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Examining the Efficacy of Enterprise and Supply Development in the South African Mining Industry

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KEYWORDS

Enterprise development, supply development, mining industry, B-BBEE

Abstract

This study examined the efficiency of Enterprise and Supplier Development (ESD) initiatives in the South African mining industry. It examined how such initiatives are implemented, the challenges they face and how they are aligned with national transformation policies. The study draws on qualitative insights from 11 ESD professionals and draws on the Mining Charter, B-BBEE legislation and relevant academic literature. The study found that while ESD has been institutionalised in many mining companies, implementation is inconsistent and often dependent on compliance. Major challenges include regulatory complexity, operational fragmentation, limited supplier capacity and inadequate post-programme support.

However, success indicators such as enterprise growth, job creation, supply chain integration and market diversification suggest that well-structured and strategically embedded ESD initiatives can bring about significant change. The study emphasises the need for mining companies to move to integrated, impact-driven strategies that promote supplier resilience and inclusive economic development. The study contributes to the current discourse by offering practical recommendations for strengthening ESD practices and by reinforcing the importance of leadership engagement, cross-functional alignment and industry-wide collaboration in achieving sustainable transformation outcomes.

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LIST OF ACRONYMS

B-BBEE	Broad-Based Black Economic Empowerment
ED	Enterprise Development
ESD	Enterprise and Supply Development
GDP	Gross Domestic Product
MPRDA	Mineral and Petroleum Resources Development Act
SME	Small and Medium Enterprises
SMME	Small, Medium and Micro-sized Enterprises
SD	Supply/Supplier Development

CHAPTER 1: INTRODUCTION

1.1. Statement of Purpose

This study aims to examine the efficacy of enterprise and supply development (ESD) initiatives in the South African mining industry. The research seeks to analyse how these initiatives contribute to inclusive economic opportunities, the development of small and medium enterprises (SMMEs) and sustainable transformation within the mining industry. Using qualitative methods, the research intends to evaluate the implementation of ESD programmes, the challenges they face and the extent to which they align with objectives of national transformation policies such as the Broad-Based Black Economic Empowerment (B-BBEE) framework and the Mining Charter.

1.2. Background of the Study

Globally, enterprise and supplier development initiatives have become important mechanisms for promoting inclusive economic growth, building competitive supply chains and enhancing social equity. In both developed and developing economies, ESD is recognised as a strategic approach that enables businesses to build resilience and shared value by integrating small and emerging enterprises into their procurement ecosystems (Mahmood et al., 2024). The Organisation for Economic Cooperation and Development (OECD, 2022) reports that small enterprises account for more than 90 percent of businesses worldwide and contribute significantly to employment and innovation. As a result, many countries have incorporated supplier development and enterprise empowerment programmes into broader industrial and sustainability strategies.

The mining industry has historically played a significant role in shaping South Africa's economy, contributing to industrialisation, foreign investment, job creation, and economic development (Stilwell et al., 2000; Fedderke et al., 2002; Antin, 2013). In 2023, the industry contributed R202.05 billion to GDP, underlining its continued importance despite global economic fluctuations (Cowling, 2024). However, the industry also faces persistent criticism related to uneven development, limited community benefits and inadequate

transformation of ownership and participation (Kapelus, 2002; Ololade & Annegarn, 2013).

In response, the South African government enacted policy frameworks such as the Broad-Based Black Economic Empowerment (B-BBEE) Act of 2003 and the Mineral and Petroleum Resource Development Act (MPRDA), both of which aimed to redress historical inequalities and ensure broader participation in the mining economy (Government Gazette, 2004; 2010). The Mining Charter, developed under the MPRDA, sets out specific objectives for procurement and ESD, including the promotion of black-owned SMMEs and the promotion of development (Government Gazette, 2010; 2018). ESD is now a priority component of the B-BBEE scorecard and accounts for approximately 40 percent of a company's contribution (Pooe, 2016; B-BBEE Commission, 2021).

Academic literature and industry reports repeatedly emphasise the importance of ESD in promoting local economic development, building entrepreneurial capacity and creating resilient supply chains (Cerquiera-Streit et al., 2021; Mahmood et al, 2024). By engaging historically disadvantaged individuals and communities, including women, youth and black-owned businesses, in formal mining value chains ESD initiatives aim to stimulate job creation, promote inclusive growth and address long-standing socio-economic inequalities (Ledwaba, 2017; Khupe 2022).

However, despite these policy efforts, there are still problems with practical implementation. Scholars such as Rogerson (2011), Moraka and van Rensburg (2015) and Rasdien et al. (2024) argue that compliance-driven approaches, institutional fragmentation, limited supplier capacity and inadequate supplier relationship management (SRM) often limit the transformative potential of ESD. In many mining contexts, there is still a gap between regulatiry intentions and actual development outcomes (Mkubukeli & Tengeh, 2016; Ledwaba, 2017).

Given the strategic importance of mining to South Africa's economic future, a deeper understanding of the practical effectiveness of ESD is essential. This study will therefore critically assess how ESD initiatives are implemented, the challenges faced and their contribution to promoting sustainable business growth and inclusive economic development in the industry.

1.3. Research Problem

The research problem is centred around examining the efficacy of enterprise and supply development in the South African mining industry. Despite substantial investment and a comprehensive policy environment, the effectiveness of ESD initiatives in the South African mining industry remains uncertain. Many ESD programmes have been established primarily to meet regulatory requirements rather than as effective tools for transformation. This has led to uneven implementation, restricted enterprise sustainability and limited long-term socio-economic impact. Ongoing challenges such as complex regulatory procedures, financial constraints for emerging suppliers and weak cross-functional coordination within mining companies have reduced the developmental impact of ESD. This situation affects multiple stakeholders, including SMMEs, communities and mining companies that rely on local supplier networks for operational continuity. The issue, therefore, is to assess how effectively current ESD initiatives achieve their goal of fostering inclusive growth and structural transformation within the mining industry.

1.4. Research Questions

Main Question:

How efficient are enterprise and supply development initiatives in the South African mining industry?

Sub-questions:

1. What is the current state of ESD in the South African mining industry?
2. What are the current challenges faced by the South African mining industry in terms of ESD?
3. How have existing policies, regulations and initiatives contributed to addressing these challenges?

4. What are the indicators of success of ESD initiatives?

1.5. Rationale and Significance of the Study

The rationale behind this research has its origins from the need to understand the efficacy of enterprise and supply development (ESD) initiatives in the South African mining industry. It is vital to examine the efficacy of these initiatives in creating economic opportunities, fostering local entrepreneurship and promoting inclusive growth within the industry as it will provide valuable insights to support the industry's sustainability and contribution to the overall economic development of the country.

By providing insights into the operational reality of ESD practice, both success and limitations, this research can inform industry stakeholders, policymakers and practitioners seeking to improve the developmental impact of ESD. In doing so, it contributes to the academic literature on supplier development, strengthening local economies and the intersection of corporate responsibility and sustainable development goals (Guerin, 2020; Rasdien et al., 2024). The recommendations from the study can assist mining companies in integrating ESD into their corporate strategies, improving the resilience of suppliers and ensuring that initiatives are in line with long-term socio-economic objectives. Additionally, the research is significant for policy-making as it offers evidence based insights that could aid in future updates to the Mining Charter and B-BBEE codes.

1.6. Delimitations of the Study

The study is limited to the South African mining industry and its enterprise and supply development initiatives. While the mining industry is deeply interconnected with various other industries of the economy, this research will remain within the confines of examining the efficacy of policies and initiatives directly related to enterprise and supply development within the mining industry.

For international mines operating in South Africa, with reviewing ESD reports/documentation, no consideration of any data collected outside of South Africa with similar policies and initiatives implemented will be considered in the analysis. The study will only review data collected within the South African context.

Any findings from this research will not be issued as implementational recommendations and may not be applicable to mining industries globally due to the nature of the study being for academic purposes. The focus will be solely on evaluating the existing aspects of enterprise and supply development initiatives in the South African mining industry. Additionally, the unique socio-economic and political dynamics within South Africa may result in outcomes that are not directly transferable to other mining industries in different regions.

With noting the mentioned delimitations, it allows for a clear focus on the objectives of the research and ensures the integrity of the findings and recommendations within the specified scope.

1.7. Definition of Terms

- *Broad-Based Black Economic Empowerment (B-BBEE)* is an Act aimed at promoting economic change and increase black participation in the South African economy. (The DTI, n.d.).
- *Enterprise and Supplier Development (ESD)* is a priority element of the Broad-Based Black Economic Empowerment (B-BBEE) Scorecard aimed at strengthening “local procurement, enhance local supplier development programmes and increase financial support towards black entities” (B-BBEE Commission, 2021).
- *Enterprise Development (ED)* is the process of developing small and medium enterprises (Collective Value Creation, n.d.).
- *Gross Domestic Product (GDP)* is the monetary or market value of all completed goods and services produced within a country over a given period (Fernando, 2024).

