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# Corporate Social Responsibility in the Zambian mining sector: an overview of three distinctive operational eras

## Abstract

*Corporate Social Responsibility (CSR) within the extractive industry is a relevant and contentious issue globally. Issues pertaining to equality, human rights and sustainable development are pervasive throughout the economic, social and environmental arenas of the extractive industry. There is still not consensus on the definition of CSR regarding the measurement of performance or impact, or how to determine which of the various 'developmental' components of the concept – namely economic, social or environment – takes precedent over the other where there are competing interests.*

*This article on CSR in the Zambian Copperbelt uses the experiences of mining communities as stakeholders who have gone through three types and eras of CSR practices within a generation. The Zambian Copperbelt has a history of operating under colonial rule, nationalisation and privatisation. The aim is to interrogate the CSR practices of the three identified eras in the history of the Zambian Copperbelt.*

*The article is based on the findings from a mainly qualitative research approach. The research employed the survey procedure through focus groups, personal interviews and inputs from key informants.*

*The findings are presented by a selection of narratives of CSR experiences from the Zambian Copperbelt mining communities. Consequently, an in depth discussion and analysis reflecting the effects of a CSR enabling environment in the three eras as experienced by community members follows. The paper concludes with a brief overview of the lessons learnt throughout the three eras.*

**Keywords:** Corporate Social Responsibility (CSR), Development, Mining Sector

## Opsomming

*Korporatiewe Sosiale Verantwoordelikheid (KSV) binne die ontginningsindustrie is 'n relevante en omstrede kwessie wêreldwyd. Kwessies met betrekking tot gelykheid, menseregte en volhoubare ontwikkeling is universeel ooglopend binne die ekonomiese-, sosiale- en omgewingsarene van die mynsektor. Daar is steeds nie konsensus oor die definisie van KSV rakende die meting van prestasie of impak daarvan nie, ook nie hoe om te bepaal watter een van die verskillende "ontwikkelings" komponente van die konsep (naamlik die ekonomiese, sosiale of omgewingsaspek) bevoordeel moet word bo die ander, waar daar mededingende belange is nie.*

*Hierdie artikel oor KSV in die Zambiese Koperstreek gebruik die ervarings van myngemeenskappe as belanghebbendes wat deur drie tipes en tydperke van KSV praktyke gegaan het, binne 'n generasie. Die Zambiese Koperstreek het 'n geskiedenis van die bedrywigheede onder koloniale heerskappy, nasionalisering en privatisering. Die doel is om die KSV praktyke van die drie bogenoemde eras te ondersoek deur die geskiedenis van die Zambiese Koperstreek.*

*Hierdie artikel is gebaseer op die bevindinge van 'n hoofsaaklik kwalitatiewe navorsingsbenadering en het gebruik gemaak van fokusgroepe, persoonlike onderhoude en insette deur sleutel informante.*

*Die bevindinge word aangebied deur 'n seleksie van verhale rakende die KSV ervarings van die Zambiese Koperstreek myngemeenskappe. Daarna volg 'n in-diepte bespreking en ontleding rakende die gevolge van 'n KSV bemagtigende omgewing, in die drie eras soos ervaar deur lede van die gemeenskap. Die artikel sluit af met 'n kort oorsig oor die lesse wat geleer is oor die drie eras.*

**Slutelwoorde:** *Korporatiewe Sosiale Verantwoordelikheid, Ontwikkeling, Mynsektor*

## 1. Introduction

Much has been written and is being written about corporate social responsibility (CSR) with increasing attention being placed on the extractive industry (Blowfield & Murray, 2014; Hamann, 2007). What is interesting and problematic about this concept despite its growing relevance – especially in the current global era where issues pertaining to equality, human rights and sustainable development are continually being used as measures of safeguarding global security and peace in terms of economic, social and environmental protection – is a lack of consensus on the definition. Problematic issues in this regard are how to measure performance or impact, how to determine which of the various developmental components of the concept – namely economic, social or environment – takes precedent over the other where there are competing interests (Hamann, 2007; Newell, 2005; Visser, 2006). Blowfield and Murray (2014) suggest that the challenge for corporations in terms of CSR is that they must embrace twin hemispheres: on the one hand, what Baker (cited by Blowfield & Murray, 2014:6) terms capitalism's *Achilles heel*, within which capital, poverty and inequality are intertwined; on the other, it must promote capitalism as a solution to the key social and environmental issues of the age.

This article on CSR in the Zambian Copperbelt is going to use the experiences of mining communities as stakeholders who have gone through three historical CSR eras within a generation. The aim is to consider the effects of sustainable development and best practice accruing from CSR through the perspective of affected communities. What makes the exposure of CSR in the Zambian Copperbelt interesting is that unlike other Southern African countries that are extraction resource rich, the Zambian Copperbelt can boast a history of operating under colonial rule, nationalisation and privatisation (Fraser & Lungu, 2007). The expectations therefore, are that the experiences and perceptions of community members from the Copperbelt are likely to differ and be more informed about CSR options than their Southern African counterparts who have only experienced mining under colonial control and the multinational companies. An added dimension to the Zambian story is that Zambia is currently hosting new players in the Southern African mining sector in the form of China, with its own unique approach to CSR. The sketched background to a large extent has had an impact on the CSR playing field for both the hosting communities as well as corporate organisations competing for Zambian copper. This is in addition to the effects on the CSR enabling environment for the Zambian economy at the macro (policy government), meso (institutional) and micro (community members) levels.

