

# Research Report

## An Analysis of CSR in Locally Owned Mining Companies in Zimbabwe

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#### ABSTRACT

This study investigates the role of locally owned mining companies in Zimbabwe regarding their Corporate Social Responsibility (CSR) contributions to community development. Motivated by the increasing local ownership of mining concessions and the lack of clear CSR legislation, the research employs an exploratory qualitative approach, utilizing purposive sampling to gather data from ten mining companies and their surrounding communities. Key findings reveal that while some companies engage in CSR activities, their contributions are often minimal due to unclear legislation and ineffective enforcement, leading to community dissatisfaction. The lack of structured engagement processes often results in corruption and limited benefits for local communities. Recommendations emphasize the need for the Zimbabwean government to establish robust CSR policies and enforcement mechanisms to ensure meaningful community engagement and sustainable development. This study contributes to the literature on CSR in the mining sector by highlighting the challenges faced by local companies and the importance of legislative frameworks in enhancing CSR practices.

#### BACKGROUND

The extractive industry positively impacts billions of people and plays a crucial role in economic development, contributing approximately 25% of the global gross domestic product (GDP) from natural resources (World Bank, 2018). It aids poverty reduction through job creation, economic growth, local procurement, and the provision of public services such as health and education (Gamu et al., 2015).

Despite its potential for societal improvement, the industry often faces criticism for poor social and environmental performance, leading to negative perceptions (Baba et al., 2021). Key debates focus on environmental damage, wealth inequality between companies and communities, forced relocations, and climate change (Baba et al., 2021; CNRG, 2016). In Zimbabwe, communities around mining companies frequently suffer from inadequate infrastructure (Gamu et al., 2015).

Corporate Social Responsibility (CSR) initiatives have contributed to local community development (Mbilima, 2021). However, these activities often appear voluntary and communities may not appreciate them due to a lack of engagement (Mandevere & Horne, 2021). In some African countries, such as South Africa and Mauritius, CSR is now mandated by law, requiring companies to engage with and develop the communities where they operate. For instance, South Africa's Mining Charter and the Mineral and Petroleum Resources Development Act guide CSR

activities, ensuring that companies sign a social license to operate (SLO) with community stakeholders. The renewal of this license depends on adherence to its terms, which aims to promote community development (Komnitsas, 2020).

Even in countries with weak legislation, multinational companies (MNCs) often follow international standards, driven by institutional pressures that encourage CSR practices (Muthuri & Gilbert, 2011).

The Zimbabwean government has identified the mining industry as the largest foreign currency earner, aiming for USD 12 billion by the end of 2023 (The Herald, 2022). Key minerals include platinum group metals, diamonds, gold, chrome, and coal, with Zimbabwe holding the second-largest platinum deposits globally and contributing about 12% to its GDP (International Trade Administration, 2022).

CSR in locally owned mining companies in Zimbabwe is significant for several intertwined economic, social, and environmental reasons.

#### Economic Context

Zimbabwe's indigenization policies require foreign companies to transfer significant stakes to local entities, increasing the importance of CSR. Locally owned companies must now contribute positively to their communities, fostering goodwill, community development, and a SLO (Alteri, 2024). The mining sector is vital to Zimbabwe's

economy, significantly contributing to national revenue and employment. Therefore, it is crucial for these companies to drive economic empowerment initiatives that benefit local communities through job creation, infrastructure development, and local procurement (Alteri, 2024; Mandevere, 2024).

### Social Impact

Mining operations can significantly affect local communities, potentially leading to tensions if residents feel marginalized. Effective CSR strategies, particularly those considering societal perspectives (Freeman & Dmytriiev, 2017a), can foster positive relations by ensuring mining companies invest in community development through healthcare, education, and infrastructure (Alteri, 2024). Such investments are essential for maintaining positive community relations and ensuring long-term operational stability (Mandevere, 2024). There is a growing expectation for businesses, especially in resource-rich sectors like mining, to address pressing social issues. Locally owned mining companies are well-positioned to implement CSR initiatives that tackle local challenges such as poverty alleviation, education access, and health services (Alteri, 2024; Maphosa, 1997).

### Regulatory Framework

There is a trend toward aligning CSR practices with international standards such as the United Nations Global Compact. Mining companies, including locally owned ones, are now expected to comply with local regulations and adhere to global best practices in CSR, enhancing their competitiveness and appeal to investors (Alteri, 2024).

### Environmental Considerations

The mining industry faces criticism for its environmental impacts. Companies can enhance their reputation and contribute positively to the ecological health of their operational areas by implementing responsible mining practices and engaging in environmental conservation efforts (Alteri, 2024; Maphosa, 1997).

Considering the increase in the number of locally owned mining companies, it is important to understand how and why they are implementing CSR.

### Problem Statement

As much as foreign investment still dominates the Zimbabwean extractive industry, locally owned small-scale mining is steadily increasing. For example, in 2017, small-scale gold miners accounted for 47% of Zimbabwe's total gold output for the year, compared with large-scale gold producers that contributed 46%, down from 55% in 2016 (Mining News Zimbabwe, 2018). Of the top 30 mining companies in Zimbabwe, ten are locally owned (ZCDC,

2021). Legislation in Zimbabwe may not oblige multinational mining companies to do much for the communities; they are somehow guided by international standards as they try to implement their policies uniformly in countries of operation.

Mandevere and Horne (2021) analyzed the CSR activities that are implemented in Zimbabwe and South Africa. They focused on the MNCs which are operating in both Zimbabwe and South Africa. Although MNCs are players in the Zimbabwean mining industry, from their research, it emerged that the locals are becoming dominant in the industry. This is mainly attributed to the indigenization laws that the government has been enacting. The CSR approach for mining companies operating in Zimbabwe may not be guided by legislation but seem to reciprocate, though not on the same level, what they are doing in other countries. Since the industry is moving in the indigenization lane, it is important to check what the local companies are doing to improve their contribution to their communities through CSR.

In view of the above, the study seeks to understand the motivation for local companies contributing to community development through CSR, especially considering the lack of legislation, and answer the following questions:

- Are the local companies involved in CSR?
- What role does legislation play in hindering or enhancing CSR in locally owned mining companies?
- What opportunities does mining companies avail for community engagement?

The next section discusses the theoretical and empirical literature related to CSR in the mining sector, highlighting key concepts and previous findings. This is followed by the data collection and analysis, which is discussed in the third section, detailing the methodology employed in the study. The fourth section presents the results and discussion, interpreting the findings in the context of community engagement and CSR practices among locally owned mining companies. The final section offers conclusions and recommendations for enhancing CSR implementation to benefit local communities effectively.