- *Supply/Supplier Development (SD)* is a collaborative working process with suppliers to increase capabilities (Webb, 2017)

1.8. Assumptions

The following assumptions will be made to provide a framework for analysing the efficacy of enterprise and supply development initiatives in the South African mining industry.

The study will make the assumption that the Mineral and Petroleum Resource Development Act and the Mining Charter serve as foundational frameworks for promoting sustainable development and inclusive growth within the South African mining industry is considered. Assessing the degree to which these policies are in line with the goals of the industry and the socioeconomic well-being of the population will provide insights into their effectiveness. Further, it assumes that all participants are honest and providing accurate and unbiased responses. Lastly, the assumption that ESD initiatives have the potential to bridge the gap between economic growth and social development by fostering local entrepreneurship and employment creation within mining communities.

1.9. Chapter Outline

Chapter 1 – This chapter focuses on providing context of the study. The research topic and questions are mapped out to provide a clear indication of the intentions of the study.

Chapter 2 – Key concepts and frameworks are discussed in this chapter. Existing literature on the key concepts on enterprise development and supply/supplier development including their challenges and current ways of dealing with challenges are explored.

Chapter 3 – Different research methodology is explored and discussed. The preferred methodology is stipulated and justified in this section. The data collection process and analysis is detailed including literature of similar application of methodology.

Chapter 4 – The presentation of the collected data is presented in this chapter. All elements of the research data collection process are discussed, including the number of respondents and how questions were responded to will be provided. The graphs, illustrations and tables demonstrating the data are included without discussing the results.

Chapter 5 – The interpretation and in-depth process of dissecting the results is discussed in this chapter. This may include any comparisons to existing body of work.

Chapter 6 – Summary of findings is covered in this chapter. It provides a conclusion of the whole study including any implications of the study and recommendations.

1.10. Conclusion

This chapter has provided the context and justification for the study by emphasising the significance of enterprise and supplier development in the South African mining industry. It discussed the historical and policy context, defined the research problem and objectives and justified the rationale to examine the effectiveness of ESD initiatives. The upcoming chapter will explore the theoretical and empirical literature relevant to the study, identifies gaps in current knowledge and presents the conceptual framework used to guide the analysis.

CHAPTER 2: LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1. Introduction

This chapter reviews literature on enterprise and supplier development (ESD) within the South African mining industry. It addresses the theoretical and empirical aspects of ESD in order to lay the groundwork for evaluating its effectiveness as a transformative tool. The theoretical framework is outlined first, critically discussing the relevant management theories that explain how ESD operates within the mining context. Following this, it reviews empirical research and concludes with a conceptual framework that integrates theoretical and empirical insights to inform the study.

2.2. Background Discussion

Mining is one of the oldest known industries globally. In South Africa, the mining industry has had a considerable impact on the country's economy by offering job opportunities, promoting economic growth, and supporting national development initiatives (Stilwell et al., 2000; Fedderke et al., 2002; Antin, 2013). The industry has always made a healthy contribution to the country’s gross domestic product (GDP), with a value added of R202.05 billion to the GDP in 2023, which was a less than 1 percent decrease from the previous year (Cowling, 2024). However, it has also faced a considerable number of challenges pertaining to sustainability, corporate social responsibility, and employment generation (Kapelus, 2002; Ololade & Annegarn, 2013).

In 2003, the South African government passed the Broad-Based Black Economic Empowerment (B-BBEE) Act, which aimed to facilitate the promotion of historically disadvantaged people’s meaningful participation through the ownership and leadership of new and existing enterprises, among other objectives (Government Gazette, 2004; B-BBEE Commission, 2021). There are three priority elements on the B-BBEE scorecard, one of which is Enterprise Development (ED) and Supply Development (SD), which accounts for approximately 40 percent of a company’s contribution to B-BBEE recognition levels (Pooe, 2016; B-BBEE Commission, 2021). Although separate, the legislation

recognises these concepts as one which has resulted in companies having a single policy and strategy to achieve its objectives (Pooe, 2016).

The mining and minerals industry has the Mineral and Petroleum Resources Development Act (MPRDA) which is responsible for facilitating the participation of previous disadvantaged groups in its industry. The Act developed the Mining Charter which has specific targets for effecting transformation. These are policies and regulations that encourage sustainable development and the contribution of the industry to the wellbeing of the population (Government Gazette, 2010). In looking at enterprise development this is support in form of funds and non-funds of new and existing historically disadvantaged people's small, medium and micro-sized enterprises (SMME) with an aim to contribute to the development of their financial and operational independence (Gazette, 2010). Further through setting procurement strategies, supplier development was established by requiring that a minimum of 40% of capital goods, 70% of services and 50% of consumer goods should be procured from BEE entities by 2014 (Gazette, 2010).

Element	ELEMENT DESCRIPTION	COMPLIANCE TARGET (%)	MEASURE	WEIGHT (%)
Inclusive Procurement	Total procurement budget spend on goods and services	Procure 70% locally manufactured mining goods with a 60 % local content	21% of total mining goods procurement budget must be spent on South African manufactured goods produced by Historically Disadvantaged Persons owned and controlled company	5%
			5% of total mining goods procurement budget must be spent on South African manufactured goods produced by women owned and controlled company or youth owned and controlled company; and	5%
			44% of total mining goods procurement budget must be spent on South African manufactured goods produced by BEE compliant company.	5%
		80% Services	50% of the total services budget must be spent on services supplied by Historically Disadvantaged Persons	5%
			15% of total services budget must be spent on services supplied by women owned and controlled companies	5%
			5% of total services budget must be spent on services supplied by the youth owned and controlled companies	5%
			10% of total services budget must be spent on services supplied by a BEE compliant company.	5%
		Research & Development	A minimum of 70% of total research and development budget to be on South African based research and development entities.	2.5%
		Sample Analysis	Utilise South African based facilities or companies for the analysis of 100% of all mineral samples across the mining value chain	2.5%

Figure 1: Enterprise and supplier development scorecard (Government Gazette, 2018)

2.3. Theoretical Framework

2.3.1. Purpose of the Theoretical Framework

A theoretical framework explains the relationship between concepts relevant to a study and situates the research within broader academic debates (Varpio et al., 2020). For this research, three management theories were selected for their ability to explain how internal organisational factors, external institutional forces and stakeholder relationships influence ESD outcomes. The theories are the Resource-Based View, Institutional Theory and Stakeholder Theory.

2.3.2. Institutional Theory

Institutional Theory provides a foundation for understanding the external pressures that shape organisational behaviour and compliance. The theory suggests that organisations operate within institutional environments governed by social norms, laws and expectations, which influence how they design and implement strategies (Scott, 2014). Advanced by DiMaggio and Powell (1983), it examines how external pressures influence organisational behaviour. It identifies three main forms of institutional pressure; coercive, normative and mimetic. Coercive pressures arise from government policies and regulations while normative pressures stem from industry expectations and professional standards and mimetic pressures occur when organisations imitate practices perceived as successful. In the South African mining industry, these pressures are evident through the Mining Charter, B-BBEE codes and industry norms that guide corporate transformation.

These frameworks create institutional obligations for mining companies to promote supplier inclusion and local participation in the value chain. However, the literature notes that compliance-driven approaches often lead to formal adherence without meaningful integration into business strategies (North, 1990; Meyer & Rowan, 1991). Therefore, Institutional Theory helps explain the observed focus on regulatory conformity rather than developmental intent. It also offers insight into the variations in implementation quality and organisational responses to transformation pressures among different mining companies.

2.3.3. Resource-Based View (RBV)

The Resource-Based View (RBV) complements the institutional perspective by focusing on the internal resources and capabilities that enable sustainable and competitive advantage. Developed by Barney (1991), the Resource-Based Theory proposes that organisations achieve sustainable competitive advantage by developing valuable, rare, inimitable and non-substitutable (VRIN) resources. RBV asserts that organisations derive long-term value from VRIN resources such as knowledge, skills and relationships (Barney, 1991; Wernerfelt, 1984). Within the context of ESD, this theory suggests that investing in supplier capability strengthens a company's resource base by improving innovation and operational efficiency. Mining companies that approach ESD strategically can transform supplier relationships into unique competitive resources, thereby improving performance and long-term creation. Managerial expertise, operational systems and learning capabilities enable companies to implement and sustain development initiatives effectively.

RBV provides a framework for analysing how mining companies can leverage their internal resources to create shared value through supplier development. It suggests that when ESD is approached as a strategic investment rather than merely a compliance function, it can enhance both social and corporate performance (Peteraf, 1993). The theory also reinforces the importance of capacity building initiatives, mentorship and internal alignment across departments to ensure the long-term success of supplier partnerships.

