, vision and mission.

- ✓ Expectations from the community with a significant value of 0.005 and a correlation coefficient of 0.302. The more Mbada becomes legally compliant, the better it fulfils the expectations of the community.
- ✓ Tools for the management and implementation of CSR activities with a significant value of 0.035 and a correlation coefficient of 0.233. The more Mbada becomes legally compliant, the more efficient become the tools used to manage and monitor the implementation of CSR activities.

Table 4.3 further indicates that there is a relationship between expectations during diamond licencing and the following:

- ✓ Responsible behaviour with a significant value of 0.000 and a correlation coefficient of 0.718. The more Mbada Diamonds fulfils the requirements for being granted a licence, the more their chances are of practising responsible behaviour.
- ✓ Legitimacy with a significant value of 0.000 and a correlation coefficient of 0.396. The more Mbada Diamonds fulfils the requirements and expectations during the licence acquiring stage, the more it becomes legitimate in that constituency.
- ✓ Goal achievement with a significant value of 0.000 and correlation coefficient of 0.566. The more Mbada Diamonds fulfils the expectations and requirements for obtaining a diamond mining licence, the more it realises its goals.
- ✓ Expectations from the community with a significant value of 0.000 and a correlation coefficient of 0.461. It can be drawn from the data that the more Mbada Diamonds abide by the requirements and expectations during the licencing period, the more it is aware of its social responsibility of fulfilling the requirements of the adjacent communities.
- ✓ The tools used to implement and manage CSR with a significant value of 0.000 and a correlation coefficient of 0.558. It can be deduced from the data collected that legal compliance has a positive relationship with the efficient use of internal and external tools for managing (implementing and monitoring) CSR activities.

Table 4.3 then indicates that there is a relationship between responsible behaviour and the following:

- ✓ Legitimacy with a significant value of 0.042 and a correlation coefficient of 0.220. The higher the level of Mbada's responsible behaviour, the higher their level of being legitimate with the adjacent community and other stakeholders.
- ✓ Achieving corporate goals with a significant value of 0.000 and a correlation coefficient of 0.472. The higher the responsible behaviour profile of a corporate, the greater their ability to achieve corporate goals.

- ✓ Expectations from the communities with a significant value of 0.000 and a correlation coefficient of 0.429. It can be derived from the quantitative data that the higher the level of responsible behaviour is, the higher the fulfilment of the community expectations.
- ✓ Tools for the implementation and the management of CSR with a significant value of 0.000 and a correlation coefficient of 0.532. The higher the responsible behaviour of Mbada Diamonds, the more efficient their management tools become.

Table 4.3 also indicates that there is a relationship between the expectations from the civil societies and the following:

- ✓ The experiences of the adjacent communities with a significant value of 0.000 and a correlation coefficient 0.383. The more Mbada Diamonds fulfils the expectations of civil society, the better the life experiences of the adjacent communities become.
- ✓ Tools for the implementation and management of CSR activities with a significant value of 0.018 and a correlation coefficient of 0.256. When the expectations from the civil society are high and fulfilled, the higher the efficiency of CSR implementation and management tools.

Table 4.3 further indicates that there is a relationship between legitimacy and the following:

- ✓ Corporate goals with a significant value of 0.007 and a correlation coefficient of 0.291. When legitimacy is achieved with stakeholders, the greater are the chances for achieving corporate goals.
- ✓ Experiences of the adjacent communities with a significant value of 0.024 and correlation coefficient of 0.249. When a mining company's legitimacy is high, the better the community's experiences with the company become.

Table 4.3 then indicates that there is a relationship between goals and the following:

- ✓ Community engagement with a significant value of 0.016 and correlation coefficient of 0.266. When Mbada Diamonds undertakes extensive corporate engagement within its operating environment, the achievement of corporate goals is increased.
- ✓ The expectations from the adjacent communities with a significant value of 0.000 and a correlation coefficient of 0.502. When the corporate goals are achieved, legitimacy is obtained from the adjacent community.
- ✓ Corporate tools for the implementation and the management of CSR with a significant value of 0.000 and correlation coefficient of 0.580. When Mbada Diamond's tools for managing CSR become more efficient, the greater its realisation of corporate goals becomes.

Lastly, Table 4.3, lastly, indicates that there is a relationship between the expectations of the communities and the following:

- ✓ The tools for the management and implementation of CSR with a significant value of 0.000 and a correlation coefficient of 0.569. The higher the expectations of the adjacent community, the better the necessary tools become to manage and implement the CSR actions they expect.

4.4 Section C: Frequency tables

The frequency figures below present the data as statistically analysed by the North-West University Statistical Advisory Services using the SPSS Version 22. The valid percentage is derived and presented from the data because it was calculated against the number of respondents who responded to that specific question. As such, a total percentage of 99.9 or 100.1 is regarded as valid (see Annexure C). Represented in the frequency figures are the officials of Mbada Diamonds, the Zimbabwe Mining Development Corporation of Zimbabwe (ZMDC), the Environmental Management Authorities (EMA), the Local Government Authority (LGA) who presented both their official positions and personal opinions, and the community members who are all regarded as the stakeholders of Mbada Diamond's activities in Marange. The described results are a combination of both the questionnaire (open and closed-ended) and interviews.

4.4.1 CSR strategies at the initial stage of mining exploration: Stakeholder engagement

This section presents all the respondents' responses on the CSR strategies as expected from Mbada Diamonds Company. Stakeholder engagement is identified in Chapter 2, section 2.4.2 as one of the key approaches to effective CSR activities in mining. According to the International Finance Co-operation (2014:37), stakeholder engagement should be carried out at every stage of a mining venture because CSR is an ongoing process. The data obtained tested the expectations of the community on every stage of the mining cycle as, according to International Finance Corporation (2014:38), some corporates carry out CSR activities during the commencement of mining and abandon CSR just after beating the competition or colluding with corrupt government officials. As such, the researcher was interested in understanding how the communities perceived the CSR activities of the Mbada Diamond Mine in Marange. Generally, the respondents presented knowledge of what they expected corporates to do, for example, consulting with adjacent communities and indicated that corporates needed to comply with their legal obligations to be discussed below.

4.4.1.1 Consulting local communities

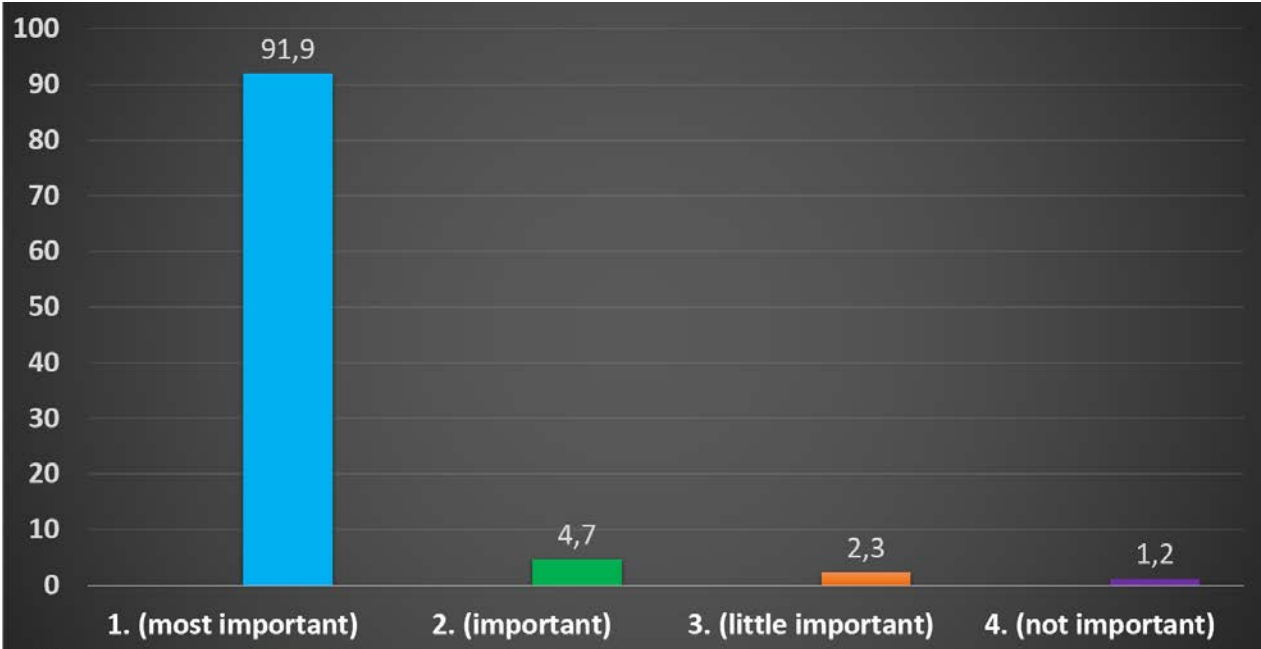
The respondents were probed on what is important to take place before establishing a diamond mine. A majority of 91.9 per cent of the respondents viewed consultations with the communities as the most important aspect, 4.7 per cent viewed consultations with communities as important, while 2.3 per cent regarded consultation as of little importance. Only 1.2 per cent deemed it not important to consult with the local communities before establishing a diamond mine in their community (see Graph 4.7 below).

Table 4.4: Consulting local communities

Question 7N1: Rate the importance of what needs to be done upon establishing a mine-Consulting with the communities					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 (most important)	79	84.0	91.9	91.9
	2 (important)	4	4.3	4.7	96.5
	3 (little important)	2	2.1	2.3	98.8
	4 (not important)	1	1.1	1.2	100.0
	Total	86	91.5	100.0	
Missing	System	8	8.5		
Total		94	100.0		

Source: Statistics Advisory Services (2017)

Graph 4.7: Consulting local communities



Source: Adapted from NWU’s Statistical Advisory Services (2017)

4.4.1.2 Obtaining legal requirements

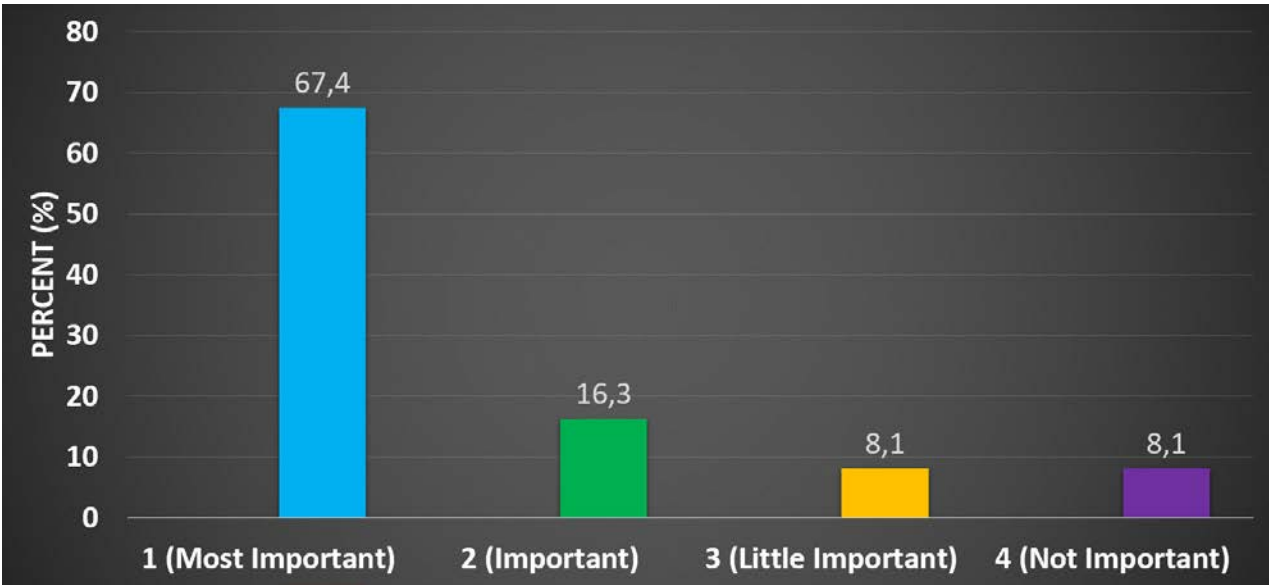
As depicted in Graph 4.8 below, 67.4 per cent viewed obtaining legal requirements during the initial stages of a mining project as most important, followed by 16.3 per cent who pointed out that it is important. Only 8.1 per cent of the respondents deemed obtaining legal requirements as of little importance and not important respectively.

Table 4.5: Obtaining legal requirements

Q7N2					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	58	61.7	67.4	67.4
	2	14	14.9	16.3	83.7
	3	7	7.4	8.1	91.9
	4	7	7.4	8.1	100.0
	Total	86	91.5	100.0	
Missing	System	8	8.5		
Total		94	100.0		

Source: Statistics Advisory Services (2017)

Graph 4.8: Obtaining legal requirements



Source: Adapted from NWU’s Statistical Advisory Services (2017)

4.4.1.3 The qualitative views of the management

The management of the Zimbabwe Mining Development Corporation, Zimbabwe Mining Development Corporation (ZMDC), and Mbada Diamonds provided their official and sometimes

personal views on stakeholder engagement during the initial phase of the mining exploration. The views of the management presented the following issues:

- Engagement was carried out with the relevant authority and representatives namely chiefs, headmen and committee representatives (Mbada Diamonds).
- Chiefs and headmen helped carry out traditional rituals before exploration begun (Mbada Diamonds).
- A memorandum of understanding (MOU) was signed with community representatives and relevant ministry officials (Mbada Diamonds).
- Engagement is essential and must not be at the discretion of the mining corporate as there is no law which underpins or necessitates community engagement after government agrees to explore or mine (ZMDC).

4.4.2 Issues raised on stakeholder engagement at the commencement stage

The following data is provided from the qualitative inquiry of the understanding of the respondents on their expectations at the initial stages of diamond mining. The respondents explain the actions of the mine during the early stages of mining at Marange. According to the respondents, the mine disregarded community consultations which are regarded as essential by the respondents in establishing a mine. Some of the early-stage issues with Mbada provided by the respondents included the following:

- Announcement on the radio that ‘gwejas’ (illegal miners) should leave the Marange Diamond area.
- Soldiers and police coming to clear out illegal miners.
- Mbada Diamonds and other mining companies’ officials informing the communities that they (the mining companies) had rights over their settled land and they were being relocated.

Insincere community engagement

Most of the respondents believed that the consultations, although carried out, did not give the communities any other options but to follow orders which were not in the best interests of the stakeholders but favoured Mbada Diamonds. The following statements provide an indication of the respondents’ (identified in brackets) opinions with regard to how they perceive Mbada Diamonds’ CSR activities at the early stages of their mining operations:

*“The company made contact with the community but only to give orders on what to do next,”
(Community member).*

“An MOU was signed with the people but the company did not follow the contents and agreements of the MOU,” (Community member).

“The reason why people are now crying for engagement and consultations is because the government has failed to govern in the interest of the people,” (Civil society campaigner).

Lack of transparency

Mbada Diamond activities during the initial stages in Marange lacked transparency. According to the respondents, the processes were secretive and some of the respondents suspected some corrupt activities were being carried out since the ministry which should preside over all mining activities was not the one responsible for the licensing of and control over of the mining area. The dire need for consultations by the respondents arose because they entrusted their welfare in the hands of people who did not care for their livelihoods at Marange. For example, one respondent is quoted as saying:

“But government if it’s a really democratically elected government it is empowered by the citizens to make decisions on behalf of the people. But here you have got a government that is taking care of itself and not the people, if government was managing the Zimbabwe’s natural resources professionally and transparently we won’t have this outcry, public outcry of saying we want to be engaged we want to be consulted and this and that’ (Civil society campaigner).”

Mbada not abiding by the laws and standards of mining

Here was a major concern which emanated from the participants’ qualitative data where Mbada Diamonds was viewed as disregarding the standards and laws applicable to mining. In addition, some respondents felt that the Mbada Diamond Company should respect the laws since they felt their rights were being infringed. The following quotes highlight the opinions of the respondents on the legalities of Mbada Diamond’s mining operations at Marange:

“Companies should be able to act within the laws of the country which include basic human rights and environmental laws”, (Community member).

“Traditional and indigenous laws of the country should be observed during the first stages of mining activities,” (Ex-headman, community member).

“Ultimately I want to think that what happened in Marange are crimes against humanity and I believe this can be taken up with the International Criminal Court” (Civil society campaigner).

4.4.3 Summary of strategies for stakeholder engagement at initial stages of mining exploration

According to Chitimira and Tembo (2017:290), some international standards and regulations on mining, for example, the United Nations Global Compact (UNGC), highlights the need for mining corporates to observe human rights, labour laws, and environmental ethics and to deal with corruption within their operating environments (see Chapter 3, section 3.3.2). It can generally be concluded that Mbada Diamond Company conducted insufficient consultations with the communities that were impacted upon by its mining operations, and as such, did not take into consideration the preferences of the adjacent community members. In addition, since the Mines and Mineral Act 1135 of 1975 (Chapter 21:05) vests all authoritative rights of mining in the President, the company was only accountable to the President and not the adjacent community. This, in turn, gave an opportunity for the mine to ignore the necessary CSR activities which would have positively assisted with the plight of the affected communities. As pointed out, Mbada Diamonds, in undertaking its CSR activities, lacked transparency to the adjacent communities, and were not compliant with the laws (traditional and environmental) at Marange during the initial stages of mining exploration. The respondents also felt that their rights were infringed.

The respondents were asked about the importance of stakeholder engagement from exploration to the production stage of the Mbada mining project.

4.4.4 Stakeholder engagement during exploration to the production stage of Mbada mining project

Generally, the respondents acknowledged the need for engagement on the mining processes that directly affected their livelihoods, for example, resettlements and water use in the mine-impacted areas, because it informs the various CSR activities to be carried out by the company.

4.4.4.1 Exploration

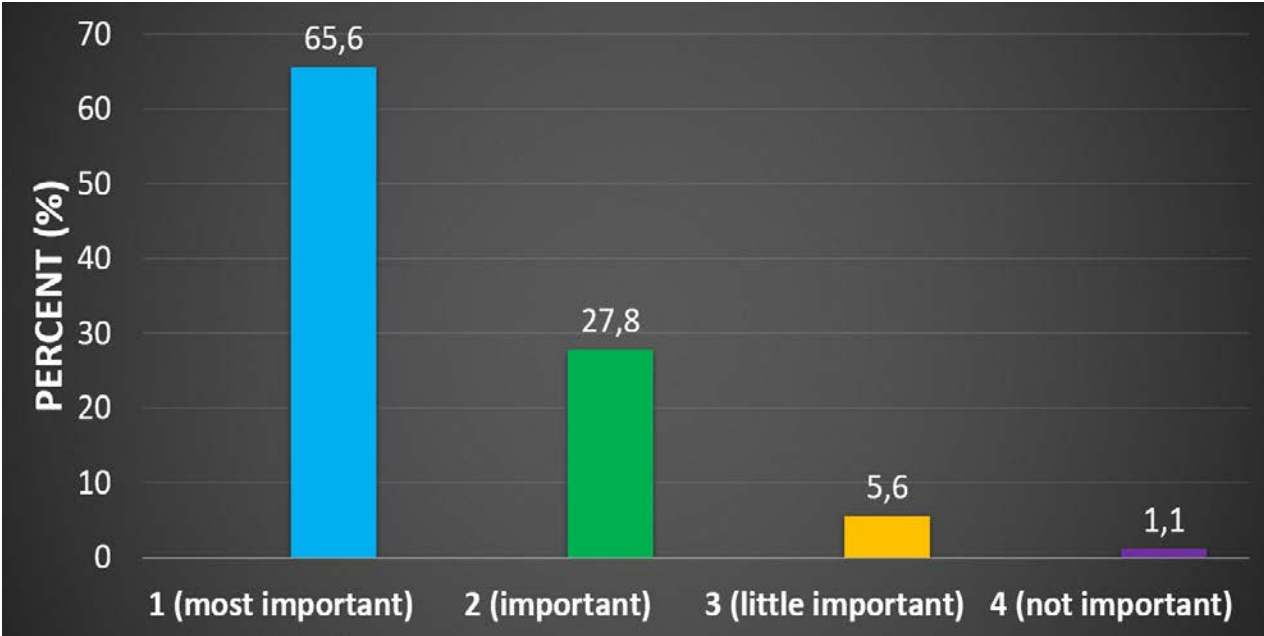
A majority 65.6 per cent of the total respondents viewed stakeholder engagement at the exploration phase as most important, while 27.8 per cent viewed it as important. Only 5.6 per cent regarded stakeholder engagement at the exploration phase as little important, and 1.1 per cent as not important (see Graph 4.9).

Table 4.6: Engagement at exploration stage

Q8N1: Rate the importance of the following stakeholder engagement-Exploration					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 (most important)	59	62.8	65.6	65.6
	2 (important)	25	26.6	27.8	93.3
	3 (little important)	5	5.3	5.6	98.9
	4 (not important)	1	1.1	1.1	100.0
	Total	90	95.7	100.0	
Missing	System	4	4.3		
Total		94	100.0		

Source: Statistics Advisory Services (2017)

Graph 4.9: Engagement at exploration stage



Source: Adapted from NWU’s Statistical Advisory Services (2017)

4.4.4.2 Advanced exploration and construction

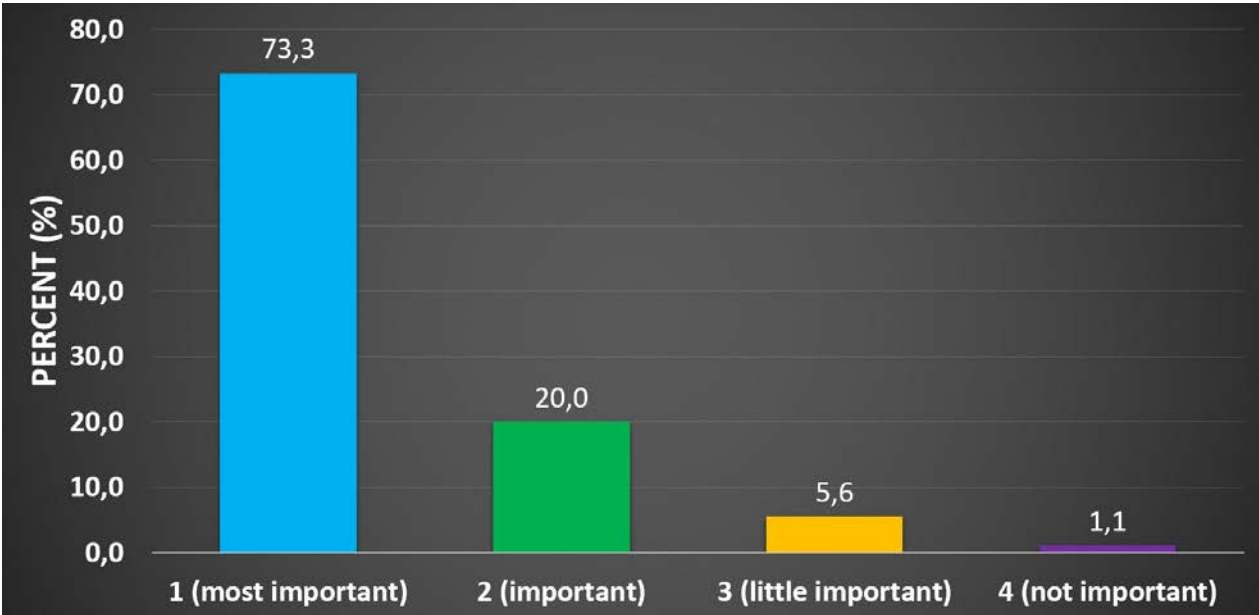
A majority of 73.3 per cent of respondents want community engagement at advanced exploration and construction phases of the mining project as they viewed it as most important. A total of 20 per cent of the respondents regarded community engagement at the advanced exploration and construction phase as important, while 5.6 per cent viewed it as of little importance, and only 1.1 per cent as not important as presented in Graph 4.10.

Table 4.7: Engagement during advanced exploration and construction stage

Q8N2: Rate the importance of the following stakeholder engagement-Advanced exploration and construction					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 (most important)	66	70.2	73.3	73.3
	2 (important)	18	19.1	20.0	93.3
	3 (little important)	5	5.3	5.6	98.9
	4 (not important)	1	1.1	1.1	100.0
	Total	90	95.7	100.0	
Missing	System	4	4.3		
Total		94	100.0		

Source: Statistics Advisory Services (2017)

Graph 4.10: Engagement during advanced exploration and construction stage



Source: Researcher's construction (2017)

4.4.4.3 Resettlement

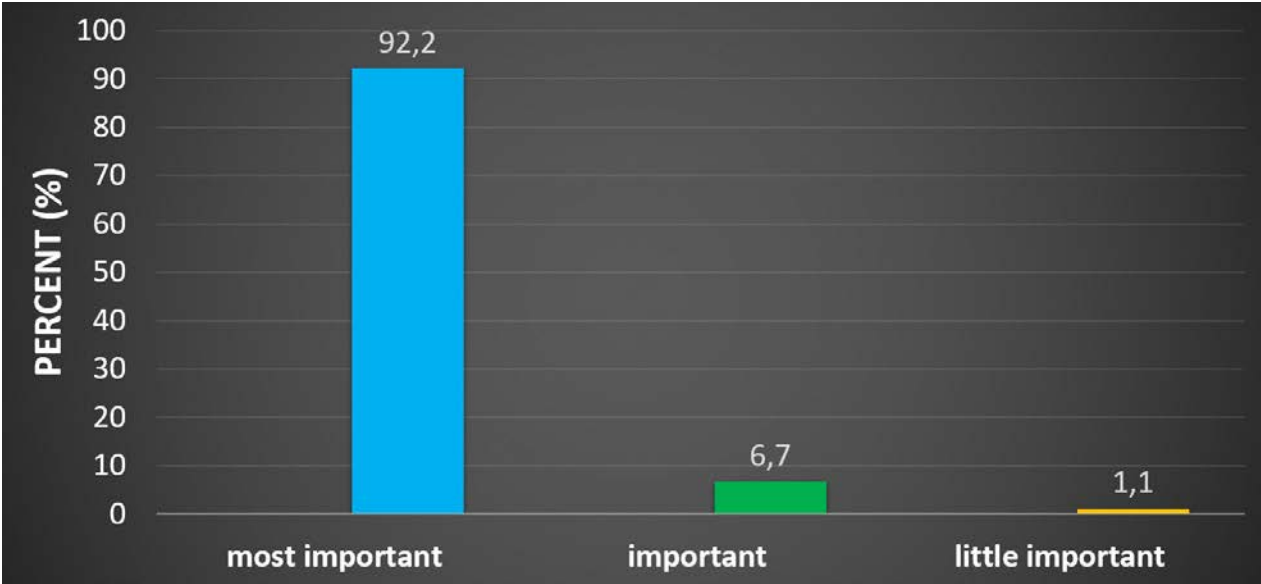
Graph 4.11 below presents the frequency of data on respondents' views on engagement during the resettlement stage of a mining project development with particular reference to Mbada Diamonds. The figure indicates that 92.2 per cent of the respondents prefer to be engaged during the resettlement stage of the mining project, 6.7 per cent regarded engagement at the resettlement stage as important while only 1.1 per cent viewed it as of little importance.

