Corporate Social Responsibility in the South African Mining Industry

A thesis submitted to the Bucerius/WHU Master of Law and Business Program in partial fulfillment of the requirements for the award of the Master of Law and Business (“MLB”) Degree

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To Nelson Rolihlahla Mandela- the eternal father of democracy in South Africa, without whom the notion of Corporate Social Responsibility would have remained a distant illusion in our country.
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<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>Aids</td>
<td>Acquired Immunodeficiency Syndrome</td>
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<td>ANC</td>
<td>African National Congress</td>
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<td>ART</td>
<td>Antiretroviral Therapy</td>
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<td>B-BBEE</td>
<td>Broad-Based Black Economic Empowerment</td>
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<td>BEE</td>
<td>Black Economic Empowerment</td>
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<tr>
<td>COSATU</td>
<td>Congress of South African Trade Unions</td>
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<td>CSI</td>
<td>Corporate Social Investment</td>
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<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<td>EITI</td>
<td>Extractive Industries Transparency Initiative</td>
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<tr>
<td>EMP</td>
<td>Environmental Management Program</td>
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<tr>
<td>FAWU</td>
<td>Food and Allied Workers Union</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<tr>
<td>FTSE</td>
<td>Financial Times Stock Exchange</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GMI</td>
<td>Global Mining Initiative</td>
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<td>GRI</td>
<td>Global Reporting Initiative</td>
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<tr>
<td>HDSA</td>
<td>Historically Disadvantaged South Africans</td>
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<tr>
<td>HIV</td>
<td>Human Immunodeficiency Virus</td>
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<td>ICMM</td>
<td>International Council on Mining and Metals</td>
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<td>ISO</td>
<td>International Standards Organization</td>
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<tr>
<td>MMSD</td>
<td>Mining Minerals and Sustainable Development</td>
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<tr>
<td>MOSH</td>
<td>Mining Industry Occupational Health and Safety</td>
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<tr>
<td>NEMA</td>
<td>National Environment Management Act</td>
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<tr>
<td>NGO</td>
<td>Non-governmental Organization</td>
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<td>NUM</td>
<td>National Union of Mineworkers</td>
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<tr>
<td>NYSE</td>
<td>New York Stock Exchange</td>
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<tr>
<td>OHSAct</td>
<td>Occupational Health and Safety Act</td>
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<tr>
<td>PDI</td>
<td>Previously Disadvantaged Individuals</td>
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<tr>
<td>SAB</td>
<td>South African Breweries</td>
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<tr>
<td>SASOL</td>
<td>South Africa Synthetic Oil Limited</td>
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<tr>
<td>SEAT</td>
<td>Socio-Economic Assessment Toolbox</td>
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<tr>
<td>SHE</td>
<td>Safety, Health and Environment</td>
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<tr>
<td>SRI</td>
<td>Socially Responsible Investing</td>
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<tr>
<td>TRC</td>
<td>Truth and Reconciliation Commission</td>
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<tr>
<td>UNEP</td>
<td>United Nations Environment Program</td>
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<td>WWF</td>
<td>World Wildlife Fund</td>
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Foreword

This research study seeks to neither embrace CSR as a palliative method for addressing all the societal ills within the mining industry in South Africa nor does it assume a cynical approach that renders all forms of CSR approaches within South Africa’s mining industry as merely fronts and corporate rhetoric with little substance. Rather, this research study reveals the plethora of possibilities within CSR mining to address some of South Africa’s most pressing and urgent issues.
Corporate Social Responsibility in the South African Mining Industry

1) Introduction

The intended readers of this research study are Professor. Dr. Meyer and Professor. Dr. Witt as well as corporate social responsibility officers in South African and international mining companies, management boards of mining companies, government minerals and energy departments, shareholders in South African mining companies and Non-South African mining companies seeking to establish a presence in the South African mining sector. During our research, we investigated South African CSR mining policies by analysing and comparing CSR and sustainability reports to determine if there were any unique and distinguishing features. We compared CSR policies in the non-mining sector to CSR policies in the mining sector. We also compared CSR mining policies in South Africa with CSR mining policies outside South Africa. Additionally, we compared CSR policies in two different mining sectors within the South African mining industry namely gold and diamonds. The research was undertaken to determine whether CSR policies in the South African mining industry are significantly different to CSR policies in general and to investigate whether CSR in the South African mining industry is significantly different to CSR mining policies outside of South Africa. Also, the study sought to identify any unique and salient sectorial features of CSR in the South African mining industry. The study showed that CSR policies in the South African mining industry are distinguishable from general CSR policies in other industries and it also showed that CSR mining policies in South Africa are materially different to CSR mining policies outside of South Africa. The study also showed that CSR policies in the
South African mining industry are particularly unique and distinguishable and that there are salient CSR differences within different sectors in the South African mining industry.

Mining companies in South Africa need to take various country specific factors into account when formulating their CSR strategy. They also need to adapt their CSR policies to conform with not only governmental regulation but they also need to ensure their policies are sensitive to South Africa’s unique history. Readers of this study will gain insight into formulating mining CSR strategies that not only take into account South African regulatory compliance but also formulate CSR strategies that are most effective in a South African context. Readers will also be able to identify the salient features underlying mining CSR strategies in South Africa. What remains unresolved however is whether the CSR strategies adopted by South African mining companies will be sustainable practices in the long term. Additionally, whether the CSR strategies adopted by South African mining companies are ultimately the most beneficial for both the mining companies and the stakeholders remains unknown.

Additionally, despite the CSR initiatives of the major mining companies in South Africa, the communities in which the South African mining companies operate remain trapped in poverty without permanent housing and without basic services such as clean water and electricity.