2.3.4. Supplier Relationship Management (SRM) Theory

Supplier Relationship Management (SRM) Theory provides an operational perspective for understanding how relationships between mining companies and suppliers are structured, developed and maintained. SRM focuses on collaboration, trust and mutual value creation between companies and their suppliers (Lambert, 2008; Cousins et al., 2008). In the context of ESD, SRM Theory explains how ongoing engagement, performance, monitoring and information sharing contribute to supplier capability development sustainability.

The theory emphasises that effective supplier relationships require continuous communication, performance evaluation and joint problem solving (Benton, 2013). In mining, where supply chains are complex and heavily regulated, SRM Theory offers insight into how structured management processes can strengthen supplier readiness, reduce risk and improve the integration of small and emerging enterprises into corporate supply chains.

Applying the SRM Theory to ESD highlights the operational gap between policy-driven intentions and practical implementation. It supports the argument that sustained transformation requires mining companies to institutionalise supplier engagement systems that go beyond compliance and spending targets. Incorporating SRM principles such as segmentation, capability assessment and long-term collaboration can therefore improve both supplier performance and enterprise sustainability.

2.3.5. Integrative Theoretical Perspective

The integration of these three theories provides a balanced framework for analysing ESD effectiveness in the mining industry. Institutional Theory explains the external pressures driving ESD adoption, while RBV accounts for the internal resources and capabilities enabling effective implementation and SRM Theory outlines the operational processes that translate policy into practice.

Together these theories show that achieving ESD objectives requires alignment between external mandates, internal strategic intent and supplier relationship management practices. This integrated theoretical framework supports the understanding of how ESD initiatives are designed, executed and sustained in the South African context.

Each theory contributes to understanding the research problem and objectives from a distinct yet complementary perspective. The Institutional Theory helps to interpret the current state of ESD and the extent to which company practices are motivated by compliance with transformation policies. RBV explains how leadership commitment, financial resources and management competence determine the capacity of mining companies to implement and sustain ESD initiatives and predicts that firms with stronger

internal capabilities are more likely to achieve meaningful and sustained ESD outcomes. While SRM Theory seeks to identify indicators of success and sustainability. It explains that effective supplier collaboration, performance monitoring and capability development lead to stronger supplier participation and long-term inclusion in value chains.

Collectively, their integration aligns with the study's objectives and provides structured perspective through which to analyse the overall effectiveness of ESD initiatives in the South African mining industry.

2.4. Empirical Literature Review

The literature on ESD in South Africa is extensive but often fragmented. To critically evaluate this body of work, this section is organised thematically, in line with the core components of the research, It synthesises key studies but comparing their purpose, methods and findings, and identifies the theoretical and practical gaps that emerge from this analysis.

2.4.1. Enterprise and Supply/Supplier Development in the Mining Industry

Studies agree that small and medium businesses (SME) play a critical role in the growth of the economy and job creation (Memili et al., 2015; Myslimi & Kaçani, 2016; Ahmed, 2020). Myslimi and Kaçani, (2016) further expand that SMEs are key markers of a country's economic development and play a crucial role in having an impact on the social development of a nation.

The mining industry in South Africa depends heavily on supply development to support local economic growth and sustainability, as well as the expansion of small and medium and micro-sized businesses (Mikhelidze, 2021; Endris, & Kassegn, 2022). Several studies have examined ESD in the mining industry focusing on its contribution to local enterprise growth. Through building an effective and broad local supply chain, local communities' economic opportunities are improved while making the mining industry more competitive overall. Rasdien et al. (2024) reported that although ESD initiatives are widely adopted, many remain fragmented and short-term. Ledwaba (2017) and Khupe (2022) found that companies integrating ESD with core procurement strategies achieved

better results in supplier diversification and community benefit. Mkubukeli and Tengeh (2016) observed that collaboration between mining companies and local entrepreneurs enhanced supplier readiness and access to opportunities.

Most of these studies are qualitative using interviews, document analysis or case studies to examine how ESD initiatives are designed and implemented. While these studies collectively recognise ESD's potential to promote inclusive growth, they differ in how they define its success. An example of this is Rasdien et. Al (2024) emphasising the operational limitations within firms, whereas Ledwaba (2017) highlights policy alignment and institutional coordination as key drivers of ESD impact. This divergence reflects differing assumptions about whether ESD effectiveness is shaped more by internal organisational capability or external institutional conditions.

The establishment of a diverse and sustainable local supply chain through SMMEs can be significantly facilitated by the implementation of ESD initiatives. These initiatives seek to provide historically underprivileged businesses (women, young people, and members of marginalised communities) opportunities (Cerqueira-Streit, et al., 2021; Mahmood, et al., 2024). Through proactive involvement of these businesses in the supply chain, the mining industry may promote economic empowerment and establish a resilient and inclusive ecosystem (Makwara, 2019; Khupe, 2022).

In linking these findings to theory, Institutional Theory explains the adoption of ESD as a response to normative and coercive pressures (DiMaggio & Powell, 1983) such as B-BBEE and the Mining Charter. However, The Resource-Based View (RBV) offers a contrasting perspective showing that ESD success also depends on internal company resources (Barney, 1991), such as leadership commitment and budgetary capacity. The combination of these perspectives highlights that both institutional legitimacy and internal capability are crucial for effective implementation.

These studies demonstrate positive outcomes in isolated cases, they reveal a broader challenge of limited institutionalisation of ESD within corporate structures. Few studies provide an integrated analysis that links institutional, resource-based and relational factors. Existing research therefore lacks a comprehensive explanation of how strategic,

institutional and stakeholder dimensions interact to shape success. This study addresses that gap by applying an integrate theoretical model that combines Institutional Theory, RBV and Supplier Relationship Management (SRM) Theory.

2.4.2. Enterprise and Supplier Development Challenges in the Mining Industry

As with any initiative, although intended for good, challenges may arise. The implementation of ESD initiatives in the South African mining industry is characterised by a number of systemic, structural and operational challenges. Despite legislative support through the Mining Charter, the B-BBEE Codes and the Social and Labour Plans (SLPs), several studies show a persistent gap between regulatory intentions and actual outcomes. These challenges continue to hinder the ability of emerging enterprises, particularly SMMEs, to access, participate in and benefit from mining Industry supply chains.

In their research, Rasdien (2023), identified some challenges which included funding, capacity development, supplier segmentation, compliance management, information sharing and performance monitoring which are concurred by Theng & Boron (1996); Lee, (2008); Dubihlela (2014); Kanyinji and Tembo (2019) and Ozkan-Ozen et al. (2020).

2.4.2.1. Access to Funding and Financial Resources

Financial barriers remain among the most frequently cited obstacles for ESD beneficiaries, particularly those lacking collateral or financial history (Rasdien, Pooe & Munyanyi, 2024). Limited access to finance, strict credit requirements and insufficient institutional financial support make it difficult for SMMEs to expand their operations or invest in the necessary infrastructure to meet mining procurement standards. Rasdien, Pooe and Munyanyi (2024) find that lack of formalised and adequately resourced ESD initiatives limits supplier development, particularly in terms of compliance and capacity building. This aligns with the findings of Mkubukeli and Tengeh (2016), who found that small-scale mining companies face significant financial barriers, particularly in acquiring equipment and maintaining operations.

While the literature acknowledges financial constraints, few studies examine how internal company resources influence access to funding, indicating a gap in RBV informed analysis. Future research could investigate how internal resource allocation models affect the effectiveness of ESD financing.

2.4.2.2. Skills and Capacity Development

The lack of entrepreneurial, business and technical skills among ESD participants has been identified as a critical problem, Urban and Naidoo (2012) observed that this undermines enterprise growth. Rasdien et al. (2024) and Mkubukeli and Tengeh (2016) emphasise the need for structured training and capacity building programmes tailored to the specific requirements of the mining industry. Entrepreneurial training prior to the granting of licences was recommended to ensure sustainability, as many new entrants lack basic entrepreneurial skills. This also supports previous literature that emphasises the importance of business acumen and operational readiness in improving SMME outcomes (Urban & Naidoo, 2012).

Although capacity-building initiatives exist, studies such as Rasdien et al. (2024) indicate that these are often generic rather than industry-specific. This highlights a methodological limitation in previous research which tends to assess training effectiveness broadly rather than in the specific context of mining.

2.4.2.3. Regulatory Compliance

Although the Mining Charter, MPRDA and B-BBEE Act provide a regulatory framework for transformation, they are often perceived as administratively burdensome and inconsistently enforced. Ledwaba (2017) and Rasdien et al. (2024) cite high compliance costs, complex licensing procedures and overlapping mandates as barriers to market entry for small suppliers. These inefficiencies create barriers that disproportionately affect historically disadvantaged individuals and reinforce systemic inequalities despite progressive legislation. While Rogerson (2011) and Moraka and van Rensburg (2015) argued that many ESD programmes are compliance-driven rather than developmental, focusing on meeting numerical targets instead of fostering long-term empowerment.

Institutional Theory explains these outcomes by demonstrating that when compliance dominates strategy, organisations prioritise legitimacy over innovation (DiMaggio & Powell, 1983). This confirms that the effectiveness of transformation police depends on the alignment between institutional demands and operational capacity.