Table 4.8: Resettlement stage

Q8N3: Rate the importance of the following stakeholder engagement-Resettlement					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 (most important)	83	88.3	92.2	92.2
	2 (important)	6	6.4	6.7	98.9
	3 (little important)	1	1.1	1.1	100.0
	Total	90	95.7	100.0	
Missing	System	4	4.3		
Total		94	100.0		

Source: NWU Statistical Advisory Services (2017)

Graph 4.11: Resettlement stage



Source: Adapted from NWU’s Statistical Advisory Services (2017)

4.4.4.4 Production

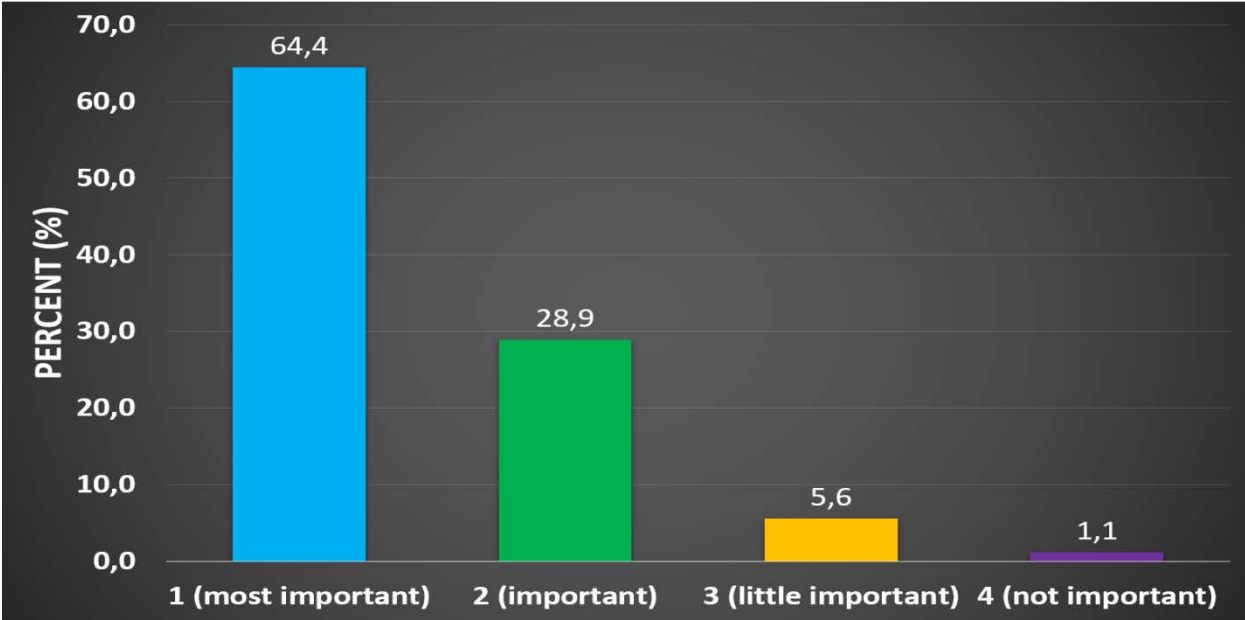
Graph 4.12 below presents the frequency of respondents’ responses on engagement during the production phase of the diamond mining project of Mbada Diamond Company. The majority, namely 64.4 per cent of the respondents, viewed it as most important when a company engages with stakeholders at the production level of the mining project, 28.9 per cent regarded engagement of stakeholders at the production level of a mining project as important, while 5.6 per cent viewed engagement at this stage as of little importance, and 1.1 regarded engagement of stakeholders at this stage as not important at all.

Table 4.9: Engagement at production stage

Q8N4: Rate the importance of the following stakeholder engagement-Production					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 (most important)	58	61.7	64.4	64.4
	2 (important)	26	27.7	28.9	93.3
	3 (little important)	5	5.3	5.6	98.9
	4 (not important)	1	1.1	1.1	100.0
	Total	90	95.7	100.0	
Missing	System	4	4.3		
Total		94	100.0		

Source: NWU Statistical Advisory Services (2017)

Graph 4.12: Engagement at production stage



Source: Adapted from NWU’s Statistical Advisory Services (2017)

4.4.4.5 Water use

Graph 4.13 below presents the frequency data from respondents on the engagement of stakeholders when Mbada Diamonds wanted to use the water sources found in the adjacent areas. The figure presents the views of respondents on engagement during the mining production processes involving water use. It can be observed that a majority of respondents viewed water as one of the most important aspects of their livelihood: 93.3 per cent thought that corporates needed to engage with the communities when planning to use water in their areas. The majority of the respondents considered the need to be engaged when the company plans to use available water sources within the community. The majority, constituting 93.3 per cent of the respondents viewed engagement as most important, 5.6 per cent viewed engagement at this stage as

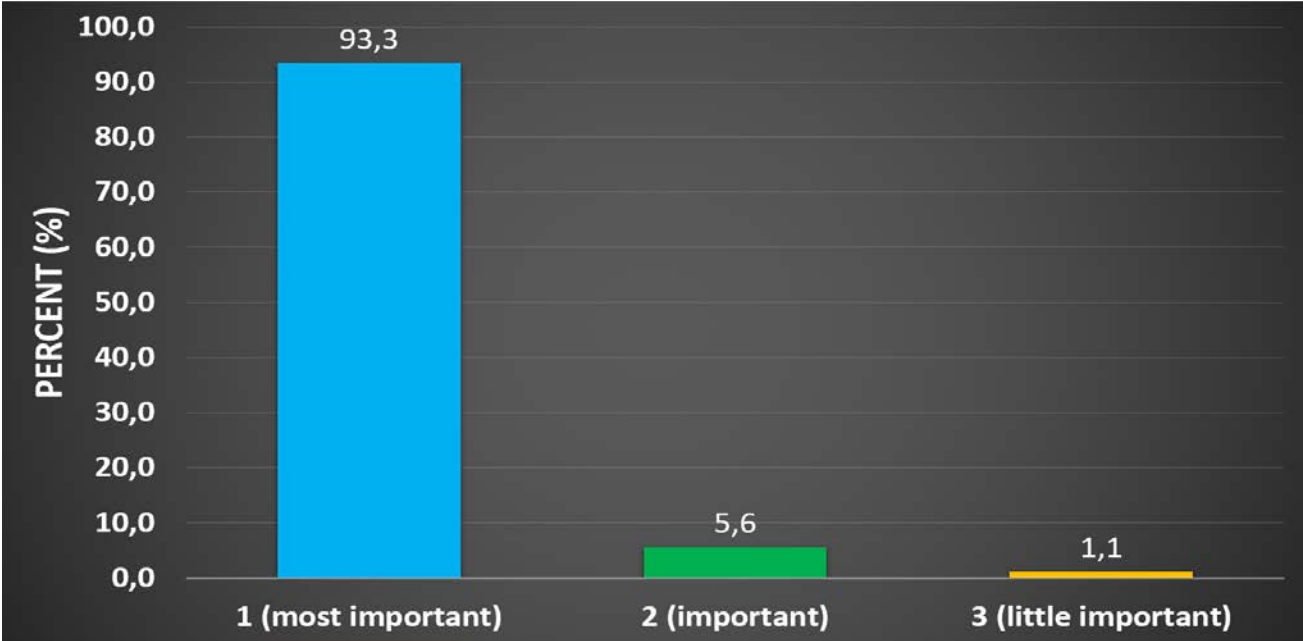
important while 1.1 per cent regarded stakeholder engagement at this stage as of little importance.

Table 4.10: Engagement before water use

Q8N5: Rate the importance of the following stakeholder engagement-Water use					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 (most important)	84	89.4	93.3	93.3
	2 (important)	5	5.3	5.6	98.9
	3 (little important)	1	1.1	1.1	100.0
	Total	90	95.7	100.0	
Missing	System	4	4.3		
Total		94	100.0		

Source: NWU Statistical Advisory Services (2017)

Graph 4.13: Engagement before water use



Source: Adapted from NWU’s Statistical Advisory Services (2017)

4.4.4.6 Production processes

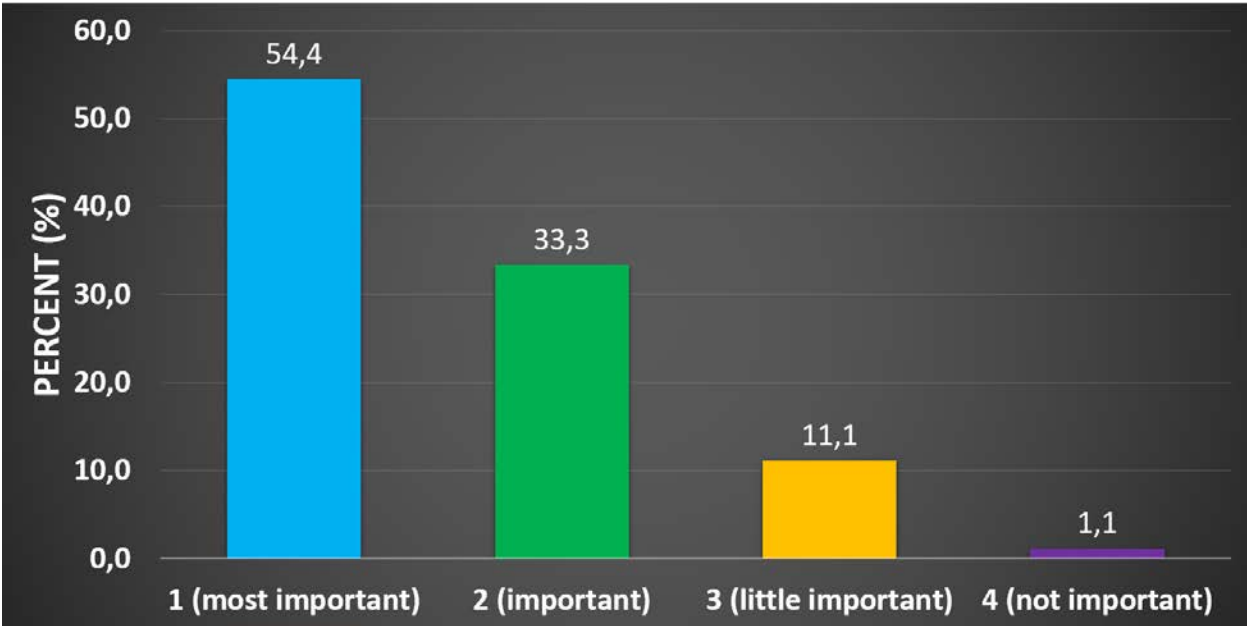
It is evident from Graph 4.14 below that the respondents were divided on the issue of engagement during the production processes, for example, blasting and opening new casts. Just over half (54.4 per cent) viewed engagement during the production processes as most important, followed by 33.3 per cent who viewed it as important, while 11.1 and 1.1 per cent regarded it as little important or not important to engage during these processes respectively.

Table 4.11: Engagement during dangerous mining processes

Q8N6: Rate the importance of the following stakeholder engagement-Production processes					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 (most important)	49	52.1	54.4	54.4
	2 (important)	30	31.9	33.3	87.8
	3 (little important)	10	10.6	11.1	98.9
	4 (not important)	1	1.1	1.1	100.0
	Total	90	95.7	100.0	
Missing	System	4	4.3		
Total		94	100.0		

Source: NWU Statistical Advisory Services (2017)

Graph 4.14: Engagement during dangerous mining processes



Source: Adapted from NWU’s Statistical Advisory Services (2017)

The section below presents what the respondents perceived regarding engagement during the period when Mbada Diamonds exits the Marange area.

4.4.4.7 Exit

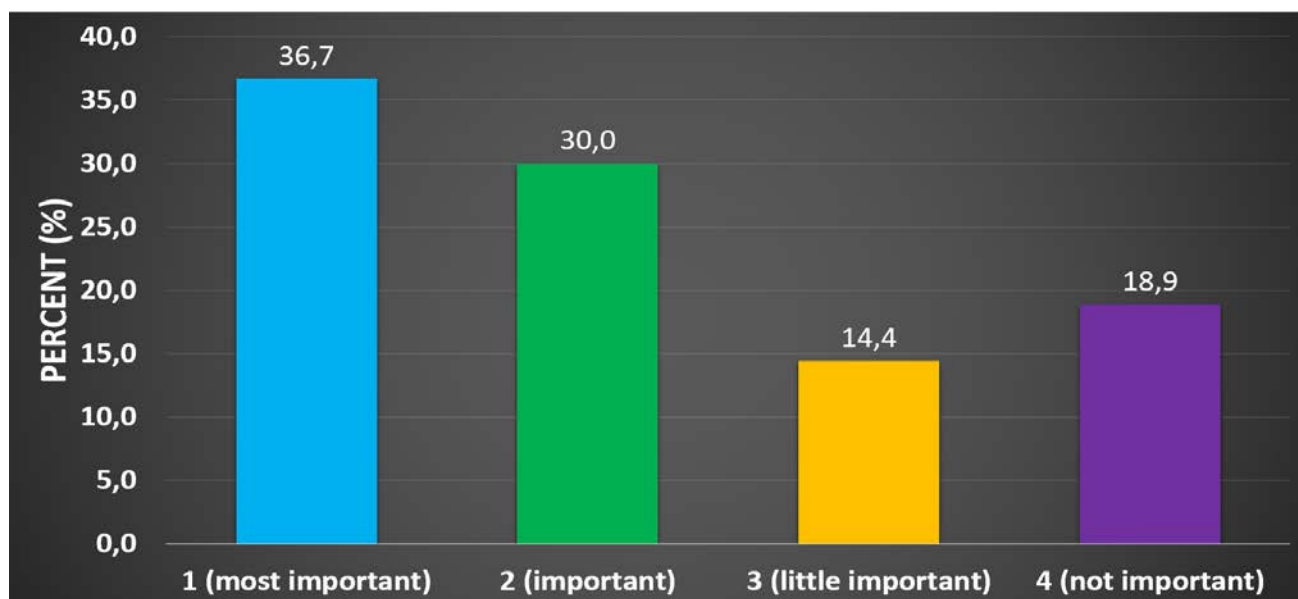
The respondents’ views on engagement during the time of exiting the operating field are divided. Just over one third (36.7 per cent) viewed it as most important, 30 per cent regarded it as important, 14.4 per cent as little important, while 18.9 per cent perceived it to be not important (see Graph 4.15).

Table 4.12: Engagement during exit

Q8N7: Rate the importance of the following stakeholder engagement-Exit					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 (most important)	33	35.1	36.7	36.7
	2 (important)	27	28.7	30.0	66.7
	3 (little important)	13	13.8	14.4	81.1
	4 (not important)	17	18.1	18.9	100.0
	Total	90	95.7	100.0	
Missing	System	4	4.3		
Total		94	100.0		

Source: NWU Statistical Advisory Services (2017)

Graph 4.15: Engagement during exit



Source: Adapted from NWU’s Statistical Advisory Services (2017)

Section 4.4.2.8 below presents the results of the respondents’ views on engagement during service procurement.

4.4.4.8 Service procurement

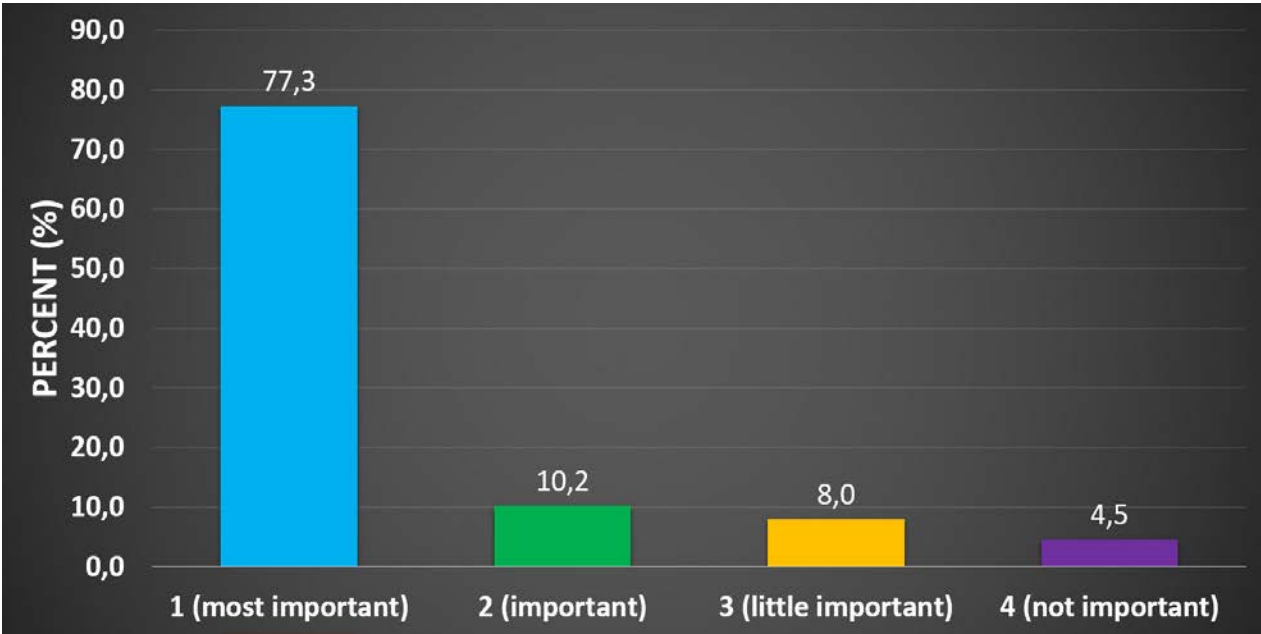
Graph 4.16 below indicates that the communities wanted to be part of procurement and service providers. A majority of 77.3 per cent of the respondents regarded engagement during procurements as most important, while 10.2 per cent viewed it as important, 8 per cent as of little importance, and 4.5 per cent viewed engagement during procurement as not important.

Table 4.13: Engagement during service procurements

Q8N8: Rate the importance of the following stakeholder engagement-Service procurement					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 (most important)	68	72.3	77.3	77.3
	2 (important)	9	9.6	10.2	87.5
	3 (little important)	7	7.4	8.0	95.5
	4 (not important)	4	4.3	4.5	100.0
	Total	88	93.6	100.0	
Missing	System	6	6.4		
Total		94	100.0		

Source: NWU Statistical Advisory Services (2017)

Graph 4.16: Engagement during service procurements



Source: Adapted from NWU’s Statistical Advisory Services (2017)

4.4.5 The qualitative views of the management

The management of the Environment Management Agency, the Zimbabwe Mining Development Company, and Mbada Diamonds provided the following official views on engagement from the beginning of advanced exploration and production:

- Engagement at this stage was solely between the mining corporate and the mining regulators by law (Mbada Diamonds).

- Engagement with the communities is at the discretion of the mining corporate (ZMDC).
- The marketing and trade in the extracted mineral is not as a result of engagement with the communities but in compliance with the regulations and laws of the country (ZMDC).

4.4.6 Issues arising from the exploration to the production stage of Mbada mining operations

The content analysis of the qualitative data from the respondents pointed out that besides engagement with stakeholders and legal compliance, the government should account for all transactions involving mining, deal with corruption, and account to citizens. A study carried out by Sarkar *et al.* (2010) found that the lack of engagement with stakeholders meant that the communities are not informed on what the explorations are for and for how long, and are also not accorded their rights and choices in terms of resettlement plans and the interaction with the mine processes that affect their social survival. St Laurent and Billon (2015:598) point out the need for state capacity to regulate and enforce the legal context in which mining projects are developed, influencing the 'how', 'when', and 'between whom' consultations and negotiations need to take place. In the absence of such, the communities indicate a lack of trust in the corporate or government.

Lack of trust and legitimacy of both Mbada and the government

The respondents (community and civil society) indicated that both the government and Mbada Diamond Company are not to be trusted. For instance, they indicated that the government lacks the capacity to take responsibility for engaging transparently with corporates, taking into consideration the welfare of all stakeholders. The ICMM (1996) acknowledges that although mining can contribute substantially to growth, poverty impacts have been disappointing owing to poor government capacity and issues such as a lack of financial resources and state corruption. The government's ineffectiveness is also due to the lack of respect for the rule of law and governing state capacity impacts on what goods and services are delivered to the public by the mining corporates. A statement from one participant pointed out that:

“Out of realisation that whatever this government is doing is for the benefit of the ruling elites, that’s why people what people are saying when they say we want to be engaged we want engagement, what they are trying to say is that we don’t trust you, we want to be involved from the beginning to the end otherwise if it was a government with integrity people would be minding their own business and government would be doing governing business” (Community member).

“There is a big gap between the government and the people and it is the nature of the Zimbabwean state in that it is a repressive state which does not give citizens a voice or a chance to air their views” (Community member).

The laws were not satisfactory and where they existed, Mbada was not compliant

The respondents presented a view that both the engagements and the country’s laws on resettlements and the conduct of corporates within communities prior to commencing mining activities were insufficient. Some respondents believed that there was a need for a resettlement policy and parliament should enact laws which protect communities from the mining corporates as they felt that the current laws, for instance, the Mines and Minerals Act 1135 of 1975, are pro-corporations (also see Chapter 3, section 3.4.3). The respondents also noted that corporations should comply with the social laws of engagement. In addition, the MOU between the communities and Mbada Diamonds stated that community members should be given preference when the mines recruit workers but most of the respondents did not see it happening. The following quotes present some of the views of the respondents on the legalities of mining:

“Looking at the laws, our law the supreme mining law the Mines and Minerals Act you don’t find anywhere in the law where the community is mentioned as a stakeholder in mining it’s not mentioned at all, its pro-corporations and the government is pro-corporations so yes the law is very deficient in terms of the power balance between the community and the government and the mining corporations on the outside” (Civil society campaigner).

“Mbada Diamonds did not follow or carry out what was agreed in the MOU and the laws of this country are not supporting us” (Community member).

Mbada had no social licence to operate (SLO)

It can be concluded that Mbada lacked an SLO. The respondents are concerned about the benefits mining activities are to bring to them since they had inadequate capacity to negotiate, and as such all the negotiated agreements in the MOU were ignored and not carried out. This is supported by a participant who pointed out that:

“It’s when you talk about social license that there are other factors that constitute a social licence. For the community to give social license to a mining corporation the community should be satisfied that this activity is to our advantage and the community must have access even to the negotiating table (and also) need access to the contract; they need to know what has been agreed to” (Community member).

In other words, the processes at Marange by Mbada Diamonds are not approved by the communities as one participant pointed out that the community is made to believe that:

"What is good for the minister is (regarded as) also good for the community but when government is negotiating its own interest here is no social license whatsoever" (Civil society campaigner).

Lack of government capacity to enforce policies

The responsible authorities are not accountable for their duties and lack the will and capacity to represent stakeholders. The respondents commented that the executive institutions that deal with mining are not effective as the following respondents pointed out:

"The parliamentary portfolio committee on mines and energy which is not in itself a decision-making board which has been able to go to Marange and face the community (otherwise) the real people who must answer to the community are afraid they don't want to meet the community," (Community member).

"ZMDC which is the principal regulator and investor in the mining sector of Zimbabwe has no standing board to carry out its duties," (Civil society campaigner)

4.4.7 Summary of CSR strategies for stakeholder engagement during the exploration of the production stage of Mbada Diamonds mining projects

It can be concluded that Mbada Diamonds, during the commencement of its mining operations at Marange, did not obtain the trust and legitimacy from either the communities adjacent to their mine or other stakeholders. Although the laws were inadequate, the company did not comply with other international standards on mining such as the United Nations Global Compact (UNGC) which promotes, among others, fair labour practices within mining communities, the Extractive Industry Transparency Initiative (EITI) principles for transparency and responsibility, or the International Standards Organisation (ISO) 26 000 which obliges corporates to solemnly contribute to the socio-economic welfare of adjacent communities (see section 3.3 of Chapter 3). Therefore, Mbada Diamonds did not engage and had no social licence to operate at Marange as it benefited from the government's incapacity to enforce policies of CSR at every stage of the mining operation.

4.4.8 CSR policy as a pre-requisite for licensing

The respect of the will of the communities is not considered important when government decides on license issuing. A study carried out by Sarkar *et al.* (2010:340) on mining community

development agreements (CDA) in Ghana found that when negotiations for agreements are conducted, information related to when they are carried out, who is involved or the processes followed is not made known publically. In addition, some stakeholders even lacked the capacity to negotiate. The following section presents the views of the respondents on the importance of a CSR policy as a requirement for obtaining a diamond mining licence in Zimbabwe.

It seems that the respondents are aware of other factors that should be considered when a mine applies for a diamond mining license. In the following sections, it can be concluded that respondents are not concerned only about the issues that benefit themselves but they also consider other factors that ensure the viability of a business entity, for example, capital, technology, CSR policy, the environment, relationship with the mines and compliance with international norms and practices.

