

# **MIDLANDS STATE UNIVERSITY**



## **FACULTY OF ARTS**

### **DEPARTMENT OF DEVELOPMENT STUDIES**

The contribution of the mining sector to rural socio-economic development: A focus of Unki Mines Corporate Social Responsibility interventions in Shurugwi: Zimbabwe (2004-2014)

By

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## **ABBREVIATIONS**

AIDS	Acquired Immune Deficiency Syndrome
C.E.D.D	Community Engagement Development Department
CSOT	Community Share Ownership Trust
CSR	Corporate Social Responsibility
I.E.E.A	Indigenisation, Economic, Empowerment Act
ICTs	Information and Communications Technology
PPPs	Private Public Partnerships
RBZ	Reserve Bank of Zimbabwe
RDC	Rural District Council
S.H.E	Safety Health and Environment
U.M	Unki Mines
ZANU-PF	Zimbabwe African National Union Patriotic Fund
ZIA	Zimbabwe Investment Authority
ZIM-ASSET	Zimbabwe Agenda on Sustainable Socio-Economic Transformation
ZIMDEF	Zimbabwe Manpower Development Fund
ZIMSTATS	Zimbabwe National Statistics Agency

## DECLARATION

“I undertake that all material presented for examination is my own and has not been written for me, in whole or in part, by any other person(s). I also undertake that any quotation or paraphrase from the published work of another person has been duly acknowledged in this work I present for examination.”

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## **ACKNOWLEDGEMENTS**

“Let there be light...” Genesis 1 verse 3

Praise is given to the Almighty God who by his loving grace has been my shield and banner always. Blessed be to God for my wonderful and ever supporting parents and family from whom all inspiration and motivation I obtain and life defines meaning.

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## **DEDICATION**

This research is dedicated to my beloved **SISTERS**. They are times I thought of quitting, but then I noticed who was watching. Whenever you find yourself doubting how far can you go, just remember how far you have come. Remember everything you have faced, all battles you've won and all the fears you have overcome.

Most overwhelming, Mrs C Potsekayi I salute you and may God bless you.

## **ABSTRACT**

*The research attempts to explore Corporate Social Responsibility (CSR) practices particularly in the context of rural development. The main objective was to explore, the extent to which the mining sector in Zimbabwe promotes socio-economic development through CSR employed by Unki Mines in Shurugwi rural. The study established the effectiveness of CSR strategies in rural socio-economic development and recommended approaches to make Unki mines CSR strategies effective for rural socio-economic development. For the purpose, Unki Mines management and Unki Mines employees, housing contractors, traditional leaders, the district administrator, Tongogara RDC staff and villagers were selected to participate in the study. A qualitative methodology was used. Literature was reviewed using published journals and books. Participatory observations, questionnaires and in-depth interviews were used to collect data. The paper concludes that corporate social responsibility; contribute to rural socio-economic development although the extent must not be over emphasized. Positive impacts are not only on the development of rural community, but also have a positive impact on the company's operations. The author reveal some lesson on CSR practices at Unki Mines which can provide guidance to corporate social responsibility.*



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# CHAPTER I

## INTRODUCTION

### 1.0 Introduction

The importance of mining to the economy can be viewed by its contribution to exports, leading to an increased Gross Domestic Product (GDP) of a country. GDP gives information about the size of the economy and how an economy is performing. In broad terms, an increase in real GDP is interpreted as a sign of a healthy economy. If GDP is growing strongly, it creates employment for people with diverse qualifications and experiences from their localities or across borders. Accordingly, it encourages knowledge transfer and use of efficient technology. Housing is provided for mining employees. In addition, the mines also provide medical, educational, recreational, social and other services for employees and their dependents. An impressive infrastructure has been developed to support the mining industry. Mining unlike agriculture has direct benefits in that, while it results in the creation of much needed employment it also generates more revenue than agriculture.

In return, mines are expected to contribute towards Corporate Social Responsibility (CSR). Maimunah (2009) defines CSR as strategies whereby corporations or firms conduct their business in a way that is ethical and society friendly whilst beneficial to community in terms of development. There are two types of CSR to study. The first consists of corporations providing funding and resources for worthwhile social needs. The second provide services that are in the best interests of society. According to the Unki mines newsletter (2013) CSR initiatives include: job creation, philanthropic projects, investment incentives, bursaries, economic development and environmental management. The researcher narrowed to socio-economic impacts since the

subject is too broad, thus environmental impacts were left out for future study. The recognition is of the fact that companies that accept and embrace these responsibilities are able to shape their relationship with society. The dissertation is about the contribution of the mining sector to rural social and economic development, with a particular focus on Unki mines CSR interventions.

### **1.1 Background to the Study.**

Since the beginning of mankind the extraction of minerals and metals has been part of people's lives. Indeed, the Stone Age and the different Ages described the process of human activities and social evolution using terms based on the products of mineral extraction activities (Sass, 1998). Different methods were used as the idea evolved and different minerals were also discovered. Over the last decade, the mining industry has received a lot of attention again due to the boom in mined commodity demand and very high prices for most metals and minerals (World Bank 2011), and it is expected that the trend will continue due to the accelerated growth of some developing economies (CSD 2011, World Bank 2011).

Whilst mining indeed constituted a significant part of the economy in Europe, developed countries have taken advantage of mining in developing nations to strengthen their economies. Unlike developing nations, each developed nation has benefited more from mining not because of their possession of the natural resources. Developing nations have benefited due to the presence of appropriate legal, democratic and financial institutions that have been achieved (Slack 2010). While developed countries have succeeded, developing countries have had more negative impacts despite that they are rich in minerals due to poor governance. As a result developing countries, economies are still suffering from poor policies and weak institutions.

Stiglitz (2006) points out, “The first challenge facing any African resource-rich country is to ensure that the public gets as much of the value of the resources that lie beneath its land as possible”. International concerns related to the formal mining sector have focused on corruption, mismanagement, shortfalls in property rights, regulatory uncertainty, and poor labor conditions. A lack of transparency has been a perennial area of focus. For example, an investigation into five mining concessions sold between 2010 and 2012 reported that DRC lost at least \$1.36 billion from underpricing of its minerals featuring offshore companies and two multinational mining corporations, Glencore and the Eurasian Natural Resources Corporation (ENRC). One of the companies is said to be linked to companies owned by Dan Gertler, an Israeli businessman with reported close ties to President Kabila. A 2013 investigation by the DRC public prosecutor’s office reportedly accused mining companies of owing billions of dollars in unpaid taxes, duties, and fines. As such, while mining could be an opportunity to overcome problems like poverty and inequality it could also constitute a ‘resource curse’ bringing negative impacts on growth and development of resource rich countries (Sachs and Warner 2001).

The African continent contributed 6.5% of the world’s mineral exports during 2011 from mining 20% of the world’s land area. From a regional perspective, members of the Southern African Development Community (SADC) produce two-thirds of Africa’s mineral exports by value. The biggest player in the region is South Africa. The East African Community (EAC) has several mineral belts that produce (amongst other commodities) tanzanite and gold, with Tanzania being the biggest regional gold producer. Burundi has some gold reserves along with copper, cobalt, nickel and uranium deposits. Exploration activity in western Kenya has increased significantly over the past few years. Central and West Africa are increasingly being seen as boom areas for iron-ore exploration and mining. The area is seeing a significant increase in railway construction

in order to transport ore to ports and this has led to the opening of mines in Guinea, Liberia and Sierra Leone. The Economic Community of West African States (ECOWAS) exported US\$150-billion worth of minerals during 2011.

The development of the mining sector contributes to the reduction of poverty. Overall, economic growth per se is a prerequisite for sustainable development and poverty reduction. Growth in national income has been shown to benefit all groups, including the poorest, and is strongly associated with other measures of well-being such as health, nutrition, and education. Thus, growth in GDP/capita, based on the creation of mineral wealth can be expected to reduce poverty profiles overall.

Certainly, mining can contribute to poverty reduction in a variety of ways: By creating income-generating opportunities for the poor directly in the mining sector; by promoting growth in lateral or downstream businesses; by catalyzing improvements in physical infrastructure – a basis for economic activity; and by funding investments in the capabilities of the poor, through investments that improve social services and make them more accessible to the poor.

In Zimbabwe, the mining sector accounts for about 5% of the GDP, about 4.5% of employment and about a third of total foreign exchange earnings, (ZIA, 2013). The sector has immense opportunities for investment as the country is endowed with a vast range of mineral resources. About 60% of Zimbabwe's land surface comprises ancient rocks renowned worldwide for hosting rich varieties of mineral resources including gold, base metals (e.g. Nickel, Copper, Zinc and Lead) and industrial minerals (limestone, phosphates, clay, dolomites). Other important geological environments include the famous Great Dyke - hosting platinum and chromite. Mashonaland is rich in black granite, which is ranked as the best dimension for building stone in

the world. In addition, the country has vast resources of Platinum Group Minerals (PGM) in the Midlands province. Zimbabwe is said to be the second largest pool of platinum in the world.

The steep decline of both commercial agriculture and manufacturing whose combined export share fell from 72 percent in 2000 to 43 percent eight years later have encouraged the growth of the mining sector (RBZ,2013). Other factors include the global commodity price boom and the emergence of platinum as the country's main export, supplanting tobacco. This is probably a temporary shift in emphasis from an economy dependent for foreign currency earnings mostly from agriculture as mining has become dominant. Mining companies who contribute to CSR enjoy a special flat tax rate of 15% when compared to the standard rate of 25% (ZIA, 2014).

The contribution of mining companies goes beyond paying taxes to the government or local authorities as contribution towards rural and urban development. Corporate Social Responsibility (CSR), has become an area of interest for mining companies. Towns and cities have been built around mines like Bindura, Hwange, Kwekwe, Shurugwi and Zvishavane. New local enterprises have been developed through linkages to mining operations. Schools and hospitals have been established thereby expanding social services. Mine sports teams have been established by mining companies (e.g. Hwange FC, FC Platinum and Mbada diamonds) as a contribution towards social corporate social responsibility.

There has been a concern for the socially responsible behaviour of organisations which has gained prominence at certain times while being considered of minor importance by others. Thus during the 1970s, for example, there was a resurgence of interest in socially responsible behaviour. This concern was captured by Ackerman (1975) who argued that big businesses were recognising the need to adapt to a new social climate of community responsibility. McDonald

and Puxty (1979) on the other hand maintained that companies are no longer the instruments of shareholders alone but exist within society and so therefore have responsibilities to that society...". As Dahl (1972: 18) stated, "...every large corporation should ... as a social enterprise ...serve public or social purposes".Therefore they are all encouraging corporates to contribute towards socio –economic development in areas they work in.

There is no agreed definition of CSR so this raises the question as to what exactly can be considered to be CSR. According to the EU Commission (2002) CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. However this research will only look at the socio-economic factors. More locally the definition is concerned with the relationship between a corporation and the local society in which it resides or operates. Thus CSR is built on transparency, accountability and sustainability of the interventions. Sustainability is concerned with the extent to which an intervention last for.

CSR does not only benefit local people but also makes a company more attractive and therefore attracts a larger number of higher qualified applicants. This increases the average skill level of employees resulting in work effectiveness of employees. When CSR is implemented, improved communication enhance production processes , improve relations with suppliers and the overall operational effectiveness increases .In return this result in fundamental cost savings (costs of recruitment, worker turnover, penalty payments for non-compliance with environmental and labour laws, labour disputes, accidents, supervision, advertisement, production and tax payments. Therefore, organisations are willing to engage in CSR as it has more advantages to them.

There are a number of reasons why economic and social impacts of mining should be assessed carefully through CSR interventions. An understanding of the positive impacts that exist can identify ways of enhancing benefits for rural communities which in this case is rural Shurugwi. Secondly, there are relationships that are reciprocal between mining operations and communities where improvements in economic and social relationships can make it easier for Unki mines to source labour and access contract workers and professional services. Enhancement of these relationships can facilitate local development. Some of the negative impacts on the society are human displacement and resettlement; violation of cultural and loss of Indigenous knowledge systems (iks) ELAW (2010). However the World Bank (2011) considers that mining can contribute to poverty reduction, while others, like Pegg (2006), point out that mining contributes more to poverty exacerbation.

The mine under study is Unki mine which is located in Shurugwi District. The principal town is called Shuruugwi and is an important center for Platinum, other special minerals such as gold and chrome . The mine has been in operation since 2004. It is located about 47 kilometres from the Midlands Provincial capital Gweru. Shurugwi district encompasses much of the rural areas of Nhema and some parts of Chivi. The district has seen a revival of mining activities after the discovery of platinum at Unki which lies a few kilometres just after the Wolfshall Pass (Boterekwa). This has seen the establishment of a large mining complex by Implats (Impala Platinum) and the refurbishing of houses which used to belong to the old Zimasco employees.

Shurugwi district is predominantly occupied by the Karanga ethnic people who form the majority of the population. There are other minorities like Ndebele speaking people in the Rockford small scale purchase farms and the Dlodlo area. Other ethnic people are the few remaining ex-employees of Zimasco who are predominantly of Malawian extraction. The region

is dominated by the Great Dyke which dissects it in the middle. Much of the other areas are made up of poor sandy soils which support subsistence agriculture. The Tokwe river, locally known as Tugwi runs in the middle of Rockford Farmlands making the area potentially viable for agricultural projects in addition to mineral wealth. However, mining remains the predominant economic activity.

Politically, Shurugwi district saw a lot of fighting between Zimbabwe African National Liberation Army fighters and Rhodesian forces which led to significant deaths among the civilian population (1976-79). It has remained a predominantly ZANU-PF stronghold since independence. Shurugwi has not escaped the scourge of the AIDS pandemic with many of its youthful people succumbing to the deadly virus.

## **1.2 Statement of the Problem**

So much has been said about the role of mining in developing the socio-economic status of rural communities. However, scholars have begun to raise eye brows on the contribution of mining towards rural development. Some scholars' point out that the profits of mining are not fairly distributed and usually the profits do not benefit the local recipients from which resources are derived. On the other hand, some scholars claim mining promotes employment in local communities leading to economic expansion. The Zimbabwean government even seeks to ensure that mining benefits rural communities as reflected in its economic blueprints, the Zim-Asset and the Indeginisation Economic Empowerment Act (2007).

It is therefore the purpose of this research to enter this debate by examining whether the mining sector promotes rural development. The research seeks to explore the extent to which the mining



sector proves to be an avenue for the rural socio- economic development, with particular focus on Unki mines CSR. With the aid of selected indicators, the researcher will examine the extent to which the mine has given back to the rural communities. Socio-economic studies are required so that the development situations of communities are understood.

### **1.3 Theoretical Framework**

The research is embedded on the ethical and instrumental theories of CSR. The researcher chose these theories to see why Unki mine engages in CSR. These theories enable the scholar to assess the impact of CSR and give recommendations as to what can be done to make CSR effective. Also these theories are to prove whether CSR is an avenue for rural social and economic development or not. The instrumental theories of CSR sees the corporation as only an instrument of wealth creation and its social activities are only a means to achieve economic results for itself. Instrumentalists' view CSR as a way a company can make itself more attractive to employees in that, it reduces worker turnover and the corporate can have reduced tax payments.

Friedman (1962) says, "instrumentalist' view of CSR justifies socially responsible behaviours solely on economic grounds .... appropriate only when their underlying motivation is the attainment of superior financial performance". Therefore, by applying this view the scholar is able to establish the effectiveness of Unki mine CSR interventions in development. Nonetheless this school of thought is limited in that it fails to recognize that communities also benefit from the CSR initiatives. Whilst a company seeks to serve its own purpose the communities they operate in benefit from philanthropic projects and infrastructure, for instance.

The researcher also benefited from ethical theories of CSR. These are based on ethical responsibilities of corporations to society. Thus the approach requires corporates to contribute

towards socio-economic development. Issues covered by this theory consider obligatory duties towards stakeholders and the communities in which a firm operate in. This requires some moral theories based on human rights, labour rights and sustainable development for the initiatives to be effective. Nonetheless the researcher would want to challenge the scope of ethical theories. Companies are not obligated to assist needy non-stakeholders, ordinarily excluding the vast majority in poverty. In some instances communities are not consulted as to which interventions they need. The question of “which agents should we count as morally relevant” arises irrespectively of one’s view concerning positive and negative rights; the point is that it becomes more pressing as one emphasizes positive duties and rights. Also CSR initiatives may promotes laziness and the government to relax.

#### **1.4 Conceptual Framework**

CSR- Maimunah (2009) define CSR as strategies by the corporations or firms conduct their businesses in a way that is ethical, society friendly and beneficial to community in terms of development. Crowther and Aras (2008) opines that, CSR is the relationship between a corporation and the local society in which it operates or the relationship between a corporation and its stakeholders. In short, CRS can be said to be what a corporate can do as compensation for their mining activities or as means of sharing profits. According to the Unki mines newsletter (2013) CSR initiatives include: job creation, philanthropic projects, investment incentives, bursaries economic development and environmental management.

This paper also centres on the concept of *rural development*. This is the process of improving the quality of life and economic well-being of people living in relatively isolated and sparsely populated areas. Rural development has traditionally centred on the exploitation of land-

intensive natural resources such as agriculture, mining and forestry. (Todaro,2003). Rural development in general is used to denote the actions and initiatives taken to improve the standard of living in non-urban neighbourhoods, countryside, and remote villages.

Rural development also involves the targets of development programs and allocation of funds to promote socio-economic standards of life in rural zones. Such programs would target assistance education, access to medical services, poverty alleviation and broadband expansion, water sanitation, construction of roads, dip tanks and water services etc.

### **1.5 Area of Study**

Unki mines is located in Shurugwi District, in Midlands Province. The principal town is called Shurugwi and is an important centre for Platinum, other special minerals such as gold and chrome. The mine has been in operation since 2004. It is located about 47 kilometres from the Midlands Provincial capital Gweru. The mine is reported to be the second largest producer of platinum minerals in the whole world. Zimbabwe's platinum rose to 21,5 % to 13 tonnes in 2014 from 10, 2 tonnes produced in 2013, according to the Zimbabwe Economic Analysis and Research Unit (Zeparu) (2014).In its report titled “Mining Policy Study” production was said to have generated at least \$750 million for the country compared to \$500 million earned in 2013. The mine started being developed in 2003 by Anglo Platinum Ltd and Platinum is the main metal produced.

Shurugwi District encompasses much of the rural areas of Nhema and some parts of Chivi. Temperatures are usually dry between May – September and usually receive an average of 118 mm of rainfall per year. Farmers therefore rely on mining apart from subsistence farming, since the rainfall is erratic for commercial farming.

## **1.6 Aim**

The primary focus of this research is to understand the contribution of mining to rural socio-economic development through CSR. The intention is to gain full understanding of how the interventions help improve rural areas. The research will also set out what companies need to do to make their interventions sustainable.

## **1.7 Significance of the Study**

The study is useful towards the extension of knowledge as it seeks to establish the contribution of the mining sector to rural socio-economic development. It is through this research that the scholar explored how Unki mines platinum contribute to the economy. Biti (2012) pointed out that in Zimbabwe, mining alone contributes to over 11% GDP apart from other sectors of the economy. GDP gives information about the size of the economy and give information on the performance of an economy. Therefore through this study, the scholar gained insight of the performance of the mine, number of employees employed by Unki mines, number of CSR initiatives and how they contribute to socio-economic growth. Generally, mining creates employment and earnings are used to access social services by employees. Impressive infrastructure is developed to support the mining industry. Mining companies also pay taxes to the government which the government uses to pay civil servants.

Research findings will enable local authorities (rural district councils) to maximize on the benefits of CSR. It is sad that when rural councils benefit from special levies as stipulated in the Rural District Councils Chapter 29:13, Section 97 remain poor. It is through this research that the scholar will develop how rural council can benefit fully from special taxes and development levies. Findings will help policy makers develop laws that are beneficial rather than rely on

archaic information. Most of the instruments still in place applicable to the mining sector and rural district councils are no-longer relevant hence need to be revised or amended.