## 2. Objectives

The overarching aim of this article is to interrogate the CSR practices of the three identified eras in the history of the Zambian Copperbelt. More specifically the objectives are to:

- Evaluate the various definitions of CSR.
- Provide a background summary of CSR practice in the three eras of the Zambian Copperbelt history.
- Present selected narratives of CSR experiences from the Zambian Copperbelt mining communities from qualitative based research.
- Analyse the link experienced in the three eras of the Zambian Copperbelt mining history from the communities' perspective of a CSR enabling environment.

### 3. Methodology

The article is based on the qualitative findings of a research project commissioned by the Bench Marks Foundation (an international non-governmental organisation (NGO) that sets and monitors CSR standards in the Southern African Development Community (SADC)). The research employed the survey procedure through primary data collection methods consisting of focus groups, personal interviews and key informants. To gain secondary data, a thorough literature review was conducted; in this regard use was made of books, journal articles, relevant research reports and conference proceedings as well as Internet sources. The research setting included the towns of Ndola, Kitwe and Chingola on the Zambian Copperbelt. To achieve data triangulation, sample selection was from different stakeholders within the mining context, namely ordinary community members, community leaders, mine workers and former mine workers, public service workers, mining community entrepreneurs, NGOs and politicians.

For analysis and discussion purposes data on the colonial era is based on a literature review, whilst data on the nationalisation era relies on a literature review and reminiscence by community members during the survey procedure (focus groups, personal interviews and key informants). The discussion on the current privatised era relied heavily on data from the survey procedure (focus groups, personal interviews and key informants), as well as a literature review.

In line with the objectives, the structure of the article begins by a review of the various definitions of CSR. This is followed by an overview of the three most recent phases of the Zambian mining industry. The findings are presented by selecting relevant narrative extracts from the survey data; this is the voice of participants in this article. Consequently, an in depth discussion and analysis reflecting the effects of a CSR enabling environment in the three eras as experienced by community members follows.

### 4. Corporate Social Responsibility: Definition and conceptualisation

Generally, it is agreed that business must contribute positively to the society at large (Hamann & Kapelus, 2004). As indicated in the *Introduction*, the notion of CSR is especially contentious in terms of the impact, implementation and measurement of the concept. The three pillars of sustainable development namely, economic, social and environment also play a major role in the construction of the concept of CSR and to a large extent contribute to the controversies associated with the concept.

The various definitions that will be put forward reflect the origins as well as the values of the sources of the definitions. Farrel *et al.* (2004) suggest that most CSR approaches come under four classifications namely: ethical, philanthropic, economic and legal. These approaches to a large extent help to explain and understand why companies behave the way they do and why stakeholders have the expectations that they do. Furthermore, these classifications help to explain why there are varied definitions of the concept. Some of these definitions and motivations are indicated below.

The European Commission, Directorate General for Employment and Social Affairs has a relatively non – committal definition that focuses on the voluntary nature of CSR when it states:

“CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis.” (European Commission, Directorate General for Employment and Social Affairs, 2001, cited in Blowfield & Murray, 2014:8).

From a global perspective, international organisations such as the World Bank and World Business Council for Sustainable Development (WBCSD) put emphasis on sustainable development and a focus on developing countries, as they suggest:

“CSR is the commitment of business to contribute to sustainable economic development, working with employees, the families, the local community and society at large to improve their quality of life, in ways that are both good for business and good for [international] development.” (World Bank, 2006, cited in Idowu & Filho, 2008:295).

Although over the years CSR behaviour of business appears to be more and more influenced by public opinion and shareholders, there continues to be limited consensus with regard to the role of CSR in business. This is reflected by some of the contradictions in the definitions put forward by business representatives. The confederation of industry in the United Kingdom not only acknowledges the importance of CSR, but provides an indication of what the responsibilities to the stakeholders are:

“CSR requires companies to acknowledge that they should publicly account not only their financial performance but also for their social and environmental record... CSR encompasses the extent to which companies should promote human rights, democracy, community improvement and sustainable development objectives throughout the world.” (Confederation of British Industry, 2001, cited in Blowfield & Murray, 2014:8).

On the other hand, proponents of the free market argue that there is no place for CSR in business:

“There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, it engages in open and free competition without deception or fraud.” (Friedman, 1970).

With the many variations to the concept it is therefore not surprising that a poll in 2005 found that 81% of executives said CSR is essential in their business but disagreed exactly what corporate responsibility means (Blowfield & Murray, 2008:10).

The development of CSR in the mining sector has been prompted by the increased sensitivity to, and awareness of environmental and ethical issues. Issues such as environmental damage, improper treatment of workers, faulty production that inconvenience or endanger customers and tax irregularities have increasingly been highlighted in the media and elsewhere in the global arena. In this regard, Jenkins and Obara (2006) argue that mining has historically taken a *devil may care* attitude to the impact of its operations; operating in areas without legitimacy causing major devastation and then leaving when an area has been exhausted of all economically viable resources. The cost benefit has been used as an excuse to the damage caused, because it is outweighed by the overall financial benefits (Jenkins, 2004). Furthermore, despite the rhetoric about CSR from western institutions, most companies originating from the west appear to be the main culprits in low health and safety as well as environmental and human rights practices when dealing and operating with and in developing countries – to a large

extent laying weight to some of the arguments put forward in the controversial *pollution havens* concept (Fullerton, 2006). In more than one instance, Northern companies do not apply the same stringent health and safety protocols than when operating in developing countries (for example, the Swiss based company Glencore operating in the Democratic Republic of Congo).