4.4.8.1 Capital

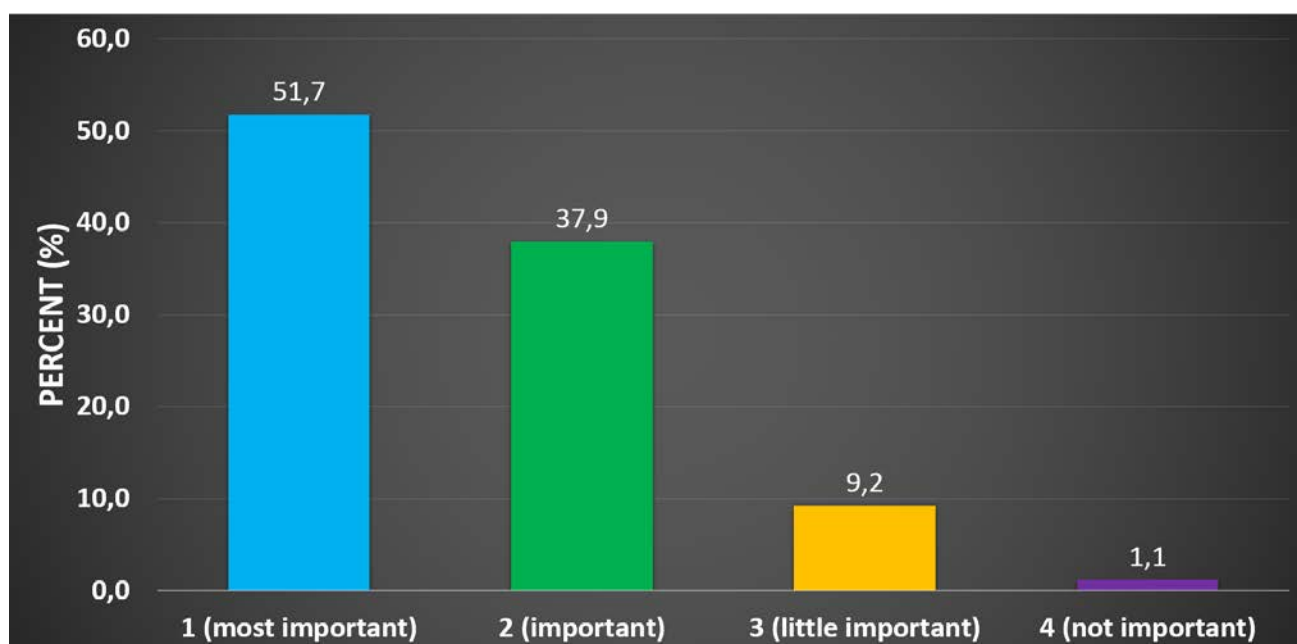
A significant majority of 51.7 per cent of the respondents considered capital for the effective operation of the mine as most important and a prerequisite component when corporates obtain diamond mining licenses, while 37.9 regarded it as important. Only 9.2 per cent viewed capital as of little importance, and 1.1 per cent as unimportant (see Graph 4.17).

Table 4.14: Capital requirement

Q9N1: Rate the following factor that should be considered in obtaining diamond licences-Capital					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 (most important)	45	47.9	51.7	51.7
	2 (important)	33	35.1	37.9	89.7
	3 (little important)	8	8.5	9.2	98.9
	4 (not important)	1	1.1	1.1	100.0
	Total	87	92.6	100.0	
Missing	System	7	7.4		
Total		94	100.0		

Source: NWU Statistical Advisory Services (2017)

Graph 4.17: Capital requirement



Source: Adapted from NWU’s Statistical Advisory Services (2017)

4.4.8.2 Technology

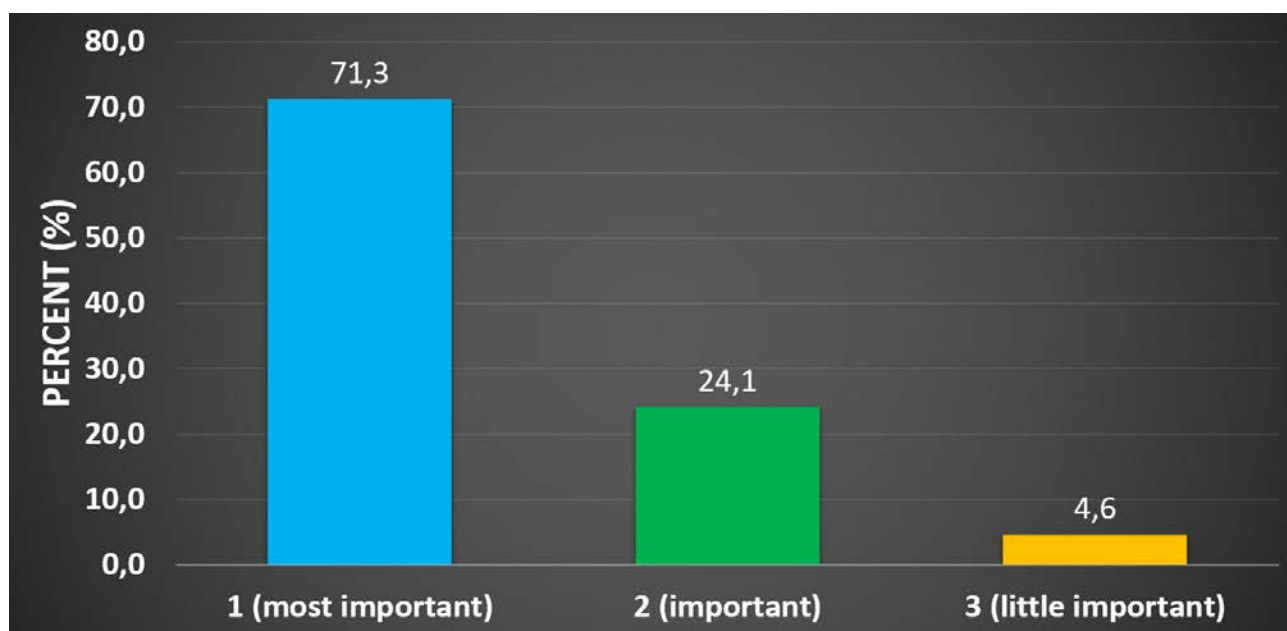
The respondents were asked whether the authorities should consider technology as the most important aspect when issuing diamond mining licenses to prospecting corporates. The majority (71.3 per cent) of the respondents perceived technology to be used for mining and taking care of the environment as most important, while 24.1 per cent viewed technology as important, and 4.6 per cent as of little importance. No respondent felt that it was not important as presented in Graph 4.18.

Table 4.15: Technological requirements

Q9N2: Rate the following factor that should be considered in obtaining diamond licences-Technology advantage					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 (most important)	62	66.0	71.3	71.3
	2 (important)	21	22.3	24.1	95.4
	3 (little important)	4	4.3	4.6	100.0
	Total	87	92.6	100.0	
Missing	System	7	7.4		
Total		94	100.0		

Source: NWU Statistical Advisory Services (2017)

Graph 4.18: Technological requirements



Source: Adapted from NWU’s Statistical Advisory Services (2017)

4.4.8.3 Corporate social responsibility policy

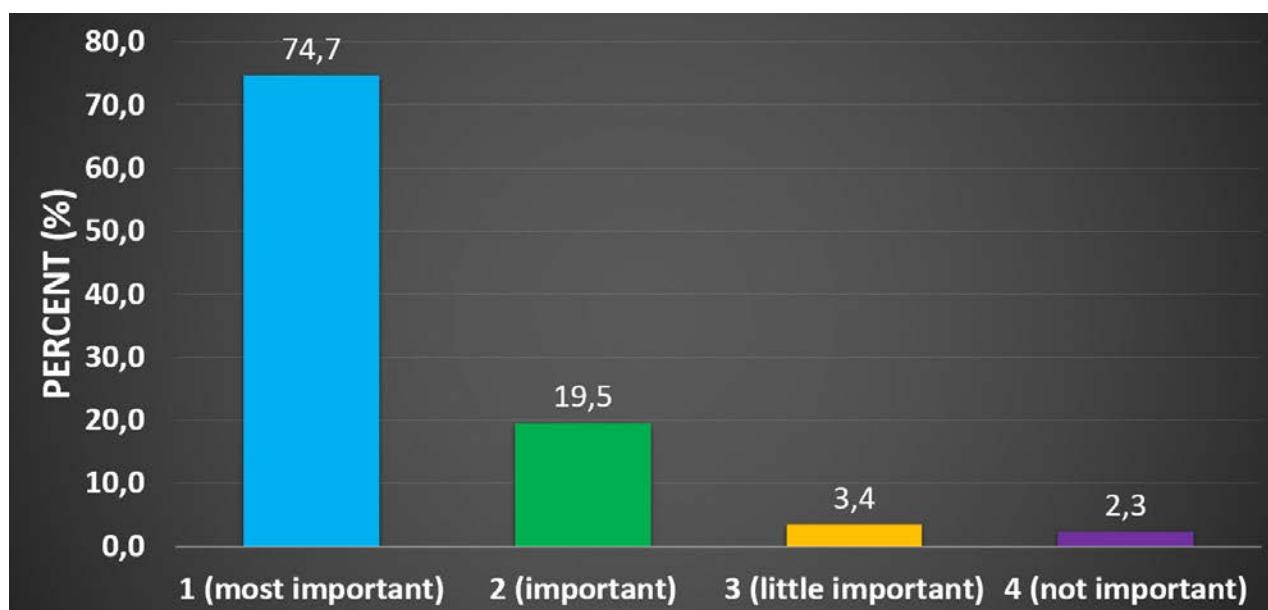
The respondents were asked whether companies wanting to obtain diamond licenses should be assessed on whether they have a sound and realistically functioning corporate social investment policy. The majority responded that it was important for diamond mining companies to submit a corporate social investment policy as indicated by 74.7 per cent of the respondents. A total of 19.5 per cent viewed it as important, while 3.4 and 2.3 per cent regarded having a corporate social policy for a diamond mining corporate as of little importance and not important respectively (see Graph 4.19).

Table 4.16: Corporate social responsibility policy

Q9N3: Rate the following factor that should be considered in obtaining diamond licences-CSR policy					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 (most important)	65	69.1	74.7	74.7
	2 (important)	17	18.1	19.5	94.3
	3 (little important)	3	3.2	3.4	97.7
	4 (not important)	2	2.1	2.3	100.0
	Total	87	92.6	100.0	
Missing	System	7	7.4		
Total		94	100.0		

Source: NWU Statistical Advisory Services (2017)

Graph 4.19: Corporate social responsibility policy



Source: Adapted from NWU’s Statistical Advisory Services (2017)

4.4.8.4 Environmental protection programme

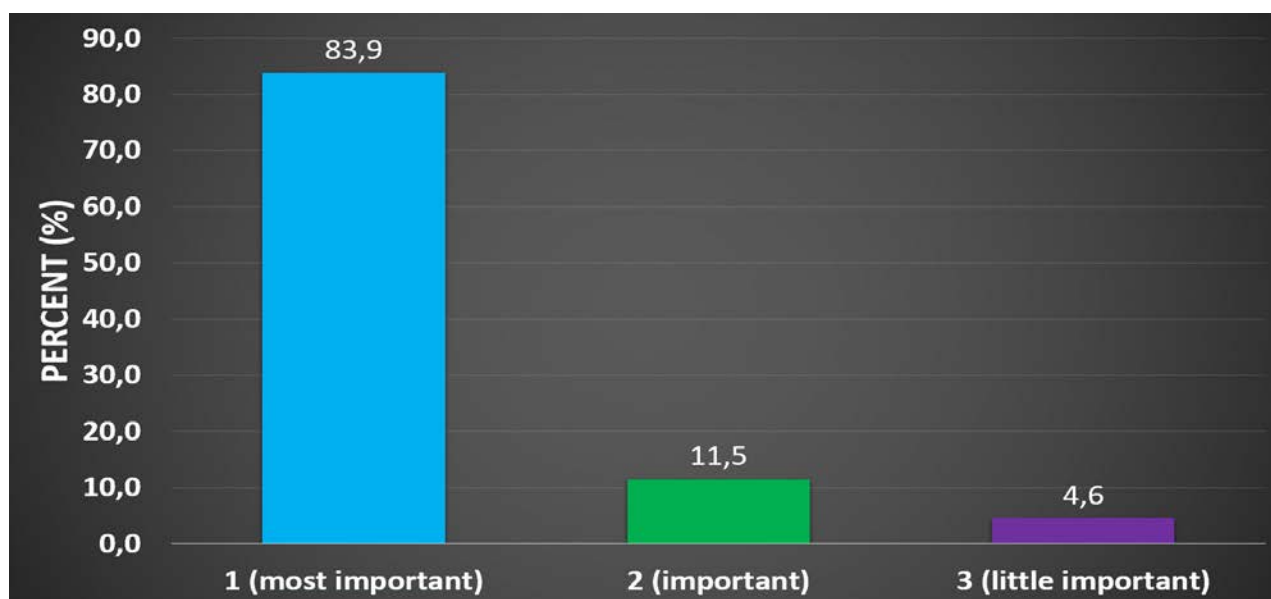
An environmental protection programme aimed at preserving the environment and rehabilitating the disturbed environment is one of the prerequisites that 83.9 per cent of the respondents viewed as most important upon issuing diamond mining licenses to prospecting diamond mining companies. A total of 11.5 per cent considered an environmental protection programme as important, while only 4.6 per cent regarded it as of little important as presented in Graph 4.20.

Table 4.17: Environmental programme requirement

Q9N4: Rate the following factor that should be considered in obtaining diamond licences-Environment policy					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 (most important)	73	77.7	83.9	83.9
	2 (important)	10	10.6	11.5	95.4
	3 (little important)	4	4.3	4.6	100.0
	Total	87	92.6	100.0	
Missing	System	7	7.4		
Total		94	100.0		

Source: NWU Statistical Advisory Services (2017)

Graph 4.20: Environmental programme requirement



Source: Adapted from NWU’s Statistical Advisory Services (2017)

4.4.8.5 Social license to operate

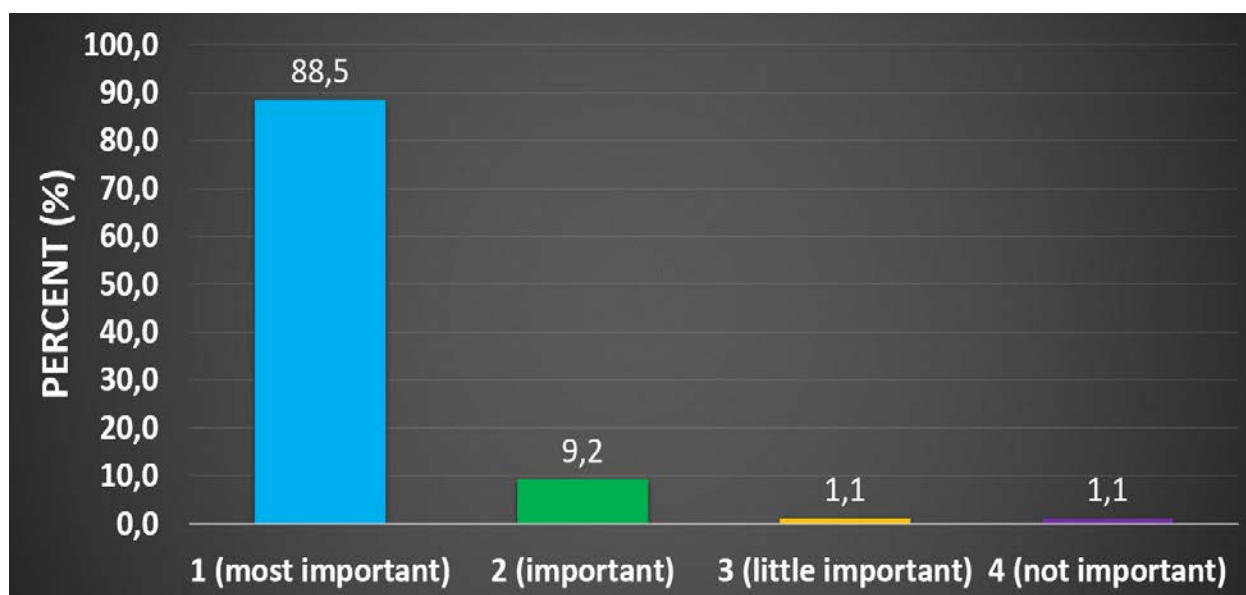
A social license to operate (explained in Chapter 2, section 2.7.2) was a factor which the respondents were asked to rate its importance prior to corporates acquiring diamond mining licenses from the mining authorities. A majority of 88.5 per cent of the respondents regarded a social license to operate as the most important factor which the authorities should consider before issuing licenses to a new diamond mining company at Marange. A total of 9.2 per cent of the respondents regarded the obtaining of a social license to operate by a diamond mining corporate as an important prerequisite; while only 1.1 per cent regarded a social license to operate as of little importance, and 1.1 per cent viewed it as not important as presented in Graph 4.2.

Table 4.18: Social licence to operate requirement

Q9N5: Rate the following factor that should be considered in obtaining diamond licences-Social licence to operate					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 (most important)	77	81.9	88.5	88.5
	2 (important)	8	8.5	9.2	97.7
	3 (little important)	1	1.1	1.1	98.9
	4 (not important)	1	1.1	1.1	100.0
	Total	87	92.6	100.0	
Missing	System	7	7.4		
Total		94	100.0		

Source: NWU Statistical Advisory Services (2017)

Graph 4.21: Social licence to operate requirement



Source: Adapted from NWU’s Statistical Advisory Services (2017)

4.4.8.6 Compliance

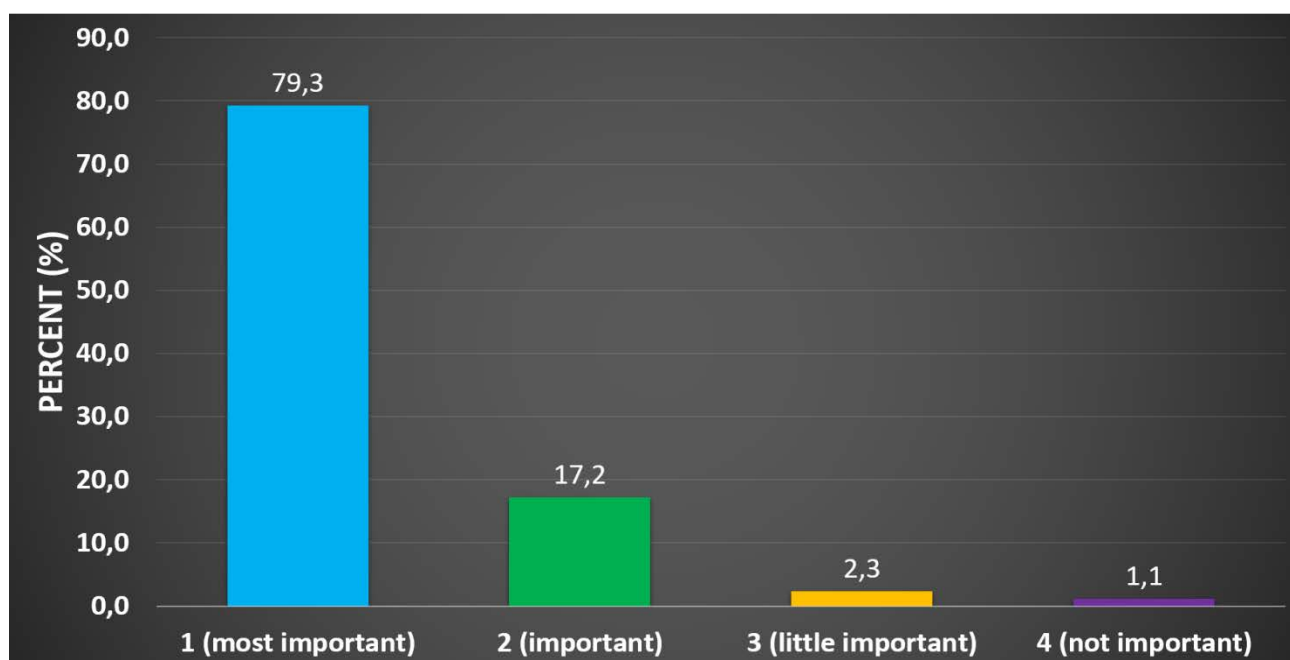
The respondents were asked to provide their views on the importance of complying with laws when a company is to be issued a diamond mining right. The majority (79.3 per cent) of the respondents believed that it is most important to assess the history of the company in complying with the laws and whether the company is able to abide by the set down international and national laws, regulations and standards of mining. A total of 17.2 per cent of the respondents regarded a corporate’s adherence to laws as important while only 2.3 per cent viewed it as of little importance and 1.1 per cent as not important (see Graph 4.22).

Table 4.19: Compliance

Q9N6: Rate the following factor that should be considered in obtaining diamond licences-Compliance					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 (most important)	69	73.4	79.3	79.3
	2 (important)	15	16.0	17.2	96.6
	3 (little important)	2	2.1	2.3	98.9
	4 (not important)	1	1.1	1.1	100.0
	Total	87	92.6	100.0	
Missing	System	7	7.4		
Total		94	100.0		

Source: NWU Statistical Advisory Services (2017)

Graph 4.22: Compliance



Source: Adapted from NWU's Statistical Advisory Services (2017)

4.4.8.7 The qualitative views of the management on licencing

The management officials from the Zimbabwe Mining Development Corporation (ZMDC) and Environment Management Authority (EMA) provided the following official views on licencing:

- Licencing in Zimbabwe is provided by the Ministry of Mines and Mining Development, and as such, the mining corporates are only compliant to the Ministry and their obligation to the environment according to the EMA Act 13 of 2002 as well as the traditional rituals of the traditional authorities (ZMDC).
- The EMA Agency enforces compliance to the Environment Impact Assessment (EIA) (Mbada Diamonds) (of which the implementation of compliance is not efficient).
- The ZMDC pointed out that at this point CSR is carried out as an internal organisational policy by the mine management besides specific compliance to the National Economic and Empowerment Act 14 of 2007. As such, CSR although it is expected of mining organisations, does not have a bearing on the issuing or lack of licence issuing (ZMDC).

4.4.9 Issues arising from licencing (both legal and moral)

It is evident from the data on licencing that the respondents opted for a social licence to operate as one of the most important factors to be considered when issuing licences to mining companies. Mbada Diamonds is perceived to have lacked acceptance by or a relationship with the community

members, which in turn delegitimised its activities at Marange (see Chapter 2 section 2.8.2). The following quote is evidence of the view of respondents on the need to be recognised by being considered as stakeholders in mining licencing negotiations:

“For the community to give social license to a mining corporation the community should be satisfied that this activity is to our advantage.....so there is no social license whatsoever,” (Community member).

Other factors acknowledged, but not regarded as significant as the social licence to operate or capital, are compliance with laws, a corporate social investment policy and an environment management programme. The respondents appear to have understood how capital contributes to the development of mineral extraction operations. As much as capital is important, most participants’ views elaborated more on the issuing of licences to Mbada Diamonds. This demonstrates a commitment to addressing issues pertaining to the adjacent community (socio-economic and environment).

4.4.10 Summary for CSR as a pre-requisite for licencing

It can be concluded that although communities regarded such activities that amount to CSR as determinants for the issuing or renewal of diamond mining licences, the mining management, ZMDC, Mbada Diamonds and the Environment Management Authority regarded compliance with government policies and legislation, and not CSR, as the most important requirements for licensing and renewing.

4.4.11 CSR strategy: Management priorities

The literature (section 2.4.1 of Chapter 2) acknowledged the mine management as a primary stakeholder in mining because the managers make final decisions on the choice and implementation of CSR projects. In order to determine what should inform the managers’ decisions and priorities, the respondents were asked to determine specific factors as discussed below which should inform the management’s decisions on CSR activities.

4.4.11.1 Stakeholder engagement

The respondents viewed stakeholder engagement as one of the factors that should assist in informing Mbada Diamonds management on which CSR projects to undertake, and as such, the respondents want Mbada Diamonds to prioritise those projects identified as a result of engaging with all stakeholders. The majority (85.1 per cent) of the respondents viewed stakeholder engagement as most important while 13.8 per cent regarded it as important. Only 1.1 per cent

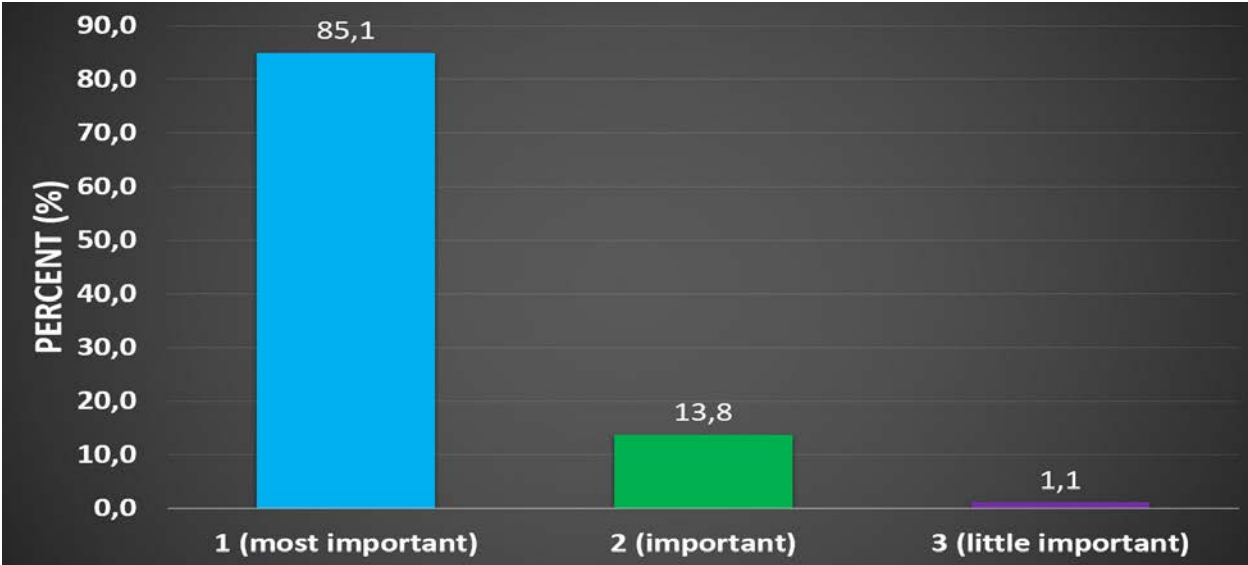
viewed stakeholder engagement in deciding on CSR projects as of little importance (see Graph 4.23).

