

**Corporate Community Engagement (CCE) in Zimbabwe's mining  
industry from the Stakeholder Theory perspective**

by

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**DECLARATION**

I declare that **Corporate Community Engagement (CCE) in Zimbabwe’s Mining Industry from the Stakeholder Theory Perspective** is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

Date.....Signature .....

Tawaziwa Wushe

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May the GOD almighty bless you All.

## **DEDICATION**

I dedicate this dissertation to my three (3) sons: Blessing-Tadiwanashe; Russell-Tanaka and Ethan-Tafadzwa be inspired guys. I also dedicate the whole work to the identified stakeholders that is: the mining companies, the government and the communities in which mining is taking place, may you fully effectively engage. Finally I dedicate this work to future researchers, may this work pave way to further engagement with literature to find solutions to conflicts affecting mineral resources extraction.

## **ABSTRACT**

Mineral extraction is one of the key drivers of Africa's economies and is also one of the largest industries in the world. In many African countries, including Zimbabwe, mining contributes to profound parts of the economy and remain the engine for economic growth. In recent years, and following the continual exploitation of minerals, mining companies have been scrutinized as a major cause of social, environmental, and economic problems faced mainly by communities at the margins. In this regard, mining companies are widely perceived to be prospering at the expense of adjacent communities, who are the primary recipients of the externalities, mainly negative, from mining operations. Due to incongruent stakeholder interests conflicts have erupted given the peculiar case of the extractive industries in Zimbabwe. Having realised the differences among stakeholder interests over minerals, in the extractive industry the study sought to answer this question: how is CCE understood by different stakeholders? And how is CCE measured by the same stakeholders?. The focus of the study is to evaluate the meaning of CCE from multiple stakeholders in the extractive industry in Zimbabwe; and to analyse how CCE is measured by identified stakeholders. In order to satisfy the stated objectives, the study employed mixed research method. This study revealed similarity in understanding of CCE and its usefulness amongst the different stakeholder groups. Of cognitive importance is the realisation by stakeholders on the need for proactive communities and corporate investment into community for effective partnerships. Collaboration, empowerment, inclusion, trust and organisation emerged to be the major facilitators for CCE. The study presents operative CCE according to the obligations and expectations of stakeholders. Having realised that mining industries are particularly susceptible to conflict between stakeholders, the study suggests proactive desire to mitigate these conflicts through CCE in the mining industry. In this respect, community development, peace and stability and strong economy are the major outcomes of effective CCE. The study recommends participation of resource owners in planning, implementing, monitoring and evaluation as well as dividends sharing of mining projects as advocated for by the CCE Model. It is also recommended that the adoption of the CCE Model will ensure a sustainable and harmonious coexistence between the predominantly capitalistic mining concerns and the resource owners and solve part of the current impasse to business and community development.

**KEY TERMS:**

Corporate Community Engagement; Stakeholders; Corporate Social Responsibility; Extractive industry; Empowerment; Social Development; Sustainability; Corporate Governance; Public Private Partnerships; Participation; Diamond mining companies in Zimbabwe; Platinum mining companies in Zimbabwe.

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## **LIST OF ACRONYMS**

|     |                                 |
|-----|---------------------------------|
| CCE | corporate community engagement  |
| CSR | corporate social responsibility |
| PPP | public-private partnership      |
| BEE | black economic empowerment      |

## **Appendices**

*Appendix 1* : Introduction Letter from UNISA

*Appendix 2* :Consent letter

*Appendix 3* : Questionnaire Phase 1

*Appendix 4* : Questionnaire Phase 2

*Appendix 5* : Research Findings

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## **CHAPTER 1: INTRODUCTION AND BACKGROUND**

### **1.0 INTRODUCTION**

The objective of the chapter is to construct the background to the research problem, present the research problem and outline the research objectives to be addressed in the investigation process. It defines the international, regional and local trends in which mining companies are engaging with communities. The chapter presents an overview of the entire research starting from the background to the study, problem statement and purpose, research questions and delimitation of the study. The chapter concludes with a brief introduction of research methods employed for the study. Finally the thesis layout is shared.

### **1.1 BACKGROUND TO THE STUDY**

Mineral extraction is one of the key drivers of Africa's economies and is also one of the largest industries in the world. In many African countries, including Zimbabwe, mining contributes profound parts of the economy and remain the engine for economic growth. Africa holds 42% of the world's share of bauxite; 38% of uranium; 42% of the world's reserves of gold; 73% of its platinum; 88% of diamonds (Bennett 2010; Carney 2003; Hussein 2002). The continent also has enormous reserves of non-ferrous metals like chromite (44%), manganese (82%), vanadium (95%) and cobalt 55%, (Bush 2008). However, in Africa these abundant resources are paradoxically accompanied by high levels of poverty and destitution where there is an inverse relationship between mineral resource governance and sustainable rural livelihoods. Generally, the extractive industries face economic and political challenges for both fragile states and developing nations. There is extant literature on exploitation of non-renewable natural resources, including oil, gas, minerals and timber which are often cited as key factors in triggering, escalating or sustaining violent conflicts around the globe (Acemoglu and Johnson, 2005; Amnon 2005; Bowen, 2000). Bowen (2000) elucidates that the majority of the poorest countries in Africa are richly endowed with vast amounts of mineral resources but yet are walloping in poverty.

More so, Zimbabwe is endowed with rich mineral resources ranging from diamonds, platinum, gold, bauxite, coal, chrome, uranium, tantalite, granite, and many other minerals. The table below shows the projected mineral output for Zimbabwe for the period 2012 to 2013:

Table 1.1 Zimbabwe's mineral output projection for 2012-2013

| Mineral              | 2011 Actual | Cumulative up to September 2012 | Projection to End of 2012 | 2013 Projection |
|----------------------|-------------|---------------------------------|---------------------------|-----------------|
| Gold (Kgs)           | 12 949      | 11 139                          | 15 000                    | 17 000          |
| Asbestos (tons)      | 0           | 0                               | 0                         | 0               |
| Coal (tons)          | 2 922 000   | 1 246 255                       | 1 500 00                  | 2 000 000       |
| Nickel (metric tons) | 7 992       | 6 168                           | 8 500                     | 10 000          |
| Platinum (Kgs)       | 10 827      | 8 224                           | 11 000                    | 12 500          |
| Chrome ore (tons)    | 599 000     | 358 266                         | 420 000                   | 282 000         |
| Black Granite (tons) | 168 000     | 65 516                          | 170 811                   | 173 748         |
| Palladium(Kgs)       | 8 422       | 7 743                           | 8 800                     | 10 00           |
| Diamonds             | 8 719 000   | 8 170 423                       | 12 000 000                | 16 900 000      |
| Overall Growth       | 43,2%       |                                 | 10,1%                     | 17,1%           |

Source: 2012 Zimbabwe National Budget.

Considering the suppressed economic growth over the past decade in Zimbabwe, mining has become the nucleus for economic growth since 2009 with an estimated growth rate up from 33.3% in 2009 to an estimated 47% in 2010 (Confederation of Zimbabwe Industries 2011). According to the government's 2013 National Budget Report, the country's mining sector continued to lead in economic performance as it contributed about 16% to the Gross Domestic Product (GDP) in 2012 (National Budget Report, 2013). Furthermore, the mining sector remained the largest exporter in 2012 contributing a staggering US \$2 billion up from US \$1.8 billion in 2011. The major key drivers of this growth in export earnings were diamonds, platinum and gold (National Budget Report 2013). It can be deduced from these figures that the mining sector has the latent to catapult economic growth in Zimbabwe over the coming years as the country can take advantage of its abundant mineral resources. This can also be evidenced by augmented investment in the sector in response to firming international mineral prices (Ministry of Finance 2011; Mtisi *et al.*, 2011).

However, on the other side of the coin, the extraction of minerals has the potential to cause social and cultural deterioration, or even trigger violent conflicts (Mtisi *et al.*, 2011; Mugabe and Tumushabe 2002). Extensive literature has focused on bad governance and the negative

externalities of mining (Demsetz, 1983; Crane, 2000). This study will move a step further towards investigating how mining companies, indigenous communities and the government view, understand and practice corporate community engagement in the Zimbabwean context.

It should be noted that the tap-root for the absence of corporate community engagement has been due to the absence of appropriation laws natural resource which were promulgated during the colonial era and empowered the investors at the cost of the local citizens, who nevertheless are the bonafide owners of the resource (Gabriel, 2006). Based on this flawed framework, most of the mining deals and activities on the African continent have been both opaque and detrimental to Africans. For instance in Zimbabwe, The Mines and Minerals Act (1996), which governs mining activities, does not protect the rights of the communities in which the extraction process occurs. It was observed by Mtisi (2011) that section 188 (7) of the Mines and Minerals Act states that the Rural District Council is to act as the landowner if the mining arena is in a communal land and the payment will be made to the District Development Fund. As elucidated by Demsetz, (1983) and Crane, (2000), violent conflicts are mostlikely to occur in countries where local communities have been systematically relegated from decision-making processes in these mineral rich countries. These rules and regulations determine the view, understanding and practice of corporate community engagement.

Fama and Jensen (1983) posit that violent conflicts are prevalent in countries where the burdens associated with extractive industries clash with local social, cultural, religious and environmental norms. Thus, some communities have been displaced from their areas so as to pave way for the extraction of minerals and involuntarily resettled. Most of the time, this displacement comes with socio-cultural and economic consequences to the communities (Kemp 2009; Jenkins 2004; Muthuri 2007; Grzybowski 2010). Communities in many countries have been disrupted and impoverished by being forced to abandon the use of resources upon which their livelihoods depend on, like grazing and agriculture land. Against this background, the study will explore the understanding of CCE by its mining sector stakeholders and the indicators they used to assess its quality (how CCE is measured).

Thus, there are a plethora of conflicts in countries where the economic benefits are believed to be concentrated in the hands of a few by other stakeholders. Conventionally, indigenous

communities relied on natural resources for various purposes but with the establishment of mining industries the concept of dependence by communities been overlooked and extraction and expropriation of minerals for profit gains took the centre stage. The absence of tangible benefits of African people from these natural resources is largely attributed to lack of corporate community engagement as these finite resources continue to be expropriated from the African continent (Kovacevic, 2007). The effective management of a society's natural resources is therefore a priority for all those committed to the goal of conflict prevention and sustainable development. This study therefore seeks to justify the need of integrating communities in decision making structures of companies for mutual benefits.

It is against this background that corporate community engagement (CCE) has gained much momentum in the past decade. Studies have shown that the absence of corporate community engagement in mineral resources remains a major factor in the communal resistance and socio-political conflict witnessed in the natural resource endowed regions of Nigeria (Ikelegbe, 2005), Ecuador (Kuecker, 2007), Sierra Leone and the Democratic Republic of the Congo (Kuecker, 2007) and Zimbabwe is not an exception to this. The presence and occurrence of such conflicts has awakened the idea of "community engagement" as a form of community participation to gain much recognition. However one prevailing argument is that direct control of natural resources by local communities is an important pre-condition for equitable utilization of the natural resource wealth, peaceful coexistence between mining corporations and indigenous communities, and cordial relations between local communities and the state (Ikelegbe, 2005; Ross, 2006; Ukiwo, 2009). A thorough search in literature revealed that little is known about the real character of corporate community engagement in mineral resources. This study will investigate the character of CCE (its meaning from the perspective of multiple stakeholders and its measurement) in mineral resources utilization, specifically conditions under which CCE promotes or hinders sustainable use of resources.

Given that corporate community engagement is grounded in corporate governance literature, this study will draw from the theories of corporate governance (specifically the Stakeholder theory) to conceptualise CCE. The last two decades have witnessed a paradigm shift in exploitation and access to natural resources. Natural Resources Management (NRM) moved away from costly

state-centred control towards approaches in which local people play a much more active role. These reforms allegedly aim to increase resource user participation in NRM decisions and benefits by restructuring the power relations between government, extractive industries and communities through the transfer of management authority to local-level organisations. Yet, the reality rarely reflects this rhetoric. This is a superficial reading of mining industry and its processes, underneath, mining promises disenfranchisement and has in fact started to do so. Aided by the analysis of company, indigenous community and government, the study reflects how these variables influence corporate community engagement.

The study will analyse how international, regional and local trends are portrayed in literature on the relationship between mining companies and indigenous communities. Internationally, a good example can be drawn from Canada. In his research paper Dean (2013) asserts that Canadian mining companies represent 75% of mining activity worldwide and that historically, they have invested nearly 60 billion dollars in over 10,000 exploration and development projects around the world. Since they operate with demanding social, cultural and environmental constraints and sensitivities, Canadian mining companies are expected to adhere to corporate community engagement which “align mining activity with the priorities and values of its communities of interest” (Weyzig 2006; MAC 2012). In this way, stakeholder-based business policies such as corporate community engagement are used to inform and frame company-community relationships (Jenkins, 2004). One can note that the alignment of mining activities with the interests of the community incorporates the people first; hence it’s a good practice towards corporate community engagement.

South Africa is a very good example of how mines have influenced the economic, environmental and social aspects of Sub Saharan African region. Even though mining has placed South Africa on the global economic map, the reality is that often the profits are kept in the hands of a few (first with families like the Oppenheimers and now with junior Black Economic Empowerment (BEE) players (Kovacevic, 2007). The environmental damage is hidden or the responsibility denied, and the fabric of society destroyed as communities are uprooted, workers poorly paid, and health and safety risks to the workers and communities increased. Once a mine begins its operations there is no or very little community engagement, except during corporate social

responsibility (CSR) programmes which companies often undertake as good public relations activities. They often consider communities as irritants Mail and Guardian August (2012) and do not see communities as partners but rather as an obstacle for example the Marikana mining tragedy in South Africa in which 47 miners ( most of whom were members of the same mining community and believed to be bread winners by their families) were killed when they demonstrated against abuse and ill treatment by the mining company management,. Companies are then only concerned with the minerals and metals being mined. There is lack of information and action on the cumulative impacts on the environment, economic and social aspects of communities, however if mining companies engage with communities throughout the life cycle of a mining project, these problems can be dealt with sooner; therefore the study seeks to investigate CCE from the stakeholder theory in dealing with wealth escape from the hands of the resource owners.

From the above contextualisation it is justifiable to say that companies engage in community engagement in order to earn a social license which builds brand loyalty, extends market penetration, and ultimately allows companies to reap benefits which increase shareholder value (Carroll, 1999; Branco and Rodrigues, 2007; Husted and Allen, 2009). This study develops the proposition that it is not the business case for CSR that drives business policy but the nature of corporate community engagement that force a company to understand its capabilities and limitations in a way that reflects the needs of society. This understanding forms a social contract in that it creates a consensus between the companies, government and community allowing the expectations of both parties to be managed. The current study recognizes that stakeholder entitlement has become foundational to the development and implementation of CSR policies and initiatives. As an aide to understanding the roles and expectations of mining companies, communities within the mining areas, and government on corporate community engagement, using the stakeholder theory.

## **1.2 THE ZIMBABWEAN CONTEXT**

From the insights gained during literature research it became clear that there is a dearth of literature on the concept of corporate community engagement especially from scholars and

corporate governance practitioners, using the stakeholder theory. Hawkins (2003) notes that the Zimbabwe Geological Survey of 1990 revealed that Zimbabwe had more than five hundred different minerals. Mtisi (2011)'s work showed that Zimbabwe has a vast mineral base that is scattered throughout the country with chrome deposits and platinum along the Great Dyke from the north-western to the south-eastern parts of the country. Such a vast resource base has contributed immensely to the economic development of the nation. According to the Zimbabwe National Budget Statement (2011) the mining sector has been the fastest growing industry and has contributed greatly to the economic growth since 2009, with growth rates of forty seven percent (47%) in 2010 from thirty three-three percent (33.3%) in 2009.

Issues of Corporate Social Responsibility have been advocated by the Zimbabwean government. Several corporations have taken heed of the responsibility to plough back to the communities in which they are operating from. At a Corporate Social Responsibility Conference in August 2011, Harare, Zimbabwe, the Deputy Minister of Mines and Mining development Mr. Chimanikire gave examples of Rio Tinto, through the Rio Tinto Foundation, MIMOSA and Zimplats as corporations that have implemented CSR initiatives. These have invested in 'projects that impact meaningfully on the lives of rural communities'. Indeed, some mining companies have already responded well to CSR by working to improve their own methods of community engagement for example, negotiation of agreements with communities on how to avoid harm and provide benefits (Amnon, 2005; Demsetz, and Lehn 1985). In so doing, they have gained strong local support for projects, while communities have seized opportunities for development but more work needs to be done, (Amnon, 2005). Too often however, the rhetoric in support of community engagement does not match the practice as evidenced by lack of compliance based monitoring mechanisms on legislation governing mining companies 'engagement with their communities'. These processes can fail, for example, without the willingness and ability of both extractive companies and communities to engage as well as lack of policies that guides the practice of community engagement in Zimbabwe.

Notwithstanding the positive impact of the contributions that the extractive industry has on the Zimbabwean economy and society, (Mtisi 2011) observed that these contributions have been overshadowed by poverty, human rights violations, conflicts and corruption existing within the

sector. In concurrence (Holloway 2003; Hawkins 2003) argue that Zimbabwe, despite being richly endowed with diverse mineral deposits, is not even ranked 'as one of sub-Saharan Africa's resource rich economies' due to the factors including lack of community engagement legislation. Mtisi (2011) further notes that The Budget Statement of 2011 reflects a great picture of the mining industry yet on the ground there are cases of poverty, mismanagement of mineral resources, environmental degradation, pollution of water systems, loss of livelihoods, forced evictions and displacements. The problem herewith lies in the lack of balance between the degree of mining activities going on in the country and benefits accruing to communities.

More often than not, affected communities are not involved in the proceedings of the Mineral Affairs Board, which is concerned with the issuing of mining rights. Such side-lining of the affected communities is a cause for concern. What this suggests is that the problem of disenfranchising though it appears to be that the locals have much larger global and rippling effects than imagined and presented by those favouring extraction of minerals. For instance, in the communities of Marange, people were not effectively consulted by mining companies and government about the levels of compensation they are to receive due to the relocation process that will remove them from their birth places to pave way for mining operations that will be soon effected (Madembwe *et al.* 2011; Mugabe and Tumushabe 2002). The community is not even sure whether they will be allowed to participate in the small-scale alluvial diamond mining and uncertainty surrounds the extent to which this community will benefit from the diamond if at all. In South Africa a case has been discussed that indicates how the government should protect the communities (Mtisi 2011). Mtisi (2011) explains that in the case between Benwenyama Minerals and Bengwenyama-Ye-Maswazi council and others versus Genorah Resources (PTY) (LTD) and Minister of Mineral Resource and others, the constitutional court protected the rights of a community against the state and private sector interests in the issuance of mineral prospecting rights on lands belonging to the community without consulting the community.

Mtisi (2011) notes that issues of environmental protection were not even a priority by the Mbada and Canadile mining companies as they ventured into the mining process without carrying out the required Environment Impact Assessment (EIA). It was observed that in Chiadzwa diamond mining area in Zimbabwe the majority of river channels are silting due to alluvial diamond

mining and the Odzi River is faced with pollution and siltation due to Canadile operations argues Mtisi (2011). In Mutoko, a Black Granite mining district in Zimbabwe the reports of environmental degradation by the mining companies mining granite rocks, and exclusion of the community from the processes of the company have been reported to the Environmental Protection Agency in Zimbabwe. These issues have been a cause of several conflicts that have erupted between government, the mining companies and the affected communities in Zimbabwe.

Issues of transparency and accountability as expressed by Mtisi (2011) are lacking in the Zimbabwean extractive industry. For instance in 2010 there were confusing reports as to the total revenue generated from the sale of diamonds that were presented by the diamond mining companies to the Ministry of Finance in Zimbabwe. Even the Ministry of Finance confirmed that there was some revenue missing and unaccounted for from the sale of minerals. This is a clear indication of secrecy clouding the sector. The communities are not even aware of the revenue and expenditure streams as well as the obligations of the parties. Mtisi (2011) argues that the primary goal of transparency and accountability in the extractive industry is to make extractive industries such as mining benefit the society. It is clear from this argument that in instances where transparency and accountability are non-existent in the extractive industries in Zimbabwe then there is no concern for benefitting the society. This is also a clear indication that the communities have been side-lined in the extractive industries therefore an urgent need to address this challenge. Such treatment has resulted in severe tensions between the government of Zimbabwe and the Civil Society in the mining sector and communities in the mining areas across Zimbabwe.

As can be seen from the foregoing, the extractive industry in Zimbabwe is susceptible to the same maladies that have affected developing countries attempting to exploit their natural mineral resources. As such the question of how to mitigate the traditional problems associated with the extractive industries is quite poignant in the Zimbabwean context.

### **1.3 THE PROBLEM STATEMENT**

The challenge in the extractive industries is one of bringing together the pursuit of the private mining firms that finance the mining activities and the communities that feel they are the true owners of the exploited resources. Wolfenson (2001) suggests that corporate managers should

view themselves as stewards or trustees acting in the general public's interest, recognizing that business and society are intertwined and interdependent (Goddard 2005: 275). As such stakeholders which are of contractual and non-contractual in nature should be viewed as important actors in the corporate world. In order to strike a balance between business and society, concepts such as good Corporate Governance (CG), Corporate Social Responsibility (CSR), Community Engagement and disclosure should be understood in context of their importance and implemented. The above mentioned concepts are intricately intertwined as they map a way for good corporate community engagement. If a corporation embraces the above concepts it is clear that its objectives will be met since conflicts with the communities that disrupt progress will be eliminated. Moreover the corporation will have its reputation held on high by the community and the nation at large, hence boosting the level of trust and accountability. Also the community's engagement and involvement will be determined by the community who in this case will be active participants of the corporation thus enhancing the resourcefulness of the community and boosting its status and poverty alleviation efforts.

The study pursues the concept Corporate Community Engagement (CCE) in the context of Corporate Governance (CG) and how it can be integrated into the main governance systems of corporations. The study has been proposed for investigation because there is little understanding on the grounds of Corporate Community Engagement in the mining sector especially from the stakeholder theory perspective. The aim of the study is to investigate, and recommend a conceptual framework that works with CCE that will result in accountability to all stakeholders. The study's argument is that because extracting industries reduces community control and access to resources, it is disenfranchisement at large. The key gaps in this study are in the body of knowledge of CCE as it relates to the understanding and measurement of CCE and on-the-ground application of corporate community engagement standards. Despite the abundance of existing studies that provide guidance on community engagement, much of the publicly available data on how extractive industries engage communities reveals great difficulty in applying existing guidance effectively. Based on this observation, the study investigates corporate community engagement in the extractive industries from a stakeholder theory perspective.

## **1.4 RESEARCH AIMS AND OBJECTIVES**

The main objective of the study is to investigate corporate community engagement (CCE) in the extractive industries from a stakeholder theory perspective. The specific research objectives ensuing from this broad objective are:

1. To evaluate the meaning of CCE from multiple stakeholders in the extractive industry in Zimbabwe.
2. To analyse the measurement of CCE by those stakeholders.

## **1.5 RESEARCH QUESTIONS**

Specifically, the study seeks to address the following major questions identified from the literature:

1. What is CCE from the perspective of multiple stakeholders in the extractive industries in Zimbabwe?
2. How is CCE measured by those stakeholders?

## **1.6 DELIMITATION OF RESEARCH**

The study is limited to stakeholders in the diamond and platinum mining sectors in Zimbabwe. The diamond and platinum mining companies in Zimbabwe are of particular interest to this study because of their clear governance structures and capital investments which are above US\$10 million in value as shown from the Investment outlays. In addition, these mining companies extract strategic mineral resources in Zimbabwe and they have clear community structures around them which they interact with. Platinum forms a notable feature of the Great Dyke, the mineral rich escarpment running through the “heart of Zimbabwe” for a distance covering more than 500 kilometres in a roughly North-South direction as shown in the map below. Below is the map of Zimbabwe showing areas where there are platinum and diamond deposits:

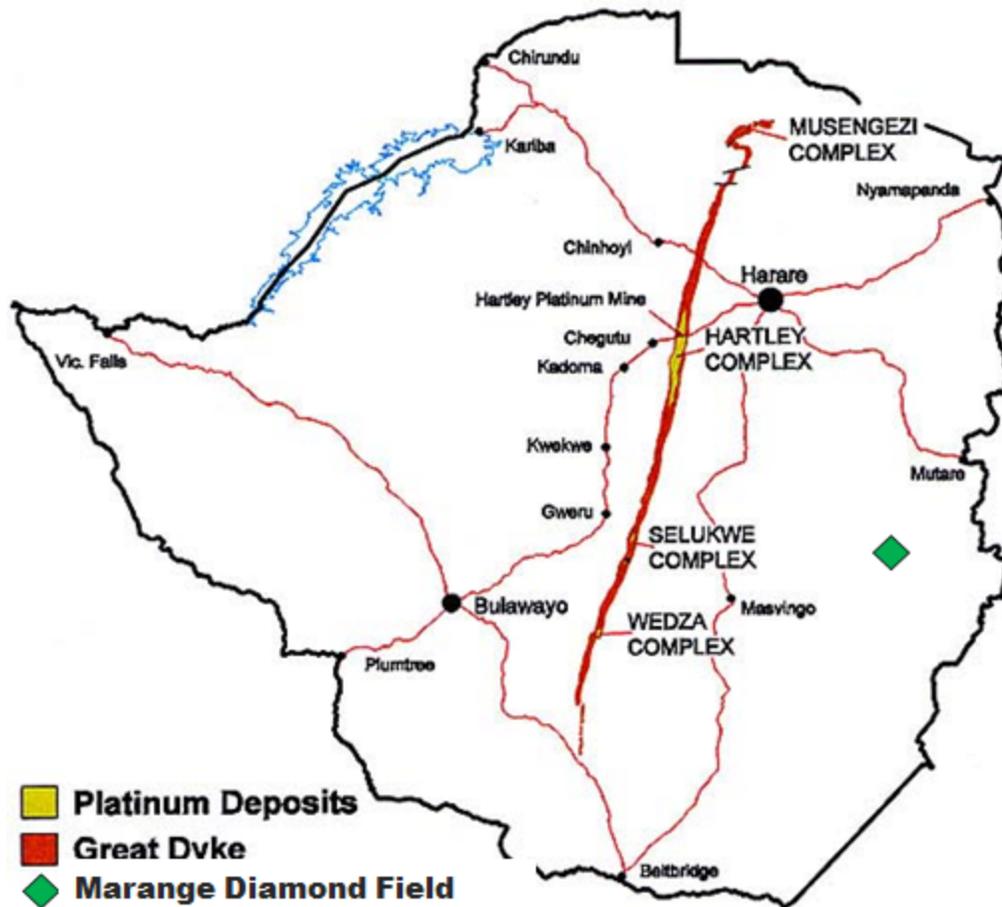


Fig 1.1 Locations of Platinum and Diamond deposits in Zimbabwe

Source: miningtechnology.com, accessed 20 June (2012)

### 1.7 RATIONALE FOR THE STUDY

The unique contribution of this study can be found in the evaluation of the understanding of CCE by multiple stakeholders and how they understand the measurement of CCE on the Stakeholder theory to the untested case of the platinum and diamond mining sectors of Zimbabwe. Reviewing literature on CCE has indicated a dearth of literature on the understanding and measurement of CCE in the Zimbabwean extractive industries from the stakeholder theory perspective. Community engagement initiatives have been discussed but they fall short in allowing the communities to determine their destinies in terms of development. The study seeks to contribute to the academic field of engagement on the fact that good corporate community engagement

should adopt a participatory nature in which the communities have decision-making powers on how extractive industries operating in their areas should give back to them.

Given the difficult economic, political and social environment in which businesses operate in Zimbabwe this study on corporate community engagement is expected to yield interesting results to fill the gap in knowledge on the concept of corporate community engagement, in the extractive industries of Zimbabwe. This research will contribute to the much debated stakeholder theory, in relation to accountability of investors, management, government to other stakeholders in the extractive industry

The study will contribute to the existing body of knowledge concerning the evaluating and measurement of corporate community engagement from the multiple stakeholders in the mining sector, as well as the issues of accountability and sustainability in developing economies. The study will be of benefit to companies, decision makers, regulators, researchers and communities as well as policy makers to set new and improved standards in the extractive sector of the economy.

This study will be among the first of research to be carried out in a highly volatile economic and political environment covering the concept of corporate community engagement. Therefore, information generated is essential for the development of socio-environmentally sensitive policies and approaches that are people-oriented and driven, simple and responsive to local communities and conditions. Furthermore, the researcher hopes the results will significantly help break down barriers and reduce tensions that characteristically exist between extractive companies, government and communities.

## **1.8 RESEARCH METHODOLOGY**

The level of scholarship in mining and communities' interaction has begun to reflect the industry's prominence in the global economic system and its significance as the agent for social, cultural, economic and environmental change. The research methodology focuses on the actual research processes and involves all kinds of tools, procedures and analysis to be used in a particular study argues Mouton, (2003). The design of research then is a plan by which the

researcher intends to conduct the research focusing on the end results. For the purposes of this study, data was collected using both qualitative and quantitative research methods as well as a combination of document search from the 7 diamond mines, 3 platinum mines, shareholders of these mines, board members and senior management of the mining companies, Community leadership, development agencies, members of parliament, Zimbabwe Mining Development Corporation and the Ministry of Mines and Mining Development officials were the other participants in the study and these formed both the study population and the unit of analysis. The quantitative research design was used in the second phase of data collection in answering the second research question on the measurement of CCE, while a qualitative research design was used to in the first phase in trying to answer the first research question on how the stakeholders in the mining sector understand CCE. This was decided because corporate community engagement focuses on phenomena that occur in the “real world” setting and necessarily contain with complex dimensions that cannot be adequately captured by the more objective quantitative tools. Questionnaires and semi structured interviews were used to measure both qualitative and quantitative data in the study. Content analysis using NVIVO and Factor analysis using SPSS statistical packages were used in this research.

The critical issues of the validity and reliability of the results of the study were addressed through the use of Cronbach’s Alpha and the selection of a large sample size relative to the target population as discussed in Chapter 3.

## **1.9 DEFINITION OF KEY TERMS**

**Community:** The first issue in evaluating community engagement strategy is to understand what ‘community’ is. This is not straightforward, since ‘communities’ may consist of individual citizens or of groups of citizens organized to represent community’s shared interests (Crane *et al.*, 2004). In developing definitions of community, most scholars have generally agreed that communities can be characterized by three factors: geography, interaction and identity (Lee and Newby, 1983). Communities that are primarily characterized by geography, it represents people residing within the same geographic region, but with no reference to the interaction among them. Communities primarily are identified by regular interaction represent a set of social relationships that may or may not be geographically oriented. Communities characterized primarily by identity

represent a group who share a sense of belonging, generally built upon a shared set of beliefs, values or experiences; however, the individuals need not live within the same physical locality. Given these different conceptions of community, it can be difficult to identify a community to engage with. Furthermore, different communities may interact with each other (Neville and Menguc, 2006; Unerman and Bennett, 2004), or it may be unclear who in the community has formal or informal authority or the resources to engage in particular processes (Hall and Vredenburg, 2005; Hardy and Phillips, 1998). For the purposes of the study, communities will be understood and analysed in the context of shared interests more than geographic location.

**Community engagement:** Community engagement is defined as a process of working collaboratively with and through groups of people affiliated by geographic proximity, special interest or similar situation to address issues affecting the well-being of those people (Waddock and Boyle, 1995). It's a powerful vehicle for bringing behavioural and environmental change that aims at improving the lives of the community. Understanding community engagement is complicated by the overabundance of terms and techniques in community development. Engagement is being perceived as a participatory philosophy and tool of community building designed to strengthen neighbourhood social capital, equity and/or sustainability. For this study engagement is defined as a specialty area within community building focused on techniques of community participation as well as creative and alternative community development practices that maximize the benefit and inclusion of marginalized people.

**Corporate Governance:** Shleifer and Vishny (1996) cited in the Economic Commission for Africa Southern African Office Paper (2007: 4) defines corporate governance as 'the mechanism through which outside investors (equity investors, providers of debt and minority shareholders) are protected against expropriation by insiders (managers, major shareholders, creditors such as banks). Such a definition signifies scenarios whereby the community inform which the resources were extracted, was excluded from the operations of the corporation.

The emergence of the concept of Corporate Social Responsibility has led to a definition of corporate governance to take a new dimension which is in line with the Human Relation Theorists. Oman (2001) defines corporate governance as referring to the private and public

institutions, including laws, regulations and accepted business practice. The market economy governs the relationship between corporate managers and entrepreneurs (corporate insiders) on the one hand, and those who invest resources in corporations, on the other hand. Regulations have been developed that ensures that corporate governance takes into consideration the communities in which they extract the resource from. Gillian and Starks (1998) cited in Gillian (2006) defines corporate governance as the system of laws, rule, and factors that control operations at a company.

According to the Economic Commission for Southern Africa Office (2007) corporate governance assumes a developmental dimension. Good corporate governance practices are viewed as a channel or platform for the general progression and advancement of the societies. Implied in this broad definition is the concept of corporate community engagement. This is because good governance promotes efficient, effective and sustainable corporations that contribute to the welfare of society by creating wealth and employment. Observed from the above is that good corporate governance is intricately intertwined with corporate community engagement as it should be societal and developmental oriented. For the purposes of the current study corporate governance encompasses the setting of an appropriate legal, economic and institutional environment that allows companies to pursue long-term shareholder value and maximum human-centred development, while remaining conscious of their other responsibilities to stakeholders, the environment and society in general as asserted by Okeahalam & Akinboade (2003).

**Corporate Social Responsibility:** It has been noted earlier that the concept of CSR is intricately intertwined to good corporate governance. Corporate social responsibility is defined as a business system that enables the production and distribution of wealth for the betterment of its stakeholders through the implementation and integration of ethical systems and sustainable management practices, (Senge, 2008). CSR has been defined by the President of the Chamber of Mines in Zimbabwe, Mr. V.R. Gapare at a CSR Conference held in 2010 as ‘a business process a company adopts beyond its legal obligations in order to create added economic, social and environmental value to society and to minimize potential adverse effects from business activities. CSR includes interactions with communities, suppliers, employees, consumers and government’.

In a similar manner Baxter at the same conference argues that (CSR) is the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life, in ways that are good for business and for development.

**Extractive industries:** Raw material extraction once offered an effective route to economic development, but societal relationships with environment and technology have changed so fundamentally that extractive industries today appear more likely to lead rural regions to economic addiction, (Freudenburg, 1992). Extractive industries as noted by Grzybowski (2010:6) refer to non-renewable resources such as, oil, gas and minerals. In a similar manner Suzanne *et al* (2008:5) defines extractive industries as those that involve the extortion of non-renewable resources, which include energy minerals, metallic minerals, industrial mineral, construction materials and precious stones. These natural resources includes, oil, gas, coal, uranium, copper, gold, salt, stone and nickel. Natural resources should be jealously guarded due to their non-renewability nature. Generally for the purposes of this study extractive industries will be defined as industries involved in the activities of prospecting, exploring, developing, and producing for non-regenerative natural resources from the earth.

Extractive industries are better understood as disputes over community control of resources and the right of community members to control the direction of their lives. This study proposes that extractive industries can tackle the underlying causes of the growing opposition to their projects in the developing world by engaging in consent processes with communities directly affected by projects with a view to obtaining their free prior and informed consent Observed by Holly *et al* (2007) is the positive impact that resource extraction can have on the national economies of countries from which natural resources are derived. Salim (2004:19) also adds that ‘societies and economies depend heavily on extractive industries...’. In Nigeria as noted by Holly *et al* (*ibid*) the natural resources contribute upto twenty percent (20%) of the country’s Gross Domestic Product (GDP) and sixty-five percent (65%) of the nation’s revenues. Despite the observed importance of the extractive industries in boosting economic growth of most developing countries, Salim (2004) points out that other case experience of extractive industries reflect little economic growth and poverty alleviation. Academic studies of the ‘resource curse’ indicate that

between 1970 and 2000, the number of states with disappointing outcomes in the field of extractive industry was greater than the number of successful outcomes, (Kemp, 2009; Jenkins, 2004; Muthuri, 2007). Perhaps this suggestion could be realistic due to various conflicts that erupt between the mining corporations and the communities affected by the existence of the company's operations.