From the mining industry's perspective, former Chairman of Anglo American, Sir Ernest Oppenheimer, whilst acknowledging the importance of profit making, also concedes that business has a role to play in society as he suggested:

"[Our aim] is, and will remain, to make profits for our shareholders, but to do so in a way as to make a real and lasting contribution to the communities in which we operate." (Oppenheimer, 1954, cited in Brenthurst Foundation, 2010).

What is even more important to note about the above-mentioned definitions, is that most of them emanate from Western countries or from international institutions where values are driven by Western values (Fox *et al.*, 2002). This is an important factor to consider from the perspective of the Zambian Copperbelt because the CSR values of a major player, namely the Chinese are not taken into consideration in the mainstream CSR debate. Haglund (2010) suggests that one main difference between the Western companies and the Chinese is that, whilst Western companies seek operational stability with stakeholders directly, Chinese investors prefer to operate through close relationships with the Presidency, relying on the Zambian state to broker its wider social relationship. This is exemplified by the fact that by 2006 China had become the third largest investor in the country after South Africa and Great Britain in addition to the extensive investment in infra-structure across the African continent (Keenan, 2008).

Although issues of how CSR is defined are crucial in the relationship between the corporate organisations and the society in which they operate, there are other factors that impact this relationship and influence the sustainability of the relationship as well as being the backbone for promoting an enabling environment for communities to effectively benefit from the CSR practices. One important factor in this regard is corporate governance. Like CSR, the concept of corporate governance is riddled with numerous definitions depending on the context. Van der Waldt (2004: 3-4) suggests that:

...governance is the acquisition of and accountability for the application of political authority to the direction of public affairs and the management of public resources.

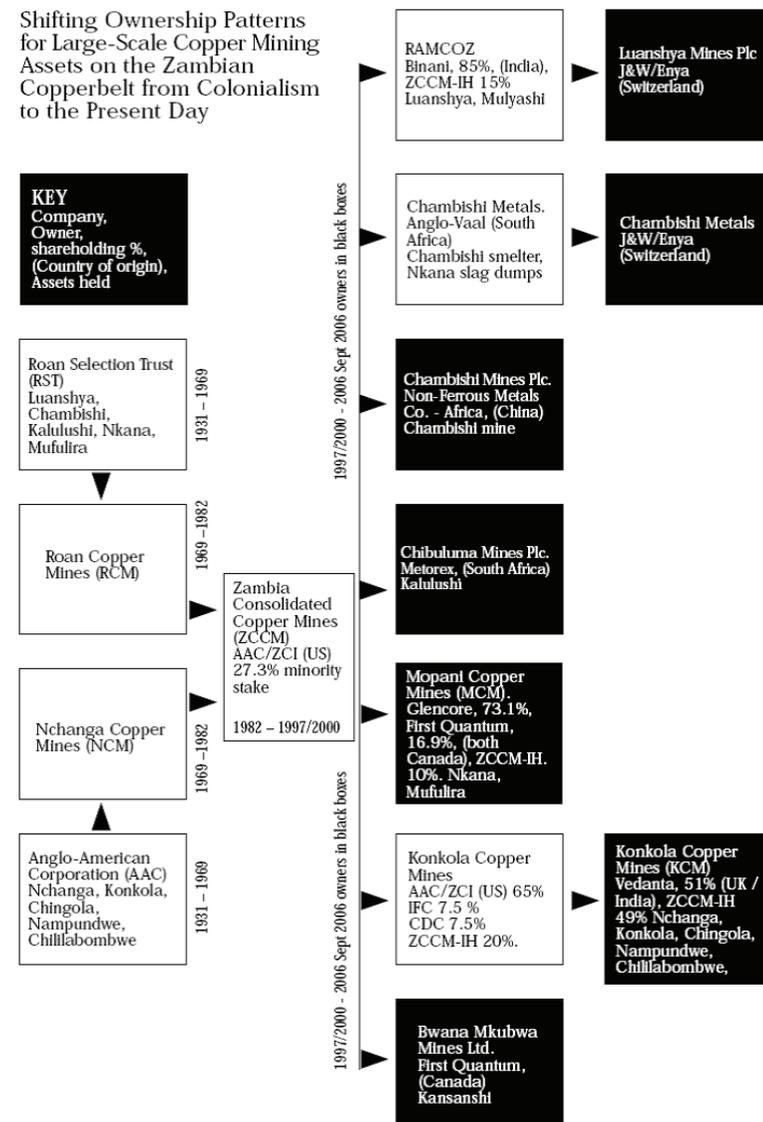
In the context of CSR, governance goes beyond the traditional concept of government, public administration or public governance and places government and administration and its role in the triangular relationship of State, market and civil society (Abebe, 2010:239; Mercer *et al.*, 2010:234). Governance in this context denotes a system of values, policies and institutions by which society manages its economic, political and social affairs through interaction among the macro, meso and micro actors. It also denotes those processes and institutions through which citizens and groups articulate their interests, exercise their rights and meet their obligations and mediate their differences. Simply put, governance in a CSR context is the process of decision-making and the process by which decisions are implemented or not implemented; governance in this context is about the distribution of public responsibility across multiple stakeholders (USAID, 2011).

## 5. Overview of the Zambian mining industry

The following section provides a sequence of the different historical stages of the Zambian copper mining industry, taking account of the colonial era, nationalisation era (Zambia Consolidated Copper Mines (ZCCM)) and the current (privatised) era. *Figure 1* illustrates

the development of the three eras.