Also, the research findings will enable the government to see how it can further the Zim-Asset with special emphasis to value addition and beneficiation. The researcher will moreover probe for the participation of the local people in selecting development projects or CSR initiatives they want.

The research is done in partial fulfilment of Master of Arts in development studies as per the department and university requirements. Future scholars in the study of CSR and mining can have a starting point in carrying a research on similar issues.

### **1.8.0 Objectives of the Study**

#### **1.8.1 Main Objective**

- To examine the extent to which the mining sector in Zimbabwe promotes socio-economic development through CSR

#### **1.8.2 Sub Objectives**

- To examine the role of mining in rural socio-economic development with a particular focus to Unki Mines
- To establish the effectiveness of CSR strategies in rural socio-economic development with particular focus on Unki mines in Shurugwi rural.
- To recommend approaches to make Unki mines CSR strategies effective for rural socio-economic development

## **1.9.0 Research Questions**

### **1.9.1 Main Question**

- To what extent does the mining sector contribute to rural socio-economic development?

### **1.9.2 Sub Research Questions**

- What role does the mining sector particularly play in rural socio-economic development?
- What strategies of CSR has Unki Mines employed and how effective are they?
- What suggestions can be made to improve Unki Mines CSR?

## **1.10 Delimitation to the Study**

Delimiting factors to this study include the choice of objectives, the research questions, interest, theoretical framework the researcher adopted and the population the researcher will choose to investigate. The population sample was drawn from Unki mines employees and the management, Tongogara rural district Council management and CSR beneficiaries from the rural communities. The main restriction is the problem itself. This implies that there are other related problems that the researcher could have chosen such as environmental impacts but were rejected or screened off from view. The study will only look at the contribution of mining to rural socio-economic development in the case of Unki mines CSR interventions. The statement clearly sets out the intended accomplishments, and clear understanding of what the study will not cover.

The methodology explain the criteria of participants to enrol in the study, the geographic region covered in the study, the profession and organizations involved. A study about mining at Unki mines and its CSR interventions would not necessarily be applicable to other geographic regions or other professions. The results will determine the role of mining to GNP, help Tongogara Rural District Council and the locals to maximize benefits of CSR interventions. The methodology will

define special characteristics of the research sample and the population that it comes from. The selected methodology of the study also set a boundary on what findings the researcher can establish.

Data will be collected using published reports, statutory instruments, journals, in-depth interviews and participative surveys.

### **1.11 Limitations to the Study**

The researcher used a sample of convenience, as opposed to a random sample. Therefore the results of the study cannot be generally applied to a larger population. Another limitation was time. The study was supposed to be conducted in three months. Hence the time was too short. The researcher intended to use emails and telephone calls to communicate with the respondents to finish the research in the stipulated time so as not to affect the outcome of the study.

The researcher faced financial difficulties. As such the researcher had to reduce the number of respondents. This was done to meet up with the researcher's budget. More respondents meant the researcher had to acquire more resources for communication and stationery. Therefore a limited number of respondents cut the cost. With the feelings of uncertainties that haunt organisations and leadership, the researcher is likely to have got restricted information. However, this was managed by adhering to ethical considerations in conducting research.

### **1.12 Assumptions to the Study**

The researcher assumed that, when conducting the survey the respondents will answer truthfully. Respondents are therefore assumed to contribute with correct and relevant information. Incorrect and irrelevant information affects validity of the study which might lead to the research being discredited. To assume, for example, that participants will answer honestly, anonymity and

confidentiality will be preserved and that the participants are volunteers who may withdraw from the study at any time and with no consequences.

The researcher assumes that the purposive population selected will be representative of the population of the study. Leedy and Ormrod (2010) posited that, “Assumptions are so basic that, without them, the research problem itself could not exist” (p. 62). A pilot study was conducted to ensure that the survey got close to the heart of the research problem, as possible and enabled the researcher to answer the research questions.

### **1.13 Ethical Considerations**

Recognition of the diversity and uniqueness of people as well as of individuals is essential. The research will identify the diversity of Indigenous peoples, including their different languages, cultures, histories and perspectives. It is also important to recognise the diversity of individuals and groups within communities. Therefore there is need to recognise that Indigenous individuals or communities may have more pressing priorities, that may disturb on the research time frames. Stereotypes to communities and individuals will be avoided by identifying diversity within a community for example, on the basis of gender, age, religion, family grouping and community interest. Presuming that the view of one group represents the collective view of the community will be avoided.

Consultation, negotiation and informed consent are the foundations for research. The researcher tried to ensure that all respondents were equal participants in the research process. Before engaging with the communities, the researcher consulted gate keepers to consult them about the research aims and objectives in a bid to ensure meaningful negotiation of processes, outcomes and involvement. Traditional leaders with the help of the District Administrator and the



Tongogara RDC CEO were consulted on the basis of their roles as they are the custodians of the communities. The researcher allowed appropriate individuals for the area/topic to be identified from within the community .This allowed an honest exchange of information about aims, methods and potential outcomes. Where was need to explain methods of collecting information the researcher clearly and comprehensively explained.

There was need to develop strategies to handle disputes. For example, some participants wanted to withdraw from participating. The researcher explained, without overstating the potential benefits of the study to the participants. Negotiation resulted in formal agreements for the continuation of the research. Good faith negotiations involved a full and frank disclosure of all available information which convinced most respondents to participate fully.

To protect the community and the researcher she got an accompanying letter from the department of development studies. Such a letter enabled the respondents to know where the researcher was coming from and the reason behind the research. Respondents need to feel a sense of security in that their contributions were not to be used against them.

#### **1.14 Summary**

The chapter looked at the background of the study, the problem and its setting. While they are other related issues in regards to mining, the researcher narrowed the research to socio-economic impacts for the subject is too broad. Environmental impacts for instance were left for the future study for instance. The study focused on the contribution of mining to rural socio-economic development in the case of Unki mines CSR interventions. Aims and significance of the study were also highlighted in this chapter.

## CHAPTER II

### LITERATURE REVIEW

#### 2.0 INTRODUCTION

This study is set within broad literature on the impact of mining and issues to do with CSR. While pursuing the socio-economic impacts on Unki Mines CSR system, the scholar corroborated or disapproved other scholars findings and fill in gaps left by earlier scholars. It is important for the researcher to be familiar with both previous theory and researches published so far in the field of CSR. In other words, the researcher has to build upon the gathered and recorded knowledge of the past. Review also helps in formulating research propositions, sources of data, appropriate statistical techniques to solve the problem. In short, with the help of review of literature, the researcher will identify appropriate methodology and research design.

The scholar examines, the extent to which the mining sector in Zimbabwe promote rural socio-economic development by focusing on Unki Mines (UM) contribution towards the development of rural Shurugwi. Also, the researcher established UM CSR strategies in developing rural communities. To understand the contribution of mining focusing on UM CSR benefits and initiatives, the scholar supported literature with the ethical and instrumentalist' theories of CSR.

Arguments are derived from the definition of CSR itself, how it has evolved from being a business practice to a development practice. Some scholars argue CSR is a work in progress and is not yet defined or fully defined. Some schools of thought claim that it has become broad allowing too much individual interpretation. Votaw (1973, p.11) has it that, CSR means something but not always the same thing to everyone". Compared to how well establish the concept of CSR within management and business the definition by development scholars is not

clear. It is therefore yet to be seen if success stories of CSR initiatives can be narrowed down to Zimbabwe or different geographical locations to say. The success story of India cannot be replicated to Zimbabwe for instance.

The term CSR is tough to pin down because different scholars hold different ideas concerning this subject. Maimunah (2009) defines CSR as strategies whereby corporations or firms conduct their business in a way that is ethical, society friendly and beneficial to community in terms of development. WBCSD's (1998) define CSR, "as the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large voluntarily. By demarcation, voluntary actions are those that go outside legal obligations, contracts, and license agreements although evolving legal requirements are leading towards increased regulation of CSR worldwide.

Hillman and Onkamo (2012), points out that by definition the developed and developing world define the term CSR differently. Such different thought indicate different intentions, understanding, strategies companies can adopt towards CSR. It must be noted that from the beginning, CSR was treated as a commercial initiative but later adopted to socio-economic development so the development world views it differently from the business point of view. There are two types of CSR to consider. The first consists of corporations providing funding and resources for worthwhile social causes, whilst the second provide services that are in the best interests of society. As CSR literature expands more definitions will be discovered and put forward as will the frameworks to measure it.

Since, the efforts of Governments may not be adequate to provide basic services to its citizens, Corporates working within rural areas are expected to contribute towards the development of areas they work in. Corporates including mining companies are considered as an integral part of society and accordingly act in a social responsible way that goes beyond economic performance (KPMG and ASSOCHAM, 2008). However CSR cannot be expected to replace governments. If it is seen as a privatisation of labour ethics, it is bound to miss the mark. Corporates cannot sufficiently fill the gap created by governments that are incapable of providing and protecting the rights of their citizens.

As a result of this shift from purely profit to social responsibility, many corporates are endorsing the term ‘Corporate Social Responsibility (CSR)’. This has increasingly become a stakeholders need to be involved to attain the development goal (Save the Children 2007). Development is expected in the form of: human resources development, employment equity, provision of basic services like education, shelter, healthy facilities, improved living conditions, ownership of projects and joint ventures. In South Africa, the “Scorecard for the Broad-based Socio-economic Empowerment Charter for the South African Mining Industry” sets targets for South African mining companies to transform the face of rural communities following these indicators.

Benefits of CSR can vary considerably from one project to another depending on the strategy, local suitability and community support. CSR projects are most likely to be effective when the specific needs and comparative advantages of local communities have been considered in their design. However project success is also location specific; a project that is successful in South Africa can be a failure in India because of different needs and community characteristics. For

instance, a mine-work training program is more likely to enjoy long-term success when a series of mines is being developed; and an infrastructure project (such as pipelines for electricity, or roads, schools, and health centers) are the most important contribution of CSR programs in remote areas. Successful projects may also result from a series of failures in a process of experimental and error.

The corporate sector has a pivotal role to play in ensuring private investment flows to those rural areas that have been left out of the development process through CSR. However a gap exists between the rights of Indigenous Peoples (rural communities) as established in the ILO Convention 169 and the application of CSR by the mines. The lack of free, prior and informed consultation with indigenous communities is one of the primary causes of conflict involving mining. Therefore the extent to which mining can contribute to local development is debatable and depends on the initial strength of governance in host communities. Rural populations are underrepresented and development is biased towards infrastructure in areas within the proximity of the mines. Development plans are often centralised and lack the input of local indigenous communities. Governance, as a tool for decentralization and a mechanism for participation, is therefore weak in many rural areas. Even where CSR is successful it can have shortcomings that limit the success and sustainability of local development. Other potential challenges include the probable for CSR projects to be perceived as patronizing towards local communities or undermining local governance and decision-making. Scholars are thus required to recommend best practices and ways on how corporates should carry out CSR for their interventions to involve people.

From the meaning of CSR, it is undeniable that CSR has implications on community and rural development in many ways. The corporate decide voluntarily on CSR initiatives that make the community better (European Commission, 2001). This therefore treats CSR as a voluntary practice. Generally, CSR is understood as “the commitment of business to contribute to sustainable economic development by working with employees, their families, the local community and society at large to improve their quality of life, in ways that are both good for business and good for development. A widely quoted definition by the WBCSD (1999), state that, “CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large” . Thus, the meaning of CSR has two fold. On one hand, it exhibits the ethical behavior that an organization shows towards its internal staff and the community. On the other hand, it denotes the responsibility of an organization towards the society in which it operates. Therefore, while initiatives are said to be voluntary they have a responsibility towards the development of their areas.

Corporates are usually regarded as beneficial partners in the communities in which they operate. They are expected to create employment, wealth, products and services, expected to play a role in social issues involving employees, stakeholders and society as expected by the government through CSR Sharma and Devi (2009). CSR activities indicate the organizations are fulfilling their obligations to the society and are therefore eligible for the social license to operate. This therefore shows that for a company to enjoy monopoly it is expected to contribute towards development. The CSR activities range from small donations to bigger projects. Contributions

are usually directed at social- economic welfare and environmental sustainability. However this research is delimited to socio-economic impacts only.

Sternberg (2008), claims that there is a human rights case contrary to CSR which is that, a stakeholder approach of giving away to the communities by management robs owners of their property rights. She states that companies are owned by their shareholders therefore money spent on CSR by managers is theft of the rightful property of the owners. The objectives required by conventional views of contributing towards social responsibility are illogical. Nevertheless not all aspects of CSR are guilty of robbing shareholders. Sternberg (2008) further notes that, average civility, equality and decency should be expected of any company. However in some cases initiatives may depend on the model of social responsibility adopted by the corporate being a philanthropic one.

A study at the Harvard University has found that, companies that give back to people, showed four times the growth rate and eight times employment growth when compared to companies that focused only on shareholders and profit maximisation. Also, a corporation reflected as socially responsible can benefit both by its improved reputation with the public, as well as its reputation within the business community, increasing a company's ability to attract capital and trading partners. For instance, a 1997 at Boston College management professors found that outstanding customer, employee and community associations are more important than earning profits (Fortune magazine's annual "Most Admired Companies" list. 3). The same study also found out that, a company which engages in CSR has, improved sales and customer fidelity. This is also confirmed by Masuku (2012) who points out that, by engaging in CSR corporates get to improve their image and reputation.

Companies with strong CSR commitments often find it easier to recruit employees, particularly in tight labour markets. Retention levels may be upper too, resulting in a reduction in turnover and associated recruitment and training costs. Contrary to the assertion however, Baker (2008) has it that, when investigations are carried out of the respected business personnel, such as Bill Gates of Microsoft, Jack Welch of GE, who have not achieved their world class status by giving back through CSR it is not always the case. Welch is remembered for the ruthless downsizing he led his business through for instance and for the environmental pollution incidents. Microsoft has had one of the highest profile cases of bullying market dominance and Gates has been able to achieve the financial status where he can choose to give lots of money away by being ruthless in business. Doesn't that show that "real men do not engage in CSR"? poses Baker (2008).

Baker (2008) has it that, some companies in Europe engage in CSR to have reduced regulatory oversight in that, companies that prove that they are engaging in CSR practices that satisfy and go beyond regulatory compliance requirements are being given less scrutiny and more free reign by the national, local government entities and communities. In several cases, such corporations are subject to lesser inspections, lesser form-filling and may be given preference or "fast-track" treatment when applying for operating permits. The Social Investment Forum reports that, in the United States of America (U.S.A) in 1999, that companies that engage in CSR get easy access to capital. Access is given to companies that are linked to ethics, the environment, and corporate social responsibility. It is clear that companies addressing ethical, social, and environmental responsibilities have rapidly growing access to capital that might not otherwise have been available.



It seems some scholars fail to notice that giving out depends the available resources. In hard times like liquidity and recession companies consider saving than engage in CSR. It's only possible for the very big companies with lots of resources at their disposal. For small enterprises fighting for existence, it's a very different painting. Managers cannot spend resources on needless initiatives when they are succumbing. CSR is often presented as an extra cost and an added burden.

In the USA, Latin America and other developed countries, CSR is argued to be the responsibility of the politicians. It's not business's role to get involved. Business has traditionally been beyond morality and public policy. Business can only undertake CSR depending upon the economic viewpoint of the firm that is adopted. Those who adopt the pre-classical view of the firm would believe that the only social responsibility of business is provision of employment and payment of taxes. An alternative view of the firm following the behavioral theorists might view CSR activities from a standpoint that examines political and non -economical influences on managerial behavior.

“The business of business is business”, says Friedman (1970). CSR depends prominently on the claims about the efficient working of the markets. Friedman (1970) further proposed that, corporate managers have no right to promote the general welfare of the communities. Since the management is not accountable to the general public, it is not their role to enforce their own vision of being socially responsible to the people. Furthermore, when business gives away profits for the sake of promoting social causes, they are violating the rights of the owners, and in effect stealing their money. Wang and Coffey (2014), also hold a similar view, when they saw that

Business is said to have no democratic duty or role of freely giving away. Doing so is, prejudice and aims of current corporate leader. Hayek and Heilbroner (2003), also prompt similar view in their document, 'In the Name of Profit'. Task Force set up in the USA as also the Libertarian Party in the USA is known to have taken similar position on the subject.

Carnegie, (1889), believed that big organisations had the moral obligation to give away their profits and that personal wealth beyond the family's needs should be regarded as trust fund for the benefit of the society. "The Trusteeship Concept" advocated by Gandhi M. K in India is something very similar to Carnegie (1889)'s view. Carnegie identified seven best uses to which a big corporates should devote the surplus of which he must regard himself as only the trustee. These are provision of tertiary institutions, provision of free libraries, access to medical services, public scenes or public operas.

In USA, a group of companies donate five percent of their pre-tax profits to charity. In India, many large corporations do the same thing in the name of religion. Companies in India build temples (mainly Hindu), run charitable religious trusts (known as Parsi), give to the church fund (mainly Christian) or promote the study of religious (mainly Kuranic) literature. Nonethees, Some experts classify these initiatives as self-interest however.

Anglo – Saxon companies have often willingly taken on social obligations, without the encouragement of governments. Nor has corporate social responsibility been the preserve of only of a few do-gooders inspired by religion. Company townships, such as Pullman in the US and Jamshedpur in India, were constructed, the argument being that well housed workers would be

more productive than their shantytown dwelling contemporaries. In the UK and the US, companies introduced pension and healthcare benefits before governments instructed them to. Proctor & Gamble founded disability and retirement pensions (in 1915), introduced the standard working hours eight-hours a day (in 1918) and equally important of them all guaranteed work for at least 48 weeks a year (in 1920). Henry Ford became famous for paying his employees well by \$ 5 an hour – twice the market rate. Henry Heinz paid for education in citizenship for his employees.

Whilst communities are set to benefit from mining, some scholars say mining does not contribute to development. McPhail (2010) considers that national governments should integrate mining sector into the national poverty reduction strategies, while Slack (2010) points out that the only way to take advantage of mineral resources is to use them wisely and without discarding other alternatives for development rather than rely on mining.

However, the capacity of CSR to sustain development is also limited by the quality of government and its institutions. Paradoxically, CSR has the potential to undermine the role of governments. In developing countries, governments often find it difficult to provide basic social services such as health care, education, the construction of roads and the supply of energy.(Kaufmann 2008;86-88). Poor service provision and delivery can lead local communities to demand that mining companies provide needed services, and in effect become a substitute for government. This dependence on CSR may weaken and mislead the capacity of governments to provide social services, since citizens may stop demanding service provision and accountability from their governments, thus decreasing the incentives for improved government efficiency and service provision. The mining industry must therefore balance the risks of becoming too

involved and taking the place of government against the risks of not being involved enough with the community and facing opposition according to, (The Sustainable Dimension For development 2013).

Mining has the potential to create wealth in resource rich communities. Exports bring direct foreign investment leading to GDP for the national economy. Mining necessitates labor during the construction and the operation phases, so it is a source of employment in local areas and additionally the employees are trained improving their skills Crowson (2010). However, most of the mineral resources are exported outside of the country and the processes to add value to the mineral are made in other countries, therefore the multiplier effects are limited for local economies Crowson (2010). Also the inflow of money from the exports causes the exchange rates to fluctuate. Whilst scholars look at the primary impacts like employment creation they also need to weigh the opportunities and threats to get the real picture of the contribution.