2.4.2.4. Supplier Relationship Management

A major gap in the implementation lies in the underdeveloped state of supplier relationship management (SRM) systems (Rasdien et al., 2024). In many mining operations, formal SRM frameworks are either non-existent or poorly institutionalised. The lack of structured engagement and monitoring processes weakens the development outcomes of ESD initiatives and undermines the long-term resilience of suppliers.

From an SRM perspective, weak collaboration and information-sharing reduce supplier trust and readiness, limiting the ability to create mutual value (Lambert, 2008). This theoretical link highlights the need for mining companies to invest in relationship-building competencies rather than focusing solely on compliance.

2.4.2.5. Performance Monitoring

Procurement officials are often reluctant to contract new or small suppliers because of concerns about reliability, compliance and supply risk. Rasdien et al. (2024) found that the perception of SMMEs as high-risk partners often prevents their meaningful integration into supply chains. In addition, performance monitoring tools are rarely embedded in ESD processes, making it difficult to assess supplier performance or provide evidence-based support.

Few studies consider how data-driven systems could enhance ESD monitoring. This represents a methodological gap, suggesting opportunities for mixed methods research that combines qualitative insights with measurable performance data.

2.4.2.6. Transformation and Local Economic Development

Transformation goals such as inclusive procurement, job creation and economic recovery are still not being realised uniformly. Studies by Rogerson (2011) and Moraka and van Rensburg (2015) show that SLPs often cannot be effectively integrated into municipal

planning strategies, resulting in limited local impact. Furthermore, Ledwaba (2017) emphasises that youth, women and other vulnerable groups are underrepresented in ESD initiatives related to mining, despite policy frameworks designed to promote their inclusion.

The persistence of these disparities indicates a disconnect between policy ambition and implementation confirming institutional fragmentation within the industry. Nonetheless, however small, initiatives have been made to deal with these challenges and encourage the industry's corporate development.

2.4.3. Policies, Regulations and Initiatives

While numerous policies and frameworks have been introduced to promote ESD in the South African mining industry, the literature suggests that practical challenges remain at the level of implementation, capacity and strategic alignment. Effective responses to these challenges require more than just regulatory compliance, they require robust operational frameworks, multi-stakeholder collaboration and contextualised development support.

Several scholars emphasise the importance of formalised and well-funded ESD initiatives. Rasdien et al. (2024) argue that regulatory requirements alone without corresponding operational support are insufficient for small and emerging suppliers. They propose an integrated approach on SRM that includes performance monitoring, supplier segmentation, compliance management and information sharing. This aligns with SRM Theory which highlights the importance of ongoing collaboration and feedback in strengthening supplier networks (Lambert, 2008).

The creation of hubs for business growth and incubation that aid small and medium-sized mining companies is one such endeavour that is aimed at combating ESD challenges as seen with Gold Fields South Deep CfSD incubation hub (Gold Fields, n.d.). With the use of networking opportunities, mentorship programmes, and technical support, these initiatives hope to improve the ability and business management abilities of mining industry entrepreneurs (Guerin, 2020). Further, through increasing entrepreneurs'

capabilities and sharpening their business management abilities, these programmes hope to support the mining industry's long-term, steady growth.

Ledwaba (2017) calls for better institutional coordination, simplified access to mineral rights and targeted support from agencies such as the Mining Qualifications Authority to address the persistent obstacles faced by artisanal and small-scale miners. Similarly, Mkubukeli and Tengeh (2016) argue for entrepreneurial training before permits are granted supported by a favourable policy environment that promotes equal opportunities and resource access. These perspectives reinforce that policy coherence and institutional collaboration are essential for sustainable transformation, reflecting Institutional Theory's emphasis on the interdependence between formal rules and organisational practice.

The literature also shows that it is necessary to distinguish between the concepts of ESD, which are often conflated in practice. Pooe (2016) emphasises that a lack of policy clarity contributes to confusion in the implementation of ESD, leading to disjointed programming and missed development outcomes. This observation is echoed in broader criticisms of the mining industry's transformation efforts, where compliance-driven approaches often overshadow long-term sustainability and strategic inclusivity (Moraka & van Rensburg, 2015).

Furthermore, successful case studies indicate that effective responses are based on collaborations among mining companies, government and local communities. For example, Rogerson (2011) discovered that aligning SLPs with municipal development objectives and stakeholder needs increases the likelihood of long-term socioeconomic gains. However, this alignment is variable across the industry.

Despite these promising efforts, the literature lacks quantitative evaluations of policy effectiveness, making it difficult to assess long-term development impact.

2.4.4. Summary and Identification of Gaps

In summary, resolving ESD difficulties in mining necessitates a multifaceted strategy that includes improving SRM systems, supporting and formalising enterprise development initiatives, providing targeted entrepreneurial support and establishing the conceptual

boundaries of ESD policy. Instead of relying solely on compliance, these measures must be supplemented with cross-industry collaboration and accountability structures to enable effective transformation. Literature demonstrates that ESD is widely recognised as a tool for transformation in the mining industry but remains inconsistently applied. Studies tend to describe outcomes rather than explain causal mechanisms.

The key gaps include limited integration of theoretical frameworks such as Institutional Theory, RBV and SRM Theory to explain ESD performance; insufficient comparative analysis of the interaction between internal resources and external pressure; minimal focus on longitudinal or mixed methods approach and underexplored aspects of supplier relationship management as a determinant of sustainability.

This study addresses these gaps by developing an integrated conceptual framework that links institutional environment, internal organisational capability and relationship management to the effectiveness of ESD initiatives in the South African mining industry.

2.5. Conceptual Framework

The conceptual framework integrates Institutional Theory, the Resource-Based View (RBV) and Supplier Relationship Management Theory to explain the factors influencing the effectiveness of Enterprise and Supplier Development (ESD) initiatives in the South African mining industry.

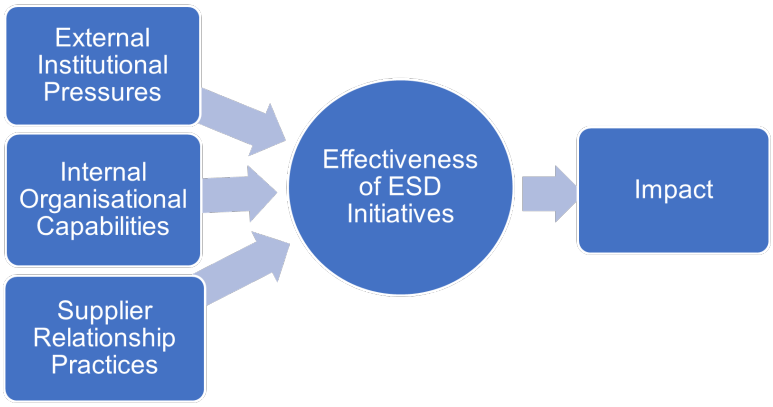


Figure 2: Conceptual framework for ESD effectiveness in the South African mining industry

In the study, the independent variables are: external institutional pressures, drawn from Institutional Theory (DiMaggio & Powell, 1983), which include coercive and normative pressures from policies such as the Mining Charter and B-BBEE Act that mandate ESD adoption; internal organisational capabilities, informed by the RBV (Barney, 1991), representing internal factors such as leadership commitment, financial resources and management competence that determine a company's capacity to move beyond compliance and implement sustainable initiatives and supplier relationship practices, based on SRM Theory (Lambert, 2008; Cousins et al., 2008), representing operational processes of collaboration, performance monitoring and supplier engagement that translate strategic intent into practical developmental action. The dependent variable is the effectiveness of ESD initiatives.

2.6. Conclusion

This chapter has reviewed literature and theories relevant to enterprise and supplier development in the South African mining industry. The discussion showed that although policy frameworks have institutionalised ESD, their practical effectiveness remains limited by strategic misalignment, institutional complexity and poor supplier engagement strategies. The integration of Institutional Theory, Resource-Based View (RBV) and Supplier Relationship Management (SRM) Theory provides a comprehensive perspective for understanding these challenges. Together these theories establish a coherent foundation for analysing the factors that influence ESD initiative effectiveness. The conceptual framework developed from this integration forms the basis for the research methodology discussed in the next chapter.

CHAPTER 3: RESEARCH METHODOLOGY

3.1. Introduction

This chapter outlines the methodological framework that guided the study. It details the research design, approach, data collection methods, sampling strategy, data analysis procedures and ethical considerations applied in examining the efficacy of Enterprise and Supplier Development (ESD) initiatives in the South African mining industry. The chosen methodology was intended to ensure that the data collected were credible, relevant and aligned with the study's objectives. The chapter begins by discussing the philosophical foundation supporting the research design, followed by an explanation of the population and sample selection, the data collection process and the analytical techniques used to interpret the findings. Measures taken to ensure quality and trustworthiness, as well as the ethical protocol followed throughout the study are also presented. The chapter concludes by highlighting the methodological limitations and how these were managed to maintain integrity and validity of the study.