2) Overview: CSR in the South African Mining Industry

Corporate Social Responsibility has been receiving greater attention than ever before as corporations attempt to bolster their public image and highlight their commitment to all stakeholders. While CSR has been receiving much attention in the last decade, many have asked whether CSR is merely window dressing and ultimately a corporate gimmick. In the extractive industries such as mining, CSR’s importance is particularly
significant. The public view of the mining industry has traditionally been negative with most people associating the mining industry with exploitative practices which harm the environment, risk the safety of people, create excessive pollution and thus cause a generally deleterious effect on the planet. Due to these perceptions, the importance for mining companies to adopt a comprehensive CSR strategy has been of paramount importance. South Africa is the world’s richest mining country with the world’s largest reserves of Platinum and Platinum Group Metals and it is one of the largest producers of gold, diamonds, chrome and coal in the world. The South African public view much of the activities of the South African mining activities in a negative light underscoring the industries heavy impact on the environment and the general risks associated with mining. Despite these perceptions, mining remains a pivotal and vital economic activity and is at the bedrock of the world economy. South African mining companies have routinely asked themselves how they can mitigate their negative effects on people and communities while continuing to be profitable corporations in an increasingly competitive and costly industry. CSR has been viewed by the mining majors in South Africa as the best method to counteract the negative views and to put forward a responsible and wholesome image. This study also investigates particularities that are unique to South Africa and which have had a significant influence on CSR Mining policies in South Africa. With regard to CSR policies in general and CSR policies adopted by mining companies, the study reveals that CSR mining policies are in several ways distinguishable from other non-mining CSR policies. With regard to CSR mining policies in South Africa and CSR mining policies outside of South Africa, again there were significant differences which were revealed. Additionally, our research revealed that there are significant sectorial differences within CSR Mining in South Africa. Moreover, South Africa’s unique
history including its former racial policy of Apartheid had significant social and economic effects especially in the South African mining industry which have affected CSR policies. Additionally, South Africa’s first democratically elected government instituted economic reform measures in order to redress the discriminatory practices of Apartheid and its deleterious economic effects on the majority of the non-white population. CSR continues to play a key role in addressing the previous disenfranchisement of the majority of the South African population in the mining industry. Many of the world’s largest mining companies such as BHP Billiton, Rio Tinto, Anglo American, Glencore Xstrata and DeBeers are all active in South Africa and their CSR strategies are unique and tailored specifically to South Africa. This research asserts that due to mining’s extractive and country specific nature it owes a special debt to the countries and communities in which it operates. CSR mining policies can thus be seen through the lens of the mining majors as a method not only for compensating for the extraction of non-renewable resources but also for ensuring methods of sustainability are in place for the future. The scope of CSR mining policies in South Africa cover several key areas including, environment, human rights, water, and health and safety. With regard to the environment, mining activities have always had an inevitably negative impact on the environment. For example, soil erosion, acid drainage, water pollution, sinkhole formation, deforestation and a loss of biodiversity are general consequences of mining. Human Rights encompasses respecting the inalienable rights of indigenous persons to their land. Mining’s impact on water needs to be carefully considered as mining operations often lead to contamination of both surface and below-surface level water. Moreover, the vast quantity of water needed for mining operations has to be carefully balanced with the community needs and communal rights to clean water. The health and safety of mine
employees is critical for the long term success of mining companies and the key experts in the mining operation as well as the unskilled labourers all contribute to the functionality of the mine. This study reveals that CSR mining policies contribute to counteracting each of the deleterious components mining has overall. South African mining companies which have successfully initiated CSR policies have been partially successful in mitigating the vast majority of the negative consequences that mining causes. The unique aspects of CSR mining policies adopted by the major mining companies based in South Africa were revealed to have been materially influenced by South African legislation aimed at addressing the previously disadvantaged individuals in the country due to discriminatory racial laws which excluded the vast majority of the population in participating in the economy. Moreover, the mineral wealth of South African mines prior to the first democratic election only benefitted the minority white population. Under the auspices of the democratically elected government, the African National Congress (ANC) began to legislate measures for a more equitable distribution of the country’s mineral wealth and to compensate the previously disadvantaged communities who were previously unable to enjoy in the economic benefits from mining activities. This study reveals that the legislation enacted by the South African government after 1994, now commonly referred to as Broad Based Black Economic Empowerment (B-BBEE) has had a significant impact on CSR policy formulation in the Mining Industry in South Africa. B-BBEE legislation mandates minimum criteria for Mining Companies operating in South Africa to comply with certain criteria such as black equity ownership, promotion of black management, skills training, procurement and preferential employment. South African mining companies have had to incorporate B-BBEE into their CSR policies and this study reveals the significant impact this legislation has had on CSR Mining
policies in South Africa. By conducting an in-depth analysis of B-BBEE legislation and its effects on CSR mining policies we were able to identify B-BBEE legislation as being a cornerstone and a fundamental aspect of CSR policy formulation in the South African Mining Industry. In parallel, this study reveals that the legacy of Apartheid, in its discriminatory practices of excluding the majority of the population from the mineral wealth of the country and the subsequent dismantling of the Apartheid regime which began in 1990 has had a significant impact on CSR mining policies in South Africa. These changes were adopted by the major mining companies in South Africa including those already present in the country during Apartheid and those new mining companies which entered South Africa after the first democratic elections were held in 1994. In general, an overall sense of obligation was felt to redress the injustices that Apartheid had on mining policies in South Africa. This study shows that post-apartheid economic policy significantly moulded CSR mining policies. The attempt by the mining majors to both compensate for the previous discriminatory practices and to foster a new era of inclusion had a major influence in creating and influencing CSR mining policies in South Africa. Additionally, the research found that the South African Mining Industry was heavily influenced by the National Union of Mineworkers which operates under the affiliation of South Africa’s largest trade union bloc namely the Congress of South African Trade Unions (COSATU). The National Union of Mineworkers influenced policy changes in the South African Mining Industry and much of these changes were reflected in the adoption of CSR programs by the mining majors in South Africa. In addition the National Union of Mineworkers encouraged social type programs which filtered into CSR mining policies in South Africa. The South African mining companies felt both obligated and responsible for redressing previous injustices under the Apartheid regime. CSR
programs thus allowed the mining companies operating in South Africa to instil a new outreach program that was inclusive, fair and just. It was precisely this that encouraged the South African mining companies to adopt CSR programs. Another important factor that contributed to the South African Mining Industry’s adoption of CSR policies was the notorious migrant labour system which encouraged black males from rural areas of South Africa to leave their families and homes to work in the countries’ mines. The system encouraged a migrant labour force which caused the migrant labourer to be detached from his family for extended periods of time and lead to the formation of the notorious mining hostels in South Africa. The poor living conditions in these hostels together with discriminatory and unfair pay lead to a social travesty within South Africa. Male migrant labourers were forced to live in male only hostels in over-crowded and poor living conditions far from their homes and families. The mining industry in South Africa took responsibility for creating this malign system which broke down the family structure and fostered inter-ethnic clashes. CSR policies were shaped to accommodate and compensate for the damage caused by this migrant labour system. The research also found that South African mining companies adopted CSR programs in order to improve their national and international reputation. Many South African mining companies were still reeling with the effects of the international community’s embargo against Apartheid South Africa and many South African mining companies were trying to shed their image as supporters of the previous regime. CSR programs allowed the mining companies to portray a new kind of enterprise that not only cared about its employees but also sought the best practices for the environment and the country. This feature also distinguished the South African mining companies approach to CSR from its international competitors. The study also found that despite the positive intended consequences of CSR initiatives, many
communities remain trapped in abject poverty without basic essentials of life such as clean water, fixed structure homes, electricity and sewage. Although this study does support the claim by mining companies in South Africa to continue supporting CSR projects, the aims and targets seem very lofty in reality. Moreover, even though South African mining companies are investing in CSR at a level above inflation, the lofty targets set by the CSR officials in the mining houses remain unmet. The research also found that mining companies in general tend to initiate CSR programs merely to continue to maintain their license to operate. That is, in many cases the CSR initiative is merely a by-product of doing business. Additionally, the study found that South African mining companies focused much of their CSR activities on elements that are critical to their business activities and within communities in the immediate vicinity of the mining operations. That is, the CSR development programs focused on uplifting the communities in which they operate while neglecting the larger surrounding areas. This fact stifles the greater intended aim of development on a national scale. The benefits of CSR are thus often limited to a very select area and the projects do not enjoy the ripple effect benefit. Furthermore, the study showed that most CSR projects that the mining companies initiated focused on housing and living conditions while ignoring essentials such as clean water and sewage. Another important consideration is the fact that mines are by their very nature limited in their life span. Communities that rely on mines for their survival need to ensure they have plans and solutions for life after the mine is expended. The research also revealed the importance of government in the both the formulation and execution of CSR policies. CSR was found to be largely influenced by government regulations and several accusations were made that mining companies formulate CSR strategies in order to simply placate government regulations. This contention needs to be viewed in a
broader scope as empirical evidence suggests there is a large basis for CSR support being rooted in placating government; however we have also seen that many CSR projects go above and beyond what government sets as a standard for CSR. Government’s role in CSR policy formulation was found to be rooted in both the drive for economic growth as well as forwarding the agenda of B-BBE. With regard to economic growth, the mining sector within South Africa accounts for approximately 20% of the GDP and the government continues to encourage both local and international investment in the mining sector. Government’s role in shaping CSR policies can be seen through the rise in mining companies’ adoption of CSR since 1994. Prior to 1994, CSR was largely unheard of within the South African mining industry, but since 1994 and the holding of the country’s first democratic elections, CSR has been widely embraced. The role of Globalization has also had a significant impact on CSR policy within South Africa’s mining sector as South Africa re-entered the international community in 1994 and began to compete on an international level. With South Africa’s return to the international community it embraced many global issues that were previously neglected under the Apartheid regime. South Africa’s strive for global competitiveness and increased competition from other major mining countries such as Russia and Brazil, expedited South African mining companies to embrace CSR. This can be seen from both an operational and strategic perspective. Additionally, CSR adoption by the South African mining sector is still heavily influenced by the widely held perception that the mining sector is a powerful lever in tackling poverty. While the mining sector is indeed a large and powerful base within the South African economy, often expectations of what the mining sector can do to alleviate poverty is exceeded. CSR thus forms the basis for which the mining companies are able to realistically set tangible goals for their commitment to poverty
alleviation. Pressures and stresses within this domain were highlighted with the Marikana mining disaster in which 40 mineworkers were shot and killed in violent demonstrations. This incident highlights the growing dissatisfaction and disillusionment of the communities in the mining sector’s ability to deliver on poverty alleviation. Moreover, the Marikana incident showed the frustration of the general public in the South African mining industry’s attempt to bring about a social transformation. While most of the major mining companies in South Africa have long promised to be the bearers of social transformation and economic upliftment, many feel disillusioned with the lack of progress. While indeed evidence suggests that the mining communities have been slow in addressing their promises for social transformation, the projects undertaken by the mining majors are long term and evidence of success can only be measured in years to come.

3) Literature Review

During the course of this research study we came across literature that was highly sceptical of CSR’s use and function within the mining industry. For example in Corporate Social Irresponsibility: A Challenging Concept the author put forward the argument that CSR is a “failure” and moreover he labelled CSR as a contributing factor to other nascent ills within society. Within this book, Thus, Wayne and Visser go on to say that CSR is “dead” as according to them almost every indicator within the social, environment and health domain is spiralling downwards. The authors also highlight the general ambiguity of CSR and the lack of an agreed upon definition. Finally, the authors also suggest that CSR cannot be fully conceptualized without also incorporating an analysis of Corporate Social Investment (CSI). On the other hand, we found literature that was more even handed in its approach towards CSR within
the mining industry. In *Good Company-An Anatomy of Corporate Social Responsibility* the author neither concludes that CSR is a total failure within South Africa’s mining industry nor does he endorse CSR as a total solution to all the problems within the industry. In *Staking their Claims- Corporate Social and Environmental Responsibility in South Africa* the author explored the historical foundations of CSR within South Africa’s mining industry and investigated the evolvement of CSR Mining within the context of South Africa’s unique history under the Apartheid regime to the first democratic elections in 1994. In *Rise of Global Corporate Social Responsibility*, the author examined variations within mining companies in their adoption of CSR programs. The author analysed factors such as corporate leadership, learning processes and corporate culture in explaining variations in methods of CSR adoption. In *Corporate Social Responsibility in Mining Industries* the author analysed the catalysts for growth of CSR within the mining industry. The author also postulated several theories that underpin CSR within the mining industry. In *Corporate Social Responsibility in Mining Industry- Global Vision* the author examined important drivers underpinning the framework for CSR Mining. The author also analysed the important aspects of CSR mining within the context of a developing economy. In *Earth Matters- Indigenous Peoples, The extractive industries and Corporate Social Responsibility* the authors analysed the impact of mining on indigenous people and possible mitigating factors. Through a case study approach the authors presented some ideas on how to best mitigate the deleterious effects of mining on indigenous communities.
Corporate Social Responsibility in South Africa (Mining) and Corporate Social Responsibility in South Africa (Non-Mining): A Comparative approach.