## LITERATURE REVIEW

### CSR Definition

The challenge with CSR has been that each company interprets it the way they want and this lead to their implementation of CSR (Mathende & Nhapi, 2017). CSR is defined as fulfilling the expectations of all the stakeholders of the organization (Sacconi, 2007). CSR can also be defined as the actions by the organization, which they do as an appeasement to the negative actions of their business activities (International Standards Organization, 2010). For this paper, we have adopted the ISO 26000 standard

definition where they came up with seven principles for socially responsible companies:

- **Transparent:** an organization should be transparent on all business activities that has an impact on the society.
- **Accountability:** the business should be accountable to the society on all matters that has an impact on them
- **Ethics:** the organization should be ethical in all its business dealings
- **Legal:** the business should abide by all the legislation of the land
- **Stakeholder engagement:** the business should have respect and engage all its stakeholders
- **Human rights** should always be upheld and respected
- **International standards** should be respected and abide by all the principles.

The ISO 26000 definition, though encompassing other issues, follows scholars who argue that CSR is mainly about fulfilling stakeholder expectations (Hemphill, 2013; Moratis, 2016; Munro, 2013).

When an organization is implementing CSR, it shows their recognition and respect to their stakeholders (Muthuri & Gilbert, 2011). There are three important relationships that should be maintained between the business and its stakeholders (Hemphill, 2013). As shows, an organization has a relationship with the society and its stakeholders. These relationships influence the social responsibility of the organization. The expectations of society and other stakeholders may be different and it is the duty of the organization to ensure that it maintains all the relationships (Moratis, 2016). It is important for an organization to understand and consider CSR from the viewpoint of each



**Fig 1:** Relationship between an organization, its stakeholders and society.

Adapted from International Standards Organization (2010).

group so that they will be able to meet their expectations (International Standards Organization, 2010).

### The Shareholder Perspective (Organization)

Shareholders want their value to be maximized. The achievement of this is largely dependent upon balancing stakeholder expectations. The organization should understand how its operations impact on the society and the societal expectations in relation to those impacts (Hemphill, 2013). The shareholder's view is of profit maximization (Bento et al., 2017). The organization through its representatives should therefore be able to balance the interests of the shareholders and those of the other stakeholders. Although CSR is a cost to the organization, scholars have agreed that it does add to shareholder value and this has led shareholders to support CSR (Bento et al., 2017; Godfrey et al., 2009).

The shareholder perspective on CSR is complex and diverse. Some argue that CSR can create shareholder value (Bento et al., 2017; Godfrey et al., 2009) while others say otherwise. Stakeholder management and community engagement are crucial decisions to be made by corporations in order to achieve CSR effectiveness for all the stakeholders.

### The Stakeholder Perspective

Edward Freeman popularized stakeholder theory in the 1980s where he explains that a corporate has different stakeholders, which it should try to manage (Freeman, 1984). The theory asserts that besides the shareholders, a firm should consider the interests of other groups that are affected by the firm's actions either negatively or positively. These groups include competitors, suppliers, pressure groups, employees, suppliers among others (Freeman & Dmytriiev, 2017a). The organizational expectations meet and interrelate with the expectations of the stakeholders and the firm is responsible to its stakeholders (Lai & Ahmad, 2010)

Stakeholders can be divided into primary and secondary where primary stakeholders refer to those stakeholders whom the firm cannot survive without which include employees, shareholders, customers, suppliers, communities among others (Freeman, 1984). Secondary stakeholders include special interest groups, competitors, media, surrounding communities among others and they largely impact on the reputation of the firm (Groening et al., 2022). The management of the relationships between stakeholders determines the success/failure of the organization (Freeman & Dmytriiev, 2017a). For effective management of stakeholders, an organization needs to do a stakeholder mapping where they get to understand and prioritize them (Looser & Wehrmeyer, 2015). Stakeholder mapping involves identifying, analyzing, mapping, and prioritizing your stakeholders. In identifying their stakeholders, an organization will be brainstorming their stakeholders

to understand who they are. After identifying, the stakeholders are analyzed to understand their importance to the organization. On mapping they will then be ranked in order of their impact to the organization's activities and then prioritized (Looser & Wehrmeyer, 2015).

The better an organization does stakeholder mapping and understanding its stakeholders, the better it performs in stakeholder management. In identifying the stakeholders, the organization will be brainstorming the stakeholders who have an interest in the objectives of the organization either now or in the future. After identifying stakeholders, the organization will then analyze its stakeholders to understand their importance and their relationship to each other (Looser & Wehrmeyer, 2015). The stakeholders will then be mapped to rank them according to their importance and influence on the business. After mapping, stakeholders will then be prioritized in order of their importance (Looser & Wehrmeyer, 2015).

For effective CSR in mining, the organization needs to understand that the society plays a crucial role as a primary stakeholder. A business should know and appreciate its various stakeholders and their expectations (Hemphill, 2013).

The community is an important stakeholder because CSR activities directly impact on them through various ways like employment opportunities or other social initiatives. Engaging them ensures that their expectations and needs are considered, resulting in effective CSR implementation (Ismail et al., 2015). CSR engagement with communities results in trust and positive relationship. This nurtures partnership and collaboration resulting in sustainability of CSR initiatives (Mandeveré & Horne, 2021). An engaged community will benefit long-term benefits

through ownership of CSR activities leading to community development (Ismail et al., 2015).

### The Societal Perspective

The relationship between the stakeholders and the society affect the organization. As much as stakeholders are part of the society and the reverse is true, their interests may not be in line with each other. The organization should therefore understand the interests of the stakeholders as well as the expectations of the society (Freeman & Dmytriiev, 2017a; Hemphill, 2013; Yakovleva & Vazquez-Brust, 2012). As Figure 2 shows, there is a very close relationship between the society and an organization and the relationship should be nurtured as a conflict between them will have a negative impact on the organization (Yakovleva & Vazquez-Brust, 2012). The expectations of the other stakeholders and that of the society are not always the same. The society is considered as the crucial and primary stakeholder as they determine the legitimacy of the business especially in mining where SLO are becoming prominent (Freeman & Dmytriiev, 2017a; Mathende & Nhapi, 2017). It is important to understand how organizations are nurturing these relationships.

A company may fail to operate if they do not have a license to operate (SLO) from the local communities. As the society is the main stakeholder that bears the most impacts of the business, it is the main actor that gives a business the legitimacy to operate through the SLO (Mathende & Nhapi, 2017; Parsons et al., 2014; Walker & Howard, 2002). There is need however for mining companies to extend their CSR activities beyond the SLO for the long-term benefit of the communities (Hilson, 2012).

