

**HOST COMMUNITIES' PERCEPTIONS ABOUT MINING COMPANIES IN THE  
GOVAN MBEKI MUNICIPAL AREA, MPUMALANGA PROVINCE**

**by**

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**2019**

## DECLARATION

I declare that this research study is my original work submitted as a requirement in partial fulfilment of the degree in Master of Business Administration at the University of Limpopo. I declare that this work is submitted for the first time at this University/Faculty and that it has never been submitted to any other University/Faculty for the purpose of obtaining a degree.



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### **CERTIFICATE**

This serves to certify that I have language edited the MBA Dissertation of  
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*Above all, I thank God Almighty, for His divine inspiration and guidance. Without Him, this work would not have been possible.*

## **DEDICATION**

I dedicate this work to my daughters Moreteng and Mohludi, you have given me purpose and this is why I will always strive to be a good role model for you. I love you both always and forever.

## **ABSTRACT**

The mining industry plays a positive strategic role in the South African economy. However, this industry is plagued by many socio-economic challenges. It continues to face an uncertain future due to, amongst other factors, the escalating overhead mining costs, labour protests and community unrests. Among these challenges, dissatisfied and disgruntled mining communities remain the most unmitigated threat to the sustainability of mining worldwide. Mining companies continue to be under immense pressure to effectively address the socio-economic needs of communities affected by their operations. The increased levels of poverty and unemployment have resulted in the relationship between host communities and mining companies being increasingly strained. Their relationship is characterised by deep resentment, suspicion and mistrust. The tension stems from the fact that despite mining companies being present and operating in their areas, host communities are not benefiting meaningfully from the mining activities.

The study seeks to examine host communities' perceptions about mining companies operating within Govan Mbeki Local Municipality, Mpumalanga Province. The study employed the qualitative research method and endeavoured to obtain first hand evidence or lived experiences narrated by host communities. The researcher used purposive sampling to choose the respondents who were deemed to possess intimate knowledge and the history of the state of relations between host communities and mining companies operating within Govan Mbeki municipal area.

This paper reports the findings of a study undertaken to assess the socio-economic impact of mining activities and the communities' perceptions on these activities within Govan Mbeki Local Municipality, Mpumalanga Province. Mining companies are perceived as the main contributors to social, environmental, health and infrastructure destruction. In addition to sampling community perceptions on mining activities, the study prescribes interventions that can assist in mitigating the negative perceptions of mining companies.

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# CHAPTER 1

## OVERVIEW OF THE STUDY

### 1.1 INTRODUCTION

The mining industry is an integral element of the South African economy. Mining has always made a significant contribution to South Africa, from its massive economic contribution to the country's Gross Domestic Product (GDP) in 2018 to its role as the base of being the world's largest producer of platinum, producing more than twice as much as other countries. South Africa has about 40% of the world's total gold reserves found in the Witwatersrand area, whereas more than 80% of the country's iron ore is mined at Sishen and Thabazimbi. The country is famous for its abundance of mineral resources and production of these reserves. The companies mining these reserves are known to be key players in the global industry. The Industry's wage bill supports 1.4 million breadwinners (Chamber of Mines, 2015). In GDP terms, the mining industry contributes 7.7% of South Africa's total GDP. The mining sector within the Govan Mbeki municipal area is the dominant supplier of employment opportunities providing 28% of all employment in the area. When comparing employment to Gross Domestic Product per Region (GDP-R) contribution for the same sector, the sector has a 39% share in the GDP-R contribution to the local economy and acts as a main driving force to long term development.

Despite its strategic contribution to South Africa's economy, the industry is facing an uncertain and bleak future. Baxter (2017) warns that the industry is grappling to contain escalating overhead costs, protracted strikes, intra-union violence, and increasingly disgruntled mining communities. Baxter (2017) highlights that of all the challenges bedeviling mining companies, the challenge of dissatisfied mining communities remains the most unmitigated threat to their viability. Mining companies are under immense pressure to effectively address the socio-economic needs of communities affected by their activities. The Mineral and Petroleum Resources Development Act 28 of 2002 (MPRDA) with its regulations was promulgated as a mining framework legislation which regulates mining-

related activities in South Africa. Section 39(3) of the MPRDA requires an applicant for a mining right to investigate, assess and evaluate the impact of proposed mining; consult with local communities where the mine will be located regarding socio-economic issues (creation of small business enterprises, employment opportunities, skills development, etc.), which exist or may arise as a result of mining operations; and to prepare and to submit an environmental management plan and programme. This provision is one of a number directed at the protection of local communities' rights. At the same time there are more generic statutes protecting the administrative and procedural rights of local communities, including those who live in the vicinity of mining areas. These statutes include the Promotion of Access to Information Act 2 of 2000 (PAIA) and the Promotion of Administrative Justice Act 3 of 2000 (PAJA).

Due to increased levels of poverty and unemployment, the relationship between host communities and mining companies is increasingly strained. To be precise, the relationship is characterised by deep resentment, suspicion and mistrust. The tension stems from the fact that despite mining communities' being the rightful owners of mineral wealth inherent in their communities, it seems these communities are not benefiting meaningfully from mining operations. This study seeks to examine host communities' perceptions about mining companies operating in the Govan Mbeki Local Municipality situated in the Mpumalanga province.

## **1.2 PROBLEM STATEMENT**

The mining industry in South Africa has enjoyed decades of profiteering and unregulated neglect of developmental needs of surrounding communities. Most communities surrounding South African mines are synonymous with social problems that include poverty, poor health, high levels of unemployment, adult illiteracy, inadequate housing, societal disorganisation and an influx of migrant labour. On the contrary, mining is presented as the paradigm of wealth, while its promotion conceals the terrible social and environmental ills communities are faced with. The central concern of this study is that over the past decades, little research work has been done to gauge the perceptions of host communities on

mining companies operating in communities. Except for little research work by Warhurst and Mitchell (2000), few studies sought to explore and conceptualise the core perceptions of these communities regarding mining companies operating in their areas. A number of studies instituted in the past mainly focused on the lack of meaningful corporate social investment around mining communities (Warhurst & Mitchell, 2000). The challenge presented by studies done in the past is that by their very nature, perceptions are not static but rather subjectively dynamic and ever-evolving. From time to time, there is a need to document changes in community perceptions and attitudes towards the behaviour of mining companies. The perceptions of communities tend to shift from time to time in line with changes in the fluid operating environment. The other concern is that despite various initiatives to narrow rifts between these communities and mining companies, the relationships between these parties continue to sour unabatedly. The need to devise better strategies to strengthen partnerships and improve communication of mutual concerns between the two parties can never be overemphasised. The most critical step towards achieving this noble objective is to fully comprehend underlying community perceptions and attitudes towards mining companies. The second most vital step towards the enhancement of mine-community relations is to recognise the fact that the two parties need each other. The view of Warhurst & Mitchell (2000) is that mining companies and host communities cannot afford to work in isolation or against each other. Mining companies need to work in community environments that are fully supportive of their activities not only as a compliance requirement, but also as a social “good deed” initiative. On the other hand, host communities need stable and vibrant mining companies for employment and business opportunities. The primary objective of this study is to explore the perceptions of host communities about the behaviour and activities of mining companies operating within the Govan Mbeki municipal area.

### **1.3 RESEARCH AIM OF THE STUDY**

This study aims to explore the perceptions of host communities regarding the behaviour and activities of mining companies operating under the Govan Mbeki municipal area with the ultimate aim to propose practical measures to leverage

the responsiveness and effectiveness of existing mine-community relations and partnerships. This research will hopefully bridge the gap between mining companies' footprint and the host communities' perceptions.

#### **1.4 RESEARCH OBJECTIVES**

The study addresses the following objectives:

- To explore the perceptions of host communities towards mining companies operating in the Govan Mbeki municipal area;
- To understand the role of community perceptions in shaping better mine-community relations; and
- To recommend measures mining companies may adopt to foster positive host community perceptions.

#### **1.5 RESEARCH QUESTIONS**

- What are the perceptions of host communities about mining companies operating in Govan Mbeki municipal area?
- What is the role of community perceptions in shaping mine-community relations?
- What measures can be adopted by mining companies to foster positive mine-community relations?

#### **1.6 THE SIGNIFICANCE OF THE STUDY**

This study is motivated by the desire to leverage the operations of mining companies operating in communities with hostile perceptions about their activities. The ultimate goal is to propose practical initiatives to build beneficial community-mine partnerships and mutuality. The understanding is that mining companies tend to be highly productive and vibrant when their operations receive the unequivocal backing of host communities on a consistent basis. Mining companies have to conduct their operations in a socially responsible way in order for them to earn the respect, confidence, and trust of restive host communities.

Further, this study came at a time when the relations between mining companies and host communities are increasingly strained due to deep-seated mistrust between the two parties. This study may trigger wide-ranging changes in the policies and regulations that govern the mining industry's community-mine relations framework. In addition, mining executives may be encouraged by the findings of this study to adjust their community engagement strategies and approaches with the view to make them responsive, relevant and more community-centred. Fellow academics and researchers may also use the findings of this to delineate similar studies in the future.

## **1.7 DEFINITION OF CONCEPTS**

**Community:** A group of historically disadvantaged persons with interest or rights in a particular area of land on which the members have or exercise communal rights in terms of an agreement, custom or law (MPRDA, Act 28 of 2002).

**Corporate social responsibility:** A corporation's initiatives to assess and take responsibility for the company's effects on environmental and social wellbeing in the host community it operates in.

**Environment:** means the environment as defined in the National Environmental Management Act (107 of 1998).

### **Host communities**

Host communities are mineral-rich communities where mining communities conduct their mining operations. Communities represent groups of people that share the same objectives, values, and origin. Lee (2010) defines a community as a "group of people who come together for mutual support and to fulfil their basic needs".

**Mine:** any excavation in the earth, including any portion under the sea or under other water or in any residue deposit, as well as any borehole, whether being

worked or not, made for the purpose of searching for or winning a mineral (MPRDA, Act 28 of 2002).

**Mining companies:** Mining companies represent companies with significant business interests in the exploration, prospecting, extraction, and beneficiation of mineral ore.

**Mining right:** The real right to extract a mineral(s) from a piece of land.

**Perceptions:** In this study, the term perception is synonymous with the words views, opinions, and deep-seated sentiments. Perceptions generally shape the attitude and behaviour of an individual or group of individuals towards a particular issue of concern.

**Unemployment:** number of able men and women of working age seeking paid work. Unemployment statistics vary according to how unemployment is defined and who is deemed to be part of the workforce ([www.lexico.com](http://www.lexico.com)).

## **1.8 RESEARCH METHOD AND DESIGN**

The study will employ qualitative research in order to focus on those community perception patterns that negatively impact on the operations of mining companies in Govan Mbeki municipal area. Since the qualitative approach is based on the first-hand evidence or lived experiences narrated by the host community, it will give the researcher an opportunity to explore cross-cutting perceptions that affect mine-community relations. This study followed the examples of other scholars who preferred the qualitative method when researching aspects of similar nature. Qualitative methods have frequently been used in organisational research (Kotter, 2013), and cultural change research (Hofstede, 2009). The study is also based on the teachings of the interpretivism paradigm. The paradigm holds that social reality can never interpret itself but rather it requires those with lived experience to interpret and proclaim it (Leedy & Ormrod, 2010; Creswell, 2010 & Neuman, 2011). This study is not the first to

link qualitative research to interpretive paradigms. Yin (2011) insists that past practice dictates that qualitative research is premised on interpretive paradigms.

By using the qualitative approach, the perceptions of the community will be captured and narrated using descriptive themes and eyewitness stories and accounts. This study preferred the single bounded case study design in order to gather and report area-specific perceptions. PriceWaterhouseCoopers (2004) also employed a single bounded case study design when researching on the beneficiation strategy for South Africa's diamond industry.

### **1.9. STUDY AREA**

The study area is Govan Mbeki Municipal jurisdiction. The focus will be on the following geographic areas:

- Secunda
- eMbalenhle
- Evander
- Bethal
- Kinross

### **1.10. POPULATION**

The population is a complete set of persons that had common characteristics which the researcher is interested in studying (Creswell, 2010). A population represents the maximum number of potential respondents eligible to be selected for a particular study (Yin, 2011). In this study, participants from local business forums, community lobby groups and interest groups that advocate for greater community participation in the mining industry's procurement system, constituted the study's population.

### **1.11. SAMPLING METHOD AND SAMPLE SIZE**

According to Leedy and Ormrod (2010), a sample refers to "few members of the population who are selected to actually participate in a study". A sample may be



selected using either the probability sampling or non-probability sampling method (Yin, 2011). Whereas with the probability sampling method each member of the population stands an equal chance of being selected, with non-probability sampling, the participant selection process is done at the discretion of the researcher (Creswell, 2010). This study employed a non-probability sampling method.

The major advantage of the non-probability sampling method is that it puts the researcher in firm control of the sample selection activity (Leedy & Ormrod, 2010). The researcher used own judgment and knowledge of the respondents to choose only those deemed to possess intimate knowledge and history of the state of relations between mining communities and mining companies operating in Govan Mbeki municipal area (Neuman, 2011).