4) Corporate Social Responsibility in South Africa (Mining)

Mining is vital for the South African economy and even though the country’s economy has diversified, mining still plays an essential role as a major domestic employer and as a significant source of revenue. Mining is a unique case as by its very nature it is not permanent as it endures only for the life of the mine. This is further exacerbated by the effect that mining has on communities especially in relation to the effects post mine closure. The negative effects that mining has on both the environment and on the health of people further highlight the importance of CSR’s role within South Africa’s mining industry.

South Africa’s complicated history and its former policy of Apartheid together with the social and economic importance of mining, further complicates assessing CSR’s role in the local mining industry. While the mining industry is at the heart of economic growth in South Africa and still remains one of the largest employers within the economy, the history of the mining industry in South Africa has fostered several negative social outcomes which continue to haunt the country. Foremost is the mining industry’s promotion of the migrant labour system, which encouraged single black men from the rural areas of South Africa to leave their homes, families and communities in order to work in the mines. The migrant labourers lived in military style dormitories often with more than 6 persons per room in squalid conditions. Females were banned from entering the dormitory compounds. This system broke down the family unit and created dire social and health problems. For example, this system has been identified as the leading cause of the spread of HIV/Aids in South
Africa. The military styled dormitories which banned females from entering the compounds encouraged promiscuity and prostitution and lead to a breakdown in family values. The negative effects of this labour system continue to reverberate within South African society.

The role of mining within the South African economy is particularly important both due to its contribution to economic and social development and also as a direct cause of severe social and environmental problems. What is also very important within a South African context is the cost of the mining operations to the communities impacted by their operations. By promoting the migrant labour system, the costs of this policy were in fact borne by South Africans living far away from the mines and in the areas where the mine labourers originally came. Hamann and Bezuidenhout (2007) go on to state “the social costs of mining were externalized by mining companies to rural communities in Southern Africa” (p.96)

4.1) Historical basis

Mining has played a major role in South Africa’s development and has been instrumental in the creation of businesses and fostering the country’s embrace of modern methods of production. This role has been fostered by South Africa’s endowment with some of the richest natural resources on the planet. South Africa possesses some of the largest reserves of the world’s most precious metals and minerals such as platinum, titanium, gold and diamonds. South Africa has relied on mining both as a major employer within the economy and as a major source for revenue. Since mining was first developed in the country, there has been an uneasy and complicated relationship between the mining companies in South Africa and the various governments. Many of the mining industry’s practices were seen as a prelude to the Apartheid policies which were to follow in 1948. The Truth and Reconciliation
Commission (TRC) concluded in its final report “The blueprint for grand apartheid was provided by the mines and was not an Afrikaner state innovation” (p.151). South Africa’s Witwatersrand area is endowed with large reserves of low grade gold ore buried deep beneath the surface. In order to make this gold ore profitable, it required very cheap labour which was precisely what the migrant labour system provided - an ample and cheap labour force. In the 1970’s there was a shift to a more managerial style approach within the mining industry. This was influenced by the rise of the National Union of Mine Workers (NUM) which became the voice behind the country’s mine labourers. Its growth as not merely a mouthpiece but as a powerful advocate for change spearheaded the rights of mine labourers especially after the first democratic elections were held in 1994. During our research we found that the discourse within CSR Mining in South Africa heavily is influenced by both Corporate Social Investment (CSI) and Corporate Philanthropy. The importance for mining companies to obtain a “social license” became instrumental for their future success. Without obtaining this “social license” mining companies were often unable to successfully proceed with their planned activities. Corporate Citizenship also played a pivotal role in defining CSR’s role within the local mining industry. The advent of the mining industry’s shift towards bearing the costs of its operation upon itself also created an essential element for the foundations of CSR Mining. The South African mining industry adopted the “SHE” program which entailed Safety, Health and Environment. The government began to endorse Environmental Management Programs (EMP) in order to assess mining’s impact on the environment prior to commencing of mining activities. The government also passed the Mineral and Petroleum Resources Development Act in order to redefine mineral ownership in the country. There was also a strong desire by local mining companies to gain a listing on
one of the international stock exchanges, particularly the London FTSE in order to raise capital for their expansion plans. We can thus see that both government regulation and market forces played a prominent role in defining CSR Mining in South Africa. Additional key drivers of CSR in the South African mining industry were identified as risk mitigation, reputation boost, pressure from shareholders and maintaining good relations within the communities. Sustainable Development was also identified as an important driver behind CSR mining. Especially relevant to South Africa is the prominence of the HIV/AIDS disease and the government’s desire to transfer equity ownership within the local economy to Previously Disadvantaged Individuals (PDI).

4.2) Implementation Problems
There have been several problems which were identified in the implementation of CSR policies in South Africa. Firstly, there are significant gaps between international and local mining policies and this has been compounded by problems in co-ordinating sustainable development and CSR. There is also not a significant amount of published data with regards to Mining Companies CSR practices and moreover even when such reports are published they often have little meaning or impact. The role of government has also been an issue. Special emphasis must be placed on the South African Government’s policy of Black Economic Empowerment (BEE). Black Economic Empowerment is the method of addressing the absence of Black participation and ownership in the economy of South Africa as a result of the Apartheid regime. Hamann and Bezuidenhout (2007) point out “One of the most high-profile attempts by the state to promote BEE has been in the mining sector, given its prominent historical and economic role” (p.118). BEE has since evolved into the Broad Based
Socio-Economic Empowerment Charter which has been viewed as government’s accelerated method of increasing black ownership and participation in the local economy. It uses a Score Card to determine if participants are indeed complying with government regulations and aspirations of black empowerment. Finally, the issue of subcontracting needs to be mentioned as it continues to play a pivotal role in the local mining industry. Many of the peripheral activities on the mines are given out to other parties. For example, security personnel, food catering and housing are often subcontracted to other parties. The significance of this practice is that it has created a large section of the mining industry that is not permanently employed but rather employed on a contractual basis. This has resulted in a great amount of insecurity for these labourers as their work contracts can be terminated very easily and on short term notice.

4.3) International Frameworks

The most important international frameworks that affect the mining industry in South Africa are the following. Firstly, the International Council on Mining and Metals (ICMM) was established to improve sustainable performance in the mining industry and it brings the leading mining houses together to address the future of mining and set the standard for sustainable performance. Secondly, the Global Reporting Initiative (GRI) is non-profit organization promoting economic, environmental and social sustainability. It also provides the framework for mining companies to report and measure their sustainability performance. Thirdly, the Mining Minerals and Sustainable Development (MMSD) was a research initiative carried out between 2000 and 2002. It was the most comprehensive research publication on the role of minerals in sustainable development. It proposes an agenda for the mining industry’s future.
Finally, the United Nations Environment Program (UNEP) sets the international guidelines for climate change, ecosystem management, efficiency of resource utilization and environmental governance which all have a direct bearing on mining operations. Despite these frameworks, there still exists a vacuum in unified regulation for the mining industry. Lindsay (2012) points out that “global regulation of transnational corporations is desperately needed in order to avoid escalations of the types of conflicts witnessed routinely around large-scale mining projects” (p.226)

5) Corporate Social Responsibility in South Africa (Non-Mining Industries)

*For the purposes of this comparison we have used the Chemical as well as the Food and Beverage industries in South Africa as a benchmark for comparison.

5.1) Chemical Industry

The Chemical Industry in South Africa contributes 5% to the country’s GDP. The industry is defined by highly disintegrated regulation. There are two pieces of national legislation which broadly govern the sector. Firstly, there is the Occupational Health and Safety Act (OHSA) which governs the health and safety of workers. Secondly, there is the National Environment Management Act (NEMA). Both these acts fail to cohesively govern the chemicals industry. The industry has also seen a significant level of growth in the small and medium sized businesses which has further exacerbated the problem of regulating the industry and bringing all business in the industry under effective regulation. During our research we found that there is a high level of voluntary initiatives within the local chemical industry which chemical businesses are encouraged to comply with. Recently, there has been a high level of participation by South African civil society in exerting pressure on the chemical industry to comply with international environmental standards. During our study we
found that the voluntary initiatives within the industry lacked a commitment for implementation. The voluntary initiatives seemed to be largely useless without matching governmental legislation. We also found that NGOs in South Africa were ineffective in monitoring the local chemicals industry particularly due to the complicated nature of the chemicals industry.

5.1.1) Case Study: The chemical industry and plastic drinking bottles

In 2000, the South African government promulgated legislation that would have required beverage manufacturers to use recyclable plastic bottles. Prior to this, plastic bottles were not manufactured from the type of plastic that facilitated easy recycling. The promulgated legislation was not passed by parliament due to objections made by labour unions that a large number of jobs would be shed, should the legislation be passed. In the end, the use of plastic bottles within the beverage industry was left as a purely voluntary measure and most manufacturers did not follow the government’s recommendation and continued to use the cheaper non-recyclable plastic bottles. This case study showed the limitations of voluntary initiatives within the industry.

