BINDURA UNIVERSITY OF SCIENCE EDUCATION

AN ASSESSMENT OF THE CORPORATE SOCIAL RESPONSIBILITY IMPACT OF GOLD MINING IN BINDURA, ZIMBABWE: A case study of Freda Rebecca Gold Mine.

BY

DANIEL MASARA

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APPROVAL FORM

The undersigned certify that they have read and recommend to Bindura University of Science Education for acceptance; a dissertation with the title, “An Assessment of the Social Corporate Responsibility Impact of Gold Mining in Bindura, Zimbabwe: A case study of Freda Rebecca Gold Mine”, by Daniel Masara in partial fulfilment of the requirements of the degree of Masters in Business Leadership.

DANIEL MASARA ........................................ 28/02/2014
Student’s Name Signature Date

MASHAVIRA CHRISTOPHER B. ............................ .../.../20...
Supervisor’s Name Signature Date

Dr T. KAIRIZA ............................. .../.../20...
Programme Co-ordinator Signature Date

........................................ ............................ .../.../20...
Faculty Chairperson Signature Date

........................................ ............................ ...../...../20...
External Examiner Signature Date
DEDICATION

This dissertation is dedicated to my wife Jennifer and our daughters; Agatha and Angela who encouraged me to finish the dissertation during difficult times.
NAME OF AUTHOR: Daniel Masara


DEGREE FOR WHICH DISERTATION WAS PRESENTED: Masters in Business Leadership

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Signed…………………………………………………..

Permanent Address: Muchokwa Primary School
P. Bag 9, Jerera
Email: danmasara@gmail.com
Cell No. +263 772 772 159
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I cannot continue without mentioning my supervisor, Mr. Christopher B Mashavira for his advice, guidance, criticisms and encouragement that helped me in the course of the study. He was very patient and flexible all the time.

Finally, I would like to thank the Almighty, God for being a pillar of strength during the study. Thank you all.
ABSTRACT

The study sought to assess the impact of corporate social responsibility in Bindura, Zimbabwe using Freda Rebecca Gold Mine as a case study. The company tries to employ the world best mining practices but still there are accidents occurring at the workplace, cyanide leakages into water sources, air pollution and destruction to the environment. The society expects the mine to do something to reduce the problem. Hence, the researcher has to carry out the study on, “An assessment of the corporate social responsibility impact of gold mining in Bindura, Zimbabwe: A case study of Freda Rebecca Gold Mine.”

In this particular research, both quantitative and qualitative techniques were used when collecting data, which are desktop, questionnaire and interview techniques. The reason to triangulate was to enhance the validity of findings. Quantitative research was efficient in getting the structural features of social life and qualitative research was stronger in explaining processes. The strengths from both researches were brought together in a single study. In this study, the researcher obtained most of the literature reviewed from the journals and textbooks. The researcher had to make use of spreadsheet, graphs, tables and descriptive narrations to present and analyse collected data and information. The population of this study had 350 employees of the company including managers. A sample of one hundred employees and ten managers was used to gather pertinent data.

Most of the propositions were proven correct that the corporate social responsibility activity of the company has a positive impact on society but the corporate social responsibility policies are philanthropic and not developmental and the community is still concerned that the company should do more.

During the study, the researcher discovered that there was a mine closure policy, revegetation of disused grounds, support of vulnerable groups and local authorities.

It was recommended that all stakeholders must be engaged on the formulation and implementation of corporate social responsibility policies and selection of beneficiaries. The money set aside for mine closure must be invested with reputable financial institutions to safeguard it and maintain its value.

Further research must be carried on how the corporate social responsibility fits into the strategy of the company and the strategic alliances of the company and non-governmental organizations.
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LIST OF ABBREVIATIONS

AIDS: Acquired Immune Deficiency Syndrome

FRGM: Freda Rebecca Gold Mine

HIV: Human Immunodeficiency Syndrome

CSR: Corporate Social Responsibility

ASM: Artisinal and Small-scale Mining

WHO: World Health Organisation

USA: United States of America
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CHAPTER ONE

INTRODUCTION

1.1 Introduction

In this chapter, the background of gold mining at Freda Rebecca Gold Mine, situated in Bindura is presented in full. The other issues to be covered include a problem statement, purpose of the study, objectives of the study, research questions, hypotheses, significance, definition of terms, ethical considerations, research methodology, literature review and a summary.

1.2 Background to the Study

Mining is one of the major economic activities in Africa which contributes significantly to economic sustenance especially in the face of failing and/or dwindling crop production due to erratic rains. Operations, whether small-scale or large-scale, are inherently beneficial to the local communities surrounding the mining claims and processing plants. The minerals and mining sector in Southern African has experienced a revival in the past decade, with heightened levels of international, regional and occasionally domestic investment coming in the wake of a long commodities boom, new and promising exploration, the privatization of some state holdings and liberalization of mining investment codes (Saunders, 2003).

Rises in mineral production has increased the contribution of the mining sector to national Gross National Product (GDP). Although the exploitation of mineral resources is now considered to be one of the chief causes of pollution in Zimbabwe, there is growing realization that mining activities can be undertaken in a fashion whereby economic contributions are maximized, social conditions are improved, and damages to the environment are minimized. The majorities of the country’s mining ventures are involved in the
extraction of gold, platinum, nickel and recently discovered diamonds. Despite the widespread documentation of increased mineral production, minimal analysis has been undertaken to determine the impacts of the expansion of activities.

Freda Rebecca Gold Mine (FRGM) is situated near the town of Bindura, some 90km north-east of Harare, Zimbabwe. Mwana owns 85% of FRGM. FRGM lies on the central axis of the synclinal Mazowe-Bindura Greenstone belt. The geology of the area around FRGM is characterised by the Shamvaian sediments, diorite and granodiorite. The FRGM ore bodies are largely hosted by the Prince of Wales diorite and the Bindura granodiorite. The mineralisation is hosted within two major shear envelopes. Individual shears are variable in width and these two systems merge to the south west at depth flattening at around 850m elevation and extending into the metasediments. The shear system is characterised by a set of anastomosing shears separated by relatively underformed rock units.

The exploration, development and production history for gold in the Bindura area dates from 1912. The Freda oxide and the Freda and Rebecca sulphide gold deposits were discovered in 1987. Mine development commenced under Cluff Resources by two open pits removing oxides at Freda and sulphides at Rebecca. The first gold pour took place in 1988. Ashanti Goldfields Zimbabwe acquired the mine in 1996. Underground operations commenced at the Rebecca section in 1996. In 1998, the Freda pit was depleted and the Freda Rebecca Mine became a fully underground operation.

The mine ensures a safe working environment for its staff, positively affecting the communities in which it operates and minimizing the environmental impact of its activities. It simulates economic activities through the creation of jobs, development and support of local businesses, the use of local contractors, and the purchase of goods and services from nearby suppliers. As at the end of 2012, Freda Rebecca employed 450 permanent employees and about 80 contract workers. Preference during recruitment is given to the local community and 80% of the workforce is from Mashonaland Central province.
The company works with non-governmental organizations to improve the lives of the local people through supporting income generating projects and upgrading of schools in Bindura and paying school fees for vulnerable children. Freda Rebecca management actively engages with workforce representatives, which contributes to positive labour relations, through collaboration with management on issues such as wages, conditions of employment, occupational health and safety, and wellness issues such as HIV and AIDS. The mine also invests in future mining leaders by embarking on learnership programmes which are sponsored by Freda Rebecca Gold Mine at the School of Mines.

FRGM operated continuously for more than 17 years from 1988 to 2007. FRGM operations were put on care and maintenance in March 2007 due to adverse economic and operating conditions in Zimbabwe. Operations were then restarted in 2009. Today, FRGM comprises a shallow underground operation, currently mining at a depth of circa 200m and processes ore through a single facility utilising a combination of crushing, conventional sag milling, electro-winning and bullion smelting. This resulted in job losses and conditions of employment as the new owners came with new contracts.

Following the introduction, in Zimbabwe, of a number of proactive economic policies in early 2009, including, the dollarization of the economy, the review of gold marketing conditions to allow export of gold, and, the permission to remit proceeds of sales in foreign currency. These changes together with an improved gold price allowed Mwana Africa to embark on a two-phased programme to bring the mine back into production.

The first phase of this programme, including re-capitalisation of the mining fleet and refurbishment of one of the two mills, brought FRGM back into production targeting a production rate of 2,500 oz per month (30,000 oz per annum). Gold production at FRGM re-commenced in October 2009, and the production for the financial year to 31 March 2011 was 27,240 oz of gold, with 3,574 oz of gold produced in March 2011. The second phase of the programme included refurbishment of the second mill and expansion of the
leach circuit. In June 2011, the Company announced that the Phase 2 construction programme was completed with Mill 2 being successfully commissioned on time and within budget. Production for the financial year to 31 March 2012 was 47,770 oz of gold. The focus is now on improving mining and processing efficiencies to increase throughput and improve recoveries and thus, increasing gold production.

1.3 Problem Statement

Mining of gold has caused accidents at the workplace, cyanide leakages into dams, air pollution, and destruction of the environment and as such, the mine must give back to the community in which it operates, as a corporate social responsibility.

1.4 Purpose of the Study

The purpose of the study is to reduce the gap between the negative effects of gold mining to the local community and the benefits to be derived from gold mining activities. The study also tries to find ways of eliminating or reducing some of the problems arising from the company’s corporate social responsibility.