Table 4.20: Stakeholder engagement as a management priority

Q10N1: Rate the extent to which the following factor should inform Mbada Diamonds CSR policy-Stakeholder engagement					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 (most important)	74	78.7	85.1	85.1
	2 (important)	12	12.8	13.8	98.9
	3 (little important)	1	1.1	1.1	100.0
	Total	87	92.6	100.0	
Missing	System	7	7.4		
Total		94	100.0		

Source: NWU Statistical Advisory Services (2017)

Graph 4.23: Stakeholder engagement as a management priority



Source: Adapted from NWU’s Statistical Advisory Services (2017)

4.4.11.2 Management decisions

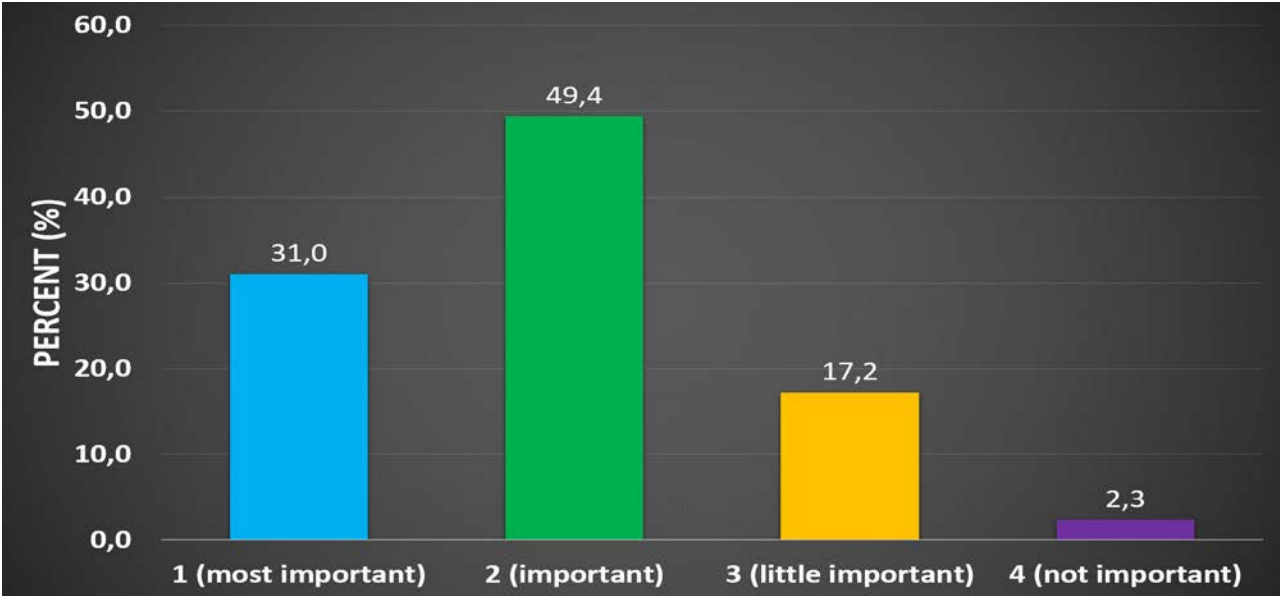
The respondents were also asked whether the mining management decisions should be final when deciding on the CSR projects to be undertaken by Mbada Diamonds. The respondents were divided with 31 per cent perceiving management priorities in CSR projects decision-making as most important, while 49.4 per cent perceived it important. A total of 17.2 per cent viewed it as of little importance, while 2.3 per cent did not view it as important at all (see Graph 4.2).

Table 4.21: Management’s decisions as a management priority

Q10N2: Rate the extent to which the following factor should inform Mbada Diamonds CSR policy-Management's priorities					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 (most important)	27	28.7	31.0	31.0
	2 (important)	43	45.7	49.4	80.5
	3 (little important)	15	16.0	17.2	97.7
	4 (not important)	2	2.1	2.3	100.0
	Total	87	92.6	100.0	
Missing	System	7	7.4		
Total		94	100.0		

Source: NWU Statistical Advisory Services (2017)

Graph 4.24: Management’s decisions as a management priority



4.4.11.3 On need-to-need basis

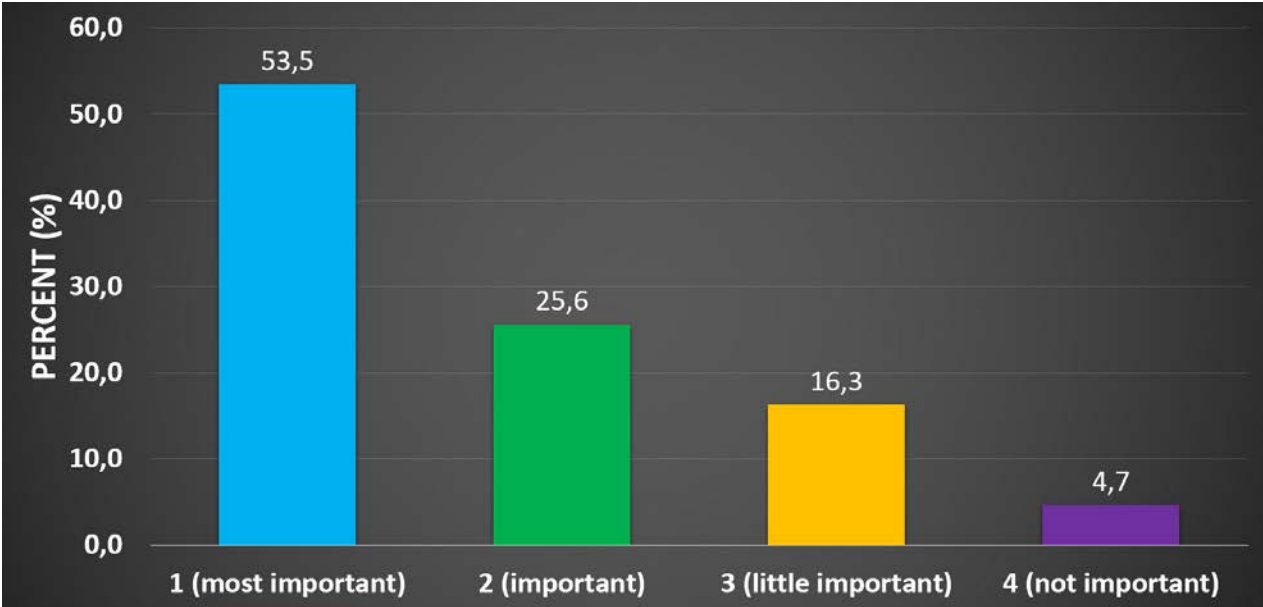
The respondents were also asked to provide their views on Mbada Diamond’s undertaking CSR projects according to the needs of the stakeholders. Just over half (53.5 per cent) recognised it as most important, while 25.6 per cent viewed it as important, 16.3 per cent viewed CSR projects based on their needs as of little importance and 4.7 per cent regarded CSR on a needs basis as not important (see Graph 4.25).

Table 4.22: On need-to-need basis

Q10N3: Rate the extent to which the following factor should inform Mbada Diamonds CSR policy-On need to need basis					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 (most important)	46	48.9	53.5	53.5
	2 (important)	22	23.4	25.6	79.1
	3 (little important)	14	14.9	16.3	95.3
	4 (not important)	4	4.3	4.7	100.0
	Total	86	91.5	100.0	
Missing	System	8	8.5		
Total		94	100.0		

Source: NWU Statistical Advisory Services (2017)

Graph 4.25: On need to need basis



Source: Adapted from NWU’s Statistical Advisory Services (2017)

4.4.11.4 Legal framework of host country

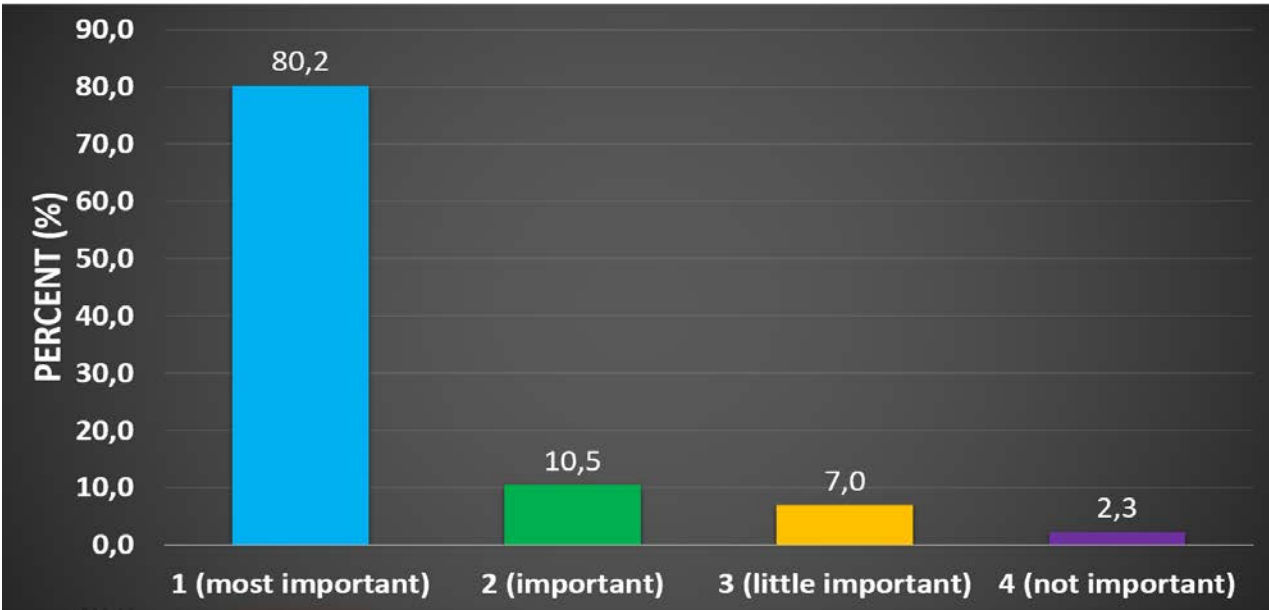
The respondents were also asked whether CSR projects should be informed by the hosting country’s legal framework. The majority (80.2 per cent) of the respondents acknowledged the importance of deciding on CSR while being informed by the host country’s legal framework while 10.5 per cent regarded it as important. Only 7 per cent of the respondents believed that it is of little importance, while 2.3 per cent regarded it as not important (see Graph 4.26 below).

Table 4.23: Legal framework of host country

Q10N4: Rate the extent to which the following factor should inform Mbada Diamonds CSR policy-Legal framework of host countries					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 (most important)	69	73.4	80.2	80.2
	2 (important)	9	9.6	10.5	90.7
	3 (little important)	6	6.4	7.0	97.7
	4 (not important)	2	2.1	2.3	100.0
	Total	86	91.5	100.0	
Missing	System	8	8.5		
Total		94	100.0		

Source: Statistics Advisory Services (2017)

Graph 4.26: Legal framework of host country



Source: Adapted from NWU’s Statistical Advisory Services (2017)

4.4.11.5 Community needs

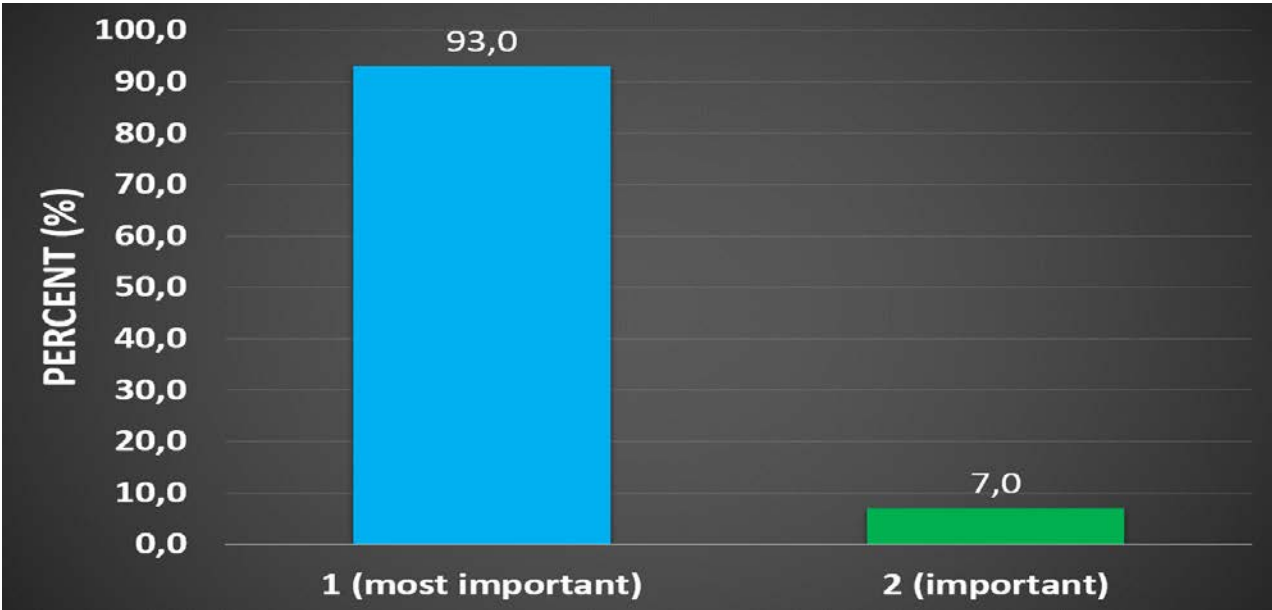
It is evident from Graph 4.27 below that the majority of 93 per cent of the respondents perceived undertaking CSR projects as a response to community needs as the most important factor which should inform Mbada Diamonds, while 7 per cent regarded this as important. It is significant that the respondents expect from the management of Mbaba Diamonds to make decisions that will cater to their needs.

Table 4.24: Community needs

Q10N5: Rate the extent to which the following factor should inform Mbada Diamonds CSR activities-Needs of the community					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 (most important)	80	85.1	93.0	93.0
	2 (important)	6	6.4	7.0	100.0
	Total	86	91.5	100.0	
Missing	System	8	8.5		
Total		94	100.0		

Source: NWU Statistical Advisory Services (2017)

Graph 4.27: Community needs



Source: Adapted from NWU’s Statistical Advisory Services (2017)

4.4.11.6 The qualitative views of the management on prioritising decisions

The management of Mbada Diamonds and the ZMDC provided official views on what informs the decisions of the management to undertake corporate social responsibility at Marange. The following views are noted:

- The Mbada Diamonds management is informed by the action plans of the organisations as derived from the vision and mission of the shareholders as approved by the board.
- Chiefs and other representatives inform the mining management of the corporate social responsibility projects to be carried out in the communities (Mbada Diamonds).

- CSR activities are influenced by government policy and the influence of the President of the Republic of Zimbabwe (ZMDC).

The following section presents the analysis of the qualitative data as gathered from the respondents on issues arising from the decisions of the management.

4.4.11.7 Issues arising

Imposition of development projects

The respondents identified the needs of the communities which are expressed as a result of stakeholder engagement as the basis for CSR decisions relating to projects by Mbada Diamonds managers. The majority of the respondents felt that CSR projects are prioritised by the top management and imposed on the communities which leads to the failure of livelihood projects such as chicken rearing and fashion design. A minority of the respondent also felt that the managers alone decided on the place to resettle and even on the kind of houses to build without any consultation. The following quotes present the majority view of respondents:

“...the community is told what is good for the minister [political officer bearer] is also good for the community so there is no social license whatsoever,” (Community member).

“...the official came to our village and told us that we have been moved to Arda-Transau where they have built houses, they did not ask for our opinions or the type and style of houses we needed,” (Community member).

“...if we were engaged, we would be living the lives close to what we have lived before or even better, but we lost everything,” (Community member).

“A poultry project was initiated by the company, which included all the 100 members of the community relocated by Mbada Diamonds, people in the project were too many as their ideas for the project did not succeed,” (Community member).

“The sewing machines were provided without proper training, we have them in the houses but do not know how to use them,” (Community member).

4.4.12 Summary for CSR strategies and management priorities

The respondents generally agreed that Mbada should prioritise those CSR projects that are a result of consultation and engagement with the people and that relate to their community needs. These projects, when legitimised and supported by those who benefit from them, have higher success rates. The respondents acknowledge the fact that SLO should inform Mbada Diamond’s

decisions on CSR projects. The majority of respondents believe an SLO in mining is the most important aspect, and that an SLO legitimises operations through consultation and fulfilment of community needs.

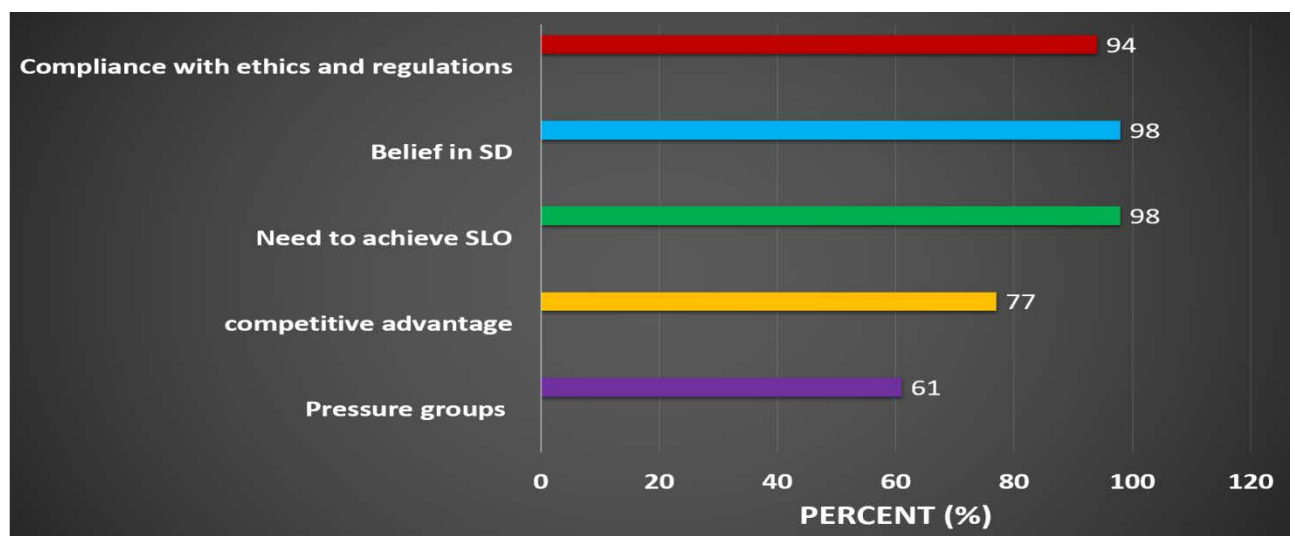
Although the ZMDC, Mbada Diamonds and EMA officials responded that decisions are shaped by national government policies and a corporate’s vision and mission and that they are informed by community representations, the research has shown that the latter does not occur. It can be concluded from the data that Mbada Diamonds’ decision-making and priorities are largely lacking in taking the communities adjacent to the mine into consideration as well as those communities that are resettled as a result of the government’s and Mbada Diamonds’ decisions.

4.4.13 CSR motivations

Since Mbada Diamonds CSR operates in an environment where the laws are inadequate and projects are decided on by managers and imposed on stakeholders, the researcher asked the respondents what should motivate Mbada Diamonds to carry out its CSR priorities (see Graph 4.28).

It can be observed in Graph 4.28 that an overwhelming majority of 98 per cent recognised the importance of a social license to operate and a belief in sustainable development as major factors which should motivate Mbada Diamonds to carry out its CSR projects ethically. Respondents (94 per cent) acknowledged that compliance with regulations and laws is also important. CSR activities aimed at gaining a competitive advantage followed at 77 per cent while CSR as a result of pressure groups was considered as least important at 61 per cent.

Graph 4.28: Motivations for CSR



Source: Adapted from NWU’s Statistical Advisory Services (2017)

The respondents believed that a need to promote sustainable development and to achieve a social licence to operate should be the leading motivating factors for Mbada Diamonds to carry out CSR projects. Laws (albeit inadequate) may play a role, for example, in the areas of the environment and human rights, but the respondents stressed that Mbada Diamonds has to go beyond the law in their implementation of CSR and to foster development in adjacent communities.

4.4.13.1 The qualitative views of the management

The management views of what motivates them to carry out corporate social responsibility are the following:

“The company is mainly guided, not necessarily motivated, by the need to be compliant with the laws and policies of the country,” (Mbada Diamonds).

“The main motivation for mining should be to enhance sustainable mining practices which will then promote sustainable development and an improvement in people’s lives,” (ZMDC).

“The mining corporates must be motivated by the necessity to balance benefits from the diamonds between itself and the surrounding communities,” (Local government authority).

4.4.13.2 Issues arising from CSR motivations

The following issues are derived from the respondents’ qualitative data:

CSR activities which benefit the community

The majority respondents stated that Mbada Diamonds should be motivated by the need to have CSR activities which are beneficial to the communities. The following quote provide an indication on the opinions of the majority respondents on what should motivate Mbada Diamonds to undertake CSR activities.

“The community should be satisfied that they derive benefits from mining activities in their area” (Community member).

Mbada not promoting sustainable livelihoods and development

The respondents indicated that CSR activities for Mbada did not enable them to have sustainable livelihoods and lifestyles. The resettled areas also lacked development as became evident from the qualitative information provided by the respondents. The majority of respondents confirmed

that their lives had actually become poorer after Mbada Diamonds started their extraction activities. The following quotes from respondents highlight the view of the community and civil society members:

“The corporate came to our ancestral land to take wealth from it, our land is backward, our schools are not adequate, our land does not produce enough food for us, the company should help with such development which will help us improve our lives” (Community member).

“The development of our area is what we have been expecting from Mbada, irrigation area with ready supply of water, hospitals, schools and good roads but we were taken and dumped here”, (Community member).

“In the first place these people were not living in a bush, they had homes which were destroyed to pave way for mining so when they (Mbada Diamonds) came to Arda-Transau to construct these houses they want the world to believe that it’s CSR but it’s not CSR: it was simply replacement of homes which they had destroyed in Marange. We are also not considering the food hampers that were given to the people as CSR because in the first place they uprooted them from their traditional homeland, destroyed their crops and some of them were relocated in the middle of planting season and they were not given land for agriculture. So that should not be misconstrued as CSR,” (Civil society campaigner)

4.4.14 CSR activities and community expectations

The Table 4.25 below presents the CSR activities which the community and civil society expect Mbada to carry out at Marange and for the affected or relocated families. The table shows the respondents’ opinions of which CSR activity is important to them and which are not. Each activity is then interpreted as accepted (A) by the respondents or not accepted (NA). According to the table, respondents accepted the majority of the activities listed with some receiving strong support, for example, support for health care, care organisations and support for the resettled. However, sponsorship for sport was not accepted in the wake of other most important aspects such as supporting health and resettlement (see Graph 4.29).

Table 4.25: CSR activities expected by respondents

ACTIVITY		MOST IMPORTANT (%)	IMPORTANT (%)	LITTLE IMPORTANT (%)	NOT IMPORTANT (%)	ACCEPTED (A), NOT ACCEPTED (NA)
1.	Sponsorship of sport	11	30	18	40	NA
2.	Sponsorship of cultural events	32	37	17	15	A
3.	Provision of scholarships	94	2	3		A
4.	Supporting health and health care	97	3			A
5.	Support for community organisations	93	7			A
6.	Material aid	48	49	2		A
7.	Lending equipment (premises, transport)	43	47	9		A
8.	Sponsoring membership for development organisations	49	44	3		A
9.	Support women and gender projects	88	11	1		A
10.	Support community livelihood projects	91	7	1	1	A
11.	Support local research and skills development	89	8	3		A
12.	Support recreational activities	73	17	9	1	A
13.	Contribution to (CSOTs)	83	11	5	1	A
14.	Contribute to the macro economy	79	10	10	1	A
15.	Support local government activities	76	17	6	1	A
16.	Support resettling processes	95	6			A
17.	Compensate for lost land, property and lost livelihoods	92	7	1		A
18.	Abide by labour laws (worker contracts)	71	21	7	1	A
19.	Opportunities for adjacent communities' first	85	11	3		A
20.	Contribute to CSOT effectiveness	82	16	1	1	A

ACTIVITY		MOST IMPORTANT (%)	IMPORTANT (%)	LITTLE IMPORTANT (%)	NOT IMPORTANT (%)	ACCEPTED (A), NOT ACCEPTED (NA)
21.	Promote gender equity	93	5	1	1	A
22.	Uphold and respect human rights	93	6	1		A

Source: Adapted from NWU's Statistical Advisory Services (2017)

4.4.14.1 The qualitative views of the management on the expected activities

The management provided the following official views on the expectations of the communities on what CSR activities should be carried out:

- There are always expectations but the company assesses the essential needs against the resources available (Mbada Diamonds official).
- Corporate social responsibility is not necessarily carried out in the communities but in some ways Mbada is promoting government programmes (ZMDC).
- As an environment agent we focus on promoting those corporate social responsibilities which are aimed at minimising environment damage in mining operating areas (EMA).

4.4.14.2 Issues arising from the qualitative data on expected activities

The activities carried out by Mbada Diamonds for the resettled and those staying adjacent to the mining activities proved to be central to the respondents' responses. It was significant as these activities crucially affected their personal welfare. The following quotes significantly point out the CSR activity expectations of the community members living adjacent to the mine's activities and those resettled. Most of the respondents perceived the CSR activities of Mbada Diamonds to be either insufficient or never carried out at all. The following quotes present the views of respondents on their expectations from Mbada:

"If the companies had at least made an attempt to carry out genuine CSR projects it means even the reporting of Marange (in the media) would be different, it means even the consumers would have a positive view about Marange diamonds," (Community member).

“The reason why Marange diamonds were sold very cheaply and clandestinely is mainly because of the negativity associated with “Marange Diamonds” (Mbada Diamonds), human rights abuses, and displacement without compensating the suffering of the people living in the diamond fields,” (Community member).