Mining causes a number of social impacts. The degree depends on many factors like the amount of mineral extracted and the area of land affected (Peck & Sinding, 2009); or the kind of technology and method, surface or underground (Durucan et al. 2006). Those effects are produced along all the different stages of mining, from the exploration stage, when drillings can contaminate surface and underground water, the transportation of material and the construction of infrastructure affect directly the ecosystem increasing the exposition of wild life (Crowder et al. 1996); until the closure and post closure stages when mining inheritances are associated with waste pollution and affect human health and food security (UNEP, UNDP, et al. 2005). The impacts also differ according to the mineral or metal mined. Gold mining affects particularly the

mining areas, streams and other water sources increasing the concentration of heavy metals like lead, mercury and arsenic (Ogola et al, 2002), while coal mining has associated significant air pollution due to the fugitive emissions of gases and dust (Bian et al. 2010). Ashman and Puri (2002) points out the effect of platinum mining mainly inhibit soil enzymatic activity disturbing natural eco-system consequently affecting agricultural activity.

Some of the negative impacts on the society are human displacement, migration, lost access to clean water affecting livelihoods, ELAW (2010). Nonetheless the World Bank (2011), considers that mining can contribute to poverty reduction, in despite of others, like Pegg (2006) who suggests that mining contributes more to poverty exacerbation. Nyawo (2008) is of the affirmative side by pointing that mining leads to Indegenous Knowledge System (IKS) dispossession as a result of forced migration. The IKS may include indigenous food and fruits disturbing the nutritional access. The Extractive Industries Review (2003), a consultancy project for the World Bank, points that poverty is exacerbated by poor governance

Some schools of thought argue that mineral resources are a curse. Growth in mineral-rich economies has been worse than in less endowed countries. Scholars who consider mineral resources an endowment consider the potential development in developing countries. Those who are not convinced about the role of mining as a growth engine reason that most mining in developing countries is a capital-intensive industry, foreign-owned, operated largely by expatriates, and uses inputs (especially equipment) purchased abroad. Therefore it is not easy to discern the extent to which mining improves the socio-economic status of rural communities.

Ross (1999, 2001 and 2002), argue that the richer the natural resource endowment, the greater the likelihood of decelerating economic growth.

Scholars suggest that the pattern of underperformance in mineral economies could be linked to diverted interests in securing control of mineral payments, decline and instability in the terms of trade for mineral commodities and the lack of local capacity to predict the magnitude. Moore (2000) have suggested that political under-development may be at the root cause of the underperformance of mineral economies while others contend that resource booms produce a false sense of security, overconfidence and illusions of plenty among policy-makers and tend to weaken state institutions. Therefore policy makers need to monitor or being able to predict the contributions of time not just generalising.

It is further said, that access to easy money (mineral wealth) lowers financial discipline, leads to reckless budgetary practices and weakens traditional work ethics, since the majority would be involved in the distribution or utilization of the mineral wealth rather than in creating other forms of wealth. In that vein, Power (2002) notes, “when mineral development occurs ...wealth tends to be squandered, the level of social conflict increases hence the contribution of mining to socio-economic development must not be over rated.

Power (2002), points out that, mineral -wealth governments are not responsive to the needs of the poor, social infrastructure is weak, economic policy is dysfunctional, rent-seeking prevails, corruption reigns, public income is squandered by the elite in power and those close to it, and wars of attrition and conflict is common. Above all, he state that growth levels are low, the type of growth and patterns of spending are not pro-poor and inequality is very high. This makes

growth enhancing policies difficult to implement and poverty reduction difficult to achieve. Furthermore, he observes that poor people in mineral rich countries are more vulnerable and exposed to risks because those communities are more exposed to economic shocks due to their lack of diversification. This points to the implications of mining activities. Thus diversified economies are encouraged rather than rely on mining.

On the opposite camp, (Tilton et al 2002), point out that, the reported negative outcomes of mineral economies are case-specific and should not be generalized. Some contend that, for example, among African mineral economies there are fast growing economies (e.g. Botswana) and those with negative growth (e.g. Zambia). Whilst Zambia is rich in copper and coal there is little economic growth. Others further argue that if mining would be excluded, growth rates of many African countries would be even lower. They note that, in Africa, other sectors, such as agriculture and particularly manufacturing, are not knowledge-driven nor are they globally competitive or performing better than mining. On infrastructure, they note that the social and physical infrastructure created for mining can be restructured to other applications. Armah (2011) in a recent study carried out in Ghana points out that, “a number of the projects undertaken by the mining companies as part of CSR were either not functioning or inadequate given the population of the community”. CSR programs relating to sustainable mining can also be hard to implement. Even well designed projects may not be successful. For example project staff turnover, loss of participant interest, limited capacity within the group, and an on going dependency on the mining company rather than community ownership Yankson (2010).

To refute the lower growth theory, there is no consistent statistical evidence that show that mineral dependence leads to either faster or slower socio- economic growth and that without evidence of a general law upon which to build, the past successes and failures of the mineral economies remain atypical, refuting any broad generalization on development patterns. As Davis (1998) notes, “When the entire set of mineral economies is examined, the heterogeneity and inter-temporal variability of their performances prevents any useful typification”. For them, the problems associated with mineral dependence can be linked to the capacity of governments and society to respond to large windfall revenues from mineral production.

The ANC Policy Discussion Document (2012), corresponds with Bryan and Hofmann (2007), when it declares that mineral resources can be used as a basis for industrialization, job creation, poverty eradication, capacity building and community empowerment and improvement of people’s lives. Hence the ANC Policy Discussion Document (2012) and Bryan and Hofmann (2007), address issues of harnessing mineral resources for economic development of communities. In early 2010, Anglo American mining giant implemented an empowerment programme aimed at empowering underprivileged individuals and promoting economic growth in South Africa’s mining communities, (Anglo American Case study, 2011:1). The document goes on to state that the company established a dedicated unit called Anglo Zimele, “to address key challenges to enterprise development and empowering in these communities”. (United Nations Economic and Social Council, 2009:8) reveal that African ownership of mineral assets has increased because of Black Economic Empowerment (BEE) schemes. Local equity participation in mining projects has been promoted and embedded in to law in South Africa. (Wise and Shtylla 2007:14) contend that, “Anglo American’s Zimele programme aims to achieve



large-scale impact by investing in and supporting black-owned and managed enterprises”. Thus mining can be said to improve rural socio-economic development.

## The socio-economic impact of mining

**Table 1**

Economic impacts	Positive	Negative impacts
	<p>Fiscal flows.</p> <p>Foreign exchange generation..</p>	<p>Potential for Dutch Disease (attention diverted to mining)</p> <p>Poor governance of key economic factors such as exchange rates and interest rates.</p> <p>Cyclical commodity price impacts on an unbalanced economy where there is heavy dependency on minerals.</p>
	<p>Associated economic and tertiary development.</p> <p>Significant opportunities for SME development.</p> <p>Job creation.</p> <p>Mining infrastructure and related</p>	<p>Sudden end of economic opportunities and employment in the context of mine closure.</p> <p>Upstream and downstream opportunities. Competing for resources (land, water, infrastructure) can create barriers in other economic sectors.</p>

	<p>secondary and tertiary industries catalyse and create an enabling environment for cross sectorial development.</p> <p>Job creation.</p>	<p>Contractions of mining activity can create major unemployment in an undiversified economy.</p> <p>Mining infrastructure and Income security of non-mining activities compromised by increases in income resulting from high-income levels for miners</p>
<p>Socio-economic Factors Infrastructure Development</p>	<p>Social.</p> <p>Industrial.</p> <p>Commercial.</p> <p>Administrative</p>	<p>Rapid change in the economic and social fabric of society.</p> <p>Threats to indigenous land rights</p> <p>Social tensions and local price inflation due to large migration of job seekers Conflicts between original resident and new comers.</p> <p>Substance abuse, prostitution, HIV/AIDS and STDs.</p> <p>Government tendency to leave service delivery to mining companies exacerbates community dependency on mining infrastructure and services.</p> <p>.</p>
Skills	Life skills.	Work-related health risks, widespread

Development.		HIV, alcoholism, and related gender issues.
Empowerment.	Vocational skills.	Over reliance on non-transferable mining skills.
Social Security.	Economic empowerment.	Corruption: Benefit of mining diverted for personal /political gain.
	Political empowerment.	Risks to political stability – mineral revenues fund conflict; competition for mineral resources fuels political and civil conflict.
	Presence and development of local government Capacity.	High level of corruption can keep the poor further excluded from decision- making processes.
	Community capacity through consultative partnerships with NGOs and mining companies building reduces vulnerability.	Development of culture of dependence on mining incomes and Infrastructure
	Security of food supply.	Local communities often excluded from planning and decision making processes on issues of fundamental importance to their

		interests.
	Shelter.	Dependence on mining accommodation and infrastructure.
		Development of community dependence on mining incomes.
	Health care.	Increase in disease vectors sp. HIV/AIDS.
	Crime prevention and control	Increase in local money flow in mine dependent communities encourages crime.

*Source: Solomon, Michael H (2004)*

CSR programs by large-scale mining companies difficult to assess at the national or international level. The benefits from these projects can be of great local importance. For instance, In Bolivia, rural communities close to Glencore International’s Puquio Norte mine got electricity when the company constructed a pipeline with extra capacity WBIFC (2002).

In Southern Africa, particularly South African mining Corporations have come to understand that they cannot operate in isolation to the community that good governance and social involvement go beyond the work performed in the office. South African mining companies have stepped up their CSR activities with big corporates like, Optimum Coal, Great Basin Gold, Implants, Impala and Harmony Gold taking the lead, ([www.miningwatch.com](http://www.miningwatch.com)). However other mining companies are neglecting the community, and turning a blind eye to the plight of the

community. These companies are falling short in terms of their vows to the surrounding communities and their implementation of CSR programs, (Mining Weekly June 2012). Neglecting the community has resulted in negative media reviews, which has led to strikes in the South African mining industry and also negative views by stakeholders because of declining social conditions related to a lack of service, crime, ill health and in the area which the mining companies operate,(Mining Weekly June 2012).

Traditionally it has been believed that CSR is the phenomena in developed countries and therefore best suited in those countries. It is because vast literature on CSR has been published in the west then in the developing countries like India and a few countries in Africa. Scholars who reason CSR is a developed phenomenon compare activities, contributions as well as efficiency. In developed nations CSR contribute to core business operations, social investment (philanthropy) public policy, policy dialogue and institution strengthening. However in the Zimbabwean situation corporates prefer to involve themselves in philanthropic activities as going beyond policy dialogue and institution strengthening is regarded political. According to Scanlen and Holderness (2013), “there is a clear conflict between the State’s role as a regulator and the role of the State as an operator.” (Chaple and Moon, 2005) points out that, such a weak system poses considerable challenge to firms practicing CSR in developing countries of Asia including India which can apply to Zimbabwe.

CSR has become an area of concern for many organizations. There has been much debate about whether corporations should be socially responsible or not and to what extent they should be responsible, Visser (2009). The phrase CSR is often hard to pin down because of the fact that

different scholars forward different ideas. According to Robbins (2003) a business is a part of a - large society and therefore it has a responsibility other than just maximizing profits. Organizations operate in a society therefore they have to be concerned about the society`s well-being. Robbins (2003), further states that, the core objective of a business is to make a profit, however if a business is socially responsible it has to be concerned about the well-being of the society it operates in. However scholars who include Friedman (1970), questions if organizations are required to take responsibility of social issues, he stresses that the sole social responsibility of a business is to boost its profits through legal ways and that donating an organization`s funds to the society is harmful to the organization`s profits as this reduces the organization`s profits.

Although businesses should take responsibility for their impact in the environment in which they operate the concept of CSR in Zimbabwe has been lagging behind other countries. Though there is evidence of CSR initiatives by corporate sector and many more players being anticipated with the growth of the economy, CSR initiatives largely remain fragmented, un-monitored and unquantified and thus remain 'invisible' in official reporting. Reasons for this scenario include Zimbabwe having no legislation in place to encourage the corporate sector to participate in social responsibility activities. Partly of the cause is that CSR is regarded as voluntary and not enforced. The lack of Legislation has now led to a situation whereby Corporate Social Investment by the Corporate Sector is minimal, with only some industry sectors, such as mining, which have some structures on social responsibility such as the extractive Industries Transparency Initiative (EITI), having the potential to lead the CSI drive. To date, the only legislation concerning a semblance of CSR in Zimbabwe is the Environmental Impact Assessment Policy (EIAP) of 1994 and the Indigenisation and Economic Empowerment Act of

2007. Given such a scenario it limits the socio-economic development of rural areas. When in most cases the rural side is ignored at the expense of the urban side.

Scholars like Belal (2001), argue that for CSR to be sound, literature has to be adequate. Other factors as pointed out by Bayoud et al (2012) are company size, level of consumer disclosure, community involvement disclosure and employment disclosure CSR initiatives remain limited in Zimbabwe despite having a number of big firms. The CSR program tends to be somewhat “Northern-driven” and emphasizes on a fairly narrow set of issues, sectors and companies. Numerous social and economic issues or business activities of concern to workers and communities in developing countries may not get much attention. If CSR is to make a more significant contribution to development, its champions face two major tasks. First, there needs to be a better incorporation between voluntary methods and law or government regulation, rather than the present situation where voluntary initiatives are often seen as an alternative to legal instruments. Second, the CSR agenda needs to become more “South-centred”. For this to happen, the relevant actors will have to start by addressing some difficult questions.

There have been some business initiatives to promote CSR initiatives in Zimbabwe but efforts remain limited due to limited legal and policy support:

In 1992 - establishment of the Environmental Forum of Zimbabwe established by companies concerned with environmental issues

1996 – Econet setting up the Capernaum Trust to cater for its corporate social programmes.

2003 – Creation of the Zimbabwe Business Forum Against HIV/AIDS to promote workplace programs.

2004 – The Confederation of Zimbabwe Industries’ Business Ethics Charter to be used by its members in dealing with moral dilemmas and ethical problems.

2010 – Launch of the “Investing in Zimbabwe’s Future” Corporate Social Responsibility

Awards by the U.S. Embassy and the American Business Association of Zimbabwe.

source: inaugural corporate social responsibility indaba (2012). Nonetheless, Important gender issues often get shelved. These relate not only to specific concerns and needs of women workers but also the participation of women in trade unions and other negotiating and political processes associated with CSR. The CSR agenda often ignores the bigger picture or the structural causes of underdevelopment. Such as certain macro-economic policies, inequitable power structures, and injustices that exist in corporates.

Other Initiatives include the endorsement by the government through the Institute of Standards Association of Zimbabwe ISO and the Zimbabwean Leadership forum to establish a corporate governance code which focuses on the development and promotion of CSR as a guiding concept for business operations. The drafting began in 2009 after companies like UM were already in existence. In spite of this progress there are challenges hindering the process. These include, the absence of a specific law regulating corporate social performance, effectiveness of CSR, lack of CSR knowledge, conflicting stakeholder objectives and idle company ethics code.

Ncube (2012), notes that, although companies have invested in CSR programmes the amounts are insignificant compared to the profits they have earned. It is against this background that the Government introduced Community Share Ownership Trust Ownership Schemes/ trust (CSOT) to compel corporates to invest meaningfully into the communities where the natural resources



are being exploited. Section 14 (b) of the Act provides for the establishment OF (CSOT). The act further maintains that, “there shall be one CSOT per district governed by a deed of trust”. However the instrument makes the minister the custodian of the process in that he is empowered with the right to attach or approve conditions which can lead to corruption. Although the minister is required to work in consultation of the provincial committee comprising of relevant chiefs and the district administrator, the minister wields much powers and it encourages red- tape and connivance which set back development. Uses to which monies accruing to the Trust include: provision and maintenance of schools and other institutional facilities, educational scholarships, maintenance of hospitals, dispensaries, dipping tanks, development and maintenance of roads, maintenance of water works and sanitation (IEEA 2007)

Davis (1973) in his work asserts that engaging in CSR can improve a company`s image and finances. According to The Post, (October, 2012) the Open Society Initiative for Southern Africa stated that developing countries with rich mineral resources deserve solid CSR strategies for the people to begin to see tangible benefits from the exploitation of their country`s mineral wealth. It further stated that if the community cannot get adequate compensation for the exploitation of their mineral wealth by private mining companies, be it local or foreign, how will people be expected to move out of poverty. The idea of making corporates attractive through CSR is likened to the instrumentalist`s theorists. They maintains that the focus of corporates is to achieve economic objectives through social activities.

Tan (2009) notes that, “The concept of CSR is based on the argument that business is sanctioned and promoted by society. Society legitimates business by allowing it to function and to use the

scarce resources available locally Maphosa (1997). It should be noted that corporate social responsibility is a business process that a company adopts beyond its legal obligations in order to create added economic and social value to society and to minimize potential adverse effects from business activities and includes interactions with suppliers, employees, consumers and communities in general. This is a commitment to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life, in ways that are good for business and for community development. Society then expects business to refrain from activities that have a negative social impact such as pollution, discrimination and exposing communities to hazardous conditions. Society also provides an environment for business to earn profit, Maphosa (1998).

To establish the effectiveness of CSR strategies in rural socio-economic development certain questions need to be reviewed. For instance there is need to look at, what are the actual or potential developmental problems and inconsistencies linked with the CSR agenda, as currently constituted? Are the investment and competitive strategies of Multi nationals, as well as their lobbying and fiscal practices, compatible with basic development objectives? Does the CSR agenda really respond to the development needs, concerns and priorities of workers, communities and firms in developing countries? Are these and other Southern actors effectively shaping the CSR agenda? And is CSR working for or against democratic policy-making, regulatory and planning processes in developing countries? Unless these questions of regulation and broader participation are addressed, then CSR, as currently constituted, may do more for the conscience of corporate managers,.

## **The Instrumentalist and Ethical Theories Argument**

The researcher benefited from the instrumental and ethical theories of CSR. This was done to probe why corporates engage in CSR-whether they benefit from CSR or why they are required to engage in CSR. These theories enabled the scholar to assess the impact of CSR and give recommendations as to what can be done to make CSR effective. Also these theories prove whether CSR is an avenue for rural social and economic development.

The instrumental theories of CSR sees the corporation as only an instrument of wealth creation and its social activities are only a means to achieve economic results for itself. Instrumentalists' view CSR as a way a company can make itself more attractive to employees in that, it reduces worker turnover and the corporate can have reduced tax payments.

The instrumentalist maximise stakeholder value (Friedman 1970, Jensen and Meckling 1967) as a strategy for achieving competitive advantage over other corporates. Hence CSR can be treated as a cause-related marketing (Garinga and Mele, 2004). (Berglin and Nakata 2005; 444) define, cause related marketing as a practice of marketing a brand, product or service through a mutual beneficial relationship on voluntary basis”.

Friedman (1962) says, “instrumentalist’ view of CSR justifies socially responsible behaviours solely on economic grounds .... appropriate only when their underlying motivation is the attainment of superior financial performance”. Therefore by applying this view enables the scholar to establish the effectiveness of Unki mine CSR interventions in development. Nonetheless this school of thought is limited in that it fails to recognize that communities also benefit from the CSR initiatives although it treats companies as capitalist entities. Whilst a

company seeks to serve its own purpose the communities they operate in benefit from philanthropic projects and infrastructure for instance.

Historically many corporates, academics and politicians have been rejecting CSR because they have seen it as atypical to the capitalistic principles of business as usual. “the only one responsibility of business towards society is the maximization of profits ... within the legal framework and the ethical custom of the country,” (Friedman 1970 cited by (Garriga and Mele, 2004:53). According to this view, there are no incentives for firms to have any social objective rather they only engage in CSR to market themselves. Hence, CSR standards cannot be trusted.

The researcher also benefited from ethical theories of CSR. These are based on ethical responsibilities of corporations to society. Thus the approach requires corporates to contribute towards the socio-economic development. Issues covered by this theory consider obligatory duties towards stakeholders and the communities in which a firm operate in. This requires some moral theories based on human rights, labor rights and sustainable development for the initiatives to be effective. Nonetheless the researcher would want to challenge the scope of ethical theories.