3.2. Research Approach and Design

A qualitative research design underpinned by an interpretivist paradigm was used for the study. Qualitative research is well suited to understanding participants' experiences, perceptions and meanings in a natural context (Creswell & Poth, 2018). Garbarino and Holland (2009) argue that when assessing the impact of development, qualitative approaches are as valid and can produce accurate, timely, and complex data and analysis.

The interpretivist paradigm assumes that reality is socially constructed and subjective and that knowledge emerges through the interaction between the researcher and the participants (Scotland, 2012). Given the aim of the study to examine the efficacy of ESD initiatives and contextual factors that influence implementation, this approach was considered most appropriate. The approach also aligned directly with the research objectives, which were exploratory in nature and focused on examining the efficacy of ESD initiatives, identifying challenges and evaluating the contextual factors that influence implementation.

Due to the nature of the research being academic and for a set period which spans over several months, a cross-sectional approach was utilised. A longitudinal approach would not be feasible due to time constraints as it requires the observation of participants over longer periods of time (Rindfleisch et al., 2008).

3.3. Data Collection Methods

Data collection is one of the most critical and key considerations when undertaking research. An appropriate strategy needs to be employed, and a clear directive of its execution must be established. For this research, data was collected using a structured questionnaire with 15 open-ended questions. This allowed respondents to provide detailed written responses in their own times, which was valuable given the demanding nature of their professional roles. This approach also ensured consistency of responses and aided thematic comparison (Braun & Clarke, 2006).

The questionnaire covered topics such as the current state of ESD, implementation challenges, indicators of success and views on policy and regulatory frameworks. Written questionnaires were chosen instead of interviews due to participants' comfort levels, workload and geographical distribution. This approach provided flexibility while still allowing for deep qualitative insights.

3.3.1. Research Instrument

The questionnaire was designed to capture both descriptive and reflective data relevant to the study objectives. Questions were grouped under four themes: 1) perceptions of ESD implementation 2) challenges experienced 3) policy influence and 4) success indicators. Each question was open-ended to encourage narrative responses and allow participants to share their experiences in their own words.

3.4. Population and Sample

3.4.1. Population

The population for the study comprised of ESD professionals in mining companies in South Africa. The rationale behind the selection of this population is that individuals who

have in-depth understanding of the ESD process and its implementation can provide information needed in understanding the impact of ESD that is required for the study.

Only mining companies in South Africa were considered, mainly due to the topic focus being South Africa. With the research having a certain timeframe contributed to the limitation of the study being kept as South Africa focused and not expanding it to similar concepts globally.

Lastly, the population was not limited to mining companies dealing with a particular mineral. There was no preference in the mineral of the mining companies selected as this creates a better representation of the diverse mining companies that exist within South Africa which will be a better representation of reality.

3.4.2. Sampling and Saturation

Purposive sampling was used to select participants with specialised knowledge of ESD within mining companies. This approach enables rsearchers to intentionally choose participants who can provide rich and relevant data (Patton, 2002). Guest et al. (2006) showed that purposive sampling in qualitative studies ensures depth rather than breadth of information, particularly when the population has distinct expertise. In this study, purposive sampling ensured that only ESD professionals capable of providing insight into programme implementation and policy influence were included, thereby enhancing the validity and relevance of the findings.

The intended sample was 10-15 participants, and the final sample consisted of 11 ESD professionals from different mining companies in South Africa and were able to answer the questions posed as they had the knowledge, experience and data required.

The sampling method was non-random and purposive, through selecting participants who possess the knowledge base required to respond to the questionnaire, are subject matter experts for their organisation and could provide insights.

Data saturation was reached after conducting and analysing the responses of eleven participants. Saturation refers to the point in qualitative research at which no new information, themes or insights emerge from additional data collection (Guest et al.,

2006). In the study, repetition of key themes such as the compliance-driven nature of ESD, reliance on suppliers, internal misalignment and limited pot-programme sustainability was observed in several responses from the tenth participant. The eleventh response confirmed the patterns already identified and indicated the further interviews were unlikely to yield significantly new insights.

Achieving saturation with a relatively small sample is consistent with the guidelines of qualitative research, particularly when the study is focused, the participant group is relatively homogeneous, and the research aim is exploratory and thematic (Fush & Ness, 2015). The decision to conclude the data collection at this point was also supported by the richness and consistency of the narratives.

3.5. Data Analysis Strategies and Interpretation

Thematic analysis was used to analyse the qualitative data. The analysis followed Braun and Clarke's (2006) six-phase process: familiarisation with the data, developing initial codes, searching for themes, reviewing the themes, defining and naming the themes and writing them up. Thematic analysis is recognised as a flexible and systematic method for identifying patterns in qualitative data (Braun & Clarke, 2021).

Code and theme development were conducted manually. An inductive approach was followed so that themes emerged from the data were not predetermined by pre-existing categories. To increase rigour, the researcher repeatedly reviewed the data to ensure consistency and coherence of theme development.

The thematic analysis was guided by the conceptual framework presented in Chapter 2. Each theme was linked to one or more of the independent variables identified in the framework. This alignment ensured that the analysis directly addressed the research objectives and remained grounded in the theoretical foundation of the study.

3.6. Limitations and Challenges of the Study

While the study provides several insights into ESD in the South African mining industry, several limitations are noted.

The researcher is not in the mining industry, as such gaining access to participants proved to be challenging. Being an “outsider” may limit deeper contextual understating which affected participant engagement. As a result, the sample was eleven ESD professionals which may not represent the broader mining industry. Furthermore, being an outsider may have influenced the interpretation of some contextual nuances and could have bias.

Secondly, data collection was written questionnaires rather than interviews due to the comfortability of participants. This limited the ability to probe responses, request for clarification or explore emerging themes in depth. While the format that was presented afforded flexibility, it may have constrained the richness of the data.

Third, the study only included the perspective of ESD professionals without the incorporation of all stakeholders involved. This limits the scope to be one-sided and may overlook important insights on programme impact and outcomes.

Lastly, time and resource limitations hindered the ability for follow up engagements. Despite these limitations, the findings are rich in insights and provide meaningful contributions to the topic.

3.7. Quality Assurance

To ensure trustworthiness, the criteria of credibility, transferability, and dependability (Lincoln & Guba, 1985) were considered in the study. Creditability was supported by collecting data from experienced professionals from different organisations. The same questions were provided to all participants which were clear, concise and written in plain English. Leading questions were avoided to allow for unbiased responses

Transferability is the ability of the findings of a study to be applied in different contexts (Slevin, & Sines, 1999). This was enhanced by providing detailed contextual information about the industry involved. Through purposive sampling, the findings of the study make it transferable.

Dependability is the degree to which a research study may be replicated by a different researcher and yield the same results (Janis, 2022). This was ensured through systematic coding and transparent theme development.

3.8. Ethical Considerations

Ethical approval was obtained from the Wits Business School Ethics Committee. Participation was voluntary and based on informed consent. Participants were informed of the purpose of the study, their right to withdraw at any stage and intended use of the data. Confidentiality and anonymity were assured; no personally identifiable information was collected or shared.

Responses were stored securely in password-protected files accessible only to the researcher and her supervisor. The format of the written questionnaire allowed participants to respond at their own convenience and minimised disruption to their professional commitments.

The study complied with the principles of respect for the individual, beneficence and justice as set out in the Belmont Report (1979). These principles ensured that participants were treated with dignity and that no harm resulted from participation.

3.9. Conclusion

This chapter outlined the research design and methodology used to explore the efficacy of ESD initiatives in the South African mining industry. It described the interpretivist qualitative approach, the data collection process, sampling strategy, data analysis methods, quality assurance procedures and ethical considerations. The next chapter presents the results and analysis of the data collected from ESD professionals.

CHAPTER 4: PRESENTATION OF RESULTS

4.1 Introduction

This chapter presents and discusses the findings from qualitative data collected from eleven professionals engaged in Enterprise and Supplier Development (ESD) within the South African mining industry. The data was analysed using thematic analysis as outlined by Braun and Clarke (2006), through a process of familiarisation, coding, identifying, reviewing and defining themes. These themes align with the research questions and provide a structured way to reflect on the realities of ESD implementation in mining.

4.2. Participant Overview

The participants brought diverse perspectives and insights, drawn from experience ranging from seven months to just over fifteen years; six of the eleven participants (54.5%) had ten years and more of experience, placing them in the senior professional level, three participants (27.3%) had between five and ten years of experience, representing an intermediate level, while two participants (18.2%) had under five years of experience, which is considered to be junior level.