**Figure 1:** *Shifting ownership patterns on the Zambian Copperbelt*



Source: Fraser & Lungu (2007)

### 5.1 Colonial rule era

There is a strong correlation between the development of the copper mining industry and the political history of Zambia (Republic of Zambia, 2012). Apart from the development of the electrical and automobile industries in Europe and North America which acted as an impetus for the growth of the copper mining industry in Zambia, the discovery of mineral deposits by Cecil Rhodes's British South Africa Company (BSAC) is what led to the colonisation of this territory. Companies such as the Roan Selection Trust and Anglo American Corporation invested in the copper mining industry, and by 1917 the industry could be considered viable. 22 000 unskilled Africans and 4000 skilled whites were employed in Zambia's copper mines by 1940.

From the beginning the Zambian mines also used migrant labour as the government discouraged long-term black labour settlement in the mining towns. In view of this, as early as 1929, the private mining companies had become responsible for the provision of sanitary and orderly compounds to house employees (although European quarters had added facilities, such as electric light and running water). The mine management also supplied food rations for their employees, providing maize-meal, millet, rice, beans,

meat, fresh vegetables, peanuts and salt on a weekly basis. Hospitals with competent medical personnel were provided in all mining settlements. The companies also provided recreation clubs for employees with many sporting and entertainment activities (Fraser & Lungu, 2007).

Despite these social benefits being supplied by the mining companies, their discriminatory actions against the black African miners were the drive for noteworthy and landmark strikes. Significant strikes staged by black African workers include the 1935 strike against unfair taxes (Republic of Zambia, 2012). This was followed by a pay strike in 1940 which resulted in the death of thirteen miners. By 1949 the mining companies recognised the Northern Rhodesia Mine Workers Union (NRMWU) which represented workers from five of the largest mines. In the decades that followed, strike action was the main tool for improvements in employment conditions and wage increases.

On the political front this period was characterised by the escalation of an African nationalist feeling which had been growing since the 1939-45 World War, where many African nationals fought for the allies in Burma (Peterson & Macola, 2009). The strengthening of trade unions added to the political struggle that resulted in universal suffrage in 1961. In elections held in 1962 the African Political parties, UNIP and ZANC, won a majority and set up a coalition government. In 1963 the coalition government demanded a withdrawal from the Federation. In the same year Britain recognised Northern Rhodesia's right to secede from the Federation of Rhodesia and Nyasaland.

On 24 October 1964, Zambia became an independent republic within the Commonwealth, with Kenneth Kaunda as executive president. The BSAC handed over its mineral rights to the new government. In terms of CSR during the colonial era, Fraser and Lungu (2007) report that the colonial government made little effort to develop educational and health infra-structure beyond the mining settlements; consequently, at independence less than 0.5% of the Zambian population were estimated to have completed primary education. The country had just 107 graduates at that time.

## **5.2 Nationalisation era (ZCCM)**

From independence President Kenneth Kaunda raised concerns about the lack of new money from the two major mining companies namely the Roan Selection Trust and the Anglo American Corporation that owned the mines (Fraser & Lungu, 2007). By 1968 the government had gained majority shareholding in the industry through the Mulungushi Programme (Tordof, 1974). Under Kenneth Kaunda, Zambia became one of the most heavily nationalised economies in Africa. ZCCM was established by the Kaunda Government in 1981 by the merger and full nationalisation of Nchanga Consolidated Copper Mines Ltd and Roan Consolidated Mines Ltd.

The Zambian government owned 60% whilst Anglo American was the principle minority shareholder with 27% share of ZCCM. As such the arrangement was that Anglo American appoints seven of the fifteen directors whilst the government appointed the remaining eight through the state owned ZIMCO holding company. This was important as ZCCM was the vehicle through which the Zambian government had sought to fulfil certain social rights on the Copperbelt. It operated a parallel administration in providing all municipal services. Fraser and Lungu (2007) suggest that Kaunda's philosophy of Zambian humanism was the driver of the National Five Year Development Plans aimed at developing indigenous population by utilising the profits of the newly nationalised copper mines towards building hospitals, schools and universities and providing subsidies to state-owned manufacturing companies and consumers. Lungu and Mulenga (2005) further state that ZCCM operated a *cradle to grave* CSR approach for mine employees which also benefited the mining communities. According to Fraser and Lungu (2007), ZCCM did not just look after their workers but they provided services to the whole community. The company managed the environment in the mine townships, maintained the roads and

collected refuse as well as provided cafeterias, bars and social clubs dotted over the mine townships. Economic and social activities were encouraged such as shops, supplying food and industrial activities to the mine areas. Youth development programmes and women upliftment activities were also developed. ZCCM had hospitals at each of its operating divisions. In towns like Nchanga and Konkola there were no government hospitals and non-mine employees and their dependents relied on mine hospitals for access to medical services.

Many reasons have been put forward for the collapse of ZCCM, including the high profile strikes that wreaked havoc on the Copperbelt during the 1980s and austere measures by the IMF that led to further unrest in the 1980s (Fraser, 2007). Fraser and Lungu (2007) however argue that the catalyst of the collapse of the ZCCM, were the two major oil crises of 1974 and 1979. These crises had a devastating effect on the Zambian economy and in turn impacted the sustainability of ZCCM and threw the copper dependent economy into severe debt in an effort to maintain social provisions. The Zambian per capita income declined by 50% between 1974 and 1994. Fraser and Lungu (2007) is of the opinion that, as a means of alleviating these economic pressures, ZCCM was treated as a *cash cow*, milked without corresponding investment in machinery, and prospecting ventures consequently suffered the effects of little investment as was the case prior 1969. Lack of exploration meant that ore bodies within the existing mines were only found at greater depths, resulting in escalating costs. ZCCM's production dwindled from a high of 750 000 tonnes in 1973 to 257 000 tonnes in 2000.