Companies are not obligated to assists needy non-stakeholders, ordinarily excluding the vast majority in poverty. In some instances communities are not consulted as to which interventions they need. The question of “which agents should we count as morally relevant” arises irrespectively of one’s view concerning positive and negative rights; the point is that it becomes more pressing as one emphasizes positive duties and rights. Also CSR initiatives may promotes laziness and the government to relax.

Porter and Krammer (2011), indicate that addressing social concerns could increase the levels of company productivity, with positive effects on profitability and company image. This supports

the instrumentalist's view on CSR. The instrumental theories of CSR sees the corporation as only an instrument of wealth creation and its social activities are only a means to achieve economic results for itself. Instrumentalists' view CSR as a way a company can make itself more attractive to employees in that, it reduces worker turnover and the corporate can have reduced tax payments.

CSR is regarded as vehicle through which companies give something back to the society. It involves providing innovative solutions to societal and economic challenges. But the challenge for corporates and the community is to identify CSR priorities and the areas of interventions which are meaningful in the context of rural development sector. Barnes (2009) observes that, at the heart of the economic justification of property is a belief that economic forces and values should have importance in the decision making process. As such, on a small scale this would be the creation of transferable, strong property rights for individuals. However, the instrumentalist theory treats corporates as capitalist entities therefore to make profits and in every way would not allow transfer rights to individual as they seek to make profits.

On a larger scale, these theories need to strongly support the establishment of an open-access, free market situation as the wealth-maximizing. This implies that the only "public function" of property (meaning the role that property has in furthering public or community interests) is to allocate resources efficiently, thus reduce waste and in effect increase the "size of the pie" which enriches society as a whole. CSR initiatives need to be distributive and considerations as to who is improved, and to which extent but however these issues are not addressed by this instrumentalist theory. Finally, it is essential to this justification of property rights that government only "creates" property rights where it is economically profitable to do so. As

Barnes notes, "Unless the particular allocation of resources under private property demonstrates some measurable economic advantage over other possible allocations then private property fails to merit its special status". In other words: if it is not economically efficient, you should not have property.

Margolis and Walsh (2008), depict stakeholder theory as worried with financial consequences. They claim that this instrumentalist logic confuses stakeholders who are not outstanding or whose contributions are not understood. Hence, ethical motives are required for firms to engage in socially responsible actions. Margolis (2002) argues that, worrying with instrumental significances reduces approaches that allow economic premises despite avoiding the core tensions between social and economic obligations which corporates face. Such a theory risks omitting the pressing descriptive and ethical questions raised by these tensions, which, when explored, might hold great promise for new theory, and even for addressing practical management challenges" (Margolis & Walsh, 2003: 280).

In fact there are two commonly cited elements of CSR 'best practice', each of which is treated as ideal or instrumentally neutral and yet can be shown to shape the possibilities of what CSR can achieve. If social connectedness creates the responsibility for corporations to reduce social harm, where do these demands end? How can we define whether or not a corporation should deal with an issue? While in the late 1980s the discussion started with the working conditions at the direct suppliers, corporations are now asked to assume responsibility for the whole process of value production. Given the necessity to make a profit, it seems to be a legitimate question, whether an overstretched CSR engagement might endanger the profit motive or even the very existence of a corporation Steinmann (2007).

There has been an increase in “voluntary initiatives” associated with ethical practices such as codes of conduct, sustainable development practices, improved health and safety standards, company reporting on social and environmental policy and performance, participation in certification, community development projects and philanthropy. However much of the criticism of CSR has centred on two main concerns. It seems many CSR initiatives amount to attempts to cover-up what is essentially business-as-usual and second, that CSR is a genuine attempt on the part of big business to improve the socio-economic conditions but the CSR agenda needs to be broadened and implementation strengthened. What has really been the impact of CSR and partnerships on rural community?.

Unfortunately much of the “evidence” for and against CSR is based on assumption, narratives and a limited number of “best” or “bad” practice examples. There has been little systematic research on the developmental implications of CSR in rural communities.

## **2.2 Summary**

The chapter managed to review the past literature. The researcher benefited from the ethical and instrumental theories of CSR.

### 3.0 Introduction

This chapter discusses the methodology that is going to be used to carry out the study. Dawson (et al 2002) define research, as an activity being undertaken within a frame of a set of philosophies ( approaches) that uses procedures, systems and techniques that have been tested for their validity and reliability and is designed to be unbiased and independent . These factors are considered to reach a conclusion either in the form of a solution(s) towards the concerned problem towards certain generalisations. Appropriate techniques and methods are used by the researcher to answer the objectives and the research questions. The research design, target population, sampling methods, data sources and data collection instruments will be highlighted.

### 3.1 Research Design

Different definitions of qualitative research are available in the literature. For the purposes of this research, qualitative research will be defined as a research approach, focusing on research questions that call for an understanding on CSR, using qualitative methods. The researcher intentionally used qualitative approaches outlining the investigation within a theoretical framework.

Qualitative research is considered to expose a target audience's range of behaviour, perceptions and views with regards to specific topics. It uses in-depth studies of small groups of people to guide in the accumulation of knowledge. The results of qualitative research are descriptive rather than predictive as quantitative approaches predict.

Qualitative research is characterised by its aims, which relate to understanding some aspects, for instance, how U.M implements its CSR. Qualitative methods generate words, rather than numbers, as data for analysis. In situations where little is known, it is advised to use qualitative



methods (interviews, questionnaires, etc). Information gathered using qualitative approaches can be used by researchers to test quantitative methods. For instance, in an area where we had no idea what kinds of issues hinder good implementation of CSR initiatives, it would be difficult to design a survey to cover the main factors. Once these have been identified, then a quantitative approach (such as a survey) can be used if one need to. Qualitative methods generally aim to understand the experiences and attitudes of management, the community or employees. These methods aim to answer questions about the ‘what’, ‘how’ or ‘why’ of a phenomenon rather than ‘how many’ or ‘how much’, which are answered by quantitative methods. If the aim is to understand how a community or individuals within it perceive a particular issue, then qualitative methods are often appropriate.

They are several exceptional features of qualitative research which contribute to rich and discerning results.

- There is collaboration among informants, as they build on each other’s comments and ideas.
- The dynamic nature of interviews or distribution of questionnaires, engages respondents more actively than is possible in more structured survey.
- The opportunity to probe ("Help me understand about U.M CSR initiatives") enabling the researcher to reach beyond initial responses and rationales.
- The opportunity to observe, record and interpret non-verbal communication (i.e., body language, voice intonation) as part of a respondent’s feedback, which is valuable during participatory observations or interviews.

### 3.2 Target Population

According to Walliman (2006), a population is a collective term used to describe a quantity of things. However, studying the whole population does not necessarily bring about expected results. Therefore for validity the researcher has come up with the relevant population called the targeted population. A targeted population must meet the criteria the researcher is looking for. Cox (2008) define, the target population for a study is the whole set of units for which the survey data are to be used to make conclusions.

Thus, the target population defines those units for which the findings of the survey are meant to generalize. Target populations must be precisely defined, as the definition regulates whether sampled cases are eligible or ineligible for the survey. The geographic and temporal characteristics of the target population need to be outlined, as well. Greenland (2005) has it that, the idea of a *target population* is a casual one, which is also known as, the population in which information is drawn from or the total number of elements which are under study and about which information is required". The word "target" highlights however that, this population is not necessarily the same as the one the researcher will end up sampling.

Hence, targeted informants are indicated in table 1 below. They include, UM employees, Unki Mine Community Engagement Department (C.E.D) and S.H.E department, Tongogara RDC employees, Rural Shurugwi residents, traditional leaders in the area under study, housing contractors and the District Administrator's staff. The reason for targeting all these groups was that, the target population must be representative of the population so as to offset bias. [www.statusofense.com](http://www.statusofense.com) gives considerations in defining the target population. The first consideration is a small population which delineates limit avoiding unnecessary and costly duplication of services. This enables greater coordination between the researcher and the

informants. Also, in examining one's target population there is need to consider response approach.

**Table 2: Population Sample**

<b>Category</b>	<b>Target population</b>	<b>Population Sample size</b>	<b>Sample percentage (%)</b>	<b>Sampling technique used</b>
<b>Traditional leaders</b>	<b>20 from area under study</b>	<b>5</b>	<b>25</b>	<b>Purposive</b>
<b>Tongogara RDC management</b>	<b>25</b>	<b>5</b>	<b>20</b>	<b>Purposive</b>
<b>Ministry of local government (D.As office</b>	<b>10</b>	<b>2</b>	<b>20</b>	<b>Purposive</b>
<b>UM management</b>	<b>20</b>	<b>5</b>	<b>25</b>	<b>Purposive</b>
<b>UM employees</b>	<b>+ 1000</b>	<b>15</b>	<b>1.5</b>	<b>Purposive</b>
<b>Housing contractors contracted at UM</b>	<b>6</b>	<b>2</b>	<b>33</b>	<b>Purposive</b>

### **3.3 Population Sample Size.**

Sampling is the process of selecting a group of subjects for a study in such a way that the individuals represent the larger group from which they were selected. Gay (1987) This representative portion of a population is called a sample. (Ary etal in Yount 2004).

The sample should be a “microcosm” in that it should be representative of the population from which data is to be drawn. Otherwise, if it fails to be representative the results from the sample will be misleading when applied to the population as a whole. Selecting informants for a study because they are within convenient reach like people within the researcher’s proximity, co-workers in the surrounding region yields biased samples. Biased samples do not represent the populations from which they are drawn. Randomisation is thus encouraged to avoid bias. However, this study uses a purposive sampling technique to finish the research in time. In view of the purposive sampling technique, the researcher targeted a population with the knowledge and idea of the topic under investigation.

Since it is usually not possible to reach all the members of a target population, one must identify that portion of the population which is accessible. However, some scholars say that specifying the accessible populations reduces the scope of a research in that it tends to limit the researcher.

“How big should a sample be remains one question Ary et al in Yount (2006) says that,” “use as large a sample as possible.” Probably it is because the larger the sample, the better it represents the population. The more common problem however, is having too few subjects, or too many (Gay, 1987). So the more important question is, “What’s the minimum number of subjects does a researcher need?”. One of the factors which relate to proper sample size include, accuracy in every measurement and costs in terms of printing, mailing, receiving, processing, tabulating, and analysing questionnaires. An increasing sample size translates directly into increasing costs not only of money, but time as well. The dilemma of realistically balancing “accuracy” (increase sample size) with “cost” (decrease sample size) confronts every researcher. Inaccurate data is inadequate, at the same time a study which cannot be completed due to lack of funds is not any better. Interviews are expensive in time, effort and money.

### 3.4 Purposive Sampling Techniques

The purposive sampling technique, also called judgment sampling, is the deliberate choice of an informant due to the qualities the informant possesses. It is a non-random method that does not need underlying systems, procedures or a set number of informants. Simply put, the researcher decides what needs to be known and sets out to find people who can and are willing to provide the information by virtue of knowledge or experience (Bernard 2002, Lewis & Sheppard 2006). Purposive sampling is especially validated through the key informant technique (Bernard 2002, Garcia 2006, Gustad et al. 2004, Jarvis et al. 2004, Lyon & Hardesty 2005), wherein one or a few individuals are asked to act as guides to information. Key informants are sharp-eyed, custodians, alert and reflective members of the community of interest who know much about the issue under study (Bernard 2002, Campbell 1955, Seidler 1974, Tremblay 1957). In this case the informants have knowledge on the contribution of mining to rural socio-economic development and with a particular focus CSR interventions and are both able and willing to share their knowledge.

The consideration is whether to study the entire population, and if not, how to sample the population efficiently. How many people will be involved? What level of organization would be sampled either individual or community? What sampling technique should be used to assure the sample is representative and the data collected replicable, solid, binding and relevant (Alexiades 1996, Bernard 2002). The researcher decided purposive sampling as the most suitable tool for the study. Preparation to reach to the informants then followed. Preparation is needed in that one must know about the culture before one sample the population in order to find knowledgeable and reliable informants most efficiently (Snedecor 1939). Asking for help from the community would be useful at this point. For instance, the researcher approached the District Administrator's (D.A) personnel to inquire about the common language used in Shurugwi,

culture and how best she could meet the resourced informants. The researcher learned that it was only possible to meet the traditional leaders on a monthly meeting which was to be held at the D.A's office. The traditional leaders are known to be unwilling to respond to issues of CSOT as they regard them as "sensitive and confidential".

Criteria are set on what would make a good informant, and what would make a bad informant. Based on these, a list of credentials is composed. It is especially important to be clear on informant qualifications when using purposive sampling (Allen 1971). The researcher must also be as near as possible to the theoretical norm of the sampled population and able to communicate often with other people of his or her craft (Allen 1971, Lewis & Sheppard 2006). Showing the list of qualifications to resource people helped the researcher to find informants. This saved much time and effort. Resource persons identified most appropriate informants. The best informants were the person mentioned most times by multiple resource persons, that is, by the organisation's spokesperson. The frequency of mention, affects validity and hence the researcher approach was to find the resource person.

Because, time and resources were too limited for random sampling the researcher used purposive sampling. Information is held by only certain members of the community hence the need to use purposive sampling. While, non-probability sampling methods such as purposive sampling are not free from bias, informants may be chosen out of convenience or from recommendations of knowledgeable people (Lopez et al. 1997).

In purposive sampling, interpretation of results is limited to the population under study. Nonetheless the strength of the method actually lies in its intentional bias (Bernard 2002, Lewis & Sheppard 2006).

To say one will engage in purposive sampling signifies that a researcher see sampling as a series of strategic choices about with whom, where and how to do research. Two things are understood in that statement. First is that the way that a researcher sample has to be tied to his/her objectives. Second is an implication that follows from the first, i.e., that there is no one “best” sampling strategy because which is “best” will depend on the context in which one is working and the nature of their research objective(s). Purposive sampling is practically synonymous with qualitative research. However, because there are many objectives that qualitative researchers might have, the list of “purposive” strategies that they might follow is virtually endless, and any given list will reflect only the range of situations the researcher of that list has considered. And yet, certainly there are some objectives and interests that characterize qualitative research.

However, some scholars say qualitative researchers who use purposive techniques are less often interested in asking about central tendency in a larger group for instance, “What do most people in this population think about an issue?”, and much more interested in case study analysis – why particular people (or groups) feel particular ways, the processes by which these attitudes are constructed and the role they play in dynamic processes within the organization or group. Embedded in this is the idea that who a person is and where that person is located within a group is important, unlike other forms of research where people are viewed as essentially interchangeable. The general theme here is that the biggest question any researcher needs to ask him or herself is what exactly it is that she wants to accomplish and what sshe wants to know, and the appropriate sampling strategy will follow from that.

Oliver (2006) view purposive sampling as a of non-probability sampling in which decisions concerning the individuals to be included in the sample are taken by the researcher, based upon the research issue, or capacity and willingness to participate in the research. Some types of

research design necessitate researchers taking a decision about the individual participants who would be most likely to contribute appropriate data, both in terms of relevance and depth. For example, in life history research, some potential participants may be willing to be interviewed, but may not be able to provide sufficiently rich data. Researchers may have to select a purposive gathering (Godambe 1982). A study may be started with a survey then purposive sampling done based on the survey (Brown 2005).

Following the purposive sampling technique key informants are, U.M C.E.D and S.H.E management, U.M employees, Tongogara RDC staff, traditional leaders and other local authorities.

### **3.5.0 Data Sources**

They are defined as a data set or as sources from where data are available. They are two main sources of data namely primary and secondary.

#### **3.5.1 Secondary Data Sources**

Secondary data source are any published or unpublished works that is one step removed from the original source, usually describing, summarizing, analyzing, evaluating, derived from, or based on primary source materials. Also secondary data sources are known for providing criticism or irony observations which will be interpretation of a primary source. Some examples include: textbooks, review articles, biographies, historical films, music and art, articles about people and events from the past. Researchers consider the sources on which to base and confirm their research and findings. They have a choice between primary data and secondary sources and the use of both, which is termed triangulation, or dual methodology. However this research will benefit from published reports, published journals and published text books as well as internet sources.



### **3.5.2 Books.**

Secondary data sources cover a central part of any bibliography. The main advantage is that, material published generally is of good quality and the findings are combined with other research to form a clear body of knowledge. They can also act as a guideline towards the extension of knowledge. For instance in this study the researcher gained information on how CSR has evolved from the 1950s and the different definition that continue to be raised as the literature expands. However material is not completely up to date, as it can take a few years between the completion of a work and publication in the form of a book. For instance, a book can take even up to three years in the local publishing houses before it is published and scholars can even go on to research on the same issue. Also information published is cannot be replicated in different regions. For instance research findings on mining at UM cannot be replicated to Zambia or even across the globe.

Some content may be found to be relevant or irrelevant to some topics due to bias of scholars. For instance there are scholars especially in political studies who have published articles whom students find “poor” in assessment. Therefore some scholars choose books according to familiarity.

### **3.5.3 Published Journals**

Journals provide with the most up-to-date information, though at times, there is a gap of two to three years between the completion of a research project and the publication of a journal. The researcher prepared a list of journals for identifying literature relevant to the study. This was done by locating the published journals that are appropriate to the study. This was done with the use of internet and looking at the index of research abstracts in the relevant field to identify and

read the articles. Nonetheless it is always encouraged to select the latest issue, examine its content page to see if there is an article of relevance to the research topic. It must be noted that only published journals were referred to, which can limit the scholar even though they might be interesting information which might not have been published.

### **3.6.0 Primary Data Sources**

Primary data are collected by the investigator conducting the research and are created at the time of an event or by a person who directly experienced an event. Examples includes, interview, observation, action research, case studies, questionnaires, ethnographic research and surveys. However this study will use interviews, questionnaires, participatory observations which will be complimented with survey research.

#### **3.6.1 Participatory Observation Method:**

The method is commonly used in behavioural sciences. It is the gathering of primary data by investigator's own direct observation of relevant people, actions and situations without asking from the respondents. Observation yielded information which respondents were unwilling or unable to provide. In this study the researcher could tell by the expressions and commitment of U.M employees or villagers if they appreciate U.M CSR role in improving the rural socio-economic status of rural Shurugwi. Facial expressions, for instance, indicated if interventions are satisfactory or not.

However, there are limitations surrounding participatory observations. For instance, feelings, beliefs and attitudes that motivate employees to work for UM cannot be observed only when asked as well as occasional behaviour cannot be observed. Also this method is expensive as the researcher had to travel to all rural communities around Nhema and Chivi as opposed to telephone calls or voice over internet protocols (VOIP) such as skype which call can be made to gather information. Because of these limitations, researchers often complement and add on observation with survey research. Surveys at-least let the researcher probe respondents and guide the interview according to their answers. Direct and indirect questions were asked about behaviours and thoughts. For instance questions like, Why don't you work at Zimasco or other mining companies? Indirect questions such as, "What kind of people are employed by UM was asked?. From the response, the researcher may be able to discover the effectiveness of UM CSR interventions. This may suggest factors of which the employees are not consciously aware.

### **3.6.1.2 Advantages**

Participatory observations were used to collect many different kinds of information. For instance, the scholar managed to take pictures as evidence to substantiate participation in the research. Also, participatory observations were quick, compared to administering questionnaires in that there was no need to approach an office before distributing them. The costs too, were insignificant unlike distributing questionnaires

## **Disadvantages**

Respondents were reluctant to answer questions asked by the researcher about things they consider might threaten their jobs. The consequence is that, it may affect the validity of information. Also, employees only participated at the direction of their employees which resulted in more days taken to collect data as the researcher had to seek approval from the responsible authorities. Respondents at times gave pleasant answers to please their employees (UM management) and in the communities they feared being disconnected or cut off from UM philanthropic projects. In some instances, respondents were unable to answer because they could not remember or never gave a thought of the contributions. In some case, respondents answered in order to look smart or well informed.