A sample size of 50 people comprising of individual members of the community in business and employment forums took part in the study.

## **1.12. DATA COLLECTION**

Field interviews involving 50 leading local business and employment forum members were conducted to gather primary evidence. The purpose was firstly, to investigate the nature of host community perceptions from the perspectives of community members.

Secondly, interviews are advantageous in that they generated specific items for the subsequent scale development process. Each interview lasted for approximately 20 to 30 minutes. The interviewer handed out questionnaires to the respondents, some of the interviews were conducted face to face whilst other respondents completed the questionnaires on their own.

In order to supplement evidence gathered from field interviews, two documents retrieved from the Minerals Council's website were perused with the view to identify notable values and assumptions that characterise the coal sector in South Africa. Document analysis is crucial in contexts where the validity and

authenticity of evidence is a key success factor in research. Leedy & Ormrod, (2010) insist that the document contains data that is processed, verified and certified as correct and accurate.

### **1.13. RESEARCH INSTRUMENT (QUESTIONNAIRE)**

A questionnaire is a research instrument utilised in this research study to collect data. A questionnaire can be defined as an instrument that contains a set of questions with the purpose of collecting information from the respondents. The type of questionnaire utilised in this qualitative research is an unstructured questionnaire. The questionnaire consisted of a series of open-ended question for the purpose of collecting information from the respondents. The unstructured questionnaire is more flexible and can be used to collect data about people and their personal information, such as beliefs and debates, hence it was suitable for the research study.

### **1.14. DATA ANALYSIS**

The data analysis activity was premised on the teachings of content analysis. Yin (2011) defines content analysis as, "a research technique for the objective, systematic, and qualitative description of the manifest content of communication". Content analysis is frequently linked to interpretive and qualitative research (Creswell, 2010). The analysis focused on identifying "key themes and contextualised facts from collected responses. The analysis of qualitative data was made possible with the use of a Computer-Assisted Qualitative Data Analysis Software (CAQDAS), NVIVO 10. Common views on topics of common concern to respondents were profiled before they could be referred for further interrogation. The second activity involved identifying common themes before profiling and writing intelligent write-ups around those themes (Yin, 2011). The aim of this initiative was to simplify complex data into readable and analysable information.

### **1.14. ETHICAL CONSIDERATIONS**

#### **Approval**

The research proposal was submitted to the Turfloop Research Ethics Committee (TREC) at the University of Limpopo and has been approved.

### **Informed consent**

Before the interviews, respondents signed consent forms on a voluntary basis. The researcher informed the respondents about the objectives of the study.

### **Protection against harm**

Necessary steps were taken to ensure that respondents are not harmed psychologically, financially and physically by virtue of their participation in this study (Creswell, 2010). Each respondent voluntarily participated in the research survey and consented to the use of the completed questionnaire.

### **Confidentiality and anonymity**

Respondents' true names and physical addresses are not disclosed in line with the study's confidentiality objectives. The respondents have been informed that their personal information will not be disclosed to any other party, only their responses/views and comments will be shared in relation to the study.

### **Permission to conduct research is obtained**

Lastly, permission to participate in the research study was requested and obtained from the Chairman of the Local Business Forum (Yin, 2011).

## **1.15. LIMITATIONS**

Bias is a form of systematic error that can affect scientific investigations and distort the measurement process and outcomes (Creswell, 2010). Due to the level of contestations between mining companies and host communities in Govan Mbeki municipal area, the probability of bias and subjectivity is most likely high. In this study selection bias was minimised by using data from various sources of data. The use of both historical documents and personal interviews went a long way in triangulating collected data.

## 1.16. CHAPTER LAYOUT

This report is structured in the following manner:

**Chapter One** – sets the tone and parameters of the study in terms of the contextual framework and the study's historical perspective. The idea of chapter one is to give a broad overview of the study by introducing the study's problem statement, research objectives and its significance to the body of knowledge.

**Chapter Two** – In this chapter the building blocks that set the literature review framework are introduced. The chapter is concerned with reviewing and interrogating relevant literature as articulated by various academics who have researched the topic before. The aim of the chapter is to benchmark and delineate the study with the theoretical views of other authors.

**Chapter Three**– The methodology and design used in the study to select to collect, analyse, summarise and interpret research data are subject to the discussion in this chapter.

**Chapter Four**– The research results are presented and demystified in this chapter. The findings are presented in both textual formats.

**Chapter Five** – The chapter seeks to consolidate the research results by benchmarking them with reviewed literature and in the process make concrete conclusions. Finally, the chapter wraps up by profiling recommendations on how to map a new leadership and cultural construct for the mining industry.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1. INTRODUCTION**

It has been stated that a research study does not exist in isolation but must merge with the existing body of scientific knowledge (Mouton 2003). The core element in this research is the understanding of the impact of mining activities as perceived by host communities, and the behaviour and activities of mining companies through the eyes of the communities. The overall objective of this research is to propose practical measures to leverage the responsiveness and effectiveness of existing community-mine relations and partnerships. Community-mine relations and local attitudes are shaped by complex interactions of positive and negative factors, influenced by both mining companies and government attempts at sustainable development and relations-building. Mining development can affect almost all branches of the community; not just those stakeholders directly impacted by mining activities.

Chapter 1 of this research study provides a framework in which this study takes place. The chapter discusses the problem statement, providing a contextualisation of the research issue. The chapter covers the aim of the study, its significance, the research objectives, the research questions, and the overall research method and design utilised to get at the bottom of the problem statement. The chapter discusses key concepts in the research and explains what these concepts entail for the purpose of the research study.

Chapter 2 discusses the available literature review regarding the problem statement. The literature encompasses different papers from different academics. This chapter discusses the South African mining industry, including factors that shape the industry. The literature discusses factors such as mining

impacts (positive, negative and other impacts), governance around mining, community demographics, corporate social responsibility, economic development and the role of mining in the economy.

## **2.2. THE MINING INDUSTRY IN SOUTH AFRICA**

In the previous decade, worries over how to guarantee sustainable development (the capacity of current ages to address their issues without bargaining the capacity of future ages to meet their claim needs) have expanded over the world. Mining companies have been forced to adapt their working practices to fit this worldview under open weight. While it is most likely that mineral and metal products have made a huge contribution to the global industry, the compared negative effects cannot be disregarded or be ignored.

The negative ecological and social effects of mining companies have increased interests from governments, non-governmental organisations, mine communities, the general populace and different affected stakeholders (Charnovitz, 1997). For example, there has been an ongoing discussion about re-adjusting the South African Mining Charter, particularly, increasing the percentage of ownership of the historically disadvantaged South Africans and making mining activities to benefit a vast majority of South Africans, more especially the populace mainly affected by mining operations in their area.

How mining can contribute to sustainable development has progressed towards becoming a key test for the mining industry. The regulator in the form of government institutions (Department of Mineral Resources, Department of Water Affairs, Department of Environmental Affairs, to name a few) have put in place ways to regulate the industry to ensure adherence and compliance to Acts of Parliament. Mining right holders are required to submit yearly sustainability reports, monthly production reports, and annual operations reports to ensure that they achieve and record their sustainability impacts and activities (Fonseca, 2010). The mining business has advanced from natural consistence to corporate social responsibility (CSR) programmes, to social licence to work and now to sustainability revealing with principles like the Global Reporting Initiative (GRI) (Thomson, 2011; Brown, 2011 & Wood, 2010).

There are calls for mining companies, similar to their partners in different sectors, to work in a way that encompass shared incentive for all stakeholders (Porter & Kramer, 2011). Moreover, present-day mine or project management includes acquiring, and keeping up, a social licence to work (Thompson, 2011), earlier and informed consent, which is a related idea (Esteves, Franks & Vanclay, 2012). Social licence to work and informed consent expect mines to effectively engage with all of their internal and external stakeholders including industry peers. Stakeholder engagement has, in this manner, turned into a key segment of overseeing mines or undertakings for sustainable results and building relations (ICCM, 2008).

Concerning the state of the mining industry in South Africa today, there is an objection that mines are not doing what is necessary to uplift the communities in which the mines are operating. This is on the premise that, from time immemorial, the mining industry had a restricted perspective and carried no responsibility of the negative effects of its everyday tasks, however, in a few occurrences, it works without social authenticity, leaving the encompassing communities in annihilation without recourse. Once the financially feasible minerals have been extracted and reserves are depleted, at that point the operation is moved elsewhere to greener fields, leaving the affected communities obliterated.

The 21st-century mining executives understand that it is difficult to build a strong, sustainable and stable mining industry without considering the perceptions, views and opinions of host communities (Warhurst, 2002). The teachings of the resource nationalism theory state that host communities are the real owners of mineral wealth of the land inherent in their communities. The current strained relations between mining companies and host communities need to be understood within the context of the theory of resource nationalism.

The theory further states that a country's mineral wealth is 100% owned by the citizens of that country with the government being the custodian and therefore

there is a need to ensure that the citizens directly and maximally benefit from the extraction and beneficiation activities of such resources (ICCM, 2008). The widely accepted norm is that mining communities have rights over the minerals on the land and may dictate whether those minerals can be mined or not; it comes back to the issue of ownership of the minerals on the land.

### **2.3. FACTORS AFFECTING THE INDIVIDUAL PERCEPTIONS OF MINING**

There are numerous elements that can influence a person's view of a mining venture or operation. It is imperative to comprehend these variables since they drive community recognition, which is a synopsis of the individual discernment or perspective. The community's impression of the mining venture straightforwardly influences the mine's social permit to operate. This is seen in the Eastern Cape where the Xolobeni community went against the establishment of mining operations in the area (Garvin, 2009). There is a lot of work in the literature on the elements that influence a person's impression of mining. For the most part, the elements that influence community acknowledgment are mining effects, governance and socio-economics.

#### **2.3.1. Mining Impacts**

Mining is the extraction of minerals and other geological materials of economic value from deposits in the earth. This has the potential to have severe adverse effects on the environment, animals and people. The impact of mining goes beyond extraction of minerals and beneficiating the minerals for a greater economic value. It includes but is not limited to a greater impact in different spheres of the economy such as transportation, construction, manufacturing of machinery and equipment, environmental management, geological services, health, social security, research and education. There are various views that once a mining operation is granted a mining right and commences with the operations, there will be an economic boost in the area in which it is operating. This includes employment opportunities for the local people, business and procurement opportunities for local businesses and social investment projects within the community. The perception is that mines boost the local economy. For



centuries towns were established around mines, these towns housed families with facilities such as electricity and water, hospitals and schools. People migrated from rural areas to mining towns seeking employment and those towns expanded to accommodate this great migration. Over the course of several years mining was considered as an industry that brought economic wealth and prosperity to communities.

#### **2.3.1.1. Positive impacts**

Mining operations can bring about many positive effects on the host community, mainly, employment opportunities, economic boost and well-being of those impacted by the establishment of a mining operation (The Federation for a Sustainable Environment, 2018). The mining industry is an integral element of the South African economy. The effect of opportunities for work and related monetary effects that boost the economy in South Africa, for instance, the Mining Industry Wage Bill supports 1.4 million breadwinners (Chamber of Mines, 2015). Job opportunities are depicted as the main issue and claims that the most regularly made inquiry by individuals from a host community is, "what number of the employment will go to their local individuals?", when they hear that a mine might be created in their locale [International Council on Mining and Metals (ICMM, 2012). In a few occurrences, people might be disappointed when the new mining opportunities are taken by outsiders or those not from the local community and may have a contrary perspective of openings for work. In any case, the literature proposes that community individuals, for the most part, consider increased employment opportunities as a positive effect (Luyet, Schlaepfer, Parlange & Buttler, 2012; Viveros, 2016).

Higher monetary earnings because of better occupations as well as the unemployed becoming employed by the mines are deemed to have a positive impact by local communities (Petkova, Lockie, Rolfe & Ivanova, 2009). Petkova *et al.* demonstrates that the moderately high earnings of individuals working in the mines and associated industry were seen and perceived by community members to create positive effects on all communities impacted by the mining operation (Petkova *et. al.*, 2009).

Infrastructure development and improvement is another noticeable positive effect of mining. The host community framework that frequently gets enhancements because of mining incorporate better health facilities, provision of water and electricity, improved sanitation services and transportation framework (ICMM, 2012). A portion of this interest in infrastructure is for business purposes, for example, a coal mine needs to enhance roads in order to transport the coal to its designated place mainly power stations and railway sidings. Nonetheless, a huge expectation is on the corporate social investment programmes that put the mining operations' profits/resources back into the community, ploughing back the seed as it is seen.

#### **2.3.1.2. Negative Impact**

Mining carries huge financial costs, the establishment of a site and securing and transporting machinery/equipment to the site are activities that consume the initial capital injection; this is mainly costly in developing countries such as South Africa (Tauli-Corpuz, 1997). Activities, regardless of whether smaller or on a huge scale, are innately heavy duty and can affect the surface moreover in open cast mining (Makweba and Ndonde, 1996), delivering major amounts of slurry waste that can have harmful effects for a considerable length of time if not handled correctly (UNEP, 1997). The natural deterioration caused by mining activities happens primarily because of improper and inefficient working practices and lack of rehabilitation of the mining area. Mining has various normal stages or exercises, every one of which has conceivably negative effects on the natural habitat, the health and safety of mine workers, and communities situated in the close vicinity of the mine (Moody & Panos, 1997; Akabzaa, 2000). As shown by Noronha (2001) the social and natural impacts are more unavoidable in areas where activities are newly-established or are shutting down. Some authors such as Tauli-Corpuz, 1997, have remarked on the possible negative effects of mining, which incorporate relocation of communities from their ancestral land with sometimes destroying unmarked or unidentified graves, no more grazing land for animals and a decrease in agricultural activity due to the mine's take-over of the area.

