



Transformation in the South African mining industry – looking beyond the employment equity scorecard

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Synopsis

Going beyond transformation claims contained in employment equity scorecards and industry compliance reports, this article provides qualitative insight into the initiatives employed and challenges experienced by mining companies in a quest to transform the mining industry. Perceptions expressed during in-depth interviews with 10 senior executives showed that the assumption that mining companies are reluctant to transform is erroneous. Results from this study suggest buy-in and commitment to transformation. This article describes specific initiatives undertaken by mining companies to transform. The most notable initiatives include staff recruitment efforts to appoint historically disadvantaged South Africans (HDSAs), staff development initiatives, as well as community development. The findings furthermore contextualize the challenges experienced by industry participants in their quest to transform. Despite accusations that industry participants are not taking responsibility for the implementation of the transformation agenda, government needs to recognize that they too have a role to play and need to appreciate and assist in the current challenges experienced by the industry.

Keywords

transformation, mining charter, historically disadvantaged south Africans, black-economic empowerment.

Introduction

'We need a mining sector that works. Mining employs over half a million people. It is the biggest earner of foreign exchange in our country. It also contributes about 20 billion rand directly to tax revenue. Mining also makes a far larger contribution as a buyer of goods and services, and a supplier of inputs to other sectors of our economy and other economies around the globe' said President Jacob Zuma during the 2014 State of the Nation Address (Zuma, 2014). However, despite apparent commitment from government, enforced compliance with social and labour plans, regulations and Mining Charter targets, the South African mining industry is slow to gain local and international investor trust (Deloitte & Touche, 2013; Mashego, 2013).

Industry players acknowledge that their context has changed – creating various challenges (Davis, 2014). In the past few years, such challenges included subdued commodity prices, increased working costs, constrained infrastructure, and high labour

costs, coupled with poor levels of productivity, strained labour-management relations, an uncertain regulatory environment, and the inevitable maturation of the industry (Deloitte & Touche, 2013; Davenport, 2014). Mining-affected communities also became more cognisant of their rights, and politicians more vocal in their expectations from their relationships with the mining giants (Davis, 2014). One of the main issues that contributed to the difficult operating conditions was claims from organized labour and Minister Shabangu that this industry is too slow to transform. Specific claims were made in terms of employment equity, fair salaries and wages for mineworkers, housing and living conditions, health and safety issues, and general working conditions (Limpitlaw *et al.*, 2005; Miningm^x, 2013; Shabangu, 2010). These claims were followed by what Gill Marcus, Reserve Bank Governor, explained as 'unprotected strike action [that] has escalated into an uncontrolled, violent and unlawful landscape, led by a mob mentality in the absence of formal and recognised leaders' (Mavuso, 2013).

In light of the stern warnings from government that 2014 is the deadline for mining companies to improve housing and living conditions of mineworkers and to achieve a number of targets (Miningm^x, 2013; Zuma, 2014), the purpose of this article is to provide insight into the status of transformation in the mining industry. Specific attention will be given to current initiatives undertaken to drive transformation, challenges experienced, and finally to identify the barriers to transformation. The scope of this article goes beyond transformation claims contained in employment equity scorecards or the findings presented in industry compliance

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© The Southern African Institute of Mining and Metallurgy, 2015. ISSN 2225-6253. Paper received Oct. 2014 and revised paper received Jan. 2015.

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reports (see, for example, Mitchell, 2013 for a review). Instead the article will report current initiatives and qualitative perceptions about the challenges experienced in the quest to transform the industry. The literature review will focus on relevant transformation regulation and legislation to set the legislative context. Progress on transformation in the mining industry reported elsewhere will also be considered. The literature review is followed by a description of the methodology used to explore the status of transformation and then the results and findings are presented. Finally, conclusions are drawn, which aim to set recommendations for industry stakeholders.

Transforming the mining Industry

The Mining Charter is the policy instrument to effect transformation of the South African mining sector (Department of

Mineral Resources, 2009). Despite being considered a priority by government and industry, the evidence on the extent of transformation in the mining industry is, at best, unreliable (Mitchell, 2013). This is curious, as industry stakeholders, including the Chamber of Mines, the South African Mining Development Association, and the National Union of Mineworkers negotiated and signed the Mining Charter. This charter is furthermore complemented by relevant legislation for mining of mineral resources, listed in Table I.