**Social development:** Social development can be summarily described as the process of organizing human energies and activities at higher levels to achieve greater results. Development increases the utilization of human potential. In the absence of valid theory, social development remains largely a process of trial and error experimentation, with a high failure rate and very uneven progress. The dismal consequences of transition strategies in most Eastern Europe countries, the very halting progress of many African and Asian countries, the increasing income gap between the most and least developed societies, and the distressing linkage between rising incomes, environmental depletion, crime and violence reflect the fact that humanity is vigorously pursuing a process without the full knowledge needed to guide and govern it effectively. Because social development is primarily concerned with practical matters, little attention has been paid to the ideas, concepts and theories that inform social development interventions. Most publications on social development make little reference to theoretical issues, and most practitioners are unaware of the conceptual derivation of their activities (Fischer, 2003; Smyth 1999). However, although rarely acknowledged, social development practice has, in an indirect way, been informed and shaped by a variety of intellectual ideas that, in turn, reveal a commitment to different perspectives

Recently, social development has become more widely known in the Western industrial countries. Despite these achievements, social development is still poorly defined and there is widespread disagreement about what social development actually entails in programmatic terms. Scholars working in the field have offered various definitions of social development but none are universally accepted (Hollister, 1982; Lowe, 1995; Meinert and Kohn, 1987; Midgley, 1995). It may be argued that theory is an academic luxury of little relevance to social development's concern with pressing practical matters. Indeed, many approve of its ideologically detached pragmatism. Many regard the facts of poverty and social need as self-evident, and have a preference for pragmatic responses rather than interventions based on normative perspectives. In

the study social development is a concept that cannot be ignored as corporate community engagement has effects either negative or positive on the lives of communities where minerals are being extracted.

**Stakeholders:** The definition of a stakeholder, the purpose and the character of the organisation and the role of managers are not very clear and seem to be a contested terrain in literature. A lot of changes have been proposed and effected over the years. Even Freedman “the father of the stakeholder concept” changed his definition over the time. In his book Freeman (1984) the earliest definition is often credited to an internal memo report of the Stanford Research Institute (SRI) in 1963. The stakeholders are defined as “those groups without whose support the organisation would cease to exist”.

Freeman (2004) has continued to use this definition in a modified form: “those groups who are vital to the survival and success of the organisation”. Apparently this interpretation is entirely organisation orientated and Fontaine *et al* (2006) claims that the academic circles prefer the definition of Freeman (1984) where he defines stakeholders as “any group or individual who can affect or is affected by the achievement of the organisation objectives”. About twenty of the 75 definitions share this definition.

Friedman (2006) states that this definition is more balanced and much broader than the definition of the SRI. The phrase “can affect or is affected by” seems to include individuals who are outside the firm and groups that may consider themselves to be stakeholders of an organisation, without the firm considering them to be such. However, a more detailed distinction and analysis of the different scholarly definitions would be beyond the scope of this research.

Fontaine *et al* (2006) asserts that the traditional definition of a stakeholder is “any group or individual who can affect or is affected by the achievement of the organisation’s objectives”. It is evident that in an attempt to clarify the Stakeholder concept scholars have merely given a redefinition of the organisation. In general the concept is about what the organisation should be and how it should be conceptualised. Friedman (2006) states that the organisation itself should be understood as a grouping of stakeholders and the purpose of the organisation should be to

manage their interests, needs and viewpoints. This stakeholder management becomes the responsibility of firm's managers. Managers are entrusted with a fairly difficult responsibility which is to: on one hand manage the corporation for the benefit of its stakeholders in order to ensure their rights and the participation in decision making and on the other hand, act as the stockholder's agent to ensure the organisational survival of the firm. At their very best the managers would have safeguarded both interests regardless of their differences.

Freeman (2004) redefined the concept of stakeholders to be "those groups who are vital to the survival and success of the corporation". In one of his recent publications Freeman (2004) adds a new principle, which reflects a new trend in stakeholder theory. In this principle in his opinion the consideration of the perspective of the stakeholders themselves and their activities is also very important to be taken into the management of companies. He states "The principle of stakeholder recourse in that stakeholders may bring an action against the directors for failure to perform the required duty of care" (Freeman 2004). These thoughts later expressed can be classified as normative conceptions of the theory. Stakeholders, on the other hand, are those who have an interest in a particular decision, either as individuals or representatives of a group. Including people who influence a decision, or can be influenced by it, as well as those affected by it". In this study the term stakeholder will be used in reference to non-government organisations, government, shareholders and employees, as well as local community members. This is after a thorough perusal of extant literature on the definitions of stakeholders.

**Sustainability:** Sustainability is defined as meeting present needs without compromising the ability of future generations to meet their own needs. This term stems from Environmental economics and in recent years there is a realization on a geographical scale that minerals and other natural resources are being depleted alarmingly quickly and companies across the world should change the way business is being run. Branson (2010) said "while business has been a great vehicle for growth in the world, neither Virgin nor any-other business have been doing anywhere near enough to stop the downward spiral we all find ourselves in; and that in many cases, as demonstrated by the recent financial crises in the world, we have actually been causing that spiral to turnover faster. We are all part of the problem: we waste, we squander and to put it

bluntly, we screw up. Natural resources are being exhausted faster than they are replenished. In fact, not to put too fine a point on it, many natural resources such as oil, forests and minerals cannot be replenished. Once they are gone they are gone. Capitalism as we know it, which essentially started around the time of the industrial revolution, has certainly created economic growth in the world and brought many wonderful benefits to people, but all this has come at a cost that is not reflected on the balance sheet". Sustainability issues are concerned with the proper use of resources today bearing in mind that future generations will need to use the same resources. It is all about efficient and effective resource use.

### **1.10 THESIS LAYOUT**

The rest of the study is organised as follows:

The purpose of chapter 2 provided a theoretical framework for the thesis. The topics explored in chapter 2 included the delineation of the stakeholder theory and other theories of corporate governance, the literature, theoretical and empirical studies on CSR, CCE, and the stakeholder involvement on CCE. These topics influence all the following chapters and should be viewed as the underlying philosophy that applies across boundaries of chapters. A gap in the body of knowledge is identified and the contribution of this study to the body of knowledge motivated.

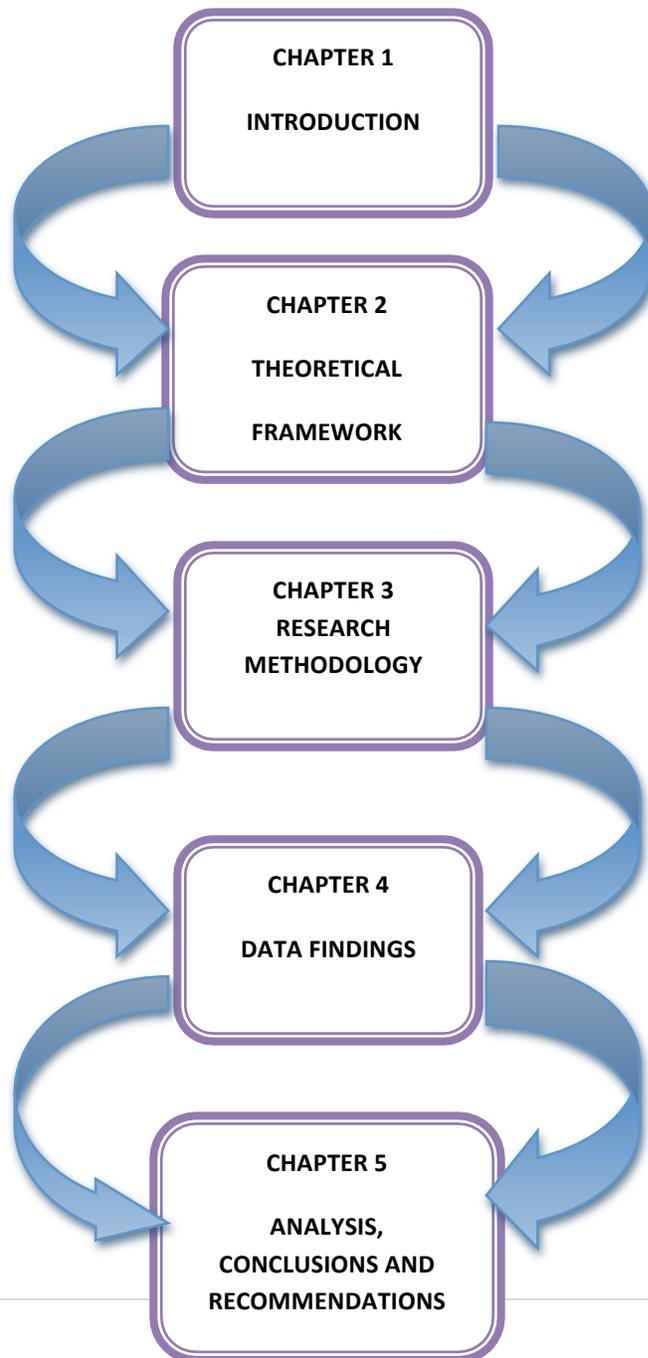
Operationalisation of the research objectives comes in chapter 3 where the methodology, the study area and the methods used in data gathering were discussed. An overview of possible study research designs is described. The basis for choosing an explanatory sequential mixed method is justified. The methodology used to collect and analyse the quantitative data and qualitative data is documented. The limitations and ethical aspects of the methodology used were also discussed.

In chapter 4 the research findings are discussed in relation to the main objectives of the study. Both quantitative and qualitative results are documented. These results include; demographics, exploratory factor analysis of the multifactor leadership questionnaire and content analysis for the first phase of the study. Chapter 4 also provided the findings based on a content analysis and factor analysis of the data collected for the themes. Evidence in support of the themes is supported by several quotations from the respondents. Findings linking the three stakeholders

chosen in the study as government, communities and mining companies and corporate community engagement are furnished.

Chapter 5 focused on results discussions, analyses and implications, the summary of conclusions of the study and contribution to the body of knowledge. Recommendations are made for the practical application of the study findings. Finally, suggestions for future research are proffered

The diagram below shows the flow and the organisation of the whole thesis.



## **CHAPTER 2: LITERATURE REVIEW**

### **2.0 INTRODUCTION**

The chapter synthesizes the current literature that is germane to corporate community engagement. The literature journey mainly focuses on the major relevant areas on corporate community engagement from a stakeholder perspective. The literature is reviewed in accordance with the key concepts, theoretical frameworks and empirical literature. The chapter also seeks to review prior research which investigates corporate community engagement (CCE) in extractive industries from the Stakeholder Theory perspective. By distilling pertinent literature, the research seeks to comprehend the measurement of corporate community engagement using a stakeholder approach. This literature review seeks to analyse mining companies', government's and communities' influence on corporate community engagement. This also offers the basis for discussing and analysing the research findings in later chapters.

### **2.1 THEORETICAL FRAMEWORK**

The research seeks to reveal the key gaps in the practical application of corporate community engagement standards in the mining industry. Despite the abundance of existing literature that guide on the influence of communities, government and mining companies on corporate community engagement (Kemp, 2009; Jenkins, 2004; Muthuri, 2007), these discourses have presented a split in research and practice, they are embedded in contrasting beliefs about society and nature. To bridge the differences in theory and practice of corporate community engagement, the study adopted the stakeholder theory as the basis of conceptual framework. Other studies have used stakeholder theory to understand struggles in developing reciprocal relationships between communities and companies (Weerts, 2007). Similar to these past studies, the analysis of corporate community engagement in this study draws on stakeholder approach.

### **2.2 OVERVIEW OF CORPORATE COMMUNITY ENGAGEMENT**

Despite the world economic recession, the mining industry in developing countries including Zimbabwe has remained an important source of national income and economic growth. Oil, gas, diamonds, platinum and other minerals' mining development have historically led to loss of lands, livelihoods and community cohesion for indigenous and local communities living close to the industrial activity, (Wilson and Swiderska, 2009). According to Muthuri (2007), mining

companies have been side-lining the communities from which they operate. Such an act resulted in conflicts between the corporation and the affected community, (Kemp, 2009 and Jenkins, 2004). In fact, mining companies took a ‘devil may care’ attitude to the negative impacts of their operations, they have been deemed as operating in areas without social legitimacy, causing major devastation, and then leaving when an area has been exhausted of all economically valuable resources. However to some extent it is not captured in literature whether this has been happening because of ignorance of mining companies or lack of knowledge on engagement. Hence forth this study sought to bring to light how stakeholders within the mining sector understand corporate community engagement and how can it be measured.

The predominant world-view of the mining industry was that of free-market capitalism or ‘neo-liberalism’ on a global scale, where no collective structures such as government or community can impede the free development of mining operations. Nish (2002) observes that in the past most mining companies especially those in developing countries functioned as closed systems, largely insulated from the influence of public opinion. This was epitomised by the purpose-built mining towns, where the company was the dominant employer, owned and provided most of the services (including housing, hospitals and other infrastructural developments), and managed the town as an essential element of the mine’s production system (Freeman 2006). In this setting, companies were able to control and predict most variables affecting their operation, right down to issues of community administration. The views, needs and opinions of other active stakeholders were not given attention therefore they ended up being passive recipients of corporate social responsibility and the wealth being expropriated from them.

Over the past decades, concerns about corporate community engagement have increased in the mining sector (Schaefer, 2004). Due to a series of highly publicised corporate environmental disasters, coupled with an emergence of social and environmental legislation and pressures from the public for better corporate behaviour and responsibilities in the interests of the society and future generations, mining companies are left with no option but engage with its stakeholders. Leading-edge mining companies such as Rio Tinto have attempted to integrate their strategy, processes and people across the triple-bottom line (Elkington, 1997). Although social and

environmental measurement and reporting are relatively established among a few leading-edge corporations, it is still at an early age.

Inclusion of stakeholders in mining operations is acknowledged in literature; Grzybowski (2010) argues that in areas where communities are excluded from the extractive dialogue there is the likelihood of development opposition. Salim (2004) on the other hand observed that most conflict erupt because communities view their land as non-saleable and “collectively held” hence the need for inclusion in the dialogue process so that reasonable value could be attached to their community shared value or resource. Failure to take this into consideration may build up tensions as the projects and the community compete for scarce resources (Kemp, 2009; Jenkins, 2004; Muthuri, 2007). One question however that remains in one’s mind is; does the inclusion and engagement takes the correct form it should, if it does what is the correct form of engagement and how can it be measured? Therefore this study sought to evaluate the definition characterisation and measurement of CCE from the stakeholder perspectives in the Zimbabwean extractive industry.

Moreover Grzybowski (2010) indicated that inadequate sharing of benefits is a major cause of conflicts between the corporation and the community. Research by Kemp, (2009) and Jenkins (2004) revealed that in Peru there have been conflicts between the mining companies and the communities because of lack of development. According to Laplante (2010), the country’s ombudsman office dealt with thirty-five (35) separate conflicts related to extractive industries and an average of thirty (30) conflicts a month. Specifically, the conflicts were between Yanachocha mining company and the community of Cajamarca in Peru as a result of unfair distribution of benefits as well as the way mining companies were doing business in communities (Laplante 2010). Furthermore, the Democratic Republic of Congo as noted in Global Witness (2006), in 2005 exported diamonds worth about US\$870 million, but this did not translate into any meaningful benefits to the Congolese population. In particular, the community of Mbuji Mayi Oriental did not benefit from the enormous diamond wealth under them and within their radius (Grzybowski (2010). It seems the wealth from the diamonds in DRC is not benefiting the communities in which the resources are located. The benefits are unequally shared

as most diamonds are being smuggled to other countries. Such unequal distribution of wealth is major reason for conflicts in most regions of DRC (Salim 2004). It is justified then to propose that engagement can be explained in terms of wealth capturing and development of communities however too early to judge as this is the major focus of the study.

Another cause of tension between mining companies and communities as postulated by Grzybowski (2010) is the issue of environmental degradation. Salim (2004) also reiterates the same sentiments as he argues that ‘extractive industries tend to ignite social conflict because they make deeper environmental footprint than other industrial activities’. It should be noted that corporate community engagement offers a multitude of benefits through the engagement of communities. According to Gabriel (2006), charity activities helps a business in building brand, intimacy with customers, enhanced recruitment, gaining the license to operate, creating a vibrant work environment for staff or just giving back to the communities. However findings by Gabriel, (2006) show that few businesses are purely philanthropic now at a time when social benefits, moral reasons and ethical objectives are a clear incentives.

Community engagement has become indispensable for the firms’ broader stakeholder management programs, but with a narrower scope while community members are often firm stakeholders, not all stakeholders are communities. Community engagement addresses communities that are drawn together by shared social well-being, and no other stakeholders such as the financial community or the institutional investment community (Bowen *et al* 2010). Firms also receive strategic benefits from engaging with specific groups or community leaders.

However, Szablowski (2002) asserts that such experts play a key role in constructing the community, but their conclusions are invested in the symbolic capital of their individual academic and professional experiences that may not fit the symbolic structures of the communities studied. Hyndman (2001) agrees with this perspective, debating which anthropologists qualify as ‘honest brokers’ in mining conflicts. Accordingly, the company is faced with a number of difficult judgements and dilemmas when constructing and communicating its idea of the community and conflict.

Within the minerals industry, a key driver for companies to improve their community engagement practices has been the desire to reduce the community risks associated with current and planned operations and smooth the path for obtaining access to new resources (Humphrey 2000, 2001; Brereton 2002). This is often expressed in terms of the imperative for companies and the industry more generally, to protect their social as well as their legal ‘licence to operate’. The time taken to plan, finance, insure and regulate any operation has increased substantially in the past few decades, particularly in the case of large-scale mines, in these circumstances, developing better community engagement processes has the potential to deliver real financial returns for a company. Leading companies in the industry, Rio Tinto included, are now striving for competitive advantage in the communities arena, with the aim of becoming the ‘developer of choice’ for communities and governments, improving the corporate risk profile of the company and securing access to capital on more favourable terms. This, in turn, has involved a shift away from the traditional narrow focus of companies on protecting corporate strategic assets, to a broader focus on developing a ‘sustainability capability’.

When it comes to strategic assets of any kind, the returns and the wealth that are generated will generally be fought over by different stakeholder groups. This is certainly true in the mining industry. Most ore bodies of any real value have at some stage been targets for attempted ‘misappropriation’ or ‘ransom’. This has frequently taken the form of nationalisation by sovereign governments, withholding of sanction by powerful stakeholders, or a challenge to specific minerals tenure by opportunists.

### **2.3 TAXONOMY OF CORPORATE COMMUNITY ENGAGEMENT**

Corporate community engagement is still a tender subject among businesses operating in developing countries. Research show that corporate community engagement as a discourse is shifting from ‘involvement’ to investment (Waddock and Boyle, 1995). This shifting paradigm has been a calculative approach to community engagement by mining industries based on costs and benefits, revealing reciprocal yet unequal corporate–community relationships. This review critiques the predominant approaches applied in community engagement like corporate social responsibility, stakeholder involvement and community based natural resources management and

their implications towards poverty reduction and sustainable community development efforts in developing countries.

According to Anderson (2006) corporate community engagement is the most visible way an organisation can demonstrate its ethics. This involves many different kinds of initiatives and actions, from donations to community partnerships, and generally involves a company giving its resources in the form of time, money and products or services to a social or environmental cause. As noted by O'Connor (2000), community engagement has shifted away from philanthropic donations and ad hoc practices to a more sophisticated, strategic approach that aligns development priorities of local communities with the goals of the business, whether it is gaining a licence to operate, enhancing its reputation or improving productivity. According to Corporate Community Investment report (2007) in Australia, commissioned by the Australian Centre for Corporate Public Affairs and the Business Council of Australia, most mining companies surveyed indicated that they are increasingly looking to community engagement as a key contributor to their long-term commercial interests. This was also supported by Zarrella, *et al.* (2010) studies in the US and UK which noted that community engagements are meant to deliver benefits for both community and the business. However, the interests of the community are at the centre stage. The community engagement literature identifies the donation of company financial resources, employee volunteering activities and training of community members as forms of transactional engagement (Hart and Sharma, 2004). However it is not clear who defines, characterise and measure corporate community engagement which is the focus of the current study.

Community needs and resources are fully integrated with the firm's decision-making processes. An example of transformational engagement is Shell's 'strategic institutional relationship' with Living Earth, an environmental education and community development NGO. The two parties had formally been in partnership for 16 years, before deliberately reframing their relationship so as to allow more transformational outcomes. Shell recognized that this involved shifting their people's thinking and culture 'from viewing an organization in a traditional contractual arrangement, to formulating an equal and enduring partnership'. As Roger Hammond, Living Earth Foundation's development director put it, 'with Shell we are working with a company that

is willing to share risks and work with us to build solutions in real-life situations. We are not dealing with public relation (PR) platitudes but are engaged in work that neither entity could achieve on its own. This is what we call a partnership’.

Transitional engagement strategy is characterized by two-way communication, consultation and collaboration. Resources within transitional partnerships are seen as more than one-off transactional donations as they are shared within the collaboration, but control of the resources in these interactions remains with the firm rather than being fully shared with the community. Many examples of transitional engagement strategies can be found in project planning processes. Epcor Utilities Inc., for example, used surveys and Community Advisory Task Groups (CAT-Gs) to consult on the future of the Rosssdale power plant after it was decommissioned. Advantages of transitional approach included reconciling conflicting community demands and maintaining a fragile community trust (Bansal and Ewart, 2007). Epcor subsequently used this CAT-G approach at other facilities, including for the proposed introduction of Carbon Capture and Storage (CCS) technology at its existing Genesee power plant. Senior managers at the company commented that they believe that the Genesee project was selected by the province of Alberta to be one of three receiving significant public funding to develop CCS because of the company’s consistent strategy of two-way, repeated interactions with community stakeholders and the firm’s learning about local residents’ mental models. It can be deduced from the above illustrations that in some context CCE is viewed as based on two way communication. This study therefore sought to evaluate what the stakeholders within the mining sector in Zimbabwe understand CCE as.

Figure 2.1 shows illustrative versions of the community engagement continuum for government, the voluntary sector and the corporate toolkit, the community development literature (Barr and Hashagan, 2000; Tamarack, 2007) and non-profit corporate alliances (Rondinelli and London, 2003). Despite the wide variety of perspectives from which community engagement is approached across these sources, there are striking commonalities across the different versions of the continuum. All note increasing levels of community engagement from one-way information sharing, through two-way dialogue and collaboration, to community leadership or empowerment.

Borrowing from the leadership and governance literature (Bass, 1990), a study by Gabriel (2006) labeled three strategies ‘transactional’, ‘transitional’ and ‘transformational’ engagement (see Table below)



|  |                       |                            |                         |                           |            |             |
|--|-----------------------|----------------------------|-------------------------|---------------------------|------------|-------------|
| <p><b>GOVERNMENT</b><br/>(Ministry of Social Development, New Zealand. 2007)</p>                   | Information Provision | One-off Consultation       | Collaborative Processes | Community decision making |            |             |
| <p><b>TRAINING ORGANIZATION</b><br/>(International Association for Public Participation, 2007)</p> | Inform                | Consult                    | Involve                 | Collaborate               | Empower    |             |
| <p><b>VOLUNTARY SECTOR</b><br/>(The Rowntree Foundation, 1994)</p>                                 | Information           | Consultation               | Deciding Together       | Acting Together           | Supporting |             |
| <p><b>COMMUNITY STANCE</b><br/>(Hashagan, 2002)</p>  | Passive               | Reactive                   | Participative           | Empowerment               | Leadership |             |
| <p><b>CORPORATE</b><br/>(Altria Inc, 2003)</p>   | Monitor               | Push Communications        | Educate                 | Lobby                     | Engage     | Collaborate |
| <p><b>NON-PROFIT CORPORATE ALLIANCES</b><br/>(Rondinelli &amp; London, 2003)</p>                   | Arm’s length          | Interactive Collaborations | Intensive Alliances     |                           |            |             |

**Transactional Engagement      Transitional Engagement      Transformational Engagement**

Figure 2.1: The continuum of community engagement

Source: Gabriel 2006

Table 2.1: The three community engagement strategies

|                                  | <b>Transactional engagement</b>  | <b>Transitional engagement</b>   | <b>Transformational engagement</b>  |
|----------------------------------|--|--|---|
| Corporate stance                 | Community investment / Information “Giving Back”   | Community involvement “Building bridges”   | Community integration “Changing society”  |
| Illustrative tactics             | Charitable donations<br>Building local infrastructure<br>Employee Volunteering<br>Information Sessions | Stakeholder Dialogues<br>Public Consultations<br>Town Hall meetings<br>Cause-related marketing | Joint project management<br>joint decision-making<br>Co-ownership                       |
| Communication                    | One way: firm-to-Community   | Two-way: more firm to community than community-to-firm   | Two-way: Community to firm as much as firm to -Community                                |
| Number of community partners     | Many   | Many   | Few   |
| Frequency of Interaction         | Occasional   |  | Frequent  |
| Nature of Trust                  | Limited  | Evolutionary   | Relational  |
| Learning                         | Transferred from firm  | Most transferred from firm to firm some transferred to firm                                    | jointly generated   |
| Control over process             | Firm   | Firm   | Shared  |
| Control of benefits and outcomes | Distinct   | Distinct   | Joint   |
| Illustrative studies             | Brammer and Millington(2005)<br>Gabriel(2006)<br>Stern(2001)   | Foo(2007)<br>Maranville(1989)<br>O'Regan and Osters(2000)                                      | Parker and Selsky(2004)<br>Tracey <i>et al.</i> (2005)<br>Westley and Vredenburg (1991) |

Source: Gabriel (2006)

As evidenced above the most basic level, firms may engage by providing information, employee volunteer time or philanthropic donations (Gabriel, 2006; Saiia *et al.*, 2003; van den Berg, *et al.*, 2004). Within this transactional strategy, firms communicate with communities on a transactional basis. Providing information can reduce the transaction cost of, for example, a planning approval process, or help to gain access to critical resources. Although these communication strategies may sometimes be indirect, as through a trade association public information program, communication within this mode is essentially one-way, (Gabriel, 2006; Saiia *et al.*, 2003; van den Berg, *et al.*, 2004). Altria's (2003 in Morrison, 2003) corporate toolkit provides a range of tactics included within this transactional approach ranging from pushing communications through education to lobbying. Other examples include Scottish Power's School to Work Programme which equips low academic achievers of high school age an opportunity to assess their own employability and to gain skills that will be useful to them in the future; or Alcan's Cans for Habitat scheme which encourages Habitat for Humanity local affiliates to recycle used beverage cans by providing dollar-for-dollar matching grants based on the value of cans recycled.

Some forms of collaboration and partnership are intended to be transformational, but end up being transitional in their implementation (Googins and Rochlin, 2000). Indeed, distinguishing between transformational and merely symbolic or transitional forms of engagement is a significant research challenge as researchers get beneath the surface of community partnerships to identify the extent to which authentic learning, leadership and empowerment have occurred within the process (Hardy and Phillips, 1998; Payne and Gallon, 2004).

As Table 2.1 shows the most studied form of engagement is transactional, followed by transitional and then transformational engagement. Despite the potential for learning and community empowerment inherent in the most proactive forms of engagement, most of the sources address one-way communication, and two-way dialogue and consultation. Distinguishing between 'collaboration and partnership' and truly transformational engagement was often difficult, reflecting the challenge of recognizing deep as opposed to superficial or symbolic firm strategies (Bowen and Dillabough, 2009).

Not all sources could be identified as addressing single engagement behaviours. Some were allocated to more than one category. Others explicitly addressed a range of engagement behaviours as outlined in the community engagement continuum above. The realisation is that the relatively low number of studies on transformational engagement was due to academic knowledge lagging practitioner experience over time. Conventional wisdom suggests that community engagement is evolving from managing responses to particular issues, to co-creating solutions to social challenges. The expectation is that knowledge on transformational engagement had a later start than the earlier interest in transactional and transitional approaches, and that the lower count of transformational sources merely reflected this late start.

The institutional, organizational and community context are moderated by managerial perceptions on community engagement. While this is not often made explicit in the literature, the current study will argue that managerial perceptions form an important filter through which signals from the broader context are received. For example, Fiol and O'Connor (2002) argue for the importance of understanding the filters of hot emotional and cold cognitive managerial interpretations in processes of community engagement.

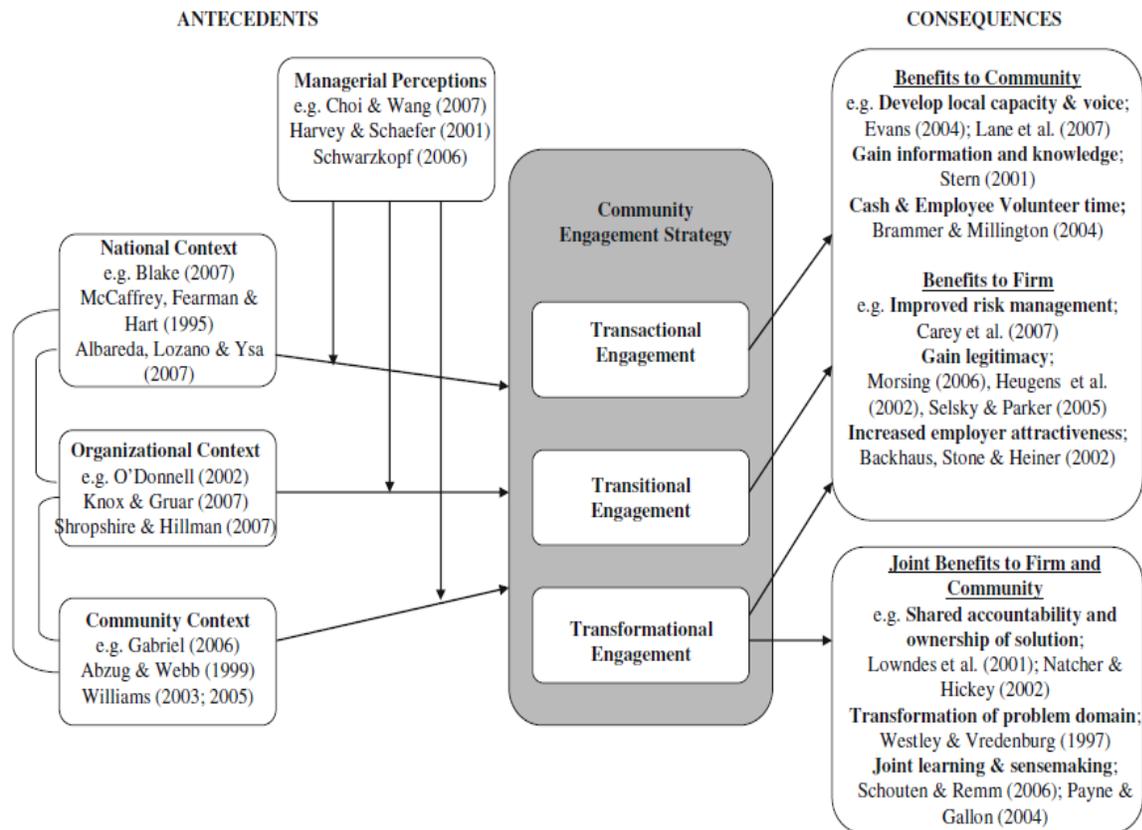


Figure 2.2: The antecedents and consequences of community engagement strategies

Source: Gabriel, (2006)

Managerial intuition (Harvey and Schaefer, 2001) and values (Choi and Wang, 2007; Voss *et al.*, 2000) can make some managers connect emotionally with engagement. Managerial cognition reflecting experience, aspirations and risk perception can also impact engagement behaviours (Lowndes *et al.*, 2001; Schwarzkopf, 2006; Shropshire and Hillman, 2007). The extent to which managerial perceptions moderate the other antecedents of community engagement depends on the extent to which managers have discretion to act on corporate social strategy (Bowen, 2007; Buchholtz *et al.*, 1999).

Bowen *et al* (2010) asserts that community engagement can be a significant activity within the firms' broader stakeholder management programs, but with a narrower scope: while community members are often firm stakeholders, not all stakeholders are communities. To them community engagement addresses communities that are drawn together by shared social well-being not other

stakeholders such as financial community of the institution. One can deduce that corporate community engagement is different from relationship marketing where the primary focus is on engaging with various stakeholder groups, including community, to retain customers rather than social improvements per se (Payne *et al.*, 2003; Crane 2000; Harley & Phillips 1998). For communities, firms offer access to charitable dollars, employee volunteers, training, capacity building, influencing projects and substantive improvement to social problems (Bowen *et al* 2010; O'Regan and Oster, 2000). However, in practice such benefits are not always achieved by communities. The major limiting factor is the clarity of who among the stakeholders determine what is CCE, what form should it take and how should it be measured.

Below is an eight rung participation ladder according to Arnstein (1969), as it illustrates levels of participation in community engagement.

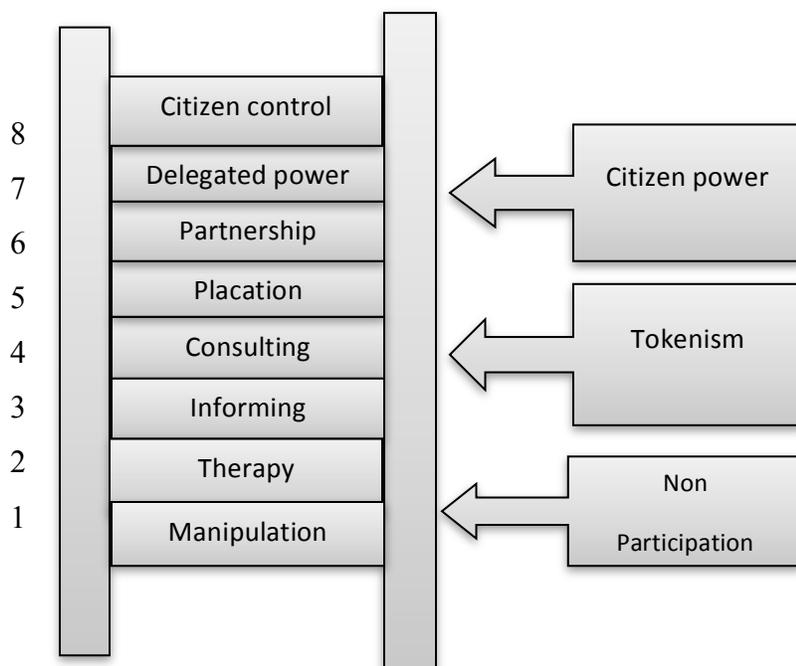


Figure 2.3: 8 rungs of participation.  
 Source: Adapted – Ladder of Citizen participation (Arnstein 1969)

At the bottom of the ladder there is manipulation. In the name of citizen participation, people are placed on rubberstamp advisory committees or advisory boards for the express purpose of "educating" them or engineering their support. Instead of genuine citizen participation, the

bottom rung of the ladder signifies the distortion of participation into a public relations vehicle by power holders (Tritter and McCallum 2006).

In some respects group therapy, masked as citizen participation, should be on the lowest rung of the ladder because it is both dishonest and arrogant but in the case of Arnstein's ladder is positioned second from the bottom. On this assumption, under a masquerade of involving citizens in planning, the experts subject the citizens to group therapy. What makes this form of "participation" so invidious is that citizens are engaged in extensive activity, but the focus of it is on curing them of their "pathology" rather than changing the racism and oppression that create their pathologies (Arnstein 1969). Citizenship involvement improves as one gets up the ladder and community project success also improves with it.

### **2.3.1 Benefits of corporate community engagement**

There are a plethora of potential social challenges to a company's freedom to operate and these include grassroots mobilisation to stop the development of a new building, or a boycott of a company deemed insensitive to a local issue (Kelly (2002). Thus, mining companies are finding ways to prevent or reduce these obstacles, which means engaging and developing a strong relationship with communities built on goodwill and trust.

Grant (2000) posits that the operating benefits resulting from corporate community engagement include easier entry to the market, more favourable government relations and regulatory rulings, and the reduced risk of lawsuits, work stoppages or shareholder activism. Furthermore, Davies (2003) observes that in the modern world no company has the licence to operate if doesn't have respect in the way they do business, be it labour issues or the whole the supply chain.

Studies by Yamashita (2001) in Japanese mines show that corporate community engagement is now being increasingly used by customers, shareholders, investors, employees and other community groups to measure a company's performance. Therefore, organisations are fighting to demonstrate strong values and a commitment to the community so as to enjoy improved reputation. For Australian mines with a strong community engagement programme, their investment in education and skills training and support for developing sustainable sources of

income all communicate positively to shareholders, employees and guests about the values of the company (Wycoff, 2004). Teaching individuals in the community new skills and knowledge also strengthens the talent pool available to a company. As noted by Wycoff (2004), most of the mines organise community events throughout the year specifically to have a positive impact on the host community and enhance its reputation locally. Community activities include donating clothes to remote rural areas, and organising for staff volunteers to clean up the local environment (Williams, 2004).