We also found that the South African Chemicals industry relies heavily on industry initiated standards. For example, the chemical industry follows the standards set by the International Standards Organization (ISO). The problem with such standards is they are set by the industry itself and lack independence.

5.1.2) Responsible Care Initiative

As a result of the chemical disaster in Bhopal India in 1984, the international chemical industry set out to raise minimum standards in the international chemical industry by creating its own system for environmental management. The initiative covered aspects such as the health and safety of workers, the storage and handling of
chemicals as well as the transportation of chemicals. The initiative was not entirely successful in South Africa as it lacked matching local legislation with which recommendations could be enforced. The recommendations in the initiative became viewed as suggested guidelines from a voluntary lobby group.

5.1.3) Case Study: SASOL

SASOL is the largest chemical company in South Africa with extensive operations in the production of synthetic and liquid fuels, chemicals and electricity generation. In our research we found that there were both external and internal drivers that caused SASOL to adopt a dedicated CSR strategy. The external factors were found to be international environmental regulations such as the United Nations policies on climate change as well as local environmental laws. Additionally, SASOL’s desire to gain a listing on the New York Stock Exchange (NYSE) facilitated the need for greater transparency and compliance with international reporting standards. Internal factors were found to be based on the company’s response to the HIV/Aids crisis and its attempt to redress past racial discriminatory practices under Apartheid which included preferential employment for white males. As a result of the company’s international expansion, a new centre for health, safety and the environment was established. Close monitoring by society has also increased pressure to improve standards. For example, the civic action forums formed a website called sasolwatch.com, which monitors and reports on SASOL’s activities. With the company’s successful listing on the NYSE, SASOL was also keen to be included on the Dow Jones Sustainability Index. This index has very high standards and is reserved for the top ten per cent of companies in environmental performance.
During our research we found that SASOL has been a slow responder to the HIV/AIDS crisis and has only recently started education and awareness campaigns amongst its employees. SASOL’s employment equity plan has been formulated in accordance with the government’s Black Economic Empowerment (BEE) agenda. CSR has also moved from being under the discretion of the Managing Director to a new standalone division. Additionally, SASOL’s CSR program is not localized and extends into neighbouring countries. For example, SASOL has initiated a CSR program involving education and skills training in Mozambique where it operates a natural gas pipeline.

In summary, the local chemical industry is defined by voluntary initiatives, disintegrated legislation and a lack of an oversight body. There is a lack of fundamental dedication to CSR within the local chemical industry and what is needed is governmental legislation to match the voluntary initiatives being made as well as bringing the small and medium sized businesses in the industry within the domain of industry regulation. The sector was found to have a generally large level of public scepticism.

5.2) Food and Beverage

South Africa has a prominent place on world food production and is major exporter of agricultural commodities especially in the Southern African region. The country has a highly diversified food production sector including significant processing of meat, fish, dairy and sugar. The Apartheid policy prevented the large majority of black South Africans from farming on the country’s most productive land areas; however, efforts are underway to address this problem. Since 1994, large domestic food and beverage companies such as South African Breweries (SAB) and Tiger Brands have
expanded their presence in the country through increasing production and distribution facilities.

5.2.1) Case Study: Tiger Brands, Tongaat Hulett, Distell and South African Breweries

During our case study of these companies we found that CSR practices were rooted in corporate codes which the companies had self-formulated. For example, Tiger Brands established its own code of Business Principles which promote transparency, honesty and human rights. Tiger Brands also publishes its own Mission Statement with regard to sustainable agricultural promotion. Distell issued its “Responsible Drinking” initiative which underscores its core CSR priorities. Issues such as employment diversity and community development are encouraged. South African Breweries uses a Value Statement in promoting its CSR Agenda. For example, “Our people are our enduring advantage” (SAB 2013). During our research we found that CSR was managed as part of a standalone division with these companies. CSR within these companies was also found to be highly localized in its implementation. For example, Tongaat Hulett devotes its CSR campaign to the fields of education and skills training primarily in the Kwa-Zulu Natal region where its sugar plantations are located. We also found that there was a significant use of separate corporate foundations with which these companies set up in order to carry out their CSR agendas. We found that the use of separate corporate foundations however tended to stifle the integration of CSR throughout these companies and hindered the embracement of a CSR culture within the companies studied. We also found that within the Food and Beverage sector there was a low level of South African originated companies which sought to gain a listing on a large international stock exchange. The exception to this was South African Breweries which moved its headquarters to London to gain a listing on the London FTSE. We found that SAB’s listing on the FTSE did indeed accelerate its
adoption of a formal CSR agenda and therefore international corporate exposure was found to be a key element in adopting CSR especially within the local Food and Beverage sector. The liberalization of the South African economy in 1994 opened up much of the sector to international investment which also encouraged a greater level of commitment to CSR as companies in the industry sought a mechanism for standardizing local social engagement practices.

Certain industries within the sector are still governed by a separate act in Parliament. For example, liquor is controlled and regulated by a Parliamentary Act. There is however, a lack of a unified regulatory agency for the entire sector which has frustrated formulating CSR programs. Other parties have claimed that there is not enough state intervention in the sector. For example, the Food and Allied Workers Union (FAWU) has called for government to play a more active role in the sector to ensure both job security and to promote workers basic rights.

During our research we found that CSR within this sector of the South African economy lacks co-ordination especially in relation to government’s continued retreat from participating in the regulation of the industry. We found that the CSR programs of these companies fail to address vital issues such as Food Security and hunger. Also, CSR has not been used by these companies as a mechanism for promoting food affordability. Also, the country’s poor rural residents have not been integrated in these companies CSR strategies. CSR within this sector has failed to adequately address the HIV/AIDS issue in a systematic and structured fashion. We found that there was no single umbrella organization within the industry which could coordinate the CSR activities within the sector. The diversity of ownership structures, the different size of operations and differing methods of production within the sector further complicate CSR efforts. The use of sub-sectorial representation has further stymied efforts to
establish a unified CSR strategy within the sector. For example, Tongaat Hulett has supported creation of the South African Sugar Association to promote the sugar industry’s interests both locally and internationally. We found that there was no comprehensive structure of representation within the sector and moreover it was found to be highly divisive. Until the sector addresses issues such as food security, malnutrition and food price affordability within its CSR agenda, the industry’s CSR programs will lack national relevance and impetus.

5.3) Comparative Analysis: CSR (Mining) in South Africa and CSR (Non-Mining) in South Africa

As shown above, CSR in the South African Mining Industry is highly regulated both internally and externally. Oversight bodies such as the ICMM, the GRI and EITI encourage CSR practices within the industry and local mining laws have regulated much of the mining companies CSR programs. CSR in the Mining industry in South Africa is also heavily influenced by the previous racial policies under Apartheid and the subsequent democratic transition in 1994. The ANC’s adoption of Broad Based Black Socio-Economic empowerment has given special impetus to CSR policies in the mining industry and explains the overall speedy embracement of CSR by the South African mining industry. The negative consequences of the migrant labour system together with the deleterious impact that mining has on the environment also explain the mining companies’ quick transition to incorporating CSR policies as part of their primary agenda. CSR in the South African Mining industry is well organized, well regulated and comprehensively structured. In comparison, other sectors of the South African economy such as the Food and Beverage and Chemicals sectors are defined by poor CSR structures. These industries lack government oversight and have a general lack of co-ordination both internally and externally in their CSR agendas.
These sectors remain largely unregulated in terms of CSR with government paying scant attention to their CSR policies. Despite the various voluntary initiatives adopted by these sectors, the lack of regulation and government oversight has caused CSR in these sectors to remain underdeveloped.

CSR Mining (South Africa) and CSR Mining (Canada) - A Case Study and Comparative analysis