1.5 Objectives of the Study

This research will be guided by the objectives listed below:

1.5.1 To identify the best practices are in place at Freda Rebecca Mine.
1.5.2 To assess the company’s corporate social responsibility policies.
1.5.3 To establish the perception of members of the local community on the company’s corporate social responsibility and negative effects of gold mining in Bindura
1.5.4 To recommend practices that may reduce the negative impacts of gold mining in Bindura

1.6 Research Questions
The existence of the current problem has prompted a number of investigative questions which need some answers through the conducting of this research project. The following are the research questions that the researcher seeks well researched answers to find a lasting solution to the research problem:

1.6.1 Which best practices are in place at Freda Rebecca Mine?
1.6.2 How effective is the Corporate Social Responsibility policies of the company?
1.6.3 What are the perceptions of the members of the local community on the company’s corporate social responsibility and negative impact of the company’s mining activities?
1.6.4 What recommendations can be made to reduce the negative impacts of gold mining in Bindura?

1.7 Propositions

The following are the researcher’s intelligent guesses that could probably be the answers to the research questions of this study:

1.7.1 That Freda Rebecca Mines’ policies and operations are regarded as the mining sector best practices.
1.7.2 That the Mine has put in place effective Corporate Social Responsibility policies.
1.7.3 That the local community is concerned about the negative impact of the company’s mining activities?
1.7.4 That the recommendations of this study will go a long way to reduce the negative impacts of the company’s mining activities.

1.8 Significance of the Study

Once the research problem is solved or reduced, various stakeholder groups as stated below stand to benefit as they will be operating within problem free environments:

1.8.1 Freda Rebecca Mine:
The mine will benefit from this research project since the researcher will make necessary recommendations that are likely to improve that company’s corporate social responsibility. Improving corporative social responsibility improves the company’s image which ensures support from community and the Government of Zimbabwe.

1.8.2 The employees of Freda Rebecca Mine:

These are bound to benefit from the outcome of this study since improved corporate social responsibility also entitles the improvement of the working environment of the Mine. This implies that the employees would be working in a conducive environment which has a positive impact on their occupational health and safety at work place.

1.8.3 The Bindura Community:

The research is likely to benefit the Bindura community at large. Corporate social responsibilities include among other activities building schools, recreational facilities, and offering scholarship to poor students. This implies that the local community is likely to benefit to a large extend if the recommendations of this study are incorporated in Freda Rebecca Mine policies.

1.8.4 The Government of Zimbabwe:

The government is set to benefit from this study since the researcher will make necessary recommendations that ensure that the company engages in social responsibilities such as building schools and hospitals which is predominantly the role of the Government. This implies that the Government will be assisted in its role of ensuring social services to its citizens.

1.8.5 The Small Business Community:
Social responsibilities also require the Mine to consider tenders from local small to medium scale businesses. This means that the local small business society is going to benefit from this study.

### 1.8.6 Bindura University of Science Education:

BUSE is also going to benefit from this study in a variety of ways. A copy of this study will be submitted to the University Library which will go a long way to improve its limited literature.

### 1.8.7 The Researcher:

This research project will give the researcher the platform to boost his problem solving capacity as a manager. Managerial work requires experience in conducting research which improves the quality of decisions. This study will give the researcher the needed experience in research work.

### 1.9 Definition of Terms

- **Company:** Freda Rebecca Gold Mine
- **Local community:** People living in Bindura town
- **Employees:** Permanent and contract workers of the Freda Rebecca Gold Mine
- **Philanthropy:** The act of giving donating

### 1.10 Ethical Considerations

This research will proceed on condition that consent has been given by relevant authorities of the company. All respondents in the form of questionnaire respondents and interviewees will be informed about the purpose of the research and will be requested to offer their consents if they are to participate in the research process. A single copy of the research report will be presented to the authorities at Freda Rebecca Mine.

### 1.11 Data Presentation and Analysis Procedures
After collecting the data, the same will be subjected to a thorough analysis using descriptive statistics such as spreadsheets, tables, graphs and narrations.

### 1.12 Research Limitations

There were many players in the gold mining industry in Bindura and some were not registered. The researcher faced financial and time constraints because of the research period. Hence he used only one mine which is Freda Rebecca Gold Mine. This eased on transport costs for the researcher when distributing questionnaires and conduct interviews.

The company was suspicious to allow a stranger to carry out a research on its activities and the researcher wrote a letter seeking authority from the company that stated that information provided was considered confidential and that it was purely for academic purposes. The company agreed and it also helped respondents to freely give information they considered confidential.

Management availability was a challenge, but advance notice and program of events was given to management. Managers were always tied up with meetings and business trips. The researcher used leading questions to arrange the interviews with management.

### 1.13 Delimitations

The researcher gathered data for the study from Freda Rebecca Gold Mine for the period January 2009 to December 2013. The study was limited to corporate social responsibility impact of gold mining in Bindura, Zimbabwe for the same period. Respondents for the interviews and questionnaires were chosen from 350 employees of the company and those who were affected and benefitting from the company’s mining activities.
1.14 Summary

In this chapter, the areas discussed were background to the study, research problem, purpose and objectives of the study, research questions, propositions and significance of the study, definition of terms, ethical considerations, research methodology, literature review and a small recapitulation of the major activities discussed. In the following chapter, the research will quote and review literature that is found to be related to the current area of study.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In the previous chapter, the areas discussed were background to the study, research problem, purpose and objectives of the study, research questions, propositions and significance of the study, definition of terms, ethical considerations, research methodology, literature review and a small recapitulation of the major activities discussed. In this chapter, the research will quote and review literature that is found to be related to the current area of study.

2.2 Justification of Literature Review

The causes of the previous problems researched by the previous researchers and authors might very well be the same as causes of the current problems. The other reason is that the strategies that assisted in solving the previous problems might also be applicable in the current situation. Previous literature might also form the basis or the standard upon which to judge the current practices. In the case of identifying suitable strategies, those strategies have to be modified so they can fit in the current research environment, which is Zimbabwe.

2.3 Sources of Literature Review

Most of the literature is sourced from academic sources. Researchers can be assisted by sources that include newspapers, internet, unpublished scholarly works, etc. In this particular research study, related literature was sourced from textbooks, internet, unpublished scholarly work and published journals.
2.4 Discussion of Literature Review

This section of the research report presents literature that was found to be related to corporate social responsibility with special emphasis on Freda Rebecca Mine. The literature quoted will be analysed so as to bring out the actual causes of the problem under study. The original authors of the literature will be acknowledged in upkeep with the regulations of the Copyright law. This will also be done as a gesture of appreciation and gratitude by the current researcher.

2.4.1 Corporate Social Responsibility

Johnson and Scholes (2002;247) said, “Corporate social responsibility is concerned with the ways in which an organization exceeds the minimum obligations to stakeholders specified through regulation and corporate governance”. The World Business Council for Sustainable Development (2005) defines corporate social responsibility as the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. Fernando (2012;231) points out that the stakeholder theory of corporate social responsibility stresses that it is the manager’s duty to balance the shareholders’ financial interests against the interests of other stakeholders, such as employees, customers and the local community.

Hopkins (2013;15) said:

\[
\text{Corporate social responsibility is concerned with treating the stakeholders of the firm ethically or in a responsible manner. ‘Ethically or responsible’ means treating stakeholders in a manner deemed acceptable in civilized societies. Social include economic and environmental responsibility. The wider aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for peoples both within and outside the corporation.}
\]
2.4.2 Welfare

Betts (2000;471) described welfare to include health and safety at work, physical and psychological harassment, protection from personality clashes, avoiding jealousy practices, and banning coercion from managers and supervisors. He also included an outline of legal requirements, social responsibilities of managers and supervisors, considering work conditions, employee relations, equal opportunity, modern job design, workplace counseling and details of many fringe benefits. Armstrong (2001; 835) went on to include social and sporting activities, and restaurants. He also pointed out that child care facilities may be provided for individual employees but on a collective basis. He highlighted that there are arguments against the provision of welfare services, as doing so will be duplicating state activities.

The argument for employee welfare services at work was well put by Martin (1967):

*Staff spent at least half their working time at work or in getting to it or leaving it. They know they contribute to the organization when they are reasonably free from worry, and they feel, perhaps inarticulately, that when they are in trouble they are due to get something back from the organization. People are entitled to be treated as full human beings with personal needs, hopes and anxieties; that they are employed as people, they bring themselves to work, not just their hands, and they cannot readily leave their troubles at home.*

2.4.3 Theories to analyse and explain corporate social responsibility

2.4.3.1 Stakeholder theories

The stakeholder theory of the firm is used as a basis to analyse those groups to whom the firm should be responsible. As described by Freeman (1984), the
firm can be described as a series of connections of stakeholders that the managers of the firm attempt to manage. Freeman's classic definition of a stakeholder is “any group or individual who can affect or is affected by the achievement of the organization's objectives” (Freeman, 1984: 46). Stakeholders are typically analysed into primary and secondary stakeholders. Clarkson (1995:106) defines a primary stakeholder group as one without whose continuing participation the corporation cannot survive as a going concern, with the primary group including shareholders and investors, employees, customers and suppliers, together with what is defined as the public stakeholder group: the governments and communities that provide infrastructures and markets, whose laws and regulations must be obeyed, and to whom taxes and obligations might have been due.