### **3. 6.2.0 In-depth interviews**

In-Depth interviewing is a qualitative research technique that involves conducting exhaustive specific interviews with a small number of respondents to explore their perspectives on a particular idea, program, or situation. With particular focus to UM CSR interventions, the researcher asked participants about their experiences and expectations related to mining, the thoughts they have concerning mining and CSR interventions, processes, outcomes, and about any changes they perceive to see rural Shurugwi change socio-economically.

In-depth interviews are useful to get detailed information about a person's thoughts and behaviors or when one want to explore new issues in depth. Interviews are often used to provide context to other data (such as outcome data), offering a more complete picture of what happened in the program and why. For instance, the researcher may have measured an increase in the number of employees at Shurugwi as the greatest contribution of mining or CSR interventions.

However through in-depth interviews it was discovered that the majority of employees were recruited outside Shurugwi as opposed to local recruiting. In-depth interviews were used in place of focus groups since potential participants may not be included or comfortable talking openly in a group. In-depth interviews were important in distinguishing individual from group opinions about the program. This was done to refine questions.

To provide the most detailed and rich data from interviewees, the interviewer made participants feel comfortable and showed interest in what they were saying. The researcher avoided closed questions such as those requiring yes/no and leading questions. Some closed questions include, “Do you know about UM CSR interventions?” rather the researcher asked, “Please describe UM CSR initiatives and what are the contributions of mining to rural socio-economic development.”

Factual questions were asked before opinion questions. For example, “What activities are or were conducted?” before asking, “What do you think of the CSR activities?”. The researcher used probing questions. These included questions like, “Would you give me an example of what you have benefited from platinum mining at UM?, may you elaborate on that idea?, Would you explain that further and is there anything else you might want to share?”

The process for conducting in-depth interviews follows the same general process as is followed for other research. Planning starts, develop instruments, collect data, analyze data, and disseminate findings. During planning that’s when stakeholders are identified who will be involved during the study. There is need to identify needed information and from whom. Beneficiaries of CSR from different levels were identified. Some scholars point out that there is

need to identify individuals within those groups and additional interviewees were identified during data collection. Where necessary the native language was used especially for community beneficiaries.

### **3.6.2.1 Advantages of In-depth Interviews**

In-depth interviews provided much more detailed information than what was available through participatory observation or surveys. Respondents were asked to describe and explain on the initiatives employed by Unki Mine.

In-depth interviews provided a more relaxed atmosphere in which to collect information. The management felt at ease and more comfortable having a conversation with the researcher as opposed to including them in focus group discussions with employees. Usually people of higher office are unwilling to be mixed with their subordinates who report to them. The respondents, (U.M) management, Tongogara RDC CEO, housing contractors and the D.A felt at liberty and not unsettled to deliberate on issues of CSR. Thereby, contributing to validity as the respondents answered truthfully. Unlike questionnaires, the respondents did not have labour in trying to interpret information. Also, information was collected at once whereas with questionnaires, the research had to come back to collect the questionnaires.

### **3.6.2 Disadvantages of In-depth Interviews**

In depth interviews are prone to bias. Somehow, the U.M staff management wanted to “prove” that their CSR initiatives were contributing to rural socio-economic development. For instance, frequently they would compare their performance with other local mines. Some of the issues raised were not in line with what the researcher was looking for.

Responses from the D.A's office might have been biased due to their stake in CSR benefits such as the handling and liquidation of CSOT fund. Furthermore, interviews are time-intensive because of the time taken conducting interviews, in evaluating activities, transcribe them, and analyze the results. For instance, some respondents took long to answer. Also, some respondents could not fully concentrate on the interviews as they had to attend to office duties at the same time.

### **3.7 Questionnaires**

The Merriam Webber dictionary defines a questionnaire as a set of questions for obtaining statistically useful or personal information.

The researcher made use of the following traits to make good questionnaires:

- The researcher made statements that were interpreted in the same way by different participants of the targeted population.
- The researcher drafted open ended statements where respondents that had different opinions or traits gave different answers. Open-ended questions allowed respondents to answer in their own words allowing them to give their own opinions. Hence, the researcher avoided making assumptions about the respondents. Furthermore, the avoided bias and leading the participants towards an answer.
- The researcher also, used clear and understandable wording, easily understandable for all educational levels. The researcher also made sure she used correct spelling, grammar and punctuation.

### 3.7.1 Advantages of Questionnaires

- Large amounts of information were collected from a large number of people in a short period of time and in a relatively cost effective way.
- Questionnaires were distributed out on behalf of the researcher in her absence with no effect to its validity and reliability
- The results of the questionnaires were quickly and easily quantified by the researcher. When data has been quantified, it can be used to compare and contrast other research and may be used to measure change.

### 3.7.2 Disadvantages of Questionnaires

- Questionnaires were in adequate to some extent in that, to understand some forms of information like changes of emotions, behaviour, feelings the reasons why and how it happened of frequency.
- Interpretation is subject to bias therefore limiting validity.
- There is no way to tell how truthful a respondent was.
- There is no way of telling how much thought a respondent has put in.
- The respondent might have been forgetful or not thinking within the full context of the situation when they were given the questionnaires



- Respondents may have read differently into each question and therefore reply based on their own interpretation of the question - i.e. what is 'good' to someone may be 'poor' to someone else, therefore there is a level of subjectivity that is not acknowledged
- There is a level of researcher imposition, meaning that when developing the questionnaire, the researcher made her own decisions and assumptions as to what is and is not important...therefore might miss something that is of importance

### **3.8 Chapter Summary**

This chapter outlined the methodology employed in carrying out the research, data collection instruments and what other scholars have to say about methodology. In this research a mixed methodology was employed. The use of questionnaires, in-depth interviews and participatory observation was employed in a bid to learn of the contribution of mining to rural socio-economic development. The targeted population were residents from rural Shurugwi, local authorities and UM employees as well as the management. The next chapter focuses on data presentation and analysis of findings.

## **CHAPTER IV**

### **DATA PRESENTATION AND ANALYSIS OF DATA**

#### **4.0 Introduction**

This chapter focuses on the CSR interventions employed by UM to enhance rural socio-economic development. This presentation enumerates and assesses different strategies and CSR interventions since 2004 to date. Data gathering tools which were used in the study were questionnaires, structured interviews, participatory observations complimented with surveys as well as content analysis of secondary data sources. These were subjected to a mixed methodology to enable the researcher to attain information closer to reliability and validity.

Theoretical framework that informed the study was the instrumental and ethical theories of CSR. UM CSR initiatives cater for both the internal and external staff. Noted in the study were the challenges faced by UM community engagement development department (CED) and safety, health and environment department (S.H.E ) in trying to implement CSR. These weaknesses by the CED hinder the impact of mining to the rural socio- economic development.

Unki Mine (UM) is a subsidiary of the Anglo American Platinum group with its head office in South Africa. The Anglo American Platinum group was the majority shareholder of Unki Mine until November 2012 when the group agreed to cede 51% of its stake to the locals in line with the indigenization act (UM Newsletter 2015). Therefore the local community was made to benefit from the 51% stake as according to the government policies. The company is situated 17km from the Wolfshall Pass (Boterekwa) . It began its development operations in 2005, with its mining operations commencing in 2008, with Unki Mine`s concentrator commissioned in December 2010 (UM Newsletter 2015). Its main focus is on platinum mining. A twin decline shaft system provides access to the underground working for personnel and material. The life “expectancy of the mine at Unki extends to 2041”, according to the mine Newsletters.

#### **4.1 Table 3 Distribution and response rate from questionnaires and interviews:**

Category	Sampling technique	Pop Size	Target # of respondent	Frequencies of responses	Response rate%	Data collection to
Traditional leaders	Purposive	40	6	5	83	questionnaires
Tongogara RDC	Purposive	25	5	3	60	In-depth interview
Min of local government	Purposive	8	4	4	100	In-depth interview

(D.A's Office Shurugwi)						
UM employees	Purposive	+1000	10	6	60	questionnaires
UM management (SHE and CED)	Purposive	13	4	2	50	In-depth interview
Housing contractors at UM (Dohne,Ubuntu,Citizen, Bambanani,Searl-Bridge, Newbase constructors)	Purposive	6(site managers)	6	2	33	In-depth interview
Villagers (Nhema, Chachacha, Chironde,Tongogara, Mufiri, Impala Park)	purposive	6 (villages)	12	4	33	questionnaires
<b>TOTAL</b>			47	26	58	

Source: Data collection (2015)

The research was done to examine the extent to which the mining sector proves to be an avenue for the rural socio- economic development, with particular focus on Unki mines CSR. Different departments were interviewed and questionnaires distributed to gather information. An average response rate of 58% was achieved. The researcher used a purposive sampling technique. The purposive sampling technique, also called judgment sampling, is the choice of an informant due to the qualities the informant possesses. As a non-random method, it does not need underlying systems, procedures or a set number of informants. Simply put, the researcher decided what needs to be known and sets out to find people who can and are willing to provide the information by virtue of knowledge or experience (Bernard 2002, Lewis & Sheppard 2006). Criteria are set

on what would make a good informant, and what would make a bad informant. Based on these, a list of credentials were composed.

Of the 47 targeted people 26 people responded from 7 categories. These included, village heads, headmen (traditional leaders), Tongogara RDC personnel, ministry of local government rural and urban development, UM employees, UM management (S.H.E and C.E.D), six, housing contractors working with UM and the villagers from six villages around UM. Questions were simplified and the researcher would write down notes as the respondents were interviewed.

The 58% response rate can be attributed by the weather as some employees from Dohne, Newbase, Citizen and Ubuntu contractors temporarily close due to bad weather. According to Searl-Bridge site manager Mr Biton (2015), they usually suspend operation on the construction sites whenever there was bad weather, especially mist and fog, to avoid casualties as according to UM SHE specifications. Also, communications on CSR activities have to be approved by the CED manager. Despite approval by gate keepers such as the D.A., the researcher was even made to formally apply to the human resources head of department, scan and attach the research proposal for the study and an accompanying letter from the university. Nonetheless the researcher managed to compliment the questionnaires and interviews with participatory observations to counter the limitation.

#### **4.1.2 Response rate to Interviews (see fig 1 on page 124)**

The response rates to interviews were calculated by calculating frequency of responses from the targeted number of respondents. For instances out of the 5 targeted respondents from Tongogara RDC only 3 respondents responded, making a response rate of 41%.

In-depth interviews are a qualitative research technique that involves conducting exhaustive specific interviews with a small number of respondents to explore their perspectives on a particular idea, program, or situation. With particular focus to UM CSR interventions, the researcher asked participants about their experiences and expectations relating to mining, their thoughts concerning mining and CSR interventions, processes, outcomes, and about any socio-economic changes they perceive to see in rural Shurugwi.

In-depth interviews were useful in getting detailed information about participant thoughts and behaviors or to explore new issues unknown in depth. Interviews were used to provide context to other data (such as outcome data), offering a more complete picture of what happened in the program and why. For instance, the researcher may have measured an increase in the number of employees at Shurugwi as the greatest contribution of mining or CSR interventions or anticipated they all come from the rural areas. However, through in-depth interviews, it was discovered that the majority of employees were recruited outside Shurugwi as opposed to local recruiting as perceived by the researcher. In-depth interviews were used in place of focus groups since potential participants may not be included or comfortable talking openly in a group. In-depth interviews were important in distinguishing individual (as opposed to group) opinions about CSR interventions. This was done to refine questions.

In-depth interviews provided much more current detailed information than what is available through participatory observation or surveys as well as what secondary data sources provides. A gap of two to three years between the completion of a research project and the publication limits

the collection of relevant data. Unlike secondary data sources such as published journals and books, there improves validity and reliability. Also the information collected is first hand.

In-depth interviews provided a more relaxed atmosphere in which to collect information. The management felt at ease and more comfortable having a conversation with the researcher as opposed to including them in focus group discussions, for instance, with employees. Usually people of higher office are unwilling to be mixed with their subordinates who report to them. The same is the subordinates they cannot answer sincerely with their managers around. For instance according to the UM S.H.E department an employee can be penalised if she/he acts ignorantly of some information they are expected to know.

#### **4.1.3 Response rate to Questionnaires (see Fig 2 on page 124)**

Large amounts of information were collected from a large number of people in a short period of time and in a relatively cost effective way. It was convenient also for UM employees as their shift managers could not allow them to sit for interviews. Questionnaires were distributed out on behalf of the researcher in her absence with no effect to its validity and reliability. Unlike the interview questions where the researcher is required to jot down information as respondent reply questionnaires were distributed in her absence on her behalf also minimizing travelling cost. In areas like Chironde and Mufiri, the respondent found it un navigable as the settlement patterns are dispersed so the traditional leaders helped distribute the questionnaires on her behalf.

The results of the questionnaires were quickly and easily quantified by the researcher. When data has been quantified, it can be used to compare and contrast with other research and may be used to measure change. Nonetheless since some questionnaires were distributed in the researcher's

absence, the researcher could not have the respondents to elaborate on contributions. There is a level of researcher imposition, meaning that when developing the questionnaire, the researcher made her own decisions and assumptions as to what is and might not be important...therefore the research might miss something that is of importance.

It must be noted that the research was carried out to examine the extent to which the mining sector in Zimbabwe promotes socio-economic development through CSR, with a particular focus to UM CSR initiatives. To fulfil this objective research questions were drafted to ascertain the extent to which the mining sector is an avenue to development.

#### **4.2 Strategies of CSR has UM applied**

U.M implements different strategies under which different programmes are covered. According to the U.M Newsletter (2013) the corporate social responsibilities strategies among others include:

- Philanthropic Projects – community water and sanitation, community health and community education.
- infrastructure development, roads (residential for the displaced close to the mine resettlement (i.e impala park)
- donations and bursaries,
- Employing locals
- Investment incentives. However, since most of the incentives are towards the development of Shurugwi urban the researcher will not consider them as the research is only drawn from the rural areas.

- Environmental management – UM is ISO14001 certified –existence of dumping sites, re-  
afforestation,
- Adherence to the legal systems of the country- indigenization Act (CSOT)

Whilst these initiatives are ethical as the ethical theories of CSR advocate, it must be noted that some of the CSR initiatives employed by UM are instrumental in that the initiatives include publicity, advertising which are used in understanding mutual relationships with their publics. Garriga and Mele (in Loth 2012), point out that, CSR initiatives which maximize shareholder value or are like strategies for achieving competitive advantage and cause- related marketing are instrumental. This works hand in glove with Friedman (1970) cited by Garriga and Mele (2004,pg 53) who state that, the only responsibility of business to society is the maximization of profits....and the ethical custom of a country”.

#### 4.2.1 Donation and Bursaries Strategy

**Table 4 U.M Donation and Bursaries Distribution Table**



UNKI MINES PRIVATE LIMITED			
CED- CSI DONATIONS REGISTER ref 003/2012			
<b>Donation description</b>	<b>Beneficiary</b>	<b>Date approved</b>	<b>Value of donation</b>



			(USD)
Donation towards independence day celebration		04.04.2012	800
Donation to Midlands Province			300
Donation to DA'S OFFICE			300
Donation towards installation of headman Mhangami	Tongogara Rural District council	06.07.2012	250
DSTV Subscription for Thornhill Air Base		10.05.2012	1033
Donation to Midlands Heroes Acre		07.06.12	1065
ZRP & ZNA Donation Cost			3792.82
Midlands Show Society	Midlands Show Society		1745
Midlands Show Society	MSS		2160
Donation towards heroes 2012	Donation 2012		400
Financial Assistance for MSU students	MSU	04.04.2012	5538
2012 Heroes Commemorations in Shurugwi	Shurugwi district	06.08.2012	400
ZNA Donations	ZNA	22.05.2012	1000
Donations towards Shurugwi Environment Fair		08.08.2012	750
5 Computer to Chachacha school			750
11 Computers	Selukwe school		1650
TOTALS			21 183.82

Research findings from the interviews with the C.E.D department officials , focuses mainly on public relations management as it encompasses the needs for its publics. Donations cater for 25% of the CSR strategies implemented by U.M for their publics. Nonetheless the respondent, Mrs Marega (2015), could not elaborate how they reach and calculate 25%. Donations are made in cash or kind depending with the need and demand from the community recipients which is determined by the donation request. It was noted from the findings that the mine only donates to issues that affect villagers not individuals. For all donations made, the mine does not get anything in return.

### **Community Health, Water and Sanitation, and Community Education.**

U.M has managed to construct three dams for the benefit of the mine and the communities. These dams include, Trailings dam close to the JRG camp site and Lucilia Poort Dam. Villagers in Chironde area are drawing water from the Trailings dam for irrigation. Irrigation schemes and wheat fields were observed by the researcher. Local villagers have in recent times managed to sell their vegetables to Spar Gweru and some reputable supermarkets in Masvingo. Ward 14 received \$112 000 for the construction of Chirume Dam under the CSOT funds which has been completed. The dam is said to serve 100 household and 100 families downstream. Boreholes have been sunk at different clinics.

The dams support the growing of diverse of crops and fisheries, thereby encouraging direct and indirect employment. Such projects alleviate poverty, thereby increasing economic expansion. Since rural development is a process of sustained growth of the rural economy and improvement of the rural population, it has a wide scope. However in many cases it is within the agricultural sector that reduces the vulnerability of people. Aquaculture, which forms an important system within farming, can contribute to the alleviation of food insecurity, malnutrition, poverty through the provision of food of high nutritional value. Income generation through the selling of fish, employment generation and increased accesses to water are other benefits of aquaculture.

Off farm activities also contribute to diversification of income. According to FAO (2003), food security, rural development and poverty alleviation are closely linked. As the population increase so will the demand of food. There are differing conclusions as to whether or not communities can meet their food production needs. Nevertheless, it has been claimed that, to a certain extent local food demand should be met by local food production.

U.M had to donate complete building material in 2009 during the Cholera outbreak, for the construction of toilets in rural Shurugwi. The mine even trained builders in all 9 beneficiary villages in accordance to the Ministry of health and child Welfare specifications. According to neo-classical scholars, economic growth is contributed by three aspects, the stock of capital, the stock of labour, and productivity. However, the classical theories concentrate on the technological aspects. Therefore a healthy human being is productive thereby contributing to development. Grossman (1972) has it that, ..health enters directly into the utility function of the individual, as people enjoy being healthy. As a capital good, health reduces the number of days spent ill and therefore increase the number of days spent on the market or doing off market activities.”.

It has been unbearable for Shurugwi residents who have to travel to either Harare or Bulawayo for kidney dialysis treatment. Most residents were finding it costly as they had no money to travel at least twice a month for treatment. Before then, they used to access treatment at Gweru hospital but the machine broke down. However, quality life has so far been improved through the donation of machines and refurbishment of the kidney dialysis center at Gweru hospital by UM. Although the center is in Gweru residents from Shurugwi are the first preference. July Ndlovu the president of Zimplats, the South African based parent of UM, has it that, U.M are contributing so positively to local hospitals in Shurugwi and Gweru. Throughout all housing sites, the mine through its S.H.E department has set clinics in case of injuries by mine workers. Local residents also benefit from these clinics. Tambudzai Chikusva, the sister in charge of the isolation hospital has it that, “the mine managed to transform the center from being a dangerous place to a home for quarantined patients battling with diseases such as Tuberculosis which spreads easily”. It must be noted that the government and the local authorities had failed to repair

gutters hanging insecurely, peeling walls and roofs which were almost collapsing. Patients no longer have to be charged exorbitant fees to access services as the U.M timeously provide drugs, equipment and repairs.