It is of utmost significance to note that companies showing leadership in community engagement are often seen as more attractive to investors (Vito *et al.* 2005). Attracting shareholders is one of the many business drivers of community engagement for companies such as Starwood (Tuffin *et al.* 2006). Additionally, employees' involvement with corporate community engagement programmes offer companies an opportunity not only to develop staff skills, such as teamwork and communication, but also to foster a sense of purpose and a positive culture within the company, increasing morale and motivation, improving staff performance, reducing absenteeism and increasing a company's ability to attract and retain employees. The 2011 Deloitte Volunteer IMPACT Survey in the US, found that the majority (61%) of people consider a company's commitment to the community engagement when making a job decision (Sherman, and Eck 2002). According to Rogers and Robinson (2004), InterContinental Hotels Group created local economic opportunities through education, training and employment as part of its community engagement programmes. This helped the company to be at the leading edge of its sector, giving the group a competitive advantage and resonating with key external stakeholders, including corporate clients (Rogers and Robinson 2004). Thus, corporate community engagement helps companies to be more successful in the long term.

Corporate community engagement is a useful conceptual framework for exploring the corporate attitude of companies towards stakeholders. It is also about balancing the diverse demands of communities, and the imperative to protect the environment, with the ever-present need to make a profit. Frost (2002) elucidates that corporate community engagement calls for a company to respond not only to its shareholders, but also to other stakeholders, including employees, customers, affected communities, government and the general public, on issues such as human

rights, employee welfare and climate change. For the mining industry, one outcome of the corporate community engagement agenda is the need for individual companies to justify their existence and document their performance through the disclosure of social and environmental information.

Corporate community engagement has a significant impact and importance for corporate operations. For instance, many companies including Nike, Wal-Mart, Liz Claiborne, Kathy Lee Gifford, and Tommy Hilfiger, have gotten into serious reputational difficulties because of problems with working conditions and human rights abuses in their supplier factories (Myhill, *et al.* 2003).

#### **2.4 AN OVERVIEW OF THE STAKEHOLDER THEORY**

Stakeholder theory, despite its varied manifestations, essentially relates to the view of a firm and its operations through the different interests of those affecting it or affected by it. Stakeholder theory has achieved widespread popularity among academics, media practitioners and managers who have since used the concept and subjected it to differing interpretation. According to Freeman *et al* (2006) the principle ideas of the stakeholder theory have particular bias and emphasis on organisational management and business ethics that are aimed at dealing with morals and values in managing an organisation. It requires managers to articulate the shared sense of the value they create, and what brings its core stakeholders together. In addition it also pushes managers to be precise with regards to the way they want to do business, especially on what kinds of relationships they want and need to create with their stakeholders to deliver on their purpose.

Stakeholder engagement is critical in developing, both semi-proactive and proactive stances towards sustainability, and may be the sole influence of reactive companies (Factor, 2003). There are various ways and levels of engaging stakeholders and stakeholder engagement can mean different things in different contexts (Gao and Zhang, 2001). Gao and Zhang (2001) provide a link between the level of engagement and the number of stakeholder participants. They argue that real and meaningful stakeholder engagement should be a process of sharing views through genuine dialogue between the stakeholders and the management of the organisation. Gao and

Zhang (2001) emphasise that dialogue should be a two-way process where stakeholders are not merely consulted or “listened to” but also responded to.

According to (Freeman 2006), stakeholder engagement is not about organisations abdicating responsibilities for their activities, but rather using leadership to build relationships with stakeholders and hence improving their overall performance, accountability and sustainability. Thus, meaningful engagement needs to allow stakeholders to assist in the identification of other stakeholders to ensure that stakeholders trust the social and ethical accountant and that the dialogue is not a one-way information feed. For many years, structural and institutional factors within Nigeria have made community participation in the decision-making process within the oil industry extremely difficult. This situation was accentuated by the failure to recognize the local community as a stakeholder of the oil industry. Local communities were for years perpetually marginalized and excluded, while they continued to bear the full brunt of oil production (Orubu *et al.*, 2004).

Empirically, in Nigeria there is a skewed relationship that surrounds oil exploration and community involvement and participation in the decision-making process. According to Freeman (2006), involvement of community engagement will usher in an era of a sense of belonging, as opposed to the current sense of alienation, which seems to have taken strong root. It is evident that community participation and input into the design, implementation and monitoring of CSR initiatives is still quite negligible. For example, it is common to hear community members refer to development projects undertaken by oil companies as ‘Shell’s borehole’, or ‘Mobil’s hospitals’. As a result, they do not see any need to contribute to the sustainability of these development projects. Mining companies, particularly those operating in frontier situations, tend to function as closed systems, largely insulated from the influence of public opinion. This was epitomised by the purpose-built mining town, where the company was the dominant employer, owned and provided most of the developmental, social and infrastructural services, and managed the town as an essential element of the mine’s production system. In this setting, companies were able to control and predict most variables affecting their operation, right down to issues of community administration.

Today by contrast, the proposition is that mines must increasingly operate as open systems. This shift in focus is attributable to the intersection of a number of factors, including heightened stakeholder and community expectations, the glare of global scrutiny, the demise of the traditional mining town, and the growing influence of concepts such as ‘corporate social responsibility’, ‘sustainable development’ and ‘triple bottom line’. Whereas central governments previously regulated the mining industry with little direct community involvement, communities have now become active participants in the process. In this emerging ‘tri-polar’ governance landscape, government remains a provider of mandate and a regulator, but communities now frequently represent themselves when dealing with business, whether through public forums, delegate bodies or the agency of Non-Government Organisations (NGOs).

Unless corporate managers can show that there will be a return to the organisation from investing time and resources in voluntarily improving corporate social performance, they will be reluctant to make such an investment, especially if it involves substantial additional costs. Likewise, financial markets are unlikely to look favourably on companies that are considered to be under-performing financially. At many mines in Australia, community relations are still treated as an add-on function that is marginal to the ‘real business’ of mining and processing ore. How the function is performed depends heavily on the qualities and motivations of individual community relations staff and the level of interest shown by the site general manager. When these individuals move on, as happens with a fair degree of regularity in the minerals industry, relations with the community are often disrupted and corporate memory lost. This has made it difficult for mines to maintain any kind of strategic focus in their interactions with local communities. Community relations personnel, for their part, have lacked clearly defined career paths and often have not been well supported by their organisations, particularly in terms of training and access to professional networks (Kemp, 2004).

Clearly, for any corporate capability to be sustainable it must be systemic; that is, it must be built into the organisation’s standard methods and processes for ‘doing business’ and must be able to sustain changes in personnel. This recognition has led leading companies such as Rio Tinto to

focus on developing comprehensive systems in the social arena, with the long term aim of embedding the same level of competency as exists in the corporation's technical and financial systems. Overall, these systems can be usefully imagined as the 'architecture' of the corporation; they include clearly articulated values and policies, standards and guidance, communication and reporting systems, and methods of verification. The architecture is intended to enable the corporation to develop and sustain long-term proficiencies, and maintain its organisational knowledge. Just as importantly, it seeks to facilitate the open exchange of this information so the company can respond to emerging needs at all points of its compass.

#### **2.4.1 Stakeholder approach**

The foregoing section presented the origin of the concept of the stakeholder as a primary focus/consideration of successful businesses. However, it can be noticed that the concept of the stakeholder as defined by the seminal work of Freeman (1984) presents a broad description of what a stakeholder is without providing prescriptions for how they are to be specifically managed/prioritised. This has allowed sufficient room for wildly divergent interpretations on how they are to be managed or interacted with. Donaldson and Preston (1995) suggest that "stakeholder theory" actually falls into three distinct classifications of the broad concept of stakeholder management.

The first is the instrumental view where firms react to stakeholder opinions only when they are consistent with other, more important economic objectives like profit maximisation. Instrumental stakeholder research tries to connect how the firm manages its stakeholders and the extent to which it achieves its goals, but does not question the moral legitimacy of the goals themselves. The second classification is the descriptive stakeholder research, which analyses stakeholder management as it is found in actual organisations. It makes no prescriptive or normative assertions about the desirability of stakeholder management. The third classification is the normative stakeholder research, which looks at the day to day interaction of groups affected or affecting the organisation. These different descriptions explain the divergence of what is generically referred to as stakeholder research; some research merely describes the effect under study as interpreted by those affecting and affected by it (Descriptive Stakeholder Theory), others determine what ought to be the interaction of the groups affecting or affected by the

organisation (Normative Stakeholder Theory) and others study attempt to connect the management of the groups affecting or affected by the organisation and the achievement of the goals the organisation has (Instrumental Stakeholder Theory).

Plainly stated, the successful minerals company of the future needs to be more than just technically and commercially proficient; it must be just as competent in social science, relationship management and community development as it is in engineering, financial planning and environmental science. This is increasingly being recognised in the minerals industry and seeing companies that once had an overpowering engineering culture coming to accept the validity of new values and the worth of community development skills (Harvey 2002). The addition of social skills to the mix of engineering virtuosity, effective management and commercial savvy has clear benefits at the operational and business unit level, but does not necessarily generate corporate competitive advantages such as enhanced reputation and associated access to financial capital on preferred terms. For there to be a corporate benefit, these enhanced capabilities must be seen to be embedded in the corporate structure itself, rather than just residing in individual components and ‘showcase’ sites. In a global environment of constant scrutiny, corporate guarantee is now as important for risk management as sovereign guarantee. In seeking self-regulation, corporations have accepted the arbiter of global scrutiny and market appraisal. The added value of the corporate whole is its reputation for multiple bottom line delivery and its ability to secure finance for operational investment at better than average market rates. Sound business architecture provides the basis for this guarantee by setting up a network of internal contracts, maintaining the corporate knowledge base, discouraging ad hoc behaviour and fostering consistency of delivery. Equity and debt finance are equally attracted to the associated reduction in risk.

While product branding adds considerable value to the marketing of actual products, corporate branding adds its value through the guarantee of social integration, acceptance and self-regulation. Hence, progressive companies, such as Rio Tinto, have staked their reputation and their future access to development finance on comprehensive business architectures that aim over time to build seamless and effective community engagement systems. The challenges in

effectively implementing these systems should not be underestimated, but companies that are able to meet these challenges will be well placed to reap substantial rewards through competitive advantage in land access and development approvals, lower costs of capital, and reduced risk exposure.

Fontaine *et al* (2006), asserts that the traditional definition of a stakeholder is “any group or individual who can affect or is affected by the achievement of the organisation’s objectives”. It is evident that in an attempt to clarify the Stakeholder concept scholars have merely given a redefinition of the organisation. In general the concept is about what the organisation should be and how it should be conceptualised. Friedman (2006) states that the organisation itself should be understood as a grouping of stakeholders and the purpose of the organisation should be to manage their interests, needs and viewpoints. This stakeholder management becomes the responsibility of firm managers. Managers are entrusted with a fairly difficult responsibility which is to, on one hand manage the corporation for the benefit of its stakeholders in order to ensure their rights and the participation in decision making and on the other hand, act as the stockholder’s agent to ensure the organisational survival of the firm. At their very best the managers would have safeguarded both interests regardless of their differences.

Freeman (2004) redefined the concept of stakeholders to be “those groups who are vital to the survival and success of the corporation”. In one of his recent publications Freeman (2004) adds a new principle, which reflects a new trend in stakeholder theory. In this principle in his opinion the consideration of the perspective of the stakeholders themselves and their activities is also very important to be taken into the management of companies. He states “The principle of stakeholder recourse. Stakeholders may bring an action against the directors for failure to perform the required duty of care” (Freeman 2004). These thoughts later expressed can be classified as normative conceptions of the theory.

The theory is concerned with the nature of these relationships in terms of both processes and outcomes for the firm and its stakeholders. The interest of all (legitimate) stakeholders has intrinsic value, and no set of interests is assumed to dominate the others, and the theory focuses on managerial decision making.

Indigenous communities are challenging mining companies on a wide range of issues including profit-flows, headquarters' decision making procedures, representation on the company board, rights to extract minerals, compensation measures, reporting procedures and long-term strategies. Almost every aspect of a business is scrutinised from a social responsibility perspective. These indigenous communities have benefited greatly from the globalisation of opposition to mining TNCs. In recent years a global network of indigenous people organisations has emerged as a result of this larger opposition movement. Members of the larger movement provide important services, such as reporting on negotiations between mining firms and local (indigenous) communities. Such negotiations are often relevant for other indigenous groups, even if they are being held on another continent, as deals struck between one group and a mining company can be used as reference points or benchmarks for other groups (Broad, 1997). Reports on such negotiations help to ensure indigenous communities the best possible price (in both financial terms and other considerations) for their granting of mining rights (Crowson, 1998). The efforts of indigenous peoples to organize have been paying off in other ways, as well. Indigenous peoples are starting to have more of their land claims officially recognized, as in the 1992 "Mabo ruling in Australia" (which provided for native title of land if historical and continuous links with the land could be demonstrated). Indigenous people are also having their rights recognized in other fora. In 1989 the International Labour Organisation (ILO) adopted Convention 169, "Concerning Indigenous Peoples and Tribes in Independent Countries." For its part, the United Nations Human Rights

Stakeholders and stakeholder engagement can only be given real meaning and achieved through a multi-stakeholder approach (Rotheroe *et al.*, 2003). Freeman (1984) defined stakeholders as "any group or individual who can affect or is affected by the achievement of the organisation's objectives". Savage *et al.* (1991) defined stakeholders as groups or individuals who "have an interest in the actions of an organisation. Stakeholders can be identified and categorised in different ways. Waddock (2001) distinguishes between primary stakeholders that constitute the business. Freeman *et al.* (2010) mention that the only way to maximise value sustainably is to satisfy stakeholders'. The stakeholder theory informs and helps in the study to investigate the corporate community engagement in the mining sector of the zimbabwean industry. Steib (2009) vehemently argues against Freeman's (2002) claim that he could 'revitalise the concept of

managerial capitalism by replacing the notion that managers have a duty to stakeholders with the concept that managers bear a fiduciary relationship to stakeholders'. To summarise, stakeholder theorists have argued on two basic premises to perform well, managers need to pay attention to a wide array of stakeholders' (environmental lobbyists, the local community, competitors), and managers have obligations to stakeholders which include, but extend beyond shareholders. Regardless of which of these two perspectives individual stakeholder theorists emphasise, almost all of them relate to the Donaldson and Preston (1995). Figure 2.4 below displays a range of firm–stakeholder relationships:

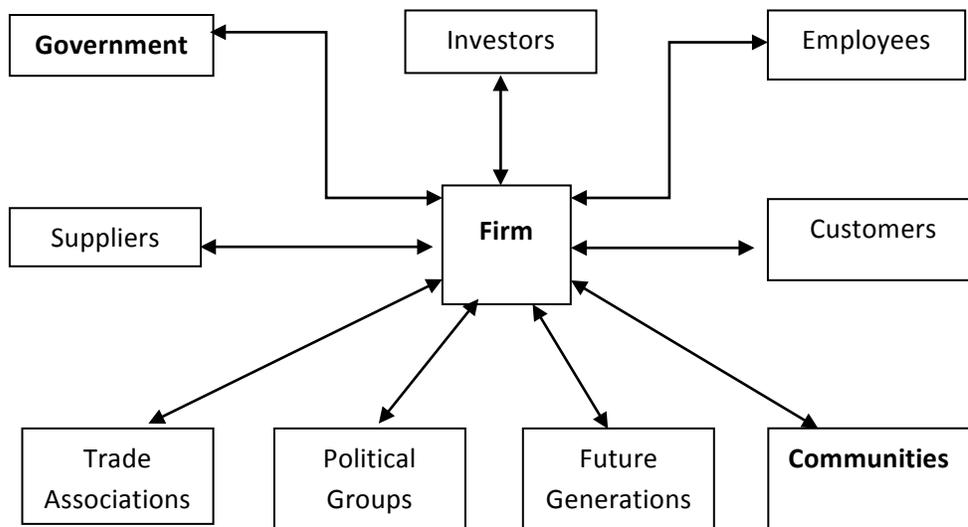


Figure 2.4: Stakeholder relationships (Source: Adapted from Donaldson and Preston, 1995)

Donaldson and Preston (1995) argue that the normative base of the theory, including the "identification of moral or philosophical guidelines for the operation and management of the corporation", is the core of the theory. Most scholarly literature is so particular about the normative principle. Often they promote the vision of the company and the role of managers whose objective is mainly to maximize shareholder value in order to be sustainable. However, this perspective seems to be giving way to that business has more and broader responsibilities such as corporate social responsibility (CSR).

Over the years CSR has emerged as a significant theme in the business community and is subjected to discussion. There is a growing emphasis on business social responsibility and naturally this affects the relationships between companies and their various stakeholders including customers, employees, communities, investors and governments. Almost all large companies have already incorporated CSR in their strategic plans as an essential element for long-term sustainability, but not all of them have adopted corporate community engagement approach. The mining industry in Zimbabwe has particularly been criticised by various stakeholders for a variety of reasons including their allegedly high profit levels and paltry royalties, use of patents, marketing expenditures, political involvement, damage to the environment and excessive executive salary levels.

Accordingly, the extractive industry has been selected as the case study for this research because it is deemed to be distinctive for a number of reasons. First, given the nature and value of its products the industry operates in a highly regulated market place. Second, owing to the very high level of profits it makes and extreme concentration of power found in the industry and international bias, which has been described as having “reached staggering proportions” they have been subjected to a lot of criticism. For example, they are looting resources and paying back very little to the communities they operate in hence neglecting their corporate social responsibility and not giving a CCE approach. Given the diverse contexts in which business interacts with society, it is not surprising that the concept of CSR and its standards are still contested and still not universally defined.

The role for CSR in the extractive industries of developing nations continues to be debated. Sen (2011) defines CSR as a business management concept that originated in the early 1930s after the Wall Street crash of 1929 exposed corporate irresponsibility in large organisations. Since then, social corporate responsibility has continued to be the focus of business operations and a popular topic of investigation for practitioners and academics from a range of disciplines.

The concept of corporate social responsibility 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. Society also provides an environment for business to earn profits (Dubrin, Irland and Williams, 1989). In turn society expects business organisations to be good

corporate citizens, obeying society's laws and refraining from activities that have negative social impacts such as pollution, discrimination and exposing workers to hazardous working conditions. Besides, business organisations have an obligation to act for the social good. Under this social contract, business should not exist just to make profits but it has an obligation to have a proactive role in finding solutions to society's many problems and to engage in activities aimed at improving society's welfare, even if in so doing it reduces its economic profits (Drucker, (1955); Frederick, (1983).

The concept of CSR has gradually evolved from an ancillary concern of businesses attempting to maintain amicable relations with their stakeholders to creating mutually beneficial partnerships such as those created by CCE. Between the extremes of minimalistic CSR (e.g firms providing occasional donations to charity to pacify stakeholders) and CCE relationships are Public-Private Partnerships (PPP). PPPs are manifestations of the CSR idea where firms look at their interaction with other stakeholders as a partnership rather than in the strictest application of CSR where the interaction need not be as significant, according to Perks, (2011).

Applying PPP to the resurgent mining sector in the DRC Perks (2011) notes the evolution of CSR from a community “engagement” that can be legislated (minimalistic CSR) to one that must necessarily be voluntary for it to succeed (e.g. PPP and CCE). However, while PPP is an important step in the gradual maturation of CSR towards the ideal of CCE, it falls short in that unlike CCE’s holistic consideration of multiple stakeholders simultaneously PPPs focus on singular two stakeholder relationships potentially ignores the influence of the interaction of the different stakeholders (a concept discussed in detail in Chapters 4 and 5).

## **2.5 COMMUNITY BASED RESOURCE MANAGEMENT APPROACH (CBNRM)**

The research introduces a theoretical framework suited to the context of Zimbabwe based on the stewardship, stakeholders and Community Based Natural Resource Management (CBNRM) to address the relationship between Corporate Governance and Corporate Community Engagement. The paradigm shift in the extractive industries should be viewed in light of the Community Based Natural Resource Management approach (CBNRM). CBNRM refers to local and

collective resource governance and practices (Roe *et al.*, 2009). CBNRM focuses on affording the localities with the powers to preside over their natural resources. In the case of extractive industries they take away land and resources held as common property which includes grazing land, rivers and other water sources which are critical to humans, livestock and wildlife. What this suggests is that the problem of disenfranchisement and environmental degradation is much larger, global and is not local as imagined and presented by those in favour of quick establishment of mining industries.

## **2.6 STEWARDSHIP THEORY**

Christopher (2010) notes that stewardship theory suggests that directors and management are motivated by a need to achieve and provide high level commitment. This theory also proffers that management will seek to gain intrinsic satisfaction by performing challenging work and exercising responsibility and authority in order to attain recognition from the superiors. It focuses on developing processes and strategies that will be implemented in order to achieve effective governance. However the theory is silent now how managers get to decisions of prioritization and whether communities form part of the decision making board or not. This has instigated this study because in the current developmental circles in Africa governments have theoretically abandoned top down approach of development and adopted bottom up approach where the grassroots people who were previously marginalised are empowered and brought on board in terms of decision making. However this seems to be not showing in the case of extractive industries in Zimbabwe, hence the study will shed more light on this scenario.

## **2.7 AGENCY THEORY**

This view is based on the idea that in a modern corporation, there is separation of ownership (principal) and management (agent), and this leads to costs associated with resolving conflict between the owners and the agents (Berle and Means, 1932; Jensen and Meckling, 1976; Eisenhardt, 1989). The fundamental premise of agency theory is that the managers act out of self-interest and are self-centred, thereby, giving less attention to shareholder interests. For

example, the managers may be more interested in consuming perquisites like luxurious offices, company cars and other benefits, since the cost is borne by the owners. The managers who possess superior knowledge and expertise about the firm are in a position to pursue self-interests rather than shareholders' (owners') interests (Fama, 1980; Fama and Jensen, 1983). One can note that this pursuit of self-interests increases the costs to the firm, which may include the costs of structuring the contracts, costs of monitoring and controlling the behaviour of the agents, and loss incurred due to sub-optimal decisions being taken by the agents. Shareholder interests can clearly be compromised if managers maximise their self-interest at the expense of organisational profitability, i.e., the managers expropriating shareholders' interests. In essence, the managers cannot be trusted and therefore there is a need for strict monitoring of management by the board, in order to protect shareholder's interests. Further, in a large corporation with widely dispersed ownership, small shareholders do not have a sufficient payoff to expend resources for monitoring the behaviour of managers or agents.

## **2.8 THE CORRELATION BETWEEN COMPANY AND CORPORATE SOCIAL RESPONSIBILITY / COMMUNITY ENGAGEMENT**

Understanding firms' interfaces with the community has become a familiar strategic concern for both firms and non-profit organizations. However, it is still not clear when different community engagement strategies are appropriate or how such strategies might benefit the firm and community. In this section review, an examination on how CSR and corporate community engagement is done. By identifying the background and outcomes find that the payoffs from engagement are largely longer-term enhanced firm legitimacy, rather than immediate cost-benefit improvements.

Kostyuk and Koverga (2006) note that fundamental governance concepts are developed in industrial countries. At the same time insolvencies of large corporations and corporate scandals that befell the USA at the beginning of the millennium destroyed traditional view on the role of corporate boards. Jay Conger (2001) noted that their boards are under fire, investors, governments, agencies, communities, and employees are scrutinizing boards' performance and challenging their decisions like never before - and it is likely this attention will only increase.

Shareholders and stakeholders do not want to consider corporate boards as "rubber stamps for management" as Philip Styles said. Directors should be strategists, controllers and advisors for management at the same time.

Corporate sector needs shareholders who would be active in decision making on composition, roles and duties of their representatives inside of corporations as directors. Other scholars maintain that shareholder involvement in decision making on board practices should always be supported by legislative initiatives. These efforts are principally designed to make boards become more transparent, accountable and responsible to shareholders. Kostyuk and Koverga (2006) write that in Tunisia, the notion of non-executive independents directors has been introduced in the article 196 of the commercial code. The governance guide of good practices of Tunisian companies (2008) calls firms to appeal to independent directors that should be chosen on the basis of their qualifications and expertise and not on political grounds or any other reason that does not pass the test of merit. However there is silence in literature on the position of community in board positions and decision making within organisations that are operating in their communities. This shows how in most cases community participation is treated on a more or less artificial base by extractive industries. This has triggered an urgency to analyse how stakeholders define and measure corporate community engagement in the extractive industries in Zimbabwe.

Generally there is no optimal size for the board of directors, however a big board size is difficult to coordinate and a small board size is a favourable field to coordination, but, it can suffer from a lack of experience and competence of its members. In the Tunisian context the governance guide of good practices of Tunisian companies (2008) spells out that every firm is free to choose, according to its needs, the number of the members that compose the board of directors in the limits of the law. Lakhali (2003) demonstrates, in the French context, that the size of board of directors is not related to the decision of the firm's performance. However, the larger the board, the greater the variety of specialists who can participate, this makes the board more capable of gaining full information about decisions (Goodstein *et al.* 1994).

There is a glaring omission of substantive community representation in the executive boards. Rather they are professional people chosen to ensure the company is operating at an optimum

level where they seek to realize the highest possible profits. In this day and age where most countries subscribe to the capitalist ideology that principally aims at profit maximization where companies prosper at the expense of the vast majority. Critics of the capitalist system increasingly argue that it has become the major cause of social, environmental, and economic problems.

In the case of Germany employee representation on the supervisory board is not written by the legislation that is why employees want to have their own representatives on the supervisory board so that they expeditiously deal with issues of ownership (Kostyuk, 2003). The issue of gender representation remains a primary issue of concern for the female advocates who consistently argue that women remain underrepresented. Women membership on the management boards of mining companies is very low in Zimbabwe. Part of the explanation for this trend is that women are still not considered by the shareholders as the reliable and strong representatives of the shareholder interests. Secondly, men are trusted by the employees much more than women. Thirdly, mentality of most African men is very resistant to the thought that women can be an equal part of their team.

Strandberg (2010) in her study on the role of board of directors in CSR came up with a model which she entitled A Road Map for CSR Governance. In this governance road map, or framework, she then proposed to stimulate debate and discussion about the proper role of the board of directors in factoring social and environmental considerations into building long-term shareholder value. Accordingly she argues that boards can use this as a template to review the role they would like to play in CSR strategy, oversight, and reporting. Investors can use the road map as a checklist for assessing the degree to which a firm takes CSR risks and opportunities (which affect long-term shareholder value) seriously. This roadmap is critical in the current study as it will offer guidelines for engagement between boards, shareholders, management and the community.

In Stage 1 of the model Strandberg (2010) postulates that, this is for those boards just starting out and includes the initial steps a board might take to move along the CSR path. While Stage 2 is recommended for boards that are ready to take their CSR role to a more integrated level. Below is the model as proposed by Strandberg

**Stage 1: For Boards Just Starting Out**

**1. Build CSR into the firm's mission and values.**

Establish CSR mission, vision, values, principles, and policies in consideration of stakeholder priorities and international standards.



**2. Communicate board's commitment.**

Communicate the board's CSR commitment internally and to stakeholders.



**3. Build CSR into risk management.**

Include social and environmental considerations in risk and opportunity identification, management, and monitoring.

**5. Mandate a committee with CSR responsibility.**

Include a CSR mandate within a pre-existing committee, or establish a new committee with a clear mandate. (See box "Proposed CSR Committee Mandate.")

**4. Integrate CSR into business strategy and Provide oversight**

Integrate CSR into business strategy and corporate plans; set goals, objectives, and targets, and monitor performance against targets

**6. Report to stakeholders on CSR performance.**

Review and approve third-party audited CSR report for distribution to shareholders and stakeholders; ensure CSR report complies with international CSR reporting standards.



**Proposed CSR Committee Mandate**

|   |   |  |  |
|---|---|--|--|
| Policies: Review and recommend CSR policies (including codes of conduct) and management | Trends: Monitor and provide recommendations on public policy, consumer, stakeholder, corporate, and general | Stakeholder Engagement: Review and monitor stakeholder relations; consider | Incident Management: Review incidents and remedial actions and |
|---|---|--|--|

|  |   |  |  |
|--|---|--|--|
| systems; monitor compliance with policies, commitments and regulations.-   | public trends, issues, and developments that could impact the company.  | opportunities for direct stakeholder input into committee deliberations.                                   | monitor crisis readiness and emergency plans.  |
| Strategy: Review/recommend CSR strategies and plans; provide guidance to management on objectives and targets; provide over-sight and guidance on CSR Performance/progress | Risk Management: Monitor and oversee CSR Risk Management plans; review effectiveness of issue identification and management | CSR Report: Determine overall scope of, provide input on, and recommend board adoption of boardCSR report. | CSR Assessment: Review and make recommendations on CSR impacts ofmajor business decisions. |

Fig 2.5: A Road Map for CSR Governance(Source: The Conference Board of Canada; Strandberg Consulting.A Road Map for CSR Governance)

**Stage 2 For Boards Ready to Take CSR to Next Level**

|   |   |
|---|---|
| <b>7. Reward executives for CSR performance.</b>  | <b>8. Recruit directors with CSR perspectives.</b>  |
| Incorporate non-financial/longterm objectives into executivecompensation; ensure performance management systems reward CSR performance. | Explicitly include CSR in director recruitment, e.g., directordiversity and experience and background in CSR issues/management. |
| <b>9. Orient and train directors on CSR.</b>  | <b>10. Provide mechanisms for stakeholder input.</b>  |

|  |   |
|--|---|
| <p>Include CSR in director Orientation, on-going training and education, and board evaluations; ensure board is provided with adequate CSR expertise and information to make informed decisions.</p> | <p>Ensure mechanisms are developed for board consideration of unfiltered input from stakeholders.</p>       |
| <p><b>11. Recruit CEOs with CSR competency.</b></p>  | <p><b>12. Consider CSR in major business decisions.</b></p>   |
| <p>When recruiting a new CEO, ensure candidates are assessed for CSR awareness and competency.</p>   | <p>Include consideration of CSR in major acquisitions, business partnerships, mergers, and investments.</p> |

Fig 2.6: A Road Map for CSR Governance (Source: The Conference Board of Canada; Strandberg Consulting. A Road Map for CSR Governance)

Altogether there are 12 steps to a comprehensive CSR governance model; it can be achieved by following step- by step depending on the readiness and support from all stakeholders. After a board has followed all these steps toward integrating CSR into its mandate, it will want to assess progress and impact. The board may then decide that it has achieved its integration objectives and that it no longer requires a stand alone CSR committee. At that point, the board may prefer to integrate CSR perspectives into other committee mandates like, audit and risk management, human resources, governances and others. This 12-point road map can be taken as a guidance framework for boards seeking to take social and environmental factors into account in their deliberations. Most of these elements are already in practice among leading CSR firms around the world that are looking to build long-term shareholder value. Boards that integrate these steps into their corporate governance program will be able to benefit from greater CSR oversight and strategy on material issues that affect the future of the company, says Strandberg (2010).

## **2.9 CHAPTER SUMMARY**

This chapter provided a review of the literature on two key concepts in this research; community engagement and stakeholder theory. It presented the evolution of CCE from its forbearers and how it is uniquely placed to solve and manage the problems in the extractive industries. The problems in the extractive industries were explained as the result of weak or absence of an all-inclusive CCE which, when addressed/implemented, would allow the harmonious interaction of mines and their communities (and their mutual representatives government).

The chapter also narrowed down the field of stakeholders from the array of possible stakeholders to the three principal actors in the specific context of conflict management in mining (governments, communities and mining firms).

It presented the evolution of CSR from its minimalistic roots where firms merely attempted to do the minimum necessary to appease the community for their own self interest to CCE where a long term relationship is built with a view to maintaining mutually beneficial interactions between all concerned stakeholders.

Different stakeholder theories were explored with a view to presenting the various methods of firm-community interactions that exist and the theories posited to influence them. This was done to demonstrate the concerns that arise in firm-community interactions that may fuel the conflicts described in Chapter 1.

After describing CCE, its roots in CSR and stakeholder theories the chapter then explored the relationship between firms and their chosen form of community interaction (CSR/CCE) as a way to further develop the case for an empirical assessment of CCE and mining firms in Zimbabwe.

Below is a break down of a few of the key studies and their areas of focus around the current study.

Table 2.2 : Summary of Key Studies.

| Focus  | Author               | Year                | Comment   |
|--|----------------------|---------------------|---|
| <b>1. The problem</b>                                |                      |                     |   |
|  | Nish                 | 2002                | Mines were traditionally insulated from public opinion allowing them to develop processes and activities detrimental to their surrounding communities |
|  | Jenkins              | 2004                | Tensions were considered part of normal business operation  |
|  | Muthuri              | 2007                | Communities are sidelined by mining companies   |
|  | Kemp                 | 2009                | Weak consequences for activities affecting communities  |
|  | Wilson and Swiderska | 2009                | Community livelihoods are affected by mining activities   |
|  | Bice                 | 2013                | Problem persists in the face of touted solutions in Australia   |
| <b>2. CSR, PPP and CCE</b>                           |                      |                     |   |
|  | Freeman              | 2006                | Firms must incorporate communities in planning  |
|  | Gabriel              | 2006                | Charity activities and the minimalistic CSR   |
|  | Perks                | 2011                | PPP in the DRC mining sector  |
| <b>3. A stakeholder focus in conflict resolution</b> |                      |                     |   |
|  | Szablowski           | 2002                | Firm problems should be analysed through stakeholders   |
|  | Freeman              | 1984, 2004 and 2006 | Stakeholder theory  |

|                                       |                         |      |  |
|---------------------------------------|-------------------------|------|--|
| <b>4. CCE as a potential solution</b> |                         |      |  |
|                                       | Waddock and Boyle       | 1995 | Involvement vs. Investment                                       |
|                                       | Yamashita               | 2001 | CCE success in Japan validating the new type of engagement       |
|                                       | Anderson                | 2006 | CCE shows community the firms true nature                        |
|                                       | Weerts                  | 2007 | Suggests a look at stakeholders to understand why tensions exist |
|                                       | Zarrella, <i>et al.</i> | 2010 | Demonstrable success of CCE in US and the UK                     |

## **CHAPTER 3: RESEARCH METHODOLOGY**

### **3.0 INTRODUCTION**

In the preceding chapters the concept of Corporate Community Engagement (CCE) was discussed through specific reference to the limited existing literature and its different theoretical underpinnings. As discussed in Chapter 1, the relative novelty of CCE compared to the more recognised Corporate Social Responsibility (CSR) merits an examination of the understanding of potential beneficiaries of CCE of the concept of CCE and thereafter, to determine the extent to which different stakeholders influence or wish to influence the nature of that CCE. This need has formed the basis for the questions set out in Chapter one and are reproduced here.

1. What is Corporate Community Engagement (CCE) from the perspective of multiple stakeholders in the extractive industry?
2. How is Corporate Community Engagement (CCE), measured by these stakeholders?

The purpose of this chapter is to provide an overview of the research approach, design and methods used to address these research questions.

In this research a mixed method approach that combines qualitative and quantitative research was adopted as it suits the nature of the questions the study examined and the relative infancy of the concept of CCE. As Yin (1994) and Denzin and Lincoln (1994) point out, methodologies arise according to the nature of the study being undertaken. In this specific study, addressing the first question of determining the level of understanding that mining sector stakeholders have of the concept of CCE required both a qualitative and quantitative approaches, while the question of how it is measured (or should be measured) required a quantitative analysis that identifies biases in thinking and preferences among stakeholders in order to draw meaningful conclusions on CCE measurement by those stakeholders.

This mixed method approach required thorough and collaborative planning, design, pilot testing, and fieldwork and data analysis which are described in this chapter. This approach is diagrammatically presented below for ease of reference.