Mining additionally has compared antagonistic effects, incorporating ecological pollution, increase in housing demand and escalating costs, lack of work opportunities in different organisations, lack of skills in the industry and a rise in criminal activities. The negative environmental effect is mostly the primary issue raised by those worried about the effects of worldwide mining and the main reason frequently referred to by host communities for dismissing mining (Moffat and Zhang, 2014). The ecological effects incorporate water use and contamination, air, land and noise pollution.

Mining influences water resources using vast amounts and defilement of water. In the U.S.A. state of Nevada, for instance, the United States Geological Survey (USGS) gauges that the water table encompassing open-pit mines has dropped by 300 meters (Rockwell, 2000). There are numerous sources of contaminants at a mine site that can dirty water bodies close-by. These incorporate remains from uncovered soil, diesel fuel (a lot of fuel is stored on location) and process synthetic compounds (such as cyanide for gold handling and sulfuric corrosive for copper preparation).

One of the issues that can be related to mining activities is the release of poisons into surface waters or contamination of the water table especially in underground mining. Numerous exercises and sources related to a dumpsite can contribute deadly and non-lethal materials to surface waters. Slurry from the open pit mine can contaminate water resources on site leading to fresh water not being made available to the local community, more especially the local farmers. The portability of the poisons from these sources is amplified by exposure to rainfall. The inevitable release of surface runoff, resulting from rainfall is one component by which toxins are discharged into surface waters. Effects to surface waters incorporate the development of residues that might be polluted with substantial metals or other lethal items, short-and long-term diminishments in pH levels, annihilation or debasement of the aquatic inhabitant, and contamination of drinking water supplies, and other human medical problems.

It is, for the most part, recognised that one of the major environmental issues confronting the mining business is the formation of acid drainage and the related preparation of contaminants. Generally called acid mine drainage (AMD) or acid rock drainage (ARD) fundamentally relies upon the mineralogy of the rock and the accessibility of water and oxygen. AMD happens at mine sites when metal sulphide minerals are oxidised. Before mining, oxidation of these minerals and the development of sulphuric acid is a (moderate) function of the natural weathering process. Mining and beneficiation tasks significantly increase the rate chemical reactions by removing sulphide rock overburden material and exposing the material to air and water; this is common in open cast mining. The predominance of the oxidation reactions becomes clear when released groundwater comes into contact with oxygen, results are precipitating iron oxy-hydroxides and diminishing pH (Houben, 2003; Wisotzky 2001).

When acid drainage has taken place, controlling the releases is a troublesome and expensive issue. Thus, the expectation is turning into a critical tool for regulators and administrators. The addition of alkaline substances such as smashed limestone to the overburden before dumping can diminish the acid drainage (Wisotzky & Obermann, 2001). This is a costly exercise for mining organisations; many tend to skimp on these regulatory processes, leading to communities having to be without water or being exposed to contaminated and poisonous water resources.

Corrosive mine waste or acid mine drainage (AMD) is perceived as one of the more genuine natural issues in the mining business because of the number of watersheds affected and the expenses brought about for remediation (Akcil & Koldas, 2006). It is acidic leachate with high concentrations of heavy metals and sulphate that comes from the oxidation of sulfidic minerals. AMD can seriously defile the surface, groundwater and the soil (Akcil & Koldas, 2006; Valente & Gomes, 2009; Peppas, Komnitas & Halikia, 2000).

Mining activities can conceivably affect earthbound biological systems. For instance, polluted water can affect earthly biological systems, including accumulation of poisonous components in soil, soil acidification, and harm to soil

biota, loss of soil richness, plant pollution, plant poisonous quality, and nourishment chain pollution. Strong waste is another enormous issue, since mining items are, for the most part, a little division of aggregate uncovered mass. In surface gold mining, for instance, one tonne of metal is probably going to yield short of one gram of gold, with the rest winding up as tailings. What is more, a few tonnes of infertile shake might be mined to uncover the metal

Waste produced by mining activities (wash plant where the mineral is beneficiated) contain high concentrations of metals and metalloids which can be prepared, bringing about filtering into groundwater and surface water. The greater part of these heavy metals is exceedingly dangerous and is not biodegradable: As such, they should be removed from the dirtied streams so as to meet progressively stringent ecological quality norms. Stringent regulations have been put in place by government to regulate the discard of waste and the utilisation of water in mining operations.

Air contamination is another essential effect. The real region of concern is dust, from blasting of hard rock, unearthing the soil with heavy-duty machinery and transportation of minerals to the customer, causing air quality debasement (ICMM, 2011). Mining companies are required to minimise and monitor dust using dust buckets situated at different areas of the mine. Dust suppression is always at the helm of most community complaints because it impacts those living in the closest vicinity of the mine(s) the most. Mining companies would usually outsource water bowsers from communities as part of minimising the dust problem as well as empowering the local businesses to do business with the mine.

Around the world, smelters release 142 million tons of sulphur dioxide to the environment consistently, 13% of worldwide pollution (Earthworks & Oxfam America, 2004). A new Greenpeace study has found that Kriel, a small town 25 kilometres outside Secunda in Mpumalanga, is the second largest sulphur dioxide emissions hotspot in the world after the Norilsk smelter complex in Russia. The study which was commissioned by Greenpeace India cited Mpumalanga as the largest sulphur dioxide pollution hotspot in Africa with the

cluster of mega Eskom coal power plants. Mpumalanga has 12 coal fired power stations located less than 200 kilometres from Gauteng which hosts South Africa's largest population ([www.greenpeace.org/africa](http://www.greenpeace.org/africa)). This then becomes a huge health risk for the country.

In June 2019 environmental groups sued the South African government for failing to tackle the world's worst air pollution emitted by power plants operated by Eskom and refineries owned by Sasol in Secunda.

Commotion contamination is noise pollution from recreational activities such as loud music being played at social gatherings (clubs), and machinery, equipment and trucks used to transport minerals in mining areas. This sort of contamination happens when there is either an over the top measure of clamour or a terrible sound that causes an impermanent disturbance in the normal equalisation. This definition is typically material to sounds or clamours that are unnatural in either their volume or their creation. Electrical apparatuses at home have a steady murmur or blaring sound. When the murmur or sound progresses toward becoming commotion, it can adversely influence our psychological and physical wellbeing. Hence the noise made by refineries and wash plants at the mine including the noise from equipment/machinery, influences the host community in which these mines operate.

Traffic and crime have been seen to increase in host communities with the beginning of vast scale mining. For instance, two social impact assessment (SIA) investigations of Central Queensland's Coppabella coal mine report that occupants see that wrongdoing hazard, generally hostile to social conduct and violations against property were expanding in the community (Lockie, Franettovich, Petkova-Timmer, Rolfe & Ivanova, 2009). The police affirmed this perception in supreme terms, in spite of the fact that they watched that the criminal action increment was corresponding to populace development from 2003 to 2006. Mining towns in South African experience a spike in criminal activities moreover when the mines are recruiting huge numbers of people for the annual shutdown and servicing of plants. The migration of job seekers flooding into mining areas increases criminal activities, those who do not find employment tend to engage in unlawful acts as means to survive. The behaviour of these

rogue job seekers becomes violent and aggressive out of frustration (Hajkowicz, Heyenga & Moffat, 2011).

### **2.3.1.3. Other Impacts**

Other than the undeniable positive and negative impacts, mining operations can likewise cause an increase in population and social impacts. Besides, two extra properties of the mine can influence the communities' impression of the power and length of impact: mine support (how far the mine is from the community) and life of mine (a span of mining activity). These impacts are hard to portray as negative or positive. For instance, though one individual may think a mine with a long life is something to be thankful for in light of the fact that more local people will be employed for longer, someone else in a similar community may suspect that the mine has acquired the land permanently and will eventually relocate the entire community situated closest to it.

A result of a community blast in mining is the related populace growth, particularly in a little community without enough skilled labour (Lockie *et al.*, 2008). Resource abuse can be straightforwardly connected to nearby populace changes, as there is frequently populace development from unemployed individuals searching for work opportunities. For example, there was a recorded population increase and a spike in four mining networks in Bowen Basin, Queensland, Australia. The mining blast and full swing operation began in 2001, and the populace development started to increase in local communities. The populace development from 2001 to 2006 fluctuated from +2.4% to +18.5% (Petkova *et al.*, 2009). The same can be accounted in South Africa's mining towns, as it is known that is how most mining towns were established. The city of Johannesburg was built when gold was discovered on the Witwatersrand by an Australian prospector named George Harrison. The discovery created a gold rush as people seeking gold descended into the area causing a blast in the populace. It became the largest city in South Africa due to the discovery of the precious mineral. Today it boasts the country's biggest businesses and is an economic hub of Africa. The town of Secunda was founded in the mid-50s when mining activities were started by Union Corporation, a company that mined coal

in the area. There was soon a rapid population influx of job seekers from all over the country.

The establishment of new mining venture and unemployed individuals searching for work opportunities have impacts on the host community's way of life and conventions (culture). Indigenous populace's lifestyles can be especially influenced in such circumstances. The various social foundations of the mining communities and administration styles of the mining organisations are a factor in deciding the degree of this impact (Sassoon, 1998). International Community Case Management (ICCM, 2012) particularly distinguishes cultural (heritage) impacts as a factor in community commitment. Cultural impacts incorporate any impacts on the social standards and practices, which include impacts on immaterial and unmistakable social heritage, and access to, and the dynamic quality of cultural facilities. This will be of basic significance when indigenous people groups are available inside the territory of impact for the mining venture. Many mines operate in areas in South Africa that are under traditional authorities recognised by the Department of Cooperative Governance and Traditional Affairs. Mining companies are therefore expected to acknowledge and adhere to the culture and heritage of the local traditional authorities in the areas they operate in. Tradition and cultural heritage play a fundamental role in the composition of communities and are highly respected by society.

Community opposition to a mining project is a very recognisable picture, and this wonder has been known as the "not in my backyard" disorder (MPE, 2013). For an expanding number of individuals today, their backyard is vast to the point that projects found generally far away are as yet influenced by this marvel. There is a sense of ownership and entitlement of land and the minerals on the land by communities, moreover by all South Africans. Ivanova and Rolfe (2011) discovered "cradle for mine effects" to be a huge (at the 5% level) factor that clarifies community inclinations for mine improvements. The mine life is a measure of the ingenuity everything being equal (positive and negative). Subsequently, it decides to what extent the openings for work and commotion impacts will last. It is a measure of the "length contract", which has been observed to be a noteworthy factor (at the 1% level) for clarifying nearby



worthiness of sustainable power source selection in host communities (Willis, 2003).

Among the potential negative impacts of mining, the visual impact of opencast mining (overburden removal and dumping) merits unique consideration. Mining companies have an obligation to restore the land back to its original form by means of revegetation and seeding, a process known as mine rehabilitation. In open cast mining activities on the land can be seen, where there is excavation of the earth and blasting of hard rock. Communities closest to these activities have a visual of the operations, sometimes with little understanding of these activities.

It could be quite overwhelming to witness the once green and luscious field being turned into a mountain of soil and rock (overburden), in specific cases; the impact on the landscape can be noteworthy and unsavoury to the eye. By and large, the overburden dump involves the aggregate surface territories, ordinarily extending from 10 to 250 hectares. As a rule, the significance of the change is connected to the geography of the region and to the kind of landscape and vegetation. The importance of the visual effect relies upon the separation, the climate conditions and the stature of the perspective (King and Ager, 1995).

#### **2.3.1.4. Governance**

In many countries, mineral rights are held by the government as a custodian of the country's mineral wealth for the people in general as it is in South Africa. Indeed, even in situations where mineral rights are held by private people or entities, the utilisation and different business limitations necessitate that a mining organisation acquire a mining right from the government (Department of Mineral Resources in South Africa) preceding starting a mine. Amid mining, all parts of mining movement are regulated by legislation. Therefore, mineral assets are viewed as real rights given to a mining organisation to extract and use with the assent to make profit and increase the livelihood of local people and business in the area.

The mining right conditions and the general administrative structure for mining action move towards becoming consistent commitments that the mine must meet to keep the communities' general trust and be compliant with government. The Department of Mineral Resources, settles on choices on whether to favour a mining right application, what conditions to enforce and step by step instructions how to manage a functioning mine. The manner in which these choices are offered had significantly affected the communities' impression of the mine's shareholders and government.