### **Infrastructure Development**

As a strategy of giving back to the community U.M is charged with the responsibility of providing housing facilities to the displaced families and its employees. The aim of the rural housing programme is to provide decent and affordable housing to all people who were displaced during the construction of the mining site. Target groups to benefit from this programme are villagers who were moved 1953metres from the Impala park and the mine employees. The objectives of the programme are summed up by the U.M CED department as follows:- (a) to provide decent, affordable and durable accommodation and related services to rural communities; (b) to employ the local labour in the construction of infrastructure and work on the mine (c) to provide technical assistance on aided self-help projects through the deployment of skilled people in each project area so as to promote self-reliance in rural housing construction; (d) to promote infrastructure development with the view of promoting community participation in the construction of houses and the reduction of construction costs. and (e) to build schools and production groups to ensure production of good quality infrastructure and to generate employment.

Development socio-economists view infrastructure as a key ingredient for productivity and growth since at least Adam Smith. Theoretically, infrastructure may affect total output in two main ways: first, directly because infrastructure services enter production as an additional input, and second, because they raise total factor productivity by reducing transaction and other costs

thus allowing a more efficient use of conventional productive inputs. Villagers can now easily transport their agricultural produce to nearby towns and transport operators have so far increased from Wolfshall Pass to Chironde allowing the movement of people. However villagers who were not displaced continue to stay in dilapidated houses.

The researcher quizzed the U.M management of how big is the contribution of infrastructure to socio-economic development, the level and contribution to GDP?. The answer was critical for many policy decisions – for instance. According to Mrs Marega from the CED department, to rate the growth effects of housing interventions was tough but can only testify that millions of dollars were used in the construction of houses with the perception that the facilities will be used for a long time. Consequent observed research has employed a variety of data, and infrastructure measures. The approaches most frequently used involve the estimation of production costs its asset value and contribution to relating output or productivity growth to different indicators of infrastructure performance. However, it was discovered that in terms of roads, only tarred roads are seen within the vicinity to the mine and housing sites or in areas where the mine carried some initiatives such as Chachacha business centre where a school was built.

Social-economic development carries with it the notion of improvement in the living standards of people. With the provision of better housing, people in rural Shurugwi will live in better residences with better hygienic and sanitary conditions. This in turn will lead to improved productivity. The improvement of living standards understood in the term social development calls for greater involvement of the people in the decision making process and in all the activities that affect their lives. However, one respondent noted that villagers were not consulted in the feasibility phase which can hinder the sustenance of the project. Thus, the strategy minimized people's participation in the housing process limiting their identification with the housing

projects in their communities. Besides providing better, decent, affordable and durable accommodation to the displaced, it creates job opportunities and provides building skills to the rural folk. Furthermore, the programme enhances people's general interest and involvement in their own communities. Asked if all the workers from the six housing contractors were employed locally, one site manager pointed out that most of the workers are sourced by the contractors not the mine therefore high chances of being recruited outside rural Shuruwi. For instance, Searl-bridge (a joint venture of Searlcom construction and Thru-bridge construction contractors are from Harare and Kwekwe respectively so are their employees. Bambanani is owned by a Masvingo contractor so are the employees.

Mr Brian Dzoriwa, a leader of the Nhema CSOT was disgruntled about how U.M has failed to recruit unskilled employees locally as the mine continued to out source employees outside rural Shurugwi. Villagers in Nhema were also upset by the company's decision to develop Shurugwi urban centre instead of the rural areas where it extract its minerals. In terms of the allegations, the mine C.E.D department head, Mr Chandliwa responded that, they had opened four centers, Tongogara RDC offices, Chachacha council workshop yard, Banga Clinic and Shurugwi council offices where locals can apply for employment. He further maintained that, 68% of the total unskilled workforce are from rural Shurugwi. Also, some residential compounds are placed close to the urban affluence because from surveys showed that the rural places allocated by the Tongogara RDC were not ideal.

A mortuary has so far been built at Zvamabande Clinic Ward 10. The D.A of Shurugwi Mr Chimedza (2015) has it that, people in the area can now make burial arrangements without panicking as they will know that everything is in place." Local builders were employed in the building of the mortuary

### **Community Share Ownership Trust Fund as a CSR strategy by U.M**

U.M has since contributed its 10% share of USD \$10 million dollars as community share trust fund in accordance to the government regulations of October 2011. The trust fund is a once off. Hence, it is only paid once. This is in adherence to the legal systems of the country-indigenization act (CSOT). The money has so far been used in the drilling of boreholes, classroom blocks, community gardens, dam construction and a mortuary at Zvamabonde clinic in Ward 10. The clinic serves as the district referral clinic and a school has been built at Musasa primary in Ward 18 which cost about USD\$237 000 according to the school head. Pupils no longer have to travel long distances to school as the CSOTF are set to build more school and educational centres around rural Shurugwi.

Education plays a critical role in rural development. Education equips individuals with knowledge and skills, provides the tolls and skills in the development of attitudes and awareness and helps in the development and creativity of individuals to bring about positive changes in society. Education thus serves as an instrument of social change contributing to socio development. Individuals who will have excelled in primary and secondary education are given bursaries to further there studies within and outside borders. The CED department confirmed that they were paying fees for scholars in universities as shown on the CED –CSI donation activity s **(Table 2 U.M donation and bursaries distribution table)**. In 2012 the mine paid a total of USD\$5 538.00 of fees cash to some Midlands State University pupils.

In the wards that were targeted with CSOTF, communities alleged that mining policies have created conditions which allow local Shurugwi communities to benefit from mining activities in their areas. Pro-poor and democratic policies ensure communities benefit from mining activities. The researcher distributed 26 questionnaires targeting U.M employees, villagers from (Nhema,

Chachacha, Chironde, Tongogara, Mufiri, Impala Park) and Traditional leaders. Nonetheless only 15 questionnaires were returned with 11 not returned. Of the responses the researcher got several respondents alleged that they were benefiting from CSOTF. Fig 9 shows the distribution of responses.

Seven respondents who constitute 47% strongly agreed that CSOTF contribute to local development and ensure that indigenous local communities, who are the owners of the land where the mine is located, benefit from the mining activities. Three respondents who constitute 20% advanced agreed that mining safeguarded local indigenous communities to benefit from mineral resources. four people disagreed and strongly disagreed with the view that mining ensure that indigenous communities benefit from mining activities. All constitute to 26%. However 11 questionnaires were not returned.

All key informants applauded the Indegenisation Economic and Empowerment Act (IEEA) 2007 and a Statutory Instrument for CSOTs for being instrumental in helping local communities in rural Shurugwi to benefit from the mineral resources.

Nonetheless an employee at Tongogara RDC pointed out that, “nevertheless the IEEA is a progressive step towards socio-economic development but it needs to be complemented with the Rural district councils and many more other ministries that work with rural communities.” The Tongogara CSOT is managed by the community leaders whom include, the D.A, councilors, chiefs and headmen. The funds are subject to abuse as the managing offices are largely ZANU PF political affiliates who can connive and convert to personal use or against residents who support opposition parties. This is against what Murombo (2010) and Kanyenze et al (2010)



declare that mining must contribute access to, and equitable sharing of the benefits of mining. Kanyenze et al (2010) expressed that Zimbabwe could benefit from policies that allow broad-based economic empowerment and the distribution of wealth to empower the indigenous people.

The indigenisation policy gives shares to workers, who work at U.M. This empowers workers from rural areas to remit their income to their rural areas. The indigenisation policy in Zimbabwe provides a good opportunity for the poor people in the country to control the exploitation of the national resources for development. It opposes the view that the poor are responsible for their own. Nonetheless there exist challenges in the extent to which the CDT Fund will be able to balance the developmental needs of different communities within the district. Remarkably, development is a relative term and so different areas in a district have different developmental needs. Community shares might breed conflict and animosity among communities.

#### **4.2.5 Demographic Impacts**

Since UM began its operations the Shurugwi community has experienced problems including displacement of families, thus people are being forced to leave their homes and also the social dynamics of the society has been changed. Dams raise the natural level of rivers, which can result in serious floods as been witnessed by the flooding of the Tokwe Mkosi dam on lands previously settled, farmed or grazing areas. Dam construction damages productive land beneath the reservoir. Dams also result in the destruction of natural habitations for wild animals and territories resulting consequently making villagers prone to wild animals attack. Some villagers in Chironde had it that since the construction of the Lucilia Poort dam villagers have been living in fear of a stray cheater. The disturbance of ecosystem also leads animals to start consuming from peoples fields as their food sources will have been destroyed.

Dams may lead to the loss of rare flora and fauna species. Impoundments lead to decreased woodland thereby undesirably disturbing wildlife communities. This leads to decreased hunting and associated uses. Medicinal herbs will also be lost. Additionally, decreased forest plant communities lead to decreased timber production and attractiveness of an area to recreationists. (Adams, 1992; Scudder, 2005) points out that, “The economic and human costs of resettlement are enormous. The financial costs of resettlement include surveying people their property, compensation or rebuilding of settlements and infrastructure and the actual translocation. In the process some families can retaliate since they will have an emotional attachment to the areas they previously lodge which can cause human cost of the stress caused by uprooting.

Dam construction can also lead to spread of diseases such as Malaria, Bilharzia, river blindness, fluke worms. Some of the diseases are irrigation disease. Diseases hinder human health consequently hindering production. Health populations live longer and are ore productive and costs are minimized.

## **4.2 The Effectiveness of U.M CSR Initiates.**

In assessing the effectiveness of U.M CSR the researcher will consider the following aspects:

- If U.M has been successful in achieving its goals of CSR
- If U.M has addressed people’s needs
- Measure outcome indicators

### **4.3.1 How U.M Has Successfully Benefited From CSR**

From the evidence drawn it can be seen that U.M has successfully enjoyed operational space by contributing towards CSR. It was from this research that it was discovered that by giving back to

the community the organization has become more attractive and enjoy reduced taxed to the government. According to UM, the mine creates approximately 1000 full time jobs, generate approximately US\$130 million revenue per year, pay tax revenue, create opportunities for the country to develop its natural resources in a sustainable manner and expand its platinum group of mines (PGM) industry. It can thus be determined that UM contributes to socio- economic development by applying instrumental approaches of CSR such as cause marketing, advertisement, maintaining shareholder trust and creating competitive advantage .

The case of U.M clearly establishes that the adoption of ‘CSR best practices’ are to achieving economic objectives meaning U.M CSR initiatives do not necessarily guarantee socially responsible behavior. The analysis strengthens such insights by suggesting that CSR, if solely perceived as a means employed towards instrumental ends, could strengthen corporate inoculation and create an ethical bias among managers. Consequently the mine has managed to attract, recruit and retain top talent which has positive implication to organizational growth and development through positive performance.

**Table 5 U.M and Instrumental CSR Best Practices**

<b>Instrumental CSR best practices</b>	<b>U.M best practices</b>	<b>Maximizing on the potential instrumental CSR practices</b>
Developing good relations with the local community and local stakeholders to increase social acceptance and obtain a license to operate.	Agreeing to cede 51% of its stake to Shurugwi district.  Unki mine has since paid USD\$10million  -gained legitimate space to	Obtaining the support of local community leaders

	operate from the community	
Engaging in strategic philanthropic -cause related marketing and providing free products, donations, bursaries and serves to the local community	Giving as a way to compel stakeholders to act in reciprocity	Creating a strong dependency among stakeholders through tied grants, donations, gifts. Refer to <b>(Table 2 U.M donation and bursaries distribution table)</b>  -buying reputation i.e some employees scheme to join the organization following favorable S.H.E practices
Developing a code of conduct to reinforce employee identification with U.M	Fostering a strong code of honor based on respecting of protocols and confidentiality	Using a code of conduct to protect the corporate from external scrutiny  -the researcher was requested to submit the research proposal, make a formal application addressed to the head of human resources, C.E.D and S.H.E department  -content of the researcher monitored  -guarding company business

		thereby suppressing conflict and whistle blowing.
Using C.S.R as a management technique to increase corporate reputation and branding	Building reputation as guarantor of assets	Projection market power and ability to create rules for the entire industry. U.M is now recognized as the second producer of platinum after South Africa.  -according to the mine projections, U.M generate more than 1000 full time jobs, produce more than 60000z/120000 tons of platinum annually
Practicing marketing communication through CSR interventions to increase social acceptance	Offering indirect employment -offering community service	Using CSR enticements to open doors to access resources.

#### 4.3.2 Outcome Indicators

From the implementation of CSR initiatives by U.M, quite a number of outcome indicators were drawn by the researcher. These were socio- economic as demarcated by the problem itself. In terms of social development, the researcher considered change in literacy levels, number of

schools built, education support services, health facilities, job creation, shelter provision and quality of these services. In economic terms the researcher considered level of income, asset value of infrastructure and GNP/capita contribution. Nonetheless it was discovered that some social impacts compliment the economic impacts.

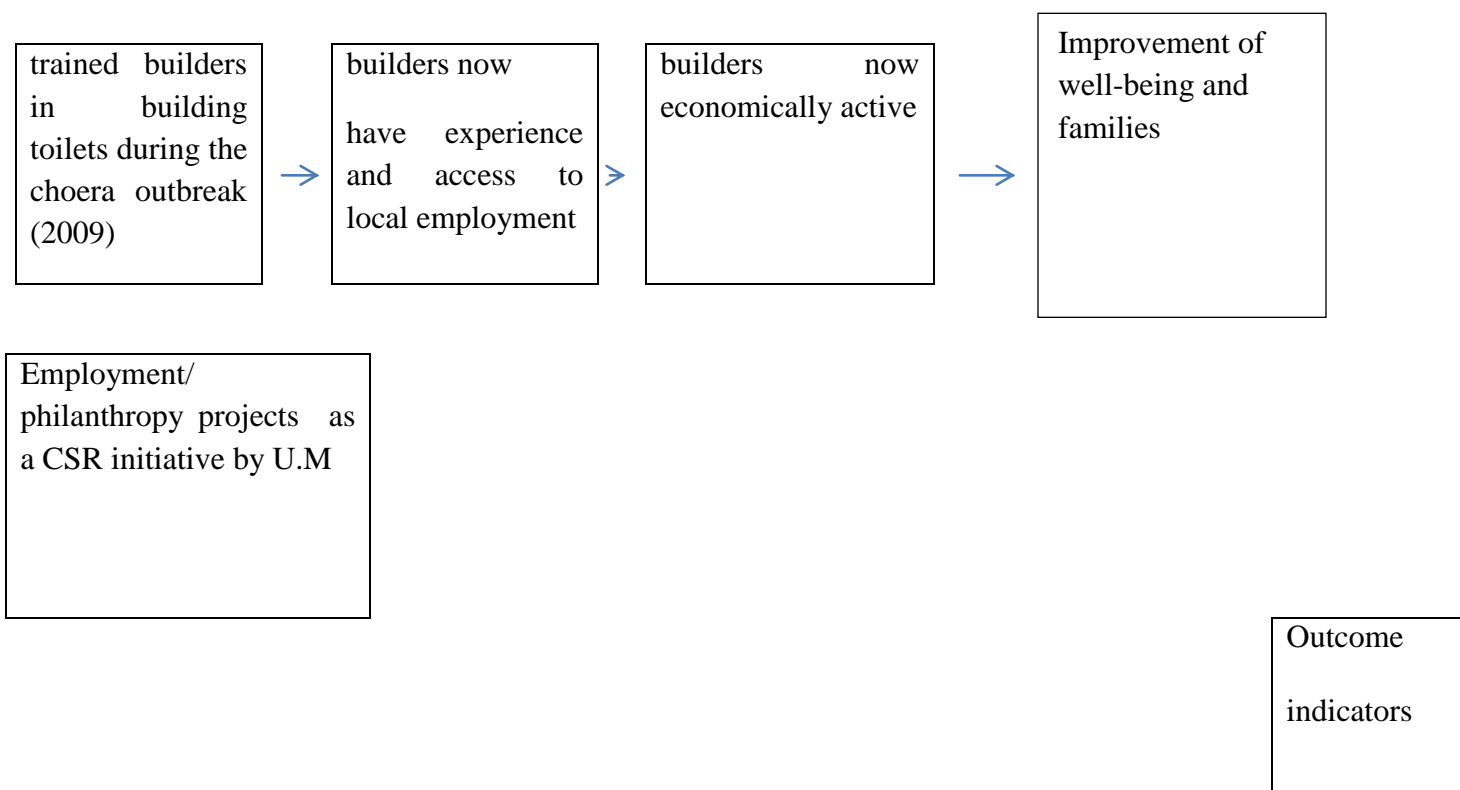
#### **4.3.2.1 Social Indicators**

Social impacts are the social change that U.M creates through its actions. For instance, social impacts are brought about through the impact of U.M CSR interventions such as infrastructure development, donations and bursaries, housing construction, CSOT and employing local (skilled and unskilled). Depending on the nature of interventions, the social impact of U.M include things that happen sometime after the actual intervention and / or affect a wider group of individuals than just the researcher or U.M chose as the target population. Since outcomes can be tricky to measure, it is simplified by using outcome indicators.

Job creation at U.M provides income security for the unemployed which the employees use the money to access medical services, sending children to schools of their choices. Also employment results in increased productivity and services as indicated by the CED department that U.M produces over 60 000z (ounce) which is equivalent to 120 000 tone of platinum annually. It was also learnt that the number of CSR interventions increases as profits increases resulting from productivity.

Employed persons gain recognition. As the researcher it was seen that one gains fame or prestige if you are employed considering assets one will have purchased. Most employees confirmed that the wages they were getting from U.M were sufficient although they it had led to escalating prices. Income leads to increased choices, decreased crime, drug intake, decreased family disruption and strengthened security.