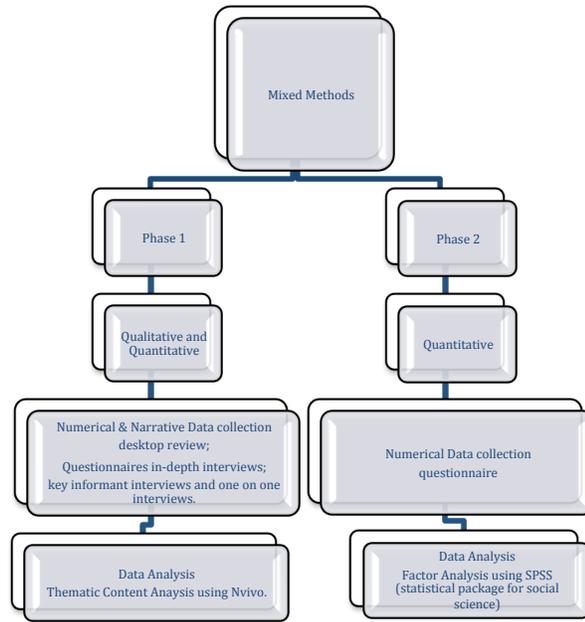


Figure 3.1: Diagrammatic Map of Research Methodology

The chapter is organised as follows. Firstly, Section 3.1 justifies the mixed methods approach in this study. Section 3.2 provides the context of the study by discussing its study area. Section 3.3 then presents the research design and approach for each of the research study’s questions. Section 3.4 discusses critical considerations necessary for the successful completion of the study and the validity of its results. Thereafter Section 3.5 presents the methods for data collection before Section 3.6 explains the study’s data management. Ethical and social considerations are discussed in Section 3.7. Section 3.8 discusses research validity issues. Section 3.9 notes the potential limitations of the study before Section 3.10 summarises and concludes the chapter.

### 3.1 JUSTIFYING MIXED METHODS

As Galt (2009) identifies, mixed methods research has grown in popularity primarily as a result of its ability to not only allow triangulation in developing construct validity but in allowing the simultaneous pursuit of different but related objectives in empirical research. In the context of this study of CCE, the relative infancy of the concept of CCE necessitates a qualitative approach in which the targets of the research are engaged to help develop an understanding of what CCE is for those communities. The quantitative approach was necessary in adding validity predetermined outcomes, for example, in assessing how CCE should be measured a simple

qualitative assessment of many stakeholders would yield an equally varied number of “correct” measures of CCE. Without quantitative information to determine biases in assessment, meaningful conclusions were going to be difficult to determine. By including quantitative data it was possible to identify what a particular group of stakeholders’ value through an aggregation of their varied individual views. The mechanics and statistical of how the data was collected, and the software on which the qualitative and quantitative data collection and assessment were made are discussed in subsequent sections of this chapter.

### **3.2 STUDY SETTING**

With a brief look at the methods engaged in the study it is important to present the context/ setting in which the research was undertaken. The study was carried out in Zimbabwe’s extractive industry of Zimbabwe, particularly the diamond and platinum mining companies and other stakeholders like government, non-governmental organisations, environmental regulatory agencies, investors and communities surrounding the extractive industries were incorporated into the study. According to the Geological Survey Department of the Ministry of Mines and Mining Development, there are, 3 platinum, 7 diamond mines. While there are more than 10 operational mines in different minerals in Zimbabwe, only those in the diamond and platinum category were selected for the purposes of this study because of their clearly demarcated target communities and their ability to provide the data necessary to meaningfully address this research’s principal questions. They are of clear national interest since they are accorded national strategic resources status by the Mines and Minerals Act of Zimbabwe and are spread in concentrated regions of the country where they make significant contributions to the national fiscus. Diamond companies are concentrated in Mutare under Manicaland Province while the Platinum mining companies are along the Great Dyke, which cuts across the centre of the country.

### **3.3 RESEARCH APPROACH AND DESIGN**

As already noted, the design of the study was shaped by the questions that the study seeks to address. In this case the study sought to first analyse the understanding that various stakeholders have of a potentially novel concept of CCE (at least for them) and an assessment of how it should be measured and influenced by those stakeholders once it is understood. The nature of the questions warranted the use of questionnaires and interviews (attached in Appendix) in order to

obtain the qualitative and quantitative data necessary to answer them. Consequently, the research approach was primarily built around them.

### **3.4 IMPORTANT METHODOLOGICAL CONSIDERATIONS**

#### **3.4.1 Units of Analysis**

It is important to clearly identify the units of analysis in describing the methods to be used in a study Cooper and Chandler (2008). Accordingly, this study followed that protocol. Neumann (2006) defines a unit of analysis as *the unit, case, or part of social life that is under consideration. The “unit of analysis” is important in concept development, the empirical measurement or observation of a concept, and in data analysis.* According to Cooper and Chandler (2008) the unit of analysis describes the level at which the research is performed and which objects are researched. In accordance with the definitions of unit of analysis by Neumann (2006) and Cooper & Chandler (2008), shareholders, Board members, diamond and platinum mining companies, senior management of the companies, Ministry of Mines and Mining Development officials, and community leadership served as units of analysis in the current study.

As highlighted by Neumann (2006) there can be more than one unit of analysis in one study. This guided the sampled companies, hence in total 5 communities were selected (some communities have multiple associated mines). In each community the Member of Parliament, the chiefs, the headmen, men’s groups, women’s groups, and youth groups were considered in the sampling plan. These groups were able to answer the research questions focusing on their areas of expertise. For the company representation the all senior management and executives were selected to participate in the study, because they are decision makers and are authorised to interact with outsiders.

Non-governmental organisations like the Centre for Community Development took part in the study. They provided their expert knowledge on community engagement and development, and investor participation in community development activities.

### **3.4.2 Target Population and Sampling Size.**

According to Organ, (2006) and Sauders, Lewis and Thornhill, (2009) a target population refers to the entire group of individuals or objects or alternatively a full set of cases from which researchers are interested in generalizing the conclusions. In this study the target population was 3 platinum, 7 diamond, their communities, their board membership, shareholders and communities. All the 7 diamond and 3 platinum mines were included in the study.

## **3.5 DATA COLLECTION INSTRUMENTS**

With the study context set, key considerations discussed and research approaches noted, the study now discusses data collection instruments used in the aforementioned research approaches. In this section, the researcher provides evidence on how data was collected using both qualitative and quantitative data collecting instruments from the samples outlined above. The summary table in Section 3.10 illustrates the research question, the variables from the question, definition of the identified variables, the research instrument used to measure the variable and the evidence from literature.

### **3.5.1. Library Research**

Written literature in the form of professional and academic journals, books, published and unpublished articles, documents and meetings minutes was recognised as library research. Library research was utilised to define key terms, concepts and in reviewing case studies from international, regional and local experiences. The research also made use of electronic media in the form of internet sites in order to circumvent the use of out-dated information. The library research provided insight into current knowledge with a view to identifying the strengths and weaknesses of previous related empirical studies.

### **3.5.2. Questionnaire**

The questionnaires provided the principal source of both quantitative and qualitative data necessary for the study to make a novel contribution to the field of CSR and CCE. McNeil (1985) defines a questionnaire as a list of present questions used to measure attitudes, opinions and behaviour of respondents. These questions were addressed by questionnaires because they sought to establish the perceptions of various respondents pertaining to corporate governance,

reporting in relation to Corporate Community Engagement. It can then be acknowledged that questionnaire types are determined by the format of questions which are restricted to two basic types; closed-ended and open-ended questions. In a closed ended question a researcher provided an appropriate list of answers or responses, such as, yes/no from which the respondent makes choices. In open-ended questions the researcher did not provide the respondents with any predetermined list of possible answers to select from and the respondents are expected to answer in their own words. This produced mainly qualitative data. These two types of questionnaires were adopted in this study to satisfy the dominant qualitative research framework as well as satisfying the mixed method approach.

Questionnaires were introduced carefully to the respondents to ensure a high response rate. For self-administered questionnaires cover letters accompanied the questionnaires briefly introducing the subject matter, objectives and the researcher's background. In accordance with Welman and Kruger (2001), the questionnaires were pilot tested prior to data collection to assess the validity and likely reliability of the questions. Following piloting the questionnaires were administered to the target population in communities, mining companies and different leadership for both companies and communities. The self-administered survey technique was used and in some situations incorporated group self-administered surveys, where a questionnaire was administered to a responsible authority or decision-making persona representing a group or institution.

The questionnaire was designed according to the objectives and study variables and responses to the questions on the extent of Corporate Community Engagement was anchored on a five point Likert scales ranging from 5 – strongly agree to 1 - strongly disagree. Part one of the questionnaires was used to gather demographic data of the respondents so that perception and attitudes can be related according to age, gender and education and part two was to collect data on the respondents' understanding of CCE, and how it is measured or it can be shown that it has taken place. To ensure reliability and validity of the instrument, reliability analyses of the scales in the research instrument was carried out by performing Cronbac's alpha coefficient test (Cronbach, 1946).

The initial survey questionnaire was developed on the basis of qualitative in-depth interviews with directors at selected firms. Feedback was used from pre-testing the survey instrument to

refine the measures and appearance of the survey. A covering letter explaining the academic and practitioner nature of the research project was included, highlighting the key themes of interest. Two further waves of the survey were sent to non-respondents.

### **3.5.3. In-depth interviews**

Interviews complemented questionnaires by allowing the researcher interact directly with respondents in order to gain more detailed insight into the issue under investigation. In-depth interviews have been described by Slocum *et al* (1995) as face to face discussions between an interviewer and interviewee for the purpose of gathering detailed information on particular social phenomena. These are complimentary to questionnaires as they capture some of the data omitted by questionnaires. An in-depth interview allows the researcher to probe into issues. An in-depth interview allows the researcher to probe further so as to establish the extent to which companies have engaged the communities they are operating in.

Interviews with management and board members were mainly semi-structured and approximately 30 minutes in length. Questions for the corporate heads' interviews were tailored to focus on their broad view of engagement and outreach at communities and what values, goals, or motivations should inform the mission and vision of the company. Interview questions for the members of the management and board focused more on their roles in engagement and outreach and what they feel are important components of their company mission, vision, and communication methods. Interviews were also audio recorded, transcribed and coded to identify themes, ideas and concepts. The second component involved analysing secondary data from these companies. A request to access written materials that could aid in understanding of engagement and outreach methods at these institutions was sent to companies' concerned and permission granted in some cases and in other cases where permission was not granted, the rights to remain silent was respected.

### **3.5.4 Key Informant interviews**

Key informant interviews were conducted with specific individuals within the Zimbabwean context who are knowledgeable about the CCE and engagement strategies. Those who had unique perspectives on the issue to be studied were interviewed. Key informant interviews were

carried out with Government departments, Civil Society Organizations, Non-Governmental Organisations and other specialist organizations.

### **3.5.5 One-on-one interviews**

One-on-one interviews involve a person who has been thoroughly briefed on their task posing a standard set of questions to individuals within a community. One-on-one interviews were conducted in public places, at events, via telephone and door knocks. Although interviewing everyone in a community is generally not feasible, two or three days allowed enough time to talk with a cross-section of people. Interviewing provided important qualitative information at a level of detail that is difficult to obtain any other way. Care was taken in selecting people as interviewers and interviewees regarding their role and influence in the community, other time commitments and personal circumstances. In an engagement process run over an extended period of time there was a need to conduct a round of interviews near the beginning of the process to gather information, and one or two other rounds at key points in the process to inform progress.

Providing opportunities for community members to act as paid or voluntary interviewers can be an important capacity and relationship building strategy. More in-depth interviewing, carried out on a one to one basis over a period of one to two hours, can provide a more detailed understanding of people's thoughts, feelings, and behaviour on important issues. The aim of in-depth interviews was explore the reasons underlying a problem or practice in a target group and to gather ideas and information.

However, it is important to note that there are potential limitations to the approach as discussed in Section 3.8.

## **3.6 DATA MANAGEMENT AND ANALYSIS**

Both qualitative and quantitative data analysis methods were used. Data obtained from Phase 1 of the research through both Questionnaires and Interviews was analysed using Nvivo statistical software. Nvivo software organized information collected, analyzed unstructured information, uncovered subtle connections and trends, rigorously justified findings with evidence and managed multimedia material in one project file. Data analysis made use of content analysis and

according to Berelson (1952), Content Analysis is defined as "a research technique for the objective, systematic, and quantitative description of manifest content of communications" Berelson, (1952). Content analysis is a research tool focused on the actual content and internal features of media. In this study Content Analysis was used to determine the presence of certain words, concepts, themes, phrases, characters, or sentences within texts or sets of texts and to quantify this presence in an objective manner. Texts can be defined broadly as books, book chapters, essays, interviews, discussions, newspaper headlines and articles, historical documents, speeches, conversations, advertising, theater, informal conversation, or really any occurrence of communicative language. To conduct a content analysis on a text, the text was coded or broken down, into manageable categories on a variety of levels-word, word sense, phrase, sentence, or theme and then examined using one of content analysis' basic methods: conceptual analysis or relational analysis. The results were then used to make inferences about the messages within the text(s), the writer(s), the audience, and even the culture and time of which these are a part.

Data contained in the questionnaires, obtained during Phase 2 of the research was captured using Statistical Package for Social Sciences (SPSS) and analysis was based on factor analysis. Factor analysis is a statistical method and it was used to describe variability among observed, correlated variables in terms of a potentially lower number of unobserved variables called factors. With the aid of factor analysis search for such joint variations in response to unobserved latent variables was done. The observed variables were then modeled as linear combinations of the potential factors, plus "error" terms. The information gained about the interdependencies between observed variables were used later to reduce the set of variables in a dataset. Computationally this technique was equivalent to low rank approximation of the matrix of observed variables.

Nomological validity was engaged in phase 2 of the research when analysing the relationship between CCE from the stakeholder perspective. Nomological Validity is used to find that the evidence that the structural relationships among variables/constructs is consistent with other studies that have been measured with validated instruments and tested against a variety of persons, settings, times, and, methods. It is the degree to which a construct behaves as it should, within a system of related constructs called a nomological net.

### **3.6.1 Statistical analyses**

#### **a) Nvivo Analytical Procedure**

An excel spreadsheet was prepared for each of the questions testing the stakeholder's understanding of CCE. The titles for this spread sheet were respondent ID, respondent age, respondent sex, stakeholder type, and the respondent's answer for each question. The responses from the community that were given in Shona (local language) were sent for translation at the University of Zimbabwe's Department of African Languages before being inputted into excel. Spelling mistakes were fixed for each spread sheet before it was imported into Nvivo 10 statistical package. On importing the data, the respondent ID, age, sex and stakeholder type were categorised as classifying fields while the answers to each questions were classified as codable fields. Word frequency query was run first to get an idea of the words that were commonly used in answering a particular question. The word frequencies were also viewed as tag cloud and tree maps in addition to the conventional word frequency summary. After filtering through the data and getting a feel of what stakeholders said on each question, themes were developed for each question's responses. These themes were used as nodes to run new queries. The number of respondents who have mentioned a particular theme was noted. The results of the query were filtered to find the number of government, mining companies and community respondents mentioning a particular theme. The audios from the communities which were in Shona were transcribed at the University of Zimbabwe's Department of African Languages and then inputted into an Excel spreadsheet before being imported into Nvivo and treated in the same way with the rest of the data. For audios that were in English (from the government and mining companies), a transcript was created as listening was done and analysed in the same way with the rest of the data.

Survey responses for phase two were coded and input into SPSS for analysis. Frequency tables were generated and chi-square test was performed to test if the responses of the stakeholders varied. Factor analysis was also performed on how stakeholders value the measurement indicators of CCE. According to Ghiselli, Campbell and Zedeck (1981) cited in Hinkin, domain sampling theory states that, it is not possible to measure the complete domain of interest. What is important is to draw a sample of items that adequately represent the construct under examination.

To ensure that the questions asked relate to the construct that they are intended to measure, the questionnaires were given to a panel of statisticians. The seven questions were statements followed by a five-point Likert scale ranging from insignificant through neutral or indifferent to very important. Considerations were made of the sample size since correlations fluctuate from sample to sample and much more so in small sample size. Field (2005) reviews many suggestions about sample size necessary for factor analysis and concludes that it depends on many factors.

#### b) SPSS Analytical Procedure

Factor analysis was used to identify the structure of the relationships among the seven items and to evaluate the dimensionality of these items. The seven items were factor analysed using the extraction method which utilized component factor analysis. This method examines the underlying relationships among the items and to summarise into a smaller set of factors. Direct oblimin, which is an oblique rotation, was chosen because of theoretical grounds for supposing that the factors might correlate. According to Hair, Anderson, Tatham and Black (1998) an oblique factor solution is appropriate if the objective of research is to obtain several theoretically meaningful factors.

The correlations between variables were checked using the correlate procedure which created a correlation matrix of variables. Factor solution is unlikely to have any real meaning if the variables analysed are not sensitive. Sensitivity between variables was analysed by looking at the inter-correlation between variables. If tests questions measure the same underlying dimension(s) then they should correlate with each other since they are measuring the same thing (Field, 2005). The correlation analysis was done to check if there are variables that do not correlate with any other variables or that correlate highly with other variables (multicollinearity) or perfectly correlated variables (singularity). The variables that correlate highly or that do not correlate should be excluded before factor analysis is run. Singularity causes problems in factor analysis because it becomes impossible to determine the unique contribution to a factor of variables that are highly correlated. Multicollinearity was also detected by looking at the determinant of the R-matrix. The determinant of the R-matrix should be greater than 0.00001, if it is less than this

value then look through the correlation matrix for variables that correlate very highly and consider eliminating one of the variables (or more depending on the extent of the problem) before proceeding. KMO and Bartlett's test of sphericity produced the Kaiser-Meyer-Olkin measure of sampling adequacy and Bartlett's test. The value of KMO should be greater than 0.5 if the sample is adequate. The scree plot was used as way of establishing how many factors should be retained in the analysis

### **3.7 ETHICAL AND SOCIAL CONSIDERATIONS**

In the research area, permission was obtained from the responsible chiefs through signed Consent Letters that were sent and returned from: Company executives, company directors, Ministry of Mines and Mining Development officials, NGO's in Community Development, Member of Parliament and headmen for the communities. Meetings were organized with the respective communities and mining corporations' authorities where the aims and objectives of the study, use of audio visual materials were extensively explained. The ethical issues considered involve philosophical questions, societal norms and codes of behavior. Ethics in research involves what is right and what is not right in conducting research (Neuman, 2000) and forms an integral part of any research study including the present study. Neuman (2000) in his work argues that ethics in research span the entire research process among them; the nature of the problem being investigated; the reporting of the theoretical framework thereof; the context in which the research is conducted; the data collection instruments utilised; the data collection methods used; the research subjects; the procedures followed to analyse the data; and the way in which the data is presented and reported.

In particular, the research was conducted ethically. This means that the research questions were framed objectively within the theoretical framework to ensure confidence in the research process Neuman (2000). The issue of ethics in research methodology is mainly concerned with studies involving human beings as unit of analysis or form part of the population, that is, the people the study is targeting. Although a researcher has the right to search for new knowledge, he or she can not do so at the expense of the individuals being studied. According to Neuman (2000), the following are especially important:

- a) The aims of the research, which were communicated to the research subjects and participants.
- b) Participation in the research study was voluntary and this was explained before data collection process.
- c) Information provided by participants was treated as confidential at all times (i.e. no information on any particular subject shall be released to third parties).
- d) Confidentiality was adhered to so that the respondents felt free to rate their responses honestly without fear or favour.

In the current study, the organisations and respondents involved were promised anonymity and the study was endorsed by the authorities of each organisation. The ethical integrity of this study was maintained by the respondents submitting the completed questionnaire electronically, directly to the researcher if any. On completion of the study, none of the individual scores could be provided to the organisation participating in the study; only the overall results pertaining to the company were handed over to company authorities. The names of the participating companies were also not released to maintain their confidentiality.

### **3.7.1 Feedback and Follow-up**

#### Providing participants with feedback

Providing feedback to those who have participated in an engagement process, allowed them to see whether their views have been accurately represented when decisions are being made. Participants were interested in receiving a summary of the range of information generated via an engagement process and how this is being considered, not simply a summary of their own ideas. Sharing summary materials across groups was the most effective way of raising awareness and it laid the foundations for relationship and consensus building. Citizens and stakeholders took time out of their busy lives to contribute to the research's engagement activities and it was therefore important for them to receive feedback on how their views were taken into account. Without feedback, citizens and stakeholders may assume research assistants were not listening and may not know whether their contribution has made a difference. Both situations are likely to result in a reluctance to participate in future engagement processes. Feedback to participants and others with an interest in the particular issue, such as other government departments, organisations and

the wider public, enhanced the legitimacy and quality of decisions by ensuring that they are subject to a robust and effective public scrutiny.

#### On-going feedback helped in:

- encouraging continuing participation since the research was in phases.
- clarified whether community issues have been accurately understood by other stakeholders
- improved relationships between researchers and the stakeholders
- Built trust and confidence in the engagement process assesses the appropriateness and effectiveness of the engagement techniques used; and
- clarified whether the original government/ community goals and objectives are being met.

#### How should feedback be given?

A range of feedback techniques were employed to reach a variety of participants. Depending on the group that was to be provided with feedback to, it was important to use both written and verbal feedback methods because it aided in creating opportunities for them to ask questions or to seek additional information if required. Some techniques that were employed included:

- Written letters to all participants—this can be via email
- Acknowledgment written submissions
- holding meetings to relay findings, outcomes, progress
- giving presentations to groups within the community

### **3.7.2 Rights and obligations of the respondent**

These involve the obligation to be truthful, privacy, deception and the right to be informed. The participation of the community members in the study was explained at length and all the conditions that surrounded their participation. Verbal consent was obtained from the communities and in cases where information will be obtained from high profile people written consent was obtained.

### **3.7.3 The rights and obligations of the researcher**

The purpose of research was objectivity. Due to the political unrest in Zimbabwe where freedom of expression is perceived to be very minimal there is a potential that participants were reluctant to participate due to fear of victimization. However the explanations were provided to the participants that the research is purely academic, assurance was given that no names will be divulged. Their right to withdraw from the study at anytime was also emphasized and explained in all phases of the study.

Gubrium and Holstein (2002) asserts that some of the dangers in interviewing research are in the act of listening itself. They argue that this may be the case because the interviewer potentially influences the responses of his respondents by interpreting them according to his/her own biases rather than purely according to the intention of said respondents. However maximum objectivity was maintained in this study by ensuring that the design of the questionnaire and interview questions allowed little room for such interviewer influence.

### **3.8 VALIDITY AND RELIABILITY ISSUES**

Validity in research is concerned with the extent to which an instrument measures what it is intended to measure; while Reliability in research is concerned with the ability of an instrument to measure consistently (Tavakol and Dennick, 2011). It should be noted that the reliability of an instrument is closely associated with its validity. An instrument cannot be valid unless it is reliable. However, the reliability of an instrument does not depend on its validity (Nunnally and Bernstein, 1994). As this study uses both qualitative and quantitative methods the reliability and validity standards for the two approaches are discussed below.

In qualitative research the concept of validity refers to truthfulness. It refers to how well an idea fits with actual reality. For the purposes of the current study, its important to note that in qualitative research researchers pursue authenticity rather than an absolute truth. Nuemann (2006) defines authenticity as *“Giving a fair, honest, and balanced account of social life from the viewpoint of someone who lives it.”*

There are two types of validity concerns, the first is internal validity and the second is external validity. Internal validity refers to the absence of the errors in the design of the research. While it is a concept from quantitative research it still has relevance in qualitative research, which is why guidelines, procedures and protocols have been developed to assist in the execution of qualitative research. This research outlined the guidelines which it followed in the text above. This was an attempt to ensure that there is internal validity.

External validity refers to the ability to generalize the findings from a small group to a range of people (Perry, 2001). This measure is generally seen as more relevant to quantitative than to qualitative research. In support of this, Denzin and Lincoln (1994) asserts that, *“the traditional view of generalizability limits the ability of the researcher to reconceptualise the role of social science in education and social science ...”*

In qualitative research, two of the major tools to ensure validity are the use of member checks and audit trails (Denzin and Lincoln, 1994). Member check is when the researcher has an outsider, albeit with experience in qualitative research and knowledge of the subject matter, to read the field notes and interview scripts and then the data analysis and findings. This enables the outsider to check if the explanation fits the description, if the explanation is credible (Hirschman, 1986). This was achieved through the use of an external Social Sciences Statistician, in both phase 1 and phase 2.

This research made use of the member check method. It obtained the acceptance of an experienced scholar in the field of enterprise development to review the final thesis to check that the explanation fits the description. After establishing the theoretical definition of CCE as a construct, the next step was to generate a sample of items that capture the content domain of the construct being studied (Hinkin, 1998). A deductive approach for generating items of the CCE construct was taken because extant literature provides enough information to generate the initial set of items. According to Ghiselli, Campbell and Zedeck (1981) cited in Hinkin 1998, domain sampling theory states that, it is not possible to measure the complete domain of interest. What is important is to draw a sample of items that adequately represent the construct under examination. In accordance with the domain sampling theory a total of 7 indicators of CCE were drawn from Gabriel, (2006)'s community engagement framework and from Arnstein, (1969)'s Ladder of

participation in the Community engagement literature. These indicators came up as a result of collapsing/ comparing the continuum of engagement by Gabriel, (2006) and the ladder of participation by Arnstein, (1969). The 7 indicators were administered to a panel of two senior academics from the University of Zimbabwe and four community development experts, from community development institutes in Zimbabwe. The items were administered along with a definition of CCE. Respondents were asked to rate on a five-point Likert scale the extent to which each item corresponds to the question asked in the questionnaire. The questionnaire for administering the items was designed as a pre-test instrument to assess item relevance and clarity of meaning. Test for clarity was performed by each of the panel members who were asked to evaluate the questionnaire and demonstrate the content validity by indicating the items they did not agree with. The panel members were also asked to provide relevant additional CCE indicators that were not captured in the pre-test survey instrument.

In the process of validating the indicators of the CCE construct none of the indicators were dropped because of redundancy and some items were reworded for clarification. The purified data collection instrument was subsequently administered to the study target population as outlined in this study. The response rates are therefore presented in Chapter 4 of the thesis.

The audit trail is when there is careful documentation of the conceptual development of the project which leaves an adequate amount of evidence which interested parties can reconstruct the process with which to reach the research's conclusion (Hirschman, 1986). The audit trail documents the study's collection and management of data, its analysis and synthesis which effectively allow the reconstruction of the study (Denzin and Lincoln, 1994). In this study the documentation of the data collection tools (questionnaires and interviews), the statistical software for its analysis (NVivo and SPSS) and the manner in which it draws its conclusions fulfils this validity requirement.

This thesis ensured that there was careful documentation of all the steps in the development of this thesis which can allow for a reconstruction. An adequate amount of evidence was provided for all the steps. In future this will help for an audit trail by interested parties. The use of the member check and the audit trail enhanced the validity of the results of this thesis.

### **3.8.1 Reliability**

Qualitative researchers want to be consistent in how they observe phenomena over time. The challenge is that the phenomena they will be observing are not stable over time. They emphasize the changing nature of the relationship between the researcher and the phenomena being studied. Because of this importance of the nature and role of change in the qualitative approach, qualitative researchers reject the concept of replicability as it is used in the quantitative approach. They accept that the use of different methods to analyse the same phenomena can lead to different results. They welcome this diversity of perspective as giving a richer view of what is a complex reality in the social world. In support of this, Denzin and Lincoln (1994) asserted that *“the value of case study is its uniqueness; consequently, reliability in the traditional sense of replicability is pointless here”*.

However, in quantitative research, such as the one conducted in Phase 2 of this study, reliability can be tested. Cronbach’s alpha, the most widely used objective measure of reliability, was used. Calculating alpha has become common practice in research when multiple-item measures of a concept or construct are employed. This is because it is easier to use in comparison to other estimates (e.g. test-retest reliability estimates) (Cohen and Swerdlik, 2010) as it only requires one test administration.

#### **What is Cronbach alpha?**

Alpha was developed by Lee Cronbach in 1951 (Cronbach, 1951) to provide a measure of the internal consistency of a test or scale; it is expressed as a number between 0 and 1. Internal consistency describes the extent to which all the items in a test measure the same concept or construct and hence it is connected to the inter-relatedness of the items within the test. Internal consistency should be determined before a test can be employed for research or examination purposes to ensure validity. In addition, reliability estimates show the amount of measurement error in a test. Squaring this correlation and subtracting from 1.00 produces the index of measurement error (Kline, 1994). As the estimate of reliability increases, the fraction of a test score that is attributable to error will decrease (Nunnally and Bernstein, 1994). Alpha is affected by the length of the test. If the test length is too short, the value of alpha is reduced (Streiner,

2003). Thus, to increase alpha, more related items testing the same concept should be added to the test.

### **3.9 LIMITATIONS**

Difficulty in accessing the internet due to poor connectivity, power blackouts, access to information from some stakeholders who viewed the research as a political research, gatekeepers, time-frame, and funding constraints were encountered during the study period. Some communities and individuals are socially and economically disadvantaged therefore it was difficult for them to allow the researcher, free movement in their communities for data gathering. Another limitation was community business regarding death, funerals, ill health or any matter of concern can impact on meeting arrangements.

### **3.10 SUMMARY AND CONCLUSION**

This chapter explored the methods that were used to address the research questions set out in chapter one. The approaches for the two research questions are summarised below.

Table 3.1 Summary of Research Approaches

| Research approach and design    | Phase 1   | Phase 2   |
|---------------------------------|---|---|
| <b>1. Research question 1</b>   | <b>What is CCE from the perspective of multiple stakeholder in the extractive industry?</b>   |   |
| <b>2. Research question 2</b>   |   | How is CCE measured?  |
| 3. Unit of Analysis             | <p>Groups:</p> <p>a) government officials in the Ministry of Mines and mining development</p> <p>b) Company executives</p> <p>c) Community leadership: i.e. Chiefs, member of parliament, youth group leaders and women’s group leadership</p> <p>d) community based organisation and/or non-governmental organisations</p> | <p>Groups:</p> <p>a) government officials in the Ministry of Mines and mining development</p> <p>b) Company executives</p> <p>c) Community leadership: i.e. Chiefs, member of parliament, youth group leaders and women’s group leadership</p> <p>d) community based organisation and/or non-governmental organisations</p> |
| 3. Data source<br>- populations | 1. There are 7 Diamond and 3 platinum mining companies in Zimbabwe according to the Geological survey Department in the Ministry of Mines and Mining Development. This research included all the 10 mines.  | 1. There are 7 Diamond and 3 platinum mining companies in Zimbabwe according to the Geological survey Department in the Ministry of Mines and Mining Development. This research included all the 10 mines.  |

|                         |  |  |
|-------------------------|--|--|
|                         | 2. The communities surrounding these mines are as follows: 1 community in Chiadzwa, 1 in Mhondoro Ngezi, 2 in Zvishavane and 1 in Beitbridge | 2. The communities surrounding these mines are as follows: 1 community in Chiadzwa, 1 in Mhondoro Ngezi, 2 in Zvishavane and 1 in Beitbridge.<br><br>3. Secondary data sources namely: company annual reports, company internal reports. |
| 4. Research instruments | Interview protocols and questionnaire  | Survey instrument/<br>questionnaire  |
| 5. Data analysis        | Content analysis using statistical software Nvivo  | Factor analysis using SPSS   |

(Source: Own)

This chapter highlighted the concept of mixed methods designs and strategies, focusing mainly on concurrent strategies relevant to this study. It also outlined data collection techniques in a mixed methods research framework and analysis thereof to derive meaningful conclusions. As explained earlier on, the researcher used the questionnaire conscious of its strengths and limitations. However, using the same argument, the need to probe further and create an environment where respondents could wonder about and bring forth what is in their minds necessitated the use of personal interviews on the same target groups of the study. The questions used in both the questionnaire and personal interviews were similar, particularly key questions.

It can be seen that in the context of stakeholder theory, as proffered by Donaldson and Preston (1995), this study is based on a descriptive stakeholder theory in which the interaction of the stakeholders is observed without recommendation or prescription (hence the collection of information from the stakeholders through the questionnaires and interviews). However, the

study enters the realm of normative stakeholder theory by suggesting what firms and their stakeholders ought to be doing to ease/manage conflict based on their responses to the questions posed to them.

## CHAPTER 4: EMPIRICAL RESULTS

### 4.0 INTRODUCTION

Following the explanation on the choice of empirical analysis and data collection in this study in the preceding chapter, this chapter provides the results of the questionnaires and interviews used to address the research questions set out in Chapter 1, namely: a) what is Corporate Community Engagement (CCE) from the perspective of multiple stakeholders in the extractive industry? and b) How is CCE measured by these stakeholders? In order to address the research questions identified at the beginning of the study, the study was carried out in two phases as outlined in Chapter 3 of this thesis. This chapter is organized as follows: Section 4.1 presents the descriptive statistics of the study in order to provide a picture of the sample used for phase 1 of the study. Section 4.2 then goes through each of the survey questions to note the knowledge of the construct by different stakeholders. Section 4.3 provides descriptive statistics for phase 2 of the study while Section 4.4 provides a breakdown of responses to the individual questions in the survey. Section 4.5 summaries and concludes the chapter after which in Chapter 5 there is analysis and discussion of the implications of the results.

### 4.1 DESCRIPTIVE STATISTICS FOR PHASE 1: ON THE UNDERSTANDING OF CCE, FROM THE PERSPECTIVE OF MULTIPLE STAKEHOLDERS

In the first phase of the study 80 questionnaires were sent out to each of the three stakeholders (Company, Community and Government). The responses from the stakeholders are shown in Table 4.1 below and are expressed as percentage response rates for the questionnaires sent out.

Table 4.1: Stakeholder Responses (Questionnaires) expressed as a percentage of the total questionnaires sent out.

| Stakeholder | Total Questionnaires sent out (n = 80) | Responses (Number) | Proportion of Respondents |
|-------------|--|--------------------|---------------------------|
| Community   | 80                                     | 43                 | 53.75%                    |
| Company     | 80                                     | 35                 | 43.75%                    |
| Government  | 80                                     | 29                 | 36.25%                    |

In the first phase semi structured interviews were arranged and scheduled with 30 individuals from each of the three stakeholders for both one on one and in depth interviews which were to be recorded as audios. The number of actual interviews carried out and the percentages thereof are shown below in Table 4.2

Table 4.2 Breakdown of Stakeholder Responses (Interviews recorded as audios)

| Stakeholder | Total Interviews arranged (n = 30) | Responses (Number) | Proportion of Respondents |
|-------------|------------------------------------|--------------------|---------------------------|
| Community   | 30                                 | 21                 | 70%                       |
| Company     | 30                                 | 16                 | 53.33%                    |
| Government  | 30                                 | 8                  | 26.67%                    |

The first phase of the study was divided into questionnaires and semi structured interviews which were then collapsed together in the analysis using Nvivo statistical software. The total number of responses combined came up to Community 64, Company 51 and Government 37.

## **4.2 UNDERSTANDING OF CCE FROM THE PERSPECTIVE OF MULTIPLE STAKEHOLDERS**

The respondents' answers for each of the survey questions are presented below.

### **4.2.1 What is your understanding of Corporate Community Engagement?**

The collective results for all stakeholders showed that 96% of the respondents understood CCE to be a process by which companies build a partnership or relationship with communities. These respondents referenced the theme of relationship or partnership building 299 times as they defined CCE. From the survey 79% of the respondents added that this relationship or partnership building is targeted towards resource sharing which then facilitates the development of both investing/ operating companies and the communities or mutual benefits. Another theme that came out was that of collaborating with and empowering the community. This theme of collaboration was referenced to by 77% of the respondents 211 times. The key themes in the

responses are presented in Figure 4.1 below. There were no significant differences in how CCE was viewed among the three stakeholders. Of the 146 respondents who referenced to the theme of building partnership, 59 were from the community while 51 were from the company and 36 from the government. On the resource sharing theme, 46 community representatives, 43 company and 31 government respondents mentioned it. The theme of collaboration and empowerment was mentioned by 41 community, 47 companies and 29 government respondents.