The secondary groups are defined as those who influence or affect, or are influenced or affected by the corporation, but they are not engaged in transactions with the corporation and are not essential for its survival. The major divide within stakeholder theory is whether it is a coherent theory or a set of theories (Trevinão and Weaver, 1999). Effectively, the divide is whether stakeholder theory is a normative theory based upon largely ethical propositions or an empirical/instrumental/descriptive theory (e.g. Donaldson and Preston, 1995; Jones and Wicks, 1999). This remains a contentious area within the literature (Jones and Wicks, 1999; Freeman, 1999; Donaldson, 1999; Trevinão and Weaver, 1999; Gioia, 1999). In terms of the issue of social responsibility, the central issue is whether stakeholder analysis is part of the motivation for business to be responsible and, if so, to which stakeholders. Hamil (1999), adopting Donaldson and Preston's (1995) typology, finds that corporate giving is nearly always instrumental. An important question that has been addressed is to which groups do managers pay attention? Mitchell et al. (1997) develop a model of stakeholder identification and salience based on stakeholders possessing one or more of the attributes of power, legitimacy and urgency. Agle et al. (1999) confirms that the three attributes do lead to salience. Thus, we might anticipate that firms would pay most attention to those legitimate stakeholder
groups who have power and urgency. In practice this might mean that firms with problems over employee retention would attend to employee issues and those in consumer markets would have regard to matters that affect reputation.

Stakeholder groups may also become more or less urgent; so environmental groups and issues became more urgent to oil firms following the Exxon Valdez oil spill (Patten, 1992). We note from the current commercial approaches to CSR that stakeholder analysis is important, but that the rationale remains largely instrumental (WBCSD, 1999; Business Impact, 2000). However, there are elements that are also normative. For example, Business Impact begins by advocating that CSR should be based against set purposes and values, nevertheless such purpose and values are also linked to “contributing to the firm's reputation and success”.

2.4.3.2 Social contracts theory

Gray et al. (1996) describe society as a series of social contracts between members of society and society itself. In the context of CSR, an alternative possibility is not that business might act in a responsible manner because it is in its commercial interest, but because it is part of how society implicitly expects business to operate. Donaldson and Dunfee (1999) develop integrated social contracts theory as a way for managers to take decisions in an ethical context. They differentiate between macro social contracts and micro social contracts. Thus a macro social contract in the context of communities, for example, would be an expectation that business provide some support to its local community and the specific form of involvement would be the micro social contract. Hence companies who adopt a view of social contracts would describe their involvement as part of societal expectation; however, whilst this could explain the initial motivation, it might not explain the totality of their involvement.

One of the commercial benefits that was identified in the Australian study (CCPA, 2000) was described as “licence to operate”, particularly for natural resource firms. This might be regarded as part of the commercial benefit of
enhanced reputation, but also links to gaining and maintaining legitimacy (Suchman, 1995).

2.4.3.3 Legitimacy theory

Suchman (1995) defines legitimacy as a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions. Bringing together prior literature on legitimacy management including the strategic tradition of resource dependence theory (Pfeffer and Salancik, 1978) and the institutional traditions (DiMaggio and Powell, 1983), he identifies three types of organisational legitimacy: pragmatic, moral and cognitive. He also identifies three key challenges of legitimacy management that are gaining, maintaining, and repairing legitimacy. Suchman points out that “legitimacy management rests heavily on communication” therefore in any attempt to involve legitimacy theory, there is a need to examine some forms of corporate communications. Lindblom (1994, cited in Gray et al., 1996) notes that legitimacy is not necessarily a benign process for organisations to obtain legitimacy from society. She argues that an organisation may employ four broad legitimation strategies when faced with different legitimation threats:

- seek to educate its stakeholders about the organisation's intentions to improve that performance;
- seek to change the organisation's perceptions of the event (but without changing the organisation's actual performance);
- distract (i.e. manipulate) attention away from the issue of concern;
- seek to change external expectations about its performance.

Thus, there is a need to examine any particular corporate behaviour within its context and in particular to look for alternative motivations. Thus legitimacy might be seen as a key reason for undertaking corporate social behaviour and also then using that activity as a form of publicity or influence (Lindblom cited in Gray et al.1996 and in Clarke, 1998). A converse view to this, i.e. not that business uses its power to legitimate its activity but, rather that society
grants power to Business which it expects it to use responsibly is set out by Davis (cited in Wood, 1991): “Society grants legitimacy and power to business. In the long run, those who do not use power in a manner which society considers responsible will tend to lose it.” In effect, this is a re-statement of the concept of a social contract between the firm and society. We may begin, therefore, to examine the practice of CSR within business as potentially motivated by some form of principle as described in social contracts theory, analysed in the particular by some form of stakeholder analysis in order to provide enhanced reputation or legitimacy to the firm. This is, of course, not the only way to review the practice of CSR; however, the separation into principles, practices and outcomes is a way to assess performance in the area.

2.4.4 Corporate Social Responsibility in Africa

Ndlovu (2011) cited that while corporate social responsibility has increasingly become a fashionable concept in the literature, there remains a nagging feeling that its abstractness can render it meaningless. Indeed some businesspeople may be forgiven for thinking that amorphous terms such as social and community responsibility are well removed from their main business of creating wealth or contributing to the gross domestic product or output, tangible things that are at the centre of job creation. Notwithstanding this, and with increasing pressures on government to provide comprehensive social services against the background of globalization and liberalization pressures, there are suggestions that firms derive enormous benefits from participating in CSR activities. Sven Piederiet, the managing director of Bwalirwa Brewery in Rwanda, a subsidiary of Heineken International, describes it [CSR] as a corporation’s obligation as a money making enterprise to give back to society in whatever way it can, as well as playing an important role in the economic social development of the country’’ (Africa Report, 2010). For her part, Kirsty Jenkinson, senior analyst at F&C Asset Management, describes F&C’s
investment strategy as one that ‘‘encourages companies to maximise profits while acting in a responsible manner’’ (Jenkinson, 2005; 3).

Unlike many African countries (Goldsmith, 2003; Osuagwu, 2001), CSR in South Africa involves not only corporate citizenship (i.e., the integration of social and environmental considerations into all aspects of the enterprise’s operations) but also affirmative action and skills development to redress past apartheid ills—that is, fundamental change via government activities such as broad-based black economic empowerment (B-BBEE). Some of these initiatives, such as B-BBEE, have over the past 5 to 10 years descended into cronyism, invariably benefiting a small number of black ‘‘elites.’’ Nevertheless, it is noteworthy that the South African government did institute legislation that laid the foundation for CSR activities, with codes of conduct; as well as enacted labor laws that sought to provide ‘‘decent work’’ along the lines advocated by the International Labour Organisation (ILO). In addition, corporate social investment (CSI) in South Africa has emerged as a facet of CSR. It is also worth emphasizing that CSI is a South African phenomenon (Babarinde, 2009, pp. 359–361; Skinner and Mersham, 2008; 240), which, during the apartheid era, was regarded by the business community as necessary for survival in an uncompromising international atmosphere of sanctions and trade restrictions and growing domestic political unrest.

2.4.5 Consequences of corporate social responsibility

The benefits that organisations frequently find in adopting a socially responsible stance to their business include the following: an increase in their bottom line, greater access to capital, an enhanced brand image and corporate reputation leading to greater customer loyalty and the ability to attract and retain a quality workforce. Contributes to a positive bottom line CSR programmes have the capability to strengthen financial performance. An extensive analysis of the literature by Margolis and Walsh (2001) involved analysing 95 studies on the link between CSR and financial performance. Their conclusion was that the majority of these studies pointed to a positive correlation between a company's CSR and its financial performance. A similar
result emerges from a comparison of the Domini Social Index (DSI), an early socially responsible index, with the Standard and Poor 500 Index. "As of March 2003, the 10 year annualised return on investment for the DSI was 9.13%, compared to 8.54% for the S & P 500" (Abbey et al., 2004, p. 23). In addition, Frooman's analysis of 27 event studies in which socially irresponsible behaviour occurred, showed that companies that engaged in such behaviour and were found out suffered from immediate and permanent loss of wealth (1997). Greater access to capital CSR involvement has been linked to the ability to secure greater access to capital funds. The Social Investment Forum (2003) reported that in the United States U.S. $2.16 trillion in assets in 2003 were managed in portfolios that screen for ethical, environmental and other socially responsible practices. This represents 11.3% of the $19.2 trillion in funds under professional management in the US.

In Australia during the 2003 financial year $21.3 billion was invested in funds with Socially Responsible Investment guidelines (SRI), and this form of investment grew 625% over the 3 years from 2000 to 2003 (Ethical Investment Association, 2003). These figures suggest that companies that address ethical, social and environmental responsibilities will have access to a rapidly growing pool of capital that might not otherwise be available. Improves brand image and corporate reputation Rising community expectations have contributed to the shift in focus towards CSR activities (Skotnickki, 2000) when organisations look to improve their brand image and corporate reputation. In an age where the customer is viewed by the organisation as judge and jury for the ongoing success of its products and services, an increasing number of consumers are demanding the participation of corporations in genuine CSR efforts. Issues that are likely to be significant for customers in assessing an organisation's CSR are whether its products are 'sweat shop free' and 'child labour free', whether the organisation has a low environmental impact, and the degree to which its products are free of genetically modified ingredients.