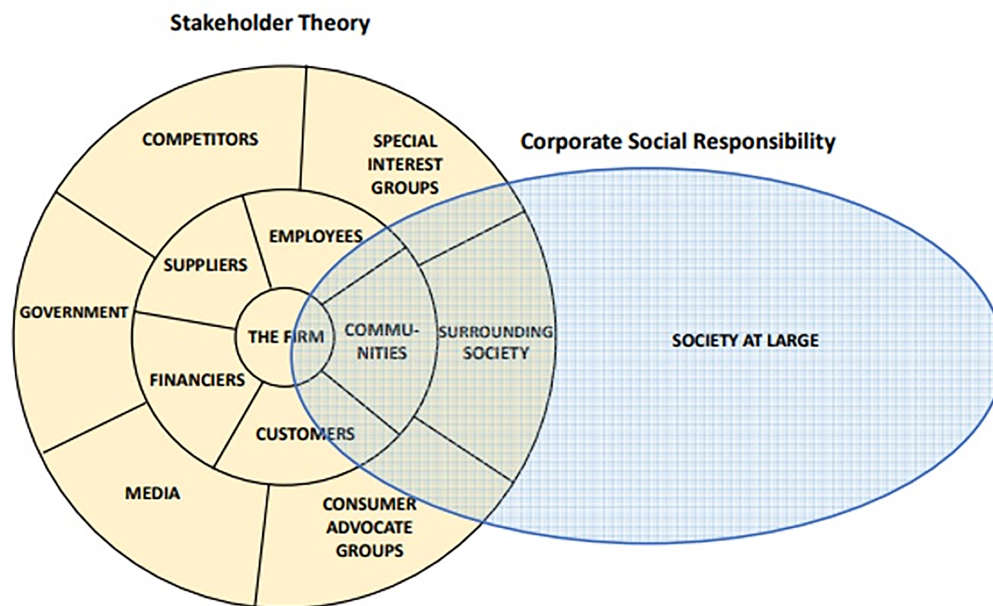


Fig 2: The close relationship between the society and an organization (Freeman & Dmytriiev, 2017a).

Some companies, however, get involved in CSR so as to legitimize themselves with the government actors and not necessarily for the benefit of the local communities (Hilson, 2011). As CSR should result in better living conditions for the beneficiaries, it is important for us to analyze the type and motive of CSR initiatives being implemented by the mining companies. It is important for us to analyze if SLOs are effective in Zimbabwe.

### CSR in Mining

Despite the abundant mineral resources, Africa is still characterized by high levels of poverty and underdevelopment Mabhena & Moyo (2014). Mining can significantly contribute to poverty reduction and social and economic empowerment (Besada et al., 2015). CSR in the mining sector across Africa is increasingly recognized as a vital component for fostering sustainable development and addressing the unique challenges faced by communities affected by mining activities. Mineral wealth must be used for improving the lives of the citizens and if managed well can alleviate poverty and inequalities as well as increase development in the communities (Hofmann & Bryan, 2007; Mejía Acosta, 2013).

The mining industry has been involved in acts that improve the socio-economic conditions and CSR is one avenue that has been in use (Mathende & Nhapi, 2017). CSR is described as the voluntary acts by the mining companies which are meant to benefit the local communities and mitigate the negative effects of the mining industry (Laisani et al., 2016). By its nature, mining is connected to vast negative effects (Himley, 2010). Mining companies base their CSR on a social contract with the communities where they are expected to contribute toward the betterment of the community in order for them to keep on operating (Yakovleva & Vazquez-Brust, 2012). This is achieved through involving the particular communities in the CSR dialogues, especially for CSR implementation (Hilson, 2011).

There are several reasons why mining companies should be engaged in CSR. According to Walker and Howard (2002), this is mainly because of the negative view of the sector because of the negative effects it has on the environment. This has led to the sector requiring legitimacy through SLO. Through CSR, mining companies build and maintain their stakeholder relationships (Walker & Howard, 2002). Mining operations can lead to significant economic benefits for local communities, including job creation and infrastructure development. However, these benefits must be sustainable and CSR initiatives can help ensure that mining contributes positively to the local economy in a sustainable way. For example, CSR can contribute to investments in community projects that create alternative livelihoods even after the lifespan of the mining company (Alteri, 2024; Serfontein-Jordaan & Dlungwane, 2022). Sustainable CSR initiatives focus on creating lasting

positive impacts in communities, addressing root causes of issues such as poverty, unemployment, and environmental degradation. This ensures that communities can thrive independently of the mining operations, rather than relying on temporary relief measures (Mandevere & Horne, 2021; Serfontein-Jordaan & Dlungwane, 2022).

Sustainable environmental practices not only protect ecosystems but also ensure the long-term viability of mineral resources. By implementing responsible mining practices through CSR initiatives, companies can help safeguard the environment for future generations while maintaining their operational licenses (Diale, 2014; Mogakane, 2024).

Mining companies have a responsibility to address the social challenges faced by host communities such as poverty, lack of education, and inadequate healthcare services. CSR initiatives especially, considering the societal view of CSR, can lead to significant improvements in community welfare, thereby enhancing the overall quality of life and fostering goodwill toward the mining company (Amos & Boahen, 2024; Serfontein-Jordaan & Dlungwane, 2022). Mining firms require a social license to operate from the communities in which they operate. Although this is an informal agreement, failure to address social needs can lead to community opposition, protests, and ultimately the revocation of this social license, which can jeopardize operations (Amos & Boahen, 2024).

By its nature, the mining sector has a negative environmental impact, including land degradation, water pollution, and biodiversity loss. CSR programs focused on environmental sustainability are important for mitigating these impacts (Alteri, 2024; Kurowski & Huk, 2021). Integrating CSR into mining operations is essential for mitigating the negative environmental impacts associated with the industry; through adopting sustainable practices, engaging in effective waste management, rehabilitating mined lands, utilizing renewable energy sources, and fostering community involvement, mining companies can significantly reduce their ecological footprint (Kurowski & Huk, 2021; Serfontein-Jordaan & Dlungwane, 2022).

Despite all the CSR benefits, there is little incentives for mining companies to engage in CSR, especially in sub-Saharan Africa where the legislation that enforces CSR is weak (Hilson, 2011). Although in some African countries, like Kenya and South Africa, there is legislation that either constrains negative actions or encourages CSR, governments are sometimes reluctant to enforce such for fear of scaring investors (Muthuri & Gilbert, 2011).