Perceptions that government authorities are not acting to the greatest advantage of the community (regardless of whether freely or impaired of mine administration) can undermine the authenticity of the mine in the community's eyes. Thus, a key factor that influences the communities' discernment (and thus, social permit to work) is administration, including the component for settling on allowing choices and the accessibility of straightforward data (Selart, 2010). The basic decision-making system and accessibility of independent and straightforward data supplement each other. Host communities need the privilege to be occupied with the basic leadership component first for free and straightforward data to be helpful to them when seeking information regarding the mining establishment.

Furthermore, accessibility of data becomes crucial to the community. The basic decision-making component portrays how choices are made when differences emerge between the community and mining company on procedure or other administrative processes (Preuss, 2007). The data allude to the choice to allow a mine or assess administrative consistency, including reports about mining impacts and standard investigations, for example, those contained in an environmental impact assessment report.

These basic decision-making systems differ from simply lawful (i.e. the mining organisation meets the administrative prerequisites) to those that take the perception of the social licence to operate and look for authenticity and legitimacy (Muradian & Martinez-Alier, 2003).

Data are given by the mining organisation as submission of activities to be carried by the new mining establishment. Government in the form of a regulator reviews the submissions made and takes a decision based on the mining organisation's information provided, with the necessary portfolios of evidence. The host communities frequently do not trust in the accessible data on the potential effects from the two sources, mainly the mining organisation and government (ICMM, 2012). Communities are more inclined to trust in the data in the event that they see it to be free and straightforward, given (or inspected) by different gatherings with specialised aptitude with no business stake or individual/personal interests by government officials in the mining business. The data should cover both the expansive business and furthermore identify with a particular proposition on employment and local economic activities, which can encourage host communities' support in the decision making and buy-in. Communities want to feel involved and considered in the establishment and operation of a mine.

#### **2.3.1.5. Community Demographics**

Contrasted with the mining operation's impacts and attributes, there is substantially less in the literature that examines statistic factors that influence a person's probability to support a (proposed) mining venture in their community. Age, sexual orientation, level of education, wage, employment status and number of dependants were observed to be critical (Ivanova & Rolfe, 2011).

The positive coefficients of female (sexual orientation), number of youngsters and age suggests that the people who are female, more established or that have more dependants will probably incline towards a mining project than people who are male, younger and with fewer dependants. Dimitropoulos and Kontoleon (2009) find that the level of education was significant for local acceptability of wind-farm venture at the 5% level. The level of education might be important for mining decisions too. In their study, the contrary coefficient of training suggests that there is a higher likelihood that individuals with an advanced education level will be adversaries of the mining venture than individuals with a lower education level.

While trying to comprehend the host community after a massive demonstration and vicious clash, Muradian *et al.* (2003) utilise sexual orientation, level of education, age and employment field as vital background characteristics. Other research shows work field might be a valuable factor (Mason, Paxton, Parr and Boughen, 2010). Regardless, it appears to be sensible to accept that statistic factors affect community impression of a venture.

The community is not one homogenous square, and perspectives change depending upon a few factors that may incorporate sexual orientation, age, income level, level of education and training, youth and the employment field.

#### **2.3.1.6. Corporate Social Responsibility**

Corporate Social Responsibility (CSR) deemed to be the investment into society by corporates is likewise about the integration of businesses in their host communities, regardless of whether this is in South Africa or around the world. Businesses add to their communities, particularly to host communities, by giving employment, wages, benefits and revenues from tax (Moir, 2001). Then again businesses rely upon the health, dependability, and flourishing of the community in which they conduct business. For instance, they source the dominant part of their employees from the nearby work markets and subsequently have an immediate enthusiasm for the host accessibility of the skills they require.

The notoriety of a business in its area, its image as a business as a performer in the host community, unquestionably impacts its aggressiveness. Businesses likewise cooperate with the physical environment they operate in, adaptability being the biggest component.

CSR is broadly used to portray the commitments and responsibilities that a business ought to have for its internal and external stakeholders (Moir, 2001). There has been an increasing distress towards the issue of social responsibility (Pedersen, 2011; Hilson, 2012 & Wood, 1991). However, there is no single meaning of CSR fundamentally in light of the fact that the idea is vague (Lantos, 2001; Ralston, 2010).

Herzig and Moon (2013) contend that CSR is expectedly connected with business responsibility towards society (adjusting for negative externalities, adding to social welfare) and an obligation to society (responsibility); capable business lead (to guarantee market strength and fidelity); and the administration of the business society interface and good standing in society. Hill *et al.* (2007) states that corporate social responsibility is the financial, legal, moral and charitable activities of corporates that impact the personal satisfaction of stakeholders. Every one of these constituencies, both separately and on the whole, form feelings about businesses through recognition of companies' corporate social contribution, which is portrayed as synopsis judgments about CSR initiatives utilised by investors to have a positive footprint in the society.

Smith (2007) is of the view that businesses have an undeniable commitment to serve their investors. Shareholders trust companies to deal with their business venture and bring out profits and good returns. In any case, investors are by all account not the only party with an enthusiasm for business activity.

CSR characterises classified thought of numerous partners and the worldwide effect past a straightforward spotlight on strengthening of investor riches. Smith (2007) trusts that the business and society is not fundamentally unrelated but instead the two are joined and cannot be isolated from each other. CSR and obligation to society are issues that have been examined over a long time. These thoughts have long chronicled establishments in South Africa and somewhere else in different parts of the world (Chen & Zhang, 2009).

A helpful beginning stage is the Industrial Revolution where developing businesses were particularly worried about employees and how to make them more beneficial employees (Carroll, 2008). In the early to middle 1990, there was a denunciation of multinational businesses worldwide. The denunciation was coordinated basically against western businesses and their manufacturing in developing nations (Chen & Zhang, 2009). The sportswear company Nike received monstrous denunciation about sweatshop conditions at its abroad providers (Zadek, 2004). Another notable case was the contention between Shell

and Greenpeace, when Shell chose to dump the stockpiled Brent crude oil in the North-East Atlantic (Grolin, 1998). A later illustration where the enthusiasm for moral gauges and CSR were elevated was the British Petroleum Deepwater Horizon oil calamity in the Gulf of Mexico in 2010 (Balmer *et al.*, 2011). This goes to show businesses are looked at with an aggressive eye on their conduct moreover their scope of responsibilities (Grolin, 1998), and CSR has turned into a somewhat prominent issue in businesses in numerous parts of the world (Hamann & Kapelus, 2004).

In the South African context, there is a number of various instruments directing the current CSR. Such instruments go from intentional sets of accepted rules to managing universal regulations and restricting directions, for example, the Republic of South Africa Constitution (Act 108 of 1996), Mineral and Petroleum Resources Development Act (MPRDA, Act 28 of 2002), Broad-Based Socio-Economic Empowerment Charter (Mining Charter, 2018) and in addition Broad-Based Black Economic Empowerment ("BBBEE") (BBBEE, Act 53 of 2003).

Notwithstanding this general affirmation of businesses' commitment to profound situated social issues in South Africa, the point of labour recruitment and mineworkers' housing and living conditions have by and large been overlooked in businesses' public sustainability reports (Chazireni, 2017). This demonstrates the sustainable advancement dialogue is likewise subject to convenience, compliance and legitimation, in this way offering trustworthiness to the greenwash feedback of CSR. Businesses' public reports are essentially pleasing and up until now are an obscure arrangement of CSR-related desires. Proactive commitment with the social difficulties around mines is not yet inside their ambit (Hamann and Kapelus, 2004).

A further sign of the gap between businesses' CSR-related activities and the underlying drivers of social issues around the mines can be found in the applicable organisational structures. CSR-related organisation departments and staff have no policy influence on organisations' housing practices (Alexander, 2012). Moreover, operational management has once in a while had significant authoritative responsibility regarding social issues, as demonstrated in the

general, proceeded with non-attendance of social criteria in mine managers' performance evaluation (Hamann & Kapelus, 2004).

It must be noted, that in the course of the most recent decade there has been a move to abolish single-sex hostels and single quarters in the mining industry and has since been legislated as a compliance point. A key aspect of South African mining, one which continues to this day albeit on a very much smaller scale, is the compound system. It grew up with the industry, as did the related migratory labour system. Right from the start, black workers on the diamond mines in Kimberley were housed in compounds, the rationale being that this would prevent desertion, combat drunkenness, and reduce the risk of theft. Blacks were employed only on short-term contracts, at the end of which they would return to their homes in rural areas. One result of the migratory labour system was that black miners did not move permanently off the land and into town. Black miners were seen as “target workers” who worked only for as long as necessary to earn a particular income, after which they would return to their rural homesteads. It was accordingly argued that putting up wages would have the perverse consequence of discouraging blacks from remaining on the mines for as long as they were required. Although this system started in Kimberley, it was copied on the gold mines and later extended throughout the mining industry. There were enormous variations in the quality of the compounds. In his study Wilson (1972) reported that as late as 1972 compounds varied from “very old-pre-World War I buildings with rooms housing 50 or more men living like sardines in double-decker concrete bunks to modern hostels housing between 12 and 20 men in dormitories that compare not favourable with those of a white boarding school”.

The system was widely criticised on various grounds, one of which was that it separated men from their wives and children for almost their entire working lives. But it fitted in with the government's overall apartheid policy of preventing blacks from establishing themselves permanently in the supposedly “white” cities and towns. Appeals by the mining industry in later years, notably when the Free State goldfields were opened, for relaxations to enable miners to bring their families with them were rejected by the government. The proportion of the black mine

workforce that could be accommodated in family housing on the mines was limited to 3%.

There has been an assortment of purposes behind the abolishment of such living conditions, with government enforcing that mining companies need to provide suitable family orientated housing and encourage home ownership, thus combating the ills encountered in the previous dispensation's compounds.

## **2.4. MINING AND ECONOMIC DEVELOPMENT**

The commitments of mining to economic development and sustainability are enormous. Mining has a basic establishment for human advancement through the production of mineral wealth that produce good profits (Acheampong, 2004). The mining industry has been vital to the advancement of civilisation, supporting the iron and bronze ages, the mechanical unrest and the framework of the present information age. In 2001, the mining industry created more than 6 billion tons of crude item esteemed at a few trillion dollars (Mbendi, 2004). Conventional mining nations, such as the USA, Canada, Australia, South Africa and Chile command the worldwide mining scene. These nations have turned into conventional pioneers in mining, investigation strategies and leaders in mining innovation (Mbendi, 2004).

## **2.5. THE ROLE OF MINING IN THE SOUTH AFRICAN ECONOMY**

In South Africa, Western mining practices started in the copper mines of Springbok and the Northern Cape in 1852. A couple of discoveries of diamonds in the Northern Cape prompted a precious stone rush in 1869. This inflow of European fortune searchers, at that point in 'remote' Africa, was thrust into mining tasks that established the framework for South Africa's cutting-edge mining area. It took the discoveries of gold and the development of the Witwatersrand in the most recent decade of the nineteenth century and the main decade of the twentieth century to offer substance to the prior establishments of the mining boom. At the point when the South African Union was framed in 1910,



the early mining account houses had been made and the beginning operational structure of the minerals segment, the gathering framework, both formal and casual, had been set up.

The South African mining industry has experienced impressive recognisable change and has a changed association with the minerals/energy complex (MEC) from that of 100 years prior. Essentially, mining keeps on being the powerhouse in South Africa's economy, yet the part which mining plays in monetary advancement has continuously turned out to be less immediate, more especially in communities where these economic role players operate. The mining segment in South Africa has customarily involved a vital part in the generation of production in the economy due to the lucrative beneficiation of minerals.

In Gross Domestic Product (GDP) terms, the industry contributes 7.7% of South Africa's total GDP). Despite its strategic contribution to South Africa's economy, the industry is facing an uncertain and bleak future. The SA economy remains very reliant on the fare of minerals and metals. Specifically, export minerals and metals represent as much as 60% of all export revenue. Consequently, the affectability of the outside trade estimation of the rand to mineral and metal costs and their creation.

Mining's share of the Gross Value Added (GVA) by all segments of the SA economy in 2012 was close to 5.5% when estimated in steady 2005 costs. At the point when both mining yield and GVA, including mining yield, are estimated in current costs, mining's shares increase to 9.3% of GVA. As we appear below, when estimated in consistent 2005 costs, the contribution of mining to GVA and GDP has been relentlessly declining over numerous years from an expansive 23% share in 1960 to the current under 6% share, paying little respect to the heading of worldwide metal and mineral costs and thus mining incomes.

As is likewise demonstrated that when the share of mining is estimated in current cash of the day costs the shares of mining in the economy goes up against an altogether different appearance. The share of mining in the SA economy, so estimated as a proportion in current cash of the day costs, was under 12% in

1960, contrasted with more than 23% in steady value terms that year. In 1970 the shares of mining in GVA was 8.8% if estimated in current costs, or substantially higher shares, 20% of the economy if estimated in consistent 2005 costs.

From that point, the mining share estimated in current costs rises fundamentally in light of the exceptionally critical increments in the gold cost in the seventies. At the point when the gold prices topped in 1980 the offer of mining in GVA in current value terms was as much as 21%, however then just around 12% if recorded in steady 2005 costs. From that point, as the gold value fell away and the costs of mining yield were liable to an extensive stretch of flattening and a further decrease in the yield of gold, the offer of mining in current value terms fell further to a considerably less critical 7% continuously in 2000. When estimated in current costs mining picked up an imperceptibly bigger offer of the economy to the 9% share estimated in 2012. The expanded yield of and higher costs coal and iron minerals were critical supporters of their increment in economy share. The offer of mining in the economy in steady value terms by solid differentiation decays consistently after 1960 and shows up totally unaffected by relative costs or industry drifts.