Table I supports the notion that transformation is guided by clear legislation, transformation targets, and objectives. The shared purpose of these Acts is to create true democracy and a non-racial country (Esterhuysen and Nell, 1990). In support of the constitution, the legislation and Acts furthermore strive to recognize human rights, improve the quality of life, and promote equality for historically

Table I

Chronological list of legislation affecting mining and BEE in SA

Act number	Act name	Brief description	Date of commencement
Act 16 of 1967	Mining Titles Registration Act	Regulates the registration of mining titles and other rights connected with prospecting and mining.	1 October 1967
Act 20 of 1967	Mining Rights Act	Deals with the issue of unwrought precious metals.	1 October 1967
Act 61 of 1973	Companies Act	Governs the formation and regulation of companies in SA.	1 January 1974
Act 78 of 1973	Occupational Diseases in Mines and Works Act	Deals with the compensation for diseases contracted by persons employed in mines and works.	1 October 1973
Act 69 of 1984 (GG 9285, 1; 4 July 1984)	Close Corporations Act	Governs the formation and regulation of Close Corporations in SA	1 January 1985
Act 56 of 1986 (GG 10291, 1; 25 January 1986)	Diamonds Act	Created the Diamond Board and instituted regulations for the trade in diamonds.	1 October 1986
Act 30 of 1989 (GG 11783, 1; 31 March 1989)	Mineral Technology Act	Provides for the continuation of MINTEK (Council of Mineral Technology) and its management by a board.	1 August 1989
Act 50 of 1991 (GG 13253, 1; 22 May 1991)	Minerals Act	Regulated the mining industry until May 2004.	1 January 1992
Act 66 of 1995 (GG 16861, 1; 13 December 1995)	Labour Relations Act	Amended SA's labour legislation to take account of the provisions of the final constitution, regulate trade unions and streamline procedures for resolution of employment disputes. It also created the Labour Court and the Labour Appeal Court.	11 November 1996
Act 29 of 1996 (GG 17242, 1; 14 June 1996)	Mine Health and Safety Act	Deals with the protection of the health and safety of employees in a mining operation.	14 June 1996
Act 108 of 1996 (GG 17678, 1; 18 December 1996)	Constitution Act	Contains a Bill of Rights that protects all South Africans.	4 February 1997
Act 55 of 1998 (GG 19370, 1; 19 October 1998)	Employment Equity Act	Achieves equity in the workplace by eliminating unfair discrimination. Also adopts affirmative action measures.	1 December 1998
Act 4 of 2000 (GG 20876, 1; 9 February 2000)	Promotion of Equality and Prevention of Unfair Discrimination Act	Gives effect to the Equality clause (S 9) of the Constitution.	16 June 2003
Act 28 of 2002 (GG 23922, (1; 10 October 2002)	Mineral and Petroleum Resources Development Act	Transferred mineral rights from private holders to government as guardian of peoples of SA and makes special provision to benefit historically disadvantaged persons.	1 May 2004
Act 53 of 2003 (GG 25899, 1; 9 January 2004)	Broad-Based Black Economic Empowerment Act	Established a legislative framework for the promotion of Black Economic Empowerment.	21 April 2004
Act 49 of 2008 (GG 36523, 1 31 May 2013)	Mineral and Petroleum Resources Development Amendment Act	Provides a framework for the regulation of associated minerals including guidelines for the partitioning of rights. This Bill furthermore enhances provision relating to the regulation of the mining industry through beneficiation of minerals, the promotion of national energy security in order to streamline administrative processes and to align it with previous Acts.	01 January 2013
Act 46 of 2013 (GG 37271, 2; 27 January 2014)	Broad-Based Black Economic Empowerment Amended Act	Inserts new definitions and amends others, provides for remuneration of council members, promotes compliance, incentive schemes to support black-owned enterprises, establishes BEE commission.	27 January 2014

Source: Department of Mineral Resources, (2014); Rungan *et al.* (2005)

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disadvantaged South Africans (HDSAs) (Booyens, 2006; Swart, 2003). The Employment Equity Act, for example, enacted affirmative action measures with the aim of obtaining equity in the workplace (Republic of South Africa, 1998; Thomas, 2002). The enactment of the Skills Development Act aims to ensure the development of critical, core management skills of HDSAs in the workplace. The Broad-Based Black Economic Empowerment (BBBEE) Act followed as an intervention to address the apartheid legislation that prevented HDSAs from fully partaking in the economy (Burger and Jafta, 2006). This Act seeks to obtain a balanced strategy that addresses ownership, management, employment equity, skills development, preferential procurement, and enterprise development.

Specific to the mining industry, the Mineral and Petroleum Resources Development Act (MPRDA) documents and enables the transformation of national mineral and mining policies (Republic of South Africa, 2002; Van der Zwan and Nel, 2010). The MPRDA furthermore establishes that the mining sector has a duty to guarantee that exploitation of minerals shall benefit the economy, adhere to corporate social responsibility issues, safety, health, skills development, and provision of employment opportunities for HDSAs (Chamber of Mines, 2007). In support of this Act, mining companies were advised to introduce social plans, which are aimed to benefit the wider economy. Social plans were to be accompanied by an exploration plan (work plan), financial plan, mining plan, labour plan, environmental plan, empowerment plan, as well as a marketing plan (Cawood, 2004, p. 58).