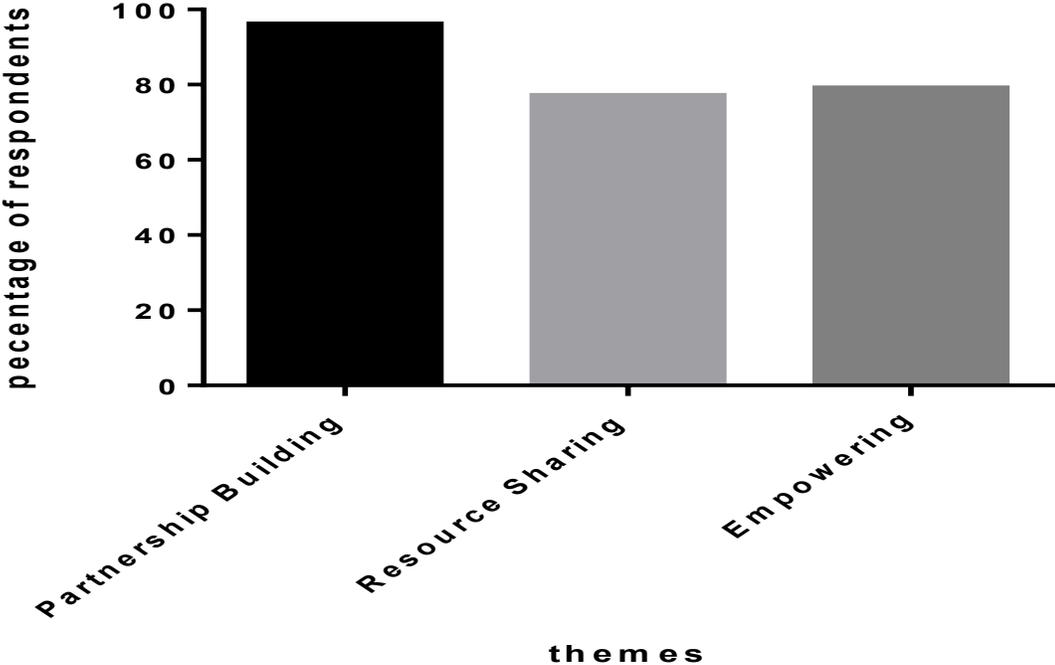


Figure 4.1: The prevalence of key themes in stakeholder understanding of CCE

**4.2.3 From your perspective, what actions should a company undertake to engage the community around its mining areas effectively?**

The need for the companies to collaborate with communities in a bid to make engagement successful was the most common response with 99% of the respondents referring to the theme of company collaborating with the community a total of 201 times. Sixty-two percent of the total respondents classified this involvement as empowering the community with decision making powers, allowing them to express their views and also the company listening to these views. These respondents mentioned the theme of giving a voice to the community 120 times. Eighteen

respondents mentioned that, as the company engages the community, it needs to relate to customs and norms of that community. It was also observed from the responses that there is need for the company to respect the local traditional leaders, their customs and heritage. This theme was mentioned a total of 29 times by the 18 respondents who mentioned it. Thirteen respondents mentioned that companies needed to be honest about the scope and purpose of engagement and show transparency and accountability in its dealings with the community. This was said to be important so as to avoid mistrust between the company and the community. Eighteen respondents mentioned the need for the company to give back to the community 32 times. All the respondents from the government and company referenced to the theme of collaboration. Only two out the 64 community respondents did not mention this theme. Empowering the decision making of communities was mentioned by 39 community, 29 company and 26 government respondents. Nine community, seven government and two company respondents referred to companies' need to relate to the community. Giving back to the community was mentioned by 8 government respondents, while 5 respondents each for the community and company mentioned it.

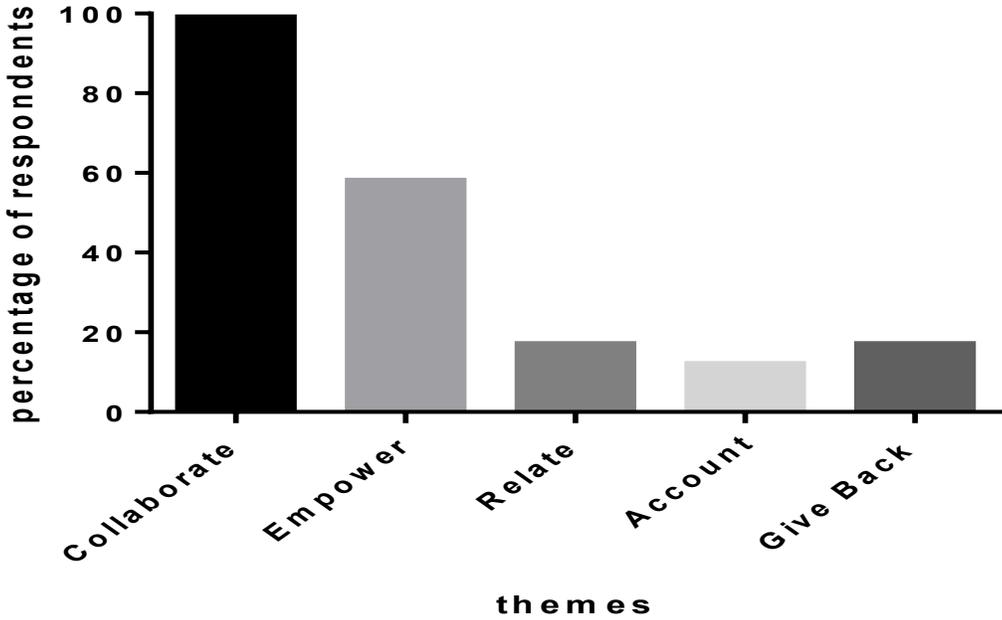


Figure 4.2: The prevalence of key themes in desired company actions for effective engagement

#### **4.2.4 What do you think needs to be done by the communities in order to make it easy for companies to engage them meaningfully?**

All the respondents agreed that communities needed to select representatives and speak with one voice. The theme of selecting leaders or representatives was referenced 239 times by the 152 respondents. Among these respondents, half went on to further classify the type of leaders or representatives the community need to select. They mentioned that they needed to be leaders of integrity, who would serve the interest of the community first and not taking bribes from the mining companies. The other theme that came out of the question on what needed to be done by the community to make engagement successful was that, communities needed to know their rights and when they knew their rights, they could be pro-active rather than reactive where they wait for the company to approach them. Once the community knows its rights, the community representatives can meet before the company approaches them and set their developmental priorities. This theme was found in about 54 respondents. All the respondents from each of the three stakeholders mentioned that communities needed to be organized and select their representatives. Twenty-three respondents from the community, 14 from the mining companies and 17 from the government mentioned that communities needed to be pro-active and not wait for companies to approach them.

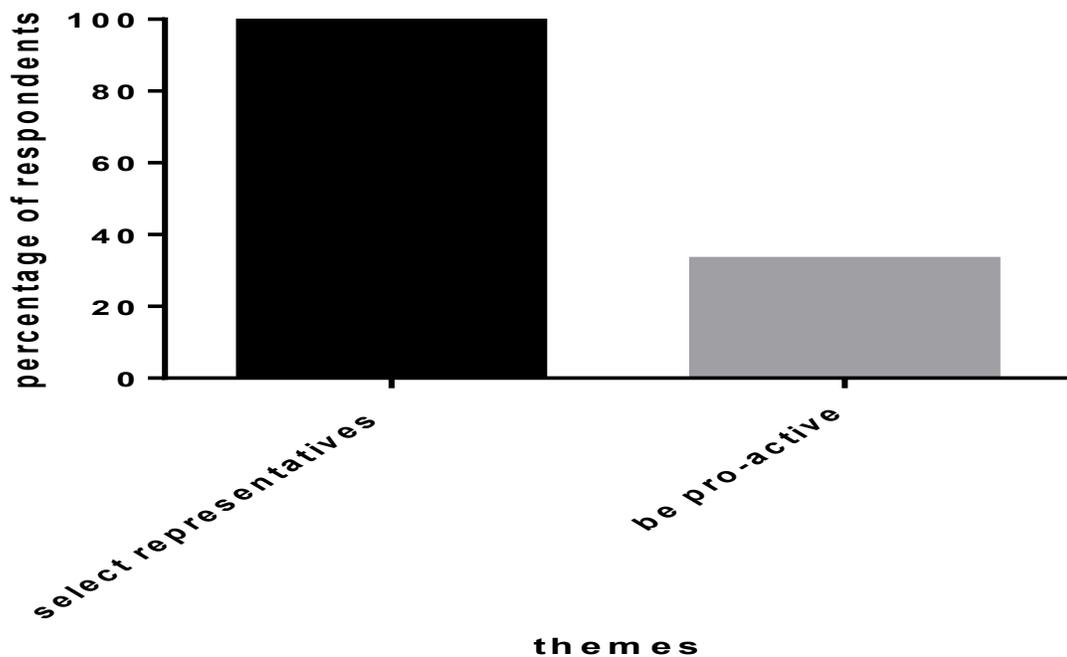


Figure 4.3: The prevalence of key themes in what communities need to do to be effectively engaged

**4.2.5 In your view, what are the outcomes that must be achieved from engagement by the following groups?**

Government

Three themes were found from the responses on government’s expected outcomes of engagement and these are: i) development of communities, ii) investment and strong economies, and iii) peace and stability. Eighty five percent (85%) of the respondents expected engagement to bring investments and strengthen the economy. This theme was referred to 283 times. The theme on development of communities was mentioned by 74% of the respondents. Among the respondents, 68% expected peace and stability from CCE.

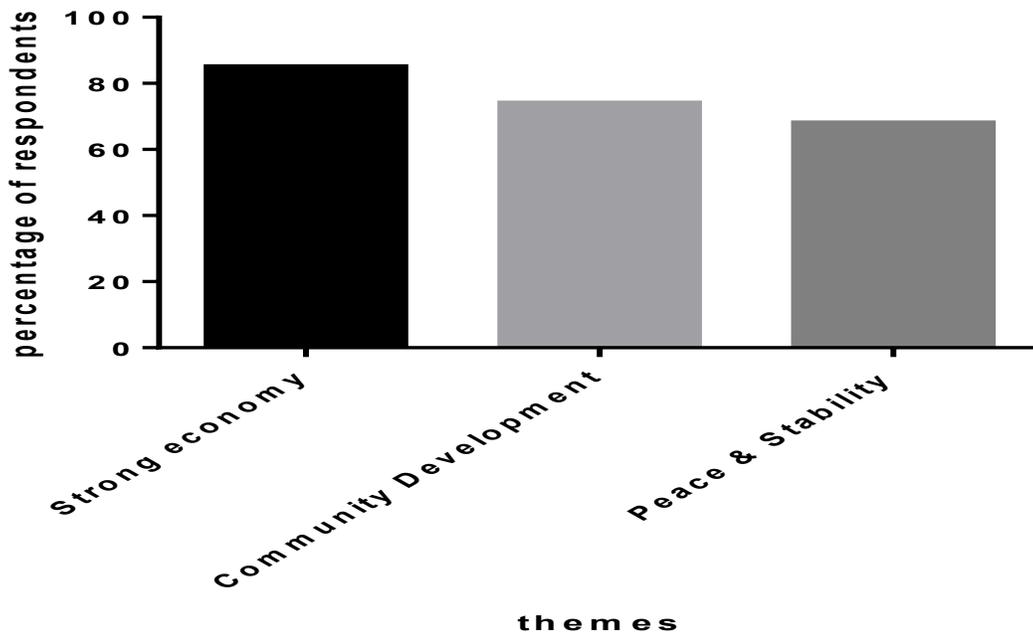


Figure 4.4: The prevalence of key themes in outcomes expected from engagement by government

#### Company

Two themes were found from the mining companies' expected outcomes of engagement. The companies expected good relations with the community which they served as the key for peace and stability in the mining area. This theme had 71% of the respondents referenced to it for a total of 262 times. They also expected uninterrupted operations and profitable operations. This theme was found in 81% of the mining companies' respondents for a total reference of 240.

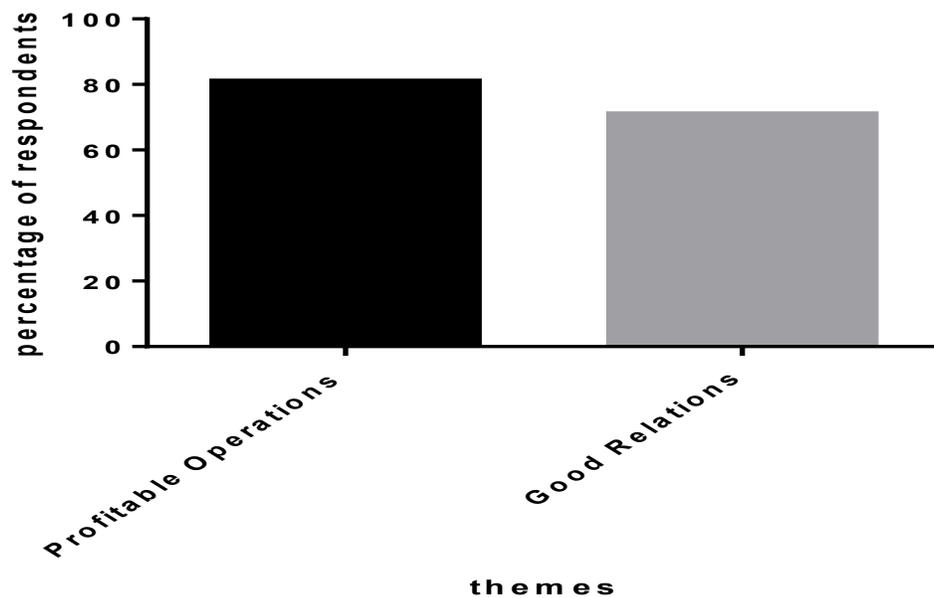


Figure 4.5: The prevalence of key themes in outcomes expected from engagement by companies

### Community

Development or empowerment of the community was the key theme on the expected outcome of the community with 88% of the community respondents giving this as their expected outcome of engagement. They referred to this theme 156 times. According to the respondents, development was defined in terms of improvement in access to education, health, infrastructure, job creation or business. From the responses, 56% of the community respondents mentioned good relations or peace as the other expected outcomes of engagement. The community referenced this theme 112 times.

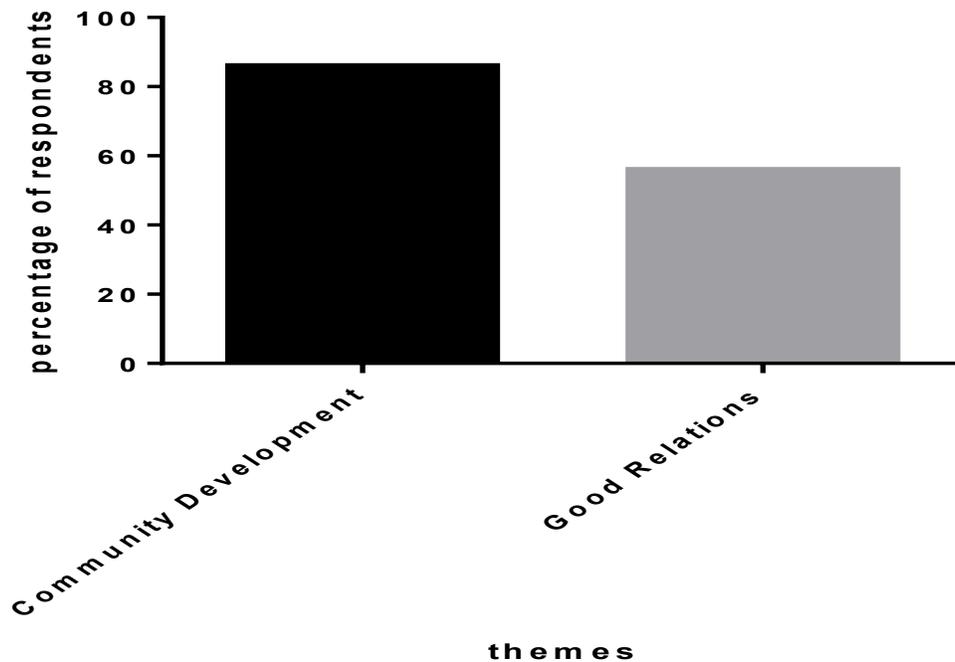


Figure 4.6: The prevalence of key themes in outcomes expected from engagement by communities

#### 4.2.6 What do you think should be the goal of engagement?

The main goal of CCE was given to be development by all stakeholders. This theme was found in 79% of the respondents. Reference was made to this theme by these respondents for a total of 169 times. Sixty two (62%) of the respondents added that while development should be the goal of engagement, CCE would have failed if it did not empower the communities to make decisions on resource sharing, wealth retaining and development in their area. These respondents referred to this form of empowerment 170 times. Reference was also made to reduction in conflict and mistrust between the company and the community with 20% of the respondents referring to this 36 times. They also concurred that reduction of levels of mistrust can set a platform for conducive and free operating environment for the mining company.

Some respondents gave the goal of engagement as benefits for both company and the community. Reference was made to this theme by 24 respondents for a total of 41 references. Thirty seven (37) respondents from the community, 39 from the company and 31 from the

government gave development as goal of engagement. The theme of empowering communities in decision making mentioned by 41 community members, 28 company and 24 government respondents. The conflict reduction theme was given by 17 respondents from the company, 11 from government and 2 from the community.

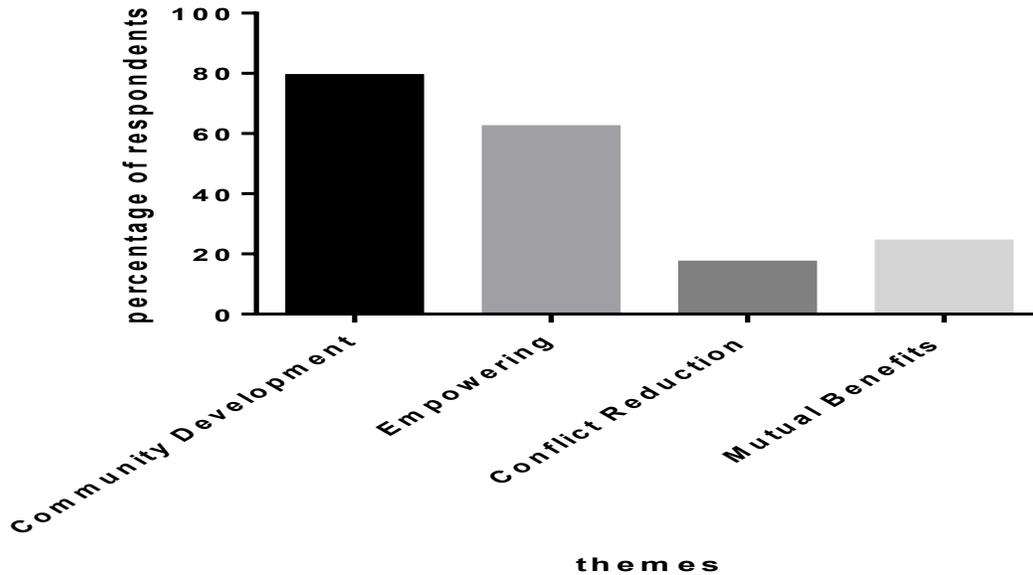


Figure 4.7: The prevalence of key themes in the goals of engagement by stakeholders

### 4.3 DESCRIPTIVE STATISTICS FOR PHASE 2: HOW CCE IS MEASURED

In the second phase of the study 100 questionnaires were sent out to each of the three stakeholders (Company, Community and Government). The number of questionnaires that were answered and returned is shown in Table 4.3 below and are also expressed as percentages of the response rates vis a vis the number of questionnaires sent out to each category of the stakeholders.

Table 4.3: Breakdown of Stakeholder Responses

| Stakeholder | Total Questionnaires sent out (n = 100) | Responses (Number) | Proportion of Respondents |
|-------------|---|--------------------|---------------------------|
| Community   | 100                                     | 67                 | 67%                       |
| Company     | 100                                     | 55                 | 55%                       |
| Government  | 100                                     | 49                 | 49%                       |

#### 4.3.1 The value stakeholders place on the traditional elements of CCE

Table 4.4 below shows the number of responses from stakeholders on whether they value the seven indicators of engagement as identified from literature (Gabriel, 2006; Saiia *et al.*, 2003; van den Berg, *et al.*, 2004) and from Phase 1.

Table 4.4: Responses to the question on whether the 7 indicator of CCE were considered important or not

| Question   | Community |    | Government |    | Company |    |
|--|-----------|----|------------|----|---------|----|
|  | Yes       | No | Yes        | No | Yes     | No |
| Citizen Participation in Decision Making   | 67        | 0  | 49         | 0  | 55      | 0  |
| Frequency of communication between community and mine  | 67        | 0  | 49         | 0  | 55      | 0  |
| The nature of the communication (consultative two way communication seeking the opinion/input of other stakeholders) rather than one directional (characterised by the domination of one stakeholder in the communication) | 67        | 0  | 49         | 0  | 55      | 0  |

|   |    |    |    |    |    |   |
|---|----|----|----|----|----|---|
| Trust between community and mine  | 67 | 0  | 49 | 0  | 55 | 0 |
| Learning of new skills and greater awareness of other stakeholders' needs (for both firm and community) | 67 | 0  | 49 | 0  | 55 | 0 |
| Control of Processes (e.g. mineral extraction, land restoration etc)                                    | 0  | 67 | 2  | 47 | 55 | 0 |
| Control of benefits   | 67 | 0  | 49 | 0  | 55 | 0 |

All the respondents from the three stakeholders (government, community and mining companies) unanimously agreed that citizen participation in decision making is an indicator of CCE. There was also unanimous agreement among the respondents from all the stakeholders that frequency of communication, nature of communication, trust, learning and control of benefits were important drivers of CCE. However, significant differences were observed on the control of the process ( $p = 0.000$ ). The majority of government respondents (47 out of 49) and all the community leaders felt that this was not an important driver to them while all the respondents representing mining companies felt that this was an important driver to them.

#### **4.3.2 To what extent do you consider citizen participation in decision making to be important?**

There were no significant differences in the how the community and government value the importance of citizen participation in CCE (Chi-square value = 3.836,  $df = 6$ ,  $p = 0.699$ ). The majority of government, community and mining company respondents felt that this was an important element. Thirty five (35) respondents from the mining company, 37 government respondents and 45 community leaders recorded this as an important driver. Following on the number of responses for each of the three stakeholders was that citizen participation was critically important. Seven (7) government representatives, 11 company and 15 community representatives felt that the participation of citizens was critically important. Being neutral or indifferent was the third most common response given by all the three stakeholders. There were

4 government, 8 company and 7 community representative with such a response. Figure 4.8 below shows responses on stakeholder value on the citizen participation on the project of mining in the areas.

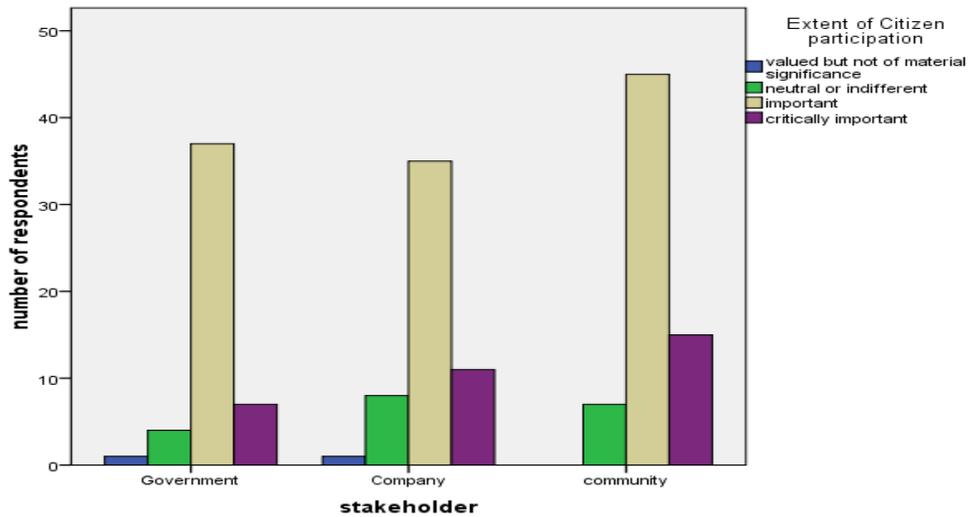


Figure 4.8: Importance of Citizen Participation in decision making.

### 4.3.3 To what extent does the frequency of communication between the community and the mine matter to you?

Significant difference were observed among the responses of the three stakeholders (Chi-square value = 16.32, df = 8, p = 0.038). For the community, the majority of the respondents (29) mentioned that the frequency of communication was important to them while the majority for mining company (28 respondents) and government (33) were neutral or indifferent. From the responses, 27 respondents from the community were neutral and this was the response with the second highest number of responses for the community. Fig 4.8 below presents the responses from stakeholders on the value they put on frequency of communication.

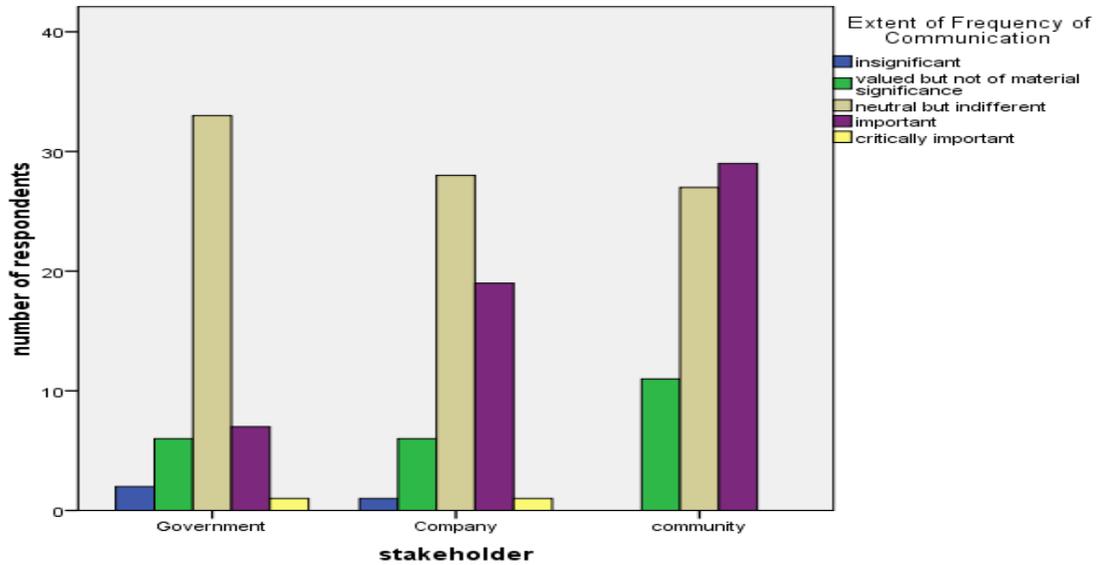


Figure 4.9: The extent of Frequency of Communication importance to stakeholders.

#### 4.3.4 To what extent does the nature of the communication between the mine and the community matter (consultative rather than one directional)?

No significant differences were observed among the responses of government, mining company and community leadership (chi-square value = 6.553, df = 6, p = 0.364). All the stakeholders agreed that the nature of communication was important to them with 34 government, 37 company and 44 community respondents mentioning it. Coming second among all the stakeholders was that nature of communication was critically important with 8 respondents from the government, the same number from the mining company and 11 from the community referenced to this. Only 6 government, 8 company and 5 community representatives were indifferent. The key observation here is in the fact that two-way communication is valued by all the stakeholders and while the extent to which it is valued has slight variations the result clearly stands in support of Gao and Zhang's (2001) they advocate to maintain a two-way form of communication with their stakeholders. Fig 4.10 below shows the extent to which stakeholders value the nature of communication

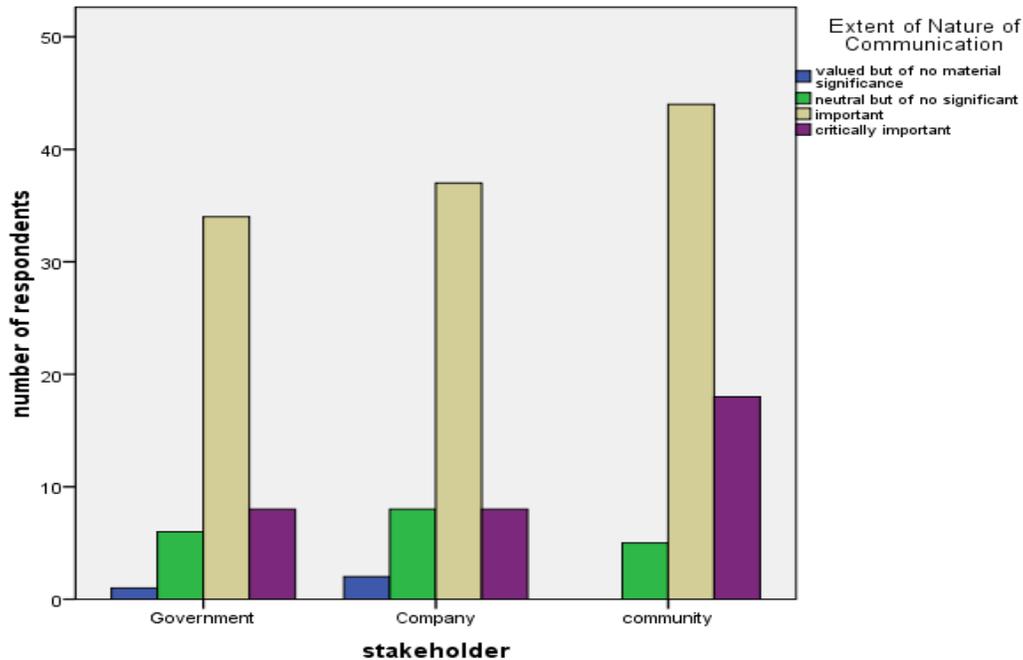


Figure 4.10: The extent of Nature of Communication importance to stakeholders.

#### 4.3.5 To what extent does trust between community and mining company matter to you?

There were no significant differences between how the government, mining company and community valued trust. The majority of the respondents from each of the three stakeholders valued trust as important to them. Government had 28 respondents who valued trust as important while company had 37 and community had 45 sharing the same sentiments. Ranking second on the valuations of the three stakeholders was that trust was critically important. Eleven government respondents, 8 company and 9 community respondents felt that trust was critically important. Only two respondents from the government and the same number from the company valued trust but didn't place material significance on it while four from the community shared those sentiments.

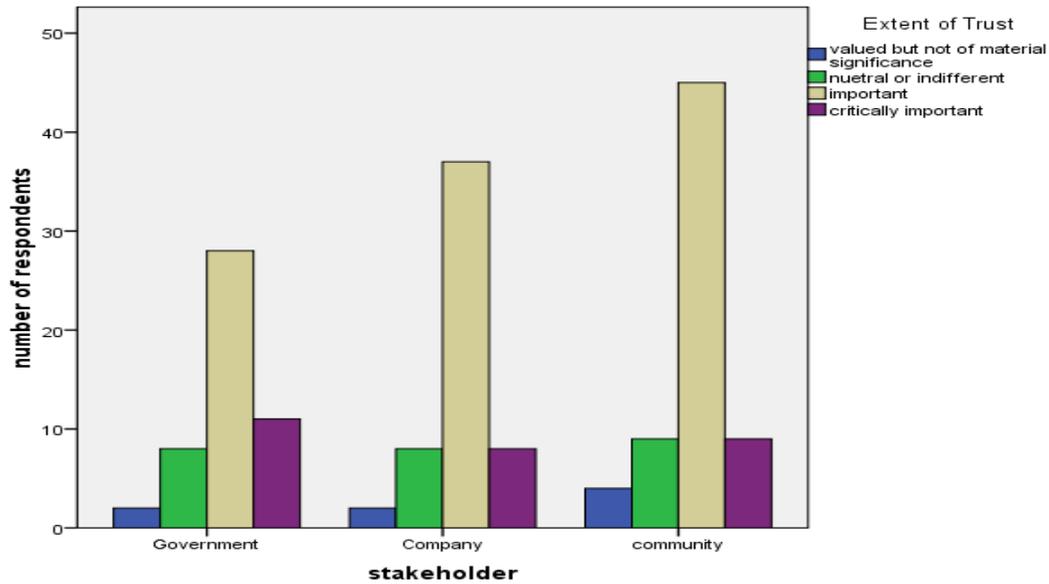


Figure 4.11: The extent of importance of Trust among Community and Company

#### 4.3.6 To what extent does the learning of new skills and a greater awareness of other stakeholders' needs matter to you?

The community, government and mining company agreed on their valuation of learning new skills as an indicator of CCE. The most common response across all the stakeholders was that of indifference with 23 government, 28 mining company and 34 community respondents being indifferent. Of the responses, 14 government, 10 mining company and 15 community respondents valued learning of new skills, but did not put material significance to it. The learning of new skills was viewed as important by 10 government, 13 mining company and 15 community representatives. Only one government respondent and two each for the mining company and the community viewed learning of new skills as critically important. The summary of the responses on the importance of learning of new skills across the stakeholders are presented in Fig 4.12 below.

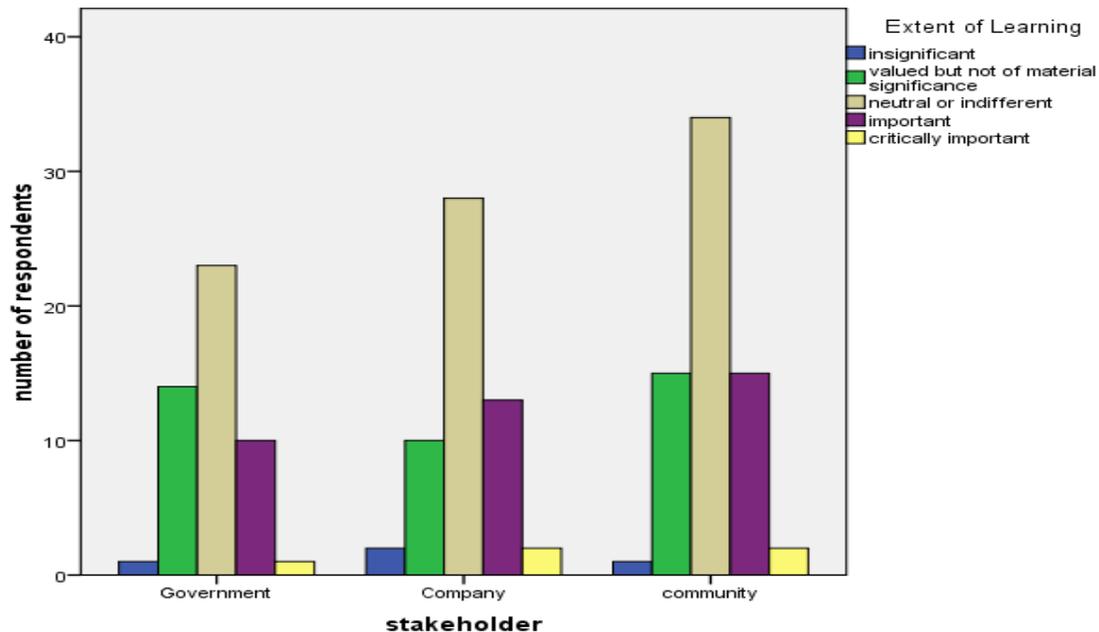


Figure 4.12: The value of Learning new skills and greater awareness by stakeholders.

#### 4.3.7 To what extent does the control of processes (e.g. the mine’s mineral extraction methods, land restoration procedures etc.) matter to you?

Significant differences were observed in how the three stakeholders view the importance of process control as an indicator of CCE. A majority of the government respondents (25) thought it was insignificant while 20 respondents valued it but thought it was of no material significance and only 4 being neutral or indifferent. No government respondent viewed process control as important. All the mining company respondents highly valued process control with 36 respondents saying it was important and 19 giving it critical importance. The majority of the community respondents were indifferent and 28 respondents valued it but thought it was of no material significance to them. Only five respondents from the community felt process control was important to them. The value placed on the control of processes by stakeholders is presented below in Figure 4.13.

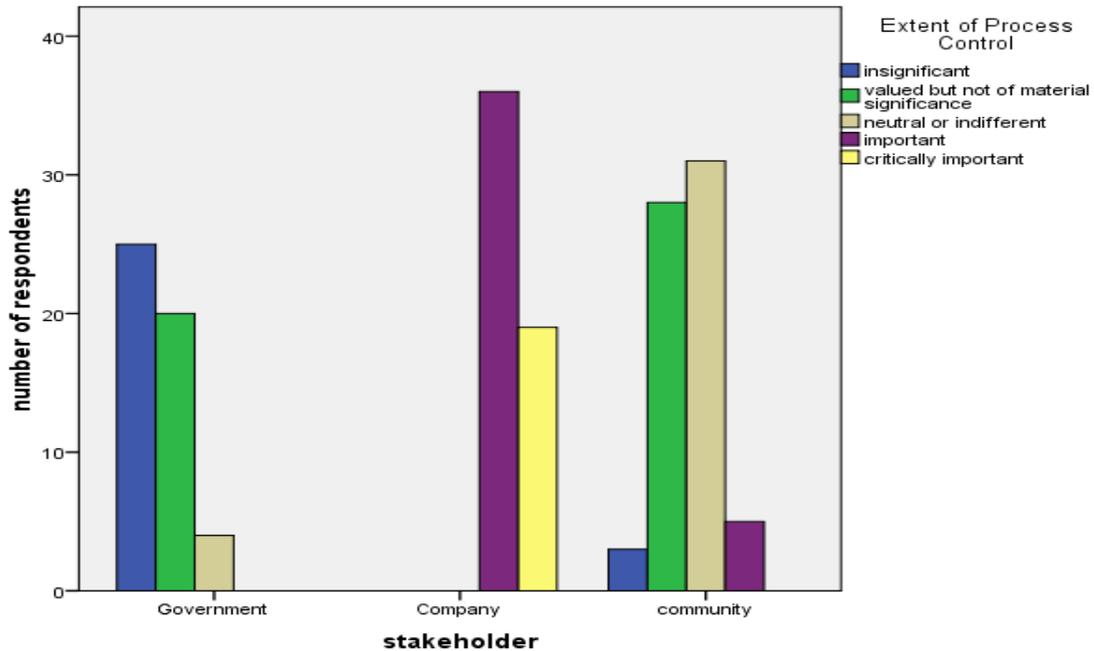


Figure 4.13: The extent to which stakeholders value Control of Processes (mining, land restoration and other mining processes).