### 5.3 Current era (Privatisation)

This era was characterised by several stages of change with some contradictory results. The first stage involved acceptance of structural adjustments and a privatisation programme. The Kaunda government suffered both economic and political turmoil, internally as well as externally in the 1980s. By 1983 the World Bank set a structural adjustment programme as condition for bank loans that were resisted by the Zambian government to curb the continuous riots and hardships due to the IMF austerity measures. The resistance resulted in punitive action against an already fragile Zambian economy by the international financial and donor institutions collectively, an action that starved the country of any assistance, increased their debt and prevented capital investments into the economy. The Zambian government eventually succumbed to pressure and the price set for future support was compliance to donor priorities (Fraser & Lungu, 2007). Kaunda lost the 1991 general election and Frederick Chiluba of the Movement for Multiparty Democracy swept the boards.

The new government and trade unions supported privatisation as they believed this to be the only way to get the country's shattered economy back on track in addition to winning the trust of the international banks and investors, and, in the process, accept the donors' demands. To a certain extent it was Hobson's choice for the Zambians as one government official described:

"We were told by... the International Monetary Fund and the World Bank, that [if we privatised] we would be able to access debt relief, and this was a huge carrot in front of us – like waving medicine in front of a dying woman. We had no option [but to go ahead]..." (Edith Nawakwi, cited in ACTSA *et al.*, 2007).

Acceptance of the structural adjustment and privatisation programmes were initially rewarded with extensive donor monies that, over the first few years constituted 40% of the Zambian budget, causing Zambian dependency on donor income. According to Fraser and Lungu (2007), this money was to help cushion both the social and political impacts of the programmes. Implementation of the programme was regimental with both the World Bank and IMF continuing to use the donor money as a carrot, especially when it came to privatising ZCCM. The privatisation programme was initiated in 1992 and the aim was to

sell 280 parastatal companies; by 1996, 137 had been sold. The expected vibrant private sector economy did not materialise with most viable companies being bought by foreign companies keeping little profit in the country.

The most significant and controversial parastatal in the privatisation process was the ZCCM. Its privatisation was not smooth and was the subject of many political and technical controversies in which the Zambian government played a major role. The Mineworkers Union expressed their concerns about the unbundling of ZCCM into a number of private companies that would leave the least attractive assets with insecure futures. The Union was also concerned that the introduction of intra-company competition would compromise the conditions of service for their members. Throughout the process the government had to balance its domestic interests and international obligations. In the end, despite stalling, the government chose its international obligations above its domestic interests.

In its efforts to privatise, ZCCM entered into negotiations with Anglo American that were finalised by the late 1990s in which Anglo American acquired the Konkola Division, Nchanga division (including refractory stockpile ore from Chingola), the Nampundwe pyrite mine and an option towards acquiring the smelting and refining divisions of the Nkana division as assets. The deal was finalised through Konkola Copper Mines (KCM), a subsidiary of Zambia Copper Investments (ZCI), in which Anglo American had a 27% stake. ZCCM retained a 20% interest in the operation on top of cash payments totalling US\$90 million. KCM also committed \$523 million to develop the Konkola Deep project, which had reserves estimated at 100Mt at 4.33% copper grade.

By the end of 2000, most of ZCCM's assets were privatised by a variety of international companies, with Anglo American taking the bulk. However, in early 2002, Anglo American decided to discontinue funding its investment in Konkola Copper Mines (KCM). This included development of the massive Konkola Deep Project, but Anglo American failed to raise funding nor were they able to justify such development in times of historically low copper prices. At this time the Zambian government struggled to secure a suitable strategic equity partner to replace Anglo American as major technical shareholder in Konkola Copper Mines Plc.

In recent years, these issues of contention pertaining to Development Agreements (agreements between private companies and the government regarding mineral taxes and royalties in a privatised context) urged the Zambian government to favour privatisation above nationalisation, in turn contributing to significant government losses in spite of high copper prices ensured by these agreements. Observations by ACTSA *et al.* (2007) indicate that Zambia, despite the privatisation initiative, appears to be sinking further into poverty placing it as the ninth poorest country in the world, according to the United Nations' Human Development Index, with one in five people living with HIV, one in three children not attending primary school, 68% of the population living on less than \$1 per day and a life expectancy of only thirty seven years. The benefits that should be accruing from taxation and royalties are not being felt. According to ACTSA *et al.* (2007), the Zambian government mining contracts were negotiated with support from the World Bank and IMF whilst the Zambian government was in a vulnerable position and copper prices were at an all-time low.

Consequently, despite recent surges in copper prices, Zambia remains vulnerable. What complicated matters further for the Zambian communities and concerned NGOs, was the secrecy surrounding these mining contracts which made it difficult for them to effectively challenge both government and the mining companies (ACTSA *et al.*, 2007; Fraser & Lungu, 2007).

## 6. Findings

The next section reflects the third objective of the article (*see Objectives, Point 1*), namely the presentation of selected **narratives of CSR experiences** from the Zambian Copperbelt mining communities. Rich data was collected through the survey procedure and the issues raised cut across a multitude of disciplines. The narrations will be divided into two sections, namely comparisons of the nationalisation era and the privatisation era, and experiences under the privatisation era.