“We want to be self-sufficient through assisted projects and training on how to carry out the projects,” (Community member).

“We expect to have enough land to work on for our livelihoods with our families,” (Community member).

“Our children do not have land where they will settle with their own wives and grow their children, we are dumped here and crammed in four roomed houses with our married children which is not our culture to stay with married children,” (Community members).

“We were not compensated enough for our lost properties and established lives in Marange, the amounts promised did not come even till up to now, maybe if we were compensated properly we would use the money to develop ourselves as Mbada Diamonds is not doing anything,” (Community member).

“Our children were promised employment at the company but up to today a few were employed after protesting but most workers came from the urban areas,” (Community members).

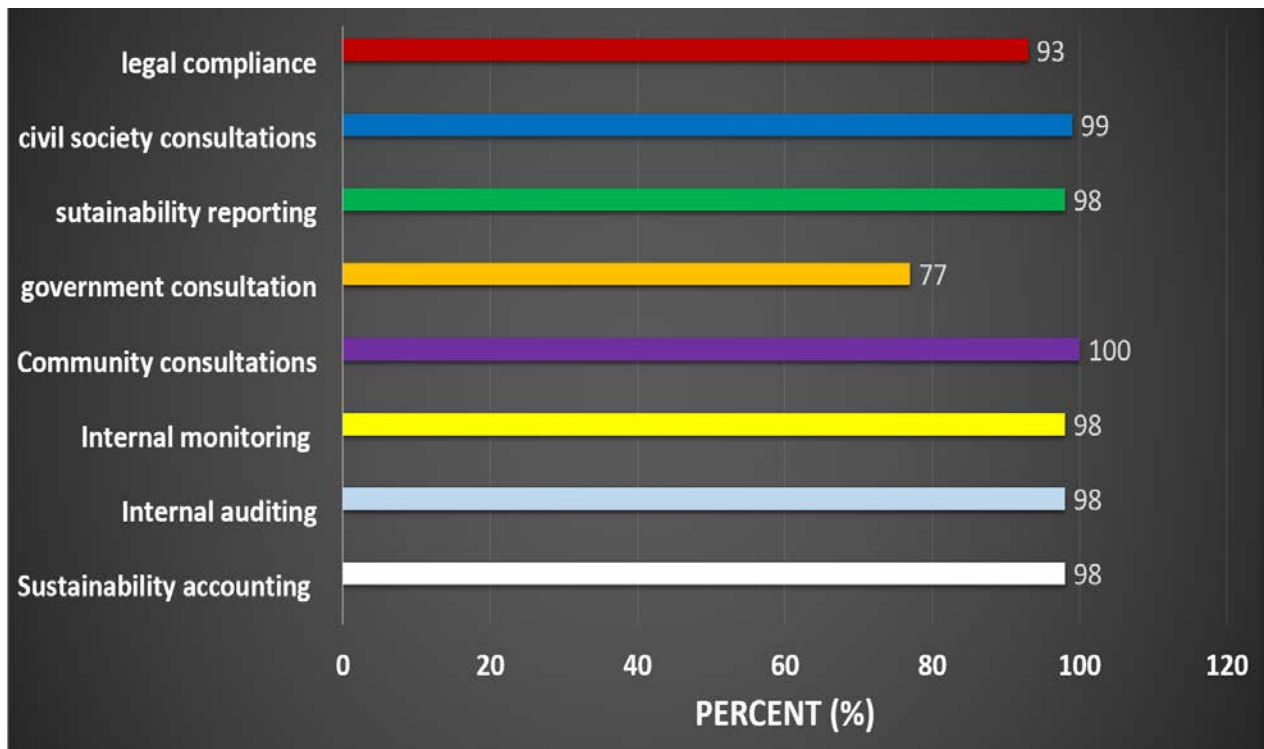
The following section presents what the respondents perceive to be the tools used by Mbada to manage CSR activities.

4.4.15 Variables for managing CSR

The majority of respondents expected Mbada Diamonds to use community consultations as a tool for managing corporate community activities (see Graph 4.30) with an approval rating of 100 per cent of the respondents.

The respondents also acknowledged the following factors as important tools which could be used to realise positive impacts of CSR projects with a total approval rate of 93 per cent (sum of most important and important). Other tools, for example, civil society consultations (99 per cent) sustainability reporting (98 per cent), government consultations (77 per cent), community consultations (100 per cent), internal monitoring (98 per cent), sustainability accounting (98 per cent), and internal auditing (98 per cent) are recognised as important tools that can be utilised to implement, monitor, evaluate and report in order to realise effective CSR projects.

Graph 4.29: Variables for managing CSR



Source: Adapted from NWU’s Statistical Advisory Services (2017)

The section below presents the qualitative views of the respondents on the tools to ensure effective decisions, implementation, and monitoring of CSR activities which Mbada Diamond should use.

4.4.15.1 The qualitative views of the management

The following managers provided their official views on the best tool or tools to manage corporate social responsibility. The following is a summary of their views:

“All the mentioned tools are essential for the management of a mine, including the CSR arm of the company,” (Mbada Diamonds).

“The mentioned tools are essential to mining management and development, we are working towards efficiency in most of the issues especially to be sustainable and accountable” (ZMDC).

4.4.15.2 Issues arising from the qualitative data

Most of the respondents perceived the CSR activities of Mbada Diamonds as those that have to be carried out after effective consultations with the communities and other stakeholders, and in

such a way that the latter are allowed to negotiate and form part of the agreed activities. Most respondents also wanted Mbada Diamonds to be accountable and disclose the amounts of money it is gaining from the Diamond Mining business in their areas. As such, transparency was one of the tools recommended for managing CSR activities that the respondents felt Mbada was not carrying out and that should be enhanced. Most of them also viewed compliance with enacted laws as a tool for strengthening CSR activities for Mbada Diamonds. The respondents also highlighted the fact that the laws were not adequate. The following quotes indicate the views of most of the respondents on the methods of managing CSR activities by Mbada Diamonds.

“The community must have access even to the negotiating table and need access to the contract they need to know what has been agreed,” (Community member).

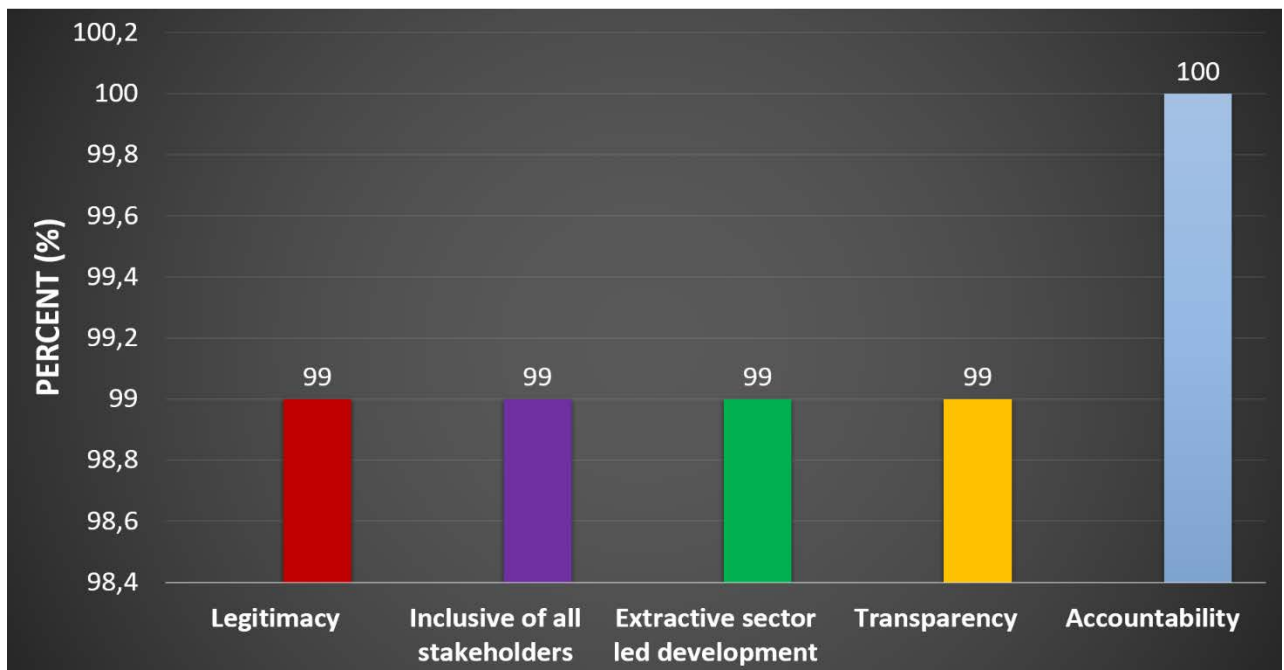
“So we need a law that gives the community power to say no to mining and even to demand from companies operating in our area how much profits they are you making,” (Community member).

4.4.16 Vision and mission for Mbada Diamonds

After realising what activities respondents expect Mbada to carry and how to prioritise those activities, as well as the best tools for realising positive CSR projects at Marange, the researcher inquired about the vision and mission of Mbada Diamonds at Marange. Graph 4.30 below presents the views of the respondents on the vision and mission for Mbada. The figure highlights the fact that Mbada Diamonds’ vision should be guided by the need to be accountable whereas seeking legitimacy, extractive sector-led development and transparency should also form part of the general vision of Mbada Diamonds.

Legitimacy, transparency, value creation, and extractive sector-led sustainable development received a high 99 per cent while accountability was regarded as most important with the respondents giving it a 100 per cent rating. The vision that the respondents want generally confirms the theoretical views (see Section 2.3.2 Chapter 2) derived from the stakeholder approach (inclusivity), social license to operate (legitimacy), sustainable development (extractive sector-led development) and the social contracts where transparency and accountability are close contributors to the maintenance of the social contract with the adjacent communities (see Graph 4.31 below).

Graph 4.30: Vision and Mission for Mbada (seek to achieve)



Source: Adapted from NWU's Statistical Advisory Services (2017)

4.4.16.1 The qualitative views of the management

The official views of the management on what should guide the vision and mission of Mbada Diamonds are presented as follows:

- The visions and missions of any mining corporate should be timely adapted to comply with the trends on international or even regional mining visions (Mbada Diamonds).
- Mbada Diamonds vision and mission is guided by government policy, input of the board and country context (Mbada Diamonds).

4.4.16.2 Issues raised on the vision for Mbada Diamonds

The following section discusses the issues arising from the qualitative data.

Legitimacy

Most of the respondents highlighted that it is important for the government and Mbada Diamonds to listen to the expectations of the people. This view of the respondents presents a concern that the government and Mbada do not seek the approval of communities, even for those issues which directly affect their lives.

One of the major concerns emanating from the qualitative data is the exclusion of the communities in policy formulation, negotiations or even updates on production. The communities are not aware of what Mbada Diamonds' production is worth. Most deals are conducted in secret and are not inclusive, not even on the matters which affect their lives, for instance, resettlement and compensation. The following quote provides the view of the majority of the respondents on the lack of legitimacy and an inclusive policy:

“If government was managing Zimbabwe’s natural resources professionally and transparently we won’t have this public outcry of saying we want to be engaged we want to be consulted and this and that,” (Community member).

Extractive sector-led development

Most respondents pointed out the need for Mbada to realise that their vision for the communities in Marange should be to proceed with the mining of diamonds but in the process a portion of the proceeds of mining should be used to develop the adjacent areas. This development, the majority respondents pointed out, should consist of the providing of infrastructure or other benefits to the community (also see section 4.10 of this chapter). Some of the respondents pointed out that the vision should be the following:

“To promote sustainable development through the social justice of being part of Mbada Diamond mining operations,” (Community member).

“To promote development through loans for projects and scholarships for our school children,” (Community member).

“Training for those projects already implemented, for example, the Fashion of Fabrics Project where we have received the sewing machines but are not capable to make use of those machines,” (Community member).

“We need good roads, a clinic and a secondary school close-by, safe water to drink, and electricity; how can we be happy when we were taken from an area with electricity, only to be removed to an area without,” (Community member).

Transparency

Most respondents highlighted the need for transparency on all activities and agreements involving Mbada Diamonds at Marange. For example, one respondent viewed the secretive nature of deals as related to transparency as follows:

“The whole formalisation of mining at Marange was done secretively and the operations were also very secretive and also the marketing of the diamonds was very secretive,” (Civil society campaigner).

Accountability issues

Accountability was highlighted as lacking from both the government and the company. The following quotes present some of the majority views of the respondents on the issues with which Mbada Diamonds were not complying:

“...the real people who must answer to the community [the mining people] are afraid; they don't want to meet the community,” (Community member).

“There is a big gap between the government and the people and because of that, for instance, the Minister of Mines and the Permanent Secretary has never been to Chiadzwa to face the community directly,” (Community member).

Lack of compliance with laws and standards

Most of the respondents also emphasised compliance as a factor that can be added to the vision of the diamond mining company because they felt that Mbada Diamonds was not complying with any stipulations, laws or standards except those in their interest or in the interests of the government officials. For instance, one official from a non-governmental organisation highlighted that human rights abuses are still being carried out by security companies protecting the mining fields. Other respondents (indicated in brackets in the quotes) also pointed out that Mbada did not respect the environmental obligations as stipulated in the Environmental Management Authority Act, 13 of 2002. The following quotes highlight three respondents' views:

“Abuses are continuing mainly because this government has indemnified the perpetrators of the abuses that they are not held accountable by anyone; they are still killing people, I think the last death was recorded last month (August, 2016) someone was shot and killed in Marange by the security guards,” (Civil society campaigner).

“The water in the closest rivers is polluted in such a way that our cattle are no longer able to drink that kind of heavily muddied water,” (Community member).

“...trenches and unmonitored dams are all over the places, malaria has increased after breeding in such unattended trenches,” (Community member).

4.4.17 Summary of the vision and mission for Mbada Diamonds

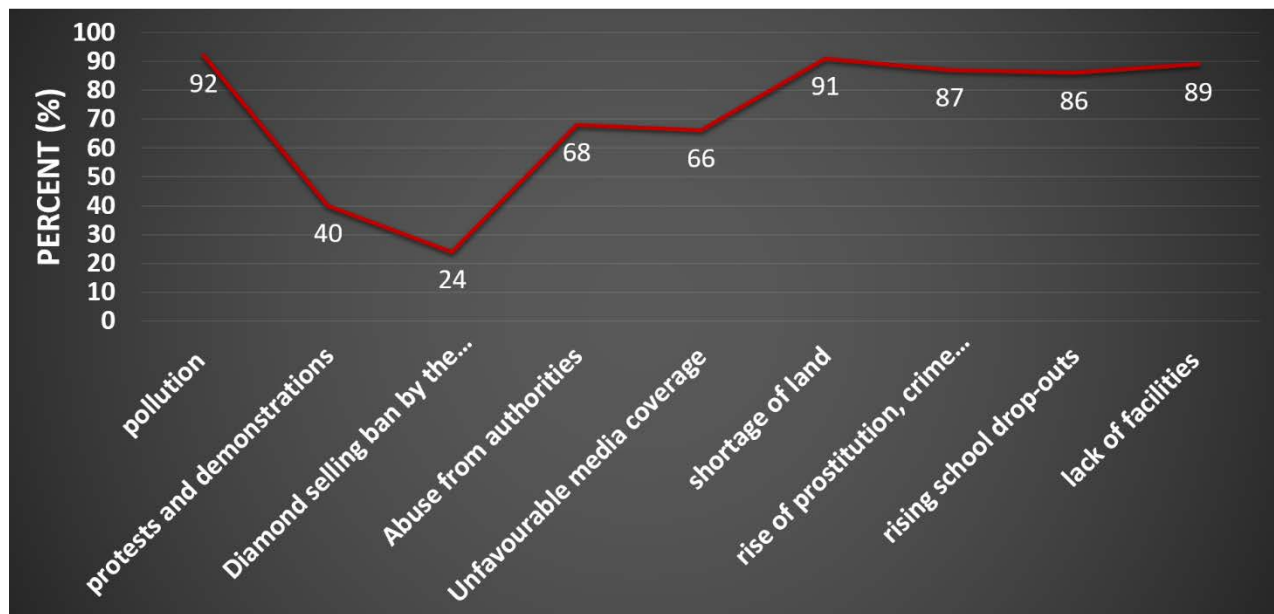
The management of Mbada agreed that the vision and mission should be adapted to the context of communities' needs prevailing in the mining areas and guided by the national, regional and international policies on mining. However, the communities' views were that Mbada should be guided by the community context in terms of their plight which is not factored into its vision and mission. This community context includes the development of their area, transparent conduct with the communities and upholding human rights in terms of respecting people's lives and sharing the environment.

4.4.18 Experiences of those resettled

The Graph 4.31 below presents the experiences at Mbada for resettled people and those still living there. The experiences of most of the respondents, although they vary, relate to being displaced and losing their land which formed the basis of their livelihoods. As such, issues such as prostitution, petty crime, corruption, and school drop-outs increased sharply in the affected areas. Pollution of the rivers was also highlighted by those who were not resettled while those resettled provided further evidence of unclean drinking water in their resettled places. Also, there was a significant drop in the sale of diamonds by local indigenous dealers because there was a legal ban on individual trade in diamonds, making it a criminal offence to be found in possession of diamonds. Those staying close to the mines needed passes or some form of documentation to use short pathways passing through the mined areas.

Two major concerns were that 68 per cent of the respondents testified to being abused by mining officials, and 92 per cent indicated experiencing water pollution in the River Odzi for those at Arda-Transau community. Land and noise pollution was also an issue for the communities living adjacent to Mbada Diamonds Mining sites. The communities also experienced a high rate of pollution within major water sources with a majority of 92 per cent acknowledging having experienced pollution. It is evident from figure 4.31 that out of the total number of respondents, 91 per cent acknowledged shortages of grazing and farming lands in the areas they are residing. Lack of social infrastructure, for example clinics, dip tanks and schools was experienced by 89 per cent. Some of the respondents (86 per cent) experienced rising school drop-outs and an increase in crime in their areas.

Graph 4.31: Experiences of adjacent and resettled communities



Source: Adapted from NWU's Statistical Advisory Services (2017)

4.4.18.1 The qualitative views of the management on community experiences

The management official views of the experiences of the communities who had direct conduct with Mbada Diamonds are presented as follows:

- *The experiences of the community have been presented by Mbada Diamonds as distorted by the media and activists.*
- *"The company managed to comply to the Kimberley Process as such reports of abuse are misrepresented as the KP would have not approved the selling of diamonds from Chiadzwa," (Mbada Diamonds).*
- *"Some of the atrocities in Chiadzwa has been carried out by the illegal miners but presented by the media as security forces or mining corporate's officials," (ZMDC).*

4.4.18.2 Issues raised regarding the experiences of adjacent and resettled communities

According to the International Finance Corporation (IFC), (2014: 12) the experiences of the adjacent communities offer an insight into the behaviour of mining corporates' social responsibility projects. It is evident from the qualitative data obtained that the communities' main livelihood source which is land has been taken away from them, and that they were resettled to areas without proper social infrastructure, for example, roads, clinics or schools. At times, sub-standard accommodation has been provided and in places, polluted water which is not safe water to drink. In most of the cases the stated experiences are as a result of the failure by the mining company

to engage the people and consult them on issues which affect their livelihoods, as well as a lack of commitment to ethics and ineffective implementation of CSR projects by Mbada. The following main issues were experienced:

Lack of clean and potable water for survival

Environmental ethics was not considered important by the mining company because most of the respondents highlighted that the company was dumping its tailings into the clean water sources of the community. Other respondents highlighted that open trenches are left without being fenced-off and animals such as cattle and sometimes people fall into the deep trenches created by the mine. Resettled respondents at Arda-Transau community pointed out that although boreholes were sunk, the water from the boreholes was not clean or safe to drink. The following quotations highlight some of the issues raised:

“Our main water source which is the Odzi River is always dirty because the mine (Mbada), including other companies mining in the area, wash their water runs into the Odzi river which supports our gardens, cattle and leisure activities,” (Community members).

“The land close to the mine is heavily disfigured and pose a serious danger to people and animals,” (Community member).

“Look inside those water tins, they are turning yellow, that is the borehole water, the water we drink, it is not safe to drink, it even changes its colour during the rainy seasons,” (Community member).

Unemployment

Other respondents pointed out that the company did not employ any of their children but employed people from faraway places, especially from the areas from which the top managers hailed. Although it is stipulated in the National Economic Empowerment Act, 14 of 2007 that mining corporates should employ the local people first, the views of the respondents indicated otherwise:

“Our children are not employed by Mbada, only a few were, despite the promises, most of their workers are from Masvingo (about 180 km from the mine) because the CEO was from Masvingo,” (Community member).

“I got a job at Mbada because I had to stage a protest at their gate that I am not going anywhere without a job, that’s when they only gave me a job at Mbada Diamonds,” (Community member).

“Most of the workers employed at Mbada were those from outside the province, those affected by the project were not preferred first when it comes to labour issues. The company basically brought its experts and in some instances Chinese engineers,” (Civil Society Campaigner).

Work-related abuse

Work-related abuse, for example, working without pay for many months, was one of the issues generally raised by respondents who were former workers at Mbada Diamonds. Examples are as follows:

“I was one of the few to be employed by Mbada Diamonds but I have not been paid my salaries in full up to this day, may I show you the papers I have,” (Former employee and now a community member).

“It’s a war zone in that area and it’s a place where you cannot talk about human rights, it’s just the right place to talk about rights, those guys know nothing about rights they are violators of the highest form” (Community member).

Lack of land for farming and cattle grazing

The majority of respondents highlighted a decrease in their standard of living after Mbada Diamonds started operating. They pointed out that their livelihood sources were distorted by being resettled in properties with small compounds and they were no longer able to farm enough for their survival. The customs of a father providing his male children with land after getting married was not observed by Mbada as the small plots were not even big enough for one family. The following quote is evidence of the general views of the respondents:

“I was given land which is very small, 100 square metres, I have four sons who have their own sons, we can’t live on that small field,” (Community member).

Lack of basic infrastructure

Mbada Diamonds relocated 100 households. The respondents were relocated to places where there was no basic infrastructure such as schools, hospitals or dip tanks. Mbada Diamonds promised in the MOU to provide the basic infrastructure to the resettled but did not act on this agreement. The respondents reported the need for a secondary school as the children had to walk long distances to the nearest school. The respondents pointed out that:

“Our Secondary school is very far away; children go to Anjin to a secondary school,” (Community member).

“The unfinished building you saw that side (pointing) is a clinic which was not finished it is now almost 5 or six years. There is a sign post written clinic but there is no clinic close-by,” (Community member).

4.4.19 Summary

This chapter provided the demographical information of the respondents and the empirical evidence on how the Marange community perceived Mbada Diamonds’ corporate social responsibilities. The quantitative data was utilised to confirm the qualitative data throughout this chapter. Respondents’ perceptions range from issues arising from the lack of a CSR policy at every stage of Mbada Diamond’s mining cycle, the management of CSR policy, what motivates the company’s CSR policy, the CSR policy priorities, and the benefits in relationship to the experiences of the adjacent and resettled communities. The quantitative and qualitative data were presented in a way that relates to the relevant issues of the questionnaire. The selected views of the respondents were explained qualitatively through interpretations (for the management and regulators) and quotes for the key informants (community members), while the quantitative data was presented in tables and figures. The descriptive statistics of the research instrument were presented in mean and standard deviations while significant values and correlation coefficients of different variable relationships are also included.

It is evident from the quantitative and qualitative findings that the community and non-governmental organisations perceived the CSR activities of Mbada Diamonds as insufficient. The respondents viewed Mbada Diamonds as not complying with the local and international guidelines, community expectations, working expectations, human rights obligations or environmental expectations in the adjacent and resettled areas. In addition, the majority of the respondents were of the view that Mbada lacked the development initiatives which the communities expected from them in terms of community development, employment creation and infrastructure development. This is largely due to the fact that Mbada Diamonds did not carry out sufficient engagement with the communities, lacked transparency, and did not account to the expectations of the community through its failure to fulfil the stated agreements in the memorandum of understanding signed with communities.

It is also evident that, ideally, CSR activities as a result of engagement with the communities, if implemented, are regarded as a best practice. This is because the community respondents view a commitment to community-based agreements on issues raised in this chapter, such as proper resettlement policy, proper CSR rules and regulations, mining-led sustainable development in terms of infrastructure, community benefits in the form of livelihood projects, quality management of the environment, respect for human rights, and workplace rights as very important. If it

strategically addressed these issues, Mbada Diamonds would have positively contributed to community development or sustainable development in the adjacent communities.

It can also be concluded from the expectations and experiences of the communities that the respondents demonstrated a strong response to those issues that directly affected their livelihoods, for example, employment, land availability, livelihood projects, compensation for lost land and property, resettlement, human rights, and infrastructure (housing, school, dips, hospitals and clinics). Although Mbada Diamonds appeared to provide some essentials, these were mostly inadequate and sub-standard. In many ways, the communities and civil rights activist did not regard this as meaningful CSR but merely paying lip service in order to obtain licensing.

In the following chapter the theoretical foundations are discussed as background to the development of a conceptual CSR framework for Mbada Diamonds and the construction of such a framework based on the literature and the quantitative and qualitative analyses.

CHAPTER 5: BUILDING A CONCEPTUAL FRAMEWORK: THEORETICAL FOUNDATION AND FRAMEWORK CONSTRUCTION

5.1 Introduction

The previous chapter has presented data and the interpretation of findings which can be used together with the theoretical foundations and regulatory frameworks discussed in Chapters 2 and 3 to formulate a CSR framework for Mbada Diamond CSR projects at Marange. This chapter provides a background to the development of a CSR framework by discussing what the theoretical foundation entails regarding the development and building of a conceptual framework. In doing so, a discussion is presented as to what the theoretical foundations of this study entails in developing a scientific framework for CSR, including the importance and the significance of such a framework. Also discussed are the themes identified in the theories of Chapters 2 and 3, as well as the indicators that formed the contents of the questionnaire used to investigate what the respondents perceived the CSR activities of Mbada Diamonds to be. The significance of developing a conceptual CSR framework that focuses on the environment and has relevance within the mining sector of the economy is also discussed. Finally, a conceptual framework for CSR inclusive of themes, components and gaps identified in literature (in blue) and empiric evidence (in red) are depicted (see Figure 5.2).