Table 4.2: Years of Experience of Research Participants

Participant	Years of Experience	Experience Level
P1	7	Intermediate
P2	14	Senior
P3	15	Senior
P4	5	Intermediate
P5	5	Intermediate
P6	7 months	Junior

Participant	Years of Experience	Experience Level
P7	3	Junior
P8	15	Senior
P9	10	Senior
P10	12	Senior
P11	15	Senior

This distribution reflects a strong base of practical knowledge and insight among the group, which strengthens the reliability and richness of the data collected. The predominance of senior level experience suggests that participants have had significant involvement with ESD planning, implementation, and policy interpretation over time. As such, their reflections offer a mature and grounded understanding of both the strategic goals of ESD in the mining industry and the real-world challenges that often hinder its effectiveness.

The inclusion of diverse experience levels also provided balanced insights, capturing both high-level strategic and on-the-ground operational perspectives. This strengthened the thematic reliability of the findings and enhanced the credibility of the data analysis that follows.

The aim of the study was to examine the efficacy of ESD initiatives and determine how these programmes are currently being implemented, the challenges they face and their broader implications for the mining industry.

To facilitate a structured analysis, themes were developed from recurring patterns in participants' responses. These themes align with the study's primary research question and sub-questions.

4.3. Research Findings

4.3.1. Theme 1: The Current State of ESD in South African Mining

All participants agreed that ESD is a vital tool for economic empowerment in mining communities. Furthermore, the participants generally agreed that while ESD has progressed significantly over the years, its implementation and maturity vary across mining companies. Participant 1 shared that, "This space is on its infancy stages with a lot of room of improvement and innovative ideas developed to ensure that the intended result is achieved.". This reflects a shared understanding that ESD is conceptually strong but practically inconsistent, indicating progress in policy adoption but inconsistency in execution. The trend identified suggests that although ESD frameworks are present in most mining companies, the depth and quality of their implementation vary considerably.

Several participants pointed out that ESD initiatives are becoming increasingly structured and formalised, often with cohort-based programmes, measurable outcomes and alignment with broader development goals. Describing their organisation's model, Participant 1 noted that, "The current ESD Programme:09 Enterprise Development Beneficiaries (12 months) and 03 Supplier Development Beneficiaries (36 Months) participating in a fully sponsored programme… where all the beneficiaries receive mentoring and coaching from an industry key role player. 80% of the beneficiaries since increased their staff complement and some are actively doing business with the company.". Participant 3 highlighted a structured progression model, explaining that their enterprise development programme aims to transform the mine's supply chain by linking skills development, enterprise development, preferential procurement and supplier development, ultimately enabling job creation in host communities. While participant 10 reinforced this view by emphasising that such initiatives are "essential for enabling sustainable development, fostering local entrepreneurship, and building a more resilient supply chain that aligns with the company's operational goals.".

These statements reveal a consistent pattern of support for structured, measurable and skills-oriented ESD approaches, highlighting that mentorship and integration into supply

chains are central to programme success. This alignment among participants supports the finding that effective ESD combines development intent with business integration.

Despite some positive developments, several participants highlighted that in some companies ESD is primarily compliance-driven rather than treated as a transformative business strategy. There is greater alignment with regulatory frameworks such as the B-BBEE Act and the Mining Charter, which limits the long-term developmental impacts of ESD initiatives. This mindset leads to short-term initiatives with limited sustainable impact. Participant 2 indicated a necessity to transition from scorecard-driven implementation to prioritising actions that support sustainability and the licence to operate, implying that compliance requirements have overshadowed developmental objectives. Similarly, Participant 4 suggested that although ESD might produce beneficial socioeconomic impact, in practice it is often “only for Mining Charter and B-BBEE compliance,”, indirectly implying that compliance is the predominant incentive for many companies. Participant 6 supported this sentiment, stating that ESD is "part of statutory compliance requirements for the industry," emphasising how the demand to achieve regulatory duties influences programme design and implementation. With Participant 7 further pointing to the absence of coherent frameworks and long-term thinking, stating that ESD initiatives “lack direction,” and that a “mindset shift” is necessary for these programmes to be truly effective and impactful. Finally, Participant 1 acknowledged disparities in ESD adoption across the industry, stating that “some mining houses have successful ESD programs, but some are still not receptive of the idea of bringing in local SMEs into their operations,” highlighting the lack of strategic buy-in in certain contexts.

This demonstrates a key divergence among participants with some viewing ESD as transformative and others regarding it as a procedural obligation. The difference indicates a significant industry-wide gap between the formal compliance requirements of ESD policy and its intended transformative purpose.

In contrast, a few mining companies have adopted more comprehensive ESD models that prioritise long-term sustainability of business, local procurement, and capacity building. Participant 5 demonstrated this approach by explaining how their organisation

partnered with a small, black-owned engineering firm that, after receiving technical support and funding, became a preferred supplier to several mines, creating over 50 local jobs. The participant also described how their organisation also supported a women-led fresh produce supply cooperative that, through business training and guaranteed procurement contracts, grew into a formal agribusiness, that expanded its market reach and reinvested its profits in community development initiatives such as education and skills development.

These examples demonstrate how effective ESD can drive sustainable socio-economic change when implemented strategically, supporting the research question on the role of ESD in promoting inclusive economic participation.

4.3.1.1 Existing ESD Framework

The findings from the data show that most of the mining companies represented in the study have created formal ESD frameworks that are aligned with the key transformation objectives. These frameworks focus on three main priorities: the development of local suppliers, capacity building of small enterprises and the inclusion of historically disadvantaged people in the mining value chain.

A clear trend among participants is that structured frameworks, particularly those combining mentorship and procurement access, tend to produce better long-term outcomes.

In particular, the development of local suppliers is at the centre of current efforts. Several participants indicated that their organisations work with small, local businesses from surrounding communities to integrate them into the supply chain through structured development assistance. An example, Participant 1 described a programme that targets both enterprise and supplier development through a sponsored model with mentoring and coaching. This structured approach is consistent with broader developmental goals aimed at economic inclusion.

Building enterprise capacity also proved to be a key element. Participants pointed to initiatives that support small businesses through mentorship, technical training and insight

into the business environment. Participant 3 described how enterprise development programmes are “specifically designed to foster transformation of the mine’s supply chain” with a pathway leading from enterprise development to supplier development.

In addition, inclusion of historically disadvantaged groups, including black-owned and women-led businesses, was cited as a priority. Participant 5 gave an example involving a women-led agricultural organisation that through business training and procurement support, has developed into a formal agribusiness that reinvests in its local community. These examples reflect a growing awareness of the developmental and transformative potential of ESD.

4.3.1.2 Implementation Approaches

Participants identified a variety of strategies used to implement ESD initiatives, highlighting a combination of mentorship, financial support, preferential procurement and technical assistance.

Mentorship and coaching form a fundamental component in many organisations’ approaches. Participant 1 explained that beneficiaries in his programme receive mentorship and coaching from a key industry player, while participant 10 emphasised that mentorship is essential for “building a more resilient supply chain”. These strategies serve not only to transfer knowledge, but also to build confidence and capability among emerging suppliers. Mentorship was consistently identified as the most effective component, revealing a pattern of perceived success when beneficiaries received continuous guidance. In contrast, some participants noted insufficient follow-up after programme completion, highlighting a contradiction between programme design and sustained impact.

The results therefore suggest a direct relationship between continuous mentorship and enterprise sustainability, addressing the sub-question of how implementation practices influence ESD outcomes.

Financial support mechanisms were also reported, including access to grants, early-stage funding and investment in operational infrastructure. Noted with the example of the

support of black-owned engineering firm through mentorship and funding, which resulted in the company expanding its operations and becoming a preferred supplier to multiple mines. While direct funding was not mentioned in all responses, the importance of financial support as part of capacity development was widely recognised.

Preferential procurement practices were another important approach. Several participants described how companies use their procurement spend for ESD beneficiaries. An example was shared by participant 4, on how an ESD procurement programme had grown significantly over five years by supporting local businesses, demonstrating both commitment and results in supplier inclusion.

Technical assistance, including support with regulatory compliance, quality assurance and business systems, was also mentioned. Participant 11 spoke about upskilling local contractors, pointing to efforts to bring the technical readiness of suppliers up to mining industry standards. This reflects the recognition that technical gaps can be a barrier to sustainable integration in supply chains.

Taken together, these implementation approaches suggest that mining companies are moving towards more holistic and structured ESD initiatives. However, the extent and consistency of implementation varies and is influenced by organisational capacity, leadership commitment and internal alignment between departments.

4.3.2. Theme 2: Challenges Facing ESD in the Mining Industry

While ESD is widely recognised as a critical mechanism for transformation in the mining industry, the data collected has shown that its effective implementation is hindered by several interrelated challenges. These challenges can be grouped into three broad thematic categories: structural, operational, and capacity-related. Each of them represents a different level of complexity within the ESD ecosystem that affects the implementation of ESD initiatives and SMMEs.

4.3.2.1. Structural Challenges

Policy-related barriers, political interferences and compliance-driven frameworks that often limit flexibility and responsiveness are external systemic and environmental barriers

that shape the broader context in which ESD initiatives operate and are referred to as structural challenges.