Wilson (2000) notes that when price and quality are equal, 61% of consumers would likely switch to a retailer that was associated with a good cause and
68% would pay more for a product from a company linked to a good cause. Increasingly, consumers are factoring companies' general business practices, including community involvement and philanthropic activities, into purchasing decisions (BSR Staff, 2003). Companies associated with philanthropic behaviour and ethical business practices are perceived by consumers to be good corporate citizens, and are thus able to differentiate themselves from competitors and attract customer loyalty. The flip-side of building the organisation's brand image and reputation through sound CSR practices is that the organisation dramatically reduces its exposure to risk and potential loss of business. In her book, No Logo, Klein (2001) outlined the loss of reputation that Nike suffered from rolling 'swoosh' protests as a result of its employing sweatshop labour in the production of its footwear and garments. She described the effect that it had on Nike's revenues and future orders which, in 1999, were down for the second year in a row such that the only way that Nike was able to boost its profits was to cut its workforce and contractors, attraction and retention of a quality workforce.

Organisations which have a reputation of being com mitted to CSR often find that they can attract and retain quality employees because the organisations' values and practices are more closely aligned to the values that such individuals hold. This leads to productivity benefits from quality employees as well as a reduction in turnover and associated recruitment and training costs (Business for Social Responsibility, 2003). In today's highly competitive business environment, it is the commitment, loyalty and motivation of employees that is a critical element of organisational success (Dessler et al., 1999). CSR involvement can strengthen loyalty and commitment. For example, Wilson (2000) found that 90% of employees surveyed at companies with community programmes said they were proud of their companies' values, compared with 56% at firms not committed to a community cause and 87% reported a strong sense of loyalty to companies with such programmes. Development of leadership skills Organisations that adopt a CSR stance find that this leads to the development of leadership skills and a high level of motivation among employees who are inspired to become involved in CSR programmes. This might be an internal programme to reduce the
environmental footprint of the organisation, or it might be a volunteer initiative focused on assisting people in the local community. Both internal CSR programmes and CSR volunteer initiatives provide opportunities for employees to engage in activities that may differ from their normal tasks such that employees can develop and demonstrate their ability to take charge in new and challenging situations. Several companies have found that their volunteer efforts in the community have enabled them to identify leadership skills among employees that had not surfaced during daily operations (Business for Social Responsibility, 2003).

2.4.6 Gold Mining Environmental Impact

Environmental impact of gold mining has drawn more attention in the literature than any other aspect of gold mining locally, regionally and internationally. It is agreed that all types of mining, from alluvial mining to open-pit mining through to underground mining all have deleterious effects on the environment. Commentaries on the environmental impact of gold mining can be grouped into the following:

- Those that have given general environmental impacts of gold mining
- Studies that have presented case studies and specific environmental impacts
- Those that view environmental impacts of gold mining from a human rights issue point of view
- Commentators providing remedial action.

Both formal and informal small-scale mining have received a lot of attention in the literature for two reasons: (i) for its role in poverty alleviation and (ii) because of the alleged negative environmental impacts. The Centre for Development Studies, University of Wales, Swansea (2004) commented on artisanal and small-scale mining (ASM) world-wide observing that although Asia has the highest number of people involved in ASM, it is Latin America that has drawn most attention in the literature despite having fewer people
engaged in ASM. It was also observed that various studies have taken different approaches in studying ASM. For example, a large number of studies have taken a holistic approach that includes the sustainable livelihoods approach (Gilman, 1999; Labonne and Gilman, 1999); others have concentrated on specific aspects of the ASM industry, for example, the environmental consequences of ASM (Straaten, 2000)

The Centre for Development Studies however pointed out that there is a paucity of in-depth studies of ASM communities such as micro-level socio-economic studies, studies that seek to profile the needs of people living within ASM communities or those that consider artisanal mining from the perspectives of those who identify themselves as miners and live within these mining communities.

Focus has been on ASM in Third World countries since this is where activity takes place. The availability of literature however does not reflect the magnitude of the activity in any region. As pointed out by Kramcha (2004:4) that geographically the highest number of people involved in ASM are found in Asia but there is little coverage of their activities in the literature. Latin America however which has a smaller number of people engaged in ASM than Asia has received a lot of attention in the literature. Whichever the case however, the commentary on the environmental effects of large scale mining in Third World countries has received disproportionately low attention as compared to the attention on ASM. In fact very little has been written on the environmental impacts of large-scale miners. Both academics and environmentalists in most Third World countries have remained silent on how large-scale miners degrade the environmental.

Among others, those who have given general information on the environmental impacts of gold mining against which one can evaluate the performance of a certain mining project include the Environmental Law
Alliance Worldwide (ELAW) (2010). The Alliance has pointed out that all phases of gold mining from development, through site preparation, extraction and beneficiation have an impact on the environment. The ultimate environmental impacts however differ considerably depending on the method of extraction and beneficiation. Methods of extraction include open-pit mining which is regarded as the most destructive type of extraction requiring removal of all vegetation and complete destruction of the local habitat and local hydrologic system. The second type of extraction is placer mining which is normally related with the release of gold from stream sediments and floodplains and therefore it is associated with destruction of riverine ecosystems. Underground mining does not involve massive removal of the over-burden and therefore this is considered a less destructive method of extraction, creating a network of tunnels underground only. The final method of extraction that was mentioned is reworking of inactive or abandoned mine dumps and tailings as a result of the introduction of better beneficiation methods, which determine the nature of the environmental impact. Different beneficiation methods, whether physical or chemical have different environmental impact. In the final analysis however, the general environmental impacts of gold mining that one can expect at any mining site are as follows:

- Water pollution pointing out that the most significant impact of any mining project is its effects on water quality and availability
- Atmospheric pollution including particulate matter and gas emissions (noise and vibrations were included as part of atmospheric pollution)
- Impact on wildlife including habitat loss and fragmentation
- Impact on soil quality.

The European Bank for Reconstruction and Development (2010) commented exclusively on the impact on the environment of open cast mining, and health and safety issues that should always be considered in the development of open cast mining. The Bank agrees to a large extent with ELAW (2010) on the
significant environmental aspects affected by open cast gold mining. The following are some of the impacts that are emphasised:

- **Degradation of water resources**: This occurs due to the following (i) drawdown of groundwater levels leading to drying up of wells, (ii) diversion or damming of surface water courses, (iii) contamination of water by uncontrolled site discharges, (iv) contamination during gold processing, (v) generation of wastes – top soil and overburden and hazardous wastes from gold processing

- **Land use and biodiversity**: Affected by excavation of area, dumping of waste materials on land away from the site of interest and infrastructure development

- **Dust**: Generated by blasting, excavation, moving equipment, traffic on unsealed roadways, loading and unloading operations, stockpile stacking, beneficiation processes (crushing, grinding, compaction and drying)

- **Fires and explosions**: Where there is use of explosives and coal

- **Geotechnical stability**: Landslides, rock falls, face slumping or land collapse

Specific aspects of environmental impact of gold mining were discussed for example by Ogola, Mitullar and Omulo (2002) who gave details of environmental impacts of artisanal gold mining in the Migori Gold Belt in Kenya. The authors attempted to quantify the various additives to the environment and their health effects. They reached the conclusion that the concentration of heavy metals, Pb (lead), As (arsenic) and Hg (mercury) at mine sites, stream sediments and water far exceeded the recommended values of the World Health Organisation (WHO). The concentrations of Pb and As in the Macalder stream were 13.75mg L⁻¹ and 8.04mg L⁻¹ respectively against the WHO recommendation of 0.05mg L⁻¹ for both metals. Poisoning from lead was particularly emphasised pointing out that it does not breakdown naturally but it impairs the nervous system, it affects foetus development, and it affects the IQ of infants and children.
Jerie and Sibanda (2010) agree with Ogola et al (2002) that international standards are being neglected in gold mining operations. Examining the environmental effects of effluent disposal at Tiger Reef Mine in Kwekwe they found out that the chemical composition of the effluent did not meet the standards set by WHO which Zimbabwe follows and that this has dire health implications. McKinnon (2002) who examined the environmental effects of gold mining waste disposal at Likir Gold Mine, Papua New Guinea also share the same view pointing out the health issues associated with cyanide disposal. McKinnon (2002:7) pointed out that, “The most common environmental problems are likely to result from the chronic contamination of surface and ground water by lower concentrations of cyanide and related breakdown compounds. Such chronic releases are much more difficult to notice and evaluate than are acute high concentration spills that are often associated with rapid, observable deaths of aquatic organisms.” Indeed, when examining environmental impacts of gold mining, one should not focus on those impacts that are felt immediately but one should also consider the long term and creeping impacts that can be devastating. Chimonyo and Mupfumi (2011) raised two issues that have immense implications on gold mining and the environment in Penhalonga, Zimbabwe:

- International mining operators operate under different environmental standards in developing countries where their host government has extreme economic pressure
- A Code of Practice (such as the mandatory Environmental Impact Assessment in Zimbabwe) is not enough as this may simply be a way of persuading shareholders, the public and officials that everything is “right” but when everything is “wrong” on the ground. There is, therefore need for independent outside monitoring of performance and activities of the mining company.