### CSR in the Zimbabwean Mining Sector

The mining sector is the backbone of Zimbabwe's economy recovery path as its growth has an impact on all facets of the economy and due to its contribution to the GDP of the country, infrastructure, and capital formation among others (Kaseke et al., 2015). It contributes to about 13% of the fiscal revenue and more than 50% of foreign direct

investment (Nyikahadzoi et al., 2022). The sector has also proved to be the fastest growing industry in the country (Kaseke et al., 2015).

CSR in mining in Zimbabwe has become an important topic of discussion in community–mine relations, though there is no particular legislation that governs CSR in Zimbabwe. Various authors have examined the effect of CSR and mining activities in Zimbabwe. One study concluded that the CSR activities by mining companies are not sustainable because of the implementation process (Mandevera & Horne, 2021). Another study found out that mining companies in Marange area of Zimbabwe are failing to take advantage of CSR to mitigate the negative impacts of CSR activities (Nhavira, 2019). Another scholar concluded that many mining communities feel short changed as the CSR projects are only for public relations and do not address the needs of the communities (Laisani et al., 2016). However, another researcher found that the mining industry has played a pivotal role in the development of the communities in Zimbabwe (Gwatiringa, 2019).

Even though CSR has become an important discussion topic between mine and community relations in Zimbabwe, there is a need for enhancement of the CSR activities so that they can be effective. The mining companies are facing various challenges in CSR implementation and we have mentioned some of these below. The first challenge is the lack of legislation which is making it difficult for mining companies to develop CSR strategies that are in line with national policies and regulations (Gwatiringa & Mahiya, 2019). The second challenge is the lack of finances to fund CSR strategies, limiting the type of projects that can be implemented (Alteri, 2018). The third challenge in CSR in mining in Zimbabwe is resistance from communities. There has been a negative perception on the implementation of CSR as communities feel that they are the targeted beneficiaries for such (Laisani et al., 2016). The fourth challenge is the lack of coordination between mining companies and communities. This can be attributed to lack of policies, guidelines, and regulations (Alteri, 2018; Gwatiringa & Mahiya, 2019).

The mining sector has been instrumental in the development of some towns in Zimbabwe through CSR like Zvishavane, Hwange, Kadoma, Shurugwi among others (Dziro, 2014). There is no legislation that direct CSR in Zimbabwe and the few legislation that has been used include the Environmental Management Act (EMAct) of 2002, the Mines and Minerals Act of 1965, and the Indigenisation and Economic Empowerment Act of 2007 (Mathende & Nhapi, 2017). Among these, only the Indigenisation and Economic Empowerment Act of 2007 was meant to directly benefit the communities where the mining companies are operating through the establishment of Community Share Ownership Schemes (Dziro, 2014; Mathende & Nhapi, 2017). The Mines and Minerals Act of 1961 states that mining companies should compensate Rural District Councils who act as

landowners in Zimbabwe. However, there is no evidence if such compensation is being done and if it is benefiting the ordinary Zimbabweans in any way (Kaseke et al., 2015). It is therefore imperative that we analyze if and what the mining companies are doing in the communities around their mines.

Mining companies' investments in CSR have been a drop in the ocean compared with their profits (Dziro, 2014; Mathende & Nhapi, 2017). The Indigenisation and Economic Empowerment Act of 2007 increased mining companies' participation in CSR as it compelled foreign-owned companies to reinvest into the communities (Dziro, 2014). The Act even before its amendments by the new dispensation only focused on foreign-owned companies leaving out the locally owned companies who are also reaping profits at the expense of the ordinary Zimbabweans. Research by Mandevera and Horne (2021) concluded that foreign-owned mining companies were mirroring the projects they were doing in other countries. It is important for us to explore how the locally owned mining companies are implementing their CSR.

## BACKGROUND OF THE MINING SECTOR IN ZIMBABWE

Historically, there has been three major developments that impacted on the Zimbabwean economy since the attainment of independence in 1980 (Mathende & Nhapi, 2017). The first one was between 1980 and 1989 also termed the pre-ESAP (Economic Structural Adjustment Program) where the country enjoyed relative economic stability and growth. The second one was the ESAP era from 1990 to 1999 where the country faced economic downturn, labor unrests, droughts, and other events which had a negative impact on the economy. The last phase, which spans from 2000 to current, is also termed the post-ESAP era which is mainly characterized by economic and political unrest. During this period, Zimbabwe also implemented the fast track land reform program, which was coupled with lawlessness and corruption leading to the country being slapped by the Zimbabwe Democracy and Economic Recovery Acts (ZIDERA) by the West resulting in some company closures and other economic hardships. In response to the sanctions and damaged relations with the Western countries, the government of Zimbabwe introduced what they termed "Look East Policy," which led to the eastern countries, particularly China, to come and invest in the country (Mathende & Nhapi, 2017).

The government of Zimbabwe introduced the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIM-ASSET) whose objectives were social justice through indigenization and local empowerment in 2013. The government of Zimbabwe had also introduced the Indigenisation and Economic Empowerment Act Chapter 14.33 in 2007 as a way of empowering the mining communities (Reuben, 2015). Through the Act, Community Share

Ownership Trusts (CSOTs) were established in terms of Section 14B of the General Indigenization Regulations of 2010. The aim was to ensure that communities have a share in the companies that are exploiting the natural resources to fund developmental projects in their areas. The Zimbabwe General Notice 114 of 2011 states that in achieving the Indigenization Act, all mining companies should cede 10% of its shares to a CSOT. The money from the CSOT would then fund developmental projects within the communities. In seeking to achieve this, the government had, among other strategies, prescribed for direct equity participation by the communities within which businesses are exploiting natural resources on commercial basis, through Community Share Ownership Schemes/CSOTs. Even when the Act was later repealed in 2018 and later in 2022, many established CSOT continued to operate. The challenge, however, is that this was only applied to the foreign-owned companies. The government has proposed to enact a new act (the Economic Empowerment Act) for which the bill has already been approved by cabinet in place of the Indigenisation and Economic Empowerment Act. The new law will result in the establishment of the National Economic Empowerment Fund and a Corporate Social Responsibility Framework among other things. However, the probability of this act benefiting the ordinary Zimbabweans who reside in the mining areas is yet to be established. It is therefore important for us to understand how the mining companies are directly contributing to the betterment of the communities.

The previous legislations led to many locals owning mining concessions, though the process was marred with lawlessness and corruption (Mathende & Nhapi, 2017). Although foreign investors still dominate the Zimbabwean mining sector, there has been a steadfast increase in local companies. Following Mandevere and Horne (2021)'s research on foreign-owned mining companies, we must examine what the local companies are doing, leading to recommendations on effective CSR by locally owned mining companies.