6) CSR Mining in South Africa: A case study of mining giant Anglo American

The emergence of multinational corporations in South Africa serves as the foundation for CSR in the local mining industry. Anglo American was and remains one of South Africa’s foremost international corporations. Anglo American prides itself as espousing “compassionate capitalism”, which is capitalism which goes beyond merely seeking to maximize profits but takes people into consideration. Anglo American has been at the forefront of promoting “social capitalism” and has thus brought two former antithetical subjects into a single realm- social wellbeing and corporate profit maximization. Through our research study we found that Anglo American’s CSR agenda has facilitated the company to exert its authority not only in the economic realm but also in the political and social realms. The emergence of multinational corporations has allowed such companies to transcend politics and government in achieving social and political transformations. Moreover, the emergence of the multinational corporation in South Africa has facilitated the participation of the impoverished and marginalized in the South African economy. We found that the strength of Anglo American’s CSR strategy lay in its flexibility to tackle some of the country’s most urgent and pressing problems such as poverty alleviation, crime and the fight against the HIV/AIDS pandemic. Multinational corporations such as Anglo
American are now viewed as the greatest vehicles with which to tackle the country’s problems. In South Africa, we have witnessed how multinational corporations have replaced NGOs as the new vanguard of political, social and economic change in the country. Ironically, the former target of the NGOs in their attempt to galvanize support against big business, Anglo American is now at the forefront of driving the CSR agenda within the mining industry. The corporate leaders in Anglo American have emerged as the new champions of CSR and are indeed at the forefront of shaping the dialogue on sustainable mining, which was once considered in itself an oxymoronic term. We found that CSR in Anglo American is rooted in corporate colonialism and corporate philanthropy. To some, CSR in the South African mining industry is the single best method to ensure that the country’s marginalized people are incorporated within the economy of the country and to others CSR in the local mining industry is merely a collection of empty promises and it exposes the wide gaps between corporate rhetoric and the stark realities on the ground. And for others, CSR remains purely a distortion of the free market. Through our research we found that the true benefit of CSR within the South African mining industry is for mining companies such as Anglo American to shape a new social order that represents an inclusive nature of all the country citizens to share in the benefits of the country’s mineral wealth. We also found that by examining Anglo American’s CSR policies, the objectives of profit seeking and maintaining high business ethical standards and moral codes are not diametrically opposed as one would initially imagine. Rather, we found that through moral practices greater profits are achieved. CSR within the local mining industry however does not exist in a vacuum and international initiatives such as the UN Global Compact have had considerable impact in shaping the Anglo American CSR agenda. The UN Global Compact’s agenda of protecting human rights, ending
forced labour and upholding high standards of environmental compliance have had an enduring effect on the mining industry’s CSR agenda. By examining Anglo American’s CSR strategies we found that corporate ethics are generated at the top level within the company and these ethical principles are then trickled down within the company. Initiatives that have also had an effect on Anglo American’s CSR strategy have been the Mining and Mineral Sustainable Development Program (MMSD) and the Extractive Industries Review (World Bank 2004). These initiatives influenced Anglo American’s CSR agenda by fostering the focus of the CSR strategy on the community. Rajak (2011) points out “The commodification of local community, packaged and marketed as the visible product of good corporate citizenship, is integral to the performance of CSR and of particular importance in the extractive industries” (p.46) This is especially relevant for mining companies as they need a “social license” to operate within the community. This “social license” refers to gaining the support and consent of the communities within which the mining activities take place. Without such a license it would be near impossible for mining companies to operate. Our research also found that there has been a full embracement of the CSR agenda in the mining industry in South Africa; this was found to be partly due to government’s lacklustre performance in delivering on basic services. We also found that there has been a significant level of collaboration between Anglo American and other large industries in South Africa in delivering on their CSR agenda. The Extractive Industries Transparency Initiative (EITI) has further encouraged Anglo American to advance its CSR program by promoting transparency and accountability. We found that within the mining industry in South Africa there are two models with which mining companies approach CSR. Anglo American and indeed most other South African mining majors employ both models in formulating their CSR agenda.
The first model is the “Partnership Model” (Rajak) and the second is the “Market Model” (Rajak). The “Partnership Model” emphasises the importance of community and working towards greater integration between the mining industry and the communities within which they operate. The “Market Model” is based on the “business case” for CSR which maintains that CSR is good for profit maximization as the trend shows that the more ethical the mining companies are the greater the profits. By examining Anglo American’s CSR papers and its corporate philosophy, it appears on the one hand to be a national institution dedicated to social upliftment and espousing values rooted in ethical and moral considerations. On the other hand, Anglo American can be seen as a tough and opportunistic company who profited from cheap migrant labour. Moreover, Anglo American’s entire business model was based on the premise of a cheap and mobile labour force which was precisely what the Apartheid government provided it with. There can no disputing that Anglo American did indeed profit and benefit from the Apartheid government’s repressive labour laws. Anglo American’s CSR strategy has thus been used as a mechanism to cleanse itself from its dark history and to give it a new moral face with which it could reinvent itself. Anglo American has used its CSR program to gain favour with the democratically elected government under the African National Congress (ANC). Anglo American has also used CSR to spearhead its compliance with the new government’s policy of Black Economic Empowerment (BEE). We found that despite its associations with the Apartheid government, Anglo American has always presented itself as a very human company and it has continued to exude a character of caring for its employees. Anglo American has also used its CSR program to counteract the enormous devastation its operations have on the local environment. We thus found that CSR has been used by Anglo American to cleanse itself from past unjust practices and to also counter the
general negative views that the public has with regard to extractive industries. The argument of whether Anglo American benefitted from the policies of Apartheid continues to rage. Some argue that Anglo American benefitted due to the cheap and mobile labour force that the apartheid system provided it with. Others contend that apartheid was purely racially motivated and lacked any economic basis and it actually hurt the long term prospects of the company. Ultimately though, Anglo American will have to bear responsibility for repressing the black Trade Unions and supporting the devastating migrant labour system.

In our research we found that Anglo American has used CSR not only as a mechanism with which to cleanse itself of its past but also to further engrain its corporate power and to cement its own political and economic power in the country. Since 1994, and the ushering in of the first democratic government, Anglo American has used CSR as a way of leveraging its power as a major employer and as a major tax contributor. CSR has thus given Anglo American a new moral license with which to shape the country’s future. At the time of our research we found that CSR in the local mining industry has been extremely powerful, this is a testament to the extent that the country has embraced business as a driver for social and political change.

During our research we also found that CSR in the local mining industry is not merely some side-lined mouthpiece with little effect nor is it the ultimate panacea for corporate evolution within the mining industry. Rather, we found that mining companies such as Anglo American are using CSR to sustain and reinforce their power in the country especially through national agendas such as poverty alleviation and the fight against HIV/Aids. Moreover, Anglo American has focused its CSR agenda on the HIV/Aids crisis. Rajak points out that “Anglo Platinum places HIV management not only at the centre of its CSR strategy but at the heart of its business.”
CSR has allowed Anglo American to reinvent itself from an outdated colossal to a new bastion of hope and meaning, thus placing Anglo American as an architect designing and planning not only its future path ahead but also the future of South Africa.

Through examining Anglo American’s CSR strategy we found that the company successfully tapped into the notion of “patriotic capitalism” which became very popular in the economy since 1994. Anglo American even devised an advertising campaign highlighting the company pride in being South African. It devised a ubiquitous advertising campaign all over the country with statements such as “Passionate about South Africa” and “Proudly South African”. Anglo American was thus able to use its CSR strategy to convey patriotism and civic pride at a critical juncture in the country’s history. Moreover, Anglo American created a CSR campaign that allowed it be fully aligned with the government’s ideals of transformation, empowerment and reconciliation. Anglo American successfully used CSR as its vehicle for change in a rapidly changing operating environment. For some the emergence of “patriotic capitalism” was indeed a powerful agent for social and economic change, while for others it merely reflected more of the same outdated structures with the promotion of a new political bureaucracy.

During the course of our research we found that in the South African mining industry the true power of CSR can only be understood within the context of the political and economic evolution post-apartheid. Within Anglo American, a significant strategy in its CSR campaign has been to sell off significant assets to Black Economic Empowerment (BEE) companies. This has been viewed as Anglo American’s method of not only complying with the government’s black empowerment agenda but to also accelerate the process of Black Economic Empowerment. Anglo American has been
using the process of selling significant portions of mining assets to BEE companies in order to set a new trend amongst mining companies in South Africa by which established mining companies nurture and assist fledgling black owned junior mining houses to gain a foothold in the market. Anglo American’s CSR agenda has also been significantly influenced by the Mineral and Petroleum Resources Development Act which gave major impetus to CSR mining initiatives to transform the mineral industry and allow Previously Disadvantaged Individuals (PDI) to also participate in the mineral wealth of the country. This Act has further encouraged newly formed Black Economic Empowerment (BEE) companies to team up with the “old guard” of mining companies in the country such as Anglo American to create new vehicles for mining development in the country. Changes within the South African Mining Charter also played an instrumental role in shaping Anglo American’s CSR agenda. The newly elected ANC government made changes within the charter that mandated that Historically Disadvantaged South Africans (HDSA) must own at least 26% of the equity of South African mining companies within 10 years. This was a key development which caused Anglo American to accelerate its CSR agenda. We can therefore see that Anglo American’s CSR platform was not brought about by a sudden ethical transformation but due to a change of government and with it a new set of regulations. CSR in Anglo American thus became the vehicle for both internal and external transformation and it also allowed Anglo American to fully align itself with the government’s BEE agenda. Another major influence which has shaped Anglo American’s CSR agenda has been its campaign against the HIV/Aids pandemic. HIV/Aids is at the core of Anglo American’s CSR agenda. The mining giant was the first company to offer free anti-retroviral drugs (ART). Anglo American’s reaction to the HIV/Aids pandemic far
exceeded the State’s reaction and this therefore allowed it become seen as a fatherly figure within the country. Anglo American’s stance on the disease put it at the forefront of fighting the country’s most threatening disease. Anglo American’s CSR agenda therefore became a mechanism which gave the company new relevance in a rapidly changing political environment. It also forged Anglo American’s impression amongst South African citizens that is was far more than just a mining company. The prevalence of HIV positive workers in the South African mining industry has been estimated at 20%-25% and many critics of Anglo American’s CSR agenda argue that the company’s response to the HIV/Aids crisis in the country was merely to secure the future of its workforce. Moreover, the migrant labour system which has been fostered by Anglo American and other local mining companies has been a leading cause in the spread of the HIV virus. While other countries have also benefited from a migrant labour system, the system in South Africa is unmatched both in its duration and its consequences.