Transformation in the mining industry is furthermore informed by the Broad-Based Socio-Economic Empowerment Charter for the South African mining and minerals industry (DMR, 2010; Fauconnier and Mathur-Helm, 2008). This charter addresses ownership and employee transformational targets and aims to promote equitable access to the nation's mineral resources for all the people of South Africa; substantially and meaningfully expand opportunities for HDSAs to enter the mining and mineral industry and benefit from the exploitation of the nation's mineral resources; utilize the existing skills base for the empowerment of HDSAs; expand the skills base of HDSAs in order to serve the community; promote employment; and advance the social and economic welfare of mining communities (DME, 2004). Initial transformation targets were captured in a Mining Scorecard that was officially launched in 2003 (Cawood, 2004; Fauconnier and Mathur-Helm, 2008). The 2003 Mining Scorecard was informed by the elements of the 2002 Mining Charter and also developed to be in line with the BBBEE Codes of Good Practice. While the Mining Charter expanded on 'how to do it', the Mining Scorecard illustrated 'how companies will be evaluated' (Rungan, Cawood, and Minnitt, 2005, p. 740). This scorecard was, however, criticized because it was merely a checklist with 'yes or no' options, and concerns were raised over the practicability of measurement scales (Rungan *et al.*, 2005). Additionally, a compliance assessment done during 2009 showed that the industry was not fully compliant and some targets were not met. As a result, the Mining Charter was amended in 2010 to provide more measurable items, scales, and targets. Indeed, it was the vision of the 2010 Mining Charter to facilitate sustainable transformation,

growth, and development of the mining industry (Shabangu, 2010). The amended 2010 Mining Scorecard served to supplement the amended Mining Charter and contained more measurable items (Miningmx, 2011). The revised charter sets a target of 26% black ownership of South Africa's mining assets by 2014, as before, and adds that HDSAs should constitute 40% of the total at all levels of management of mining companies. At present, the DMR does not issue new-order mining rights or grant mining licences unless companies are BEE-compliant and have the necessary BEE credits and allotments in place (Miningmx, 2013). In 2013, a redrafted black economic empowerment bill was passed in the National Assembly. This bill will eventually stipulate entirely new BEE codes which are likely to be vastly different from the milestones in the Mining Charter.

Transformation progress

In delivering her budget speech in May 2013, Minister Shabangu emphasized that mining houses will implement government's transformation agenda – 'come hell or high water'. Minister Shabangu directly confronted mining houses about the slow progress made on the BEE front. '[Every] other stakeholder suffered from a case of parochial amnesia in terms of their responsibility for the implementation of this transformation agenda', Shabangu said. 'We ended up with widely varied accounts on the extent or otherwise of the progress that has been made in this regard' (Miningmx, 2013). However, mining analysts, lawyers, and industry players have different views about the industry's level of compliance, particularly in respect of BEE codes (Miningmx, 2013). In general, there seems to be consensus that most South African mining houses have largely met the transformation objectives and that they will meet the stipulated 26% black ownership target. The way in which government will measure compliance with that target is, however, uncertain (Davenport, 2014). A frequently cited problem is the current disjoint between different definitions in relevant Acts, frameworks, and scorecards. At a fundamental level, the definition of historically disadvantaged individuals contained in the MPRDA Act/Mining Charter, for example, includes white women, but the BEE codes regard only black, coloured, and Indian people as previously disadvantaged (DMR, 2009; Miningmx, 2013). These definitions directly impact the calculation of BEE targets and such ubiquities create widespread dismay (Miningmx, 2013; Rungan *et al.*, 2005; Tupy, 2002).

Despite the confidence that ownership targets will be reached, there is less certainty regarding the 40% employment equity target at all levels, especially management. Although mining houses claim that they will exceed targets at the lower management levels, they blame skills shortages in management, critical, and core skills as the main reason for not meeting targets at more senior levels (Deloitte & Touche, 2013; DMR, 2010; Healing, 2012; Rungan *et al.* 2005). According to the Landelahni mining report, the mining industry is competing for scarce skills with infrastructure, manufacturing, and other local industries as well as the global mining industry. Reasons cited for the skills shortage are declining numbers of graduates in mining-related qualifications, high HDSA staff turnover, and retirement (Healing, 2012; Landelahni, 2013). In 2008, the



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Landehlani mining survey revealed that local mining graduates' pass rate was 13% compared to the expected 25% throughput rate for four-year programmes. South Africa is also experiencing a high shortage of well-qualified, competent, and experienced artisans and professionals in the mining sector (Landelahni, 2008). This explains the provision of attractive bonuses, spiralling salaries, and retention packages by mining companies to retain HDSAs possessing these attributes (Engdahl and Hauki, 2001). Industry players furthermore argue that it is challenging to address the skills shortage given the deficiencies of the Mining Charter and unrealistic targets set (Davenport, 2014; Miningm^x, 2013; Mokoena, 2006; Schoeman, 2010; Tupy, 2002). The skills shortage will thus remain an issue as long as there is ineffective leadership for driving transformation, inability by mining companies to identify and manage a talent pool, and the broad transformation legislation (Esterhuysen, 2003).