### CSR and Community Development

For community development, CSR projects need to be sustainable (Baba et al., 2021). For sustainability, there should be a good relationship with other stakeholders (Baba et al., 2021; Eskerod & Ang, 2017; Freeman & Dmytriiev, 2017a). Sustainability is explained as meeting the needs of the current generation without compromising the ability of other generations to meet their own needs (Oginni & Omojowo, 2016; World Commission on Environment & Development, 1987). Sustainability should therefore be focused on the current and future, good desirable actions and outcomes, and acceptable universally (Burger & Christen, 2011). When talking about sustainability, we should understand that natural resources are finite. We therefore need to take actions that give future generations the possibility

of benefiting from such resources. Such actions should not be focused on individual but societal benefits and decisions should be made institutionally (Burger & Christen, 2011; Oginni & Omojowo, 2016).

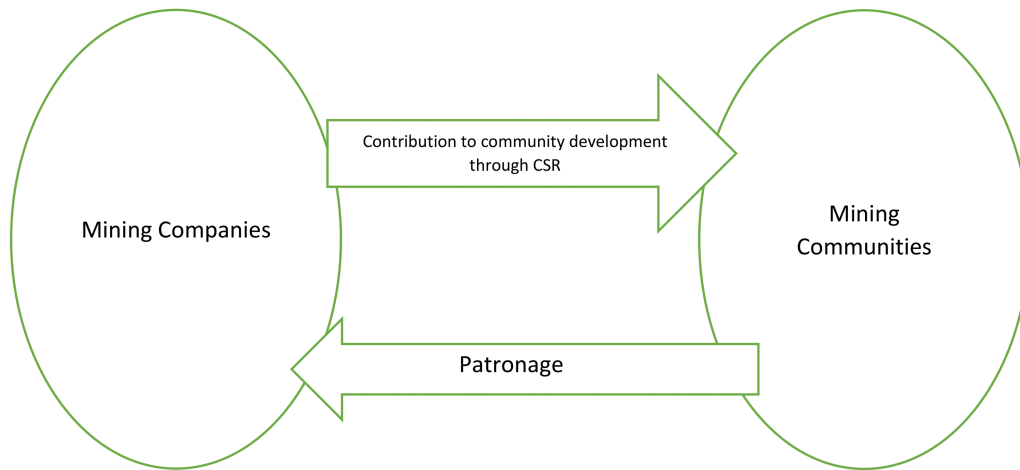
Sustainability does not only mean something permanent or resilient but that environmental sustainability points to natural resources being vehicles for economic development and therefore societal expectations are the goals of sustainability (Burger & Christen, 2011). When sustainability is not focusing on the environment only, it would be prudent for us to look at it using the capability approach (Anand, 2014). Capability approach has the important characteristics, which encourage sustainability and these include the recognition that human beings are important actors whose actions shape and direct the environment. A human being is supposed to live a quality life that is supported by the human need to exercise his internal power to advance his capabilities and values (Anand, 2014; Burger & Christen, 2011). Capability approach implementation suggests that the involved people should be put at the center of development and also there should be policy changes to support the direct accountability of organizations to the people, allowing them to choose their preferences (Anand, 2014; Fia & Sacconi, 2019).

For CSR projects to be effective in the communities, they should be linked to sustainability (Mandevere & Horne, 2021). Meaningful contribution to the communities should be sustainable. Any contribution that is not sustainable may not have a positive impact to the communities. Analyzing the CSR projects implemented by locally owned mining companies has helped us to understand if these projects are sustainable.

### Theoretical Framework

The social contract theory posits that there is a social contract between the organization and the community, which implies indirect obligations for the business to the society (Donaldson, 1990; Ibanga, 2018). According to the societal approach, organizations are accountable to the communities which they are part of (Ibanga, 2018). In addition to justifying the existence of an organization to the community and create trust between the community and the organization, the social contract establishes incentives for CSR practice (Sacconi, 2004). The idea on the social contract is that every part surrenders part of its interest to the other for the mutual benefit of both parties (Ibanga, 2018). Normally, the community keeps its end of the contract because of various reasons but the same cannot be said about the other part. Organizations should act in a responsible manner not because it is in their economic interests to do so but because it has a contract with the community and should act as expected (Lacey & Lamont, 2014).

The nature of mining organizations is that they are based in remote areas and requires the organizations to have more engagement with the communities affected by their operations which makes it more appropriate for



**Fig 3:** Theoretical Framework: Author's own creations

the social contract to be used. In this research, the social contract suggests that just as the communities allow/support the companies mining in their areas, the companies should also give back to communities for the development of the community and the communities should be allowed to choose what they prefer according to the capabilities approach (Figure 3).

## Methodology

### Research Design

This study employs an explorative research design to gain insights into the motivations and practices of locally owned small-scale mining companies in Zimbabwe regarding their CSR contributions to community development. The explorative nature of this research is appropriate given the dynamic context of the mining industry and the increasing prominence of local players amid foreign investment.

### Sampling Method

A purposive sampling technique was utilized to select participants for this study. This approach allowed for the intentional selection of individuals who are directly involved in or have knowledge about CSR practices within locally owned mining companies. The criteria for selection included:

- Participants were associated with locally owned small-scale mining companies.
- Individuals who had relevant experience or knowledge of CSR initiatives within their organizations.
- To capture a wide range of perspectives, participants were chosen from different regions and various operational scales within the small-scale mining sector.

For every mining company that was chosen, the community from which it is operating from was considered so as to be able to triangulate the results.

### Data Collection

Data was collected through semi-structured interviews. The approach facilitated a comprehensive understanding of the motivations behind CSR activities and the role of legislation in shaping these practices.

Individual interviews were conducted with key stakeholders like company executives or their representatives and community leaders. The interviews explored the following themes:

- Involvement in CSR activities
- Perceptions of legislative impacts on CSR
- Opportunities for community engagement

### Data Analysis

Thematic analysis has been employed to analyze the qualitative data collected from interviews. This process involves:

- Familiarization: reviewing transcripts to become acquainted with the data.
- Coding: identifying key themes and patterns related to the research questions.
- Theme development: organizing codes into broader themes that reflect the motivations, challenges, and opportunities related to CSR in locally owned mining companies.
- Interpretation: drawing conclusions about the implications of these themes for community development and the role of legislation.

