ABSTRACT

The institutional and macroeconomic fundamentals that affect the development of the local stock market also regulate the ability of domestic companies to internationalise. The integration into the global economy and the liberalisation of these fundamentals might have an asymmetrical effect on the development of domestic markets. Domestic companies are able to access international capital markets, list, and trade on foreign stock markets. These global expansions might result in most companies losing incentives to invest in smaller, unstable domestic markets.

The aim of this research was to do a correlation analysis of the effect of internationalisation on the South African mining sector's ability to sustain its global competitiveness. The research focused on the mining sector's ability to maintain its market share, maintain steady growth measured by capital expenditure, and maintain its contribution to the national economy. The Spearman rank correlation coefficient was used for the correlation analysis. The period of study was between 2009 and 2018.

The study used market capitalisation as a proxy for internationalisation. The market share proxies were the ores and metals exports as a percentage of the overall merchandise trade, and mining production and sales revenue. Capital spending proxies were the capital expenditure of the mining companies listed on the Johannesburg Stock Exchange and the Statistics South Africa's mining and quarrying capital expenditure. The sector's contribution to the national economy was measured by using gross fixed capital formation and gross value add. The correlation analysis successfully correlated the decrease in market share, capital spending and economic contribution to the decline in market capitalisation. Internationalisation has affected the mining sector's ability to sustain its global competitiveness negatively.