McBain-Haas and Bickel (2005) have looked at the issue of environmental degradation due to gold mining from a human rights point of view. They viewed the case of gold mining at Marlin Gold Mine in San Marcos in Guatemala as a sure case of violation of human rights since the mining project
and the ensuing environmental impacts affected communities’ access to livelihood resources and sources.

There has been much comment on the use and disposal of mercury and cyanide, two very important chemicals in the beneficiation of gold at all scales of gold mining, whether small- or large-scale mining. Cyanide use has particularly come under the spotlight. McKinnon (2002) reports that the United Nations Environment Programme (UNEP), working with the partnership of the International Council of Metals and the Environment (ICME) convened an international meeting on cyanide and gold in Paris in 2001 and that there was consensus at the meeting that there should be Code of Practice and Management Systems in cyanide disposal. McKinnon (2002) recommended that, in view of conclusions reached at this meeting, the mining operation needs to:

- Use the minimum effective amounts of cyanide required to recover metals.
- Dispose of cyanide in a way that eliminates or minimizes environmental impacts. A contained tailings dam or enclosed vats allowing recycling can bring this about.
- Monitor all operations, discharges and the environment to detect and deal with any escape of cyanide and subsequent impacts of that release.
- Stay abreast of the latest recycling techniques. For example there are two new technologies available: the acidification-volatilization absorption (AVA) method for recycling of cyanide, and a process called the Degussa peroxide process for detoxification of cyanide.
- Identify and implement appropriate options for reusing, recycling and disposing of residual cyanide from plant operations.

There has also been much comment on the use of mercury as well including in artisanal gold mining in Zimbabwe. In all case studies of the environmental impacts of gold mining, there are always sections that are devoted to the health impacts of mercury (Ogola, Mitullar and Omulo, 2002; Jerie and Sibanda, 2010). There are, however some publications that were concerned more with
remedial action to reduce mercury contamination rather than simply pointing out at the health implications. Maponga and Ngorima (2003) suggest that mercury impact on the environment can be reduced through education and legislation. Metcalf and Spiegel (2007) reporting on the Global Mercury Project Activities in Zimbabwe 2002-2007 agree that there is need to educate communities on the impacts of mercury on health and the need to adopt new technologies.

There are many reasons why there has been much comment on the impacts of cyanide and mercury. To begin with, these two chemicals are the most used in gold beneficiation. Second the chemicals pose a serious environmental and health hazard. Mercury contamination has two pathways: releases to water bodies as inorganic mercury but soon becoming organic mercury when it is consumed by fish and other aquatic or it is released into the air when the mercury-gold amalgam is heated. There has been much comment on the environmental and health effects of mercury, for example Ogola et al (2003) and Jerie and Sibanda (2010). It is pointed out that once the mercury has accumulated in the human body it attacks “the central nervous system causing numbness and unsteadiness in the legs and hands, awkward movement, tiredness, ringing in the ear, narrowing of field of vision, loss of hearing, slurred speech, loss of sense of smell and taste and forgetfulness”, (Ogola et al, 2003:150).

Jerie and Sibanda (2010) added the following health and environmental problems: depression and exaggerated emotional responses which can be mistaken for alcoholism, fever and malaria, dysfunctional kidneys, unitary tract infection, vomiting and potentially death.

Cyanide also has devastating environmental and health problems. Fish and other aquatic life are killed due to the blockage of absorption of oxygen resulting in the suffocation of the organism. Birds and mammals are known to
have died after drinking from cyanide drainage ponds if they are not properly protected. Other effects of cyanide poisoning include inhibition of reproduction in many species, delayed mortality, pathology, and susceptibility to predation, disrupted respiration, osmoregulatory disturbances and altered growth patterns (Flying and McGill, 1995). Middler (2001) has pointed out that other problems arise from the formation of cyanide related compounds such as thiocyanite, cyanite, ammonia and nitrate. Thiocyanite, ammonia and nitrate are particularly problematic because they are toxic to aquatic life. He went on to say:

*One form of pollution that is very serious even after mining has stopped is acid drainage from mine dumps where sulphide minerals are present. The acid comes from the oxidation of the sulphide minerals so that sulphuric acid and ferrous hydroxide are formed. The sulphuric acid gives the very low pH values while the ferrous hydroxide gives the jelly-like orange colouration of water in nearby streams. The presence of sulphuric acid leads to further water pollution when it attacks other metals such as lead, copper, zinc, cadmium, nickel and arsenic. Contamination of water sources from sulphuric acid not only kills aquatic life, but it also pollutes the soil and underground water sources.*

All mining activity is associated with air pollution. The air pollution that is considered very dangerous is when the dust contains silica. Ogola *et al* (2003) agree with Mossman (1993) that exposure to silica dust causes silicosis which occurs in three different ways:

- **Chronic or nodular silicosis** which is caused by the inhalation of quartz particles which may lead to heart or respiratory failure
- **Acute silicosis** due to the inhalation of a high concentration of fine particles of silica filling up the lung airspace and making the heavy and breathing difficult
• *Accelerated silicosis* which develops 5-10 years of exposure to silica dust with death resulting from cardiopulmonary failure within 10 years of the onset of symptoms.

### 2.4.7 Socio-economic impacts of gold mining

The issue of social and economic benefits and that of ownership of mineral resources has only been recently added to development discourses in Zimbabwe. Internationally however, the issue has been on the development agenda for some time. There have been many initiatives that were instituted to try and address the issue of benefits to local communities and ownership of the resource. As long ago as 1952, the United Nations General Assembly has been a focal point for the development of the doctrine of Permanent Sovereignty over Natural Resources, which meant that the regulation of natural resources would be within the domestic jurisdiction in which the resource was located. Although the intents of the doctrine were blocked by the USA and most European countries, increasingly Permanent Sovereignty is being considered in debates regarding environmental protection and sustainable development of natural resources. The issues being considered include whether international law should impose obligations on state authorities in relation to management of resources located within the country.

Environmental Law Alliance Worldwide (2010) made the following comment:

*The social impacts of large-scale mining projects are controversial and complex. Mineral development can create wealth, but it can also cause considerable disruption. Mining projects may create jobs, roads, schools, and increase the demands of goods and services in remote and impoverished areas, but the benefits and costs may be unevenly shared. If communities feel they are being unfairly treated or inadequately compensated, mining projects can lead to social tension and violent conflict.*
Conflict and tension normally arise where the mining activity has affected subsistence and livelihoods of the local communities. Factors that affect the social fabric of the local communities include the following:

- Human displacement and resettlement
- Migration (both emigration and immigration)
- Loss of access to livelihood resources including clean water
- Health risks
- Infringement on cultural and aesthetic resources

The European Bank for Reconstruction and Development (2009) has written on human rights, local communities and indigenous peoples in relation to large-scale mining development pointing out that, because of lack of title, the local people are vulnerable to eviction with little or no compensation at all and those who remain suffering economically because of loss of traditional livelihood resources. The Bank also points out the social problems that may arise due to the influx of migrant workers including health issues. It is not only during the life time of the mine that social problems can be experienced. There can be problems as well when the mine closes down when people who previously depended on the mine find themselves without an income or accommodation. The Economic Commission on Africa (2002) also discusses the issue of human rights in relation to mining.

It is a paradox that in most developing countries the possession of large deposits of precious minerals such as gold has not translated into boosting the country’s economy. It has been noted that in some cases the presence of large deposits of mineral resources contributes to increased poverty for many reasons including mismanagement and institutional corruption (Siden and Johns, 1990; Gelb et al, 1988; Auty, 1990). Some have observed that even where there is national economic growth, the benefits may not be equitably
shared so that the local communities closest to the source of the mineral suffer most.

The paradoxical situation is clearly illustrated by the Zimbabwe situation as explained by Saunders (2008). It seems despite the huge mineral base of the country the local population has not benefitted from the mineral wealth as they are left out from playing an active part in the extraction and marketing of the minerals. It is seen that most of the mineral exploitation in the country is done by foreigners despite the government’s indigenisation policy. Saunders (2008) states that this policy has largely failed, making the following observation:

Similar questions over the degree and direction of local benefit as well as the public accountability of foreign investors, apply to most of the market entrants who arrived in the 2000s. A deepening pattern of marginalization of mining communities, independent business entrepreneurs and indeed state regulatory and producer agencies themselves, has seemingly become entrenched. There is scant evidence of a state-based strategy to systematically encourage and extract public value from new foreign mining investment. In contrast, recent policy-making focus has typically been devoted to the question of individual ownership stakes, rather than matters of performance, production, reinvestment and other crucial, more broadly developmental issues that are vital to the revival and growth of the mining sector.

Agreeing with Saunders (2008), Hawkins (2009) points out that it is inconceivable for local communities to benefit from the mineral resources of the country since there is no room for a trickle-down effect. The situation was going to negatively affect the recovery rate since most of the wealth is in the hands of a few and in most cases in the hands of foreigners.
2.5 Summary

In this chapter, areas that were discussed are justification of literature, sources of literature review, discussion of literature review and a summary of major topics discussed. In the following chapter, the research will explore different methodologies that were used to gather relevant information.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

In the previous chapter, the research quoted and reviewed literature that was found to be related to the current area of study. Areas that were discussed are justification of literature, sources of literature review, discussion of literature review and a summary of major topics discussed. In this chapter, the research methodology that was used to collect pertinent data was discussed.