### 6.1 Comparisons of the nationalisation and privatisation era

An interesting and useful facet gained from the findings is that some participants were able to inform and make comparisons of their CSR experiences especially in relation to the ZCCM days and the current privatisation era. Although they were positive about community experiences during the ZCCM days, they were able to analyse some of the pitfalls of the ZCCM era despite reported relative poverty experiences during the current era. A former manager reported:

During the days of ZCCM, there were deep down social amenities. The mining industry had a heart for all its employees. They looked after the welfare of the miner and his family, ...they provided things like sports and recreation, schools, hospitals and many other things and it extended also to miners who left employment... it was a deep-rooted aspect of looking after its employees."

However, despite these positive sentiments about the ZCCM days, community members were able to assess the negative impact of the wholesale welfare support from the company. In this regard, a high school teacher observed:

"ZCCMs intentions were good, but the end result was bad. People relaxed too much in the days of ZCCM, workers could even get nappies for free."

Aspects pertaining to lack of security and poor legislative protection due to the enforcement of the contract employment system appeared to challenge community members, especially in terms of benefiting from the new wealth in the mining sector. Further erosion of benefits was brought about by persistent reports of across the board corruption that reflected the level of powerlessness in community members to become authors of their destiny. Some of the consequences of these factors were explained as follows by a community group in Ndeke-Ndola:

The biggest problem associated with mining is the lack of employment that is provided by the new companies... other businesses also went down after privatisation... we don't experience any positive impact of mining on the communities anymore. People are also getting chased off lands that they wanted to use for farming.

Some community members linked poor salaries, poor housing and corruption to the contractor system and lack of government intervention as explained by a community group in Chuwemwe:

Some contractors need to be paid 1million Kwacha [ZAR 1487] so that a mine worker can get a job through them in the mines. The contractors also pay late and consequently people can't pay their rent in time. This creates other problems in the community... we are really suffering. The contractors also give payment a little at a time and not in a lump sum. We haven't had any housing allowance since 1997. ...there are four subcontractors. We don't know why it was formed or why government has allowed it. Contractors receive the housing allowance but do not pass it on to the employees...

Further implications of the contractor system were identified by the community as follows:

Health and safety standards that were in ZCCM are not being followed anymore. If people complain about all this, they get intimidated or just get fired. You also can't complain to the trade unions because of corruption between unions and companies. Casual workers are also fired easily because they are not registered with the unions. After privatisation, there was no carry-over of benefits for people who have worked many years for ZCCM. For example, there was an incident where an employee got injured at work; the mine did not pay out. Investigations were made and it was found that the sub-contractors kept the money for themselves. One woman's son has been working for one year for a mine, without having any written contract with the sub-contractors.

Some comparison with the ZCCM era give the impression that there appears to be an abdication of responsibilities both at the meso level in terms of mining companies as well as the macro level in terms of government intervention in the mining communities.

## **6.2 Experiences during the privatisation era**

In the current era, community members appear to mistrust the motives of mining companies towards national development. Mine workers from Kitwe explained:

Some mining companies are banking outside the country... Government has been strained and weakened due to population growth and it needs partners to assist it in providing social services.

Lack of government and corporate interventions in infra-structure development has forced community members to set up community health and education services. A community group from Chuwemwe reported:

People don't have access to health and education facilities anymore, so we started other initiatives to not be so dependent on the mines... These community organisations of ours do good work, but we need funding. We have been applying to mines with proposals, but they have been rejected. We have also invited the companies for stakeholders meetings but they didn't show up... These mines say that their business is mining and not communities.

Despite community members setting up health and education facilities, issues pertaining to capacity impact on this effort as the environmental degradation by mining operations negate this effort, as one local government health inspector reported:

Mining has negative impacts like: smoke and dust fumes – emissions from the mines; during transportation of products like sulphur and acids, some drop off and lie beside the roads; there is sometimes a lack of protective clothing for mine workers. Companies are aware of their negative impacts, but they sometimes hide away from them if there is no hard evidence to support the claims. ... No real impact assessments have been done to assess the possible health risks associated with living around the mines. There is a lack of measuring for evidence of the real impacts of the smoke coming from the mines. There is also a lack of communication between the companies, ECZ (Environmental Council of Zambia) and the public health sector. ... There is also a lack of sensitisation of these issues in the communities. Communities don't feel empowered to put pressure on companies to do real impact assessments. There are different standards here in Zambia than companies have elsewhere in the world. This is as a result of government policies. Companies are taking advantage of the fact that there are not as strict measures here to put pressure on them. ... We have

accepted pollution to be the state of affairs around here.

The challenge of balancing social, environmental and economic value for the Zambian government has impacted on the relationship between the Zambian government, community members, government officials and mining companies. The following provides an indication of how the Zambian government has dealt with this dilemma according to the Regional Manager of ECZ:

Penalties may be imposed for non-compliance. However, penalties in most cases are derisory (ZK 144 000/ZAR 215). ... We know that the fines are not much, but when a company pays a fine it tells a story in itself in that the company becomes aware and admits that it is wrong and then the shareholders also become aware of this. Some of the mining companies are working with very old equipment, some dating back to 1972. We then have to ask them to show us an action plan of how they will improve, because we realise that we can't expect it to be fixed over night, but they should at least show a plan on how they will achieve a standard that is acceptable in an agreed period of time. It is a difficult situation because we do have the power to shut them [the companies] down if we want to, but then it has huge economic consequence, ... like last June, I shut them [Ndola Lime and Chilanga Cement] down for a week, but do you know what happened to the price of cement? Immediately it seemed like it was an economic sabotage because of the action that we took; but on the other hand, the people here need clean air. Then again, if I shut down Ndola Lime, you will find that the mines won't have enough lime to neutralise the acidic effluents and consequently pollute the river... it is difficult to decide which the lesser evil is. It is a delicate balance that has to be kept. I can actually confess that it has not been easy. But for the newer companies that are coming in, we are really making sure that they start on a clean slate on international standards.