**diagram 1: Socio-Economic Impacts on Job Creation.**



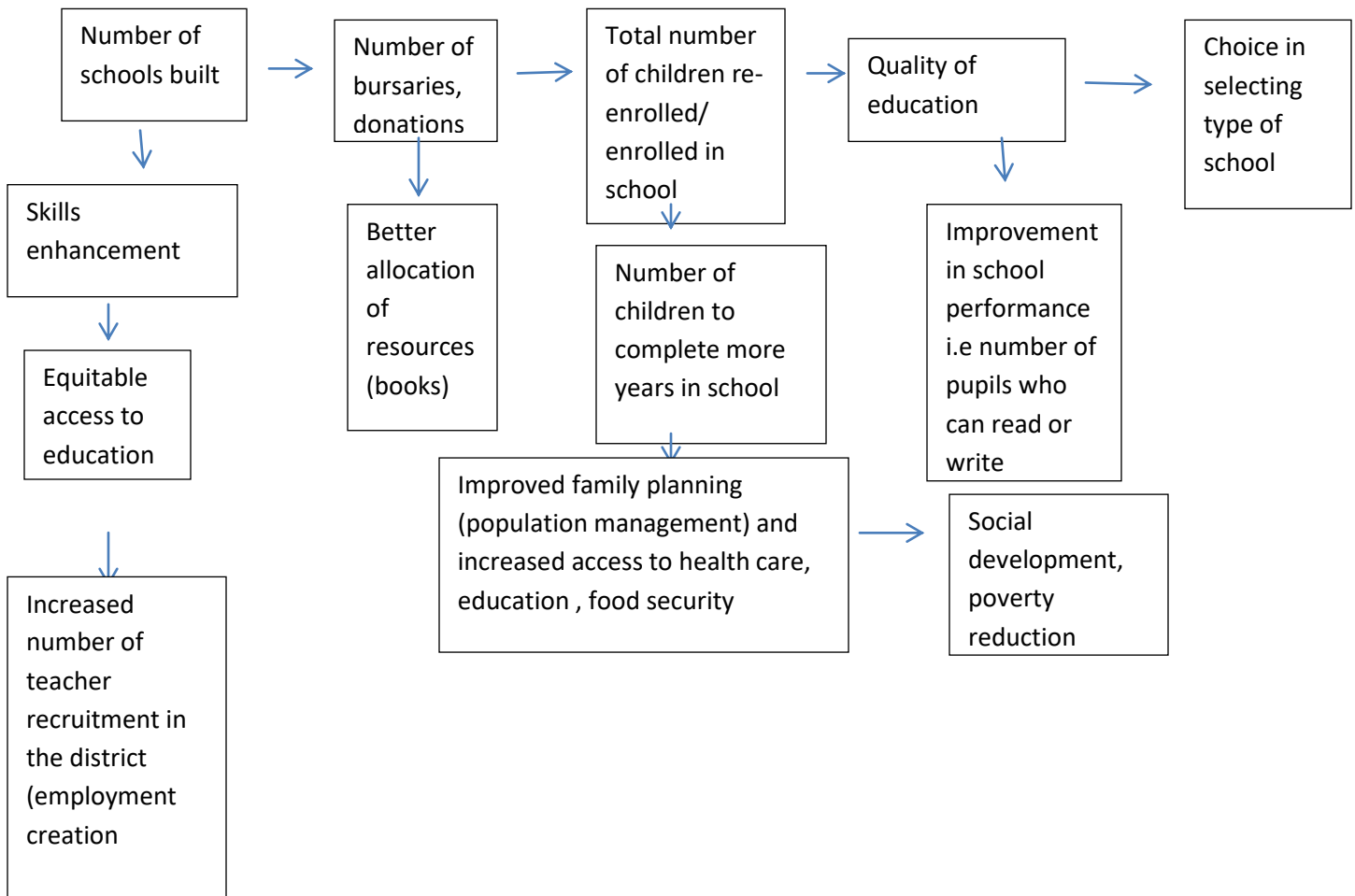
However, some residents expressed rage against the mine as they pointed out that, the mine is denying local residents benefit to work at the mine, employing more experts outside rural

Shurugwi. Asked for comment, the C.E.D department said 68% of the unemployed employees were from the rural communities whom they encourage to apply at Tongogara RDC, Shurugwi town council, Chachacha council workshop yard, Banga Clinic.

#### 4.3.2.2 Education And Health Outcome Indicators

In measuring outcome indicators in education, the researcher considered the number of school built in Shurugwi, increase in enrolment or number of students who enrolled back in school, quality of education and the end results as consequences. The summary is given in diagram 2.

**Diagram 2: Socio-Economic Outcome Indicators: Education and Health.**





The researcher found out that U.M has built and donated to about five schools in Shurugwi, minimizing cost for rural Shurugwi residents who had to send their kids outside Shurugwi to access education. In some cases U.M provide bursaries and school fees to the under -privileged particularly students who will have excelled in higher levels of education. For instance, in 2012 through the CED office the mine paid a cost of USD\$5 538.00. Beneficiaries are retained as employees after completion of education. Nonetheless it is positive discrimination.

All employees at U.M, as they go through the induction process, are taught Safety Health Education to prepare them to work safely. The same knowledge can be transferred or applied after they leave the mine. Villagers confirmed that their children's education has since improved. They are now able to read and write. People who will have attained education tend to have increased ability of decision making, can exercise improved family planning and increased access to health care. Learned people even have increased choices of their sexual life in terms of sexual reproductive health rights.

Nonetheless, measuring impact indicators in terms of education was difficult due to the fact that U.M supports education through CSOT. The mine does not have direct influence over the money or what authorities should do to make education effective. Decisions lie with the villagers and the responsible authorities who handle CSOT funds.

#### **4.3.2.3.U.M CSR and Millennium Development Goals**

##### **Goal 1 Eradication of Extreme Poverty and Hunger**

U.M CSR interventions have managed to reduce poverty by directly and indirectly employing locals. Although U.M employees were unwilling to disclose their salaries they showed satisfaction with the salaries they were getting. The researcher could not persuade them to disclose as the ethical consideration delineated that respondents have their right not to be forced

to disclose anything. The construction of dams, Trailings, Lucilia Poort and Chirume dams reduce the proportion of villagers who suffer from hunger as they are now in irrigation farming and fishery. This also leads to improved diet and food security.

### *Goal 2 Achieve Universal Primary Education*

The mine employees are managing to send their children to school. With the CSOTF, villagers have managed to build schools in the district, with the schools being built within the reach of many schools. The CED department confirmed that they donate material in schools as requested although they alluded that the CSOT is expected to cover for everything.

### *Goal 3 Promotes Gender Equity and Empowering of Women*

The researcher observed female drivers at the mine, with some driving front line loader operators. Mr Shumba a security guard at the trainings compound) confirmed that most of the bus drivers were female as well as earth moving equipment and underground operators. Females also attain managerial posts however few of them. For instance in the Human resources department out of 10 senior and line managers only three are female. The CED and SHE department are part of the human resources.

### *Goal 5 Improve Maternal Health*

U.M has since sunk boreholes in different clinics including, Zvamabande Clinic in Ward 10, Chironde Clinic and Banga clinic with Zvamabande Clinic now serving as a referral clinic in the district. Before then hospital officials were finding it difficult to keep waiting mothers in the anti-natal and natal wards due to water scarcity. However, they can now stay as the clinics now afford to keep them.

### *Goal 8 Develop Global Partnership for Development*

U.M is a subsidiary of Amplats based South Africa and member of Anglo –American conglomerates. They have since ceded 51% of its stake to the locals in line with the

indigenization act (UM Newsletter 2015) under the CSOT scheme. The funds are used to address local needs such as schools, dam construction and infrastructure. In cooperation with the indigenous communities the mine employ both skilled and unskilled workers. The mine have since made available new technologies by donating computers to Chachacha secondary school, 11 computers to Selukwe school, 5 computer to busy bee nursery school, paid DSTV subscriptions to Thorn hill air base among other donations. The mine is bringing about real GDP. However the refinery of platinum is done in Polokwane hence the profits are not really enjoyed by the local populace.

### **Economic Indicators**

For the economic indicators the researcher considered income levels, uses of income, asset value and its contribution to GNP / capita.

There was a general consensus among U.M employee (participants) that income received can sustain daily needs. The employees can now send their kid to schools of their choice. However this is possible for permanent employees unlike employees who serve on a short term contract. However they have always experience escalating commodity prices as business people in Shurugwi always raise prices.

The GNP (measured as the total value of final goods and services) was however low as the raw materials are transported to South Africa and final goods produced outside Zimbabwe. The GDP could not be estimated as well. This indicator cannot be used to estimate the change at the household level as it cannot be representative of the whole population. Also, the researcher was not provided with information about income distribution.

Also, the potential spending value remained vague. Few U.M employees disclosed what they were doing with their savings. No breakdown of expenses was given and they did not indicate all sources of income.

#### 4.3.4 Addressing People's Needs

U.M has managed to respond to people's needs by giving back to the community. By ceding 51% of its stake to the communities indigenous communities can now develop their areas according to their needs.

### **Summary**

The chapter managed to present research findings gathered by the scholar. Information was collected using primary and secondary data tools. The research was subjected to a mixed methodology. Mining can bring socio-economic benefits to communities through local job creation, resource revenue and companies CSR initiatives. Nonetheless, mining does not always automatically bring about widespread benefits as profits are repatriated outside local communities.

## **CHAPTER V**

### **SUMMARY, RECOMMENDATIONS AND CONCLUSION**

#### **5.0 Introduction**

This chapter gives a summary of what was presented in the previous chapters. Conclusions are drawn from the findings. Recommendations are done on what must be done to ensure that mining fully contribute to rural socio-economic development, with a particular focus to U.M CSR interventions in Shurugwi between (2004-2012).

#### **5.1 Summary**

The study focused on the contribution of the mining sector to rural socio-economic development, a case of U.M CSR interventions in rural Shurugwi. Although the contribution of mining was misty and unknown, since some scholars had begun to raise eyebrows on the contribution of mining the study was carried to find out the true position of mining. It was realized somewhat mining contribute to rural development although the extent must not be exaggerated. The study objectives were achieved by examining the extent to which the mining sector in Zimbabwe promotes socio-economic development through CSR and the effectiveness of CSR strategies in rural socio-economic development with particular focus on Unki Mines were established.

The literature reviewed concepts studied and scholarly evidence was given through use of relevant current and past literature. The scholar benefited from the ethical and instrumental theories of CSR. The ethical theories are supported by the normative stakeholders approach, Universal human rights, sustainable development and common good approach. The instrumental

theory of CSR is supported by Cause related marketing, maximizing shareholder approach and strategies to achieve a competitive advantage. The researcher justified the need for the study by identifying the strengths and weaknesses of previous, filled the gaps left by the previous works of previous scholars.

The researcher employed a mixed research methodology. Purposive sampling technique was used targeting the most relevant informant reliable for the study. Questionnaires and in depth interviews were used as data mining instrument tools making the research exploratory and descriptive. This was done to get a clear understanding of the study.

## **5.2 Recommendations**

U.M should maximize on value addition as it improves production, export of goods and services through value addition and beneficiation (ZIM -ASSET cluster 4). Not only the fourth cluster will be improved but if a refinery plant is to be set in Shurugwi will mean increased job creation thereby leading to poverty reduction. The researcher found out that UM transport their concentrate, by road to their smelting plant in Polokwane, South Africa. This has caused an commotion by rural residents who claim that foreign owned mining companies are exploiting Zimbabwean`s natural resources for their own benefit leaving Zimbabweans with nothing, ([www.miningwatch.com](http://www.miningwatch.com)). Consequently, the second and third clusters will be addressed that of, Social Services and Poverty Reduction (cluster 2) and Infrastructure and Utilities (Cluster 3). Setting in for a plant will involve intensive infrastructure development, expansion, accessibility, utilisation of ICTs to improve service delivery leading to accelerated growth.

U.M ought to avail and increase economic opportunities for women, youths and the physical challenged in communities in conformity with the indigenisation, Empowerment and

Employment Creation and Gender initiatives thrust. In as much as the mine encourages women to compete for the same tasks as men some duties are masculine requiring men. For instance the underground activities cannot suit the physically challenged in case of a shaft collapse. Also, extraction of the minerals underground involves the use of manual labour through the use of picks which is masculine. Furthermore the researcher noted that all shifts require employees to be underground for eight hours making it impossible for breast feeding mothers to be underground for those hours. Therefore the mine ought to offer more women managerial posts for equity purposes. However it was opposed that very few women are in managerial positions.

Also, Tongogara RDC in collaboration with different mines and companies working in rural Shurugwi need to accelerate (PPPs) private –public partnership to fund economic revival and infrastructure development, other than rely on CSOT ceded by U.M. Taxes paid by U.M and other mines in accordance to the Rural District Councils Act Chapter 29:13, Section 96 subsection (i) which maintains that”,.....owners of mining location situated on rural land within the council area.. mining special minerals such as platinum and employing more than five workers.... As defined in the Mine and Mineral Act Chapter 21:05...” should be used to improve infrastructure in Shurugwi other than rely on CSOT. However this is only possible with accelerated implementation of the National, Corporate Governance manual to improve accountability and curbing of corruption. It was witnessed by the researcher that they are no clear policies on the liquidation of CSOT for instance.

Before implementing any CSR initiative companies should carry a situational analysis for programmes to be sustainable. A situational analysis and feasibility study provides the obtaining of socio-economic situations in Shurugwi. Before implementing any development intervention beneficiaries need to be interviewed and share their thought treating them as agents of their own

change. If they are not involved they will lack ownership of the projects. While philanthropic projects provide an opportunity for corporations to establish an ethical and moral mantra within and outside the organization, the organization must not assume the responsibility without consulting people. The implementation of rural water supply and sanitation projects should focus on suitable design and approaches as well as user participation and ownership. As the researcher was carrying out the research the villagers showed lack of ownership of the reservoirs. Some villager could be heard referring the Dams as UM dams not there's ( *madhamu eUnki mine or madam akavakwa ne Uni kuti tsishandise*).

While indispensable, money is not the only factor to consider in rural development. Money can be spend but have the environment compromised for the future generations to deal with future socio-economic issues. Rural communities need to be empowered ideally to deal and respond to the complex rural development concerns. Without a well-coordinated mix of skills, knowledge, project ownership and attitude, no amount of money will convey about development in rural Shurugwi communities. Instead, the resources are more likely to bring about conflict between members of a community. Nonetheless as the Tongogara CEO noted that, remittance used to support development would be more workable in cases where Rural Development Associations (RDAs) are operational. By definition, rural development associations are consortiums of individuals from a specific rural area. The mandate of confederations is to mobilise resources to support developmental projects in their respective rural areas. Workers in different companies would therefore contribute meaningfully to the objectives of their RDAs.



Corporates need to make CSR as rising from so socio-economic issues. The research calls for experimental research to understand how corporations might involve themselves into their relevant societal contexts and go beyond an instrumental CSR orientation. This can be done by a corporate role in society by responding to people's needs. This can minimize the perception by villagers or other stakeholders as self-centred.

U.M need to acknowledge instrumental CSR limitations in regulating corporate behaviour to its republics. Instrumental CSR impedes the development of communities in terms of governance. The harms resulting from an instrumental approach to CSR are further worsened by the total expansion of corporate activities. Globalization has led to conflict between national governments and companies that are multinationals. This was reiterated by the statement said by the Tongogara CEO that, "remittances which include CSOT used to support development would be more workable in cases where Rural Development Associations (RDAs) are operational and involved. Villagers also seem sad as they indicated that they are not fully benefiting from the profits of the minerals as the raw material is exported to Polokwane for refinery. Such conflicts render it difficult to regulate corporate behaviour.

Instrumental CSR reduces social responsibility since it encourages profit maximization. The risk of adopting such an approach lies in an importance of achieving corporate reputation and operational space rather than the end of social welfare. Given such circumstances of actions, such parallels might appear salient raising the danger of corporate scandals as people view mining as not benefiting or contributing to rural socio-economic development.

It is recommended that UM management involve employees in selecting the type of corporate philanthropy activity to implement. Employees are also stakeholders and some of them are part of the community, therefore their contributions are important. Involving employees in decision making will result in them taking ownership of not only the corporate philanthropy activities of the company but it can lead to the employees identifying themselves with the company.

UM could also put more investment on the other dimension of CSR as they are doing with corporate philanthropy. The other dimensions of CSR are just as important as corporate philanthropy. Coordinating all the four dimensions of CSR will indeed benefit the company.

UM is also recommended to complete their projects within a reasonable period of time, as taking too long to finish the housing projects might end up tarnishing the image of the organization. The housing project had since been under construction for almost two years with some contractors complaining of not being paid in time resulting in them putting tools down. Not only are the housing employers affected in the process but their employees as well who will not be able to provide for their families.

U.M should also conduct a social performance audit of their CSR interventions to judge their continuity, sustainability, efficiency and effectiveness. Addressing or solving more problems effectively improves the quality of outcomes. Therefore, there is need for delivery of CSR initiatives or services more efficiently allowing the organization to increase the scale of its impact. Prioritising on intervention to focus on more specific higher quality outcomes is encouraged. Any significant changes to an organization social model should be evaluated using

the social change model to document and articulate the expected outcomes in relation to the changes and set appropriate indicators and targets.

The Government must play the role of motivator, facilitator and enabler rather than dictator of CSR programs. Although progressive, the blue prints to economic empowerment make the president the sore monitor of companies' projects. The indigenization act maintains that companies should cede 51% of their stake to the local communities, this can make companies that CSOT funds are enough of donations to the communities as they are set as yardstick. Whilst progressive the same law can hinder investment as the law is harsh to foreign investors. CSR initiatives should range from income generation activities for livelihood, health check-up camps , mobile health services, adult literacy and agricultural development in addition to other initiatives that have been carried out by U.M.

Can Zimbabwe's economy continue to grow sustainably and inclusively on the back of mineral revenues without a more balanced economy?. In a budget statement, former finance Minister Tendai Biti (2012) had this to say, "The mining sector is a tiny enclave with little connectivity with the rest of the economy and, therefore, despite its high rentals, it has not been able to sustain growth or socio-economic development". He argued for moving beyond an 'reserve economy' towards what he called a 'cheetah economy'. In his statement he meant for an economy to function well people must not rely on mining rather means should be diversified. The researcher noticed that rural Shurugwi rely on the contribution of mining which is not sufficient. Whilst U.M has constructed dams to support irrigation and aqua-culture the schemes cannot suffice

livelihoods in rural Shurugwi. If policy makers can notify such a gap, it mean that mining is not the only avenue for rural socio-economic growth.

At policy level the government should largely define the term indigenisation in order to enable the policy to be inclusive. This should also include defining the term as a goal, as well as a process, defining SMART objectives, indicators and measurement criteria on which results are obtained and disseminated. Also the Rural District Councils Act 29:13 should be revised to enable rural communities benefit from mineral wealth.

A lot more work needs to be done in promoting CSR by both the private sector and Government. The lack of Legislation has now led to a situation whereby CSR especially in rural areas by the Corporate Sector is minimal. In mining only a few companies, which have some structures on social responsibility such as the Extractive Industries Transparency Initiative (EITI), have the potential to lead the CSI drive. To date, the only legislation concerning a semblance of CSR in Zimbabwe is the Environmental Impact Assessment Policy (EIAP) of 1994 and the Indigenisation and Economic Empowerment Act of 2007. The objective of the Environmental Impact Assessment Policy (EIAP) is to ensure that the environmental and socio-economic costs and benefits of economic development projects are properly accounted for. However on the ground development initiatives is not sound as Carroll's (1979) four-part definition of CSR mean which encompasses the economic, legal, ethical and discretionary (philanthropic) expectations that society has of any given organization.

The indigenization, economic and empowerment Act concentrate on the empowerment of communities yet not addressing issues like economically empowering indigenous Zimbabweans

by increasing their participation through economic expansion, their productive investment in the economy so as to create more wealth for poverty eradication, rather than on redistributing the existing limited wealth.

Empowerment legislation should also emphasise the development of a broad-based domestic private sector through innovative transformation of existing opportunities into enterprises which become the engine of economic growth and development in a growing market economy. Such enterprises become beacons of indigenous creativity and a source of national pride.

The government ought to broadly define and revise the indigenization policy, allowing for democratic, inclusive non-partisan, non-racial process of empowerment driven by economic ideas and business considerations that respect the rule of law and focus on sustainable growth and development of the various sectors of the economy. Section 14 (1) maintains that the minister may make adjustments or attach conditions ...which can hinder the participation of other individuals.

Also the government should focus on developing the policy and legal framework, guidelines and standards, that allow the disadvantaged Zimbabweans to participate in the economic development of their communities and earn themselves self-respect and dignity. Policy should guarantee that pre-conditions necessary for successful economic empowerment do exist and persist. This should allow sector specific non-state actors to engage and carry out feasibility studies or situational analysis.

The government can set up institutional structures for monitoring CSR initiatives in order to ensure that the intended objectives are achieved, and also that enough performance data is collected and analysed, on which critical lessons can be drawn for continuous improvement of CSR initiatives. These institutional arrangements should include the private sector, trade unions, development practitioners and associations as well as civil society organisations as key players that can contribute to the achievement of rural development.

There is a need for empowerment policy to deliberately include instruments that allow for decentralisation of empowerment activities to relevant sectors and allow significant involvement of U.M in the design of sector strategies and targets that allow for sustainable growth and higher success rates. Civic society and research institutions should play an important role in defining best practices that can be used to develop the sectors.