3.2 Research Design

“The research design is the overall plan for relating the conceptual research problem to the relevant and practicable empirical research,” Ghauri and Gronhaug(2010). Blumberg(2011;501) said, “A research design is a blueprint for fulfilling research objectives and answering the research questions”. Zikmund(2011;65) said, “A research design is a master plan specifying the methods and procedures for collecting and analyzing the needed information”. In this particular research, both quantitative and qualitative techniques were used when collecting data, which are desktop, questionnaire and interview techniques. The reason to triangulate was to enhance the validity of findings. Quantitative research was efficient in getting the structural features of social life and qualitative research was stronger in explaining processes. The strengths from both researches were brought together in a single study.

The research report has been composed of five chapters. The introductory chapter covered the background of gold mining at Freda Rebecca Gold Mine, situated in Bindura, in full. The other issues covered included a problem statement, purpose of the study, objectives of the study, research questions,
hypotheses, significance, definition of terms, ethical considerations, research methodology, literature review and a summary.

Chapter two quoted and reviewed literature that was found to be related to the current area of study. Chapter three focused on the methodology that was used to collect pertinent data. Tools used to collect pertinent data were face to face interviews, questionnaire and desktop research.

Chapter four focused on presenting data collected through interviews and questionnaires. The data was subjected to analysis to find out the exact cause of the research problem. The data were presented as graphs, tables and narrations. Chapter five covered a comprehensive summary of the entire research process, drawn conclusions, evaluated research propositions and suggested recommendations and areas of future research.

3.3 Research Subjects

The target population in the research study comprised of 350 employees of Freda Rebecca Gold Mine. A sample of eighty employees and ten managers was chosen. Random sampling procedure was used to select respondents as people were given questionnaires as they entered the canteen for tea. Eighty-five respondents completed and returned questionnaires and six managers were interviewed. The targeted respondents for face to face interviews were ten and only six managed to do the interviews.

3.4 Research Instruments

This section of the research report presented the methodology that was used to collect, present and analyse data to bring out the actual causes of the problem under study.
3.4.1 Research Questionnaire Technique

Definition of the Questionnaire Technique

According to Manson and Bramble (1995) a questionnaire is a tool for collecting data and a measure that represents a set of written questions to which all individuals in a sample respond. The researcher used a questionnaire because it helped in eliciting information from respondents.

Advantages of the Questionnaire Technique

Questionnaires are familiar to most people and nearly everyone had some experience completing questionnaires and they generally do not make people apprehensive and as such, most if not all of the subject were familiar with questionnaire which accuracy of the answer. The use of questionnaire enabled the researcher to collect a larger quantity of data from a considerable number of people over a relatively short period of time. This gave the researcher ample time to analyse the information.

The questionnaire could result in better information being obtained. The respondents had enough time to consider their answers and some could consult each other on certain circumstances. Another advantage is that the different responses given or filled in will still need to be used for future references. The questionnaire also allowed a wide coverage of respondents at a minimum cost in terms of time and finance and a researcher without research experience could administer the process of data gathering.

Anonymity of respondents was maintained and therefore respondents were free to give unbiased answers without the influence of the researcher. Respondents were not under pressure to give immediate responses as they were given a week to fill the questionnaire. The researcher could not identify who filled the questionnaire as a staff member from the Human Resources
department was administering the distribution and collection of the questionnaire copies.

**Disadvantages of the Questionnaire Technique**

The questionnaire was relatively easy to design, but good questionnaires represent a significant investment in time and effort to prepare. The researcher needed to come up with clear and unambiguous questions which would not provoke respondents but still be able to solicit relevant data. The researcher made use of colleagues and workmates to pilot test the questionnaire. Some respondents would not return the questionnaires as they were not obliged to participate in the research study. The researcher explained to respondents the importance of their participation and that it was a request and not an obligation. Staff members from the company personally delivered questionnaires and collected them during tea breaks.

**3.4.2 Face to Face Interview Technique**

**Definition of the Face to Face Interview Technique**

Nachimias and Nachimias (1996:232) described a face to face interview as an interpersonal role situation in which an interviewer asks respondents questions designed to elicit answers pertinent to research propositions. “An interview is a data collection technique that involves oral questioning of respondents, either individually or as a group”, (Krefting, 1991).

**Advantages of the Face to Face Interview Technique**

The main purpose of the interview is to find out what people hold but the researcher used it further to elaborate and corroborate issues raised in questionnaires, hence increased the validity and reliability of information collected. Face to face interview was more flexible in that respondents were within the organization and could be reached and interviewed without incurring extra travelling and telephone expenses.
People working for the organization had better knowledge and information about the company policies than other members of the society. These workers were also part of the society and were also affected by the actions of the company they were working for as members of the society. The other advantage was that only respondents thought to have relevant information were chosen and that also saved time and other resources.

Face to face interviews made it possible to reframe and rephrase questions that appeared to be vague where it was necessary to do so. Ambiguities were clarified and incomplete answers were probed further. Interviewees were not influenced by others in the group and that enabled respondents to give their own opinions. The interviewer managed to read gestures from respondents.

**Disadvantages of the Face to Face Interview Technique**

It was time consuming to set up, interview, transcribe, analyse, and get feedback information from face to face interviews. The researcher used leading questions to set up interviews and made points as the interviewee responded to avoid irritating the respondent. Interviewees understood interviews in different ways and there was need to avoid irritating respondents. To counter this, the researcher made sure the interview would not last for more than thirty minutes.

**3.4.3 Desktop Research Technique**

**Definition of Desktop Research Technique**

Nachimias and Nanchimias (1996:304) described desk top research as secondary data analysis which refers to research findings based on data collected by others for other purposes. Piaget (1998) defines secondary research data as second hand sources of information. Such information is obtained from text books, journals, magazines, the internet, data base.
However, in this research study, data was gathered from textbooks, internet and journals.

**Advantages of Desktop Research Technique**

The more obvious method of desktop technique is that data was readily available. Information from the data sources was readily simplified and could easily be understood by the researcher. A network of archives in which the survey data files could be collected and distributed was readily available. This area of study had been researched on by many authors as this had become of more interest globally as the companies are expected to act as responsible citizens.

It was considerably cheaper and faster method of data collection. The researcher made use of journals and textbooks which were readily available in the college library. Some of the journals were downloaded from the University website because the college subscribed to the renowned publishing houses. The researcher made use of textbooks that were bought for study purposes to get information on the subject under study. References from the journals provided the researcher with more information on books for further reading.

**Disadvantages of Desktop Research Technique**

Secondary analysis could be used in irresponsible ways. If variables were not the same as those wanted by the researcher, data could easily be manipulated and transformed in a way that might have lessened the validity of the original research. To counter that problem, the researcher read widely in order to obtain relevant data.

**3.5 Data Collection Procedures**

The researcher formulated questions being guided by the research objectives, the research problem and research topic. A pilot interview was carried out
using fellow employees and some lecturers. Necessary changes were effected taking into account comments made by those used in the pilot test.

These are the steps taken administering the instrument and collection of data from research subjects to ensure timely gathering of data. Access was first sought from Freda Rebecca Gold Mine authorities and individual respondents. The researcher introduced himself to the respondents and then explained the purpose of the research. He also explained the issue of confidentiality and thereafter started to collect the information. A total of one hundred questionnaire copies for employees were hand delivered to the selected respondents and responses were expected to be collected back when completed as the workers left the canteen. The researcher collected the completed questionnaire within after one week through the Human Resources department.

Questions were formulated for the face to face interviews. Those also went through the same process as the research questionnaire before being delivered to the targeted respondents. Interviews were arranged with the targeted respondents and each interview was carried out in less than thirty minutes. Ten senior managers were identified but only six were interviewed. The researcher prepared interview schedules and gave them to the managers in advance after booking a meeting with them. Some meetings were difficult to arrange as targeted managers were busy.

On the desktop research, the researcher used the Bindura University of Science Education library. Textbooks and journals were read and the researcher selected only the literature which was relevant to the topic. World situations on the topic were used as well as the continental and Zimbabwe situations. The researcher downloaded cases from the internet and chose only those that had relevant information sought.
3.6 Data Presentation and Analysis Procedures

A summary of questionnaire responses was drawn and presented in the form of graphs, pie charts and tables. The interview questions that had some open-ended question responses were analysed qualitatively. Responses generated were coded so as to give the meaningful descriptions regard to the information sourced in relation to the objective of the study. The data was then presented quantitatively in graphs and tables. Comments were made to qualify responses as presented by graphs, pie charts and tables.

3.7 Summary

This chapter focused on the research methodology that is the research design, the instruments supplemented the design and the population targeted by the researcher or the sample. It also focused on the sampling techniques to be and reasons behind such. It also gave justification of the instruments and research design. The chapter included data collection, presentation and finally analysis. The descriptive survey method was found to be ideal for this study since it allowed coverage of a wide population. After collecting the data, the following chapter dealt with how the collected data was subjected to a thorough analysis using descriptive statistics such as spreadsheets, tables, graphs and narrations.
CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

In the previous chapter, research methodology was discussed where the ways of collecting data namely the interviews and self-administered questionnaire were discussed. This chapter focuses on presenting data collected through interviews and a questionnaire. The data was to be subjected to analysis to find out the exact cause of the research problem.