5.2 Theoretical foundation for building a conceptual framework

A conceptual framework is a useful tool for policy-makers in identifying gaps and opportunities in an overall framework (Moniz, 2005:1). The building of a conceptual framework is the process of bringing together a number of related concepts from the existing theories and integrating them with empirical findings (Imenda, 2014:189). It is a system of concepts, assumptions and beliefs which support and guide the research plan by laying out key components, themes and indicators (Grant & Osanloo, 2012:13). A conceptual framework represents an integrated approach to a research problem. It is essential in social research to define a conceptual framework as it is often used interchangeably or confused with a theoretical framework (Grant & Osanhoo, 2012:16; Rocco & Platkhotnik, 2009:121). The difference is that in a theoretical framework a researcher adopts a set of concepts drawn from a single theory to guide research with regard to a specific study (Rocco & Plakhotnik, 2009:126) while a conceptual framework is derived from different components which are distinct, but these concepts are understood as relative to the problem the framework intends to solve (Imenda, 2014:192). As such, a conceptual framework is not a mere collection of concepts but rather a construct in which each concept plays an integral role.

In this chapter, four different theories, namely Carroll's four-dimensional model, and shareholder, stakeholder, and integrated social contracts theories are used to answer the identified problem of

ineffective CSR in the mining sector with specific reference to Mbada Diamonds. The review of literature and empiric evidence will also inform this chapter's conceptual framework because they are defined as being part of the development of a conceptual framework (Rocco & Plakhotnik, 2009:122).

A conceptual framework further provides the researcher with a guide on formulating research questions, hypothesis or objectives of the study and the method for the interpretation of results (Imenda, 2014:190; Grant & Osanloo, 2012:13). For the purposes of this thesis the constructed conceptual framework focused on the interpretation of the results of the literature review and empirical evidence. According to Jabareen (2009:50), a conceptual framework possesses ontological and epistemological assumptions and each concept within the framework plays an ontological and epistemological role. The ontological assumptions relate to the knowledge of the nature of reality, whereas epistemology assumptions denote the reality of things. The assumptions are therefore assessed or tested by the process of building a framework which assists in revealing the reality of the world. Relevant here is the growing concern that predictive quantitative frameworks are too limiting to serve as the only tools in framework building (Karlsen, Overland & Karlsen, 2010:69). This concern is presently met by the emerging application of qualitative approaches to complement and compensate for the weaknesses of the more formalised (quantitative) approaches, which is the mixed method adopted in this study.

The subsequent discussion provides an explanation of the construction of a conceptual framework with reference to a CSR context, the steps in building it, and the identified themes and indicators for Mbada Diamond in Marange.

5.3 Building a CSR conceptual framework for mining

As was discussed in the Chapter 1, mining in general and the mining sector of Zimbabwe in particular, are not prominent when it comes to CSR and its practice. Okan, Peker and Demirelli (2015:11) and Ashton, Love, Mahachi and Dirks (2001: XLIV) confirm that, like in most countries, the mining sector's image is negative due to reports on the sector's approach to the environment, social impacts, and other related activities in their operating areas. For instance, the mining corporates often operate without legitimacy, and deplete valuable community resources (such as water and grazing land) while causing massive environmental and economic damages (Ashton *et al.*, 2001: XLVI). In addition, Chapter 3 discussed the mining regulatory framework in Zimbabwe and found that they were largely created as a result of CSR inadequacy in the mining sector. It was discussed and observed in the literature study of Chapter 3 that the local regulations such as the supreme mining law, the Mining and Minerals Act 1135 of 1975 of Zimbabwe, does not in itself recognise and is predominantly silent on issues relevant to corporate social responsibility in

the mining sector (Chitimira & Tembo, 2017:298; Maphosa, 2008:32; Murombo, 2013:582). This Act invests all mining powers in the President, making the mining corporates accountable to the President and not the Parliament. Although Zimbabwe adopted a code of good corporate governance (the ZIMCODE), corruption and other capacity issues, for instance, the meddling in diamond mining by the security sectors and politicians, diminish the effectiveness of the governance code's principles and guidelines. The empirical evidence raised several CSR-related inconsistencies at community level, such as the lack of a resettlement policy, inadequate land for farming and the lack of the provision for a social infrastructure. With this in mind, the conceptual framework addressed the fundamental gaps identified in the literature and the empirical evidence (Chapters 2, 3 and 4).

In light of the above, this thesis then attempted to develop a conceptual framework which is able to provide a local alternative to the identified gaps found in both literature and the empirical findings. According to Ozkaynak and Rodriguez (2010:995), most CSR frameworks suffer at local (state) level. Although the local areas are not independent of globalisation, regional, national and local power relations, the construction of locally adaptive frameworks remains a challenge. This is because some CSR frameworks are designed in a more general approach for all industries, while other CSR frameworks are specifically meant for the extractive industries. With the general approach, most frameworks consist of a set of "...general principles and policy guidance (what to do), while those designed for a specific purpose include more in-depth management frameworks and guidance notes that provide more prescriptive or demonstrational direction on implementation (how to do it)" (Canadian Business for Social Responsibility [CBSR], 2009:2).

There are several CSR conceptual frameworks found in literature, but the question is whether most of them applicable are in any context. According to Mazurkiewicz (2012:34), the CSR agenda often takes a top-down approach and focuses on a narrow set of issues which are a standardised set of approaches and instruments. However, conceptual framework building is dependent on elements such as organisational history and culture and on the situation in which it is employed as a tool for learning and or planning (Chermack & Van der Merwe, 2003:446; Yakovleva, Vazquez & Mutti, 2010:2). As such, for this study, the framework took into consideration not only international, regional, and local policy regulating frameworks, but also how the locals, (inhabitants of Marange, NGOs, local government, ZMDC and the mining management of Mbada Diamonds) expected CSR to be practised by Mbada Diamonds.

The expected purpose of a CSR conceptual framework is to address the specific environment for which it is meant. According to Nelson (2005:2), different sectors face different types of corporate social responsibility challenges, and as such, CSR conceptual frameworks should be flexible and adaptable. The conceptual framework meant to address the gaps found within the Zimbabwean

mining sector should therefore be adaptable to Mbada Diamonds' activities at Marange. The mining sector, unlike other sectors of the economy, has a close connection to the welfare of adjacent communities. During mining, the corporates extract minerals in sensitive environments, for example, in wetlands. As discussed in Chapter 2 section 2.7, there are risks found in mining and to effectively deal with these risks, the mining corporates need a well-informed CSR framework adapted to a particular environment.

In the following section, the steps to be taken to build a conceptual framework are discussed.

5.4 Steps in building the conceptual framework

There are several methods propounded by authors on how to build a conceptual framework. Jabareen (2009:53) and Ozkaynak and Rodriguez-Labajos (2010:998) discuss the steps for building a conceptual framework. Step number one should be to identify the problem by the selection of key themes and indicators that define the borders of the study (themes and indicators are discussed in section 5.5 below). In deciding on the selection of key themes for the scenario study, it was vital to ensure that the themes selected would reflect what is pertinent to the representation of the problem at hand (Chermack & Van der Merwe, 2003:446). In this context, participation of stakeholders was regarded as valuable in understanding the future economic, social and environmental needs and expectations of the targeted groups. It would have been unrealistic to assume or expect all indicators to be equally relevant to all stakeholders. There was therefore a recognition of the diversity of interests and that stakeholders may place different levels of emphasis on any given theme, or specific indicator (Fatma, Rahman & Khan, 2014:11).

For instance, Zimbabwean institutions such as the government, local government, communities, civic groups and mining corporates are some of the stakeholders interested in the effectiveness, or otherwise, of CSR. These institutions drive the adoption of policies and legislation together with their implementation and monitoring (by government), expression of needs and demands (by the mining-impacted community), activism (by civic groups), and existing CSR programmes for mining (by mining corporates) of the CSR initiatives within the mining sector. Other advantages which drive CSR as discussed in Chapter 2 section 2.7.2 included the need for the legitimacy of the mining corporate as a way towards risk management (to manage the risks identified in Chapter 2 section 2.6), the need to promote sustainable development, and to fulfil the shareholders' and the local stakeholders' needs. Another advantage is the analysis of local responses viewed against the background of varying interests and agendas between the developed and developing countries.

The literature review revealed that more CSR studies have been based on developed countries rather than developing countries, focusing on multi-national mining corporates while silent on

smaller mining firms. However, scholars have begun to examine CSR studies from the perspective of developing countries and small and medium mining corporates' behaviour (Visser, 2012:474). The focus on CSR in a developing world is due to the growth of business in the developing economies and the difference in distinctive sets of CSR agenda challenges which are obviously different between the developed and the developing world.

The developing countries are still in the process of adopting CSR policies and the governance and implementation of CSR frameworks. CSR practices differ from country to country and from culture to culture. Even within a country, CSR cannot always be applied in the same manner owing to geographical, cultural and sectoral issues. As such, the Eurocentric concept of CSR of one-size-fits-all CSR frameworks cannot be satisfactorily adopted by the developing world; specific geographies and sectors need a suitably issues-specific and applicable framework (Visser, 2012:492).

In order to address the specific CSR concerns of Mbada Diamonds at Marange, this thesis was centred on Carroll's CSR model. Carroll's four CSR dimensions, namely the economic, legal, ethical, and philanthropic dimensions (Carroll, 1991:456) were discussed in Chapter 2 section 2.3 in relation to the extractive sector. The emerging theories from Carroll's CSR pyramid, namely the classic, instrumental, legitimacy, shareholder and urgency theory, were also analysed. Also discussed were the stakeholder theory and its related concepts, namely the social licence to operate (SLO), free, prior and informed consent (FPIC) and the integrated social contracts theory (ISCT): theories and concepts which formed the basis of the study.

The CSR dimensions by Carroll (1991) formed part of the foundation of corporate obligations in society where corporates are expected to be profitable while obeying the law. The businesses have an obligation to do what is just, right and fair within society in order to avoid harm while at the same time being able to contribute resources to society (Carroll, 2016:4). The dimensions were regarded as applicable to issues found in the diamond mining business, where the mining corporates are expected not only to be profitable but also to act in accordance with the codes, laws and regulations (international and local), act ethically in terms of the norms found within these environments, and contribute resources to the development of adjacent impacted communities and environments.

The challenge of Carroll's model was how the management decides which stakeholder or stakeholder group should take prominence in the allocation of available CSR projects (Carroll, 1991). As such, many theories emerged from Carroll's four dimensional model which included the classic, instrumental, urgency, shareholder, and the legitimacy theories that were briefly discussed in section 2.3.1 of Chapter 2. The emerging theories provided a variety of

understandings and a prognosis on the essence of the practice or implementation of CSR. The theory significant to, and which formed the basis for the study and which was discussed in detail in light of the identified gaps, is the stakeholder theory. As discussed in Chapter 2, section 2.3.1, the management of stakeholders gives managers a hierarchy of stakeholder expectations to prioritise within stakeholder groups or among different sets of stakeholders. Within the discussion, related concepts such as social licence to operate (SLO), free, prior and informed consent (FPIC), and the integrated social contracts theory (ISCT) were identified as concepts which could also assist in stakeholder management and contribute towards the construction of a CSR conceptual framework. Stakeholder management and the construction of a CSR conceptual framework cannot, however, absolve a corporate from the requirements of a social contract.

A social contract (see chapter 2 section 2.3.3) was defined as "...a set of rules and assumptions about behavioural patterns among the various elements of society" (Weiss, 2008:161). Much of the social contract is rooted in the traditions of society and organisation. The ISCT was related to the mutual trust and relationship between the organisation and the stakeholders which is actioned in an ethical manner (Weiss, 2008). Donaldson and Preston (1995) explain that a social contract theory establishes the general legitimacy of business. In this thesis, the question which arose from the ISCT was whether members of the civil society organisations, local government, Zimbabwe Mining Development Corporation (ZMDC) and the mining-impacted communities in which the company is performing its operations believe the company is a responsible neighbour and responsive to their expectations. A social contract also extends its influence to long-term benefits.

The long-term economic benefit for mining corporates, organisations, shareholders and other stakeholders arise from the contract with society and how the business of mining balances the needs of the external and internal stakeholders of the corporations. The stakeholder management approach of the corporation is also grounded in the concept of the social contract (Auchter & Dziwa, 2013:209). The social contract theory also focuses on the relationship between the business and stakeholders. As such, the stakeholder theory underlined that management should be accountable to the shareholders but also accountable to the society in order to fulfil the social contract (see Chapter 2 section 2.3.2). The focus was therefore on mining corporate's management of the CSR components as identified by Carroll's (1991) four-dimension framework, namely the economic, social, ethical and philanthropic among different stakeholders as espoused by the stakeholder theory and its related concepts, namely the SLO, FPIC, and social contracts. As such, the study identified six essential themes and indicators from the theoretical foundations essential for the further development of the conceptual framework.

5.5 CSR Themes and indicators identified for Mbada Diamonds in Marange

The study identified six (6) themes, namely CSR benefits, CSR vision and mission, CSR environment, CSR management, CSR policies and CSR human rights (see figure 5.2 below). The themes identified in this thesis were predicted by theory, namely Carroll's four dimensions, the emerging theories (classic, instrumental, agency, legitimacy and shareholder), and the stakeholder and integrated social contracts theories, (social licence to operate and free-prior and informed consent.). The themes were observed through indicators such as community livelihood projects, infrastructure development, sustainable development, human rights record, environment degradation, compensation, resettlements, development projects and other issues identified in Chapter 2 and corroborated by the empirical evidence in Chapter 4. This thesis argued in Chapter 1 that CSR in the mining sector is inadequate among corporates in general and the Zimbabwean mining corporates in particular (Maphosa, 2010:34; Chitimira & Tembo, 2017:296; Murombo, 2013:47). This argument was informed by the gaps identified among the themes and indicators of the study. The strategic framework of the study therefore addressed these theoretical and empirical gaps, considering both the literature and empirical results as guided by the stated themes and indicators (see Figure 5.1 below for the identified themes and indicators).

Table 5.1: Identified CSR themes and indicators

THEME	INDICATORS
CSR Benefits	<ul style="list-style-type: none"> - community livelihood projects - infrastructure development - sustainable development
CSR Vision and Mission	<ul style="list-style-type: none"> - people centred vision and mission - respect for environmental ethics - promoting sustainable development - upholding human rights
CSR Environment	<ul style="list-style-type: none"> - environment impact assessment - environment rehabilitation
CSR Management	<ul style="list-style-type: none"> - CSR activity priority - accountability - transparency - reporting - stakeholder engagement (throughout mining cycle) - fulfilling community expectations
CSR Policies	<ul style="list-style-type: none"> - legal compliance (environmental, economic, social) - ethical compliance (environment, labour policy) - resettlement policy - compensation policy

THEME	INDICATORS
CSR Human rights	<ul style="list-style-type: none"> - local employment - community harassment and deaths - compensations

Source: Researcher's construction

The components (themes and indicators) of CSR that will be discussed subsequently are different between the developed and the developing countries while also differing in terms of sectors of the society. As such, the above identified themes and indicators of CSR were investigated within a particular geography, sector and stakeholders with particular reference to Mbada Diamonds. The themes and indicators reflected within the four CSR dimensions (economic, legal, ethical and philanthropic) were identified from theories derived from Carroll's dimensions (Chapters 2 and 3). These themes and indicators are usually found in the visions and missions of the mining corporates, memoranda of understanding (MOU), Sustainable Development Agreements (SDAs) and Community Development Agreements (CDAs) signed with the different stakeholders in Marange. The researcher subsequently discusses the themes as they are used in the conceptual framework below.

The general *CSR benefit* output of a mining corporate CSR activities should be to the advantage of both the companies, communities, and NGOs. For instance, the company should provide accommodation, sustainable community health facilities, sustainable education facilities for relocated communities, and local employment, as well as promoting local businesses, and sustainable and meaningful development projects for local communities.

A *CSR vision and mission statement* should be guided by stakeholder expectations and should be seen to promote extractive sector-led sustainable development, the respect and upholding of human rights, and environmental ethics. Mining activities are argued to involve one of the most environmental destructive processes, namely river pollution, diversions, tailings and encroachment into community environmental eco-systems (Azapagic, 2004:641). The *CSR environment* theme is a major subject of dispute among local communities arising from having to share a specific geographical area in which mining takes place. Mbada Diamonds is therefore expected to take steps in implementing human rights and sustainable environmental practices in compliance with international, regional, and national (local) human rights, and international, regional, and local environmental ethics and standards.

CSR management by mining corporates is a process which should be inclusive of the needs and demands of community leadership and committees. The mining management should involve the

mining-impacted communities in brainstorming, decision making and implementation of all its CSR projects.

CSR policy is the blueprint component and therefore a statement of intent of a corporate strategy which prescribes the general direction and management of activities of the company (Lacey & Lammont, 2014:835). The strategy is expected to be adapted to a particular sector and community, considering and also aligned to international, regional and national policies. For instance, a mining corporate in a developing country ridden with poverty and under-development is expected to have a *CSR policy* which benefits both the mining company and the mining-impacted communities.

Corporates' respect for the CSR human rights theme in mining allows corporates to be regarded as good corporate citizens by the adjacent communities. Human rights in mining forms part of the legal and ethical responsibilities bestowed on corporates by society (Carroll, 2016:2). For instance, Mbada Diamonds is therefore expected to respect the land rights of the communities, assist in eradicating the prevalence of physical abuse of people, and provide basic clean water for the communities, and educational and health facilities for relocated communities. These themes were used to investigate CSR activities for Mbada Diamonds and were subsequently included in the framework. The macro level included all the theories discussed which include Carroll's CSR pyramid, the emerging theories namely the classical, instrumental, urgency and the legitimacy theory, the theory underpinning the study which is the stakeholder theory and its related concepts, the FPIC and SLO. The Meso-level denoted the understanding of international and regional policies discussed in chapter 3 on CSR acceptable globally and narrowing it down to Africa, while at the micro-level the researcher discussed the Zimbabwean policies and legislation on mining. The framework is therefore schematically presented in Figure 5.1 as follows.

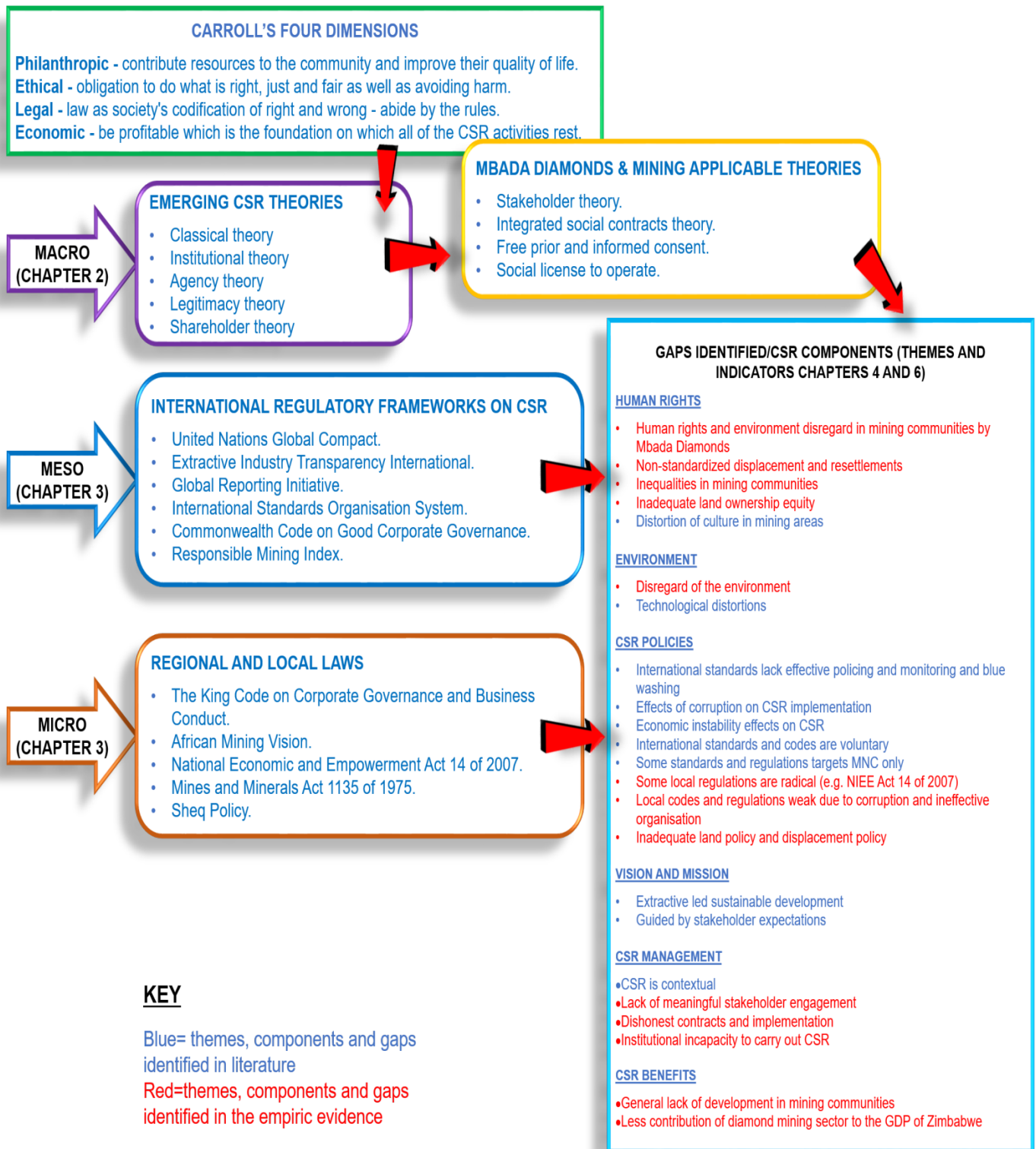


Figure 5.1: CSR conceptual framework for Mbada Diamonds

Source: Researcher's construction

5.7 Summary of the chapter

In this chapter, the author has discussed what the theoretical foundation of developing a scientific framework for CSR entails. The conceptual framework was referred to as a function in building a foundation of the study and enhances a systemic understanding of concepts. The study also pointed out that a conceptual framework advances knowledge through knowledge building and the identification and addressing of gaps. A framework also provides a guide for formulating research questions, objectives and the methodology for collection and interpretation of results.

The importance of a conceptual framework was also discussed, as well as the significant theories underpinning the development of the study's CSR framework as discussed in Chapters 2 and 3. The theories include Carroll's four dimensions, and the emerging theories from this model, namely the classic, instrumental, agency, shareholder and the legitimacy theory. The stakeholder theory and related concepts, namely the SLO, FPIC and ISCT. formed the basis of the framework laying down key themes and indicators. The researcher discussed the themes identified in the identified theories as well as the indicators which formed part of the questionnaires that were used to investigate what the respondents perceived of the CSR activities of Mbada Diamonds.

The key themes identified, investigated and analysed included CSR human rights, the CSR environment, CSR policies, CSR vision and mission, CSR management and CSR benefits. The chapter also highlighted the significance of a corporate environment and the mining sector in developing a CSR framework where the themes and indicators adopted for a framework differ between a developed and developing economy. Finally, a conceptual framework for CSR was depicted, drawing from the themes and indicators identified in the literature study and from the empirical study. In the case of the latter, these themes and indicators were confirmed by empirical evidence derived from the analysis of collected data.

In the following chapter (Chapter 6) conclusions are drawn from the theoretical and empirical evidence in Chapters 2, 3, 4 and 5 and recommendations for the study are provided. The chapter also provides a strategic framework for Mbada Diamonds, the areas for future studies and a summary of the entire thesis.

CHAPTER 6: CONCLUSIONS, RECOMMENDATIONS, STRATEGIC CONCEPTUAL FRAMEWORK, AREAS FOR FUTURE STUDIES AND SUMMARY OF THE STUDY

6.1 Introduction

The first chapter of this study presented the introduction, the aims and the objectives of this study. Chapters 2 and 3 discussed the literature and provided the essential concepts, theories underpinning this study, and the international, regional, and national (local) policy regulatory frameworks of CSR useful to the study. Chapter 4 presented the empirical evidence of the research against the theoretical (Chapter 2) and policy (Chapter 3) background. Both the qualitative findings and quantitative results were presented in a combined way in relation to the respective themes and indicators. Chapter 5 provided a background on the theoretical foundations underpinning the development of a conceptual framework and a presentation of a conceptual framework for Mbada Diamonds based on the research.

In this chapter (Chapter 6), a brief explanation is given on the research problem of the study and the main objectives. The researcher then provides the conclusions and recommendations of the following items:

- Research methodology;
- Validity and reliability;
- Analysis of quantitative and qualitative data;
- Research objective 1- conducting an analysis of theories, models and approaches which formed the foundation of the CSR phenomenon (Chapter 2);
- Research objective 2 - understanding what CSR in the mining industry entails at the hand of international, regional, and national mining-industry frameworks (legislative guidelines, codes and standards) (Chapter 3);
- Research objective 3 - an analysis and interpretation of the empirical findings to determine what the communities and other stakeholders perceived of Mbada Diamonds' CSR interests (stakeholder engagement, CSR management, CSR policy, CSR Benefits, CSR human rights, and CSR vision and mission) (Chapter 4);
- Research objective 4 - what the theoretical foundations entail regarding the development and building of a conceptual framework, and the presentation of such a framework for Mbada Diamonds based on the research (Chapter 5); and
- Research objective 5 - Conclusions and recommendations of the study, areas of future studies and the summary of the study (Chapter 6).

6.2 Research problem and objectives

Corporate social responsibility in mining is fundamental to community development only when the mining corporates take responsibility within and beyond the law for the corporate's effects on the environment and social well-being of mining-impacted communities. This is not the case with Mbada Diamonds. Both the international, regional, and local codes, standards and legislation place a responsibility on mining corporates to promote the economic, ethical, legal and philanthropic responsibilities and sustainable development in mining-impacted communities. Corporate CSR initiatives should derive legitimacy from these communities through the social licence to operate (SLO) (see Chapter 2 section 2.7.2), free, prior and informed consent (FPIC) (see Chapter 2 section 2.7.3), and other relevant stakeholders who should view the corporate as a good corporate citizen. Although mining companies are expected to carry out CSR activities within the frameworks of international, regional guidelines and local dictates, the benefits derived from mining within communities remain a challenge.