Through our research, we found that Anglo American’s response to the HIV/Aids crisis has actually reinforced divisions within South African society. Firstly, by mandating that all its workers be tested for HIV, a large stigmatization, even if unintended, has occurred of those workers who do test positive for HIV. Secondly, Anglo American created special health care facilities and programs exclusively for its workers at the mines that it operates in the country. Thirdly, the company continues to maintain male only dormitories at its mines. We can thus see that Anglo American separated both the living and the health care arrangements of its labour force from the labourers’ original homes. The costs of such a practice were therefore borne by the families of the labourers that they had to leave behind. This should be contrasted with
the myth perpetuated by Anglo American of the “healthy reserve” that it claims to have created with its dormitories and medical clinics. Anglo American’s CSR policy can thus be seen to have transcended mere corporate
CSR strategy as it delved into social and political realms in the country. The company began to brand itself as the new champion of empowerment and began to see itself as the embodiment of the new government’s ideals of transformation and self-empowerment. The company began to supplant the role of government with its national Aids campaign and began a nationwide campaign called “Love Life”. The campaign’s ubiquitous advertising became synonymous with the nation’s fight against Aids. The HIV/Aids pandemic was viewed by Anglo American as the single biggest threat to its future and its response should be viewed as both philanthropic and self-defensive.

6.1) Unintended consequences
Anglo American’s approach with its HIV/Aids campaign always placed the company and its community as one entity. Its campaign espoused the national ideals of empowerment and national renewal, which became the central doctrine of the new fledgling democracy. However, despite all the rhetoric, the military style dormitory compounds remain much the same as before and change has been very slow. The company’s CSR agenda has encouraged a greater number of mine workers to be employed under a temporary/flexible structure which has created instability for workers who remain insecure in their jobs. The company’s CSR program has transferred the costs of both the health care and welfare of its labourers to external parties through outsourcing its medical care and dormitory programs. Another major problem that has emerged is the mushrooming of informal settlements in the immediate vicinity of the mines. As mine labourers began to opt out of living in the
mine dormitories they have flocked to these informal settlements for many reasons which include the desire to live beyond the confines of the mines and for personal freedom and privacy. These informal settlements are however defined by temporary structures with no electricity or clean water. Moreover, these informal settlements are riddled with crime, violence, alcoholism and disease. Anglo American presented its hostels as “healthy and safe” while the areas outside were defined as “unhealthy and dangerous”. Yet these male only hostels operated by the mines continue to compromise personal liberties and clearly undermine the family unit. We can therefore see that Anglo American’s responses to the HIV/AIDS pandemic has indeed reinforced segregation, even if unintended, along the lines of those living in the hostels and those living outside the hostels and those who are HIV positive and those who are not.

In our research we have found that CSR in Anglo-American has replaced corporate philanthropy. The company has implemented initiatives such as the Socio-Economic Assessment Toolbox (SEAT) to implement its CSR strategies. CSR strategies have also evolved into a very competitive process amongst the local mining houses and Anglo American now views its CSR strategy as central to its survival. Anglo American’s CSR program has also extended into the building of new schools, hospitals, sports centres and the start of new employee housing. CSR has thus strengthened Anglo American’s corporate control in social and health areas in the country, however its CSR program has also created a sense of exclusion, in that Anglo American has focused its activities on a select community, those being its employees and their immediate families while marginalizing the greater community. Anglo American’s mining operations have caused mass urbanization to occur as rural workers flocked to the mining areas for work which has put great pressure on existing
infrastructure in these areas. Anglo American has failed to address the issue of the informal settlements which highlights the gap between its stated aims of addressing the problems caused by its operations and the realities on the ground. The paradox within CSR mining in South Africa is shown by Anglo American’s encouragement of self-empowerment and self-upliftment yet through their practices of “gift giving” such as free health care and free educational and vocational training, they have served to reinforce the divisiveness within South African society between those who are employed and those who are unemployed and between those who are in the mines’ community and those who are on the outside.

6.2) Case Study- Final Analysis

In the final analysis of CSR in the South African mining industry and in our case study of Anglo American we found that there is an absence of government in the CSR dialogue especially with regard to issues such as the informal settlements. The strong alliance between business and community in South Africa has fostered the concept of “compassionate capitalism”. CSR in the local mining industry has however created divisions along new lines and reinforced segregation. The mining companies CSR programs have not met the goals of empowerment and transformation; rather their current strategies have reinforced the notion of “gift giving” which has reinforced the aspect of impoverishing the recipient as a “charity case”. The true benefit of CSR in the South African mining industry has not been in CSR’s tangible results but rather its benefits are found in the discussions and debates it has aroused which have evolved into ideas of entrepreneurship and self-upliftment. CSR in the mining industry has also stripped the power away from NGOs operating in the country as mining companies have now begun to create specific corporate roles for the implementation of CSR strategies. This has resulted in a far more personalized approach to CSR. The
strength of CSR in the South African mining industry also lies in its flexibility to adjust and address issues of national importance such as South Africa’s fight against the HIV/AIDS diseases and has thus given the local mining companies a place on the moral high ground. CSR has also allowed local mining companies to align themselves with the government’s national aspirations such as the Black Economic Empowerment agenda. Rather than supplanting government’s role, CSR has enabled the local mining companies to collaborate on issues of national importance such as poverty alleviation, crime and health care. Indeed the power of CSR has now extended beyond economic empowerment and well into the realms of ethical and social transformation.

7) CSR Mining in Canada- A case study of Barrick Gold Corporation

Canada is a dominant force in the world mining industry and is a leading producer of uranium, nickel, aluminium and gold. Canada remains one of world’s largest exporters of metals and minerals. Barrick Gold Corporation is the largest gold mining company in the world. During our research we found that the following factors were instrumental in Barrick’s CSR development. The role of senior management is at the forefront of explaining the company’s adoption of CSR. In the 1990’s, senior management in Barrick had already been sensitized by several social and environmental mining disasters that had occurred in Canada and they witnessed the extent of the potential damages to both reputation and corporate profits. Barrick went through a significant expansion phase in the 2000’s and during this time it began to expand its operations in developing countries particularly in South America. Barrick had little experience before this time in operating in developing countries. CSR was thus seen as a mechanism with which it could promote a good image in the new regions of operation and to also learn how best to engage the local communities.
During this time there was also a significant structural change in Barrick in that its mining portfolio changed significantly with many new projects in developing countries. The role of leadership in Barrick was decisive in formulating and embracing the CSR agenda. During the middle of the 1990’s, Barrick had reverted to increasing its surface mining operations which has a particularly devastating effect on the environment. Barrick thus began to use its CSR program to counter the negative effects that its mining operations had on the environment. Barricks’ CSR agenda also needs to be viewed within the context of its approach and relation towards the indigenous people of Canada. Barrick’s complicated relations with the Canadian indigenous peoples had reached a high point due to its mining activities encroachment on ancestral lands belonging to indigenous communities. Ali(2008) points out that “Exhaustion of deposits in more accessible regions focuses attention on remoter areas which often intersect with indigenous lands” (p.245) The sensitive issue of mining on and near indigenous land pre-empted Barrick to accelerate its CSR agenda with the inclusion of considerations of the indigenous people of Canada. During the middle of the 1990’s there was also significant liberalization of mining laws in the developing countries, moreover, the developing countries in South America and Africa began to formulate new foreign investment initiatives which encouraged Foreign Direct Investment (FDI). Barrick therefore framed its CSR agendas to gain access to these markets and presenting itself as culturally aware and sensitive to diversity. Ethical consumers in Canada also began to pressure Barrick into ensuring that its gold production methods were responsible. Consumers began to demand greater detail about Barrick’s gold mining activities especially in relation to its new projects outside of Canada. For example, consumer pressure groups created the “No Dirty Gold” campaign which sought to ensure that jewellery was manufactured from responsibly
mined gold. Barrick also faced significant pressure from institutional investors. The rise of Socially Responsible Investing (SRI) began to gain a strong hold in Canada and Barrick thus moulded its CSR program to attract those investors who were seeking investments that complied with SRI standards. In our research we also found that Barrick management began to move beyond charitable giving that was popular in the early 1990’s towards full community engagement. Management became aware that mining companies do not operate in a vacuum but are indeed active participants within the community. Barrick’s management also became aware of the strategic advantage that good CSR offered, in that it presented a tangible method to engage the community and reduce the risk of the community revolting against its mining activities. Barrick went further to even create a position of CSR director whose responsibilities included matters such as social impact assessments, maintaining relations with indigenous communities, engaging with the communities and ensuring there was adequate local procurement. Mining companies in Canada also used CSR programs to create standardization in corporate policies regarding CSR. Barrick also framed its CSR agenda around its own need to bring greater control of the different mines in its portfolio as many of them were operating as independent entities. In order to develop a comprehensive CSR program, Barrick engaged in an active learning system to develop the most suitable CSR strategies. The learning system involved finding the best practices and implementing them. Through its learning system, Barrick was able to identify the importance of committing itself to the communities where it operated and it learnt of the importance for it to move away from the charity model of giving to active community engagement. Dashwood (2012) points out that “One key learning point for Barrick was the need to move to an understanding of CSR that reflects a sense of obligation towards local communities” (p.193/194) Barrick
also used its CSR program to keep up to date with sensitive intra-community relations which were vital to its continued operations in areas inhabited by indigenous communities. The need for a mining company to obtain a “social license” to operate as well the increased engagement by external stakeholders accelerated Barrick’s adoption of a CSR program. Barrick was also coming under intense pressure from NGOs in Canada such as Greenpeace and World Wildlife Fund (WWF). In the mid1990’s Barrick was inexperienced in operating in areas with high social risks and stakeholders now began to become far more involved in the methods employed by mining companies in generating their revenue. For Barrick, CSR thus became a mechanism for both learning how to operate in different territories and to mitigate risk. The Mining and Minerals Sustainable Development (MMSD) project and the International Council on Mining and Metals (ICMM) also shaped Barrick’s CSR agenda as the growing popularity of joining these bodies boosted the reputation of the corporation. Barrick also fostered deep and extensive relations with development NGOs who encouraged an accelerated approach to CSR adoption.