Table 4.1 Questionnaire Response rates

<table>
<thead>
<tr>
<th>Copies distributed</th>
<th>Copies returned</th>
<th>Success rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>85</td>
<td>85%</td>
</tr>
</tbody>
</table>

The researcher distributed one hundred questionnaire copies and eighty-five were returned to give a response rate of eighty-five percent. The researcher considered this enough to be representative of the total population. Some of the employees could not come to the canteen and some refused to complete the questionnaire.

Table 4.2 Interviews response rate

<table>
<thead>
<tr>
<th>Targeted interviews</th>
<th>Interviewed</th>
<th>Success rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>6</td>
<td>60%</td>
</tr>
</tbody>
</table>

Six people were interviewed out of the targeted ten people to give a success rate of sixty percent. The managers had been busy and it was difficult to interview all of them because some had foreign trips to make. They needed to clear their assignments before embarking on those trips.

4.2 Data Presentation Process
The data that had been collected was presented in this section of the research report. A thorough analysis had been done with the aim of revealing the actual causes of the research problem. The data was presented in the form of graphs, tables and narrations.

**Figure 4.1 Employees’ length of service**

Fifteen respondents had worked for the company for less than one year, thirty of them worked for the company between one and five years, another fifteen worked for the company for six up to ten years, twenty-five respondents had more than fifteen years of service with the company. None of the respondents had worked for the company between eleven to fifteen years. This may be attributed to the fact that some employees left for greener pastures in 2008 and most employees were new to the company because others were retrenched leaving only a few experienced staff.
Figure 4.2 Employees’ level of education

Five respondents had primary education as their highest academic qualification, fifty had secondary education, ten had high school, ten were degreed and five had post graduate diplomas. Respondents who had secondary education and degrees were the ones occupying administrative jobs and artisans. It showed that most mine workers had secondary education and those formed the bulk of the workforce. They can be trained to attain diplomas in mining to become artisans and could also be trained to do clerical jobs. The workers with high school education and university degrees would be trained into middle management and senior management posts respectively. Senior executives were ones with post graduate diplomas.
Among the respondents were 25 unskilled workers, 25 artisans, 15 clerical, 20 professionals but none from the executive staff. The mining environment is dominated with unskilled staff as general workers and artisans. The unskilled workers worked as general hands and assistants to the artisans. Artisans were those employees with diplomas or those who went through trade testing in their respective fields, for example in mechanics or electrical fields. Professional employees are those who offer specialist services to the company in the fields of law, health and welfare. Clerical or administrative staff offer support services to those who are directly into mining activities of the company. Executives were the senior managers of the company who are in overall charge of the mining operations, for example General Manager.
The respondents who completed and returned questionnaires were seventy-six percent men and twenty-four percent female. This is a male dominated environment. Few female employees were involved directly in mining activities. The female employees were employed as support workers, administrative and managerial positions. Male employees were found in all sections or departments in the company. This was attributed to the nature of the mining activities which are heavy and accidents which occur during mining activities. Women were fond to be afraid of the dangers and the company recruited mostly men in mining positions.

The other contributory factor is that African women still believed that certain jobs were reserved for men. Top positions in the company are dominated by men and women occupy the middle management positions and clerical jobs. There was a strong belief among mine workers that men must always lead and that women should accept their place as followers. It was discovered that educated women are now willing to take the challenge and they are now taking responsibilities which were earmarked for their male counterparts.
Figure 4.5 Company against discrimination

It shows that the company takes adequate steps to prevent all forms of discrimination. Fifty-five respondents and twenty respondents showed that they agreed and strongly agreed steps were being taken to ensure there was no discrimination at the workplace respectively. Ten respondents said they were uncertain and none of the respondents disagreed or strongly disagreed with that point steps were being taken to prevent discrimination.

The company employed 80% of the workforce from people around Bindura town. The ten respondents who were uncertain might have been coming from other towns or countries. These had been employed because of their specialist skills or experience. Those who agreed that the company took steps to ensure there was no discrimination might be from around Bindura town. Employing only people from Bindura town was regarded by some employees as tribal discrimination as the company was mining a natural resource which must be shared nationally.
Seventy-six percent of the respondents agreed that there was a health, safety and welfare policy, eighteen percent strongly agreed and six percent strongly disagreed. None of the respondents disagreed or were uncertain about the policy.

The company went to the extent of celebrating some free accident working days. There were cards which the company used as a punishment for breaching health, safety and welfare rules. The green card was used as a warning to the perpetrator and the red card would mean that the culprit would be suspended. An employee would not be allowed to enter company premises without proper safety clothing or while drunk. There was an ART programme where people living with HIV and AIDS were given free treatment. The company went on to support clinics from surrounding areas under the same programme. The company was also involved in clean up campaigns around the town and for the programme to a success, they partnered with other organizations like the Environmental Management Authority in clean up and fire prevention campaigns.
At the end of the year 2012, there were no fatalities which occurred since the company resumed operations in year 2009. The implementation of proactive management safety programmes resulted in the loss injury frequency rate remaining low at 0.67. The company achieved accreditation for OHSAS 18001:1999 standard for occupational health and safety in March 2012. The management of the company engaged with workers’ representatives through collaboration with management joint forums on issues such as wages, conditions of employment, occupational health and safety, and wellness issues such as HIV and AIDS.

The company provided medicine, education and training for the prevention and treatment of malaria and HIV and AIDS, as well as infectious diseases such as tuberculosis. The company staffed and funded an occupational health care called Wellness Centre for its employees and their dependants, as well as the local community. This programme resulted in lower occurrence of HIV infections than the national average.

![Pie chart showing responses to the question of company offering good work life balance](image)

**Figure 4.7 Company offering good work life balance**

The company does not offer a good work life balance as shown by the responses. Seventy percent of the respondents strongly disagreed, twelve
percent disagreed and eighteen percent of them were uncertain whether there was such a policy to have flexible working conditions. None of the respondents agreed or strongly agreed to the fact that there was good work life balance in the condition of employment. This means the company was not flexible in terms of working hours and allowing employees to work from home.

This was not peculiar to Freda Rebecca Gold Mine only as this had been a situation to most companies in Zimbabwe. The culture in Zimbabwe was that people should work from their offices under supervision. The people from the company highlighted that the nature of some of the jobs like mining needed to be carried from the mining site and only clerical or administrative jobs would be flexible. Some clerical and administrative duties involved handling of confidential information about the company.

![Figure 4.8 Company conserves energy](image)

The employees believed that the company took steps to conserve energy as eighty-two percent agreed and eighteen percent strongly agreed. None of the respondents disagreed, were uncertain or strongly disagreed. Workers were encouraged to make use of natural light during the day and switch off lights.
Heaters were discouraged and tea was made at once for all employees to conserve electricity. Energy saving bulbs were used to save energy in a bid to complement human effort. The company supplemented electrical energy by using coal and gas.

Freda Rebecca Gold Mine limits the impact of its operations on the environment through responsible waste disposal and prevention of pollution. Proactive measures are taken by the company to conserve biodiversity, and to establish habitats disrupted by vehicle movement, waste rocks dump and tailing dams.

Figure 4.9 Waste minimisation and recycling efforts

Most of the respondents agreed measures were taken to minimize and recycle some waste. This is shown by the response shown by the employees who responded. Sixty-five agreed, fifteen strongly agreed, five disagreed and none were uncertain or strongly disagreed. Delta Beverages was engaged to regularly come to the mine and pick empty up beverages cans for recycling. The used of disposable containers was discouraged at the mine and metal and plastic plates were used instead kaylite plates which would be disposed after use.
This helped to keep the environment clean and avoid dangers posed by litter which had been thrown around. Some cans had the potential of injuring people and the company, as a responsible citizen would clear the litter from the environment.

Table 4.3 Pollution prevention

<table>
<thead>
<tr>
<th>Responses</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>65</td>
<td>76%</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>15</td>
<td>18%</td>
</tr>
<tr>
<td>Uncertain</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Disagree</td>
<td>5</td>
<td>6%</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>85</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Prevention of pollution measures are being taken at the mine as seventy-six percent of the respondents and eighteen percent agreed and strongly agreed respectively. Only six percent of the respondents disagreed and none were uncertain and strongly disagreed that prevention of pollution measures were being taken.

From the researcher’s analysis, measures were being taken to prevent pollution to the environment because the company had a Safety, Health and Environment department. The department was concerned with the prevention of accidents and review of safety, health and environment policies. The six percent who disagreed that there were no measures being taken to prevent
pollution might have been disgruntled by the alleged cyanide leakages into water sources gas emissions into the air.

Ground and surface water monitoring at the company was introduced and this exercise had established that the ground water has not been contaminated with acid mine drainage, or industrial pollution, or effluent. The water discharge permit of the company improved from red to blue.

![Bar chart showing the supply of environmental information on products](image)

**Figure 4.10 Supply of environmental information on products**

The company supplied clear and accurate environmental information on its products, services and activities to customers, suppliers and local community. Seventy respondents agreed, fifteen strongly agreed and none disagreed to the fact that the company supply environmental information on its products.

Gold is traded onto the world market where the employees who are not involved in the packaging of the final product would not know what was written on the packages. Those who agreed that environmental information
was supplied on its products got the information after the company was ISO certified.