Many problematic issues have been identified pertaining to corporate conduct in Africa and Zimbabwe as reviewed in the literature and evidenced by the empirical study results. As such, the main objective of this study was to analyse the CSR activities in the mining sector, focusing on the perceptions that the respondents have of Mbada Diamonds at Marange, which would assist in developing a conceptual framework which would enable the mining sector in Zimbabwe to undertake adequate and sustainable CSR activities.

The conclusions and recommendations on the research methodology are presented in the sections below:

6.3 Research methodology

This research study adopted an appropriate research methodology which included a literature review on CSR, and the theories, codes and frameworks within which corporates are expected to be engaged. With reference to the mining sector and the empirical study on what the respondents perceived the CSR activities of Mbada Diamonds at Marange to be, this is evidenced by the following conclusions:

6.3.1 Conclusion on literature

The literature study provided the theoretical framework for this study and further created a deeper understanding of the research problem. The literature also assisted in identifying and understanding key variables of the research on CSR in general and specifically in the mining sector.

6.3.2 Conclusion on literature against the questionnaire guide

The literature consulted for the study created an in-depth understanding of and guidance on the components to be tested by the semi-structured questionnaires that were developed. It also provided the indicators within CSR concepts that needed to be tested by the questionnaire. It can therefore be safely stated that a thorough literature review provided a direction for instruments (questionnaires) and the contents of such instruments.

6.3.3 Conclusion on validity and reliability

The validity and reliability of the study were ensured by means of triangulation. The triangulation was enhanced through the following:

- A literature study and an empirical review was conducted;
- Both quantitative and qualitative questions were used in the instrument for gathering data; and
- Six different target groups were involved in the study. The number of respondents were five (5) per each respondent group, namely Mbada Diamonds, local government, Environment Management Authority, Zimbabwe Mining Development Corporation and civil society, while the community members constituted were 75 respondents.

6.3.4 Conclusion on the statistical analysis and quantitative data

The statistical analysis through deductive reasoning validates the claim that stakeholder engagement, community expectations, and civil society expectations and goals can be used to identify how communities and other stakeholders perceive CSR activities of mining companies in their communities. The reliability (Cronbach alpha coefficient) calculated provided evidence for the reliability and validity of the data collection instrument (see Chapter 4 section B). The quantitative data obtained through the semi-structured questionnaires were analysed with the support and assistance of the Statistical Consultation Services from the North-West University who ensured the statistical accuracy of the quantitative results. The Statistical Software Program SPSS 22.0 for Windows was used in the data analysis.

6.3.5 Conclusion on qualitative analysis and data

The qualitative research paradigm of this study (open-ended questions), through inductive reasoning, provided an in-depth understanding of stakeholder engagement, community expectations and civil society expectations regarding CSR and how the stakeholders viewed the activities of Mbada Diamonds Company within adjacent communities.

6.4 Research Objective 1: Conclusions and recommendations

The first objective was to conduct an analysis of theories, models and approaches that formed the foundation of the phenomenon of corporate social responsibility. This entailed the analysis of applicable theories and perspectives on CSR of mining corporates in mining-impacted communities so as to understand the background and philosophy behind mining-related CSR. In that regard, the research study concludes the following:

Conclusion 1

It can be concluded that the CSR pyramid by Carroll (1991) and the stakeholder theory were successful in explaining and providing necessary answers for the ineffectiveness of mining corporates' CSR activities within mining-impacted communities. It further provided the recognition of such communities as important stakeholders in mining and tapping into and fulfilling their expectations if CSR activities are to be effective in terms of mining corporates' priorities, expected benefits, and environmental and human needs in the mining sector (see Chapter 2, section 2.3).

Conclusion 2

It can be noted from the literature review that no single theory can provide an adequate prognosis of CSR activities of mining corporates in mining-impacted communities. As discussed, Carroll's CSR pyramid, the classic theory, agency theory, legitimacy theory, and instrumental and shareholder theory showed that CSR is a concept that can be approached from different foci and loci. The stakeholder theory and related concepts, namely the social licence to operate (SLO), free, prior and informed consent (FPIC), and the integrated social contracts theory (ISCT), formed the basis of the study and provided important and substantial explanations on mining communities- related CSR (see Chapter 2, section 2.3).

Conclusion 3

The literature reviews also confirmed the serious issues related to mining corporations and their conduct in mining-impacted communities. The issues identified in the literature include human rights abuses, damage to the environment, disturbance of livelihoods, the lack of fulfilment of the expected benefits, and resettlement without compensation or proper resettlement policies (see Chapter 2).

Conclusion 4

The literature review showed (see Chapter 3 section 3.4) that the enactment of the policies on empowerment (IEE Act 14 of 2007), environment protection (EMA Act 13 of 2002) and other

policies such as the ZMDC's Sheq policy by the Zimbabwean government evidently provide some efforts at addressing poverty through policies that serve to promote development through the empowerment of the indigenous and mining-impacted communities. However, as also observed in the literature (see Chapter 3 section 3.4), the policies lack effectiveness owing to the lack of support from the Zimbabwean government, they are inadequate policies regarding mining and mining-impacted communities' relations with the diamond mining operations of Mbada Mines in Marange, and their incapacity to enforce such policies.

Conclusion 5

It is also evident from the literature review that communities do not have the capacity or authority to determine or influence CSR in mining through representing themselves as stakeholders or by law. As such, communities do not realise adequate benefits from mining but live under conditions of depleted environments, human rights abuses, being economically disadvantaged and the loss of property and forms of livelihoods. Communities are side-lined by corporates undertaking mining activities in their communities.

Recommendation for objective 1

A thorough literature review should be conducted to provide an in-depth understanding of mining corporates and community relations in order to understand how the mining corporates practise their corporate social responsibilities. The stakeholder theory (the focus of this study) should be used to understand the corporate-community relations while the integrated social contract theory provides an understanding of the obligation of mining corporates in maintaining the social relations with all stakeholders and specifically the mining-impacted communities.

6.5 Research Objective 2: Conclusions and recommendations

The second objective was to understand what CSR in the mining industry in Zimbabwe entails at the hand of international, regional and national policy regulatory frameworks (guidelines, codes and standards, and legislation).

Conclusion 1

It can be concluded from the policy regulatory frameworks (international mining codes, regional principles, and local mining legislation and codes) discussed in Chapter 3 that there are different international, regional and national mining regulating frameworks on how mining corporates ought to manage their CSR obligations and community relations.

Conclusion 2

Some legislation in Zimbabwe, such as the National Economic Empowerment Act 14 of 2007 and the Environment Management Act (EMA) of 2000, recognise the importance of projects (including mining projects) in benefiting communities and conserving the environment during mining. The corporates risk losing their legitimate claim to operate, and even being disallowed to operate if breaching the laws' expectations.

Conclusion 3

It is evident from the review of Chapter 3 that the effectiveness of regulations and policies on CSR between the mining corporates and the mining-impacted communities is minimal because corporates are not compliant. For instance, they are not complying with contributing finances to the Community Share Ownership Trusts that function as a vehicle for community development in the mining areas of Zimbabwe. It is further concluded that the communities are only marginally benefitting from the mining company's operations. The lack of capacity by communities to mobilise, sue, or hold the mining corporates accountable diminishes the effectiveness, adoption and implementation of proper CSR activities by the mining corporates.

Conclusion 4

It can also be concluded that the laws are insufficient in some instances and only protect the mining corporates to the detriment of the communities and other stakeholders (for instance, the Mining and Minerals Act 1135 of 1975 [see Chapter 3 section 3.4.2]). It is, for example, evident from Chapter 3 that the Mines and Minerals Act is silent on protecting the communities or holding the mining corporates accountable to communities. Furthermore, the law on the environment albeit available, such as the EMA Act of 2000, lacks capacity in personnel and as a result, enforcing the law is being incapacitated by ineffectiveness, corruption and underhand deals.

Recommendation for objective 2

Firstly, the relevant legislation should be critically analysed in order to provide an in-depth understanding of community and mining corporates' CSR activities. Following this, it is recommended that the laws and regulations in Zimbabwe should be strengthened in order to be able to protect and give power to the communities to be heard and be able to engage from an authoritative position. For instance, the Mines and Minerals Act should be seen to promote community consent through social licence to operate (SLO) and free, prior and informed consent (FPIC) prescripts. In essence, all the Bills (the proposed laws) strengthening the local laws should unlock the value of mining to community stakeholders as mirrored in the African Mining Vision.

FPIC should also be reflected in community relocations where the study submits that the local government, through the Rural District Councils, plays an important part in community relocations, but does not do so effectively.

The government should also be able to improve capacity for the follow-up on mining corporates' commitment to community economic development such as contributions to the Community Share Ownership Trust (CSOT) in order for community development to be functional and effective. It is also submitted that, in addition to environment impact assessments, corporates should be required to conduct a socio-economic impact assessment and draft accompanying impact management plans.

The Environment Management Agency (EMA, Act 13 of 2002) also needs to be capacitated financially in order for them to be able to enforce their statute. The government agencies such as the police and the Anti-Corruption Commission should be capacitated to be able to deal with underhand dealings which involve government authorities, chiefs, and headmen that place the environment and other community members at risk to the adverse activities of the mining corporate.

6.6 Research Objective 3: Conclusions and recommendations: Empirical findings

The third objective of the study relates to the empirical findings and analysis to determine what the respondents perceived of Mbada Diamonds Company's CSR; in essence how Mbada Diamonds conducted CSR management. The conclusions and recommendations in terms of objective 3 are presented below.

Conclusion 1

From the empirical results in Chapter 5 (section 4.16) it is evident that although mining companies do engage with the community stakeholders, not all issues involving the communities are engaged in, for instance, during the early exploration phase and the beginning of mining production. Mbada Diamonds is selective on issues in which to engage the communities. For instance, there was only an announcement on the radio that 'gwejas' (illegal miners) should leave the Marange Diamond area, and a notification on the Zimbabwe Broadcasting Corporation radio and television that Mbada Diamonds had obtained mining rights for the resources, after which soldiers and the police were deployed to chase away and apprehend the illegal miners.

The data provided evidence that the respondents perceived engagement and involvement in Mbada Diamonds mining activities as important because that ensures that Mbada Diamonds is

informed and acts on community expectations. The quantitative data also provided that if there is a high expectation on the corporation, there is also a higher need for extensive engagement with stakeholders and that, when a corporate undertakes effective stakeholder engagement, their responsible behaviour will be more effective (see Table 4.3). Sufficient community engagement means that communities provide their expectations on resettlement plans, projects to be undertaken, employment policy of the firm as expected by the community, and environmental development that is sustainable. As such, engagement provides a platform for creating a win-win situation for the communities and the mining company, creating a shared value, social capital measurement, and communication of activities. The quantitative data also provided that If a company engages stakeholders, it will realise its CSR goals.

Recommendation 1 (a)

Mining companies should engage communities at every stage of mining, and their advice must be sought on relocations, compensations and, most importantly, on current and future projects and programmes through a free, prior and informed consent (FPIC) policy.

Recommendation 1 (b)

The CSR projects for Mbada Diamonds should be informed by the results of engaging with the communities. As stipulated in the literature review, an inclusive approach to development promotes sustainable development, conflict resolutions, and equal opportunities to engage with the many risks identified in Chapter 2 section 2.7.

Recommendation 1 (c)

The mining corporates should enhance engagement in order to exist peacefully with adjacent communities on those issues impacting on the environment, namely water, trees and land. Engagement in this case enhances the ability of the mining corporate and the community to share environmental resources without jeopardising the existence of the other stakeholder. As indicated in Chapter 2, mining corporates should exist as good corporate citizens and not in a dominant position.

Conclusion 2

There is also evidence of a lack of transparency as well as allegations of corruption during the obtaining of mining licenses (see Chapter 4, section 4.4.2.11). The data points to the fact that some processes, for example, environmental impact assessments, were not carried out as per EMA requirements and employee salaries and pensions were not paid in full (see Chapter 4,

section 4.4.9.5). The lack of transparency is also evidenced by ministries such as the Ministry of Defence and the Ministry of Police, which are not mandated by the Mining and Minerals Act to manage mining development in Zimbabwe, and to lead in the processes of licensing and mining operations.

Recommendation 2 (a)

Mining corporates should be transparent in all their activities and should not engage, facilitate or solicit activities leading to corruption. The EITI principles obtains that mines ought to be transparent and not promote corruption and kickbacks (see Chapter 3 section 3.3.3). It is submitted that the government should resuscitate the Zimbabwe Mining Revenue Transparency Initiative, which was based on the EITI principles, for the promotion of transparency and accountability.

Recommendation 2 (b)

The authorities involved in mining, for example, the Environment Management Authority, and the Minerals and Marketing Corporation of Zimbabwe, should carry out their work without fear or favour. The rightful authorities should carry out their rightful mandates without being overshadowed by the army or police. Split-mandate management and oversight create opportunities for manipulation and corruption. The qualitative data points out (see section Chapter 4, section 4.4.1.6) that the Defence Ministry and the President's office took over the management of Marange area and the processes of issuing of mining licenses, despite not having a constitutional mandate to do so.

Recommendation 2 (c)

The communities should be active stakeholders in the whole mining process, from the issuing of licenses to the closure of mining activities within their specific geographical area. As stipulated in Chapter 2 (2.4.3) Mbada Diamonds should maintain a valid social contract with the adjacent communities.

Conclusion 3

The researched mining corporate selectively adheres to local regulations on mining. Where there is a weakness in the local laws, there is little or no evidence that Mbada Diamonds abided by the international standards and regulations on mining (see Chapter 3). Quantitatively, it was proven that if Mbada diamonds were to become legally compliant, it will be seen to exhibit more responsible behaviour (see Chapter 4.3.2).

Recommendation 3 (a)

Corporates should observe the international and regional codes and standards on mining and accommodate them to bolster national policies. These international and regional codes and standards were created so that mining activities could be beneficial to the local communities by observing human rights, creating transparency and accountability, as well as creating meaningful CSR activities which enhance sustainable development at local level. For example, the Zimbabwean Government could start implementing the regional African Mining Vision (AMV) principles (the drafting and endorsement of which Zimbabwe took part in), and strictly implement the provisions of its national code on corporate governance, i.e. the ZIMCODE.

Recommendation 3 (b)

Institutions that function to monitor mining activities (this does not refer to the negative effects of split-management mentioned earlier), namely the Environment Management Agency and the Zimbabwe Mining Development Corporation, should be capacitated to carry out their mandates effectively. There is evidence that the institutions managing the environment, labour-related issues, and mining and community development, are thwarted from discharging their duties by other institutions such as the Zimbabwe Defence Forces (ZDF) or the office of the President.

Recommendation 3 (c)

The mining corporates should abide by, uphold and preserve the local culture and traditional authorities in their mining areas. There is evidence in Chapter 2, section 2.6.5 that the process of relocating headmen and chiefs to areas under the control of other traditional authorities strip the former's powers. It is stipulated in Chapter 2, section 2.7.5 that mining often risks local culture distortion, and as such should include CSR activities which are aimed at preserving the authority of traditional chiefs who are guardians of culture and indigenous knowledge.

6.7 Conclusions on Research Objective 4: CSR management, CSR policy, benefits, human rights, environment, and vision and mission

6.7.1 Conclusions and recommendations: CSR Management

Conclusion 1

The participants generally perceived a lack of participation in all projects carried out for them. There was also empiric evidence that the management of primary stakeholders (see Chapter 2 section 2.5) does not prioritise the communities who are regarded as stakeholders who have

power, legitimacy and urgency. The managers ultimately prioritise the company's interests and make decisions on which CSR activities are to be carried out by their corporate in the communities. It is evident that quantitatively the respondents regarded the managers' prioritising the community needs as the most important (see Chapter 4, section 4.4.4.5). In addition, the more effectively the corporation is inclusive of stakeholders, the more effective are the tools for implementing and managing CSR.

Recommendations 1 (a)

The mining corporate should include communities in all decisions to be made on compensations, resettlement policies, and community development projects. In Chapter 2 (section 2.8.3) the sustainable development goals are explicit in targeting development which is participatory and sustainable at local level. The participants also viewed being consulted on projects as most important (see quantitative data in Chapter 4, section 4.4.1.1).

Recommendation 1 (b)

The management by Mbada Diamonds of the implementation of projects, should, together with the communities, firstly evaluate the projects to be adopted and, secondly, determine which of the projects should receive priority. There is evidence in the qualitative data where Mbada Diamonds carries out sponsorships of soccer tournaments while the communities are living in dilapidated houses, as well as instances where lost property and livelihood compensations are not paid in full. The Bench Mark principles on CSR (see Chapter 3 section 3.3.5) recommends corporate governance policies that balance the sometimes competing interests of managers, employees, shareholders and communities; and that these policies should be based on ethical values, including inclusivity, integrity, honesty, justice and transparency.

6.7.2 Conclusions and recommendations: CSR-Policy implementation

Conclusion 1

It can be concluded that Mbada Diamond's implementation of CSR is insufficient. There is evidence of communities and livelihoods being disrupted without compensation for lost property and livelihoods, and that the conditions under which employees work are not favourable, starting with their salaries not being paid, human rights' abuse by the security companies protecting the mining property, tailings being disposed of into the Odzi River, and open-pit mining all over the natural environment (see Chapter 4, section 4.4.9). In Chapter 2, it was discussed that CSR in the mining sector obligates mining corporates to assume social, economic, environmental and ethical responsibility in areas in which they operate, which is not the case with Mbada Diamonds

in Marange. These practices can only be corrected through proper stakeholder engagement processes, leading to an agreement on a social license to operate (SLO) with the community on projects, and adopting management tools that promote effective policy implementation.

Recommendation 1 (a)

It is recommended that Mbada Diamonds adopt a meaningful CSR framework within its corporate governance strategy that prioritises cross-cutting engagement with communities on economic, social, environmental and ethical issues relating to them (see together with figure 5.2 on CSR benefits and the recommended framework in Chapter 5).

Recommendation 1 (b)

The corporate social responsibility policy regulatory frameworks (international, regional and local) should be considered by Mbada Diamonds, not only for public relations, or sanctions from the Kimberley Process or the presence of conflict with the local communities. The implementation of CSR as a policy should be carried out beyond the law, as an ethical obligation strategically included into corporate governance strategy to the benefit of all stakeholders.

Recommendation 1 (c)

Mbada Diamonds should adopt management tools that specifically recognise community participation, evaluate the sustainability of CSR activities, and promote transparency through disclosures. The EITI principles harbour a belief that the prudent use of natural resource wealth should be an important engine for sustainable economic growth that contributes to sustainable development and poverty reduction. According to Chapter 3 section 3.3.1, the OECD also promotes the adoption of a corporate governance framework by mining corporates, which timely publishes accurate disclosure on all material matters regarding the corporation, including the financial situation, performance, ownership and governance of the company.

6.7.3 Conclusions and recommendations: CSR benefits

Conclusion 1

The mining of diamonds by Mbada Diamonds in Marange did not benefit the impacted communities. The qualitative data provides evidence that the communities lost their livelihoods, property and land without being compensated properly (see Chapter 3, section 3.4.3, and Chapter 4, section 4.4.5.4). The economic benefits from the sale of diamond proceeds were not used to develop the areas of relocation. There is also evidence from the qualitative data that the

communities who were relocated had not been provided with a clinic, secondary school, or proper agricultural facilities such as an irrigation system (see Chapter 4, section 4.4.9). The drinking water was also not safe for human consumption, houses were rapidly becoming dilapidated, and employment at the mine was given to people from afar and not to those living close by. Quantitatively there is evidence that if Mbada diamonds were to become legally compliant, it would be seen to exhibit more responsible behaviour in terms of benefits to the adjacent communities.

Recommendation 1 (a)

The CSR activities for Mbada Diamonds should benefit the local communities in terms of meaningful development initiatives aimed at poverty alleviation. The benefits expected are evidenced by the quantitative results of Chapter 4, section 4.12, and include compensations, resettlement packages, contributions to community development committees, providing scholarships, building schools and hospitals, and honouring employment agreements and contracts. These benefits should be as a result of engagement with the communities and aimed at benefiting them through socio-economic development (see Chapter 2, section 2.4).

Recommendation 1 (b)

The benefits from the mining corporations should be meaningful and sustainable. Sustainable development initiatives provide long-term solutions to poverty in Zimbabwe and in particular to mining impacted communities of Marange, thereby fulfilling the sustainable development targets in the process (see Chapter 2, section 2.8.3).

Recommendation 1 (c)

The benefits from the mining corporates should be prioritised in terms of importance to the communities. The importance should be determined by the communities themselves through stakeholder committees and a CSR initiative priority index created through consultations with the communities and agreed upon with the company in terms of the capacity and timeframes to carry out the projects.

6.7.4 Conclusions and recommendations: CSR human rights

Conclusion 1

As far as the human rights' record of Mbada Diamonds is concerned, there is evidence of basic labour rights, environmental rights, and traditional rights of chiefs and headmen being ignored.

The qualitative data provides that the security guards at Mbada Diamonds are still assaulting community members for trespassing. Former workers also provided information that they were not paid their full salaries and are still owed money. Quantitatively, if a corporate were to fulfil its legal obligations, it would achieve its goals, vision and mission more easily and if the more Mbada were to become more legally compliant, its legitimacy would be recognised.

Recommendation 1 (a)

Mbada Diamonds should respect human rights as enshrined in the Constitution of Zimbabwe, and the United Nations Global Compact (UNGC) principles on human and labour rights in line with the Universal Declaration of Human Rights (1948) and the International Labour Organisation (ILO). The government should adopt and localise the UNGC principles by creating a multi-stakeholder National Plan on Business and Human Rights.

6.7.5 Conclusions and recommendations: CSR environment

Conclusion 1

Mbada Diamonds' environment management programme is deficient. There is evidence of tailings from the company flowing into the Odzi River where the water is perennially dirty and not safe for any form of domestic use. The Environment Management Act EMA 13 of 2002 (section 97 s[s1a]) stipulates that mining corporates should provide environment impact assessments before being allowed to begin operations, and that they should conserve and recover damaged environments (section 116 s[s1]), and properly manage tailings and hazardous waste used in mining (section 72 [s1]).

Recommendation

Mbada Diamonds should therefore respond to environmental ethics and respect for the environment and provide an environment management policy which takes into consideration the expectations of the communities and in addition, should be informed by the international, regional and local environmental standards.

6.7.6 Conclusions and recommendations: CSR vision and mission

Conclusion 1

A clear expression of the vision and mission of Mbada Diamonds was regarded by the key informants as essential when it is guided by the expectations of stakeholders and aimed at promoting extractive sector-led sustainable development (see quantitative data Figure 4.34). In

the qualitative data, the participants pointed out that they expect Mbada Diamonds' vision and mission on CSR to be people-centred.

Recommendation

The concept of people, planet, profit (PPP) should govern and inform its CSR vision and mission. The data obtained (both quantitative and qualitative) (see Chapter 4 section 4.4.8) also pointed out that the vision and mission of Mbada Diamonds should reflect its contribution to local sustainable development through CSR initiatives informed by engaging the community stakeholders. The vision and mission for Mbada Diamonds must also recognise the EMA Act, and the risks associated with sharing the natural environment with adjacent communities.

6.8 Research Objective 5: Building a conceptual framework: Conclusions and recommendations.

Conclusion 1

A conceptual framework brings together related concepts which formed the basis of the research study, laying out key themes and components from applicable theories. The conceptual framework also identified the gaps found within such themes and components of CSR based on the analyses in Chapters 2, 3, and 4. For instance, CSR in Africa differs from the developed world in both theory and context (see Chapter 2, section 2.4), and a framework for Mbada Diamonds should therefore provide key strategies for fulfilling the contextual issues in Zimbabwe and in Marange in particular.

Recommendation

A CSR framework in Zimbabwe should focus on social, environmental, and economic issues related to mining within the Zimbabwean context. A framework based on the involvement of impacted communities and mining corporates should also specifically address the gaps found in CSR in the mining sector at local level, and indicated in the conceptual framework.

After having provided the conclusions and recommendation above, strategies for Mbada Diamonds is formulated below. The strategies addresses the CSR gaps identified in what the community perceived of Mbada Diamond's CSR activities at Marange, and identified in the conceptual framework (see Chapter 5). Different themes on CSR are addressed using the indicators as shown in Table 6.1 below.

6.9 Summary of strategies for Mbada Diamonds

The study has identified key themes and indicators on mining CSR within adjacent communities. The following are summarised strategies for the regulatory authority and Mbada Diamonds in Marange, based on the recommendations made in this chapter.

Table 6.1: Summary of strategies for Mbada Diamonds CSR activities

STRATEGIES FOR MBADA DIAMOND'S CSR ACTIVITIES	
<p>Benefits</p> <ul style="list-style-type: none"> • Provide decent houses and living conditions • Provide sustainable community health facilities • Provide sustainable education facilities for relocated communities • Provide local employment • Promote local community businesses • Provide sustainable development projects • Develop meaningful development projects for local communities 	<p>Vision and Mission</p> <ul style="list-style-type: none"> • Embrace a people-centred vision and mission • Have respect for environment ethics • Promote sustainable development • Uphold human rights
<p>Environment</p> <ul style="list-style-type: none"> • Manage tailings effectively • Establish recovery programme for destroyed land and vegetation • Comply with EMA Act • Comply with international environment ethics • Engage the community before engaging the environment 	<p>CSR Management</p> <ul style="list-style-type: none"> • Involve community in CSR projects • Create an activity priority index with the community involvement
<p>Policies</p> <ul style="list-style-type: none"> • Ensure transparency of policies through disclosures • Capacitate relevant institutes for the implementation of policies effectively • Align policies to international and local regulations • Create a relocation and compensation policy • Create policies to promote local businesses and employment • Create policy on community participation • Create policies against participating in corrupt activities • Implement policies effectively • Update and align policies to regulation and community decisions • Promote policy transparency 	<p>Human Rights</p> <ul style="list-style-type: none"> • Respect land rights by providing the relocated with adequate land • Eliminate the assaulting and/or killing of trespassing villagers by security guards • Provide clean water for the communities • Provide educational facilities • Provide health facilities for the communities

Source: Researcher's construction

6.10 Areas for future research

This study has focused on CSR and its effect on the communities adjacent to the operations of Mbada Diamonds. The core objective was to assess what the communities perceived of the CSR activities by Mbada Diamonds, hence the study investigated corporate-community relations. It will be contributing to the science of CSR if future research could be conducted focusing on comparative research of the strategic frameworks for mining in SADC countries, or the influence of the CSR policies of the African Union on selected countries.