In this study, one of the most cited structural challenges is barriers to entry. Participants described how complex and bureaucratic registration and compliance processes create high barriers to entry for new and emerging suppliers. For example, asked about challenges, Participant 2 mentioned the “red tape in terms registration of SMEs in the mining sector as vendor.” pointing to the administrative burden for small enterprises attempting to integrate into formal supply chains. Similarly, Participant 4 cited “barriers to entry such as company full registrations, BBBEE compliance, labour department registration and access to start-up capital” as major obstacles to SMME participation.

Participants also pointed to political dynamics that have a negative impact on ESD. Participant 1 explained that “political conditions in the area are an issue since ESD is viewed as a ticket to getting tenders in our company” suggesting how local perceptions can lead to opportunism and a distortion of the development intent of the programme. In this context, Participant 6 pointed to “entrepreneurial jealousy and unnecessary conflicts” caused by lack of unity within historically disadvantaged groups, undermining collaboration and shared growth.

In addition, some participants emphasised the restrictive nature of the compliance framework itself. While these are necessary, they often lead to a ‘tick-box’ approach that favours procedural compliance over developmental outcomes, reinforcing the notion that ESD is a regulatory obligation rather than a strategic opportunity.

4.3.2.2. Operational Challenges

Operational challenges are internal to mining companies and relate to the way ESD is resourced, managed and integrated into overall business processes. A key issue is the lack of strategic direction and internal buy-in, particularly from core departments such as procurement. Participants highlighted that there are misalignments between ESD objectives, internal corporate structures, inadequate resource allocation and a lack of consistent implementation models.

Inconsistent internal buy-in and strategic integration was a dominant theme that was identified under operational challenges. Several participants either explicitly stated or implied that these challenges exist in ESD. Below is a table illustrating the explicit and implied statements including the key phrases identified or the indication of the fact.

Table 4.3.2.2: Participants Identifying Inconsistent Internal Buy-in and Strategic Integration Challenges

Participant	Statement	Explicit/Implied	Key phrase/Indication
Participant 1	"Mining Houses to first align internally or get buy in from management cascading down to the end users, buyers from the Procurement section before attempting to introduce the ESD Program"	Explicit	Lack of cascading internal buy-in from management to procurement.
Participant 2	"The drive for transformation is sitting in Corporate Affairs and challenge is getting company wide."	Explicit	Lack of company-wide buy-in and transformation efforts are siloed.
Participant 4	"The continuous basic business skills training is expensive when done by consultants or contracted private firms."	Implied	Implies limited internal capacity and resources, which indicates to insufficient integration/prioritisation of ESD internally.
Participant 6	"It's part of statutory compliance requirements…"	Implied	Indicates that ESD is not fully adopted beyond compliance, indirectly indicating limited strategic buy-in.

Participant 7	“Currently our challenges are establishing best practices for ESD as there are no guidelines within the sector and this leads to unsuccessful ESD programs”	Explicit	Lack of strategic guidance and coherent practices in mining companies.
Participant 11	“While ESD programs are impactful, ongoing innovation, strong partnerships, and streamlined funding mechanisms are essential to overcoming existing challenges and maximizing benefits.”	Implied	Implies that there is fragmentation or a lack of integration requiring stronger internal mechanisms and improved partnerships.

Resource limitations, particularly with regards to funding and procurement flexibility also emerged. Participant 4 noted that there is “limited financial resources to have new entities registered and expand procurement for supplier development”, which affects the depth and breadth of support that can be offered. Low margins and cost pressures in mining procurement are also limiting companies’ ability to work with smaller, less established suppliers, as Participant 2 explained, “thin margins expectations for emerging and developing suppliers who have not realised economies of scale and not sustainable.”.

Another operational challenge is supplier dependency. This is the case when the beneficiaries of ESD initiatives become dependent on a single mining company instead of growing into independent, competitive businesses that can diversify their customer base and operate sustainably in multiple markets. Participant 3 pointed to a common problem where beneficiaries “become comfortable to service one entity and not explore other entities”, reflecting a pattern of dependency rather than growth which undermines

the long-term purpose of developing self-sufficient and competitive businesses that can diversify their customer base.

Lastly, some mining companies experience challenges in identifying an adequate pool of eligible SMMEs, especially for specialised services. As Participant 1 put it, “adequate pool of SMEs, especially on Supplier Development… is an issue” reflecting on the gap between supply and demand in certain technical areas.

The results reveal a trend where companies that integrate ESD into procurement and management systems experience smoother implementation, while those treating it as a compliance add-on, face fragmentation and inefficiency. This aligns with Them 1’s finding that strategic alignment is critical to success, reinforcing the connection between themes.

4.3.2.3. Capacity-related Challenges

Capacity-related challenges are those that relate to the skills, experience and operational readiness of SMMEs. These include deficiencies in technical knowledge, business acumen, financial limitations and management and general readiness to meet mining industry standards.

A recurring theme in this category of challenges was the lack of entrepreneurial and managerial skills among beneficiaries. Participant 6 described “poor business acumen and management” and a “shortage of technical capacity and skills” as key barriers. Participant 7 similarly noted that “suppliers lack the necessary business or management skills which make it difficult for them to compete in the sector.”.

Perhaps, the most frequently cited capacity-related challenge was financial limitation. Almost all participants cited lack of funding, limited access to capital or cashflow issues as a critical barrier to SMME success. Participant 9 put it clearly, stating “access to funding”. Participant 6 complemented this with “lack of funding and access to finance”, while Participant 4 added that there is “limited financial resources to have new entities registered and expand procurement for supplier development.”. These financial limitations restrict the ability of emerging suppliers to invest in equipment, secure working capital or expand their business in response to procurement opportunities.

Cashflow problems exacerbate the problem. Many small businesses struggle to maintain operations due to late payments, lack of working capital or poor budgeting. Participant 5 observed “slow payment cycles” as a critical challenge that undermines financial stability, while Participant 6 noted “poor financial and cashflow management” as a recurring weakness of beneficiaries. The pressure often leads to underperformance or non-performance of contracts and in some cases contributes to SMMEs withdrawing prematurely from ESD initiatives. As Participant 6 noted, “some entrepreneurs or beneficiaries would exit the development support programme prior to completion”, indicating both a lack of resilience and a misalignment between expectations and actual capabilities of the selected beneficiaries.

Overall, the financial vulnerability of SMMEs combined with a lack of entrepreneurial skills and technical knowledge significantly undermines the long-term success and sustainability of ESD efforts. These capacity-related challenges reinforce the need for more intensive, targeted and sustainable support measures, including access to affordable finance, mentorship, training and business development services. For ESD to achieve its intended transformative impact, SMMEs must be equipped not only with technical skills, but also with financial tools to survive and thrive in the highly competitive mining supply chain environment.

4.3.3. Theme 3: Effectiveness of Current Policies and Regulations

A notable theme that emerged from the data was the different views of participants on the effectiveness of regulatory frameworks. Participants had mixed views on the effectiveness of regulatory frameworks. While some recognised that the Mining Charter and the B-BBEE Codes create a mandatory environment that incentivises transformation. Others criticised the “tick-box” mentality they produce that often lead to approaches that prioritise compliance over actual impact.

One the one hand, several participants expressed their appreciation of the structuring role of policy. With Participant 6 for example, noting that ESD is “part of statutory compliance requirements for industry regulation as per signed Social and Labour Plan and BBBEE legislation.”. This view suggests that the regulatory environment has played

a critical role in encouraging companies to invest in supplier development, even if their initial motivations are based on compliance.

However, this regulatory function was not generally considered sufficient or effective to ensure a long-term impact. Several participants expressed concern that policy compliance alone is no guarantee of the depth or quality of transformation. Participant 2 argued that “the implementation of Enterprise and Supplier Development need not be scorecard driven but businesses doing what is right for its sustainability and licence to operate.” highlighting a preference for purpose-led over compliance-led approaches. This criticism was echoed by Participant 5, who noted that the lack of strategic direction and consistent frameworks across the industry was leading to “inconsistent outcomes” and that a “mindset shift” was needed to move from compliance to impact.

In summary, while regulatory frameworks such as the Mining Charter and the B-BEE Codes are effective in driving action, their influence is limited when companies adopt a narrow compliance mindset. The data suggests that real transformation is more likely to occur when ESD is promoted internally, strategically integrated and aligned with long-term sustainability objectives, not just seen as a regulatory obligation. It was noted that companies with leadership that values transformation over compliance tend to have more success. Where ESD is embedded in strategic objectives and operations, the results are more sustainable.