While it might never again rule the South African economy to a similar degree that it completed a couple of prior decades, the mining business remains a key wellspring of immediate and roundabout work, trade profit and duty incomes. The quantity of mining organisations recorded on the JSE is currently less than half of what it was in 1994 and South Africa has slipped from its once driving spot in the supplying of gold to a circumstance in which it presently represents just 5% of overall supply. Mining represents 5% of non-agrarian formal part work in South Africa, with each immediate activity in the division prompting two extra anomalous employments being made in the more extensive economy.

## **2.6. CORPORATE GOVERNANCE IN SOUTH AFRICA**

Corporate governance seeks to facilitate effective, accountable and responsible management of entities in South Africa. The aim is to enhance the application of

principles of King IV and also explain these principles practically. This enables companies and entities to be governed, monitored and controlled to ensure they conduct business within the ambits of the laws of the Republic.

Mining companies are confronted with internal and external factors that may affect the operations negatively. Challenges emanate from governance, health and safety, environment, socio-economic and even financial distresses. The operations of mines have a significant impact when implementing and/or downscaling activities, the impact is mostly on employees, shareholders, contractors, suppliers, peer mines and the host communities.

When mining companies make decisions, the directors need to strike a balance between business sustainability, ethical behaviour and social impact. Decisions ought to be in a manner that demonstrates care and consideration for all stakeholders, internal and external, beyond yielding good profits for the company. This later informs the society's perception of the business, either negative or positive.

### **2.6.1. The organisation as an integral part of society**

Businesses work in a societal setting which they influence and by which they are influenced. A business has a general public persona, which incorporates its inner and outside stakeholders with a material stake in its activities. Companies are subject to this more extensive society to, for example, create a conducive working condition, a suitable client base and the abilities/skills that the company requires. Thus, businesses contribute to the more extensive society as creators of riches, suppliers of merchandise, supporters of the fiscus and developers of human capital.

This thought of interdependency amongst business and society is bolstered by the African ideology of "*Ubuntu*" or "*Botho*", caught by the articulations "*uMuntu ngumuntu ngabantu*" and "*Motho ke motho ka batho*" – I am because you are; you are on the grounds that we are. "*Ubuthu*" and "*Botho*" suggest that there ought to be a typical reason to every human undertaking "including corporate endeavours" which depends on the administration of mankind. As a sensible

result of this interdependency, one individual gains advantage by serving another. This is likewise valid for a juristic individual, which benefits itself by serving its own particular society of internal and external stakeholders. In accordance with this ethos, businesses ought to assume liability for the environmental results of their activities and output, as those influence society in its entirety.

### **2.6.2. Corporate citizenship**

Business is an essential part of society; it has corporate resident status and identity. This status presents rights, commitments and responsibilities on the business towards society and the common habitat on which society depends. The idea of corporate citizenship perceives businesses are authorised to work by both internal and external stakeholders, and by society in the wider sense.

The Companies Act (Act 71 of 2008) mirrors legal entities as having a commitment to society. For instance, it states in section 7 that the motivation behind the demonstration incorporates to “promote compliance with the Bill of Rights as provided for in the Constitution” and it “reaffirms the concept of the company as a means of achieving economic and social benefits”. Additionally, bolstering the possibility of corporate citizenship is offered by the commitment in the Companies Act for specific organisations to build a social and morals advisory group.

### **2.6.3. Stakeholder-inclusive approach**

There is an associated connection between business and its stakeholders, and the business’ capacity to create an incentive for itself relying upon its capacity to create an incentive for others. A business progresses towards becoming receptive to the opportunities and difficulties postured by the triple setting in which it works by having respect for the requirements, intrigue, and desire for a material stakeholder.

King IV (like its antecedents) advocates a partner's comprehensive approach, in which the representing body assesses the genuine and sensible needs, intrigue and desires for every single material stakeholder in the execution of its obligations to the greatest advantage of the association after some time. By following this approach, rather than organising the enthusiasm of the suppliers of money related matters, the overseeing body offers equality to all wellsprings of significant worth creation, including among others, social and relationship capital as encapsulated by stakeholders.

Stakeholder inclusivity includes the adjusting of enthusiasm after some time by a method for organising and, in a few occurrences, exchanging of interests. A choice of the most proficient method to accomplish this adjust is put forth on a case-by-case premise as present conditions and exigencies require, yet ought to dependably be done to the greatest advantage of the association over the more drawn out term. Adjusting the necessities, intrigue, and desires of stakeholders is a dynamic and continuous process. The nature of stakeholder relationship demonstrates how successfully an association can strike and adjust in settling on its choice and operate with the support of all affected by the business.

#### **2.6.4. The social licence**

With regards to energy and mining ventures, the endorsement to operate is regularly named a social permit. A social permit to work can best be described as a casual sign of a community's acknowledgment and support of the development, in spite of the fact that this may extend from "hesitant acknowledgment to a relationship in view of elevated amounts of trust" (Owen & Kemp, 2013).

Social licences can be allowed by different stakeholder groups, and a permit from one group does not mean endorsement from all stakeholder groups (Owen and Kemp, 2013). For instance, while a wide group of stakeholders, including government and industry, may discover a task to be satisfactory, nearby government and non-administrative groups, or nearby organisations and community individuals, might be less tolerant and withhold the social permit to operate (Owen & Kemp, 2013).

As portrayed above, different elements impact the allowing of the social license or permit to operate. These incorporate setting, connections, sustainability, local benefits and support, as well as flexibility (Prno, 2013); they moreover incorporate beneficial existence between the business and stakeholders, and the way towards dispersing potential advantages to the stakeholders. Owen and Kemp (2013) stay incredulous of business' present way to deal with building and getting such licences, calling attention to that a more prominent spotlight is put on lessening direct resistance to proposed ventures, than on genuinely captivating with networks all through the lifecycle of the project or operation.

While studies on social licences to work and examinations of corporate social responsibility keep on being researched, directed examinations of how communities are engaged with mining operations, and how this commitment impacts the development of perceptions, have received little attention.

The connection between participation and acknowledgment is generally a direct, important interview in the planning procedure which tends to affect community views of a project to a great extent (Jobert *et al.*, 2007).

In spite of the fact that legislation assumes a key part in ordering community and public participation inside the mine planning procedure, a mining organisation's particular commitment technique generally decides to what degree it can join community commitments into a proposed mining venture. Prno (2013) featured public interest and local benefits as one of five focal elements setting up a social permit to work for mines; the others are (a) unique circumstance, (b) worry for sustainability, (c) relationships, and (d) versatility.

Not all participation is the same, and viability will shift per industry and setting. Focus groups can be utilised as exploratory, participative and deliberative devices, however, might be influenced by the potential tendencies of facilitators distorting information (Scott, 2011). Interestingly, public participation is great at passing on information to authorities for motivation setting, yet they do not give communities a successful chance to impact decision-making.

The accomplishment of public participation meetings cannot be exclusively surveyed by estimating the degree to which stakeholder commitments have been consolidated into the mines' social and labour plans. For instance, it is for the most part acknowledged that stakeholders that have been seriously consulted over the span of the planning procedure will probably acknowledge process results, regardless of whether those results veer from their own particular contributions (Gross, 2007). Vital is that a platform is established where all stakeholders do not hesitate to contribute and feel heard by those in and all the more ground-breaking positions inside the planning procedure and process. To accomplish these points, consultative systems must be deliberately outlined with the goal that does not scare or manipulate their individuals to get wanted results (Hopkins, 2010), or that consequences of support are not contemplated in changed venture recommendations (Hopkins, 2010). The two situations seriously undermine the reason and ethos of public participation meetings and may fill in as an obstruction for community individuals to take part later on.

## **2.7. Conclusion**

In this chapter the building blocks were set and the literature review framework were introduced. The chapter surveyed and interrogated literature preceded by various academics who have researched similar social and economic topics. The researcher has discussed the South African economy, its influences and the mining industry's contribution including impacts. Different elements that are role players such as corporate governance, social license to operate, corporate social responsibility and local economic development were vigorously discussed. In the next chapter the research design and methodology will be discussed.

## **CHAPTER 3**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1. INTRODUCTION**

The effect of mining and mining companies on the environment more particularly, on local communities inside which there are different dynamics, is turning into a critical issue. Communities are now increasingly mindful of their rights They have access to the different regulators (government departments) and are aware of processes to obtain and access information. As mining companies endeavour to end up more open and receptive to the part they play inside communities, their footprint tends to be seen in a negative light.

To readily comprehend the hearts and minds of communities and the people who constitute these communities, it is critical to tune in to what community individuals need to state concerning mining by and large, and how they see the effect of mining on their lives and on their environment. Dreadfully, frequently the approach from mining companies is that of accepting nearby issues, needs and



desires without setting aside the opportunity to ask, and afterward, significantly to listen purposely to the appropriate responses given. This approach of endeavouring to hear the voices from inside the communities, through conducting individual interviews allowed this research to tap into the heart and mind of the communities.

In light of the above intelligent approach, this section portrays and examines the strategies utilised in gathering and dissecting the information. The chapter begins by setting the stage, with a financial gauge depiction to permit the reader a superior comprehension of the communities, and to consider future appraisal and research into this topic.

The chapter then points to the hypothetical underpinnings of the techniques utilised in the investigation, to encourage a superior comprehension of the observations that the communities have towards mining in the area. The data accumulated from the research are then studied and interpreted.

### **3.2. RESEARCH DESIGN**

The research study is a qualitative research that takes an approach of phenomenological analysis. The phenomenological analysis describes the meaning of a small group of individuals who have shared an experience. The aim of a phenomenological study is to give an account of what all research respondents share in common as they experience the same phenomenon (Wagner, Kawulich & Garner, 2012). This research design approach is appropriate because the purpose of this research study is to give an account of host communities' perception about mining companies and mining activities taking place within the community.

The host communities provided a small group of 50 respondents, each of the respondents have shared the experience of living in an area where mining companies are operating. The host communities experience the same phenomenon of living in areas that have mining companies. Phenomenology can be defined as an interest in those things that can be directly understood through

one's senses (Wagner, Kawulich & Garner, 2012). To be able to understand and unpack the perceptions around mining companies within Govan Mbeki Local Municipality, the residents of the area are in a better position to share their lived experiences. Through the residents' eyes, the researcher delved into the community and understood their views and opinions on the different elements that influenced their perception of mining companies in that area.

In conducting phenomenological analysis, researchers are concerned with the similarities in how individuals perceive phenomena and thus construct a shared view of reality that plays out in their everyday lived experience (Wagner, Kawulich & Garner, 2012). This analysis is appropriate for this research study in understanding the host communities' perception about mining companies in their living area and thus constructing a shared view of reality that plays out in their everyday lived experience of having mining companies or mining activities that take place daily in their communities.

The research study adopted a type of phenomenological analysis called interpretative phenomenological analysis (IPA). IPA calls for the detailed examination of one case; the other cases are analysed one by one until they are all included in the final analysis. Wagner, Kawulich and Garner (2012) state that IPA allows for cross-analysis that identifies convergent and divergent themes. This process enabled the researcher to find themes across respective communities and learned about them, along with how the different respondents view their world, as told through their narratives.

### **3.3. STUDY AREA**

Govan Mbeki Local Municipality is situated in the south-eastern part of Mpumalanga Province, abutting Gauteng Province in the south-west; approximately 150km east of Johannesburg and 300km south-west of Mbombela (capital city of Mpumalanga). It is one of the seven local municipalities under the jurisdiction of Gert Sibande District Municipality and one of the 18 local municipalities within Mpumalanga Province. The Govan Mbeki municipal area is mainly agricultural/rural with three urban conglomerates, namely, Leandra

(Leslie, Lebohang, and Eendracht) on the western edge, the Greater Secunda (Trichardt, Evander, Kinross, Secunda, and eMbalenhle) urban area in the central part and Bethal and Emzinoni in the east. The research, however, focused on the majorly populated areas within Govan Mbeki municipal area, mainly eMbalenhle, Secunda, Bethal, Evander and Kinross.

### **3.4. POPULATION**

The target population of this research study is community members who are part of the local business forums and community interest groups, who reside within the study area. These members were sampled purposively. From each community, the researcher purposively sampled 10 respondents. As a result, the research study involved 50 community members who are well known in the area. The field interviews were conducted to gather primary evidence from these 50 respondents.

The accessible population is members of the community residing in eMbalenhle, Secunda, Bethal, Evander and Kinross. These are majorly populated areas within Govan Mbeki municipality gave the researcher a vast pool of community members who are actively involved in business and participate in different platforms on behalf of the community. Units of analysis are fifty (50) respondents from five communities within Govan Mbeki Local Municipality.