#### 4.3.8 To what extent does the control of benefits matter to you?

Control of benefits was highly valued by the community. Thirty four (34) respondents viewed control of benefits as important while 26 felt it was critically important and only 7 were indifferent. The most common response from the mining company was that control of benefits was important to them with 38 respondents mentioning it. Only 5 from the mining company felt it was critically important to control benefits and 11 respondents from the same group were indifferent. For the government, the majority of respondents valued control of benefits but did not place material significance on it. There were 17 respondents from the government who were indifferent and only 8 respondents from the same group viewed control of benefits as important.

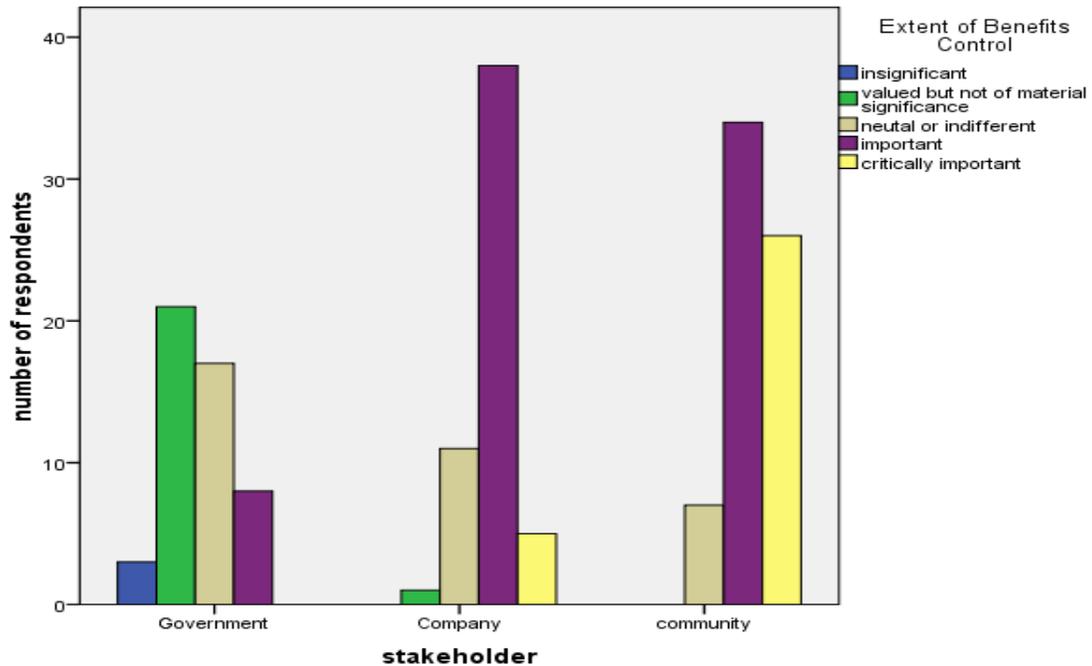


Figure 4.14: The extent to which stakeholders value Control of Benefits as an indicator of CCE.

### 4.3.9 Factor Analysis Findings

The determinant of the R-matrix was 0.836, which is greater than the threshold value of 0.00001. The Kaiser-Meyer-Olkin (KMO) value was 0.503, which was above Kaiser's (1974) recommended threshold value of 0.5. Three factors had eigenvalues greater than one (table 4.5 and figure 4.14) suggesting that the factors could be collapsed into three components. The selection of 3 factors is supported by the Scree Plot results (fig 4.15) that reflect a sharp turn to the right around the third component.

Table 4. 5. Factors and their eigenvalues and squared loadings

| Comp<br>onent | Initial Eigenvalues |                  |                 | Extraction Sums of Squared Loadings |                  |                 |
|---------------|---------------------|------------------|-----------------|-------------------------------------|------------------|-----------------|
|               | Total               | % of<br>Variance | Cumulative<br>% | Total                               | % of<br>Variance | Cumulative<br>% |
| 1             | 1.408               | 20.121           | 20.121          | 1.408                               | 20.121           | 20.121          |
| 2             | 1.129               | 16.124           | 36.246          | 1.129                               | 16.124           | 36.246          |
| 3             | 1.087               | 15.525           | 51.770          | 1.087                               | 15.525           | 51.770          |
| 4             | 0.962               | 13.748           | 65.518          |                                     |                  |                 |
| 5             | 0.947               | 13.522           | 79.040          |                                     |                  |                 |
| 6             | 0.816               | 11.664           | 90.704          |                                     |                  |                 |
| 7             | 0.651               | 9.296            | 100.000         |                                     |                  |                 |

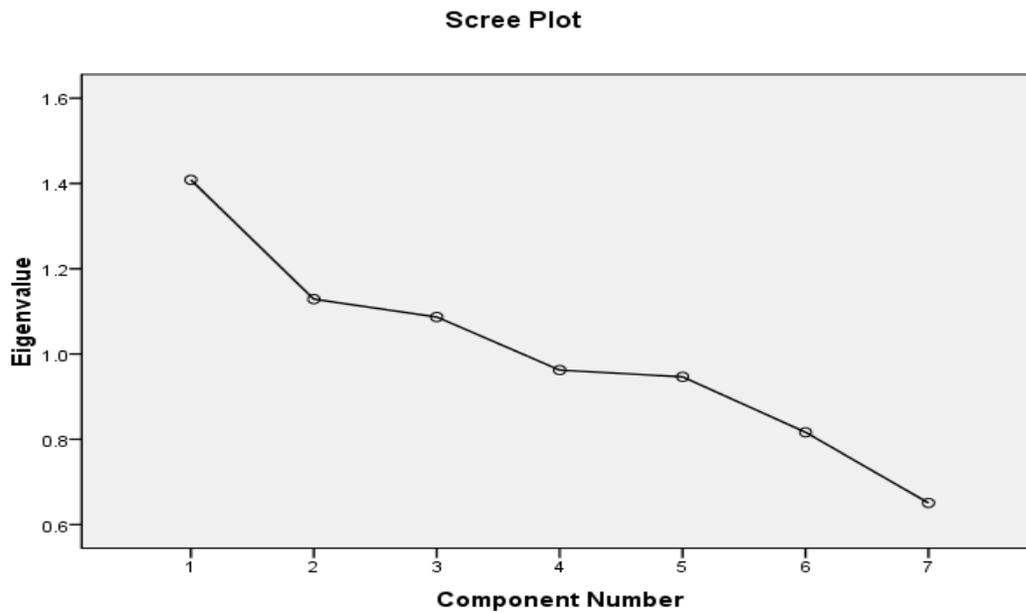


Figure 4.15: A screen plot showing factors number against their eigenvalues

Factor 1 explained 20.12% of the total variance followed by factor 2 and 3 which accounted for 16.12% and 15.53% respectively (Table 4.5). These three factors cumulatively accounted for 51.77% of the total variance. Table 4.6 shows that four measurement indicators load significantly with factor 1. These measurement indicators or questions had loadings greater than 0.4 and are communication frequency (0.458), learning (0.459), process control (0.657) and benefits control (0.69). The Measurement indicators that loaded significantly on factor 2 were communication frequency (0.521), trust (0.531) and learning (0.485). Factor 3 had significant loadings from citizen participation (0.558) and nature of communication (0.805) (Table 4.6).

Table 4.6: The factors and the loadings of each question on a particular factor

|                          | 1      | 2      | 3      |
|--------------------------|--------|--------|--------|
| Extent_Cit_Participation | -0.205 | -0.084 | 0.558  |
| Extent_Comm_Frequency    | 0.458  | -0.521 | 0.144  |
| Extent_Comm_Nature       | 0.057  | -0.044 | 0.805  |
| Extent_Trust             | -0.189 | 0.531  | 0.087  |
| Extent_Learning          | 0.459  | -0.485 | -0.140 |
| Extent_Process_Control   | 0.657  | 0.414  | -0.134 |
| Extent_Benefits_Control  | 0.690  | 0.399  | 0.248  |

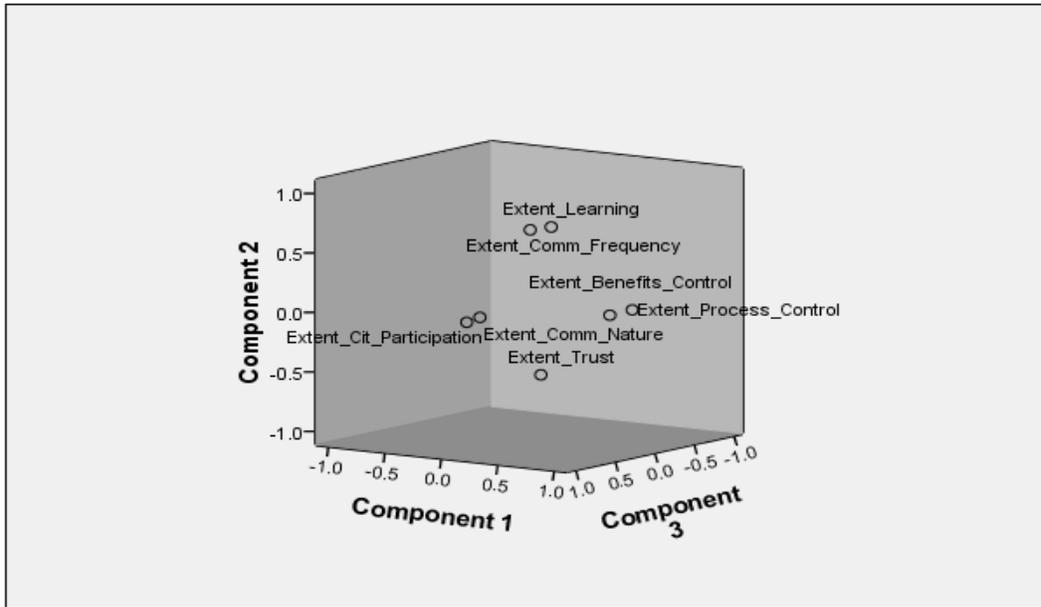


Figure 4.16: A plot showing the variables (items) in a rotated factor space.

### Reliability (Cronbach's Alpha)

As discussed in Chapter 3 the study tests the reliability of the 7 factors used in this research. In the current research questionnaire, participants responded to a 5-point Likert scale ranging from 1 (“insignificant”) to 5 (“critically important”). However, it should be noted that the different stakeholder roles in CCE could influence their rating of specific factors to the detriment of their measured value. For example, as the government may see its role as one of moderater between communities and companies it may not view the indicator of “controlling processes” as particularly significant despite its high valuation by other stakeholders. In such a case it is necessary to “reverse score” the indicator for the particular stakeholder to ensure that their view does not unnecessarily detract from the value placed on the indicator by other stakeholders. This reverse scoring is done as follows:

$$\text{reverse score}(x) = \max(x) + 1 - x$$

Where  $\max(x)$  is the maximum possible value for  $x$ . In this case,  $\max(x)$  is 5 because the Likert scale only went up to 5.

In this study the following indicators were reverse scored; The extent of process control and benefit control are in the reverse for the government respondents. The government's role is moderating and facilitating the relationship between company and the community means that they are unlikely to be engaged in the day to day operations of the company. The extent of process control was also in the reverse for the community since they trust the mining companies (see responses on trust in Table 4.4) and would not want to be involved in mineral extraction and processing. With the reverse scoring done the study tests the indicators Cronbach Alpha as explained in Chapter 3.

The number of test items, item interrelatedness and dimensionality affect the value of alpha (Tavakol and Dennick, 2011). There are different reports about the acceptable values of alpha, ranging from 0.70 to 0.95 (DeVellis, 2003; Bland, 2006). A low value of alpha could be due to a low number of questions, poor interrelatedness between items or heterogeneous constructs. For example if a low alpha is due to poor correlation between items then some should be revised or discarded. If alpha is too high it may suggest that some items are redundant as they are testing the same question but in a different guise. A maximum alpha value of 0.90 has been recommended (Streiner, 2003). A value of 0.7-0.8 is an acceptable value for Cronbach's alpha. Values substantially lower indicate unreliable scale. Reliability is the fact that a scale should consistently reflect the construct it is measuring. Corrected-Item-Total Correlations are the correlations between each item and the total score from the questionnaire. The values in the column Alpha if Item is deleted are values of the overall alpha if that item was not included in the calculation. As such, they reflect a change in in Cronbach's alpha that would be seen if a particular item were to be deleted (Field, 2005).

The overall alpha is 0.739 and so all values in this column should be around the same value. Alpha values greater than the overall alpha should be deleted because their deletion increases Cronbach's alpha and thus improve the reliability. None of the items here would substantially affect reliability if they were to be deleted. Only the extent of learning is above the overall Cronbach's alpha and deleting this item would increase overall alpha from 0.739 to 0.757. Nevertheless, this increase is not dramatic and both values reflect a good degree of reliability. All other items show that if they are deleted, the overall alpha would go down. Because a higher

alpha indicates more reliability, it would be a bad idea to get rid of the first item. Therefore, it is worth retaining all the indicators used to measure corporate community engagement used in this study.

Table 4.7: Reliability Statistics

| Reliability Statistics |  |            |
|------------------------|--|------------|
| Cronbach's Alpha       | Cronbach's Alpha Based on Standardized Items | N of Items |
| 0.739                  | 0.737  | 7          |

Table 4.8: Item Total Statistics

| Item-Total Statistics    |                            |                                |                                  |                              |                                  |
|--------------------------|----------------------------|--------------------------------|----------------------------------|------------------------------|----------------------------------|
|                          | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
| Extent_Cit_Participation | 22.1813                    | 9.396                          | 0.656                            | 0.557                        | 0.659                            |
| Extent_Comm_Frequency    | 22.4444                    | 9.566                          | 0.618                            | 0.462                        | 0.668                            |
| Extent_Comm_Nature       | 22.1637                    | 9.797                          | 0.582                            | 0.473                        | 0.678                            |
| Extent_Trust             | 22.1462                    | 11.020                         | 0.380                            | 0.157                        | 0.724                            |
| Extent_Learning          | 22.9532                    | 11.727                         | 0.218                            | 0.081                        | 0.757                            |
| Extent_Process_Control   | 22.0643                    | 10.919                         | 0.346                            | 0.175                        | 0.733                            |
| Extent_Benefits_Control  | 22.2573                    | 10.486                         | 0.393                            | 0.202                        | 0.723                            |

#### **4.4 SUMMARY**

The chapter opened with laying of the two research questions in the study and the presentation of the empirical data from the questionnaires sent out to the three separate stakeholders, i.e. government, companies and communities within the mining areas. CCE is widely understood by all stakeholders as an on-going two way process of effective consultation, collaboration and empowerment between communities and companies resulting in mutual trust, control of processes and benefits whilst the government moderates this relationship. CCE starts with the understanding of a relationship, followed by actions that each stakeholder has to perform leading to the agreed outcomes giving desired and agreed goals.

Question two addressed the issues to do with measurement of CCE, and the perspectives of the stakeholders on the seven indicators of CCE which show that effective engagement has occurred, were noted. The way the stakeholders valued the seven indicators of engagement was also considered in this chapter. Chapter 5 shifts its focus and analyse the results presented in this chapter and further offers discussion and the implications of the results to the three stakeholders before noting the specific contributions the study makes to the body of knowledge on company, government and community interaction.

## **CHAPTER 5: ANALYSIS AND IMPLICATIONS OF RESULTS**

### **5.0 INTRODUCTION**

Chapter 4 presented the empirical results on the stakeholders understanding of CCE and its measurement. In this Chapter of the research, analysis of the results is done to highlight commonalities and differences in stakeholder perspectives on CCE and their implications for them and future researchers. It is organised as follows: Section 5.1 analyses the results of Chapter 4 in light of the empirical literature and the context of the study as stated in Chapters 1 and Chapter 2. Section 5.2 discusses the implications of the results for the selected stakeholders and future researchers. Section 5.3 presents a diagram representing a summary of the results of this study of CCE in which the obligations and benefits of stakeholders are noted. Section 5.4 explicitly articulates the contribution the study makes to the body of knowledge on CCE, stakeholder theory and the interaction of companies, governments and communities around the mining companies. Section 5.5 summarises the entire study before Section 5.6 concludes by noting the study's limitations and areas for future research

### **5.1 ANALYSIS OF RESULTS**

#### **5.1.1 Understanding CCE**

To assess the extent to which stakeholders understood the concept of CCE it was necessary to compare their responses to identify key similarities and fundamental differences. If, for example, communities and companies had conflicting understandings of CCE, this means that, mitigating the circumstances that result in the tensions that lead to violent conflict between mining companies and communities may simply lie in educating them on the obligations they have to each other.

Engagement can mean a number of different things in different contexts. Thus there are many definitions of engagement in academic literature and elsewhere. The concept of engagement seems to have appeared more recently in the vocabulary of interactions between companies and communities (See section 2.2). However, other terms that can be seen as encompassed by the concept of engagement – such as ‘participation’, ‘consultation’ and ‘partnership’ – have been around longer and have been used interchangeably with engagement (Myhill, 2006). According

to Wallis (2006), *community engagement* involves two-way relationships leading to productive partnerships that yield mutually beneficial outcome (See section 2.2). The Community-Campus Partnerships for Health (2006) have defined community engagement as the application of institutional resources to address and solve challenges facing communities through collaboration with these communities. This means that companies have to use their resources to the development of the communities from which they extract resources but they have to do this through collaboration. Therefore two themes coming out from this definition are development of communities and collaboration. Weerts and Sandmann (2008) defined *engagement* to describe a “two-way” approach to interacting with community partners to address societal needs. This definition emphasises that the objective of engagement is to address the challenges faced by the society which in another way is development of the communities. The Carnegie Foundation definition of community engagement highlights collaboration which is for the mutually benefits in a context of partnership and reciprocity” (Carnegie, 2006). Community engagement has to be part of core work, not confined to specialist teams or ones-off programmes.

Community engagement suggests two-way relationship between the organisation and its stakeholders including “voiceless” stakeholders (although the ability to influence is not directly visible), reflect the “interdependence” of firms and stakeholders (Cheney and Christensen, 2001), and justify the necessity of engaging stakeholders in an organisation’s decision-making process.

According to Potter and Kramer (2011) shared value is characterized by policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions of the communities in which it operates. Across all three stakeholders there was generally consensus on the fact that CCE was fundamentally a relationship between a company and its community that was dedicated to ensuring that the company’s operations were mutually beneficial. As the results in Section 4.2.1 of Chapter 4 show, the commonest themes in respondents’ answers on what CCE was are: that it was firstly, a relationship between the company and the community (96% of respondents) and secondly, that it had to carry elements of sharing and mutual benefit (77% of respondents). The results not only show that most stakeholders agree that engagement is about relationships and mutual benefit but

stand to confirm the trend in the literature in which firms have augmented their traditional CSR to improve their community engagement through, for example, the negotiation of agreements with communities on how to avoid harm and provide them with benefits (Amnon, 2005).

Moreover, the popularity of the concept of “empowerment” in the responses of companies, their communities and government representatives (standing as mediators of their interaction) highlights the value of the quality of the interaction rather than merely its presence (see Figure 4.1). As noted in Chapter 2, some forms of collaboration and partnership are intended to be transformational, but end up being transitional in their implementation (Googins and Rochlin, 2000). Distinguishing between transformational and merely symbolic or transitional forms of engagement is a significant concern for stakeholders as evidenced by their responses here.

In view of the relative agreement between stakeholders on what CCE was, the means to achieve effective CCE would seem to naturally follow on from the agreed definition. However, it is here that the first challenges to effective CCE emerge. The stakeholders are agreeing that the key themes in CCE involve partnership building, collaboration, empowerment and resource sharing. When communities were specifically requested to identify what effective engagement would mean some of their responses were vague with 99% requesting community “collaboration” and as much as 20% simply requesting that companies “give back”. While the implications of imprecise requests is discussed in Section 5.2 on the study’s implications, the results do indicate that there appears to be a key disconnect between a clear understanding of what CCE is (as the stakeholders demonstrate) and how it is to be effectively achieved. After all, if communities simply want collaboration” and “giving back” how are firms to know the extent and nature of the “giving back” or “involvement” necessary to maintain the mutually beneficial relationship they all agree is the goal of CCE. In contrast, Ikelegbe, (2005); Ross, (2006); Ukiwo, (2009), argue that *direct control* of natural resources by local communities is an important precondition for equitable utilization of the natural resource wealth, peaceful coexistence between mining corporations and indigenous communities, and amiable relations between local communities and the state. This provides specific terms for CCE rather than the vague desires currently expressed by respondents.

Community engagement is thus much more than community participation, community consultation, community service and community development activities which Sunderland *et al.* (2004) claim have sometimes been rebadged as community engagement (Wallis, 2006). Participation is quite vague, ambiguous and can mean a lot of things. According to Head (2007), there is a ‘continuum’ of participation with informing at the bottom, followed by consulting, involving, collaborating and empowering at the top. While 99% of the respondents mentioned the theme of collaboration with communities, only 62% mentioned the theme of empowerment. Empowerment is when the company places the final decision making in the hands of the communities and promise that they will implement what the community has decided. In collaboration, the company is saying they will partner with the community in each aspect of the decision, including the development of alternatives and the identification of the preferred solution. The company is promising that they will look to the community for direct advice and innovation in formulating solutions and incorporate the community’s advice and recommendations into the decisions to the maximum extent possible but doesn’t promise to implement what they have decided (Head, 2007). According to Myhill (2006) community engagement should go beyond the participation of citizens and communities to empowerment of communities so that they can identify and implement solutions to local problems and influence strategic priorities and decisions. Communities must feel equal ownership of the engagement process. It is against this background that collaboration with the communities is not enough and thus communities need to be empowered rather than simply collaborated with.

However, despite the potentially problematic nature of the vague responses some respondents provided clear identification of what effective CCE was. Company respondents focused on involving communities in decision making and communication while the most specific focuses of communities were on trust and respect in interaction. As such the focus of communities is not only on interacting with mining companies, as suggested by their focus on communication and involvement in decision making, but on the *quality* of the interaction through trust and respect (see Section 4.2.2).

Engagement is not something to be done ‘to’ communities; they must participate in planning and choosing approaches and feels equal ownership of the process. Community engagement has

three ‘essential ingredients’ – active citizenship, strengthened communities, and partnership in meeting public needs, and operates on three corresponding levels – enabling people to understand and exercise their powers and responsibilities as citizens; empowering citizens to organise through groups in pursuit of their common good; and ensuring companies support the involvement of communities in influencing and executing their public duties (Myhill, 2006).

According to Section 4.2 of Chapter 4: 35% of community respondents also saw the need to be proactive in the relationship with communities suggesting that they felt that they carried a responsibility in leading and influencing CCE rather than acting as the passive recipients of company overtures. This is a clear indication that CCE is understood to lie beyond traditional corporate social responsibility activities in which companies initiate and determine the quality, nature and extent of the interaction of the company and its community. These results conform to the literature where Demsetz, (1983) and Crane, (2000) point out that most violent conflicts, are most likely to occur where local communities have been systematically excluded from being able to take initiative in their interaction with firms.

When stakeholders were asked to identify their desired outcomes from engagement the researcher’s view was to identify whether the expectations of the different stakeholders were, firstly, mutually compatible (capable of being simultaneously met) and secondly whether expectations were grounded in the understanding of what CCE was. To illustrate the case of the latter, if communities or governments felt that CCE was about developing mutually beneficial objectives identifying an exploitative consequence to their desired outcome of engagement would serve to illustrate a fundamental challenge to developing effective engagement and a flaw in their understanding of effective CCE. Governments and communities felt effective engagement entailed a substantial commitment of resources by mining companies to the economic development of the community they operated in. Companies felt effective engagement resulted in stability, which resulted in less disruptions to operations and, ultimately, greater profitability. While it may be expected that the objectives of CCE will differ between companies and their communities, the fact that they differ is noteworthy as the outcomes can be seen to potentially conflict. With the goal of development (desired by communities) fundamentally requiring a reduction of profits (desired by companies), the desire for profits may put

communities and companies at odds despite agreeing, in principle, on what effective engagement was.

Community engagement must aim at building strong, empowered and active communities, in which people increasingly do things for themselves and the state acts to facilitate, support and enable citizens to lead self-determined, fulfilled lives. The goal should be of enabling communities to “define the problems they face, and tackle them in partnership with companies (Blunkett, 2003). Ultimately, on the goal of CCE, as reflected in Section 4.2.5, there was generally consensus with respondents from government, communities and companies largely agreeing that development should be the goal of CCE. This is important to note because while the stakeholders may have differed in their desired outcomes for themselves, in a holistic view of CCE they considered it primarily aimed at development.

The questions on the understanding of CCE by the various stakeholders can be seen as follows; there is a strong agreement on what CCE is and a general consensus on what its goal should be. However, the individual stakeholder desired outcomes differ which potentially prevents effective CCE implementation. This will be explored in the section on the implications of the results on the understanding of CCE in Section 5.2.1 below.

The first objective of the study sought to evaluate the meaning of CCE from multiple stakeholders in the extractive industry in Zimbabwe, This study puts forward a definition with a number of features that suggest a contribution to CCE knowledge, and the results can be summarized as follows:

*CCE is an on-going two way process of consultation, collaboration and empowerment between the community and the corporation resulting in mutual trust, control of processes and benefits with the government moderating the relationship through policies that create a conducive environment for business and community to live in peace.*

The definition is not complicated and is easy to follow through for operationalization, and implementation and evaluation, yet it captures stakeholders’ understanding and expectations in

the Zimbabwe's extractive industry. Since it is a process with inputs and outputs by stakeholders, each stakeholder can self evaluate to see if their expectations are not met, they can go back to the process and see who has not done what or what has not been done right and correct and expect the desired outcomes.

### **5.1.2 Measurement of CCE**

To the question of measurement the study sought to analyse, firstly, whether all stakeholders valued the same traditional indicators of CCE as extracted from literature in Chapter 2 and presented in the questionnaires of Chapter 3. Secondly, that they valued them equally as indicators against each other and between the three stakeholder groups.

According to Greenwood 2007, in ideal terms, community engagement would take the Rawlsian form of a "mutually beneficial and just scheme of cooperation". Such a view depicts stakeholder engagement as a moral partnership of equals. In reality, however, it is likely that the organisation and its stakeholders are not of equal status and that the terms of any co-operation are set by the more powerful party (Gao and Zhang 2006). To find out if the corporate community engagement as seen by the three stakeholders was really a moral partnership of equals, the three stakeholders were asked about how they value the seven key indicators of CCE. All the seven indicators of engagement were thought to be very important by all stakeholders for there to be effective CCE. When asked to volunteer additional indicators the respondents did not provide additional measures demonstrating an acceptance of the parameters/elements of CCE as presented in traditional engagement literature and by implication suggested that the indicators were cumulatively exhaustive of the indicators of CCE vindicating their use in literature and this study.

With regard to specific indicators, citizen participation in decision making from the initial pre-mining activities to post mining activities was ranked high as this was seen as the most important indicator that CCE is functional. The result served to support Arnstein's (1969) "ladder of participation", not in so far as it is a ladder, a fact criticised in Wilcox (1994), but in so far as it explicitly notes the importance of citizen participation.

Citizen Participation was seen as critically important by all stakeholders and hence government, communities and companies need to make effort to ensure participation of citizens in the project as shown in Section 4.3.2. It is important to involve all stakeholders in the project from pre-mining to post extraction.

Frequency of Communication, as shown in Section 4.3.3, of Chapter 4 varies from important to critically important. Communities value communication much more than companies while government is neutral. This is so because companies do not see why they should communicate most of its actions and decisions. For there to be peace and mutual benefit, companies and government need to hold a similar/mutually agreeable frequency of communication. Communities show that they do not need to receive notices or read about activities of the mining company in their area in the press, they need it to be communicated to them before so that they input their views and values. The results are showing the gap in literature and practice, there is need to close this gap in frequency of communication. This will in turn build trust between the three stakeholders i.e. companies, communities and government.

Community engagement is a notoriously slippery concept, and many definitions exist in academic literature and elsewhere. However, what has been coming out clearly from the definitions is that engagement constitutes a two-way flow of information between companies and community residents which is in keeping with (Cheney and Christensen, 2001; Myhill, 2006; Liebert 2007; Weerts and Sandmann, 2008). Gao and Zhang (2001) emphasise that dialogue should be a two-way process where stakeholders are not merely consulted or “listened to” but also responded to. It is not about organisations abdicating responsibilities for their activities, but rather using leadership to build relationships with stakeholders and hence improving their overall performance, accountability and sustainability. Meaningful engagement needs to allow stakeholders to voice their views without restriction and without fear of penalty or discipline. Dialogue is different from consultation as dialogue involves a search for win-wins, an exploration of shared and different interests, values, needs and fears, a focus on process rather than issues, strengthening and building relationships (Environment Council, 1999). Cheney and Christensen, (2001) argue that real and meaningful stakeholder engagement should be a process of sharing views through genuine dialogue between the stakeholders and the management of the

organisation. Liebert (2007) added that this dialogue helps foster better understanding of a complex issue on all sides, and where the goal is to work together to conceive and implement a policy solution. Dialogue leads stakeholders to co-create shared realities and values (Cheney and Christensen, 2001; Winn, 2001). Indeed, dialogic processes form a necessary basis for developing constructive relationships of an organisation with stakeholders and as a route for deepening shared values between the organisation and key stakeholder group (Zadek and Hummels, 1998). Crane and Livesey (2003) distinguish between dialogue as a two-way communication designed for asymmetrical persuasive and instrumental purposes (compliance gaining), and “genuine” or “true” two-way symmetric practice.

Section 4.3.4 presents the extent to which stakeholders value the nature of communication when presented with an option for a consultative form or a uni-directional one. The results showed the responses ranging from important to critically important. Communication should be generated from all stakeholders not only existing in the form of instructions or guidelines or directions. This is valued by all stakeholders as an important CCE indication. What it is telling researchers is that the nature of communication should be multi directional; all stakeholders should feel welcome to express their opinions, concerns and suggestions to other stakeholders. Poor communication will mean poor CCE and conflicts, unrest and mistrust will be evident, and this will reduce the productivity of communities, companies and government.

From the perspective of accountability and responsibility theories, stakeholder engagement is a mechanism by which organisational accountability and responsibility towards stakeholders can be acquitted (Gray, 2002), often through the involvement of stakeholders in decision-making and governance (Van Buren III, 2001). Managerialist theories would hold that engagement of stakeholders is a means by which the organisation may glean contributions (Sillanpaa, 1998) or manage risks (Deegan, 2002) posed by influential stakeholders (Gao and Zhang 2006).

Section 4.3.5 presented results on the importance of trust between communities and companies. It came out that trust is earned and generated by both parties. Once trust is there between the

parties, friction and conflicts are minimised. Trust is one of the indicators ranked very high by all stakeholders as it will show that parties have grown together and are willing to continue perfecting and cultivating trust. This is hard earned and parties should strive to guard jealously not to lose it.

Community engagement presents an opportunity for collective learning as part of honest, respectful interaction among formal authorities and diverse constituents, and for the iterative exchanges that are necessary to approach policy problems with ethical and cultural complexities. In this modality, companies ideally seek out the counsel of community partners and share responsibility for making and executing policy decisions (Liebert, 2007).

Section 4.3.6 shows the extent to which stakeholders value learning of new skills and competences. Stakeholders are indifferent mostly on learning new skills. However it is important that the learning be from both sides, with companies learning from communities and communities learning from companies. Skills transfer is very important and learning of values from both company and communities. It can be assessed that for development and empowerment to take place there is need for skills transfer that all parties learn and evolve from one level to the other.

According to Myhill (2006), all the stakeholders must have the willingness, capacity and opportunity to participate. The question is do the communities have the capacity to participate at some of the levels of engagement. This is the reason why communities feel that they do not need to be involved in control of process like extraction of minerals. Hence they have to value trust between them and the mining company that the company would be honest, transparent and accountable with regards to productivity of the mine. Therefore, there is need for training and capacity building of the communities.

In Section 4.3.7 stakeholders reflected their value on the control of mining processes. From the results it can be seen that stakeholders would prefer that the company should do all it can to control the processes around their mining activities. This is so since companies have all the expertise to do so. Critically, the result shows that communities and government realise their

limitations and are willing to concede control to companies on matters they are not knowledgeable. Concerns by companies that other stakeholders can unduly influence their efficient operations or profitability if they allow increased citizen participation are refuted.

Section 4.3.8 presented results on the extent to which stakeholders value the control of benefits. Stakeholders showed that it is very important that there be a mutual control of benefits in order to address the issue of wealth share and beneficiation. Transformational engagement moves beyond symbolic engagement activities (Bindu and Salk, 2006), and relies on authentic dialogue (Roulier, 2000) and critical reflectivity (Balmer *et al.*, 2007). The final analysis shows that the whole reason to engage in mining and engagement is to share the benefits from the processes. Businesses need to make profits and investors need to realise a return on investment, while communities also need to reap benefits from the resources found in their areas. A proper appropriation of benefits will help reduce conflicts and unnecessary mayhem among stakeholders.

The second research objective sought to analyse how CCE is measured, and a literature search carried by Msweli *et al* (2013), and the empirical results shows that there are seven indicators that need to be present in any mining setup for there to be said effective CCE has taken place. These indicators are Citizen participation in decision making, a high frequency of communication between the community and the mine, consultative rather than one directional communication, trust between the community and mine, learning (for both firm and community), shared control of processes (e.g. mineral extraction, land restoration etc), shared control of benefits. The research showed that all stakeholders value these indicators and agree that there are important for CCE measurement. Msweli *et al* (2013), in their literature search for CCE construct validation, found out that there is need to put up engagement and participation for measurement. This was also validated by the empirical study using the Likert Scale where multiple stakeholders were interviewed on the measurement of CCE. The seven indicators came out from both literature search and empirical survey.

## **5.2 IMPLICATIONS OF RESULTS**

### **5.2.1 For the understanding of CCE**

For the understanding of CCE the results of the surveys identify that while most stakeholders have an understanding of what the basic concept of CCE is, the means to achieve it and the specific outcomes it is to achieve differ between stakeholders, suggesting that avoiding conflict between stakeholders (as CCE is envisioned to achieve) may not be possible. Government and communities envisioning CCE as a tool for economic and social development may find them clashing over the CCE's priorities (see for example, the challenge of achieving maximum profitability for firms and committing firm resources to altruistic community economic and social development). Consequently, what may be necessary for effective CCE may not be an understanding of CCE by stakeholders but greater congruence in the goals it is envisioned to achieve. Governments may need to moderate their meanings of investment and development to ease expectations on companies and companies may need to consider development and community investment as a fundamental part of their operation akin to their cost of machinery. Mtisi (2011) argues that the primary goal of transparency and accountability in the extractive industry is to make extractive industries such as mining, be a benefit to the society.

The questions on the understanding of CCE by the various stakeholders can be seen as follows; there is a strong agreement on what CCE is and a general consensus on what its goal should be. However, potential areas of contention appeared when the specific stakeholder outcomes of CCE were explored as they were potentially in conflict. The study would suggest that ensuring effective CCE may not necessarily be a question of educating ignorant stakeholders or harmonising their understanding of its purpose but in harmonising the individual stakeholder benefits to ensure the agreed CCE goal is realised.

To illustrate, one of the implications of divergent desires/goals of CCE is that they can make effective implementation problematic as mentioned earlier. However, this problem may be mitigated by distinguishing CCE costs from traditional CSR costs. Where CSR costs were extraneous to regular business activities of the firm (and so fell under discretionary spending), CCE requires firms to incorporate its costs into its operating costs as a fundamental expenditure akin to operational expenses. This subtle distinction makes a potentially unpalatable increase in

profit reducing costs a revision of current costs to true operational costs. The value of CCE is thus in integrating the community into the fundamental operations of the firms benefiting from the mines in its community.