Notwithstanding these challenges, industry players are aware that their context has changed and claim to embrace the concept of transformation. They moreover publicly declare that they are investing the required resources to not only comply with legislation, but rather to achieve true change (Davis, 2014). This article will consider current initiatives undertaken to drive transformation and challenges experienced in the quest to identify the barriers to transformation. The research questions of the study were the following:

- ▶ What is the progress made in transforming the mining industry, and what initiatives have been put in place by mining companies?
- ▶ What are the challenges and barriers to transformation in the South African mining industry?

The methodology used to explore the status of transformation is reviewed below.

Research methodology

A qualitative research methodology was used and data was collected through ten in-depth interviews. Participants representing mining houses listed on the Johannesburg Securities Exchange were selected by means of probability purposive sampling. This technique allowed the researchers to select and interview executives or senior managers who oversee transformation, sustainability, human resources, people management and/or employment equity for the entire company. The size of the companies ranged from small to large multinational groups.

The duration of interviews ranged from 45 minutes to one-and-a-half hours, and interviews were conducted at a place convenient for the participant. Nine out of ten interviews occurred at the offices of the participants. The overarching topic of the interview was the participant's experience with transformation in the mining industry. This topic was supported by open-ended questions dealing with different issues related to transformation and employment equity scorecard – refer to Appendix 1 for a research questionnaire. Each participant voluntarily signed informed consent documents, and was informed about the purpose of the study and assured that their information would be treated as confidential. All interviews were recorded and were later transcribed into primary documents. Qualitative content

analysis was used to analyse transcribed verbatim data. A summative approach to qualitative content analysis was used, which entailed counting and comparing quotations, keywords, or paragraphs followed by the interpretation of the underlying context. The coding and theme identification process was prepared in Atlas.ti, which is a qualitative data analysis software package that offers support for the interpretation of text (Muhr, 1991, p. 349). Categories and code names emerged from the data and quotes, keywords, or paragraphs were counted and compared followed by interpretation of the underlying context (Rosengren, 1981).

Discussion of findings

Themes were aligned with research questions and categorized to identify initiatives employed to promote and execute transformation, as well as challenges experienced in the process of transformation, in a manner that addresses the research objectives. It is important to firstly discuss the interpretations of the meaning of transformation by participants before a discussion on initiatives to promote transformation and challenges experienced in transforming the mining industry. This forms part of the next discussion.

Common understanding of transformation definition

It was found that the participants had varying interpretation of transformation, although common terminology regarding transformation understanding was that transformation is a cultural change but not a racial issue involving replacing white individuals by black individuals in specified positions. Transformation was regarded by participants as a mind-set change, the act of embracing diversity, equalizing rights and creating opportunities, and doing what is right for organizations. The majority of participants acknowledged that transformation is a process that will take a long time to realize.

Initiatives to promote and execute transformation

Key themes that emerged in this category were staff recruitment efforts, staff development, staff retention, and community development.

This study found that recruitment of HDSAs (theme 1) goes beyond traditional recruitment practice, *i.e.* using recruitment agencies or advertising vacant positions. As available candidates often lack specific skills and/or experience, employers interviewed for this study often offer graduate and management development programmes. The objectives of these programmes are to equip new entrants with skill sets necessary to assume specialist and management roles in the company. To recruit employees for more senior positions, all participants indicated that their recruitment drives involved rigorous headhunting efforts in search of HDSAs.

Staff development is another priority in support of transformation. Indeed, all participants reported that they offer bursaries to eligible staff members to pursue studies at higher education institutions as well as on-the-job training and various external training opportunities. Although training opportunities are available to all staff members, it became clear that preference was given to HDSAs. Insightful quotes in support of this deduction were made by participants 2 and 9:

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'The government expects us to pay, spend 2% on payroll on training ... we are making sure that we are focusing most of our training on core and critical skills, but we are looking specifically at the HDSA's that they get it.'

'We try to train people to go up, getting more core skills. So if we have got a local guy living near a mine and he comes from a local community, we teach him how to dig in the ground, we teach him how to work underground, we teach him how to do drilling, blasting, we teach him how to drive trucks ... we teach him more and more'.

Fast-tracking of women seems to be a key priority in the mining industry (this notion was supported by six participants). This finding suggests that development of women and gender diversity are taken seriously. Respondents did not emphasize talent management (mentioned by only one participant), change management programmes (commented on by one participant), or diversity training as being of particular importance addressing transformational challenges.

Staff retention efforts (the third theme) were described by three participants. In order to retain staff, these participants reported that scarcity allowances were awarded to black individuals with scarce skills. All ten participants, however, questioned the validity of such allowances to retain staff. Only two participants reported other staff retention initiatives such as home ownership schemes for mineworkers. These participants specified that their companies offered housing benefits and facilitated home ownership for miners in the form of a bond at a discounted rate.