During our research we also found that the emergence of Global Sustainable Development practices had a significant impact on Barrick’s CSR agenda. Sustainable Development was being embraced on a global scale and mining companies viewed CSR as their best method in engaging this new and rapidly growing phenomenon. Sarkar (2012) points out that “For mining companies, CSR is the manifestation of a move towards greater sustainability in the industry i.e. the practical implementation of the goals of sustainability” (p.150) Barrick also partnered with organizations at local, national and international levels in creating its CSR program so that its appeal would be universal.
7.1) Drivers behind Barricks’ adoption of CSR

Barrick identified the advantages of being an “early mover” in adopting a CSR program. “Early mover” advantages afforded Barrick the ability to shape the national discourse on CSR and to be ahead of the competition. Barrick also viewed CSR as a prime method to counter the general negative reputation of the mining and extractive industries. External pressures from environmentalists, government regulations and society accelerated Barricks adoption of CSR. Barrick also became a “norms entrepreneur” in promoting industry acceptances of certain standards. Within Canadian mining companies there was a high level of collaboration amongst industry participants and Barrick used this collaboration to realize the need for it to move beyond unilateral CSR and towards individualized CSR programs. The mining industry in Canada promoted a significant amount of self-regulation within the industry which later evolved into a more formalized structure with the development of the Global Mining Initiative (GMI) which created a path towards a common framework for mining companies regarding sustainable development. The perceived threat posed by Sustainable Development by mining companies in Canada also precipitated mining companies to deepen their commitment to CSR. Sustainable Development and Mining appear to be quite conflicting realms as mining by its very nature is involved in extracting finite resources. Barrick’s management in the 1990’s were mainly people with a geology, engineering and finance backgrounds and were not equipped to deal with social and community issues. Barrick therefore adopted CSR in an attempt to counter this problem within its leadership ranks. Globalization certainly affected the Canadian mining industry as well and Barrick was forced to embrace the actions of its competitors with regard to CSR. Of particular significance for Barrick was the fact that its senior management had already witnessed the impact
of environmental disasters in Canada. It was due to this sensitization that also allowed Barrick to quickly adopt a CSR program. Barrick was also aware of the “country of origin effects” and their influence on CSR. With its expanding portfolio of mines in areas far beyond Canada’s borders, the need for Barrick to become sensitized to local practices and customs became pivotal for the future of the corporation. Barrick soon began to move away from a philanthropic model towards comprehensive socio-economic engagement. Banks and insurers also began to leverage their power in demanding that mining companies adopt CSR strategies, in part to reduce the overall risk profile of lending in the mining industry. Barrick, like other mining companies rely heavily on Banks and lending institutions to finance their capital intensive operations and are keen to maintain cordial relations with such institutions. Barrick also viewed CSR as a method to protect and enhance its reputation and it used CSR as a method to secure certain markets that were vital for its future operations. For example, in Barrick’s expansion into Africa, its CSR agenda was moulded to integrate greater sensitivity for African tradition and culture. Barrick formulated its CSR policies to resonate to contemporary Canadian society with relevant themes and agendas. In this case, Barrick used the global phenomenon of sustainable development to frame its CSR agenda.

Other external pressures also accelerated Barrick’s adoption of a CSR program such as Canadian legislation that was enacted in the 1990’s which resulted in greater difficulty for mining houses in Canada to gain access to finance on the markets and which also stifled the development of new projects. Barrick’s leadership was instrumental in perceiving the changing dynamics that were occurring in the mid 1990’s for Canadian mining companies to engage in a new future for mining. The corporate culture within Barrick was also important in its adoption of CSR, and the
culture prevailing within Barrick was a definite commitment to the long term prosperity of the company. CSR was thus framed in accordance with the dominant culture prevailing at that time within the corporation. Finally, the privatization of mines in the developing nations in the mid 1990’s changed the demographics for mining investment. The power and wealth was transferred from government to private corporations. This, together with the geographic shift in mineral exploration away from developed nations to the developing world necessitated a special sensitivity to foreign culture and practices, which was precisely what Barrick framed its CSR program around.

CSR in Gold Mining in South Africa and CSR in Diamond Mining in South Africa: A Comparative sectorial analysis

8) CSR in Gold Mining in South Africa: A case study of Gold Fields, AngloGold Ashanti and Harmony Gold Mining

During our research we found that there has been an increase in CSR reporting practices amongst gold mining companies in South Africa over the last decade. Smaller miners such as Harmony tended to display less information than the larger gold miners such as Anglo Gold Ashanti.

8.1) Environmental

Gold mining companies in South Africa tend to focus their CSR agenda on their corporate environmental policies. Published data on their CSR agenda highlight a specific emphasis on national law compliance, increasing environmental care, aligning of CSR strategies with the principles of sustainable development, reducing environmental damage and rehabilitation and land renewal post mine closure. Sustainability reports of the gold mining companies showed that the gold mining companies have created dedicated environmental departments which have enhanced
accountability and compliance. They have also employed Environmental Management Systems (EMS) on a widespread basis. Due to gold mining’s use of dangerous chemicals such as cyanide, there was comprehensive disclosure on how the mines deal with toxic and dangerous chemicals. The larger gold mining companies also reported using environmental site reports. We also found that the larger gold miners often strove to exceed minimum compliance criteria in environmental stewardship. All the gold mining companies published separate detailed reports on their current and future environmental goals. The gold mining companies use their corporate websites to publish and disseminate details about their future environmental goals and targets. The gold mining companies also made use of a significant number of voluntary pledges which dedicate certain areas to nature and wildlife preservation. They also provided great details on their initiatives for water conservation and recycling.

8.2) Health and employee safety

Gold mining companies were found to have a strong commitment to employee safety and in particular to the reduction of onsite injuries and fatalities. For example, Anglo Gold Ashanti encourages employee safety through an internally generated “Star Rating” system which provides a public account of the number of days no injuries or fatalities have occurred. We found that the gold mining companies carefully coordinate their health and safety initiatives with the trade unions. They also employ dedicated teams and labour law specialists to ensure all labour contracts and labour dismissals are in compliance with national labour laws. For example, Anglo Gold Ashanti has established its own “Employment Equity Philosophy” which details it hiring and dismissal procedures. The gold mining companies all provide on-site medical clinics for the use of their employees and all employ health and safety
compliance officers. Gold mining companies have also coordinated their efforts to comply with the Mining Industry Occupational Safety and Health (MOSH) initiative which ensures that the latest international safety criteria and methods are employed in gold mines all over the world. The promotion of human rights was also found to be a salient feature that the gold mining companies promote. For example, Gold Fields issues employees with a human rights “toolkit” which includes literature and a DVD explaining their basic human rights in the mining context.

8.3) Community and Stakeholder engagement and HIV/Aids and Black Economic Empowerment

The gold mining companies have focused their CSR efforts in this area on social factors within the community and they all publish separate community engagement reports. For example, the mines have placed special attention on engaging indigenous people about their mining operations and the possible effects they would have on their lands and communities. The gold mines have strived to achieve great transparency with regard to their mining operations and the effects on indigenous communities. The mines have also dedicated their CSR strategies to improving infrastructure such as roads, bridges, piped water and electricity in the areas of their operations. The mines support education programs and they have built schools in the rural communities and they continue to support scholarship and bursaries at the tertiary education level. During our research we found that the Gold mining companies maintain a high level of cooperation with local NGOs and many times coordinated their CSR programs with them. The gold mining companies also created dedicated consultation and debate forums to engage the community. Our research also found that the gold mining companies strive to respect and uphold the cultural heritage in the communities. For example, Anglo Gold Ashanti dropped plans for a developing a
new gold mine near an ancestral burial ground. The gold mining companies also integrated their CSR plans in accordance with local community aspirations and tended to mould their plans in order to address some of the most urgent communal issues such as unemployment and housing. We also found that the gold mining companies used inter-cultural training programs for their employees to ensure a harmonious workforce and to reduce inter-ethnic strife amongst its diverse workforce. The gold mining companies also supported entrepreneurship and self-starter business programs. For example, Gold Fields gives much of its subcontracted work to former employees who have established their own small businesses. All the mines have dedicated and detailed plans in the event of natural disasters and emergency relief plans for employees’ health and well-being. Finally, we found that the gold mining companies invested significantly in sport and recreation facilities for their employees. For example, Gold Fields sponsors their own football team which competes against other teams from other mining houses.