### **3.5. SAMPLING METHODS**

This study employed a non-probability sampling method. The major advantage of the non-probability sampling method is that it puts the researcher in firm control of the sample selection activity (Leedy & Ormrod, 2010). The researcher used personal judgment and knowledge of the respondents to choose only those deemed to possess intimate knowledge and history of the state of relations between mining communities and mining companies operating within Govan Mbeki municipal area.

### **3.6. TYPES OF SAMPLING**

Purposive sampling was utilised to ensure the credibility of the research study by sampling respondents (purposefully) that were suitable for the research purpose. Purposive sampling was imperative in this research study because it provided a wide range of non-probability sampling techniques for the researcher to draw on and maintain the trustworthiness of the research. The purposive sampling was utilised with the main goal of focusing on particular characteristics of a population that is of interest, to answer the research questions in the questionnaire.

### **3.7. DATA COLLECTION**

The proposed study used both primary and secondary data. Secondary data were collected from journal articles, books, internet and government documents as well as a literature review to gather textual data. The study collected data from members of the community through a questionnaire which was handed out to each respondent to complete. Once the respondent had completed the questionnaire, it would be handed back to the researcher.

#### **Data collection process**

The data were collected through the use of a questionnaire (Appendix 1), where respondents were asked questions and they provided answers, those who were able to read and write were afforded an opportunity to complete the questionnaires on their own. Those who were not able to read and write were interviewed and recorded; the researcher then completed the questionnaire on their behalf. Other respondents requested an extension of time to complete the questionnaire and were handed back to the researcher the following day

#### **Data collection instrument**

The data collection questionnaire used is the same in all sections of the study area (eMbalenhle, Bethal, Kinross, Secunda and Evander). The questionnaire contains demographic data, age, gender, race, employment status, occupation/profession, the highest level of education and the respondent's place of residence. The data collecting instrument used is a questionnaire. A

questionnaire can be defined as an instrument that contains a set of questions with the purpose of collecting information from the respondents. The type of questionnaire utilised in this qualitative research is a written unstructured questionnaire. The unstructured questionnaire is more flexible and can be used to collect data about people and their personal information, such as beliefs and debates, hence it was suitable for the research study. The questionnaire consisted of a series of open-ended questions for the purpose of collecting information from the respondents. Open-ended questions gave respondents a platform to articulate their views about the mining companies in their area. It would be difficult to understand the views of residents if a close-ended questionnaire was used.

With this questionnaire, respondents answered the same number and the same type of questions to reduce biasness. The questionnaire focused on the perspective of respondents regarding the mining in their area. The researcher avoided bias and prejudice language when asking leading questions, for example, one of the questions was “do you see mining as an environmental problem?”

The respondents' view/opinions about mining activities in their area was the focal point in administering the questionnaires, hence the questionnaire took the format of open-ended questions, to allow respondents to express themselves freely.

### **Data collection training**

In this research, the specific irrefutable information is expected of information collectors, and after that information, collection will only be done in perspective of the education and background. The data collection was done by the researcher personally. The researcher was trained by a supervisor on data collection. The substance and length of training was dependent on the length and multifaceted nature of the research.

### **Credibility**

The credibility of the research study was ensured by undertaking correct operational measures for the concepts being studied. For example, the purposive

sampling approach was utilised to negate chances of the researcher being biased in the selection of respondents. The main goal of purposive sampling is to focus on particular characteristics of a population. The line of questioning in the interviews addresses the research statement and the research questions of this study, with suitable respondents sampled knowingly to address the problem statement and ensure the data collected is credible.

### **Transferability**

To ensure transferability, sufficient contextual information about the study area is provided to enable the reader to make such a transfer (Shenton and Dixon, 2003). For example, the following were provided:

- a) the number of community members taking part in the study and where their place of residence is;
- b) any restrictions on the type of people who participated in the research;
- c) the number of respondents involved in the fieldwork, and
- d) the data collection methods that were employed.

### **Dependability**

If the work was to be repeated, in the same context, with the same methods and with the same respondents, similar results would be obtained (Shenton and Dixon, 2003). To ensure the dependability of this research study, the research design and its implementation were provided, along with the operational details of data gathering. The researcher has confidence that the respondents' perceptions about mining companies in their communities cannot and will not change overnight. If the research study was to be undertaken again, within the same framework, it would yield the same results.

### **Confirmability**

To ensure the confirmability of the research study, the researcher presents the findings, as far as humanly possible, as the situation being researched rather than on beliefs or bias. The findings of the research are solely based on the data researched because the integrity of the findings relies on the data (Morrow, 2005). As in data analysis, the researcher was neutral in the analysis of the data and in presenting the findings. The researcher avoids bias or ignorance in

analysing and presenting the findings from the data. The researcher knows the data's content and was conscious of it at every step so that it does not affect either the process or outcome of the research study. The researcher approached the interview with respondents as if learning about the phenomenon for the first time and with attention to the detail of the respondent's perceptions of the mining companies rather than the researcher's (Wagner, Kawulich & Garner, 2012).

### **3.8. ETHICAL ISSUES**

The study commenced once ethical approval from the Turfloop Research Ethics Committee of the University of Limpopo (TREC) had been done. Ethical clearance and approval to direct the investigation was obtained from Govan Mbeki Local Municipality and the respondents. Protection was ensured and no individual unobtrusive components of any individuals will be revealed at whatever point. The data were collected in a professional manner for only the purpose of this research study and professional standards were maintained. The researcher displayed respect, fairness and integrity, avoiding deception at all cost during the research period. Furthermore, fabrication was avoided, and any form of falsification or concealing of information. Data will be kept safely for a period of five years, with simply the analyst and the supervisors' access to the data.

### **3.9. DATA ANALYSIS**

The data were analysed through interpretative phenomenological analysis. The interpretative phenomenological analysis is useful for exploring participant's personal and lived experiences, in looking at how they make sense and meaning from those experiences (Wagner, Kawulich & Garner, 2012). This is the reason this analysis approach is appropriate for the purpose of this research in describing the host communities' perception of the mining companies in the Goven Mbeki Municipal area. This research study focused on the perception of residents about mining companies in their area. The participant's personal and lived experiences are important in sharing their experiences of living within an area with mining companies. In collecting data for the purpose of this research, 50 respondents were utilised in conducting interviews. Through the open-ended

interviews, data were collected in sourcing residents' perception about mining companies.

After the interviews were conducted and completed, through a review of the questionnaires, significant sentences that provided an understanding of how the respondents experienced the phenomenon of living in communities with mining companies were highlighted. The analysis of qualitative data was made possible with the use of a Computer-Assisted Qualitative Data Analysis Software (CAQDAS), NVIVO 10. Clusters of meaning were then developed from these statements into different themes (Wagner, Kawulich & Garner, 2012). Through these themes, the findings of this research study were presented. The themes were utilised to write a description of what the respondents experienced and how the context or setting influenced the respondents' experience of the phenomenon. Once the data were collected and analysed, a composite description that presents the essence of the phenomenon (perceptions on mining activities) was written in interpreting the findings.

Data were analysed by identifying significant statements when respondents answered questions after the review of the questionnaire. From the answers provided in the questionnaires, formulations of meanings were developed and then clustered themes were identified. Clustered themes are apparent in the presentation of the findings. The interpretative phenomenological analysis is primarily inductive, as it allows the researcher to identify themes in the data, rather than consider codes found in the literature (Wagner, Kawulich & Garner, 2012). Themes were developed from the data collected, these can be seen in the findings and the mind maps developed.

### **3.10 Conclusion**

This chapter looked at the methodology and design used in the study to collect, analyse, summarise and interpret the data to answer the research questions. The chapter focused on the techniques used to obtain the data and the authenticity including credibility of the research study. In the next chapter the research findings are discussed in detail.



## **CHAPTER 4**

### **RESULTS AND DISCUSSION**

#### **4.1. INTRODUCTION**

Chapter 3 discussed the methodology of the research study that included the research design and data collection techniques. The chapter provided the discussion of the trustworthiness of qualitative data, for example, how the credibility of the research study will be achieved. The chapter concluded by provided a discussion on how the data were analysed.

This chapter articulates the findings of this research study. The chapter consists of mining impacts on local communities; these factors are divided as follows:

Negative impacts that discuss the impacts on:

- Health;

- Environment; and
- Social factors.

The second section discusses positive impacts socially, which include employment and urbanisation. The third section discusses corporate social responsibility that elaborates on job creation and skills development.

To conclude, the last section provides diagrams in discussion of the findings. The following is a presentation of the findings through the analysis of qualitative data made possible with the use of a Computer-Assisted Qualitative Data Analysis Software (CAQDAS), NVIVO 10. This approach is appropriate for the purpose of the research because it assisted the researcher to organise and manage the collected data. Through this approach, codes were assigned to collect data and enabled the researcher to create mind maps to structure the researcher's thoughts.

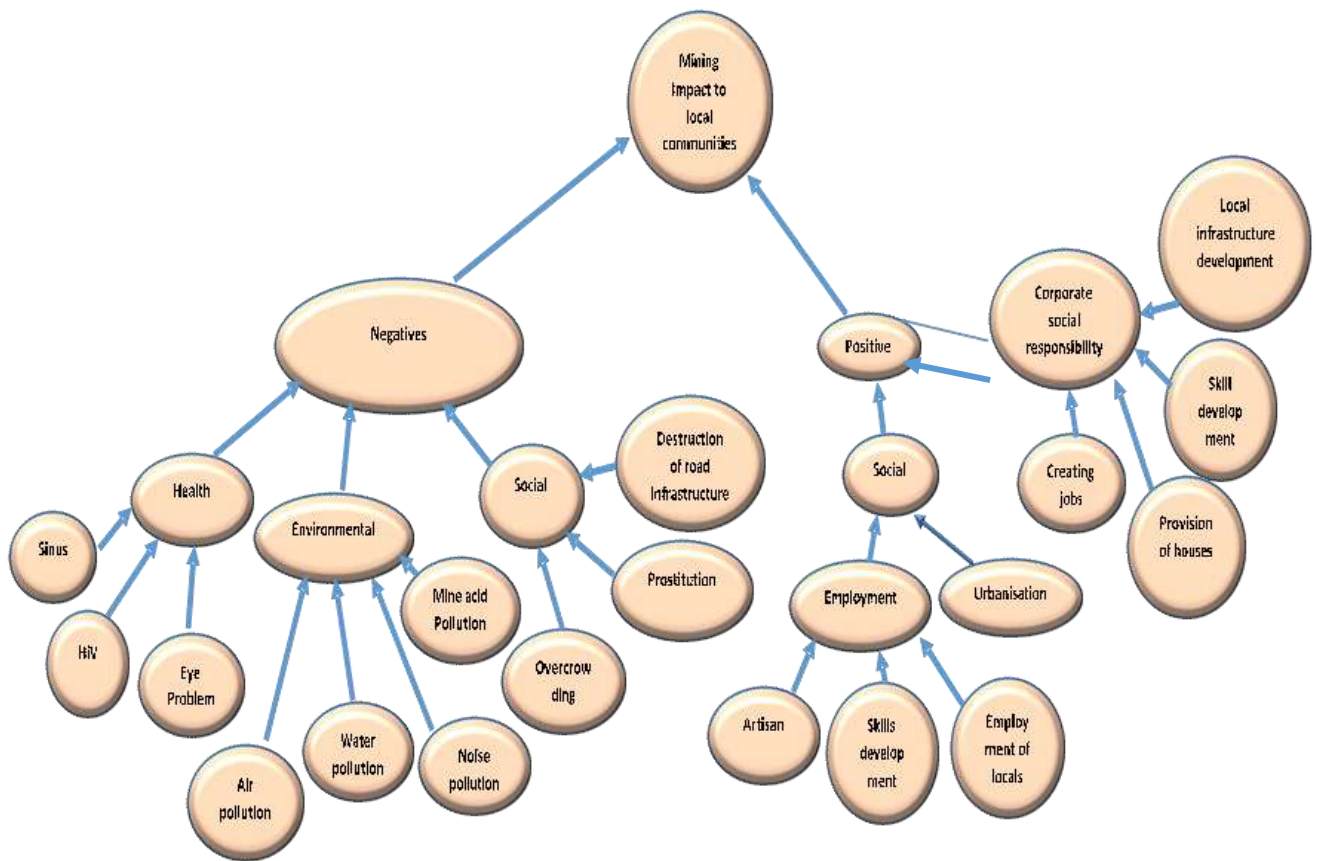
#### **4.2. BACKGROUND INFORMATION ABOUT MINING OPERATIONS IN GOVAN MBEKI MUNICIPAL AREA**

There are a number of mining companies operating within the Govan Mbeki municipal area. It was important to know if all the respondents are aware of the operations of these companies and determine if there are any specific ones that would be mentioned. The respondents had knowledge of the mining companies in their area. The respondents mentioned Sasol Mining, Evander Gold, Anglo Coal, BHP Billiton, Harmony Gold, Anglo American, Pan African, South 32, Glencore and Kinross Coal as mines they know about in the Govan Mbeki municipal area. The respondents were knowledgeable what they were interviewed about and they had the capacity to answer the questions. The respondents have knowledge about the mining companies in their areas and were able to mention all the mining companies known within the five different areas. One of the respondents mentioned that these mining companies have a long life of mining and need to ensure community development that is

sustainable long after mining operations have ceased. This needs to be noted because it is a critical recommendation and shared view.