Initiatives to promote and execute transformation, however, extended beyond staff recruitment and development and included community development projects. All participants indicated that bursaries, learnership opportunities, and training are offered to non-employees. Several examples were furthermore cited to illustrate community development programmes, such as:

... 'on the skills level, for the school leavers we have bridging schools. So we are paying for students with no bursary obligations. We are just giving them money and saying, "you are a school leaver and you are historically disadvantaged, you come from local high school somewhere in the rural areas near a mine, we give you money to do bridging for a year and then we re-evaluate how well you have progressed." So we spend a lot on education' (Participant 2).

... 'we are providing extra lessons for Maths and Science grade 10 to 12' (Participant 5).

Efforts protracted beyond training and all participants confirmed their commitment to community development. Participant 7 described this commitment as:

... 'in this year alone, for example, we trained over 5000 community members on different skills programmes. Now I am not aware of any other industry that trains people outside the company other than its own. And that is typically what mining does'.

Two participants also emphasized the importance of building strong relationships with other stakeholders such as municipalities in order to implement their projects.

'We talked to [the] municipality, they formalized it, they put in water, electricity, we have built a school

there. And that school, the frames, steel frames came from a welding centre that we built in the community' (Participant 8).

The findings above suggest that mining companies are committed to recruiting and developing HDSAs in an effort to drive transformation. Focus is also placed on staff retention and community development.

Challenges to transformation

Unfortunately, transformation in this industry poses several challenges. The research results disclosed six themes that describe challenges to transformation – inability to recruit suitable candidates, competition for talent, mining not always viewed as a suitable career choice, cultural diversity, lack of government support, and the debate on nationalization of mines.

The most prevalent theme revealed in this category was concerns expressed by participants that they were not always able to recruit suitable candidates (supporting data obtained from nine out of 10 participants). Suitability was defined in terms of required skills, qualifications, experience, and adherence to employment equity. For example, participant 10 indicated that there is a skills shortage in regard to critical skills

... 'there is a shortage of talent particularly the black engineers. And I think statistically it has been proven that there isn't too many of them in the country in terms of mining. I am talking mining in particular. There might be a lot of them in the system but they are not yet ready to take the position'.

Furthermore, participants agreed that qualifications and skills should be separated, skills being recognized as most desirable.

... 'when we say skills, I am not talking about someone who is going to come out with a master's degree at [a] university and then we say that is skills. Skills come with experience, experience brings about insight. Now that is what we are running short of' (Participant 1).

'I am an engineer, I know, it is an incredibly strenuous and onerous degree to get. It is not Mickey Mouse you have got to work hard. You have to have a little bit of ability, you have got to be able to think at a certain level, and you have got to be able to apply yourself, you have got to work hard. There is no free lunch in these types of skills, these critical skills and I am talking about engineering specifically' (Participant 2).

... 'you still have got lots of vacancies in the engineering department which you can't fill today because of lack of adequate skills' (Participant 3).

These findings suggest that competence is a combination of qualifications, skills, and experience. To meet these requirements is not easy and various perspectives were offered on whether the industry needs to lower the standards for recruitment. Participant 7 admitted that:

... 'competence is colour blind in this industry because remember that if you are at the top and you have a thousand people underground, three kilometre down there, working at the rock face, it's got nothing to do with colour. When you are the accountable guy here, you have to pull them out.'

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In addition to the recruitment challenges reviewed, participants indicated that recruitment of females and people living with disabilities was particularly challenging.

'The challenge remaining on the senior management and also the demographics you will find that [for] African females in particular there is still a challenge there. But you can also realise that when we are talking about senior management we are talking about someone who has an experience of ten years or more to fifteen years' (Participant 9).

'We don't have in my view a robust system or a process, whatever you want to call it, that focuses on people with disabilities and ensures that we can as a country produce people with good skills. Not just skills in terms of being a typist or as a person with a disability but professional skills amongst the people who have got disabilities' (Participant 3).

Another recruitment challenge was sourcing suitable candidates from local communities. Although participants indicated that they try to recruit candidates from local communities, six participants reported that local candidates in mining communities are not willing to do the work that the foreigners or 'men from the Eastern Cape or Lesotho' are willing to do.

... 'we target people from the local communities ... What you find is they are not willing to do the same kind of work like people in the Eastern Cape and other places are willing to do' (Participant 6).

'They say "no it is hard thank you I am not going to I can't do it" you will find that those people would want office jobs and not go and become a rock drill operator' (Participant 7).

Participant 6 described attitudes that local communities have towards migrant workers.

... 'that creates a lot of tension within the communities so all the people who come from the Eastern Cape or come from Mozambique or come from Lesotho, find themselves isolated because they are not accepted into the communities...In fact they are seen as foreigners in those very same communities'.

Once suitable candidates are appointed, the next challenge is to retain them. In this regard, all participants in the study confirmed that the major challenge facing mining companies is 'a war for talent' (theme 2) due to the inability to attract and retain talented individuals. Three participants mentioned that those who are mentored, coached, and trained are often headhunted and recruited by rivals.