### Ethical Considerations

Ethical approval was sought from the relevant institutional review board prior to data collection. Informed consent was obtained from all participants, ensuring they are aware of their rights, including the right to withdraw from

**Table 1:** Ten mining companies researched

Mine	Mineral Being Mined	Area of Operation
Company 01	Gold	Masvingo Province, Nyajena Communal lands
Company 02	Diamond	Manicaland Province, Chiadzwa area
Company 03	Coal	Matabeleland North, Hwange area
Company 04	Coal	Matabeleland North, Hwange area
Company 05	Coal	Matabeleland North, Hwange area
Company 06	Gold	Mashonaland Central, Bindura
Company 07	Gold	Midlands Province, Zvishavane area
Company 08	Chrome	Zvishavane, Midlands
Company 09	Coal	Matabeleland North, Hwange area
Company 10	Gold	Mashonaland East, Acturus

the research at any time. Confidentiality was maintained throughout the research process, with data anonymized to protect participant identities.

## PROFILE OF THE MINING COMPANIES

As per The Mines and Mining Development Ministry, the country has many large-scale mines that are operational. The ministry published 30 of the operating mines and of these 10 are locally owned (Zimbabwe Consolidate Diamond Company, 2021). This research is focused on these 10 mining companies that are spread around the country as shown in Table 1.

Interviews were contacted with the owners of the mining companies and the community leaders in the communities. A total of sixteen interviews were contacted, six with the mining companies and ten with the communities where the companies are operating. The researcher failed to secure interviews with the other four mining companies. Table 2 depicts the respondents from the community leaders and the mining companies.

All the interviews were recorded and then transcribed before being analyzed using ATLAS.ti. Interview questions were framed in line with the research objective which is to understand the motivation for local companies contributing to community development. Questions sought to explore the contribution of the mining companies to the communities, the way they engage the communities and how legislation contributes to community development through CSR. From the collected data, the following categories were created:

- Companies goals on CSR
- Formal requirements relevant to CSR in mining
- Perceptions on the role of government
- Collaborations between mining companies and communities

**Table 2:** Respondents

Mine	Number of Community Respondents (COM)	Number of Mining Owners Respondents (COY)
Company 01	1	0
Company 02	1	1
Company 03	1	1
Company 04	1	1
Company 05	1	1
Company 06	1	0
Company 07	1	0
Company 08	1	1
Company 09	1	1
Company 10	1	0

Results are presented according to the abovementioned themes that came from the collected data.

## FINDINGS AND DISCUSSIONS

### Companies Goals on CSR

From the collected data, company goals on CSR become an important factor to consider. Our respondents indicated that mining companies are involved in some activities in the communities because of their goals on CSR and not necessarily legislation. These include renovating school's classroom blocks, renovating clinics, setting up vegetable gardens, and paying school fees for the less privileged among others. However, no company could give the exact budget on CSR. Some involve the communities in coming up with a project to implement, while some approach

communities and tell them their intended project. Of the company representatives who responded, 67% ( $n = 6$ ) indicated that they implement their CSR activities not only according to the legislation but also according to their company goals. COY04 stressed the point saying:

*The truth is that legislation in Zimbabwe does not enforce CSR implementation. The constitution only mentions that communities should benefit from the resources in their locality. How this should be implemented is not said. The ELAP states that the communities should be involved when carrying out the assessment. Again, it lacks the specifics of how this should be done and what should be done if one part feels aggrieved. So as a company we understand that we are benefitting from the resources and it's only fair we share the benefits with the people of this area. That is why we decided to involve the communities despite it being difficult. We have set our goals and we will strive to fulfill them with or without the law.*

This clearly shows that in the absence of legislation, there is no uniformity in CSR implementation and communities are left at the mercy of companies. CSR goals help to improve the reputation of the company (Yousefian et al., 2023). This helps in mitigating confrontation from the communities as mentioned by COM08 where the community staged a demonstration for a mining company. By including CSR in the company's goals, a company would commit to the welfare of the communities, thereby obtaining the SLO (Yousefian et al., 2023). COM09 clearly supports this notion summing it up in these words: "we are happy because we are all benefitting. We are enjoying our resources and the company is getting profit." Mining companies should consider CSR as appeasement between the industry, the environment, and the local communities. It is therefore important for mining companies to understand that they are accountable to the stakeholders which will give a long-term SLO to the company (Vintró & Comajuncosa, 2010).

Although literature states that an organization may fail to operate if they do not have a SLO from the communities (Hilson, 2012), our respondents showed that some companies in Zimbabwe are actually operating even when the communities are not in agreement. A company that operates without the SLO is not considerate of the stakeholders' expectations. Literature shows that although mining companies are flourishing in Zimbabwe, mining communities are still wallowing in abject poverty (Gukurume & Tombindo, 2023; Kativu & Oskarsson, 2021; Poverty Reduction Forum Trust, 2013). This may be attributed to the fact that some mining companies are operating without the SLO and no one is holding them responsible. Reporters are attributing this to corruption between the government and the mining companies, resulting in EIA reports being issued without fulfilling the contents of the policy.

## Formal Requirements for CSR in Mining

There are formal requirements that have to be fulfilled by mining companies for them to operate. In Zimbabwe, for a company to start mining operations, it is required to have an Environmental Impact Assessment Policy (EIAP), which is under the EMAAct. The EMAAct (Chapter 20:27) requires for the provision of environmental information and protection of the environment for the benefit of present and future generations and for the present communities to participate in the implementation of reasonable policy and other measures. The EIAP is core in the assessment of mining rights. The main actors involved in coming up with the EIAP are: the company which intends to mine, the government represented by representatives from the Ministry of Mines and from Environmental Management Agency (EMA), and the community representatives. The aim of the EIAP is to assess possible social, environmental, and economic impact of a proposed project. For a company to be issued the mining rights, the EIA must clearly spell out the positive and negative impacts of the project. There should be remedies to address all the negative impacts of the project. It is a requirement that communities be involved in the assessment since they are the ones to have a significant bearing on the negative effects of the project. According to the collected data, it is a requirement through the EMA to acquire SLO through community consultations (COY01; COY02; COY05). A company respondent (COY03) reiterated the same:

*It is a requirement by the law that we are supposed to engage the communities for us to be given the mining rights. Look, what happens is this, we engage the Ministry of mines and the guys from EMA whom we will go with to the area where we intend to mine. EMA does the actual impact assessment but the communities are supposed to be involved in whatever happening. So after the assessment we can get the certificate issued by EMA.*

The aim of the EIA is to identify all the activities and their impacts to the environment so that this can be avoided or mitigated. It also helps to increase the public awareness on environmental effects of non-sustainable practices. It aids in bringing a shared understanding of all the members affected by the project which brings about realistic information on the challenges and how they can be mitigated. The company respondents indicated that they are guided by these laws so that they are able to get the mining rights.