Consequently, in line with the last objective (*see Objectives, Point 1*), an analysis of (from a community perspective) how the three eras of the Zambian Copperbelt have impacted CSR, will be presented.

## 7. Discussion

Moser and Miller (2001) suggest that the CSR-development debate has often been acerbic and emotionally charged and tend to be driven by and concentrated on sensational and high profile cases with limited analysis of common themes and possible solutions. Many factors contribute to this observation; including the issue of lack of consensus of a CSR definition and the extensive gap between the high profitability of multinational mining companies operating in most developing countries and the comparative deprivation in the surrounding communities.

The findings have identified several burning issues in the Zambian Copperbelt, most of which warrant independent academic investigation. Some of these issues include: sub-contracting; health and safety; environmental degradation; industrial development; social impact and social change. The CSR community experiences in the different eras of the Zambian Copperbelt will form the structural basis of the discussion.

### 7.1 Colonial era

Most of the discussion on a CSR enabling environment in the colonial era will be based on the findings from the literature review. To start off with, the colonial era provides an illustration that an enabling CSR environment is not possible without good governance, although the era exposed limited concerns pertaining to elements of good governance. The colonial era was characterised by institutional racism that was reflected in the CSR

practices of the mine companies (Penketh, 2000). The colour bar practices of this era where white employees enjoyed better facilities to the blacks based on race constituted institutional racism.

It is argued that CSR under the colonial era can be described as a mixture of voluntary and free market initiatives as indicated by Friedman's (1970) free market perspective. The ethos of both the state and corporate organisations of the era makes it difficult and challenging to precisely locate the type of CSR practice followed in the Copperbelt, from a 21st century perspective. The focus of the colonial era was on the integration of meso and macro actors with limited attention to integrating micro actors except in as far as their contribution to profit maximisation strategies are concerned (Fraser & Lungu, 2007). The lack of integration in these three levels of analysis impact negatively on development (Sen, 1999). Since the concept and practice of CSR was relatively new in this era, it could be argued that the CSR practised in this era (or not) set the scene for future CSR activities. The main CSR practices were generally paternalistic with the main agenda being profit maximisation (Fraser & Lungu, 2007). Profit maximisation was institutionalised for mining companies as part of the colony and colonial power relationship (Lambert, 2012). Although some aspects of social responsibility were practised during the colonial era, it would appear that the main drivers of CSR were the strikes that were prevalent in the period. It could therefore be construed that CSR in this era was based on Freire's (1970) concept of false generosity and dehumanisation of black employees.

The discriminative practices characteristic of this era not only challenges the stability of a CSR enabling environment, but also the concept of good governance. Despite having the rule of law based on the colonial government structures and systems, black community members and employees appear to have negative experiences evidenced by the high profile strikes that resulted in significant deaths in the Zambian Copperbelt. The colour bar and discriminatory practices by the mining companies and colonial governments negated the benefits of good governance such as respect for human rights, political openness, participation, tolerance, equity and transparency (Holloway, 2003:31).

Although implementing CSR practices in the form of housing, food parcels and sanitation within the mining sector, mining companies failed to effectively create a CSR enabling environment. Furthermore, by not taking account of the needs and aspirations of black employees and community members through effective participation, the mining companies appeared to fail in appreciating the influence of the escalating African Nationalist feelings characterised by militancy of the mine workers and community members.

## **7.2 Nationalisation era (ZCCM era)**

The discussion on the nationalisation era will focus mainly on the CSR impact of ZCCM. The analysis of community CSR experiences during the nationalisation era will be based on the literature review and the reminiscence data expressed in the survey procedure. The CSR experience during this era was generally perceived as positive for several reasons. Several factors influenced these positive perceptions that include the newly elected majority government that set itself up as a socialist government. This aspect had an impact on the type of CSR in the major economic sector in the country. Although there were many positive CSR perceptions associated with this era, there were also other insightful assessments of the impact of the experience of CSR that questioned the merits of comprehensive CSR practises.

The era was characterised by jubilation for achieving majority rule and self-determination. It could be argued that the government pursuing a socialist ethos with principles of equal participation and access to the country's mining resources demonstrated good governance. The socialist ethos adopted by the Kaunda government was therefore the driver behind an enabling CSR environment and the rhetoric of good governance

informed the nationalisation of the mining sector. However, CSR practises described as being comprehensive - "from cradle to the grave" did not necessarily promote positive governance and sustainable development (Fraser & Lungu, 2007). The research shows that this CSR approach compromised development and created dependency at all levels namely the macro (policy government level), meso (institutional level) and micro (community members). Drawing on Marshall *et al.* (2007) and Adger's (2000) concept of dependency, the suggestion can be made that resource dependency has implications for society that include factors such as attachment to occupation and place, financial status, and employability.

For community members dependency was relevant on all accounts. Community members were dependent on ZCCM for employment, accommodation, social relations and activities, and financial status. Dependency from the state's perspective relates to its continued *milking* of the nationalised ZCCM with limited consideration for reinvestment to achieve sustainability; another contribution to the fact that the nationalised era was in the end just not sustainable (*also see Nationalisation Era (ZCCM)*). Hemerijck (2007) suggests that welfare has implications on capacity in that welfare states reveal critical deprivations that can be mitigated through generous social insurance benefits; but they remain a source of far-reaching debilitating effects on individual freedom, initiative and skills, leading to a loss of self-reliance, self-confidence, psychological and physical health, disruptions in family life, hardening social exclusion and accentuation of gender asymmetries and ethnic tensions. Interestingly, the effects on the enabling CSR environment in the mining communities were only felt in the latter stage of the era as the implications of poor capacity in sustaining the welfare system initiated by the nationalised ZCCM presented themselves (Fraser & Lungu, 2007).