... 'probably every year we get top guys, we mentor them, we coach them, we give them positions, they work, after six, 18 months they get poached by somebody else' (Participant 1)

These participants furthermore reported that they headhunt HDSAs and often pay a premium for recruiting them. One participant stated that HDSA 'attraction bonuses' are awarded for accepting a job with a company. However, the challenge remains that HDSAs still leave the company as soon as they find another occupation with greater financial rewards.

Further complicating recruitment and retaining staff was that positions in mining are not always a suitable career choice (theme 3). Demanding and sometimes dangerous

working conditions are considered to be an obstacle to achieving transformation objectives in a spirit that promotes health, safety, and employee wellbeing.

... 'an issue around health and safety is a major challenge for the mines. Because sometimes the health and safety is not within the control... you get things like fall of ground... you can bar all the places and all that and then all of a sudden a rock falls out there' (Participant 1).

... 'equipment that we are using is not [ergonomically] designed for women. We are still using lots of conventional mining. I mean that drill weighs about 24 kilos and if you are to pick it up as a woman I don't know if I can' (Participant 3).

Complementing the previous theme was an entrenched prevalence of stereotyping in the mining industry.

... 'it's a very male dominated environment and I think there is still a lot of stereotype about what woman can do and what woman can't do. So I think there is a lot of a stereotype around gender' (Participant 6).

... 'they are entrenched here, they have been here 30, 40 years and they will tell you now you come in your 20s and you want to come with a new way of doing things. Classic diversity challenges' (Participant 3).

It was further reported by participants that gender and age stereotyping are linked to cultural diversity challenges (theme 4) faced in the mining environment. For example participant 6 explained that

... 'you need to understand that in our culture, the African culture, a woman is more subservient to a man. So suddenly you are you are trying to promote woman into a supervisory position. And these men don't understand. They say, "what the hell now a woman must come and tell me what to do?"'

'I think mentoring is a big problem. I think black people get thrown into positions and then there are no safety nets. And unfortunately, when that happens and that person fails and then the argument is black people can't do it. It's not that. They need to be given the same support that their white counterparts were given in order to succeed'.

Participant 4, however, stressed that cultural insight is required to mentor staff:

... 'one of the barriers is the fact that you don't have enough mentors who are like the people that you are trying to empower [HDSA] ... it is sometimes very difficult to empower people or advise people when they don't really understand where you are coming from or when you don't understand where they are coming from, when you can't relate... it is a human relations issue, because you must be able to relate before you mentor'.

Although participants agreed that transformation has been contextualized as the inclusion of HDSAs where they are underrepresented, it could sometimes lead to the exclusion of and discrimination against the white racial group. Such exclusion often leads to racial tension. Transformation also creates uncertainty for staff members outside the targeted race groups. Such uncertainty often results in anxiety and fear about future career prospects. Participant 2 described concerns about this challenge as follows:

'I think more of our lower skilled white people are

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extremely afraid, they are ... and that brings out a resistance ... people are changing, people not wanting to take another job or scared of resigning or scared of moving on, because ... they think they are not going to get opportunities'.

The outcome is often that employees who do not benefit from black economic empowerment believe that they don't have alternative employment options, and as a result staff turnover is slow. In some instances, productivity is also affected as

'White people are feeling so disenfranchised now. They are feeling so reversed apartheid ... they feel like second class citizens at the moment. [They] feel they have got something, but at any moment [they] can lose it and it is actually very depressing for white people' (Participant 2).

This finding is in line with studies of Selby and Sutherland (2006) who argue that such feelings result in a breakdown of the psychological contract with existing white employees and increased loss of memory due to a lack of commitment. Racial tension also emanates when blacks feel that they are being undermined in the workplace and being unfairly criticized for the quality of their work.

Outside the control of industry participants, another challenge highlighted was the lack of support provided by government (theme 5). All 10 participants, for example, criticized the education system for not preparing learners for mining-related occupations or the standard of education provided, resulting in many learners not meeting the admission requirements for mining-related qualifications offered at a tertiary education level. All participants furthermore reported that schools in the rural areas did not have sufficient facilities and resources, such as access to a library, laboratories, and equipment for experiments. Seven participants reported that mining companies have tried to accommodate HDSA school leavers but found them ill-prepared to meet employers' expectations. It was also reported that when HDSA school leavers were offered the opportunity to further their education, they often performed poorly.

... 'a lot of my students I had given bursaries to, they just couldn't get past second year. They did first year, failed first year, did second year, failed second year.' (Participant 2).

The current social grant system was also blamed for hindering the development of a work ethic among youth.

... 'because you will get a free house by hook or crook, you will make [the] means, ... and then you will get pregnant you go to [get] social grant ... That is what the youth is doing now. Even if you interview them, "I need three kids so that at least I can get this much" and then they budget already. Then when you get older you will go for the social the old age social grant. So there is always something that will be handed out. So we have created a culture of dependency' (Participant 5).