### **5.2.2 For the measurement of CCE**

In so far as a determination of what is valued by the different stakeholders in CCE, the results show a very strong consensus with agreement over the merits of each of the seven indicators of CCE. As such, assessing whether a company is engaging in CCE or is effectively doing so becomes a function of the presence of these indicators in their interaction. Put differently, future research in different communities and areas can adopt the seven indicators as a template for determining the presence and nature of CCE.

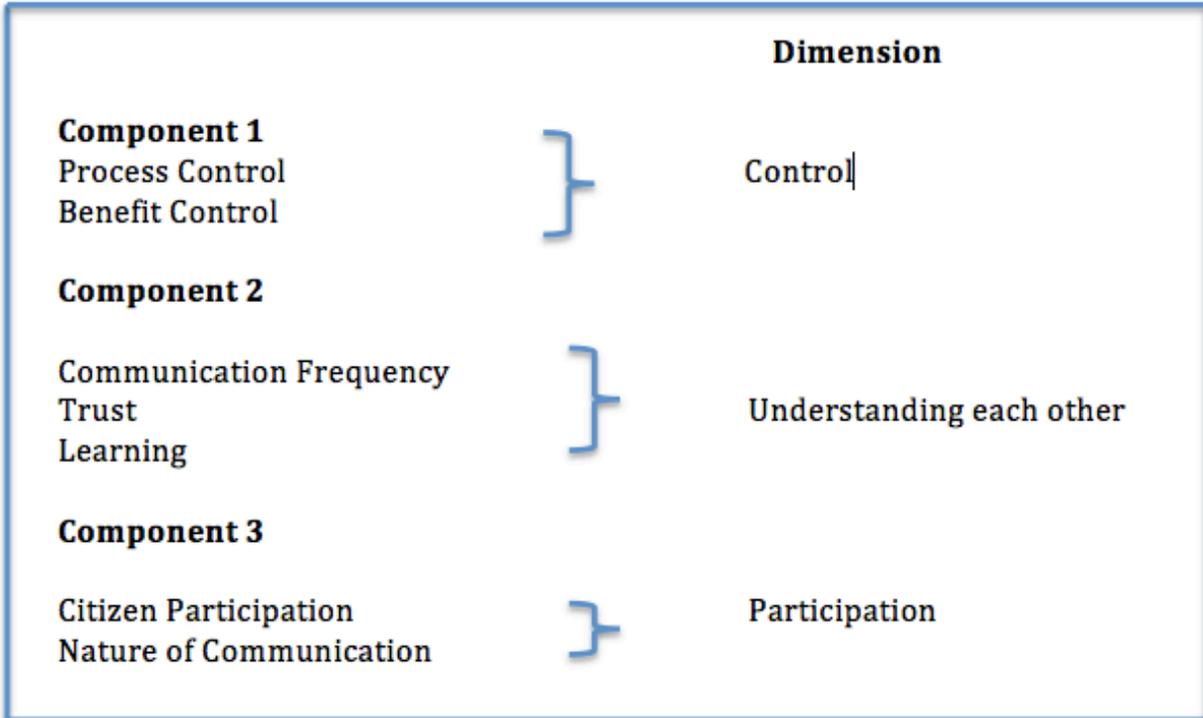
The fact that there is little disagreement in the understanding of CCE, its goal and its important indicators it remains a question as to why conflicts still persist where consensus reigns. The evidence would suggest that turmoil stems, not from ignorance or wildly divergent expectations of CCE but in the implementation of CCE where the theoretical desire for the development of the mutually valued 7 indicators is not complemented with their realization.

The study suggests that the potential source of disparity between acceptance and shared understanding of CCE and its realization may lie in the different stakeholder specific outcomes where the differences in stakeholder views potentially influence their desire to faithfully pursue CCE (see Section 5.2.1 above). Consequently, aiming for effective CCE lies in harmonising the individual stakeholder benefits from CCE to encourage them to actively and rigorously pursue the CCE that they all understand (see Section 4.2) and value similarly see (Section 4.3).

With specific reference to the factor analysis results; the determinant of the R-matrix was 0.836, which is greater than the threshold value of 0.00001. Therefore multi-collinearity was not a problem for these data. All questions used to measure the construct correlated fairly well and none of the correlations coefficients was particularly large, therefore there was no need to consider eliminating any questions at this stage. The Kaiser-Meyer-Olkin (KMO) value was 0.503, which was above Kaiser's (1974) recommended threshold value of 0.5. According to Kaiser (1974), KMO statistic varies between 0 and 1. A value of 0 indicates that the sum of

partial correlations is large relative to the sum of correlations, indicating diffusion in the pattern of correlations making factor analysis likely to be inappropriate. A value close to 1, indicates that patterns of correlations are relatively compact and so factor analysis should yield distinct and reliable factors (Field, 2005).

According to Field (2005), variables that load significantly on a single factor have a common theme. Factor 3 had significant loading from citizen participation and very significant loading from nature of communication. The nature of communication has been found to be key for citizen participation. Citizens can only participate actively if the nature of communication is two way (company- community and vice versa). This is in agreement with what several authors mentioned on the nature of communication. On factor one, loading quite significantly were process control and benefits control. Although communication frequency and learning also loaded significantly on factor 1, their loadings were just above the threshold and they had greater loadings on the other components. Thus the theme in Component 1 is about control or power. Component 2 had loadings from communication frequency, learning and trust which related to the understanding that stakeholders had of each other. Component 3 had loadings from the nature of communication and citizen participation which were collectively described as participation. The components are represented below as dimensions in Figure 5.1 below.



**Figure 5.1: Dimensions of the indicators of CCE**

One of the key benefits of the representation above is in reducing the number of indicators that must be explicitly considered by stakeholders in applying CCE to mitigate conflict. Put differently, while the seven indicators are individually significant, they can be collapsed into three concise considerations, as shown above.

**5.3 A DIAGRAMATIC REPRESENTATION OF CCE IN THE MINING SECTOR**

The study now presents a summary of its findings in the diagram below to reflect the obligations stakeholders have in driving CCE and the benefits they derive from it. It is constructed from the results obtained from phase 1 and 2 that identified said obligations and benefits and stakeholders’ valuations of the 7 theoretical measurement indicators of CCE.

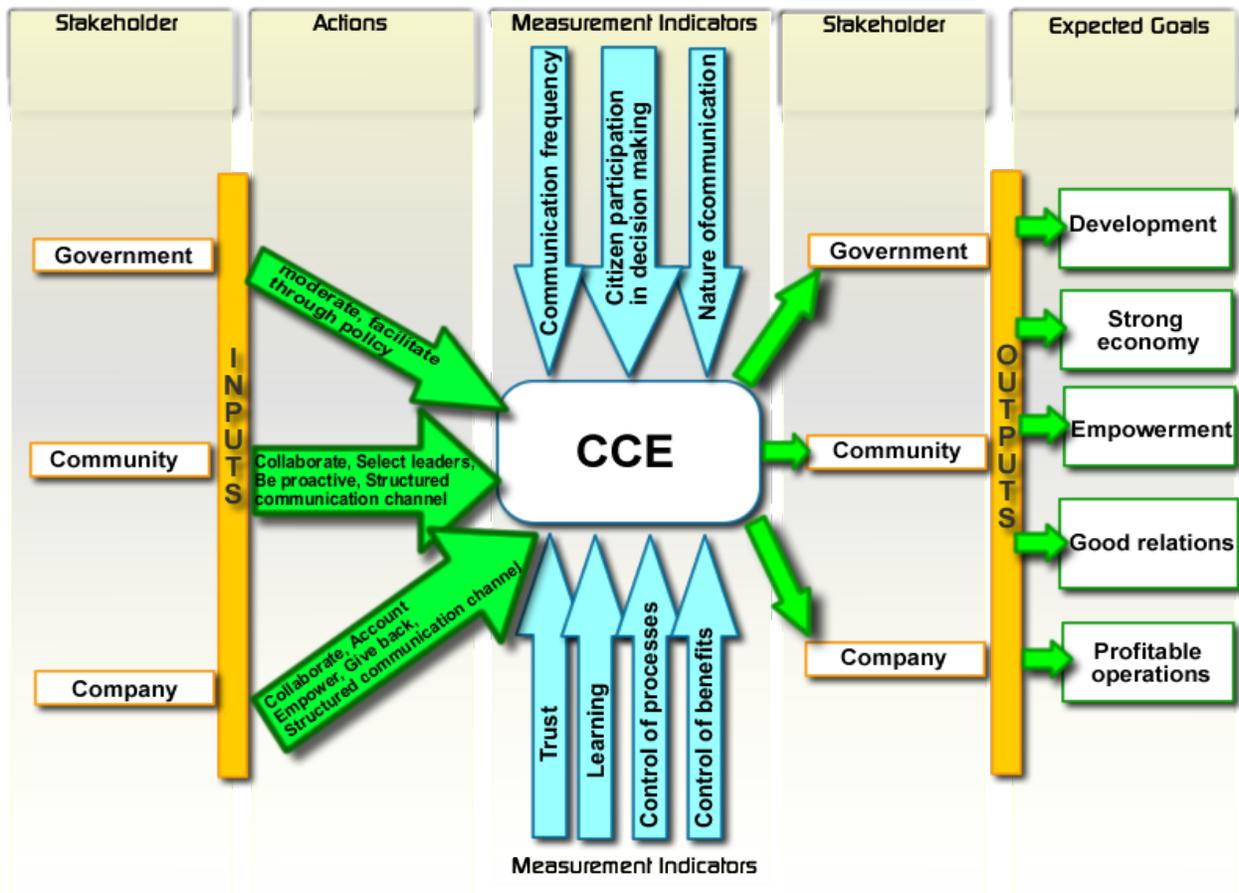


Figure 5.2: Summary of results in diagram of CCE in Zimbabwean mining sector

As the diagram above shows, each of the three stakeholders has obligations/actions they must perform towards effective CCE. In return they can expect individual benefits from their collective action. Moreover, the diagram shows that their efforts towards effective CCE manifest themselves in the presence of 7 indicators of CCE (as reflected by the blue arrows). The benefits of presenting the results of the study on CCE in the manner above are twofold. Firstly, it summarises the various concepts discussed in Chapters 1 to 4 to present a holistic representation of the various themes and issues highlighted throughout the study. Secondly, the diagrammatic representation can act as a diagnostic tool in which a stakeholder observing undesirable results from its efforts towards CCE can assess whether other stakeholders are meeting their obligations or if one of the measures/indicators of effective CCE is underdeveloped or is being neglected. For example, communities not seeing development from mining activities in their communities can check to see if they have played their part by “*selecting representatives and being proactive*

in their interaction with other stakeholders”. If they are meeting their obligations they can turn to see if others are meeting theirs. In so doing a platform for meaningful dialogue is created between stakeholders (where the extent to which obligations towards CCE are being met is assessed) rather than community disappointment leading directly to violent disagreement/clashes (as the literature in Chapter 2 showed).

## **5.4 CONTRIBUTION TO KNOWLEDGE**

This study makes the following contributions to knowledge:

- a) It introduced the concept of Corporate Community Engagement (CCE) to the mining industry in Zimbabwe.
- b) It analysed CCE from the perspective of multiple stakeholders through stakeholder theory with a view to identifying the obligations and expectations that stakeholders have of other stakeholders and themselves. Moreover, it identifies a possible source of stakeholder conflict in situations of conflict by noting disparities in their expectations of other stakeholders and themselves.
- c) It is the first to use a thematic approach in the understanding of CCE which was achieved by the use of Nvivo statistical analysis and coding which allowed a comprehensive analysis of audio interviews and written questionnaires in a combined environment.
- d) To summarise, stakeholder theorists have argued on two basic premises: (i) to perform well, managers need to pay attention to a wide array of stakeholders (e.g. environmental lobbyists, the local community, competitors), and (ii) managers have obligations to stakeholders which include, but extend beyond shareholders. Regardless of which of these two perspectives individual stakeholder theorists emphasize, almost all of them relate to the Donaldson and Preston. This research concurred with stakeholder theorists on the need of managers to pay attention to an array of stakeholders, it however went further to note that all stakeholder like Government, and the communities also have an obligation to pay attention to the organization that is operating within its area.

- e) The study collapsed the seven indicators of CCE (as found in the literature) into three dimensions of CCE that help in the future application of CCE to mitigate conflict (where seven individual factors had to be considered, three dimensions will encapsulate them).
- f) The study managed to make a diagrammatic presentation of inputs into the process (CCE) and the outputs of the same process, making it easy for all stakeholders to see if they are performing their function to the process so that they get the outputs they are expecting.

## **5.5 SUMMARY OF STUDY**

This study explored the understanding and measurement of Corporate Community Engagement in the extractive industry in Zimbabwe through an investigation of the views of three key industry stakeholders; the mining companies, the communities they operate in and the government responsible for regulating their interaction.

The motivation for the study came from the combined influence of the growth of the diamond and platinum mining industries in Zimbabwe over the last decade and the well-established challenges that arise from conflicts between mining companies and their communities in fragile and developing countries (as described in Chapter 1). The sometimes violent and socially destructive interaction between these stakeholders warranted a review of the framework on which their interaction is built. To this end the study wanted to establish the extent to which the relatively new concept of CCE (determined to ease such tensions in a mutually beneficial manner) was understood by both parties and the government that had the authority to regulate their operation and interaction. Thereafter, the study sought to establish how best the CCE should be measured to ensure that the all three stakeholders and future researchers understood the indicators most valued by communities, governments and companies. In so doing the former objective would reveal whether or not CCE was understood and the second objective would analyse the congruence in the extent of understanding. Formally these aims took the form of two questions:

- 1 What is Corporate Community Engagement (CCE) from the perspective of multiple stakeholders in the extractive industry?
- 2 How is Corporate Community Engagement (CCE) measured?

The critical elements of the study to address these questions are now summarised below noting the key findings and conclusions of the research.

### **Chapter 1:**

In establishing a case for the merits of this research the first chapter of the study established the context of the research by identifying the challenges that the simultaneous growth of the diamond and platinum mining industries in Zimbabwe and the growth in conflict between mines and their communities (as described extensively by Gabriel, 2006; Acemoglu & Johnson, 2005; Amnon, 2005 and Higgs, 2003) created.

Thereafter the study presented the alternative models for firm and community interaction noting pioneering work on the concepts of Corporate Governance (CG), Corporate Social Responsibility (CSR) and Community Engagement (CE) with a view to presenting a case for CCE as a mediator of tensions between companies and their communities. Once a case for CCE had been made it was necessary to understand the extent to which it existed in the present interaction of the targeted stakeholders (Question 1) and ultimately how disparities in its measurement by the different stakeholders could be highlighted to mitigate potential future tensions and conflict (Question 2).

### **Chapter 2:**

Chapter 2 provided a more detailed assessment of the literature relating to the interaction of companies, their communities and the government in the general business case before narrowing it to the specific case of the extractive industry and its idiosyncrasies. It noted the specific sources of the tension between mines and their communities and the efforts previously taken to address and avoid them. In so doing it reinforced the gravity of the problems currently faced by

mining firms and their communities and how they related to Zimbabwe's fledgling platinum and diamond mining industries.

It explored the theoretical underpinnings of stakeholder interaction, firstly, through Wolfenson's (2001) assessment of firms as community asset trustees and Goddard's (2005) extension of the concept to establish a case for contract based interaction. Then it explored the various theoretical extensions before presenting a detailed case for CCE primarily built on Nelson, Babon, Berry & Keith's 2006 study on such tensions that revealed a need for community participation in mining activities/decisions in their community rather than the traditional view of the firm standing independently from its community and periodically interacting with it to mitigate conflict. The concept radically departed from a view of the community and firm interaction as an occasional, contract based interaction necessary to diffuse and avoid conflict to a long standing relationship designed for mutually beneficial interaction. This departure led to the concept of CCE and established its credibility as an invaluable part of successful stakeholder interaction in the mining industry.

Once a case had been made for CCE to emerge as a key component of successful stakeholder interaction in the extractive industry it was necessary to determine the extent to which it could be seen in the present interaction of firms and their communities and how those views could be harmonised in the future (after all it was not good enough for all stakeholders to appreciate the concept of CCE if they did not agree on how it was to exist/be pursued). An empirical study was necessary to address these issues.

### **Chapter 3:**

This chapter presented the research methods necessary to address the questions and objectives identified in Chapter one. It specifically noted that the study used a mixed method approach merging quantitative and qualitative data collection and analysis. Institutional ethical clearance was sought from all stakeholders' institutions and explained to individuals or groups as questionnaires and interviews were used to collect the data that was analysed using SPSS software to perform a Factor Analysis and Nvivo 10 software to identify key disparities and

similarities in stakeholder views in the form of Content Analysis. It addressed key research issues such as the study's design, its sample selection, the reliability and validity of its results (including the new software adopted to ensure as much), its ethical considerations and limitations.

#### **Chapter 4:**

Chapter 4 then presented the results of the empirical investigation organised according to the two questions set out in Chapter 1. The chapter presented the study's key findings and their statistical significance noting the prevalence of specific "themes" in the results which revealed similarities and dissimilarities in the understanding and measurement of CCE by the different stakeholders. Despite the traditional existence of conflict between mining firms, government agencies and communities the study found that they generally shared a similar understanding of what CCE was and how it should be measured. However, disparities in their assessment of their obligations towards it and those of their fellow stakeholders suggested a possible reason for continued tension in the face of a shared understanding of CCE and its ability to mitigate that conflict. Once the shared and disputed views were presented Chapter 5 could analyse the implications of these results.

#### **Chapter 5:**

This chapter analysed the results of the study and noted their implications for the various stakeholders and future researchers. It presented a diagnostic tool for future conflict resolution by providing a diagrammatic representation/ summary of the study that noted key obligations and expectations held by the different stakeholders. Critically, it explicitly stated the value of the study through the specific contributions it makes to the existing body of knowledge in the field. It summarised the study and presented the research's limitations and areas for further study.

The study makes distinct contributions to the knowledge on the mining sector in Zimbabwe and CCE research (as shown in Section 5.4).

## **5.6 STUDY LIMITATIONS AND AREAS FOR FURTHER STUDY**

This study has one notable limitation, as a pioneering piece of research the ability to extrapolate its findings to new untested locations is necessarily limited. Replication in the future should allow greater generalisation in its findings. To this end the study merits replication in different locations to not only verify the findings of this study but to establish the findings that apply universally and those unique to the study area.

Furthermore studies could include more stakeholders to understand their impact on CCE, for example, company suppliers, consumers of products (as the chief influencers of mineral prices) etc.

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05 June 2013

**TO WHOM IT MAY CONCERN**

This letter serves to confirm that **Mr T Wushe** student number **72874961** is a registered student with (Unisa) Graduate School of Business Leadership studying for his Doctor of Business Leadership degree. The topic of his research is as follows:

**“Community shared value and corporate governance – A contextual background of Zimbabwe’s extractive Industries”**

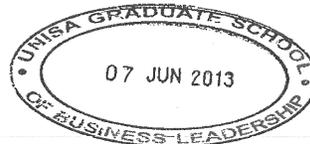
Mr Wushe has fulfilled the initial requirement of the degree, however he is required to collect his data from your organization in respect of the thesis. Please kindly assist him with the necessary information he needs from your organization. All information given to him will be treated with utmost confidentiality.

For further enquiries please do not hesitate to contact the undersigned.

Yours sincerely



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28 June 2013

**TO WHOM IT MAY CONCERN**

This letter serves to confirm that **Mr T Wushe** student number **72874961** is a registered student with (Unisa) Graduate School of Business Leadership studying for his Doctor of Business Leadership degree. The topic of his research is as follows:

**"THE RELATIONSHIP BETWEEN OWNERSHIP, BOARD STRUCTURE AND CORPORATE COMMUNITY ENGAGEMENT USING STAKEHOLDER THEORY: ZIMBABWE'S EXTRACTIVE INDUSTRIES"**

Mr Wushe has fulfilled the initial requirement of the degree, however he is required to collect his data from your organization in respect of the thesis. Please kindly assist him with the necessary information he needs from your organization. All information given to him will be treated with utmost confidentiality.

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Yours sincerely

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10 June 2013.

To Whom It May Concern:

**RE: Investigating Corporate Community Engagement (CCE) in extractive industries from a Stakeholder Theory perspective.**

My name is Tawaziwa Wushe I am a Doctoral student with University of South Africa. I am conducting out a research on "Investigating Corporate Community Engagement (CCE) in extractive industries from a Stakeholder Theory perspective." The results of the study will be compiled into a report and will benefit policy makers, communities, leaders, development practitioners, companies and will be made available to your org. The research will contribute to the growing literature in Corporate Governance as another way of reducing conflicts in the mining areas. It is my pleasure to invite you to participate in this research at no cost to you or your company and your participation will be highly appreciated.

Participation in this research is voluntary. I will do my utmost to ensure your anonymity in all my written reports and I will not divulge any information that might compromise you in any way. In addition, you can withdraw from participating in this research at any time without any consequences.

I will provide you, upon request with any additional information about my research project and answer any questions about my studies, my research methods and myself. You may contact me on the following number +263 772 605 263 Alternatively you can also contact me via the following email address: tawaziwa@countrycool.co.zw



I, the undersigned the above and understood the nature of the research project of Tawaziwa Wushe and my potential role in it. I voluntarily consent to participate in the research project.

| Full name of participant | Signature of participant  | Witness' signature | Date       |
|--------------------------|---|--------------------|------------|
| NDLOU<br>DINGISWAYO      |  |                    | 22/07/2013 |
|                          |   |                    |            |

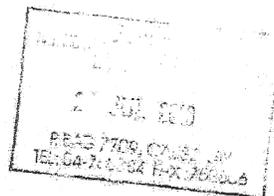
Kind Regards



Tawaziwa Wushe

Doctoral Student

Student Number 72874961



## QUESTIONNAIRE

My name is TawaziwaWushe. I am a Doctor of Business Leadership student at University of South Africa (UNISA). I am requesting your participation in PHASE 1 of my survey by answering all questions. This survey aims at validating the construct measurement of Corporate Community Engagement (CCE). The survey is aimed at gathering information necessary for the completion of my PhD thesis. The broader aim of my research is to understand Corporate Community Engagement in the from the stakeholder theory perspective, in trying to curb violent conflicts and wealth escape in the mining sector in Zimbabwe.

Please complete this questionnaire as best as you can, remembering that all information given will be kept strictly confidential and anonymity will be maintained throughout the research process. You may not write your name on the forms, unless you want to.

I wish to thank you in advance for taking your precious time to complete the questionnaire.

This questionnaire is targeted at the following groups of stakeholders:

Government

Mining company executive management

Community leadership

Workers

1. PROVIDE COMPANY NAME AND TICK THE APPROPRIATE MINERAL BEING EXTRACTED

Company name \_\_\_\_\_

Platinum  diamond

2. INDICATE YOUR AGE RANGE BY TICKING APPROPRIATE BOX

20-25 26-30 31-40 41-50 51+

3. What is your understanding of “Corporate Community Engagement?”

.....  
.....  
.....  
.....

4. From your perspective, what actions should a company undertake to engage the community around its mining areas effectively?

.....  
.....  
.....  
.....

5. What do you think needs to be done by the communities in order to make it easy for companies to engage them meaningfully?

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6. In your view, what are the outcomes that must be achieved from engagement by the following groups?

Government

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Mining company executive management

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Community leadership

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Workers

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7. What do you think should be the goal of engagement?

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THANK YOU FOR TAKING PART IN MY RESEACH.

### **Bumbiro reMivhunzo**

Zita rangu ndinonzi Tawaziwa Wushe. Ndiri kuita zvidzidzo zvaMuzvinadzidzo zveUtungamiri hweMabhizimusi (*Doctor of Business Leadership*) neYunivhesiti yeSouth Africa (UNISA). Ndiri kukumbirawo kuti mundipindurirewo mibvunzo yandinayo mune chino Chikamu Chekutanga chekutsvaka umbowo chandiri kuita. Umbowo hwandiri kutsvaka nekuunganidza hune chinangwa chekutsigira chipimo chinoshandiswa mukufambidzana zvakanaka kwemakambani nevanhu kana kuti vagari vemunharaunda munenge muchiitirwa mabasa nekambani zvinganzi nemururimi rweChiRungu *Corporate Community Engagement (CCE)*. Umbowo uhu huri kutsvakwa nechinangwa chekupedzisa chinyorwa chedzidzo yangu yaMuzvinadzidzo. Chinangwa changu chikuru mutsvakurudzo iyi ndechekuongorora ukama huri pakati pevaridzi vekambani, nhengo dzebhodhi rayo pamwe nekudyidzana kana kufambidzana kwekambani nevagari vemunzvimbo yainenge ichiitira mabasa ayo ndichizvitarisa nebumbiro reruzivo rinocherechedza vanhu vose vane chekuita nemabasa ekambani vanodaodzwa muChiRungu kunzi ma'*stakeholders*. Tsvakurudzo yese ine chinangwa chikuru chekuedza kupedza bopoto nokurwisana pamwe nekurasikira kunze kweupfumi hwenyika mumabasa emigodhi nezvicherwa muZimbabwe.

Ndapota pindurai mibvunzo iri mugwaro rino sokugona kwenyu kwose, muchiyeuka zvakare kuti zvose zvamunenge mapa kana kutaura hazvina kana nemunhu mumwe achazviudzwa uyezve kuti hapana anoziva kuti ndimi mapa pfungwa idzodzo kusvika tsvakurudzo yose yapera. Regai zvenyu kunyora zita renyu pagwaro rino, kusatoti kana imi pachenyu muchida kunyora.

Ndinoda kugara ndasanokukutendai zvikuru nekutora nguva yenyu yakakosha kwazvo muchizadzisa pamwe nekupindura mivhunzo yakapiwa mugwaro rino.

Mivhunzo iyi ine chinangwa chekunzwa zvinofungwa nemapoka anotevera:

Hurumende

Vakuruvakuru vamakambani anoita zvazvicherwa

Madzimambo, Madzishe, vanaSadunu nehumwe hutungamiri hwavanhu

Vashandi

1. IPAI ZITA REKAMBANI PAMWE NOKUTARIDZA CHICHERWA CHIRI KUWANIKWA PANO

Zita rekambani \_\_\_\_\_

Puratinamu  dhaimondi

2. TARIDZAI ZERA RENYU PAMAKORE AKAPIWA MUZVIBHOKISI PAZASI

20-25    26-30    31-40    41-50    51+

3. Kudyidzana kana kufambidzana kwekambani nevanhu vemunharaunda “*Corporate community Engagement*” zvinoreva chii kwamuri?

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4. Sokuona kwenyu chii chinofanira kuitwa nekambani senzira yekufambidzana kana kudyidzana zvakanaka nevanhu vemunharaunda yainenge ichiitira mabasa ayo?

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5. Munofunga kuti chii chinofanira kuitwa navagari vemunharaunda inenge ichiitira kambani mabasa ayo kuti iyo kambani ikwanise kufambidzana zvakanaka navo?

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.....

6. Sokuona kwenyu chii chaicho chinofanira kubuda kana kuitika kubva mukutaurirana kana kufambidzana zvakanaka kwemapoka anotevera?

Hurumende

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.....

Vakuruvakuru vemakambani anoita zvezvicherwa

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Madzimambo neumwe utungamiri hwavanhu

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Vashandi

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7. Munofunga kuti chinangwa chaicho chekufambidzana kana kukurukurina kwamapoka ose aya chinofanira kunge chiri chekuita sei?

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NDINOKUTENDAI ZVIKURU NOKUVE NECHEKUITA NETSVAKURUDZO  
YANGU.

PHASE 2 QUESTIONNAIRES

**QUESTIONNAIRE**

My name is TawaziwaWushe. I am a Doctor of Business Leadership student at the University of South Africa (UNISA). I am requesting your participation in the **FINAL PHASE** of my survey by answering all questions. This survey aims to identify the drivers of Corporate Community Engagement (CCE) and the influence exerted on them by stakeholders. The survey is aimed at gathering information necessary for the completion of my PhD thesis. The broader aim of my research is to understand Corporate Community Engagement from the stakeholder theory perspective with a view to trying to curb violent conflicts and wealth escape in the mining sector in Zimbabwe.

Please complete this questionnaire as best as you can, remembering that all information given will be kept strictly confidential and anonymity will be maintained throughout the research process. If you should wish to write your name on the form, you are free to do so, however, you are not obliged to.

I wish to thank you in advance for taking your precious time to complete the questionnaire.

This questionnaire is targeted at the following groups of stakeholders:

Government

Mining company executive management

Community leadership

**The definition of Corporate Community Engagement (CCE)**

Corporate Community Engagement (CCE) is an on-going two way process of consultation, collaboration and empowerment between the community and the corporation resulting in mutual trust, control of processes and benefits with the government moderating the relationship. To

achieve effective CCE there need to be 7 indicators identifiable in the interaction of the firm and its surrounding communities. These drivers are:

- Citizen participation in decision making
- A high frequency of communication between the community and the mine
- Consultative rather than one directional communication
- Trust between the community and mine
- Learning (for both firm and community)
- Shared control of processes (e.g. mineral extraction, land restoration etc)
- Shared control of benefits

5. PROVIDE COMPANY NAME AND TICK THE APPROPRIATE MINERAL BEING EXTRACTED

Company name \_\_\_\_\_

Platinum  diamond

6. PLEASE INDICATE YOUR AGE RANGE

20-25  26-30  31-40  41-50  51+

7. PLEASE MARK THE FOLLOWING INDICATORS OF CCE WITH A YES OR NO ACCORDING TO WHETHER YOU FEEL THEY ARE IMPORTANT TO YOU AS A STAKEHOLDER IN THE INTERACTION BETWEEN MINES AND THEIR COMMUNITIES.

- a) Citizen Participation in Decision Making YES  NO
- b) Frequency of communication between community and mine YES  NO
- c) The nature of the communication (consultative (two way communication seeking the opinion/input of other stakeholders) rather than one directional (characterised by the domination of one stakeholder in the communication) YES  NO
- d) Trust between community and mine YES  NO

e) Learning of new skills and greater awareness of other stakeholders' needs (for both firm and community) YES  NO

f) Control of Processes (e.g. mineral extraction, land restoration etc) YES  NO

g) Control of benefits YES  NO

Additional drivers

.....  
.....

8. FOR THE QUESTIONS THAT FOLLOW PLEASE TICK THE BOX THAT MOST ACCURATELY REFLECTS YOUR FEELINGS ON EACH OF THE 7 INDICATORS OF CCE.

h) To what extent do you consider citizen participation in decision making to be important (1= Insignificant, 2 = Unimportant (valued but not of material significance), 3= You are neutral/indifferent, 4 = Important,5 =Critically important)

1  2  3  4  5

Additional Comments:

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.....  
.....

ii) To what extent does the frequency of communication between the community and the mine matter to you? (1= Insignificant, 2 = Unimportant (valued but not of material significance), 3= You are neutral/indifferent, 4 = Important,5 =Critically important)

1  2  3  4  5

Additional Comments:

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.....  
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iii) To what extent does the nature of the communication between the mine and the community matter (consultative rather than one directional)? (1= Insignificant, 2 = Unimportant (valued but not of material significance), 3= You are neutral/indifferent, 4 = Important,5 =Critically important)

1  2  3  4  5

Additional Comments:

.....  
.....  
.....

iv) To what extent does trustbetween community and mine matter to you?(1= Insignificant, 2 = Unimportant (valued but not of material significance), 3= You are neutral/indifferent, 4 = Important,5 =Critically important)

1  2  3  4  5

Additional Comments:

.....  
.....  
.....

v) To what extent does the learning of new skills and a greater awareness of other stakeholders' needs matter to you? (1= Insignificant, 2 = Unimportant (valued but not of material significance), 3= You are neutral/indifferent, 4 = Important,5 =Critically important)

1  2  3  4  5

Additional Comments:

.....  
.....  
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vi) To what extent does the control of processes (e.g. the mine's mineral extraction methods, land restoration procedures etc.) matter to you? (1= Insignificant, 2 = Unimportant (valued but not of material significance), 3= You are neutral/indifferent, 4 = Important,5 =Critically important)

1  2  3  4  5

Additional Comments:

.....  
.....  
.....

vii) To what extent does the control of benefits matter to you? (1= Insignificant, 2 = Unimportant (valued but not of material significance), 3= You are neutral/indifferent, 4 = Important,5 =Critically important)

1  2  3  4  5

Additional Comments:

.....  
.....  
.....

THANK YOU FOR TAKING PART IN MY RESEACH.

TRANSLATED QUESTIONNAIRE INTO SHONA.

### **Bumbiro reMivhunzo**

Zita rangu ndinonzi Tawaziwa Wushe. Ndiri kuita zvidzidzo zvaMuzvinadzidzo zveUtungamiri hweMabhizimusi (*Doctor of Business Leadership*) neYunivhesiti yeSouth Africa (UNISA). Ndiri kukumbirawo kuti mundipindurirewo mibvunzo yandinayo mune chino **CHIKAMU CHEKUPEDZISIRA** chekutsvaka umbowo chandiri kuita. Umbowo hwandiri kutsvaka nekuunganidza hune chinangwa chekutsigira chipimo chinoshandiswa mukufambidzana zvakanaka kwemakambani nevanhu kana kuti vagari vemunharaunda munenge muchiitirwa mabasa nekambani zvinganzi nemururimi rweChiRungu *Corporate Community Engagement (CCE)*. Umbowo uhu huri kutsvakwa nechinangwa chekupedzisa zvidzidzo zvangu zvePhD. Chinangwa changu chikuru mutsvakurudzo iyi ndechekuongorora izvo zvinosakisa kuti pave nekudyidzana pakati pekambani nevamwe vese vane chekuita namabasa ayo uye kuona kuti vanhu vose ava vanoita kuti kufambidzana kwacho kuitike nenzira dzipi. Tsvakurudzo yese zvayo inotungamirwa nedonzvo guru rekuedza kupedza bopoto nokurwisana pamwe nekurasikira kunze kweupfumi hwenyika mumabasa emigodhi nezvicherwa muZimbabwe.

Ndapota pindurai mibvunzo iri mugwaro rino sokugona kwenyu kwose, muchiyeuka zvakare kuti zvose zvamunenge mapa kana kutaura hazvina kana nemunhu mumwe achazviudzwa uyezve kuti hapana anoziva kuti ndimi mapa pfungwa idzodzo kusvika tsvakurudzo yose yapera. Regai zvenyu kunyora zita renyu pagwaro rino, kusatoti kana imi pachenyu muchida kunyora.

Ndinoda kugara ndasanokukutendai zvikuru nekutora nguva yenyu yakakosha kwazvo muchizadzisa pamwe nekupindura mivhunzo yakapiwa mugwaro rino.