![Respondents Pie Chart]

**Figure 4.11 Customers Feedback**

Seventy percent of respondents agreed, eighteen percent strongly agreed, twelve percent were uncertain and none of them disagreed that there was a process to ensure feedback, consultations or dialogue with the stakeholders. The feedback from the community came in form of queries, complaints and praises through suggestion boxes which were placed at the main gate of the company.

There was need for the company to educate the local community about the suggestion boxes at the company. Few enlightened individuals would know about the suggestion boxes and that deprived the company about useful information from the community as the people from the local community were unaware of the grievance procedures. The company might not know how it is being perceived by the local community and the political figures in the area within which it operates.
Community Projects

Freda Rebecca Gold Mine assisted the community by building school blocks, offering clinic services at the Mine, partnering the local authorities in water reticulation and environmental management. Needs assessment were done before any project was undertaken. The mine was involved in schools construction, agricultural projects and community share projects.

The company sub contracted local small and medium businesses to offer transport and canteen services at the company. These sub contractors also employed local people in their businesses. This helped to create employment for the local people. The companies are contracted for a period of five years after which tenders are made for new contracts. This helped to create entrepreneurs and nurture them into future renowned employers who will assist the community even if the mine closes. The company also supported the local widows on agricultural projects which was a way of poverty eradication. The company offered the widows its disused land and resources to enable them to uplift their lives.

Steps to minimize environmental negative effects

The mine ensured that energy was conserved by ensuring that natural light is used regularly. Employees are encouraged to switch off heaters and lights during the day. Tea was made at once and not repeatedly and use of air conditioners was discouraged. The company was ISO 14001 of 2004 certified on environmental management systems. The company discouraged employees from using disposable food packages and beverages cans. The company made arrangements with Delta Beverages to collect all cans around the mine area. They also monitored effluent and cyanide from the mining activities on a regular basis. Noise emission was controlled way below the required standards. There was waste segregation and effluent management systems for
water. Effluent and cyanide emissions and destruction of the environment might have affected the environment.

**Feedback from Community**

There was a complaint box at the main gate where the local community could come and lodge their complaints and stakeholder meetings are held. The complaints were forwarded to the responsible departments. Feedbacks were made through the Human Resources department.

**Reclamation Policy**

The company felt the community regarded it as a responsible citizen. In line with international standards, the company had a mine closure plan where a certain amount of money was set aside every month in case the mine closes. There was a tailings revegetation on disused grounds.

**Partnerships with Other Organisations**

Freda Rebecca worked with Africare initiated a feasibility study into the establishment of small scale commercial market gardens for local people living in proximity to the mine. Freda Mine provided land on its mine lease, infrastructure and project financing. Africare provided the technical expertise. Freda Rebecca Mine also partnered with the Italian Terre des Hommes to improve educational facilities at a pre-school, paying school fees for vulnerable students and refurbishment of local schools. The mine also benefited from Swedish Workplace HIV and AIDS programme on the implementation of HIV and AIDS and Wellness policies and practices. The company also works with Environmental Management Authority to monitor ground and surface water to ensure it was not contaminated with acid mine drainage, industrial pollution or effluent. The mine also partnered with Bindura Municipality on its water reticulation programme. The water
reticulation programme was meant to supply the residents with safe drinking water at affordable rates.

**Perception of the Local Community**

The local community felt that the company was assisting the community on development issues. It was partnering with non-governmental organizations and the local authority to provide clean water, education and health facilities. Some local small businesses were sub-contracted to provide canteen and transport services to the workers. The reason for that is the community hailed the company for building school blocks at surrounding schools and supporting vulnerable groups of the society.

**4.3 Summary**

In this chapter, areas that were discussed are the presentation and analysis of data collected through interviews and a questionnaire. Data was presented in the form of graphs, tables and narrations. The purpose was to summarise. In the following chapter, the research tried to come out with conclusions and recommendations that will try to eradicate or reduce the research problem.
CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In the previous chapter, the research presented pertinent data that was collected through graphs, tables and narrations for the researcher to know the actual causes of the research problem. This chapter presented a comprehensive summary of the entire research process, conclusions and recommendations for the reduction of the research problem.

5.2 Summary

The research was carried out at Freda Rebecca Gold Mine, situated in Bindura, Zimbabwe. Mining of gold has caused accidents at the workplace, cyanide leakages into dams, air pollution, and destruction of the environment and as such, the mine must give back to the community in which it operates, as a corporate social responsibility. The topic of the research was, “An assessment of the social corporate responsibility impact of gold mining in Bindura, Zimbabwe: A case study of Freda Rebecca Gold Mine”.

Literature quoted and reviewed that was found to be related to the current area of study was found from journals and textbooks. Both quantitative and qualitative research methods were used to collect pertinent data. The reason for triangulation was to ensure that the strengths from both researches can be brought together in a single study to enhance the validity of findings. The techniques used to collect data were the questionnaire and face to face interview.

Data that was collected through interviews and questionnaire was presented through graphs, tables and narrations. The data was subjected to analysis to find out the exact cause of the research problem.
5.3 Conclusions

This section of the dissertation presented the conclusions that were arrived at after the analysis of the collected data. The conclusions had the potential of revealing the causes of the research problem.

5.3.1 There was a mine closure policy where money was set aside to cater for what would happen if the mine closed. That money was being set aside every month in line with international standards. That showed that the mine was concerned about the future of the community after it ceased operations. The money set aside by the company was meant to be ploughed back to the community and the local people would start projects that would make them sustain themselves.

5.3.2 The mine took care of vulnerable groups of the society. It catered for children who could not afford school fees, support community projects and health, and welfare of widows. The company also identified workers who were sponsored to study at the School of Mines. Education in the town improved and crime rates declined because people from the local community were benefitting from the company’s efforts to improve the lives of the local people.

5.3.3 Health and safety of workers and the local community issues were on high priority and those who did not observe regulations would be disciplined. That encouraged workers to observe safety rules and this reduces the number of accidents at the workplace. The reduction in the drop of new HIV infections and AIDS related deaths was attributed to the initiatives being taken by the company at the Wellness Centre.

5.3.4 Local authorities were also supported by the mine to provide clean water to the community. Bindura Municipality benefited from the partnership with the company on its water reticulation programme. This resulted in the improvement in clean water supply to the residents of Bindura town thereby
reducing cases of cholera outbreaks. The Municipality of Bindura could channel the money that was intended for water treatment to other developmental projects.

5.4 Evaluation of Propositions

The researcher discovered that the company tried to employ the best internationally recognised working practices. Most of the corporate responsibility policies were philanthropic and not developmental. It was true that the community that the community was concerned as evidenced by the complaints they brought through suggestion boxes.

The company’s policies and operations were proved to be among the best in the mining sector. The ISO certifications on health and safety and on the environment proved the assumption to be correct. The company still needed to improve its relations with the local community through their public relations department whenever there was a gathering for the whole town.

The company was making efforts to assist the local community but that was not enough. Its efforts were mainly donations and these are not developmental. Only three small businesses were benefitting from the sub contracts from the company. The company needed to do more in terms of developmental projects to uplift the lives of the Bindura town residents.

It was correct that the local community was concerned with the negative impact of the company’s operations. The community was not sure whether the company had an obligation to assist the community in which it operates. They did not know who to confront if they feel the company does something bad.

It remains to be seen whether the company will take recommendations fro this research study. The researcher expected the negative effects of the company’s operations to be reduced if the recommendations are put into practice. It was not mandatory for the company to implement the recommendations.
5.5 Recommendations

5.5.1 The money set aside must be invested or hedged against major currencies to deal with inflation by the Finance office. The money can be used to buy shares in the company or other renowned public companies. The Finance department must make sure the money benefits the communities as the mining operations continue as well as in the future when the mine closes. This can be achieved by supporting bankable projects from the local businesses. The money must also benefit the current employees in form of gratuities on top of their pensions.

5.5.2 The Welfare department must work with the local community or form a Projects committee comprising members of the community who should identify and review needs of the community. People from the community know their challenges more than the company itself. The people from the community know areas which need urgent attention unlike the company which may engage into corporate social responsibility to please the politicians and the international community at the expense of beneficiaries. This also helps to clear doubt on the local community on the exact intention of the company as the company's management may use the facility to enrich themselves or to help their relatives. Multi-stakeholder involvement in which policies to mainstream them into the overall project management system has to be devised that they may not feel as sidelined. They will feel honoured and will also act responsibly.

5.5.3 The Publicity department must come up with a community magazine where corporate social responsibility activities are published. Stakeholder involvement in the company’s projects can only be assured if the community knows what the company is doing. The magazine to the community must be sold in local retail outlets and supermarkets at a subsidized price to encourage people to purchase it. The department must use schools prize giving days and
stakeholder meetings to educate people on how they are trying to give back to society.

5.5.4 The Safety Health and Environmental department must carry out environmental awareness within the company as well as outside the organization to the local community. The company must invite as many people as possible to their clean up and environmental awareness campaigns and should not only do that in the central business district. They have to rotate places and cover high density and low density suburbs and try to address the people on the importance of keeping the environment clean. If they clean and go, people will still come and throw rubbish in the streets again because of lack of education.

5.6 Further Evaluation and Replication of Findings

5.6.1 Future research must be carried on how corporate responsibility activities fit into Freda Rebecca Gold Mine strategy.

5.6.2 Research must also be carried on the effectiveness of strategic alliances of the company with other non-governmental organizations.

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