Most participants (90%) furthermore expressed their discontent with the disjoint between different definitions in relevant Acts, frameworks, and scorecards. Accordingly, participants agreed that they were uncertain about which policies and targets apply.

... 'some policies are not aligned with other develop-

mental policies in different, in other departments of the country' (Participant 7).

'Where we say they are not talking to each other they talk to different [definitions], they track different things. (Participant 8).

Participants also questioned targets and argued that meeting targets is complicated by employee behaviour and culture. One such example is improving living conditions. From the responses received (60% of participants), it was established that the 2014 targets of improvement of housing and living conditions would not be achieved. Reasons offered for non-compliance included miners erecting shacks although housing allowances have been granted

... 'some of them get R1 800.00, then they erect these backyard [buildings], and some are renting proper rooms in the backyards of people in the nearby villages. But most of these people, 90% of them are saying, "I am here for work, I would rather build the house at home because that is where I am going to retire" (Participant 5).

But temporary residences have serious consequences

'... but the problem is that you still have people who don't necessarily want to live in that single room accommodation ... so we may have given them that R2000 or so that is supposed to be a living out allowance, but it not being used for living out accommodation. It's being used to supplement a secondary family that they may have in the North West while they have another family in the Eastern Cape' (Participant 6).

Participants also questioned government's commitment towards creating an environment supportive of transformation.

... 'it is okay for the government to say to industry, "these are the targets." But then the government has a commensurate responsibility to make sure that they deliver the education to our young people, then we can take school leavers and educate them and take them further. We are very happy to do that. But if we have a paucity of skills and abilities in school leavers coming out, it is actually almost abdicating that responsibility to industry. And I know that the government will confess privately that they don't have the capacity to deliver on anything that they need ... so they admitted that they don't have all the capacity to do it' (Participant 2).

Claims of limited service delivery by government were also major concerns:

'One of the issues was how do we capacitate local municipalities? What role do we as industry want to play in that space? We don't want to take over municipalities but how do we capacitate them? We've got a company to run but how do we capacitate them so that they can deliver because if they can deliver they take the pressure off us, you understand? For as long as they don't deliver we will always be at the mercy of communities and we accept that we have a responsibility towards [these] communities' (Participant 6).

'I don't think they have their ducks in the row ... to me that's the biggest barrier as well. Because if you say to me please implement this but you still don't have your house in order [and] you don't even guide me on how to do it you must forget' (Participant 10).

Added to the issue of service delivery, government is also

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experiencing challenges in accurately monitoring mining companies' compliance with the legislation.

'I know that they had a challenge; they have got a challenge of monitoring companies in terms of how far they are going' (Participant 3).

A lack of collaboration is furthermore attributed to the lack of trust and limited dialogue between the mining sector and government.

'For as long as we treat each other with suspicion ... because that unfortunately the fact, there is a lot of suspicion around the mining industry and unfortunately what happened at Marikana doesn't paint us at a good light at all.' (Participant 6).

The final challenge identified facing the mining industry is the industry's uncertainty and anxiety emanating from calls for the nationalization of mines. Participants expressed different opinions about this call. Three participants opposed nationalization and claimed that insufficient information regarding nationalization exists and alleged that a political agenda was behind the call. There were also concerns about the state's ability to run mines and questions about whether research was being done to determine the viability of nationalization if it was to become policy.

Findings

This article describes specific initiatives undertaken by mining companies to transform. Most notable initiatives included staff recruitment efforts to appoint HDSAs, staff development initiatives, as well as community development. Findings furthermore contextualized the challenges experienced by the industry participants in their quest to transform. Despite Minister Shabangu's accusations that industry participants are not taking responsibility for the implementation of the transformation agenda, government needs to recognize that they too have a role to play and need to appreciate and assist in the current challenges experienced by the industry.

The present results are consistent with previous studies (Deloitte & Touche, 2013; DMR, 2010; Esterhuysen, 2003; Landehlan, 2008, 2013; Rungan *et al.* 2005; Sapa, 2010) and highlight the industry's inability to recruit suitable HDSA candidates. Specifically, the results correlate with findings of the Landehlan Mining survey in 2008, which revealed that mining is experiencing a shortage of skills in engineering fields, technical, and artisanal skills. It was also found that 'suitability' is measured with regard to qualifications, skills, and experience. The combination of these elements creates competence, which is considered to be non-negotiable in this industry. This finding thus challenges Minister Shabangu's claims that skills are available based on the number of graduates produced annually and the high unemployment rate among the educated youth. Mining houses are supporting the development of staff by means of development programmes, bursaries, and training. However, more effort is required to improve the education system so as to alleviate the skills shortages. The quality of education in South Africa, specifically in rural schools, has been identified as a barrier to transformation. The lack of skills comes from matriculants who are ill-equipped and unqualified to pursue mining qualifications at higher education institutions. Government cannot just regulate and monitor transformation progress,

but should also be an effective agent of change by ensuring that schools are equipped with facilities and resources to function optimally, especially in key subjects such as mathematics and science. Formal collaboration agreements between local governmental bodies and mining companies could result in community development programmes and improved service delivery.