Mivhunzo iyi ine chinangwa chekunzwa zvinofungwa nemapoka anotevera:

Hurumende

Vakuruvakuru vamakambani anoita zvazvicherwa

Madzimambo, Madzishe, vanaSadunu nehumwe hutungamiri hwavanhu

**Tsanangudzo yezvinoreva Kudyidzana Pakati peKambani neVagari veMunharaunda zvinodaidzwa nemuChiRungu kunzi *Corporate Community Engagement (CCE)***

Kudyidzana Pakati peKambani neVagari veMunharaunda kufambidzana kana kutaurirana pakati pekambani nevagari vemunharaunda izvo zvinounza pundutso kuvagari nekupa masimba ekufambiswa kwemabasa kuvagari pamwe nekukambani zvichiita kuti pave nekuvimbana, kuve nechekuita nemafambisirwo ezvinhu pamwe nekugoverana zvinhu zvakanaka zvinobuda mumabasa ese aya. Hurumende inenge ine basa rekuona kuti kufambidzana kwekambani nevagari kuri kuenderera mberi zvakanaka. Kuti kufambidzana kwekambani vegari vemunharaunda kebudirire, pane zvinhu zvinomwe (7) zvinofanira kunge zviripo zvingatorwa sokuti ndizvo zvinofambisa ukama uhu. Zvinhu zvinomwe zvacho ndeizvi:

- Kupa vagari mukana wekupa pfungwa muzvirongwa
- Kugara paine kutaurirana pakati pevagari nevaridzi vemugodhi
- Kutaurirana nekupana mazano pane kungoudza zvine zvatorongwa kare
- Kuvimbana pakati pevagari nevidzi vemugodhi
- Kudzidza (kwekambani nekwevagari vemunharaunda)
- Kugoverana zvekuita mukufambiswa kwebasa (zvingave zvakaita sekugaya zvicherwa kana kugadzirisa nharaunda kuti itaridzike zvakanaka mushure mekucherwa nekuunganidzwa kwematombo neivhu rinobva mumugodhi)
- Kogoverana basa rekufambiswa kwezvimuko zvinobva mumabasa aenge achiitwa

8. IPAI ZITA REKAMBANI PAMWE NOKUTARIDZA CHICHERWA CHIRI KUWANIKWA PANO

Zita rekambani \_\_\_\_\_

Puratinamu  dhaimondi

9. TARIDZAI ZERA RENYU PAMAKORE AKAPIWA MUZVIBHOKISI PAZASI

20-25  26-30  31-40  41-50  51+

10. NDAPOTA TARIDZAI PAMINONGEDZO YAKAPIWA MUCHITI HONGU KANA KWETE ZVICHENDERANA NEKUTI MUNOIONA YAKAKOSHA HERE IMI SEMUMWE ANENGE AINE CHEKUITA NEZVEKUDYIDZANA KWEKAMBANI NEVAGARI VEMUNHARAUNDA.

a) Kupa vagari mukana wekupa pfungwa muzvirongwa HONGU  KWETE

b) Kugara paine kutaurirana pakati pevagari nevaridzi vemugodhi HONGU  KWETE

c) Kutaurirana nekupana mazano pane kungosumwa zvirongwa HONGU  KWETE

d) Kuvimbana pakati pevagari nevaridzi vemugodhi HONGU  KWETE

e) Kudzidza (kwekambani nekwevagari vemunharaunda) HONGU  KWETE

f) Kugoverana zvekuita mukufambiswa kwebasa (zvingave zvakaita sekugaya zvicherwa

kana kugadzirisa nharaunda kuti itaridzike zvakanaka sakare HONGU  KWETE

g) Kogoverana basa rekufambiswa kwezvimuko zvinobva mumabasa aenge achiitwa  
HONGU  KWETE

Zvimwewo zvifambisa kudyidzana

.....  
.....  
11. PAMIBVUNZO INOTEVERA TARIDZAI MUKABHOKISI KAKAPIWA  
CHAIZVOIZVO ZVINOTARIDZA ZVAMUNOFUNGA MAERERANO NECHIMWE  
NECHIMWE CHEZVINHU ZVINOMWE ZVINOFAMBISA KUDYIDZANA

- i) Munofunga kuti kupa vagari venzvimbo mukana wekupa pfungwa muzvirongwa zvekambani chinhu chingava chakakosha zvakadini? (1= chakakosha zvikuru, 2= hachina kukosha (chinhu chinoyemurwa asi hachina kunyanya kukosha zvacho), 3= muri pakati napakati, 4=chakakosha, 5=chakakosha zvikurusa)

1  2  3  4  5

Zvimwewo zvamungada kutaura

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.....  
.....

- ii) Munoono kugara paine kutaurirana pakati pevagari nevaridzi vemugodhi chiri chinhu chakosha kwamuri zvakadii? (1= chakakosha zvikuru, 2= hachina kukosha (chinhu chinoyemurwa asi hachina kunyanya kukosha zvacho), 3= muri pakati napakati, 4=chakakosha, 5=chakakosha zvikurusa)

1  2  3  4  5

Zvimwewo zvamungada kutaura

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.....  
.....

- iii) Mungati nzira kunenge kuri pakati pevagari vemunharaunda nevamiriri vemugodhi chinhu chine basa here? (1= chakakosha zvikuru, 2= hachina kukosha (chinhu

chinoyemurwa asi hachina kunyanya kukosha zvacho), 3= muri pakati napakati, 4=chakakosha, 5=chakakosha zvikurusa)

1  2  3  4  5

Zvimwewo zvamungada kutaura

.....  
.....  
.....

- iv) Ko kuvimbana kuri pakati pekambani nevagari chinhu chakakosha zvakadini? (1= chakakosha zvikuru, 2= hachina kukosha (chinhu chinoyemurwa asi hachina kunyanya kukosha zvacho), 3= muri pakati napakati, 4=chakakosha, 5=chakakosha zvikurusa)

1  2  3  4  5

Zvimwewo zvamungada kutaura

.....  
.....  
.....

- v) Chinhu chakakosha zvakadini kwamuri kudzidza nekuwana ruzivo rwezvekuita mabasa uyewo kuve nerunzwisiso rwakakura rwezvinodiwa nevamwe vose vane chekuita nemabasa ezvicherwa? (1= chakakosha zvikuru, 2= hachina kukosha (chinhu chinoyemurwa asi hachina kunyanya kukosha zvacho), 3= muri pakati napakati, 4=chakakosha, 5=chakakosha zvikurusa)

2 3  4  5

Zvimwewo zvamungada kutaura

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- vi) Kugoverana zvekuita mukufambiswa kwebasa (zvingave zvakaita sekugaya zvicherwa kana kugadzirisa nharaunda kuti itaridzike zvakanaka sakare) chinhu chingave chakakosha zvakadini kwamuri? (1= chakakosha zvikuru, 2= hachina kukosha (chinhu chinoyemurwa asi hachina kunyanya kukosha zvacho), 3= muri pakati napakati, 4=chakakosha, 5=chakakosha zvikurusa)

1  2  3  4  5

Zvimwewo zvamungada kutaura

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- vii) Ko kuve mune chekuita nekufambiswa kwezvinobva mumabasa ezvicherwa zvakaita semari kana zvimwewo chinhu chingava chakakosha zvakadini kwamuri? (1= chakakosha zvikuru, 2= hachina kukosha (chinhu chinoyemurwa asi hachina kunyanya kukosha zvacho), 3= muri pakati napakati, 4=chakakosha, 5=chakakosha zvikurusa)

1  2  3  4  5

Zvimwewo zvamungada kutaura

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.....

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**NDINOKUTENDAI ZVIKURU NOKUNDIBATSIRA MUTSVAKURUDZO  
YANGU**

**Case Processing Summary**

|  | Cases |         |         |         |       |         |
|--|-------|---------|---------|---------|-------|---------|
|  | Valid |         | Missing |         | Total |         |
|  | N     | Percent | N       | Percent | N     | Percent |
| stakeholder *<br>Extent_Benefits_Control | 171   | 100.0%  | 0       | .0%     | 171   | 100.0%  |

**stakeholder \* Extent\_Benefits\_Control Crosstabulation**

| Count       |            | Extent_Benefits_Control |   |                        |           |                      | Total |
|-------------|------------|-------------------------|---|------------------------|-----------|----------------------|-------|
|             |            | insignificant           | valued but not of material significance | neutral or indifferent | important | critically important |       |
| stakeholder | Government | 3                       | 21                                      | 17                     | 8         | 0                    | 49    |
|             | Company    | 0                       | 1                                       | 11                     | 38        | 5                    | 55    |
|             | community  | 0                       | 0                                       | 7                      | 34        | 26                   | 67    |
| Total       |            | 3                       | 22                                      | 35                     | 80        | 31                   | 171   |

**Chi-Square Tests**

|                              | Value                | df | Asymp. Sig. (2-sided) |
|------------------------------|----------------------|----|-----------------------|
| Pearson Chi-Square           | 1.067E2 <sup>a</sup> | 8  | .000                  |
| Likelihood Ratio             | 113.135              | 8  | .000                  |
| Linear-by-Linear Association | 79.542               | 1  | .000                  |
| N of Valid Cases             | 171                  |    |                       |

**Chi-Square Tests**

|                              | Value                | df | Asymp. Sig. (2-sided) |
|------------------------------|----------------------|----|-----------------------|
| Pearson Chi-Square           | 1.067E2 <sup>a</sup> | 8  | .000                  |
| Likelihood Ratio             | 113.135              | 8  | .000                  |
| Linear-by-Linear Association | 79.542               | 1  | .000                  |

a. 3 cells (20.0%) have expected count less than 5. The minimum expected count is .86.

**Case Processing Summary**

|   | Cases |         |         |         |       |         |
|---|-------|---------|---------|---------|-------|---------|
|   | Valid |         | Missing |         | Total |         |
|   | N     | Percent | N       | Percent | N     | Percent |
| stakeholder *<br>Extent_Process_Control | 171   | 100.0%  | 0       | .0%     | 171   | 100.0%  |

**stakeholder \* Extent\_Process\_Control Crosstabulation**

| Count       |            | Extent_Process_Control |   |                        |           |                      | Total |
|-------------|------------|------------------------|---|------------------------|-----------|----------------------|-------|
|             |            | insignificant          | valued but not of material significance | neutral or indifferent | important | critically important |       |
| stakeholder | Government | 25                     | 20                                      | 4                      | 0         | 0                    | 49    |
|             | Company    | 0                      | 0                                       | 0                      | 36        | 19                   | 55    |
|             | community  | 3                      | 28                                      | 31                     | 5         | 0                    | 67    |
| Total       |            | 28                     | 48                                      | 35                     | 41        | 19                   | 171   |

**Chi-Square Tests**

|                              | Value                | df | Asymp. Sig. (2-sided) |
|------------------------------|----------------------|----|-----------------------|
| Pearson Chi-Square           | 2.091E2 <sup>a</sup> | 8  | .000                  |
| Likelihood Ratio             | 233.263              | 8  | .000                  |
| Linear-by-Linear Association | 10.376               | 1  | .001                  |
| N of Valid Cases             | 171                  |    |                       |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.44.

**stakeholder \* Extent\_Learning Crosstabulation**

| Count       |            | Extent_Learning |   |                        |           |                      | Total |
|-------------|------------|-----------------|---|------------------------|-----------|----------------------|-------|
|             |            | insignificant   | valued but not of material significance | neutral or indifferent | important | critically important |       |
| stakeholder | Government | 1               | 14                                      | 23                     | 10        | 1                    | 49    |
|             | Company    | 2               | 10                                      | 28                     | 13        | 2                    | 55    |
|             | community  | 1               | 15                                      | 34                     | 15        | 2                    | 67    |
| Total       |            | 4               | 39                                      | 85                     | 38        | 5                    | 171   |

**Case Processing Summary**

|                               | Cases |         |         |         |       |         |
|-------------------------------|-------|---------|---------|---------|-------|---------|
|                               | Valid |         | Missing |         | Total |         |
|                               | N     | Percent | N       | Percent | N     | Percent |
| stakeholder * Extent_Learning | 171   | 100.0%  | 0       | .0%     | 171   | 100.0%  |

**Chi-Square Tests**

|                              | Value              | df | Asymp. Sig. (2-sided) |
|------------------------------|--------------------|----|-----------------------|
| Pearson Chi-Square           | 2.311 <sup>a</sup> | 8  | .970                  |
| Likelihood Ratio             | 2.280              | 8  | .971                  |
| Linear-by-Linear Association | .458               | 1  | .498                  |
| N of Valid Cases             | 171                |    |                       |

a. 6 cells (40.0%) have expected count less than 5. The minimum expected count is 1.15.

**Case Processing Summary**

|                            | Cases |         |         |         |       |         |
|----------------------------|-------|---------|---------|---------|-------|---------|
|                            | Valid |         | Missing |         | Total |         |
|                            | N     | Percent | N       | Percent | N     | Percent |
| stakeholder * Extent_Trust | 171   | 100.0%  | 0       | .0%     | 171   | 100.0%  |

**stakeholder \* Extent\_Trust Crosstabulation**

| Count       |            | Extent_Trust                            |                        |           |                      | Total |
|-------------|------------|---|------------------------|-----------|----------------------|-------|
|             |            | valued but not of material significance | neutral or indifferent | important | critically important |       |
| stakeholder | Government | 2                                       | 8                      | 28        | 11                   | 49    |
|             | Company    | 2                                       | 8                      | 37        | 8                    | 55    |
|             | community  | 4                                       | 9                      | 45        | 9                    | 67    |
| Total       |            | 8                                       | 25                     | 110       | 28                   | 171   |

**Chi-Square Tests**

|                              | Value              | df | Asymp. Sig. (2-sided) |
|------------------------------|--------------------|----|-----------------------|
| Pearson Chi-Square           | 2.688 <sup>a</sup> | 6  | .847                  |
| Likelihood Ratio             | 2.605              | 6  | .857                  |
| Linear-by-Linear Association | .562               | 1  | .453                  |
| N of Valid Cases             | 171                |    |                       |

a. 3 cells (25.0%) have expected count less than 5. The minimum expected count is 2.29.

**Case Processing Summary**

|                                     | Cases |         |         |         |       |         |
|-------------------------------------|-------|---------|---------|---------|-------|---------|
|                                     | Valid |         | Missing |         | Total |         |
|                                     | N     | Percent | N       | Percent | N     | Percent |
| stakeholder *<br>Extent_Comm_Nature | 171   | 100.0%  | 0       | .0%     | 171   | 100.0%  |

**stakeholder \* Extent\_Comm\_Nature Crosstabulation**

| Count       |            | Extent_Comm_Nature                     |                               |           |                      | Total |
|-------------|------------|--|-------------------------------|-----------|----------------------|-------|
|             |            | valued but of no material significance | neutral but of no significant | important | critically important |       |
| stakeholder | Government | 1                                      | 6                             | 34        | 8                    | 49    |
|             | Company    | 2                                      | 8                             | 37        | 8                    | 55    |
|             | community  | 0                                      | 5                             | 44        | 18                   | 67    |
| Total       |            | 3                                      | 19                            | 115       | 34                   | 171   |

**Chi-Square Tests**

|                              | Value              | df | Asymp. Sig. (2-sided) |
|------------------------------|--------------------|----|-----------------------|
| Pearson Chi-Square           | 6.553 <sup>a</sup> | 6  | .364                  |
| Likelihood Ratio             | 7.452              | 6  | .281                  |
| Linear-by-Linear Association | 3.354              | 1  | .067                  |
| N of Valid Cases             | 171                |    |                       |

a. 3 cells (25.0%) have expected count less than 5. The minimum expected count is .86.

**Case Processing Summary**

|  | Cases |         |         |         |       |         |
|--|-------|---------|---------|---------|-------|---------|
|  | Valid |         | Missing |         | Total |         |
|  | N     | Percent | N       | Percent | N     | Percent |
| stakeholder *<br>Extent_Comm_Frequency | 171   | 100.0%  | 0       | .0%     | 171   | 100.0%  |

**stakeholder \* Extent\_Comm\_Frequency Crosstabulation**

| Count       |            | Extent_Comm_Frequency |   |                         |           |                      | Total |
|-------------|------------|-----------------------|---|-------------------------|-----------|----------------------|-------|
|             |            | insignificant         | valued but not of material significance | neutral but indifferent | important | critically important |       |
| stakeholder | Government | 2                     | 6                                       | 33                      | 7         | 1                    | 49    |
|             | Company    | 1                     | 6                                       | 28                      | 19        | 1                    | 55    |
|             | community  | 0                     | 11                                      | 27                      | 29        | 0                    | 67    |
| Total       |            | 3                     | 23                                      | 88                      | 55        | 2                    | 171   |

**Chi-Square Tests**

|                              | Value               | df | Asymp. Sig. (2-sided) |
|------------------------------|---------------------|----|-----------------------|
| Pearson Chi-Square           | 16.315 <sup>a</sup> | 8  | .038                  |
| Likelihood Ratio             | 18.711              | 8  | .016                  |
| Linear-by-Linear Association | 4.032               | 1  | .045                  |
| N of Valid Cases             | 171                 |    |                       |

a. 6 cells (40.0%) have expected count less than 5. The minimum expected count is .57.

**Case Processing Summary**

|   | Cases |         |         |         |       |         |
|---|-------|---------|---------|---------|-------|---------|
|   | Valid |         | Missing |         | Total |         |
|   | N     | Percent | N       | Percent | N     | Percent |
| stakeholder *<br>Extent_Cit_Participation | 171   | 100.0%  | 0       | .0%     | 171   | 100.0%  |

**stakeholder \* Extent\_Cit\_Participation Crosstabulation**

| Count       |            | Extent_Cit_Participation                |                        |           |                      | Total |
|-------------|------------|---|------------------------|-----------|----------------------|-------|
|             |            | valued but not of material significance | neutral or indifferent | important | critically important |       |
| stakeholder | Government | 1                                       | 4                      | 37        | 7                    | 49    |
|             | Company    | 1                                       | 8                      | 35        | 11                   | 55    |
|             | community  | 0                                       | 7                      | 45        | 15                   | 67    |
| Total       |            | 2                                       | 19                     | 117       | 33                   | 171   |

**Chi-Square Tests**

|                              | Value              | df | Asymp. Sig. (2-sided) |
|------------------------------|--------------------|----|-----------------------|
| Pearson Chi-Square           | 3.836 <sup>a</sup> | 6  | .699                  |
| Likelihood Ratio             | 4.560              | 6  | .601                  |
| Linear-by-Linear Association | .887               | 1  | .346                  |
| N of Valid Cases             | 171                |    |                       |

a. 3 cells (25.0%) have expected count less than 5. The minimum expected count is .57.

**Descriptive Statistics**

|                          | Mean   | Std. Deviation | Analysis N |
|--------------------------|--------|----------------|------------|
| Extent_Cit_Participation | 4.0585 | .59119         | 171        |
| Extent_Comm_Frequency    | 3.1754 | .73859         | 171        |
| Extent_Comm_Nature       | 4.0526 | .61609         | 171        |
| Extent_Trust             | 3.9240 | .70298         | 171        |
| Extent_Learning          | 3.0058 | .81527         | 171        |
| Extent_Process_Control   | 2.8538 | 1.26803        | 171        |
| Extent_Benefits_Control  | 3.6667 | .97619         | 171        |

Correlation Matrix<sup>a</sup>

|                 |                          | Extent_Cit_ Participation | Extent_Comm_ Frequency | Extent_Comm_ Nature | Extent_T rust | Extent_L earning | Extent_Proc ess_Control | Extent_Be nefits_Co ntrol |
|-----------------|--------------------------|---------------------------|------------------------|---------------------|---------------|------------------|-------------------------|---------------------------|
| Correlation     | Extent_Cit_Participation | 1.000                     | -.024                  | .056                | .011          | -.025            | -.067                   | -.027                     |
|                 | Extent_Comm_Frequency    | -.024                     | 1.000                  | .044                | -.076         | .164             | .034                    | .098                      |
|                 | Extent_Comm_Nature       | .056                      | .044                   | 1.000               | -.018         | -.036            | -.050                   | .088                      |
|                 | Extent_Trust             | .011                      | -.076                  | -.018               | 1.000         | -.071            | -.052                   | .040                      |
|                 | Extent_Learning          | -.025                     | .164                   | -.036               | -.071         | 1.000            | .058                    | .084                      |
|                 | Extent_Process_Control   | -.067                     | .034                   | -.050               | -.052         | .058             | 1.000                   | .298                      |
|                 | Extent_Benefits_Control  | -.027                     | .098                   | .088                | .040          | .084             | .298                    | 1.000                     |
| Sig. (1-tailed) | Extent_Cit_Participation |                           | .379                   | .233                | .444          | .372             | .192                    | .362                      |
|                 | Extent_Comm_Frequency    | .379                      |                        | .283                | .161          | .016             | .330                    | .101                      |
|                 | Extent_Comm_Nature       | .233                      | .283                   |                     | .408          | .321             | .257                    | .126                      |
|                 | Extent_Trust             | .444                      | .161                   | .408                |               | .178             | .249                    | .302                      |
|                 | Extent_Learning          | .372                      | .016                   | .321                | .178          |                  | .227                    | .138                      |
|                 | Extent_Process_Control   | .192                      | .330                   | .257                | .249          | .227             |                         | .000                      |
|                 | Extent_Benefits_Control  | .362                      | .101                   | .126                | .302          | .138             | .000                    |                           |

a. Determinant = .836

**Inverse of Correlation Matrix**

|                           | Extent_Cit_<br>Participation | Extent_Comm<br>_Frequency | Extent_Com<br>m_Nature | Extent<br>_Trust | Extent_Le<br>arning | Extent_Process<br>_Control | Extent_Benefits<br>_Control |
|---------------------------|------------------------------|---------------------------|------------------------|------------------|---------------------|----------------------------|-----------------------------|
| Extent_Cit_Participation  | 1.008                        | .020                      | -.055                  | -.007            | .015                | .059                       | .012                        |
| Extent_Comm_Freque<br>ncy | .020                         | 1.043                     | -.044                  | .071             | -.160               | .003                       | -.088                       |
| Extent_Comm_Nature        | -.055                        | -.044                     | 1.022                  | .028             | .049                | .083                       | -.117                       |
| Extent_Trust              | -.007                        | .071                      | .028                   | 1.017            | .064                | .071                       | -.077                       |
| Extent_Learning           | .015                         | -.160                     | .049                   | .064             | 1.040               | -.027                      | -.070                       |
| Extent_Process_Control    | .059                         | .003                      | .083                   | .071             | -.027               | 1.114                      | -.338                       |
| Extent_Benefits_Control   | .012                         | -.088                     | -.117                  | -.077            | -.070               | -.338                      | 1.129                       |

**KMO and Bartlett's Test**

|  |                    |
|--|--------------------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | .503               |
| Bartlett's Test of Sphericity                    | Approx. Chi-Square |
|  | 29.864             |
|  | df                 |
|  | 21                 |
|  | Sig.               |
|  | .095               |

**Anti-image Matrices**

|                           |                          | Extent_<br>Cit_Part<br>icipation<br>n | Extent_Co<br>mm_Frequ<br>ency | Extent_<br>Comm_<br>Nature | Extent_<br>Trust  | ExtentLe<br>arning | Extent_Process<br>_Control | Extent_Be<br>nefits_Cont<br>rol |
|---------------------------|--------------------------|---------------------------------------|-------------------------------|----------------------------|-------------------|--------------------|----------------------------|---------------------------------|
| Anti-image<br>Covariance  | Extent_Cit_Participation | .992                                  | .019                          | -.053                      | -.006             | .014               | .053                       | .010                            |
|                           | Extent_Comm_Frequency    | .019                                  | .959                          | -.041                      | .067              | -.148              | .003                       | -.075                           |
|                           | Extent_Comm_Nature       | -.053                                 | -.041                         | .979                       | .027              | .046               | .073                       | -.101                           |
|                           | Extent_Trust             | -.006                                 | .067                          | .027                       | .983              | .060               | .062                       | -.067                           |
|                           | Extent_Learning          | .014                                  | -.148                         | .046                       | .060              | .961               | -.023                      | -.060                           |
|                           | Extent_Process_Control   | .053                                  | .003                          | .073                       | .062              | -.023              | .898                       | -.269                           |
|                           | Extent_Benefits_Control  | .010                                  | -.075                         | -.101                      | -.067             | -.060              | -.269                      | .886                            |
| Anti-image<br>Correlation | Extent_Cit_Participation | .586 <sup>a</sup>                     | .020                          | -.054                      | -.007             | .015               | .056                       | .011                            |
|                           | Extent_Comm_Frequency    | .020                                  | .554 <sup>a</sup>             | -.042                      | .069              | -.154              | .003                       | -.081                           |
|                           | Extent_Comm_Nature       | -.054                                 | -.042                         | .398 <sup>a</sup>          | .027              | .048               | .077                       | -.109                           |
|                           | Extent_Trust             | -.007                                 | .069                          | .027                       | .452 <sup>a</sup> | .062               | .066                       | -.072                           |
|                           | Extent_Learning          | .015                                  | -.154                         | .048                       | .062              | .560 <sup>a</sup>  | -.025                      | -.065                           |
|                           | Extent_Process_Control   | .056                                  | .003                          | .077                       | .066              | -.025              | .494 <sup>a</sup>          | -.302                           |
|                           | Extent_Benefits_Control  | .011                                  | -.081                         | -.109                      | -.072             | -.065              | -.302                      | .493 <sup>a</sup>               |

a. Measures of Sampling Adequacy(MSA)

**Communalities**

|                          | Initial | Extraction |
|--------------------------|---------|------------|
| Extent_Cit_Participation | 1.000   | .361       |
| Extent_Comm_Frequency    | 1.000   | .502       |
| Extent_Comm_Nature       | 1.000   | .653       |
| Extent_Trust             | 1.000   | .326       |
| Extent_Learning          | 1.000   | .466       |
| Extent_Process_Control   | 1.000   | .620       |
| Extent_Benefits_Control  | 1.000   | .697       |

Extraction Method: Principal Component Analysis.

**Total Variance Explained**

| Component | Initial Eigenvalues |               |              | Extraction Sums of Squared Loadings |               |              |
|-----------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|
|           | Total               | % of Variance | Cumulative % | Total                               | % of Variance | Cumulative % |
| 1         | 1.408               | 20.121        | 20.121       | 1.408                               | 20.121        | 20.121       |
| 2         | 1.129               | 16.124        | 36.246       | 1.129                               | 16.124        | 36.246       |
| 3         | 1.087               | 15.525        | 51.770       | 1.087                               | 15.525        | 51.770       |
| 4         | .962                | 13.748        | 65.518       |                                     |               |              |
| 5         | .947                | 13.522        | 79.040       |                                     |               |              |
| 6         | .816                | 11.664        | 90.704       |                                     |               |              |
| 7         | .651                | 9.296         | 100.000      |                                     |               |              |

Extraction Method: Principal Component Analysis.

**Component Matrix<sup>a</sup>**

|                          | Component |       |       |
|--------------------------|-----------|-------|-------|
|                          | 1         | 2     | 3     |
| Extent_Cit_Participation | -.205     | -.084 | .558  |
| Extent_Comm_Frequency    | .458      | -.521 | .144  |
| Extent_Comm_Nature       | .057      | -.044 | .805  |
| Extent_Trust             | -.189     | .531  | .087  |
| Extent_Learning          | .459      | -.485 | -.140 |
| Extent_Process_Control   | .657      | .414  | -.134 |
| Extent_Benefits_Control  | .690      | .399  | .248  |

Extraction Method: Principal Component Analysis.

a. 3 components extracted.

**Reproduced Correlations**

|                          | Extent_Cit_Participation | Extent_Comm_Frequency | Extent_Comm_Nature | Extent_Trust      | Extent_Learning   | Extent_Process_Control | Extent_Benefits_Control |
|--------------------------|--------------------------|-----------------------|--------------------|-------------------|-------------------|------------------------|-------------------------|
| Reproduced Correlation   |                          |                       |                    |                   |                   |                        |                         |
| Extent_Cit_Participation | .361 <sup>a</sup>        | .030                  | .441               | .043              | -.132             | -.245                  | -.037                   |
| Extent_Comm_Frequency    | .030                     | .502 <sup>a</sup>     | .165               | -.351             | .443              | .065                   | .144                    |
| Extent_Comm_Nature       | .441                     | .165                  | .653 <sup>a</sup>  | .036              | -.065             | -.089                  | .222                    |
| Extent_Trust             | .043                     | -.351                 | .036               | .326 <sup>a</sup> | -.357             | .084                   | .103                    |
| Extent_Learning          | -.132                    | .443                  | -.065              | -.357             | .466 <sup>a</sup> | .119                   | .088                    |
| Extent_Process_Control   | -.245                    | .065                  | -.089              | .084              | .119              | .620 <sup>a</sup>      | .585                    |
| Extent_Benefits_Control  | -.037                    | .144                  | .222               | .103              | .088              | .585                   | .697 <sup>a</sup>       |
| Residual <sup>b</sup>    |                          |                       |                    |                   |                   |                        |                         |
| Extent_Cit_Participation |                          | -.054                 | -.385              | -.032             | .107              | .178                   | .009                    |
| Extent_Comm_Frequency    | -.054                    |                       | -.121              | .275              | -.278             | -.032                  | -.046                   |
| Extent_Comm_Nature       | -.385                    | -.121                 |                    | -.054             | .029              | .038                   | -.134                   |
| Extent_Trust             | -.032                    | .275                  | -.054              |                   | .286              | -.136                  | -.063                   |
| Extent_Learning          | .107                     | -.278                 | .029               | .286              |                   | -.062                  | -.005                   |
| Extent_Process_Control   | .178                     | -.032                 | .038               | -.136             | -.062             |                        | -.287                   |
| Extent_Benefits_Control  | .009                     | -.046                 | -.134              | -.063             | -.005             | -.287                  |                         |

Extraction Method: Principal Component Analysis.

a. Reproduced communalities

b. Residuals are computed between observed and reproduced correlations. There are 14 (66.0%) nonredundant residuals with absolute values greater than 0.05.

.....

### Case Processing Summary

|       |                       | N   | %     |
|-------|-----------------------|-----|-------|
| Cases | Valid                 | 171 | 100.0 |
|       | Excluded <sup>a</sup> | 0   | .0    |
|       | Total                 | 171 | 100.0 |

a. Listwise deletion based on all variables in the procedure.

### Reliability Statistics

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .739             | .737   | 7          |

### Item Statistics

|                          | Mean   | Std. Deviation | N   |
|--------------------------|--------|----------------|-----|
| Extent_Cit_Participation | 3.8538 | .85868         | 171 |
| Extent_Comm_Frequency    | 3.5906 | .85868         | 171 |
| Extent_Comm_Nature       | 3.8713 | .84425         | 171 |
| Extent_Trust             | 3.8889 | .77796         | 171 |
| Extent_Learning          | 3.0819 | .80752         | 171 |
| Extent_Process_Control   | 3.9708 | .85010         | 171 |
| Extent_Benefits_Control  | 3.7778 | .89953         | 171 |

**Inter-Item Correlation Matrix**

|                          | Extent_Cit<br>_Participati<br>on | Extent_Comm_<br>Frequency | Extent_Comm<br>_Nature | Extent<br>_Trust | Extent_L<br>earning | Extent_Process<br>_Control | Extent_Benefits_<br>Control |
|--------------------------|----------------------------------|---------------------------|------------------------|------------------|---------------------|----------------------------|-----------------------------|
| Extent_Cit_Participation | 1.000                            | .628                      | .656                   | .266             | .162                | .300                       | .361                        |
| Extent_Comm_Frequency    | .628                             | 1.000                     | .519                   | .319             | .125                | .370                       | .300                        |
| Extent_Comm_Nature       | .656                             | .519                      | 1.000                  | .292             | .085                | .232                       | .357                        |
| Extent_Trust             | .266                             | .319                      | .292                   | 1.000            | .146                | .262                       | .191                        |
| Extent_Learning          | .162                             | .125                      | .085                   | .146             | 1.000               | .123                       | .236                        |
| Extent_Process_Control   | .300                             | .370                      | .232                   | .262             | .123                | 1.000                      | .076                        |
| Extent_Benefits_Control  | .361                             | .300                      | .357                   | .191             | .236                | .076                       | 1.000                       |

**Item-Total Statistics**

|                          | Scale Mean if<br>Item Deleted | Scale Variance if<br>Item Deleted | Corrected Item-<br>Total Correlation | Squared Multiple<br>Correlation | Cronbach's Alpha<br>if Item Deleted |
|--------------------------|-------------------------------|-----------------------------------|--------------------------------------|---------------------------------|-------------------------------------|
| Extent_Cit_Participation | 22.1813                       | 9.396                             | .656                                 | .557                            | .659                                |
| Extent_Comm_Frequency    | 22.4444                       | 9.566                             | .618                                 | .462                            | .668                                |
| Extent_Comm_Nature       | 22.1637                       | 9.797                             | .582                                 | .473                            | .678                                |
| Extent_Trust             | 22.1462                       | 11.020                            | .380                                 | .157                            | .724                                |
| Extent_Learning          | 22.9532                       | 11.727                            | .218                                 | .081                            | .757                                |
| Extent_Process_Control   | 22.0643                       | 10.919                            | .346                                 | .175                            | .733                                |
| Extent_Benefits_Control  | 22.2573                       | 10.486                            | .393                                 | .202                            | .723                                |

Official communications not to  
be addressed to individuals



ZIMBABWE



In your reply, please quote the reference:

Our Ref.: MINES

MAUFE BUILDING  
Fifth Street/Selous Avenue  
Harare

Telephone: 263-4-707716/707749

Fax:

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

MINISTRY OF MINES AND MINING DEVELOPMENT  
GEOLOGICAL SURVEY DEPARTMENT  
P.O. Box CY 210  
Causeway  
Harare  
Zimbabwe

04 October 2013

### MAJOR MINES IN ZIMBABWE

| MINERAL            | COMPANY                   | MINE                | AREA/ DISTRICT  |
|--------------------|---------------------------|---------------------|-----------------|
| 1. GOLD            | Metallon Gold Zim Pvt Ltd | How Mine            | Bulawayo        |
| 2. GOLD            | Metallon Gold Zim Pvt Ltd | Redwing Mine        | Harare (Mutare) |
| 3. GOLD            | Metallon Gold Zim Pvt Ltd | Shamva Mine         | Harare          |
| 4. GOLD            | Metallon Gold Zim Pvt Ltd | Arcturus Mine       | Harare          |
| 5. GOLD            | Metallon Gold Zim Pvt Ltd | Mazowe Mine         | Harare          |
| 6. GOLD            | Caledonia Holdings        | Blanket Mine        | Gwanda          |
| 7. GOLD            | Gat Investment            | Isabella Mine       | Bubi            |
| 8. GOLD            | Casmyn / New Dawn Mining  | Turk Mine           | Bubi            |
| 9. GOLD            | Rio Zim                   | Renco Mine          | Chiredzi        |
| 10. GOLD           | Duration Gold             | Queens Mine         | Bubi            |
| 11. GOLD           | Duration Gold             | Durban              | Bubi            |
| 12. GOLD           | Duration Gold             | Vubachikwe Mine     | Gwanda          |
| 13. GOLD           | Duration Gold             | Athens              | Mvuma           |
| 14. GOLD           | Duration Gold             | Gaika               | Kwekwe          |
| 15. GOLD           | Falcon Gold               | Golden Quarry       | Midlands        |
| 16. GOLD           | Falcon Gold               | Old Nick Mine       | Bulawayo        |
| 17. GOLD           | Mwana Africa              | Freda Rebecca Mine  | Harare          |
| 18. GOLD           | Mwana Africa              | Maligreen (dormant) | Kwekwe          |
| 19. GOLD           | Mmkau Mining              | Eureka (dormant)    | Guruve          |
| 20. GOLD           | ZMDC                      | Sabi Mine           | Shurugwi        |
| 21. GOLD           | ZMDC                      | Jena Mine           | Kwekwe          |
| 22. GOLD           | DTZ-OZGEO                 | Penhalonga          | Mutare          |
| 23. GOLD           | Pan African Mining        | Muriel              | Makonde         |
| 24. GOLD           | Pan African Mining        | Ayrshire            | Makonde         |
| 25. PLATINUM (PGM) | Implats                   | Zimplats            | Kadoma          |
| 26. PLATINUM       | Implats/ Aquarium         | Mimosa Mine         | Shurugwi        |
| 27. PLATINUM       | Anglo American            | Unki Mine           | Gweru           |
| 28. DIAMONDS       | Rio Tinto                 | Murowa Mine         | Chiredzi        |
| 29. DIAMONDS       | River Ranch               | River Ranch         | Beitbridge      |
| 30. DIAMONDS       | Mbada Diamonds            | Mbada Diamonds      | Marange         |
| 31. DIAMONDS       | ZMDC                      | Marange Resources   | Marange         |
| 32. DIAMONDS       | Anjin                     | Anjin               | Marange         |
| 33. DIAMONDS       | DMC                       | DMC                 | Marange         |
| 34. DIAMONDS       | DTZ-OZGEO                 | DTZ-OZGEO           | Chimanimani     |
| 35. IRON ORE       | ESSAR                     | Ripple Creek        | Kwekwe          |
| 36. CHROME         | Zimasco                   | Zimasco             | Great Dyke      |
| 37. COAL           | Hwange Colliery           | Hwange Colliery     | Hwange          |
| 38. COAL           | Makomo                    | Makomo              | Hwange          |
| 39. MAGNESITE      | Kadoma Magnesite          | Kadoma Magnesite    | Kadoma          |
| 40. NICKEL         | Mwana Africa              | Bindura Nickel Co.  | Bindura         |
| 41. PHOSPHATE      | Dorowa Minerals           | Dorowa Minerals     | Dorowa          |
| 42. DOLOMITE       | Alaska Dolomite           | Alaska Dolomite     | Chinhoyi        |
| 43. LITHIUM        | Bikita Minerals           | Bikita Minerals     | Bikita          |
| 44. ASBESTOS       | AA Mines/ ZMDC            | Shabani             | Shurugwi        |
| 45. EMERALD        | ZMDC                      | Sandawana           | Mberengwa       |
| 46. GRAPHITE       | ZMDC                      | Lynx Mine           | Hurungwe        |