The gold mining companies were all found to have extensive and dedicated programs which address the HIV/AIDS pandemic. Programs to increase awareness and methods to mitigate the spread of the disease are employed by the mining companies. In addition they provide free and anonymous HIV testing and provide a commitment not to discriminate on the basis of the outcome of the test. With regard to Black Economic Empowerment (BEE) equity ownership principles, all the gold mining companies have met the minimum requirements for black equity ownership. The gold mining companies have also facilitated and supported the start-up of black owned mining companies. For example, Harmony Gold sold a 20% stake to African Rainbow Minerals, a mining consortium which was founded on BEE principles. The mining
companies have supported newly established BEE mining companies with technical expertise and training.

9) CSR in Diamond Mining in South Africa: A case study of De Beers, Petra Diamonds and Trans Hex Diamonds

During our research we found that the diamond mining companies in South Africa tended to report less about their CSR programs and agendas as compared to the gold mining companies. This was especially the case for the diamond mines who did not have a listing on an international stock exchange. There was also less transparency in the sustainability reports and a general paucity of information regarding future CSR strategies.

9.1) Environment

The larger diamond mining companies tended to report more details about their CSR programs than the smaller companies. Formal environmental policies adopted by the diamond mining companies encompass compliance with the national laws, reducing environmental devastation and land rehabilitation post mine closure. There is extensive research being conducted by the diamond mining companies in the area of environmental protection and preservation and there are plans for reducing energy consumption in mining operations. We also found that the diamond mines have established environmental management systems but there was a paucity of information regarding their success. They have established benchmark criteria for continuous improvement in environmental performance and dedicated programs for wildlife preservation have been undertaken. For example, Petra Diamonds has initiated a wildlife protection scheme with its protection of the “secretary” bird which is endemic to Africa and whose habitat is around the Koffiefontein mine. De Beers
launched the Venetia Limpopo Reserve which dedicates the protection of vast tracts of land to wildlife preservation. The diamond mines have also implemented environmental education schemes for its employees to ensure that each worker is aware of the mine’s impact on the environment. We found that there was a lack of detail regarding the diamond mines handling of tailings and their energy utilization.

9.2) Employee Health and Safety
The diamond mines focused their efforts in this area on employee vocational training and further education. Mine safety operating procedures were also highly prioritized. The diamond mines were found to all provide comprehensive health care for their employees as well as retirement and pension plans. All employees were found to have life insurance policies. The diamond mines also set goals for monitoring injuries and fatalities and there was a “zero tolerance” approach towards safety transgressions. The companies also established Risk Assessments to review areas which are the most susceptible to causing injuries and fatalities.

9.3) Community and Stakeholder engagement and HIV/AIDS and Black Economic Empowerment
During our research we found that there was a lack of consistency among the diamond mining companies regarding their community and stakeholder engagement. There was however a common emphasis on the following: consulting with indigenous people and ensuring there is respect for local traditions and customs, creating stakeholder forums for feedback analysis, encouraging employment in areas beyond the immediate vicinity of the mine and in non-mining employment and creating shared responsibility programs which aim to involve the local communities in the decision making progress.
We found that there was a lack of separate departments to deal with indigenous communities and there was indeed a general lack of transparency for compensation schemes for indigenous communities affected by diamond mining operations.

The diamond mining companies did create agreements with regional government in their areas of operation and they did align their CSR programs with the national governmental agendas such as development and empowerment. The diamond mining companies also favoured establishing philanthropic foundations which emphasize scholarships and bursaries at the tertiary level.

The diamond mines provided less detail in their CSR agenda with regard to the HIV/Aids pandemic. During our research we did not identify major standalone CSR programs that the mining companies engaged in to tackle the disease. The diamond mining companies showed keen commitment to working with NGOs in respect to Aids awareness and education campaigns. With regard to diamond mining companies’ commitment to the national Black Empowerment agenda, we found that all the diamond mining companies complied with the black equity ownership criteria and that they were fostering smaller black owned diamond mining initiatives.

Especially popular was the diamond mining companies entering into joint venture operations with newly formed BEE diamond mining companies.

10) Analytical comparison of CSR in Gold and Diamond mining companies in South Africa

Gold mining companies tend to disclose more details about their CSR agendas than do the diamond mining companies. During our research we found that there was a greater awareness amongst the gold mining companies of their obligations towards sustainable development. Both the gold and diamond mining companies have adopted
an increasing number of voluntary initiatives in order to expand and improve their CSR programs and both are moving towards an integrated CSR disclosure of their environmental, social and health agendas. Both are engaging with the communities in which they operate and both have displayed a commitment to stakeholder engagement. We also found that gold and diamond mining companies that have operations outside of South Africa, and in particular in Developed Nations, displayed greater details about their CSR programs. For example, De Beers operates mines in both Africa and North America while Petra Diamonds has operations which are confined to the African continent. We found that De Beers provided greater detail in its CSR operations than did Petra Diamonds. Yakoleva (2005) points out that “companies that are incorporated under legislation of developed countries in Europe, North America and Australia are more proficient in the development of CSR strategies” (p.100) This also confirms our findings that larger diamond mining companies tend to report more details about CSR than do the smaller diamond mining companies. On balance, we found that mining companies that mine more than a single metal or mineral also tend to publish more details about CSR than do those mining companies that mine just one mineral or metal. The gold mining companies tend to be better performers in formulating and implementing CSR agendas. We found that the diamond miners tend to be hampered by a lack of leadership and are also far more limited in their geographical scope of operations. In South African diamond mining there is a concentration of ownership in the hands of the De Beers group and due to its dominant position in the diamond mining sector it has been able to set the standard for CSR in the local diamond mining industry. We also found that there is more collusion between diamond mining companies and less transparency than in the local gold
mining industry. We concluded that collusion and lack of transparency is due to a diamond’s arbitrary value and the lack of a set pricing mechanism for diamonds.

11) Conclusion

In our comparison between CSR (Mining) and CSR (Non-Mining) in South Africa we found that CSR (Mining) is highly structured, broadly embraced and highly politicized in the framework of the country’s national agenda. In comparison, other sectors were found to be highly unstructured and uncoordinated. In our comparison between CSR (Mining) in South Africa and CSR (Mining) in Canada we found that CSR (Mining) in South Africa is widely embraced and moulded in terms of the country’s contemporary agendas. We also found that CSR in South Africa embraces the notion of patriotism. Moreover, CSR in the South African mining industry is primarily focused on addressing either the HIV/Aids pandemic or the government’s Black Economic Empowerment (BEE) agenda. In Canada, we found that the CSR agenda was framed around the expansion of Canadian mining companies into Developing Countries. In Canada, CSR was also largely framed in terms of the “business case” for CSR, which argues it is highly beneficial for profit maximization. Canadian mining companies also embraced CSR to boost their reputation and in order to achieve a shift in the balance in their decision making process away from purely technical and financial to a more human rationale. In our comparison between Gold and Diamond mining in South Africa, we found that the Gold mining companies published a large amount of detail regarding their CSR agendas. We also found that the Gold mining companies were very transparent in their CSR aims and their CSR goals mainly focused on environmental and social issues. In the Diamond mining industry in South Africa, we found that there was less information published about their CSR agendas especially within those South African diamond mining companies.
who did not have a listing on a major international stock exchange and that there was less transparency regarding their future CSR plans. We found that CSR in diamond mining companies tended to focus on environmental awareness and education programs.

The Marikana mine massacre underscores the growing dissatisfaction of mine labourers and communities with the lack of progress in several key areas that CSR mining policies are meant to address in South Africa. For example, the informal settlements around the mines continue to expand while the notorious mine hostels remain largely the same. Additionally, mining companies in South Africa need to do more than pay lip service to their commitment to CSR programs which often bear empty promises with regard to land and environmental rehabilitation post-closure of the mines.

This research study puts forward the argument of linking the theories of Rajak who stresses the importance of the HIV/Aids crisis in formulating CSR mining strategies and Hamann/Bezuidenhout who stress the importance of the Black Economic Empowerment (BEE) agenda in formulating CSR mining strategies. We believe that CSR policy formulation in the South African mining industry needs to address both these agendas simultaneously. This research study argues that both these theories are essential to understanding the origins of CSR within the South African mining industry and moreover, both these theories are essential in formulating future CSR strategies in the industry. By promoting only one of these theories, a myopic strategy is encouraged which promotes a vacuum in understanding CSR in the South African mining industry. This research study argues that only by incorporating both the HIV/Aids crisis and the Black Economic Empowerment agenda into CSR mining strategies, can truly meaningful CSR programs be formulated. Furthermore, our
research argues that the historical impact of Apartheid has had an enduring effect on both the Rajak and Hamann/Bezuidenhout theories, as only when we view the national topics of HIV/Aids and Black Economic Empowerment through the historical lens of Apartheid can we truly create CSR programs that incorporate contemporary relevance.

This research study acknowledges that CSR strategies within the South African mining industry cannot offer a blanket solution to all the industry’s problems; however, by formulating a CSR agenda that takes both the HIV/Aids crisis and the Black Economic Empowerment agenda into a joint policy, the maximum benefits possible from CSR can be attained. We conclude that by combining the HIV/Aids issue and the Black Economic Empowerment agenda into CSR policy formulation in the South African Mining Industry, CSR has the potential to not only achieve the national agendas of empowerment and transformation but to also meet the communal aspirations of job security and poverty alleviation.
12. Bibliography


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