### 7.3 Current era (Privatised era)

Hamann (2004) suggests that in considering partnerships amongst stakeholders in the mining communities there are concerns pertaining to the use or abuse of power in the relationship between corporations and their stakeholders. He cites Banerjee (2001:52) who highlights the case of mining corporations operating in remote areas, suggesting that mining companies become what he termed *de facto government* as the marginalised community members play the sheep in the unequal and rhetoric partnership banded as the way forward. Within the Zambian context, two Chinese owned companies reported shooting incidences in which workers were shot at by Chinese mine managers during riots over pay owed and what the workers call slave wages (Mundy, 2010).

However, these power struggles were not only directed to the obvious vulnerable groups such as the community members and mine workers. The state also appears to continuously be at the vulnerable end of both the global society as well as the mining companies. Given the vehement complaints about how the western institutions (the IMF and the World Bank) forced the Zambian government to privatise, the Zambian state appears to be involved in another abusive relationship with the new Chinese investors where they appear have to turned a blind eye to the abuse of their population (ACTSA *et al.*, 2007; Mundy, 2010).

Poor capacity to provide effective monitoring and law enforcement during this era, brought about a large number of negative governance issues at all levels that undermined the potential benefits for both mining communities and Zambian government. There were for example several reports of large trucks moving loads of copper from the mines out of the country at night. Although community members reported these illegal transportation actions to the authorities, they did not receive feedback regarding actions taken against the companies. To the contrary, community members reported the practice still continues despite the reports they made. To a large extent, this aspect illustrates the level of lack of CSR and governance by mining companies at national, regional and global level. This questions the effectiveness, sincerity and voluntarism of CSR efforts as claimed by some

mining companies (Business Partners for Development, 2000; Holliday *et al.*, 2002).

It appears that the insecurity and uncertainty surrounding the new Chinese competition and its agendas have left the Zambian mining environment unsettled and the voluntary approach of CSR uncertain. There appears to be more compelling priorities but little or no business case to justify the additional expenditure to meet CSR demands (Mining Minerals and Sustainable Development, 2002:xxiii).

Hamann (2006) suggests the state is not only an important role player in enforcing or motivating CSR, but state institutions themselves also have much to learn from the principles and practices of CSR. For the government, the ZCCM *hangover* appears to have turned into a nightmare in that the government has steered away from any community activity that resembles the CSR actions of the ZCCM period. Government appears to have abdicated its role and responsibilities to the communities. The lack of firm action from government within the mining environment has resulted in large scale hopelessness, mistrust as reflected in accusations of corruption and all-encompassing poor governance. Furthermore, caught up in the global agenda of investment drive, the government is in a dilemma of how to balance economic benefits with the environmental degradation resulting from mining activities. This is further exacerbated by poor capacity in terms of technology and personnel to undertake the Social and Environmental Impact Assessments (SEIA) and affect any CSR monitoring. As a consequence, the mining companies have no direction with regard to how to prioritise CSR activities. Idemudia (2006) suggests that the government not only needs to devise a national policy framework but also provide capacity within the supporting institutions. Persistent complaints about uncontrolled exploitation of contract mine workers by sub-contracting companies, admissions by Environment Officials regarding their failure to take the necessary punitive action, lack of technology to undertake effective environmental monitoring coupled with consistent reports of illnesses due to environmental degradation by mine operators, highlight the extent of effective CSR practices within the Zambian context.

For the Zambian mining community the CSR environment is affected not only by lack of governance elements such as the high level of corruption, human rights violations in the form of non-payment of wages by sub-contractors, the HIV pandemic, but also by a lack of social preparedness – especially amongst the new generation – as caused by their low educational levels and poor health status. Community members continued to reminisce the old days of ZCCM and using it as comparison of what was happening to them now. To a large extent there has been some realisation that CSR under the terms of ZCCM will not take place. However, they did not expect negligible CSR by both the mining companies and government. In response, community members have taken collective action in setting up community health and educational services that are continuously hampered by capacity problems.

## 8. Conclusion

The historical overview provided an interesting panorama about the different approaches to CSR in the Zambian Copperbelt. Lessons learnt include the challenge of categorising specific CSR practices for each era and at the same time predict the experiences and outcomes for community members. Contradictions exposed in the overview go a long way in recognising the importance of the role of governance in CSR practice. Despite the colonial era being associated with the combination of voluntary CSR, free market practices and poor governance, the era gave birth to self-reliance and self-rule for the Zambian people. On the other hand, the nationalisation era was associated with a comprehensive welfare CSR approach that was initially linked to good governance through the spirit of the policy of humanism, but is perceived to have created dependency in communities, government and mining organisations. The consequence of this system

was inadequate reinvestment in the mining sector resulting in an unsustainable mining industry and communities that lacked capacity to migrate to other industries. Although community members reminisce about their positive experiences of the nationalised era, the consequence for sustainable development was negative. The privatisation era with its free market CSR approach and associated poor governance, has exposed capacity issues at all levels related to previous eras. In addition, the privatisation era had to deal with and depend on the global world with all its kinds of global pressures and multiple agendas. The results of which were a progressively negative CSR enabling mining environment in the Zambia Copperbelt.

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