Internally, mining companies also need to review their human resources practices in support of transformation. Special attention is required to promote representation of women and create a culture of inclusivity in the working environment. Various studies, such as Daily *et al.* (1999) and Erhardt *et al.* (2003), recognized that representation of women at senior to board level needs to be fast-tracked. Yet, more than a decade later this remains a problem in the mining industry without a justifiable reason. Focused recruitment strategies and development programmes are required to address this problem. It was furthermore found that initiatives undertaken to create transformation mostly focused on recruitment, development, and retention of HDSAs. An area that seems to be neglected is the creation of a culture of inclusivity that focuses on the entire workforce. Inclusivity is required to create a supportive and caring working environment that embraces diversity and change. Human resource initiatives are thus required to empower employees to embrace change and diversity. Change and diversity programmes could, for example, lower existing tensions among different racial and ethnic groups. It is furthermore suggested that mentorship programmes are introduced for HDSAs that are structured, inclusive, and unbiased.

Results of the present research furthermore uncovered challenges that are often beyond the control of mining companies. Supporting findings from the DMR (2009), it was found that tension exists between local and migrant labour. In terms of recruitment, it was found that applicants from local communities were often not willing to assume labour-intensive or lower skills jobs in mining. Appointment of migrant workers also created various social problems that could increase tension in the workplace. The current research furthermore confirmed the findings of Limpitlaw *et al.* (2005), that employment in the mining industry is not always considered a suitable career choice due to adverse working conditions. Participants emphasized that health and safety conditions are at times challenging, female employees are often subjected to gender stereotyping, and that the machinery and equipment used underground are still conventional and not designed for women.

Initiatives undertaken by mining houses are furthermore compromised by employees' own choices and behaviour. For example, when mining companies build houses for mineworkers near the mining operations to conform to government requirements, mineworkers often elect not to make use of such schemes and rather use the allowance to obtain their own accommodation. In many instances, alternative accommodation arrangements do not comply with government specifications and mining companies are blamed for poor living conditions. It was also found that some mineworkers have second families and are at times subjected to garnishee orders or experience poor living conditions because they are unable to support two families. Finally,

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industry participants are subjected to a broad legal framework with disparate definitions and targets. This framework, as well as uncertainties created by calls for nationalization, often leads to a lack of trust between key stakeholders.

Conclusions and recommendations

This research recognizes the transformation initiatives undertaken by mining companies, and challenges the assumption that mining companies are reluctant to transform. Although the industry has its laggards, the results from this study suggest that mining companies have bought-in and committed to transformation. Nonetheless, the complexity associated with transforming the mining industry requires effective collaboration between government and industry. Open dialogue and trust are key requirements for addressing current challenges and creating solutions to benefit not only individual stakeholders but the country as a whole. It is also imperative address competency development beyond schooling for HDSAs to improve their knowledge, skills, and experience, which are vital for the mining industry. However a balance on demographic transformation should be created and racial tensions could be avoided. This will ensure compliance with human rights as prescribed in the South African Constitution on equal opportunities for all. The study recommends that all stakeholders should agree on the definition of transformation in the South African mining industry. There is also a strong need for a common transformation implementation policy that clearly outlines the strategy, objectives, and targets for transformation.

Appendix 1

Interview guide

Title of the study: Transformation in the South African mining industry – looking beyond the employment equity scorecard
Interviewer: Mrs NV Moraka
Interviewee: Participants in the SA mining industry

Background questions

1. What is your position in this company?
2. How long have you been with this company?
3. What is your functional and educational background?

Transformation and employment equity questions

1. What do you understand by the meaning of transformation in South Africa, specifically for companies in the mining industry?
2. What does your company understand about the Mining Charter and the Mining Scorecard?
3. Who are the beneficiaries of the Mining scorecard?
4. What does your company understand by the term Historically disadvantaged persons (HDSA's)
5. Do you have an employment equity plan for this year or reports for the past 5 years?
6. The mining industry is currently faced by charges of the lack of transformation, is this a case with your company?
 - If yes, answer the following questions:

- 6.1 What are the major challenges facing your company in terms of EE scorecard implementation, submitting EE plans and reports?
 - 6.2 What are the barriers to transformation in your company?
 - 6.3 What initiatives are currently undertaken to address these challenges?
 - 6.4 What is the way forward?
 - If no, answer the following questions:
 - 6.5 What are the successes recorded in your company?
 - 6.6 Highlight initiatives undertaken?
 - 6.7 What were the challenges faced?
 - 6.8 What is the way forward?
7. Comment on the nationalisation of mines debate
Describe your future plans for your company in addressing EE scorecard targets?

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