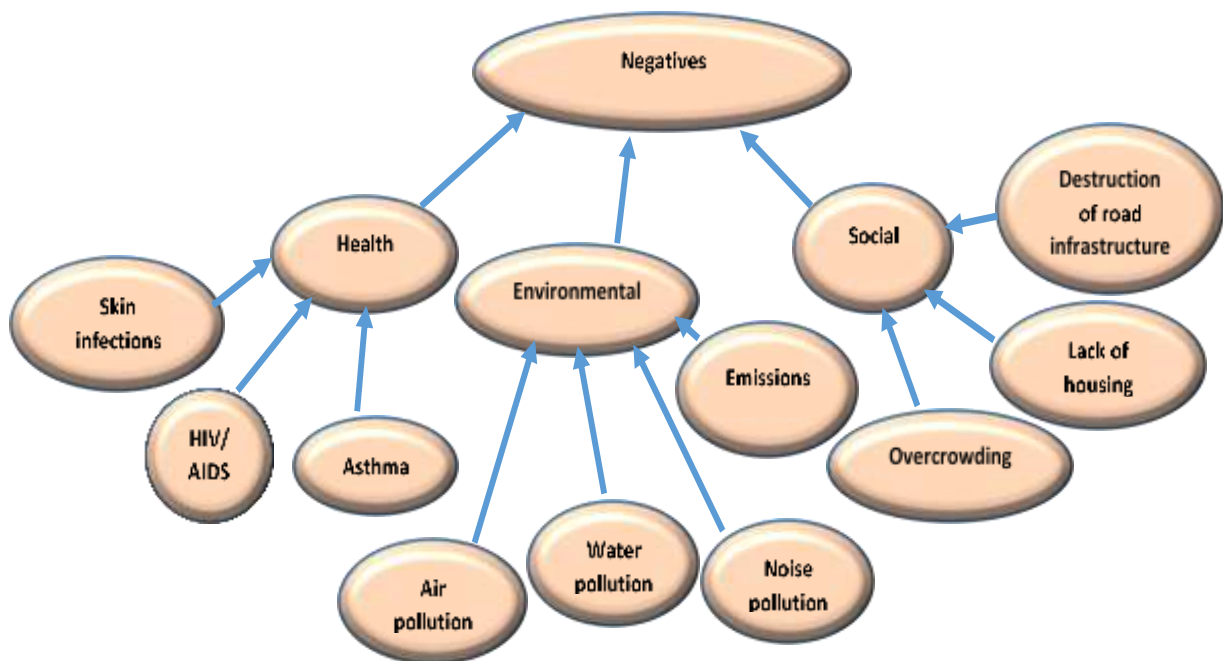
### **4.3. MINING IMPACT ON THE COMMUNITIES**

The various factors that the operations of mining companies' impact on the local communities are illustrated in Figure 4.1 below.



**Figure 4.1: Mining impact to the local community**  
**Source: Researcher's own data**

The respondents shared how mining operations negatively and positively impact on their environment. This was an acknowledgment from the respondents that whilst the mining activities add value to the Govan Mbeki municipal area, there are identified aspects that these operations need to be aware of as illustrated below.



**Figure 4.2: Negative impact in the local community**  
**Source: Researcher's own data**

**a. Health impact**

The negative impacts that the most respondents identified are categorised into three aspects, namely health, environment and social. The respondents complained about the gas emissions and smell coming from the Sasol factory, which they perceive have an impact on their health. The health problems experienced range from asthma and bronchitis mostly prevalent in children, skin irritation, tuberculosis, eye infections, loss of hearing, lung problems and high prevalence of HIV/AIDS. The respondents mentioned that these mines attract migrant labour, people flock into these areas looking for employment opportunities. The results of the influx of people are overcrowding, inadequate housing, increase in criminal activities, high rate of HIV/AIDS infections and prostitution.

One specific comment received from a respondent was:

*“I constantly suffer from sinus and flu infections because of the air pollution. My kids have the same problem.”*

Another respondent indicated:

*“My children have breathing problems and skin problems such as eczema and it is due to the chemicals in the air produced by these mines. I wish I could relocate but where would I find work.”*

#### **b. Environmental impact**

The respondents shared their views on how the activities of these mining companies affect their environment. The respondents complained about mining activities negatively affecting the environment more especially the vegetation. Most mines destroy the vegetation in the process of extracting minerals from the land. Grazing land is reduced due to mining activities and this was noted as a concern from one of the respondents who is a local farmer. Some respondents complained about the bad tasting water from the boreholes, implying that is contaminated due to underground mining. Other respondents mentioned that open cast mining causes a lot of dust in the air, the dust covers their houses and affects their crops for those who are farming.

It must be noted that most respondents who are farmers indicated that farming and mining cannot co-exist in the same area, more especially open cast mining.

Specific comments received from one respondent included:

*“Smoke from Sasol is harmful to people and animals. Those flares from the Sasol factory are polluting the air and that is why it smells very bad and the air is dry.”*

When one respondent was asked if they see mining as an environmental problem in their area, they mentioned that they might not know what kind of damage the mining activities have on the environment but they believed the chemicals released by mining companies have a negative impact on the environment and especially people. When the researcher probed further about air regulations, most of the respondents were not knowledgeable on the topic.

Specific comments received from one respondent included:

*“I do not know what those chemicals are, but they smell very bad and affect ears, eyes and breathing for most people who stay in eMbalanhle.”*

Another established factor is that mining companies have to transport the mined product using a fleet of heavy-duty vehicles. These massive vehicles use public roads to access the mines; the vehicles emit gases and also damage the roads. The use of these heavy-duty vehicles in residential areas has a negative impact on the flow of traffic; however, the emphasis was on the damage these vehicles cause to the roads such as potholes. Some of the respondents complained about trucks that transport coal indicating that these contribute to the number of potholes and road carnages.

### **c. Social impact**

Respondents mentioned certain issues that are a direct result of having mining companies in their communities. One issue which was raised by one respondent was the issue of the influx of people from all over South Africa and even foreign nationals. These people come to the area looking for better opportunities offered by mines. Most of these job seekers are unskilled labourers.

Most of the respondents shared the view that if these people do not find employment they resort to crime in order to survive.

Areas such as eMbalanhle and Bethal are prone to housebreakings and stock theft. The lack of adequate housing has seen a sharp increment in informal settlements that mushroom daily. People put up shacks on any open space found within these areas. One respondent mentioned that mining companies should consider hiring local youths from the host community rather than bringing people from outside. The respondent highlighted that the host community must be given first preference when it comes to employment opportunities as well as business opportunities.

The respondents share a sentiment that men who come solely for the purpose of employment in these areas have boomed the activities of prostitution in the area. These men have left their wives back where they come from and they use prostitution for their sexual desires.

Specific comments received from one respondent included:

*“Men without their wives around, resort to prostitutes for sexual pleasure, young girls are being lured to have sexual relations with these men for money. The lack of jobs for women in the mines also drives these women to become prostitutes to survive.”*

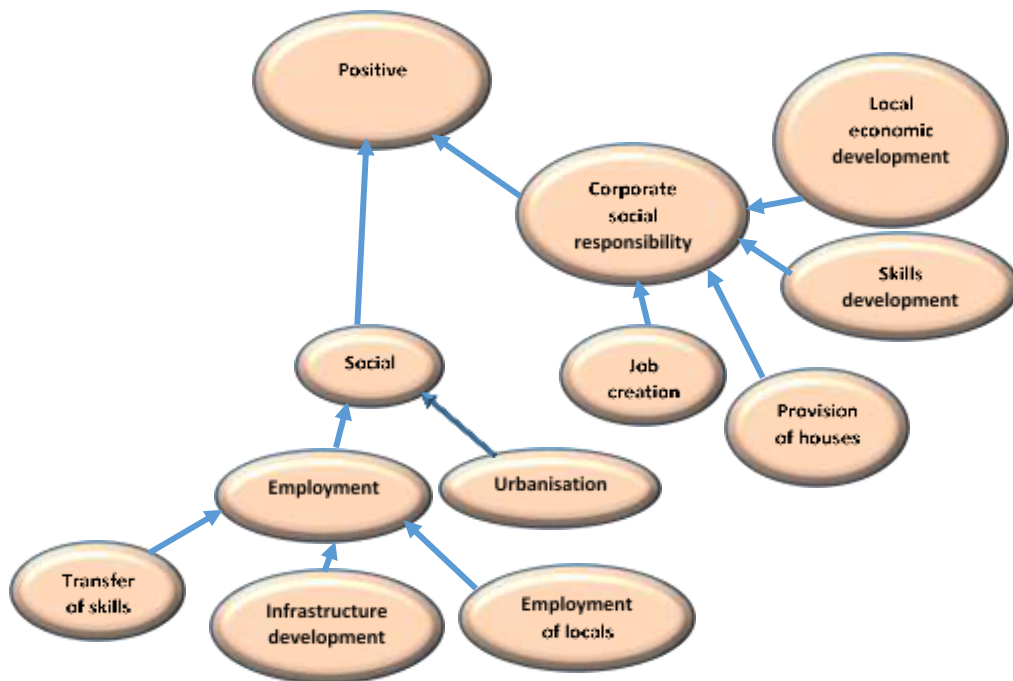
Another participant mentioned that:

*“All we see is young men and women sitting on street corners desperate to make a living. They resort to gambling and the use of drugs as well as consumption of cheap alcohol. This all happens despite having mining companies who are flourishing in the same community.”*

#### **4.3.1. Positive impacts of mining operations in Govan Mbeki municipality**

Having a mine in an area does not only have negatives impacts, there are positive impacts that come with mining activities. Figure 4.3 below summarises some of the positive attributes of their activities.





**Figure 4.3: Positive social impacts**  
**Source: Researcher's own data**

When the respondents were asked to mention positive impacts that the mining companies have in their communities, most of them stated different societal issues that the mining companies can address in their communities. They did not mention a specific attribute that these companies have contributed in the community.

One respondent mentioned:

*“Mining companies need to invest in improving our infrastructure such as building clinics, hospitals and schools. They must assist the community by providing water, electricity, houses and better roads”.*

One issue that stood out in this research study is the positive impact that these mining companies have on the host communities is the employment of local people. The respondents seem to agree on the positive impact of employment in their areas; they all could mentioned relatives, friends and neighbours who are employed by mining companies in the area. The mining companies offer an opportunity for employment for locals, however, respondents also complained

about the use of labour brokers by these companies for recruitment. Even though employment opportunities have been made available for locals, it falls short of decreasing the high unemployment rate especially for women and the youth in these areas.

When asked about pertinent issues that the mining companies need to attend to in the community, one respondent mentioned the need to develop small businesses and focus on transferring skills to the unemployed and unskilled locals. The issue of skills development was mentioned by one respondent in highlighting why they think these companies hire non-locals. The respondent mentioned that it is because they do not have the necessary skills required by the industry. One respondent mentioned that these companies come with the required skills and capacity to develop local youth and women; they should invest in education in order to groom future labour for the mines and the industry at large.

Specific comments received from one respondent included:

*“These companies should create job opportunities where you can do on-the-job training for locals who have completed their studies”.*

### **Community expectations from the mining companies**

There is a general expectation, particularly from these impoverished communities that companies operating in their areas must plough back into their areas. In this instance, when the respondents were asked how the mining companies can become actively and positively visible in the community, there was an expectation that companies operating in their areas must continuously engage with their communities.

Specific responses in this regard were:

*“Mining companies should introduce themselves to our community structures and have platforms for engagement. The top bosses must come down to our level*

*and relate with us by hosting sporting events and educational road shows at schools”.*

Another participant stated:

*“The mine management need to visit all our communities and schools to find out what challenges we face. How can they know what we want when they do not talk to us or even ask us what our needs are?”*

The relationship between the mining companies and the communities was described as limited and almost non-existent. Six respondents answered that mining companies communicate with the local municipality and councillors. The information does not reach ordinary members of the community because municipal officials keep the information to themselves and their loved ones. Politicians were criticised for having a cosy relationship with these mining companies and the vast majority of respondents answered ‘no’ when asked if the mining companies engage with the communities directly.

The respondents believe that mining companies have a social responsibility towards the community. When the respondents were asked about pertinent issues that the mining companies need to attend to in the community, the answers of the respondents ranged from, the employment of locals (job creation), developing townships and small businesses, providing housing, mentoring the youth and providing skills to the previously disadvantaged. The respondents mentioned youth development as an imperative issue that the mining companies need to address.

Another respondent mentioned the development of infrastructure and stimulating the local economy. The respondents seem to be concerned about the youth. It can be suspected that this is because the majority of the respondents are below the age of 40, so they are youth themselves. On the issues of youth development and social responsibility, respondents seem to be concerned more with the involvement of the youth and assisting the youth with bursaries and assisting with enterprise development, also requesting that local businesses be incubated by these mines.