Some community representative respondents (COM03; COM04; COM05; COM09) indicated that they are involved in the EIA process before the companies are given mining rights. They are actually aware of the whole process for a company to get mining rights and they fully take part in it. "We are the communities who are affected by these mining projects. We take part in everything that is done prior to the company getting the mining rights and we agree on how the company will give back to the community." COM05.

The other community members indicated that they are not aware of the requirements for a mining company to start operations. They only get to know about the company when they are coming to start the projects. Showing signs of emotional pain, COM02 had this to say:

*We are not aware of this. Yes one of someone once came and explained to us that we should be involved when the mining companies are coming to operate but we were never consulted. We just saw them starting to operate. At one time we were actually told that we are supposed to move from this area like the other people who were moved to a place in Odzi. They are struggling there. We are not even asked for our views.*

Another community respondent (COM09) reiterated the same sentiments:

*There are some CSR requirements for the mining companies but they do not follow them. For example in this area these mining companies are mining chrome causing environmental degradation in our place. We have tried everything for them to be responsible. At one time, we staged a demonstration that was all over the news. The company executives promised to start doing something for us but till now they haven't. Now our question is who allowed them to mine here in the first place. Had we been involved in the initial phase it would be easy for us to hold these people responsible?*

According to the EMAct, for mining companies to get mining rights, they need to get EIA report that should involve the communities. However, the responses given shows that although the formal requirements are that the mining companies should engage the communities for them to get the EIA, this is not happening in some areas. Out of all the responses ( $n = 15$ ), 40% indicate that the companies did not involve the communities. Sentiments from community representatives may also point to issues of corruption in the whole system. If the act requires that the community have a contribution in mining rights being issued, some companies getting them without community involvement may be a sign of corruption.

Mandevere and Horne (2021) in their research concluded that involvement of communities is a challenge due to the lack of formal structures in those communities. In some cases, this gives room to corruption as the companies end up involving a few influential members. Zimbabwe's Constitution clearly states that mining communities should benefit from the resources of their areas. However, there is no evidence that this is happening. This is mainly attributed to the lack of legislation that enforces CSR contribution (Simon et al., 2022). The other challenge is that the communities themselves are not aware of their constitutional rights to benefit from the minerals in their areas, making it difficult for them to hold the companies responsible. Besides the Zimbabwean Constitution and the EMAct, there is no other law that clearly enforces

CSR implementation in Zimbabwe (Simon et al., 2022). The partial repealing of the Indigenisation and Economic Empowerment (IEE) Act through the Finance Act of 2018 affected the communities negatively as the IEE Act had enforced the involvement of the indigenous Zimbabweans in CSOTs (Clifford & Moyo, 2014). This is in agreement with some community representatives who indicated that even though they tried to stage demonstrations to force the companies to implement CSR nothing materialized.

According to section 13(4) of the Zimbabwean Constitution, it is the responsibility of the state to ensure that communities benefit from the resources in their area. Leaving the companies to do what they see fit allows for situations where there is no uniformity in CSR implementation as was realized in the study areas. Sixty percent of the respondents ( $n = 15$ ), indicated that they are aware of the requirements of CSR in mining implementation. Of the ten community respondents, four indicated that the companies mining in their areas are following the formal requirements. On close analysis of the legislation, policies, and procedures of CSR in mining in Zimbabwe, there is no enforcement of the CSR procedures. Those who implement CSR are doing it at their own will. This is in agreement with (Clifford & Moyo, 2014), who say CSR in Zimbabwe is not compulsory as there is no law to enforce it neither there is law to punish those who fail to fulfill their promises to the communities. (Munyoka, 2020) reiterates the same sentiments where he cited lack of legislation as a contributor to ambiguity in what mining companies should contribute to the communities.

## Perceptions on the Role of Government

As corporates are a part of the vital system of the society where they operate from, they are supposed to contribute to the well-being of that society. In CSR, the government is considered one of the primary stakeholders responsible for enacting CSR laws and regulations (Wirba, 2023). It is the responsibility of the government to ensure corporates contribute to the communities they mine from through policy formulation (Schwartz et al., 2021; Wirba, 2023). Monitoring and enforcement of CSR obligations are the responsibilities of the government (Schwartz et al., 2021). Perceptions on government impact on CSR implementation, and therefore, it is crucial to understand how government policies relate with CSR. When corporates understand the role and expectations of the government in promoting CSR, they align their CSR initiatives in line with the expectations leading to sustainable development (Grabner-Kräuter et al., 2023; Nadjib & Zainal, 2020).

All our respondents indicated that they understand that it is the duty of the government to ensure companies contribute through CSR. Respondents had varying perceptions about the role of the government in CSR implementation. Sixty-seven percent of the company representatives, where  $n = 6$ , had an almost similar view of the issue. Although

the government has crafted the EIAP which states that corporates should involve communities when doing the assessments and also section 13 of the Constitution requires mining companies to contribute to the welfare of the communities through the resources, it is not clear how this should be implemented. Reiterating this, COY05 said:

*Yes we do have the EMA act and constitution suggesting that as mining companies we should share our profits with the communities where we are mining. However, the silence of the government on how this should be implemented is worrying. There is no law which rewards those who implement CSR neither is there a law that punishes those who do not anything. As much as we feel obligated to contribute to our communities, we feel the government has not been playing their role effectively.*

The other divergent view from the company representatives is that the government has done enough for CSR implementation. COY02 was blunt in his words: “CSR is voluntary. Why should there be legislation to implement it. The government has done enough. We can only contribute when we have enough profits. The government leaving it as is is enough. We are already paying taxes.” These different views show that there is no uniformity in CSR implementation in mining companies. This is in line with the literature which states that lack of legislation leads to inconsistent CSR implementation in the mining industry. This results in unfair distribution of resources with a negative impact on the communities (Chidyausiku & Muzingili, 2017). In line with the collected data, the Zimbabwe Environmental and Law Association publication states that unclear guidelines and regulations results in mining companies to have challenges in developing effective CSR strategies that meet the expectations of all the stakeholders (Nyakuni & Sunguro, 2021).

As stated above, this is exactly the same scenario in Zimbabwe where some company representatives claim to be contributing enough to the communities while the communities feel otherwise. Most of the community representatives (90%), where  $n = 10$ , indicated that the government is not doing enough in terms of enforcing CSR implementation. “The only way to effectively implement CSR is for them to enact policies and guidelines then we as the communities can do the monitoring,” COM08.