6.11 Summary of the study

It can be summarised from the literature that the understanding and practice of CSR differs between the developing and the developed world. The term CSR is defined differently in different geographical environments and sectors of the economy. It is evident from the literature study that communities are at the receiving end of mining activities and mining corporates are expected to do more in terms of their CSR activities in mining-impacted communities. The primary objective of this study was to develop a CSR conceptual framework that can guide the Mbada Diamond Company in Zimbabwe to address its corporate social responsibilities to the adjacent communities of mining operations. In order to fulfil this primary objective, four secondary objectives were constructed which formed the following chapters:

In the first chapter the researcher discussed the introduction to and background of the study and framed the problem statement. Following the problem statement, the research questions and objectives were identified and briefly mentioned and the central theoretical statement was discussed. The methodological framework of the study which followed a triangulated design was also discussed. Finally, the limitations and significance of the study, the definition of concepts, and the layout of the chapters concluded the chapter.

Chapter 2 provided the literature review of the study which included various interpretations and definitions of CSR and what it means in mining and development. In addition, different theories were presented which included Carroll's four dimensions' theory of CSR; theories emerging from Carroll, such as the classical theory, agency theory, institutional, legitimacy theory, the basis of the study; the stakeholder theory and related concepts such as the social contracts, social licence to operate (SLO), and free-prior and informed consent (FPIC). Also discussed also was the contribution of mining corporates' CSR to development. The chapter was concluded by the provision of risks found in mining, the advantages for adopting CSR and subsequent challenges.

In Chapter 3, the researcher discussed the policy regulatory frameworks of CSR which included the standards, codes and laws compelling the best practices in CSR for corporations seeking to

be ethically and socially responsible in their operations. The chapter also discussed how corporate governance can be essential to the adoption and practice of CSR. This chapter also provided a description of international, regional and local regulatory frameworks influencing CSR practice and implementation in the Zimbabwean mining sector. Finally, the emerging issues in CSR regulation and the adoption of different CSR regulations which was found to be discretionary and often voluntary were dealt with.

Chapter 4 provided the empirical evidence on how the respondents perceived Mbada Diamonds' CSR. This chapter presented the data (both quantitative and qualitative) the quantitative data being analysed by the North-West Statistical Consultation Services and the qualitative data analysed and interpreted by the researcher.

In Chapter 5, the researcher described the theoretical foundations regarding the construction of the conceptual framework for Mbada Diamonds. Also discussed were the definition, importance, and the significance of theories underpinning the development of the study's conceptual CSR framework. The researcher discussed the themes identified in the adopted theories as well as the indicators that formed part of the questionnaires investigating what the respondents perceived the CSR activities of Mbada Diamond to be. The chapter also highlighted the significance of the socio- economic and environment sectors in developing a CSR conceptual framework. The chapter was concluded by the provision of a schematic conceptual framework of the study.

Finally, Chapter 6 concluded the study by presenting the main conclusions and recommendations against the research objectives stated in Chapter 1. A strategic framework derived from the recommendations for Mbada Diamonds was also presented. Finally, areas for future studies were discussed and a summary of the whole study was provided.

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ANNEXURE A: ETHICS APPROVAL CERTIFICATE



NORTH-WEST UNIVERSITY
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NOORDWES-UNIVERSITEIT

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Institutional Research Ethics Regulatory Committee

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2016-09-08

ETHICS APPROVAL CERTIFICATE OF PROJECT

Based on approval by the **Research Ethics Committee of the Faculty of Arts (FA-REC)** at the meeting held on **01/08/2016**, the North-West University Institutional Research Ethics Regulatory Committee (NWU-IRERC) hereby **approves** your project as indicated below. This implies that the NWU-IRERC grants its permission that, provided the special conditions specified below are met and pending any other authorisation that may be necessary, the project may be initiated, using the ethics number below.

Project title: Developing a corporate social responsibility framework for the diamond mining industry in Zimbabwe: The case of Mbada Diamond Company																
Project Leader/Supervisor: Dr Eddie Bain																
Student: M. Tembo																
Ethics number:	<table border="1"><tr><td>N</td><td>W</td><td>U</td><td>-</td><td>0</td><td>0</td><td>3</td><td>9</td><td>0</td><td>-</td><td>1</td><td>6</td><td>-</td><td>A</td><td>7</td></tr></table>	N	W	U	-	0	0	3	9	0	-	1	6	-	A	7
N	W	U	-	0	0	3	9	0	-	1	6	-	A	7		
<small>Project Number: Year: Status</small>																
<small>Status: S = Submission; R = Re-Submission; P = Provisional Authorisation; A = Authorisation</small>																
Application Type: PhD																
Commencement date: 2016-08-01	Expiry date: 2018-10-30															
Risk:	<table border="1"><tr><td>N/A</td></tr></table>	N/A														
N/A																

Special conditions of the approval (if applicable):

- The questionnaires must be submitted to the REC for review.
- Translation of the informed consent document to the languages applicable to the study participants should be submitted to the FA-REC (if applicable).
- Any research at governmental or private institutions, permission must still be obtained from relevant authorities and provided to the FA-REC. Ethics approval is required BEFORE approval can be obtained from these authorities.

General conditions:

While this ethics approval is subject to all declarations, undertakings and agreements incorporated and signed in the application form, please note the following:

- The project leader (principle investigator) must report in the prescribed format to the NWU-IRERC via FA-REC:
 - annually (or as otherwise requested) on the progress of the project, and upon completion of the project
 - without any delay in case of any adverse event (or any matter that interrupts sound ethical principles) during the course of the project.
 - Annually a number of projects may be randomly selected for an external audit.
- The approval applies strictly to the protocol as stipulated in the application form. Would any changes to the protocol be deemed necessary during the course of the project, the project leader must apply for approval of these changes at the FA-REC. Would there be deviation from the project protocol without the necessary approval of such changes, the ethics approval is immediately and automatically forfeited.
- The date of approval indicates the first date that the project may be started. Would the project have to continue after the expiry date, a new application must be made to the NWU-IRERC via FA-REC and new approval received before or on the expiry date.
- In the interest of ethical responsibility the NWU-IRERC and FA-REC retains the right to:
 - request access to any information or data at any time during the course or after completion of the project;
 - to ask further questions, seek additional information, require further modification or monitor the conduct of your research or the informed consent process.
 - withdraw or postpone approval if:
 - any unethical principles or practices of the project are revealed or suspected,
 - it becomes apparent that any relevant information was withheld from the FA-REC or that information has been false or misrepresented,
 - the required annual report and reporting of adverse events was not done timely and accurately,
 - new institutional rules, national legislation or international conventions deem it necessary.
- FA-REC can be contacted for further information via Ms Yvette van der Merwe - 13128388@nwu.ac.za or 018 285 2301.

The IRERC would like to remain at your service as scientist and researcher, and wishes you well with your project. Please do not hesitate to contact the IRERC or FA-REC for any further enquiries or requests for assistance.

Yours sincerely

Prof LA Du Plessis
Digitally signed by
Prof LA Du Plessis
Date: 2016.09.09
08:55:23 +02'00'

Prof Linda du Plessis
Chair NWU Institutional Research Ethics Regulatory Committee (IRERC)

ANNEXURE B: QUESTIONNAIRE GUIDE

TOPIC: Developing a corporate social responsibility (CSR) framework for the diamond mining industry in Zimbabwe: The case of Mbada Diamond Company.

Research setting: Marange, Mutare in Zimbabwe.

This questionnaire guide will include the following respondents; Local government officials, Mbada Diamond company officials, community members and NGOs.

Consent Process

Thank you for agreeing to participate. I am very interested to hear your valuable views to aid in developing a CSR framework for Mbada Diamond Company at Marange.

- *The purpose of this study is to investigate the influence of Mbada Diamond projects on communities in the geographical area of Marange and as such, develop a CSR framework that the relevant stakeholders can use to improve the lives of everyone associated directly and indirectly with the mining activities.*
- *The information you give me is completely confidential; your name will not be associated with anything you say in the questionnaire.*
- *You are welcome to withdraw from the study at any time.*
- *The researcher understands how important it is that this information is kept private and confidential.*
- *If you have any questions now or after you have completed the questionnaire, you can always contact Moment Tembo the researcher.*

I have fully consented to taking part in answering the questions. I agree that I have understood the intentions of the study and confidentiality terms. I have the right not to answer where I feel I am not able to.

Sign

INTRODUCTION:

- The researcher introduces himself and his team.
- The purpose of the study
- The reasons for requesting people to participate

Answer the following questions by ticking the appropriate box and provide possible explanation where appropriate and possible.

DEMOGRAPHICAL DATA

1. Gender

Male	1
Female	2

2. Marital status

Single	1
Married	2
Divorced	3
Widowed	4

3. Age

15-29	1
30-39	2
40-49	3
50-59	4
60-74	5
75+	7

4. Highest education level attained

No formal education	1
Primary	2

Secondary	3
College	4
University	5

5. Which organisation/group do you belong to?

Mbada Diamonds	1
Local government	2
Environment Management Authority	3
Minerals and Mining Development	4
Community Share Ownership Trust.	5
Non-government organisation	6
Community member	7

6. Which position do you occupy in your organisation?

Management	1
Non-management	2

Section 2: CSR and strategies

7. Rate the importance of what needs to be done upon establishing a mine using the following rating: **1=most important, 2=important and 3=little important 4=not important;**

Consulting with local communities	1
Obtaining legal requirements	2

Explain your answers

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8. Rate the importance of the following stakeholder engagements using the rating **1=most important, 2=important and 3=little important 4=not important**:

Exploration	1
Advanced exploration and construction	2
Resettlement	3
Production	4
Water use	5
Production process	6
Exit	7
Service provisions/procurement	8

Explain why stakeholder engagement is important

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9. Rate the following factors that should be considered in obtaining diamond licences using the rating **1=most important, 2=important and 3=little important 4=not important**:

Capital	1
Technology advantage	2
CSI policy	3

Environment programme	4
Social license to operate	5
Compliance with laws	6

Explain what should be considered most as a requirement for obtaining a diamond mining licence

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10. Rate the extent to which the following factors should inform Mbada Diamond’s CSR projects using the rating **1=most important, 2=important and 3=little important 4=not important**:

Stakeholder engagement	1
Management’s priorities - what the managers decides on	2
On need-to-know basis	3
Legal framework of host country	4
The needs of the communities	5

Explain your strongest answer

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11. Rate the following motivations for Mbada Diamonds to undertake corporate social activities using the rating **1=most important, 2=important and 3=little important 4=not important**:

Pressure groups (NGO) and avoiding risks	1
Competitive advantage	2
Belief in sustainable development	3
Need for social license to operate	4
Compliance with ethics and regulations	5

Explain your strongest answer

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12. Rate the following activities you expect Mbada Diamonds to do for the communities and the country using the rating **1=most important, 2=important, 3=little important 4=not important**?

Sponsorship of sport	1
Sponsoring cultural events	2
Providing scholarships	3
Supporting health and health care	4
Support for community organisations and care	5
Material aid	6
Lending equipment (i.e. premises, means of transport)	7
Membership in local associations	8
Women and gender-related projects	9
Community livelihoods projects	10

Local research and skills development	11
Recreational activities support	12
Payments to CSOTs	13
Contribute to macro-economy	14
Support to local government activities	15
Resettled people activities' support	16
Compensation for lost land and property	17
Workers' contracts	18
Service provisions opportunity for locals	19
Contribution to CSOTs	20
Promote gender equity	21
Uphold human rights	22

Explain why mining should contribute to community development

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Management of CSR activities

13. Indicate the most important tool which should be considered in managing mining corporate community activities using the rating **1=most important, 2=important and 3=little important 4=not important:**

Community consultations	1
Government consultations	2
Sustainability accounting	3
Internal monitoring	4
Internal auditing	5
Sustainability reporting	6
Civil society consultations	7
Legal compliance	8

Explain your two most important answers.

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14. Using the rating **1=most important, 2=important, 3=little important, and 4=not important** what should Mbada seek to achieve at Marange?

Legitimacy: acceptance by local communities	1
Transparency: to promote transparency in mining	2
Value creation for all stakeholders: benefit everyone involved	3
Extractive sector led sustainable development	4
Accountability: be responsible for all activities and impacts	5

Explain your most important answer

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15. Did/Are you experiencing the following at Marange Diamond fields? Rate using the following **key: 1=strongly agree 2= agree; 3=disagree; 4= strongly disagree:**

Pollution (water, land, air, noise)	1
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Protests and demonstrations against the mine	2
Kimberley process ban on selling diamonds	3
Abuse from mine authorities (physical, psychological)	4
Unfavourable media coverage	5
Shortages of grazing and farming land	6
Increase in prostitution, crime and corruption in the area	7
Increasing school drop outs	8
Lack of facilities in relocated areas	9

What do you think Mbada Diamonds should do in response to the above experiences?

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Thank you very much!



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Statistical Consultation Services

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Fax: +27 18 299 2557
Email: faans.steyn@nwu.ac.za

12 September 2016

Re: Questionnaire: Developing a Corporate Social Responsibility (CSR) framework for the diamond mining industry in Zimbabwe - The case of Mbada Diamond Company.

I hereby confirm that I have helped to plan the questionnaire that will be used in this project of Mr Moment Tembo and I am satisfied that data based on it can be statistically analysed.

Kind regards

A handwritten signature in black ink, appearing to read 'Faans Steyn', with a horizontal line extending from the end of the name.

Prof Faans Steyn (PhD, Pr. Sci. Nat)

Statistical

Consultant

ANNEXURE C: LETTTER ON STATISTICS FROM THE STATISTICIAN

Dear Moment,

I hope it will be a prosperous year to you.

You have to decide whether you want to report the 'Valid Percent' (which is the rounded % out of the non-missing number for that question - 93 for Q5 and 86 for Q7N1). Or do you rather want to report the % out of the total of respondents (n=94)? Then you need to report the 'Percent' column. I think the first option is the more sensible one.

Hope this will help.

Kind regards,

FS

Moment,

It is because of the rounding off to 1 digit after the decimal point. I would adapt one of %-values in order to add up to 100.0 to satisfy the examiners. That will not alter any of your findings.

Regards,

FS

Prof H S (Faans) Steyn

Statistiese konsultant /
Statistical consultant

Statistiese Konsultasiediens /
Statistical Consultation Services

Tel: [+27 18-299-2017](tel:+27182992017)

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ANNEXURE D: INTERVIEW TRANSCRIPT (CIVIL SOCIETY LEADER)

Topic: Developing a Corporate Social Responsibility (CSR) framework for the diamond mining industry in Zimbabwe: The case of Mbada Diamond Company.

Date: 04/10/2016

Time: 0915-1005 hours

Place: Wimpy (Mutare)

Interviewer: What is your general view on Chiadzwa? I have read about your views about diamond mining in Chiadzwa, do you still feel the same.

Interviewee: I believe Chiadzwa was a missed opportunity for Zimbabwe, mainly because of the greed of the Zimbabwe's national leadership who saw Chiadzwa as an opportunity for self-enrichment and so the whole commercialisation, the whole formalisation of mining in Chiadzwa was done secretly and the operations were also very secretive and also the marketing of the diamonds was very secretive. So it should not surprise anyone when President Mugabe appears in 2016 saying we have lost 15 billion USD. He knew it from the beginning that they were looting the diamonds and the purpose was simply to justify the replacement of one gang of looters by another gang this time under the Zimbabwe Consolidated Company.

Interviewer: Do you think the secretive processes that happened there were short-changing or had something to do with the way they conducted the licensing and everything, was there any transparency in the licensing issue, the issuing of licenses and mining rights there?

Interviewee: It was not just about licensing, licensing was part of the corrupt deals involving Marange Diamonds. The licensing in itself was the entry point of the players into Marange, but let's look at how were they were licensed, no one really knows. All the companies licensed to mine at Marange had no prior history of diamond mining. Some of the companies like Grandwell holdings which are a subsidiary of South Africa scrap metal company; it was registered in Mauritius a taxi haven which partnered with ZMDC to form Mbada Diamonds. We talk about Anjin, you can look at the picture in which the license was issued you find president Mugabe and Emerson Mnangagwa who was then the minister of defence you don't even see the Minister of Mines there, not necessarily saying if the Minister of mines was there it was going to be any different but it tells you the military nature of the licensing itself that it's the army that was involved, it the president his family, so if you sow an avocado seed you don't expect a mango to germinate there.

Interviewer: I have been to the field to see the community members who are still there and relocated to Arda-Transau and the main issue even in literature is engagement with the community and civil society and anyone interested in the project. How important was/is to engage with people from the commencement of the mining activities?

Interviewee: It's important but not the most important thing. The reason why people are now crying for engagement and consultations is because the government has failed to govern in the interest of the people. But government if it's a really democratically elected government it is empowered by the citizens to make decisions on behalf of the people. But here you have got a government that is taking care of itself

and not the people, if government was managing the Zimbabwe's natural resources professionally and transparently we won't have this outcry public outcry of saying we want to be engaged we want to be consulted and this and that. People will be appreciative of what they are getting out of their natural resources. So this outcry is out of realisation that whatever this government is doing is for the benefit of the ruling elites, that's why people what people are saying when they say we want to be engage we want engagement what they are trying to say is that we don't trust you we want to be involved from the beginning to the end otherwise if it was a government with integrity people would be minding their own business and government would be doing governing business.

Interviewer: So can we say the people are not empowered enough to make the government accountable and if they are empowered are there any laws that are empowering the people to make the government be accountable. If there are laws are they being followed?

Interviewee: I think there is a need to look at the nature of the Zimbabwean state in that it is a repressive state which does not give citizens a voice or a chance to air their views. So there is a big gap between the government and the people and because of that for instance the minister of mines and the permanent secretary has never been to Chiadzwa to face the community directly they make decisions in Harare there and the people will only hear this is what has been done. And looking at the laws, our law the supreme mining law the Mines and Minerals Act you don't find anywhere in the law where the community is mentioned as a stakeholder in mining it's not mentioned at all, its pro-corporations and the government is pro-corporations so yes the law is very deficient in terms of the power balance between the community and the government and the mining corporations on the outside so we need a law that gives the community power to even to say no mining even to demand financial companies when you are mining in our area we need to know how much profits are you making you know.

Interviewer: To add on what you have said there is also growing talk on the social license to operate are you implying that the communities are supposed to give that legitimacy to corporates that are operating and mining there.

Interviewee: Yes, and it's when you talk about social license there are other factors that constitutes a social licence. For the community to give social license to a mining corporation the community should be satisfied that this activity is to our advantage and for the community to be satisfied that this activity is to our advantage the community must have access even to the negotiating table need access to the contract they need to know what has been agreed. Like I said earlier on there is mistrust because government is negotiating its own interest and the community is told what is good for the minister is also good for the community so there is no social license whatsoever and because of that absents of the social license the government and the mining companies are afraid to face the community, so far it's only the parliamentary portfolio committee on mines and energy which is not in itself a decision making board which has been able to go to Marange and face the community otherwise the real people who must answer to the community are afraid they don't want to meet the community.

Interviewer: At Marange in your view, are the companies there carrying out any corporate social responsibility programs?

No, I don't know any I actually don't know any when you look at the construction of houses, that is not a CSR project because in the first place these people were not leaving in a bush, they had homes which were destroyed to pave way for mining so when they came to Arda-Transau to construct these houses

they want the world to believe that its CSR but it's not CSR it was simply replacement of homes which they had destroyed in Marange. CSR we are also not considering the food hampers that were given to the people as CSR because in the first place they uprooted them from their traditional homeland destroyed their crops some of them were relocated in the middle of planting season and they were not given land for agriculture. So that should not be misconstrued as CSR that is when the companies were giving maize meal, cooking oil something like that. So I don't know of any CSR project that these companies are carrying out in Marange.

Interviewer: If there is say we rewind the situation what do you think should motivate the companies at Marange to carry out CSR projects? Is it ethical reasons or just doing well for the people or should it come from the belief in sustainable development.

Interviewee: It makes business sense for the companies to engage in CSR projects, it gives a human face to their activities. It raises the value of their products but as it stands we are grumbling everyone is complaining that these companies stole billions of dollars and condemned the communities to new poverty. If the companies had at least made an attempt to carry out genuine CSR projects it means even the reporting of Marange would be different, it means even the consumers would have a positive view about Marange diamonds and if the consumers have got a positive view it means also the value of the diamonds itself will go up. The reason why Marange diamonds were sold very cheaply and clandestinely is mainly because of the negativity associated with Marange diamonds, human rights abuses, and displacement without compensation the suffering of the people leaving in the diamond fields so there is both the ethical and the business reason why CSR was necessary from the beginning.

Interviewer: Talking of the reports and allegations of gross human rights abuses at Marange I understand its almost quiet some years now since the commencement and since these allegations were put across, are they still abuses as we speak.

Interviewee: Abuses are continuing mainly because this government has indemnified the perpetrators of the abuses that they are not held accountable by anyone, they are still killing people I think the last death was recorded last month (August) someone was shot and killed in Marange by the security guards. They still don't believe in the rule of law if they catch someone they take them to a base were they torture them so it's very hard in as much as we want to say something positive about our diamonds, it's so hard when you really are confronted by the truth about the atrocities which the security guards in Marange are committing and the army as well. It's a war zone that area and it's a place where you cannot talk about human rights, it's just the right place to talk about rights, those guys know nothing about rights they are violators of the highest form.

Interviewer: From the period and your experience on the human rights and social justice, what do you think the people there should do, should they report to police what's the best way forward in the face of gross human rights abuses from Marange.

I think there are both domestic and international remedies they should first try the local courts to sue but for them to sue now they also need to know who perpetrated the abuses of which I am not sure whether they will be able to get the names of the people who commit these atrocities. The other option is to try to bring this issue to the African Court of Human and People's Rights, this time suing the Zimbabwean government for human right abuses. Ultimately I want to think that what happened in Marange are crimes against humanity and I believe this can be taken up with the International Criminal Court.

Interviewer: Going forward we have seen this issue starting from the beginning how the diamonds brought about massive corruption, gross human rights abuses, school drop outs and destruction of livelihoods, which model as an organisation you have put forward to avert similar experiences in the future.

Interviewee: Zimbabwe needs a relocation policy there is no policy on relocation. A relocation policy I am talking about development induced displacements. A relocation policy will set standards for relocation, if government wants to carry out a development related project in a particular area and they are villagers leaving their actually people leaving there, what should be the stages that it must go through and what is the criteria for relocating people, what are the best standards that must be adhered to in the relocation area. For instance, these must look at issues to do with education, I feel that its grossly unfair for a child who was moved from Chiadzwa who is writing grade seven exams at a school where there is no furniture, no textbooks and there is a shortage of teachers, that same student to sit for the same exam with someone who is studying at a well-resourced school in Harare, I believe that is grossly unfair. So the relocation standard policy must look at health, must look at food security, must look at water, it must look at compensation, the very basic thing I would like to talk about is fruits, it takes about 8-10 years for a tree to start and for you to start enjoying fruits from a tree and for you to be uprooted and taken to another place it means you have to go for 10-15 years having to go to relatives to ask for mangoes for avocados. All those things must be considered when we talk about relocation. We must talk about graves of our loved ones, what happens to them when I move, all this must be put in a policy. The other thing is when you talk about mining itself I think the process of identification of investors it needs to be revisited. We need to identify investors in a transparent manner, they must be multi-stakeholder consultations not the situation we have right now where the permanent secretary of mines and the minister himself are the alpha and omega of the mining decisions, we need involvement of parliament, we need involved of the rural district councils if the mining is taking place in an RDC rather than right now where the decision is made from the top and the RDCs are forced to sign memorandum of understanding (inaudible). And finally mining must speak to the fiscus there is need to harmonise the ministry of mines and the ministry of finance so that the ministry of finance has access to information, can get what is due to it in real time and accurately it must be resourced so that there can be evaluation of the not mined resource so that we know what we are expecting from this particular area rather than this situation where when the diamonds are dwindling out that when we are told that we lost 15 billion USD. So I think there is need to ensure that the ministry of mines is not operating more like an independent republic but it must be part and parcel of government.

Interviewee: Anything to add

Interviewer: I have something to say, in my view the hope that the Zimbabwean people have put on mining is highly misplaced. I believe mining is actually undermining the development of Zimbabwe in that the very manner in which mining is structured in Zimbabwe is to benefits other countries and the ruling elites. I would refer you to some of the writings of Aurthur Mutambara on equity capital were he argued that minerals have got value when an investor comes and say I want to mine gold in Penhalonga. What we first need to do as a country is to examine the value of the gold in the ground and get payment for that and that's our contribution to equity capital. It must not be mistaken with working capital whereby corporates say we brought caterpillars and whatever equipment they bring, that has nothing to do with the gold that is in the ground. So what we are doing is we are giving our minerals for absolutely free and in addition to that we are giving them five years to recoup their capital expenditure whilst they are mining.

Then they start telling us there is price volatility and we are running at a loss so we are not going to declare any profits in the next 3-5 years but meanwhile they are mining. And this is the nature of mining throughout Africa except for Botswana, so when you compare this now with agriculture it's totally different. Agriculture when it used to be the mainstay of the economy of Zimbabwe all other sectors of the economy flourished but mining is an enclave economy where you see an activity but you don't understand who is benefitting from the activity. So I believe Zimbabwe must think beyond mining and start coming up with alternatives to mining because mining by its very nature is very exploitative. There is an asymmetrical knowledge gap between the government and the mining corporates, those guys know what they want and for the government besides lining their pockets, they don't really know how to negotiate mining in the best interests of the country. So I believe we need to find alternatives in agriculture, invest in IT, invest in renewable energy something that can really change our economy because more people want energy in the rural areas and even import other technology that we don't have than put all our energy in one basket which is mining.