CSR need not only remain a company programme rather it should be selected, designed and implemented in response to community needs and not through corporate organisations needs. The concept of community development is a process which is conducted by community members in promoting their communities as a group. It is a process where local people cannot only get jobs, income and infrastructure development but also help their community to become fundamentally better able to manage social change Hasenfeld (2010). Such benefits of community development as employment and infrastructure development come through local people changing their attitudes, mobilising existing skills, improving networks, thinking differently about problems and using community assets in new ways (Shaffer et al 2004). Community development, therefore, improves the situation of a community not just socially and economically but also as a strong functioning community itself. This can be possible through

efforts from community members themselves and also from external efforts which are prepared to assist communities to develop from one point to the next..

The pace at which empowerment happens should be based on the performance of the economy i.e. context specific rather than based on political considerations only. The current economic context seeks to attract foreign direct investment, therefore, empowerment considerations should not be seen as obstacles, but stepping stones those investors should actually look for and adopt.

**Table 6 a list of socio-economic empowerment strategies**

<b>Social empowerment</b>	<b>Economic empowerment</b>
Establishing local sovereign fund to finance empowerment	Equity share arrangements and making CSR mandatory
CSOT	Public-private partnerships
Income generating activities	Revenue sharing arrangements
Mining royalties	Insurance payments

At a conceptual level, CSOTs present an opportunity to focus on socio-economic development and allow the indigenous people to draft their development needs.

The nonexistence of the trust funds account, mechanism for the financial and transfer of shares remain unclear. Most worrying though is the absence of the community yet they are the intended beneficiaries at the discussion table. The implementation is largely technical and top down whereas development interventions ought to be the opposite. This makes the process susceptible to political patronage. The absence of political consensus and inadequate legal and constitutional

backing exposes the policy to reversal in the event of a new government or political leadership taking over the government.

Notably is the issue of community right to mineral resource is not coming up as should within the on-going blue-prints. In most countries the communities benefit from mining activities other than CSOT funds. CSOT have their risks and advantages and these need to be considered with communities involvement. The case of South America, South African Bafokeng shows how royalties are shared with the central government or entirely remitted to the local communities and they have made a huge difference.

CSOT deed should be made available through the local RDC and beneficiaries. Residence need to be informed on how much has been spend and it must not be politicized. However in the case of the Shurugwi CSOT deed the researcher could get information on the expenditure. Making the deed available improves accountability and transparent.

There is also need to deepen grassroots advocacy in the mining sectors through workshops and dissemination of information. Legislators need to make the government adopt best practices. This can be facilitated by engaging in extensive research. Nonetheless there can arise problems on who can fund the research as well as ascertaining the sufficiency of research.

### **5.3 Conclusions**

The study re-affirms that mining is contributing to rural socio-economic development to some extent in rural Shurugwi District. Even so the villagers confirmed that to a certain extent they are



benefiting from mining. The chapter managed to summarise the whole research gave conclusions and recommendations on how to improve CSR initiatives as to benefit rural communities.

The aim of the research is to contribute to the local understanding and ownership of CSR initiatives and to explore ways in which mining become a useful tool to combat poverty and vulnerability where it exists in rural communities. Legal provisions for rural communities, the experiences and outcomes of current practice have been assessed. Rather than providing answers, the research helped develop key questions on the empowerment agenda, and these include: How can CSR initiatives better local ownership of programmes and economic development and processes? How can the empowerment policies be better communicated and used for the benefit of all stakeholders? What are the different ‘tools’ available for policy and what are implications for current practice. What should be the roles of government, local government, civil society and the private sector, institutions and development practitioners?

Finally, while there is value and clear benefits in mining, it is important to note that, on its own it is not a panacea to socio-economic development. There are a number of factors that determine the successful or striving of rural communities. Mining and CSR initiatives with particular focus to U.M interventions therefore, are not an end in itself, but, it is the beginning of development practices and processes that must lead to real development. If implemented successfully however, CSR initiatives can yield immense benefits to rural communities. Once this is a reality, it incrementally creates room for the increase of democratic spaces and improvements in the practice of good governance at village, district level, trends that can be replicated at national level.

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## APPENDIX I

**Denied benefit to local resources: The story of an unemployed youth. Retrieved from CCJP blog site. Posted on August 8,2012** Date retrieved 13.04.2015

Earth provides enough to satisfy every man's needs, but not every man's greed – Mahatma Gandhi

“I am a girl in her mid-twenties. I live in Shurugwi with my mother since my father past on long ago. In 2008, I dropped from the university after failing to raise school fees. But Shurugwi is the richest area in the country in terms of mineral resources. As a resident of Shurugwi, and if we take the indigenisation programme seriously, the community members, including the poor and disadvantaged like me, should benefit from locally available resources. But what is happening in Shurugwi is disappointing. When we walked about 16km to Unki Mine to look for a job, we were told the job was obtained by a ‘lucky pick’. What would happen is that they will write ‘Yes’ and ‘No’ on pieces of paper which they put in a bowl. The pick is a final decision: if you pick a ‘Yes’ it means you get a job and a ‘No’ means you don’t have a job. But what I realised is that a lot of the small papers, probably 95% will be written ‘No’. We went back the following month when we walked the usual 16km. At that time, there were about 500 people invited to submit their names and CVs. After submitting our documents, we were told successful candidates will be informed by telephone. No one received a phone call, but other people from outside Shurugwi are employed every day. At one time, we were advised that the Chiefs had the power to enable us to get jobs at Unki, we visited Chief Nhema, but he brushed us aside because he had his own people whom he wanted to be employed. After realising we had failed at Unki, we tried Todall Mine where we walked more than 12km. We talked to the security guards who told us that one had to be in good connection with the Human Resources Manager (HRM) in order to get a job. Alternatively, job seekers were supposed to do some work for the Chief which includes gathering firewood, thatching grass or any other tasks given by the Chief. The other chances of getting a job could be created by paying a beast, a goat, a sheep or even money to the HRM. But because of our state of poverty and marginalisation, we couldn’t afford these requirements. In addition, female job seekers could boost their chance of getting a job by falling in love with some of the recruiting staff. People like me, who know their rights have refused this ‘opportunity’ and therefore not employed.

Since Unki and Todal Mine disappointed us, we tried to get involved in income generating projects that were supported by a Member of Parliament (MP) for Shurugwi South. However, we did not qualify because the MP accused us (Ward 11) of voting for the wrong candidate (councillor) in 2008. According to the MP, income generating projects were for those wards that voted correctly and overwhelmingly for his political party in March 2008. We were warned to vote wisely in the forthcoming elections otherwise we would lose our homes, or even our lives! There are other accountability and transparency issues that concern me as well. One day I was sent by my mother to a village meeting where there was a discussion of the government's grain loan scheme. The Village Head emphasised he was the first beneficiary of this scheme followed by his Secretary. In our village, there are 28 households of which only five should benefit. This means the Village Head and his Secretary are always the fourth and fifth beneficiaries. In other circumstances, beneficiaries of the grain loan are requested to write their names on a sheet of paper, including the political party card number. This has been our life in Shurugwi. We live in an area endowed by natural resources, but we are unemployed. What can we do? When will this end? We have run out of options, but in the long run, this situation, especially if it is blended with political interests, is likely to affect community integration, resulting to hatred and conflict.



## Appendix II

Interview questions applicable to U.M management (S.H.E and C.E.D department), Tongogara RDC management , the district administrator, housing contractors

My name is Ellen Potsekayi, a student in the department of Development Studies at Midlands State University. I am currently carrying out a field research, which is a requirement for my dissertation. The research question is entitled, “The contribution of the mining sector to rural socio-economic development.” A focus of Unki Mine Corporate Social Responsibility interventions in Shurugwi ,Zimbabwe. Information provided during data collection is treated highly confidential and is for research purposes only. Participation in this research will not affect one’s membership or position within the society.

Your cooperation will be greatly appreciated

Yours sincerely

Ellen potsekayi

- I. Please describe U.M CSR initiatives?
- II. What is the contribution of mining or these activities on rural socio-economic development
- III. What do you think of these activities?
- IV. What has been the effect of these CSR strategies /projects on rural socio-economic development?
- V. Why have you been engaging in CSR?
- VI. May you give in an example of what you have benefited from mining at U.M. May you elaborate?
- VII. What do u think the mine can do to improve its initiatives for them to better respond to people’s needs?

This marks the end of the interview thank you

## Appendix III

### QUESTIONNAIRE

Applicable to villagers, U.M employees and traditional leaders.

My name is Ellen Potsekayi, a student in the department of Development Studies at Midlands State University. I am currently carrying out a field research, which is a requirement for my dissertation. The research question is entitled, “The contribution of the mining sector to rural socio-economic development.” A focus of Unki Mine Corporate Social Responsibility interventions in Shurugwi ,Zimbabwe. Information provided during data collection is treated highly confidential and is for research purposes only. Participation in this research will not affect one’s membership or position within the society. I kindly request for your assistance.

Your cooperation will be greatly appreciated

#### **Instruction to all applicants/ respondents**

- 1. Kindly tick were pertinent.**
- 2. Where you are required to explain kindly do so**

**N.B Section A to be answered by housing contractors, Section B traditional leaders, Section C by U.M employees.**

#### **Section A**

Applicable to housing contractors only

Name of housing contractor -----

Number of houses constructed -----

List targeted beneficiaries -----

-----

Demographic information of employees

Gender of employees

Number of male employees  number of female employees

Total number of employees  (*tick in the relevant box*)

Number of skilled employees  number of unskilled employees

Are all employees' indigenous residents from rural Shurugwi? YES NO

If the answer is NO name their location or give a percentage of indigenous employees-----

-----

Are the employees permanent or are hired on contract basis YES NO

If answer is NO kindly describe term of service (in the building of U.M houses)-----

-----

Do you know about U.M corporate social responsibilities? If yes list them-----

-----

-----

Do you think mining has contributed to the improvement of Shurugwi rural communities or if rural communities have benefited from U.M CSR? Yes  NO

If yes describe how they have benefited-----  
-----  
-----

What do you think Unki Mines can do to improve its Corporate Social Responsibility initiatives.  
explain?-----  
-----  
-----

Is your company based in rural Shurugwi? YES  NO

**SECTION B**  
APPLICABLE TO VILLAGERS AND TRADITIONAL LEADERS

Village name -----

Demographic Information

Male  female

Main occupation

1.Agric labourer  2.Employed by Unki Mine

3.Unemployed  4.Once employed by Unki Mine

Are you employed at Unki mines? YES  NO

Were you at once employed by Unki Mines?

If yes, for how long and what were the reason of leaving. Explain-----

-----  
-----  
-----  
-----  
-----

Do you know of U. M corporate social responsibility initiatives? If yes describe them.-----

-----  
-----

Do you think mining has contributed to the improvement of Shurugwi rural communities or U.M if rural communities have benefited from U.M corporate social responsibility? Yes  NO

If yes describe how they have benefited-----

-----  
-----

What improvements have been made in your surroundings using Community Share Ownership Trust funds?-----

-----  
-----

What do you think Unki Mines can do to improve its Corporate Social Responsibility initiatives? explain?-----

-----  
-----  
-----  
Who make decisions on the spending of CSOT funds? -----  
-----

Explain the process of requisition-----  
-----

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### Section c

APPLICABLE TO UNKI MINE EMPLOYEES (*tick were appropriate*)

#### Demographic information

##### Marital status

1.Married                       2.separated                       3.widowed   
4.Divorced                       5. Single

##### Age

##### Gender of employee

Male                       female

#### Uses of income (*tick were all appropriate*)

1. Food	yes	no
2. Pay off debts	yes	no
3. Medical expenses/ health services	yes	no



If yes describe how they have benefited-----

-----

-----

What do think Unki Mine can do to improve its Corporate Social Responsibility initiatives.  
explain?-----

-----

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**This marks the end of the questions. Wish you well in your endeavours.**



## Appendix iv

### Consent Form

**Title:** “The contribution of the mining sector to rural socio-economic development.” A focus of Unki Mine Corporate Social Responsibility interventions in Shurugwi ,Zimbabwe..

*Participants will be asked by the Researcher to sign this form as proof that consent has been obtained.*

I .....agree to take part in the research project as specified above. The research objectives have been explained to me, and I have a copy of a consent form which I will keep for my records. I understand that agreeing to take part means that I am willing to participate voluntarily. I can choose not to participate in part or all of the research process, and I can withdraw at any stage of the research without being disadvantaged in any way.

I understand that any data that the researcher extracts from the interviews or questionnaire shall not be used against my will.

Participants' Signature: \_\_\_\_\_ Date: \_\_\_\_\_

## Appendix v

### The Researcher

I confirm that I have personally explained the nature and extent of the planned research, procedures, and confidentiality of personal information.

Name of person obtaining consent: \_\_\_\_\_

Signature of person obtaining consent: \_\_\_\_\_ Date: \_\_\_\_\_

NOTE: Two consent forms will be signed of which one is to be retained by the Participants and the other will be kept secure by the Researcher.

## FIGURES

Fig 1 Response Rate to Interviews

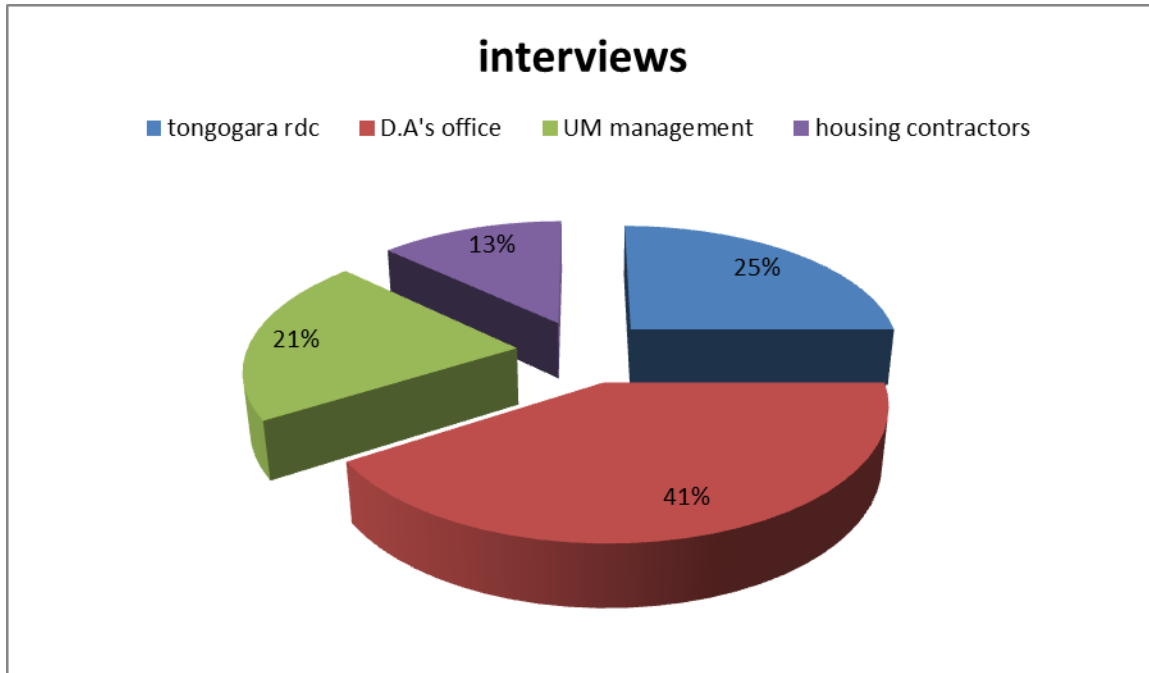
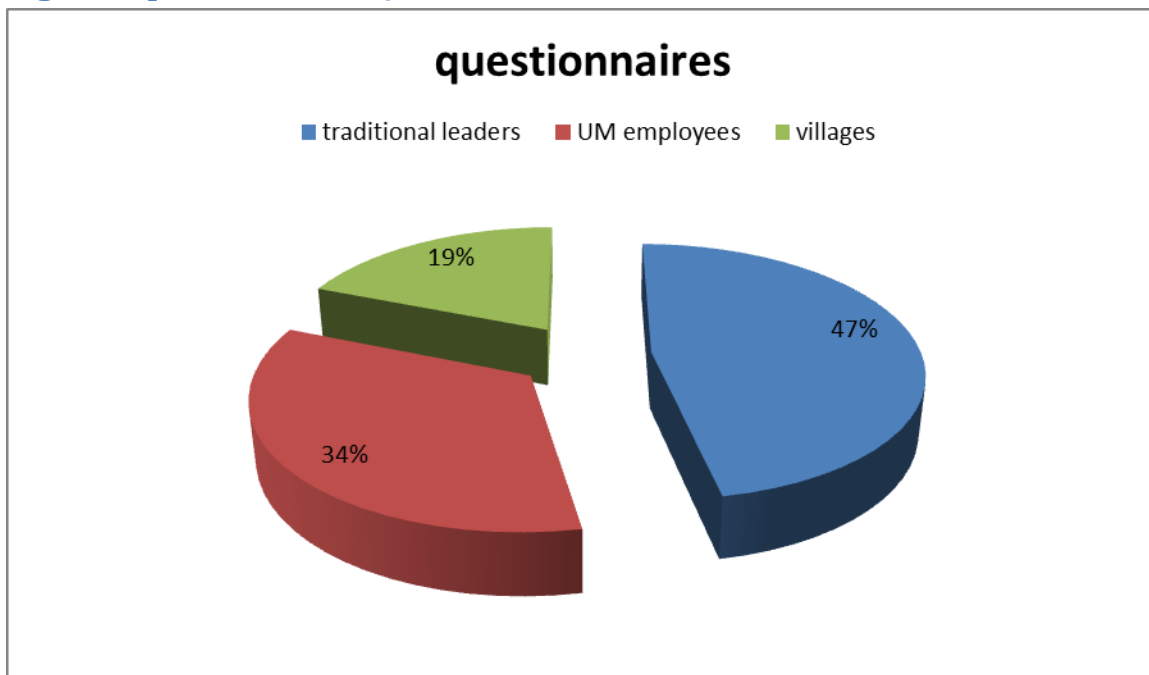
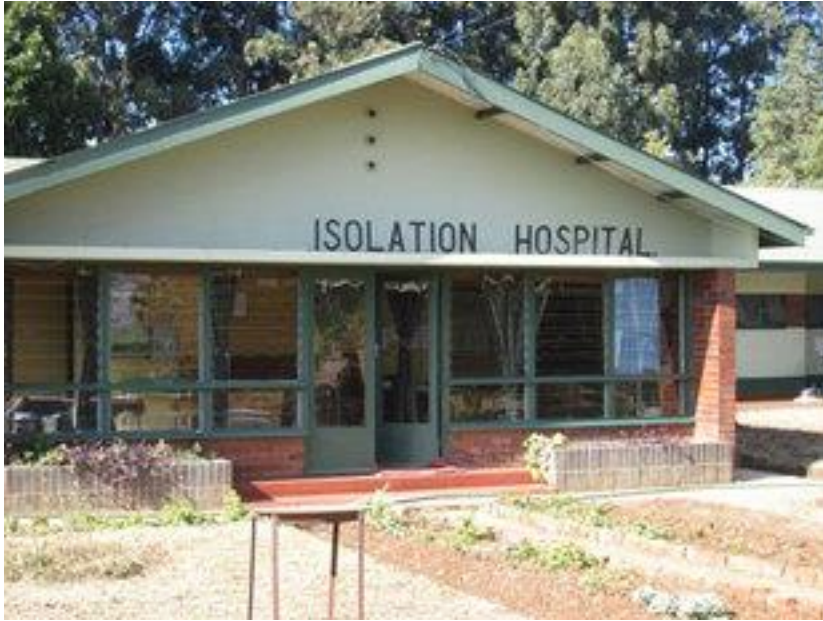


Fig 2 Response Rate to Questionnaires



**Fig 3 Community Health Clinic Refurbished by UM**  
Source the Zimbabwean 12.08.2014



**Fig 4 some of the 956 houses that have been constructed**





Fig 5: response frequencies to CSOT contribution