From the responses received, it is clear that the respondents closely link government perceptions and legislation. The perceptions of the government can easily be read through the type of regulations it enacts. CSR is perceived to contribute to sustainable development (Jenkins & Yakovleva, 2006; Yan et al., 2022). The lack of legislation guiding CSR implementation causes mining companies to fail to contribute sustainable development (Gwatiringa & Mahiya, 2019). COM02 reiterated the importance of legislation in CSR:

*We were happy when the indigenization was enacted. Communities where international mining companies are*

*operating had started to benefit and we had hope that it will come to us too. Unfortunately, we hear that the law was repealed and now even the international companies are no longer sharing with the communities. This thing of leaving companies to do voluntary does not work at all. They are reaping us. The government should do something.*

Lack of CSR legislation and implementation guidelines in Zimbabwe is affecting the communities and the environment as no one is held accountable, and there is total reliance on voluntary actions. The government and other stakeholders should come up with clear guidelines so that mining companies can contribute to the socio-economic conditions of the communities where they are benefiting from.

### Collaborations between Mining Companies and Communities

Collaborations between communities and mining companies in CSR implementation assist in reducing social conflict as the communities will be compensated for their resources and the negative effects of the mining industry (Fraser & Xavier, 2021). Collaborations result in effective CSR programs that achieve the needs of the communities and ensure sustainable development (Mandevera & Horne, 2021).

Respondents indicated that collaborations are an important factor in CSR implementation. Communities who are in collaborations with the mining companies are satisfied with the type of CSR projects being implemented. These successful collaborations happen when mining companies engage with communities through consultative meetings and open dialogues. This leads to trust and an understanding of the needs and cultural practices, thereby creating a collaborative relationship. This is in line with the literature which states that collaborations lead to understanding of community expectations (Saenz, 2021).

Community respondents explained that the companies that they are collaborating with in CSR did a lot of engagements through meetings with the whole community, sometimes with representatives where they sought to understand the culture of the community and also their expectations. Literature states that collaborations that start with engagements enable a better understanding of the communities' cultural norms and traditions, enabling breaking cultural barriers that can hinder collaboration (Taffere et al., 2023). Mandevera and Horne's (2021) research mentioned cases where mining companies implemented projects that the community did not want because there was no engagement with stakeholders. There is need to engage and collaborate with stakeholders, community leaders, and representatives so that CSR implementation is in line with priorities and values for communities (Boso et al., 2017).

Sixty-seven percent of the company representatives (where  $n = 6$ ) indicated that they do their CSR projects in

collaboration with communities. Company representatives meet with the communities and agree on the projects that they would need to be implemented. They agree on what the company will offer and what the contribution from the community will be. In one case where the community asked the company to build a school block, the community was providing labor. According to the respondents, they aim to do projects that will be self-sustaining even in the absence of the company. One of the respondents had this to say, “yes we are engaging them. They tell us what they expect and we try and implement together. They fully participate in the whole process and so far it has been going on well,” COY09. Scholars agree that CSR projects that meet the needs of the communities are sustainable ((Mohammed et al., 2024; Mandevere & Horne, 2021).

Sixty percent of the community representatives (where  $n = 10$ ) indicated that the companies are not doing anything in their communities and neither are they collaborating with them in anything. The communities that are not engaged are not benefiting from the resources being mined in their communities and are wallowing in poverty. When companies engage communities in CSR implementation, it will lead to poverty alleviation and sustainability (Poverty Reduction Forum Trust, 2013). One of the community representatives also reiterated that indeed they are collaborating with the company in CSR activities. “We are very happy because we are involved from selecting the projects we want implemented throughout the implementation. Our community is changing and all the projects we implemented are viable. We have the vegetable garden for example, we are all benefitting from it,” COM09. Where there is collaboration in CSR, it results in ownership leading to sustainability (Mandevere & Horne, 2021).

## CONCLUSIONS

The research aimed to understand the motivations why local mining companies implement CSR. The research sought to answer the following questions:

- Are the local companies involved in CSR?
  - What role does legislation play in hindering or enhancing CSR in locally owned mining companies?
  - What opportunities does mining companies avail for community engagement?

The research concluded the following.

### Local Companies and CSR

There is no meaningful contribution done by mining companies through CSR as the legislation is not clear and is not being enforced. Few companies are implementing some CSR activities, especially prior to the registration of the mining company. Lack of formal structures can have a negative impact on how local companies implement CSR as they end up engaging one group of people, mostly the influential one, giving room for corruption.

## The Role of Legislation in Hindering or Enhancing CSR

In Zimbabwe, unlike MNCs that are mirroring the activities they are doing in other countries, locally owned mining companies compare themselves with those companies that do not have CSR strategies. This has a negative impact on CSR in the mining sector in Zimbabwe as there is no clear legislation on CSR. The policies mentioning CSR are not clear and lack guidelines on implementation. Mining companies that are implementing CSR are doing it on a voluntary basis.

In addition, companies that do not contribute to the communities are not penalized, while companies that implement are not incentivized either. This is discouraging companies that participate in CSR implementation. Countries like South Africa and Kenya do have CSR legislation, although there is reluctance in implementation (Muthuri & Gilbert, 2011), and companies that are operating in such countries do mirror their projects in other countries even without CSR legislation (Mandevere & Horne, 2021). This is in line with what the literature says about normative isomorphism where companies perform better in CSR when they feel pressure from what other companies are doing than being enforced by the law (coercive isomorphism) (Roszkowska-Menkes & Aluchna, 2017) (Zhang et al., 2022).

The lack of legislation and enforcement is causing locally owned mining companies to contribute very little to community development.

It is important for the government of Zimbabwe to consider enacting policies and procedures that guide CSR implementation. Zimbabwe is one of the countries with vast mineral resources which the government has projected to positively impact the economy. Without legislation on CSR, the ordinary Zimbabweans will continue wallowing in poverty while corporates are exporting vast resources for their own benefits.

### Mining Companies and Community Engagement

Although some companies are collaborating with communities in CSR implementation, the contribution results in very little impact, as there is no support from the government in terms of policies and procedures. Although there is a policy that encourages companies to engage with communities, evidence from the communities shows that some companies are not engaging the communities as per the policy. The issue of isomorphism also comes into play where companies do not feel any pressure to engage communities in CSR either from the law or from what other companies are doing.

Although some companies indicated that they are engaging communities in CSR, some communities could not confirm the same. The researcher concluded that the type of engagement being done by the mining companies is not satisfactory for the communities, which further points to

the issue of lack of governmental policies and procedures to guide communities on how CSR should be implemented.

## RECOMMENDATIONS

- Governments should consider enacting and enforcing laws that guide CSR implementation.
- Companies should be encouraged to fully engage communities when implementing CSR.
- It is important for governments to consider giving incentives for companies that implement CSR.

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