The issue of housing was raised by one respondent when he mentioned the damage caused by subsidence of the ground. The participant mentioned:

*“We are aware that most of our areas are mined out underground, the ground is not stable at sometimes you wake up with new cracks in the house”.*

### **Knowledge of the legal and regulations on mining activities**

Out of the 50 respondents, only two respondents indicated that they have knowledge about the mining regulations and legislation. The majority of the respondents (48) demonstrated the lack of knowledge on any legislation or regulations related to mining. One respondent from Secunda mentioned the following: Social and Labour Plan (SLP), Mining Charter and Environmental Laws. While another respondent mentioned Mine Health and Safety Act (MHSA) and Mineral and Petroleum Resources Development Act (MPRDA). When respondents answered ‘no’ to the knowledge of any laws or regulations related to mining activities, they were not required to elaborate further.

### **Literature review**

The findings of this research study complement the literature review. For example, the increase in traffic and crime has been noted as negative impacts to host communities of mining areas. In the literature review, it is mentioned that traffic and crime have been seen to increase in host communities with the establishment of a mining operation or venture. Two social impact assessment (SIA) investigations of Central Queensland's Coppabella coal mine report that residents see that unlawful and criminal activities, generally hostile to social conduct and violations against property were expanding in their neighbourhoods (Lockie, Franettovich, Petkova-Timmer, Rolfe and Ivanova, 2009). Therefore, the presence of mining operations tends to lead to an increase in traffic and crime because of the increase in people in that area.

In terms of positive factors of these mining companies in host communities, the factors centred on financial gain. The respondents seem to agree on the positive impacts of mining companies in their areas, such as job creation and skills development. It was mentioned in the literature review that mining operations can

bring about three positive effects on the host community: employment opportunities, boost in local economic development and societal culture (The Federation for a Sustainable Environment, 2018).

The issues discussed in the literature review in relation to host communities coincide with the findings of this research study. There is a correlation between the literature review and the findings of this research study.

#### **4.4 Conclusion**

This chapter unpacked the research results and presented the findings through the questionnaire. The chapter discussed the perceptions of the mine communities, how mining companies are viewed by the respondents. The next chapter gives a conclusion and the researcher's recommendations.

## **CHAPTER 5**

### **CONCLUSION AND RECOMMENDATIONS**

#### **5.1. INTRODUCTION**

This study was undertaken in order to examine host communities' perception about mining companies in the Govan Mbeki municipal area, Mpumalanga province. The study made use of qualitative research approach in order to zoom into the hearts and minds of communities regarding mining operations in their area of residence under Govan Mbeki Local Municipality. The qualitative approach required first-hand experience where the researcher had to go face to face with respondents in order to get concise data. The researcher explored the minds of those who participated in this study, conquering deep-rooted issues that have not been challenged by mining companies. By using the questions to probe

and prompt for answers, the researcher was able to delve into the social realities of these communities and understand their perceptions as well as what informs these perceptions. The research design approach captured and narrated perceptions using descriptive themes and events from eyewitnesses, the people who reside within areas occupied and impacted by mining operations.

## **5.2. RESEARCH OBJECTIVE CONCLUSION**

### **5.2.1. Aim of the Study**

This study aimed at exploring the perceptions of host communities regarding the behaviour and activities of mining companies operating within the Govan Mbeki municipal area, with the ultimate aim to propose practical measures to leverage the responsiveness and effectiveness of existing community-mine relations and partnerships. This research will hopefully bridge the gap between mining companies' footprint and the host communities' perceptions.

### **5.2.2. Research Objectives**

The study addresses the following objectives:

- To explore the perceptions of host communities towards mining companies operating in the Govan Mbeki municipal area;
- To understand the role of community perceptions in shaping better mine-community relations; and
- To recommend measures mining companies may adopt to foster positive host community perceptions.

### **5.2.3. Research limitations**

The research study was conducted and limited only to the Govan Mbeki municipal area in Mpumalanga. All data collected from the 50 respondents who completed the questionnaire, are from community members living in five areas

within Govan Mbeki municipal area. The perceptions are limited to members of the community residing in the aforementioned area. The study could expand to other areas where mining operations are dominant such as Rustenburg where there are a number of platinum mines operating in the area.

The research data were collected using questionnaires. The disadvantage with this method of collecting data is that the researcher cannot go back to the respondents and ask questions, more especially if the respondents are anonymous. There were respondents who were too enthusiastic about the research topic than others who had a complete lack of interest, which then gives slanted results.

#### **5.2.4. Findings from the study**

##### **(a) Objective one: Explore the perceptions of host communities towards mining companies operating in the Govan Mbeki municipal area.**

The research focused on the study area and respondents who participated in the research were all sourced from the study area. A questionnaire was used to capture the communities' opinions, views and recommendations which ultimately formulated their perceptions of mining companies operating within Govan Mbeki municipal area. A sample of 50 respondents was used, each area sampling 10 respondents. In the sampled 50 respondents, 48 did not know any law or regulation pertaining to the mining companies. Only two respondents knew the regulations in which the mining companies operate. All the respondents answered all the questions on the questionnaire; where clarity was needed the researcher provided it. The respondents shared similar views on negative impacts of mining operations such as health problems, environmental damage and societal dysfunction. When asked if mining companies have a social responsibility to the host communities, the responsibilities ranged from provision of housing and healthcare facilities to employment of local youth and women. Respondents shared the view that mining companies should play a significant role in developing the communities they are situated in. Respondents further

mentioned the lack of engagement and poor communication by mining companies. Communities are not aware of their compliance and social commitments.

**(b) Objective two: Understand the role of community perceptions in shaping better mine-community relations**

It is quite evident from the literature review as well as the data collected from respondents in this study that the social licence to operate is pivotal. More and more mining companies are moving towards radical social coherence and imprinting their footprint in the community to curb community protests and employee uprisings. Without having a good relationship with communities, mines will not operate optimally therefore no mutual gain for either the mining companies or the community. Host communities play a significant role in the area where mines are operating in, in that skills and resources are required by law to be sourced from the locals.

The relationship between the communities and the mining companies is not healthy. Respondents complained about the lack of communication. It seems mining companies do not engage with the host communities or the engagement is infrequent. Respondents mentioned community needs that mining companies can address. Respondents believe that mining companies have a duty and a significant role to play in developing the host communities. The findings answer the research questions.

**(c) Objective three: Recommend measures mining companies may adopt to foster positive host community perceptions**

The respondents perceive mining activities and operations as a negative threat to their health and the environment. Social impacts were raised about the mining companies, the increase of population leading to increased crime and violence in some areas. The respondents share limited positive impacts, primarily centred



on employment. From this study it is clear to acknowledge that there is a lack of communication between mining companies and their host communities. The strained relationship is mainly due to inadequate communication by mining companies regarding their operations and commitments in the areas of their operations. This in turn has informed the negative perception the community has towards these mining companies and their footprint in society. It therefore becomes important for mines to demonstrate goodwill when dealing with the community, and to have a platform where these parties can openly engage each other. Mining companies need to appreciate the dynamics of communities that they operate in. This will enable them to know how and when to engage communities without straining relations. What is key is the open communication and frequent engagement initiated by mining companies.

#### **5.2.5. Research conclusions**

All the respondents in the research study have knowledge about mining companies operating in their area. Respondents shared the same sentiments as in the literature review by mentioning positive impacts as employment opportunities, income increment and infrastructure development. Negative impacts ranged from health issues to environmental impacts. Respondents shared negative impacts on the residents' health and social wellbeing. As mentioned in the literature review, respondents mentioned traffic and crime increased because of the increase in population and influx of people looking for job opportunities, which have also influenced the lack of housing and accommodation in the area.

The researcher also noted the limited public engagement between the mines and the community. There seems to be an information gap that exists; host communities are not aware of the mines' compliance commitments and CSR contributions.

To conclude, it is no longer enough for mining companies to simply meet the formal obligations of a license to mine. Local communities, in particular, require information and a relationship with the mines. The research articulates the importance of impact and relational variables, and the central role of

communication and trust, in order to obtain and maintain a social license to operate.

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## Appendix 1

### STRUCTURED QUESTIONNAIRE FOR RESIDENT



Dear participant

### INVITATION TO PARTICIPATE IN A RESEARCH STUDY



My name is **Maropeng Ramoshaba** a research student at the University of Limpopo. I write to invite you to participate in a research study aimed at investigating the host communities' perception about mining companies in the Govan Mbeki municipal area, Mpumalanga Province. Participation in the research study is voluntary and will require you to complete a questionnaire. The questionnaire is easy and will take approximately 20 minutes to complete.

Kindly note that all information collected will be treated with strictest confidence and will be used only for the purposes of this research. There are no known or anticipated risks to you as a participant in this study. Your name will not appear in any report resulting from this study.

I will be grateful if you could agree to complete the questionnaire.

Should you have any enquiries, do not hesitate to contact me or my supervisor.

Yours faithfully

Maropeng Ramoshaba

Student

Institution : University of Limpopo

Department : MBA

Telephone : 083 743 8252

Email : [tsotsopeng@gmail.com](mailto:tsotsopeng@gmail.com)

## **SUPERVISOR**

Name : Dr T.J. Musandiwa

Institution : University of Limpopo

Department : Turfloop Graduate School of Leadership

Telephone : 015 268 4245

Email : [Joseph.musandiwa@ul.ac.za](mailto:Joseph.musandiwa@ul.ac.za)

**PERSONAL DATA**

Name of respondent: \_\_\_\_\_

Gender: Male \_\_\_\_\_ Female \_\_\_\_\_ (Put a cross)

Age: \_\_\_\_\_

Employment status: \_\_\_\_\_

Occupation/profession: \_\_\_\_\_

Highest level of education \_\_\_\_\_

Place of residence: \_\_\_\_\_

**MAIN DATA**

1. Do you know the mining companies operating in your area?

Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, who are they?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. What are the major significant impacts that the community is experiencing with the activity of mining in this area?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. Do you find that mining companies are contributing to community development?

Yes \_\_\_\_\_ No \_\_\_\_\_

Elaborate

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. Do you think there are diseases or health problems caused by these mining activities?

Yes \_\_\_\_\_ No \_\_\_\_\_

Elaborate:

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5. Do you see mining as an environmental problem in this area?

Yes \_\_\_\_\_ No \_\_\_\_\_

Elaborate:

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6. Do you know any law or regulations related to mining activities?

Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, which law?

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7. Do you think the mining companies have a social responsibility towards the host community?

Yes \_\_\_\_\_ No \_\_\_\_\_

Explain:

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8. What are pertinent issues that the mining companies need to attend to in the community?

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9. Are these mining companies engaging with the community on social development and responsibility issues?

Yes \_\_\_\_\_ No \_\_\_\_\_

Explain:

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10. How can mining companies become actively involved and positively visible in the community?

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Faculty of Management and Law  
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22 March 2018

MS RAMOSHABA M (200205997)  
TURFLOOP GRADUATE SCHOOL OF LEADERSHIP  
MASTER OF BUSINESS ADMINISTRATION

Dear M Ramoshaba,

**FACULTY APPROVAL OF PROPOSAL**

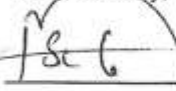
I have pleasure in informing you that your Masters proposal served at the Faculty Higher Degrees Committee meeting on **14 March 2018** and your title was approved as follows:

*"Host communities' perception about mining companies in the Govan Mbeki, Municipal Area, Mpumalanga Province".*

Note the following: The study

Ethical Clearance	Tick One
Requires no ethical clearance Proceed with the study	
Requires ethical clearance (Human) (TREC) (apply online) Proceed with the study only after receipt of ethical clearance certificate	✓
Requires ethical clearance (Animal) (AREC) Proceed with the study only after receipt of ethical clearance certificate	

Yours faithfully,

 22/03/18

**Prof MP Sebola**

**Chairperson: Faculty Higher Degree Committee**

CC: Supervisor, Dr E. Zwane and Prof MX Lethoko, Acting Director, Turfloop Graduate School of Leadership



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**TURFLOOP RESEARCH ETHICS COMMITTEE**  
**ETHICS CLEARANCE CERTIFICATE**

**MEETING:** 14 May 2019

**PROJECT NUMBER:** TREC/106/2019: PG

**PROJECT:**

**Title:** Perception of Host Communities about mining companies in the Govan Mbeki Municipal Area, Mpumalanga Province.  
**Researcher:** M Ramoshaba  
**Supervisor:** Dr J Musandiwa  
**Co-Supervisor/s:** N/A  
**School:** Turfloop Graduate School of Leadership  
**Degree:** Masters in Business Administration

**PROF P MASOKO**  
**CHAIRPERSON: TURFLOOP RESEARCH ETHICS COMMITTEE**

The Turfloop Research Ethics Committee (TREC) is registered with the National Health Research Ethics Council, Registration Number: **REC-0310111-031**

**Note:**

- i) This Ethics Clearance Certificate will be valid for one (1) year, as from the abovementioned date. Application for annual renewal (or annual review) need to be received by TREC one month before lapse of this period.
- ii) Should any departure be contemplated from the research procedure as approved, the researcher(s) must re-submit the protocol to the committee, together with the Application for Amendment form.
- iii) PLEASE QUOTE THE PROTOCOL NUMBER IN ALL ENQUIRIES.

*Finding solutions for Africa*