4.3.4. Theme 4: Indicators of Success

The study analysed how stakeholders define and measure the success of ESD initiatives in the South African mining context. Participants identified various indicators used to assess the effectiveness of ESD initiatives. Analysis of participant responses reveal a nuanced set of indicators used to assess the success of ESD initiatives in the South African mining industry. While there is no single measure of success, participants consistently pointed to a combination of enterprise growth, supply chain inclusion, community impact and long-term sustainability as the most meaningful outcomes. These indicators reflect both developmental benefits for SMMEs and strategic value for mining

companies, suggesting that effective ESD goes beyond compliance and contributes to broader transformation objectives.

4.3.4.1. Business Growth and Enterprise Sustainability

One of the most frequently cited indicators of success is the growth and sustainability of the enterprises supported. Participants pointed out to examples where beneficiaries expanded their operations, increased their staff and reduced their dependence on ongoing support. Participant 1 described that 80% of beneficiaries in their structured programme “have since increased their staff complement and some are actively doing business with the company”, citing both job creation and integration into procurement as indicators of success. This can also be seen in the example of a black-owned engineering firm becoming a “preferred supplier for multiple mines in the region creating 50+ jobs in the local community” after receiving mentorship and funding support shared by Participant 5. These cases reflect success when enterprises move from dependency to market competitiveness and become reliable service providers with expanded operational capacity.

4.3.4.2. Job Creation and Community Impact

Job creation was repeatedly cited as a key indicator of success, especially when it contributes directly to local economic recovery. Participant 4 highlighted that their “SD procurement grew from R7 million to above R30 million per year in a period of 5 years”, accompanied by the expansion of a local gardening service that created jobs. Participant 11 mentioned support to a community construction company that led to “job creation and upskilling of local labourers”. These cases suggest that ESD is most effective when it creates measurable socio-economic benefits in host communities.

4.3.4.3. Supply Chain Inclusion and Procurement Integration

Several participants considered the successful integration of SMMEs into mining supply chains as a key outcome of effective ESD. This includes formal supplier onboarding, long-term contracting opportunities and alignment with procurement systems. The ability of a

beneficiary to move from development assistance to a recognised, independent supplier was seen as a meaningful measure of progress.

Participant 3 described success as the moment when beneficiaries “become reliable and trusted suppliers”, reflecting the importance of consistent service delivery, quality assurance and the ability to meet procurement standards. Equally, Participant 8 highlighted the value of alignment between ESD outcomes and operational needs, stating that the goal was to “build a more resilient supply chain that aligns with the company’s operational goals”.

Participant 3 further pointed out to structured development pathways as an indication of success, stating that the programme is “specifically designed to foster the transformation of the mines supply chain”, where enterprise development beneficiaries being supported to ultimately become supplier development beneficiaries. This reflects a deliberate pipeline approach to supplier inclusion.

Lastly, Participant 1 reported that beneficiaries “actively doing business with the company”, indicating some integration of procurement through the ESD programme. The previously mentioned support of an engineering firm mentioned by Participant 5 reinforces this perspective as they “became the preferred supplier for multiple mines in the region” after receiving mentorship and access to funding. Again, these accounts illustrate that when ESD is implemented strategically, beneficiaries can move beyond development support to permanent commercial supplier relationships.

Collectively these perspectives suggest that ESD is most effective when it is not pursued in isolation from the core functions of the supply chain. Instead, success is achieved when beneficiaries are intentionally positioned for actual commercial opportunities within mining procurement systems and become integrated parts of the supply chain.

4.3.4.4. Supplier Independence and Market Diversification

The support afforded enterprises to work independently beyond the mining company’s developmental support and diversify their client base is another noted indication of success. Among the participants, there was a consistent acknowledgement the

dependence on a single buyer (the sponsoring mining house), hinders long-term sustainability and undermines the broader objectives of transformation and economic inclusion.

Concern was expressed by Participant 3 regarding beneficiaries frequently entering into a cycle of dependency, stating that “the main expectation that we experience is once a supplier, always a supplier”, implying that certain SMMEs tend to grow complacent or excessively reliant on a singular customer relationship.

4.3.4.5. Continuity and Long-Term Impact

Participants also emphasised the importance of programme duration, persistence and sustained support as key factors in achieving long-term impact. While they agree that ESD initiatives often begin with strong support structures, several expressed concern about the continuity of impact after the formal conclusion of the programme. This highlights the limitations of long-term planning, sustained support and beneficiary independence.

Participant 6 noted that “some entrepreneurs or beneficiaries would exit the development support programme prior to completion", suggesting that not all participants are able to manage or complete the entire development process. This suggests possible gaps in beneficiary readiness, programme relevance or ongoing support.

Concerns about dependency was also a recurring theme. According to Participant 3 “the main expectation that we experience is once a supplier, always a supplier” reflects a pattern where beneficiaries expect to remain engaged or receive guaranteed procurement without going beyond the mining company. The same participant further added that “beneficiaries become comfortable to service one entity and not explore other entities” which highlights the need for stronger exit strategies and external market development as part of the planning of ESD initiatives.

Although isolated cases of long-term success were mentioned, such as the example of the black-owned engineering firm, most participants did not mention structured follow up,

post-programme tracking or mechanisms to support supplier growth beyond the initial engagement.

The lack of such systems suggests that while ESD initiatives can initiate positive change, their long-term development impact can be undermined without deliberate continuity and transition planning. To ensure sustainability, programmes may need to provide clearer exit strategies, market linkage support and post-engagement monitoring to guide beneficiaries towards independent and resilient enterprise development.

4.4. Summary of Key Findings

Overall, the findings reveal clear consistencies among participants in viewing ESD as essential for transformation, but constrained by compliance-driven mindset, fragmented implementation and limited supplier capacity. A key trend is that success correlates with strategic integration, mentorship and sustained funding. Divergences mainly concern perceptions of regulatory effectiveness and post-programme sustainability.

The analysis of the responses from eleven professionals in the South African mining industry reveals a complex and inconsistent implementation landscape. While there are signs of growth in the formalisation and institutionalisation of ESD initiatives, implementation remains inconsistent across mining companies. Participants consistently pointed to ongoing operational, strategic and developmental challenges. The degree of success appears to be closely linked to factors such as leadership commitment, internal integration and alignment of ESD with the core business, particularly procurement.

Regulatory frameworks have played a crucial role in prioritising ESD in the industry. However, several participants expressed concern that focus on compliance often leads to superficial implementation, where the developmental intent of ESD is overshadowed by scorecard-driven approaches. This compliance orientation has led to fluctuations in the depth and sustainability of programme outcomes.

Several persistent challenges have been identified which have been categorised into structural, operational and capacity-related challenges. Structural challenges include limited collaboration between mining companies, regulatory complexity and political

dynamics affecting stakeholder relations. Operational challenges relate to inconsistent internal buy-in, poor integration between ESD and procurement functions and the lack of coordinated exit strategies. Capacity-related challenges were also widespread. It was noted that many SMMEs lacked the business acumen, financial capabilities and resources to fully benefit from ESD support.

Despite these challenges, several indicators of success were identified in the study. These include measurable business growth, job creation, integration of SMMEs into formal supply chains and a shift towards independent market participation. Programmes that achieved these results were generally better structured and aligned with strategic business objectives.

Concerns were also raised about programme continuity and its long-term impact. The findings suggest that while ESD interventions can be effective in the short term, their developmental potential is often limited by a lack of sustained support, structured exit mechanisms and long-term tracking of beneficiaries. Without targeted strategies to close these gaps, there is a risk that many ESD beneficiaries will become dependent on support from mining companies or fail to make the transition to sustainable enterprises.

In summary, the effectiveness of ESD initiatives in the mining industry is shaped by a combination of political pressure, institutional capacity and organisational will. For ESD to realise its full transformational potential, it must move beyond compliance to become a strategically integrated, impact-driven element of business practice.

4.5. Conclusion

This chapter presented the findings from written questionnaires from ESD practitioners in the South African mining industry and were analysed in relation to the study's research questions. The results showed that although ESD is recognised as a vital transformation mechanism, its implementation remains inconsistent across the industry. Participants highlighted both progress and ongoing challenges, particularly regarding compliance-driven approaches and capacity constraints.

Despite these limitations, examples of effective, mentorship-driven and strategically aligned initiatives demonstrate that meaningful impact is achievable when ESD is integrated into core business operations. The combination of consistent insights and varied perspectives among participants highlights both the potential and complexity of advancing ESD in the mining context. These findings form the basis for the discussion, conclusion and recommendations presented in chapters 5 and 6 respectively.

CHAPTER 5: DISCUSSION

5.1. Introduction

This chapter provides a critical interpretation of results presented in Chapter 4. It draws on the experiences of eleven ESD professionals to reflect on the extent to which these findings align or diverge from broader academic and policy literature, ultimately answering the central research question, “How efficient are enterprise and supplier development initiatives in the South African mining industry?”. The themes examined include the current state of ESD, implementation challenges, the influence of regulatory frameworks and indicators of success. This discussion will also connect the findings back to the theoretical framework of the study. Showing how they support, extend or challenge the concepts of Institutional Theory, the Resource-Based View and Supplier Relationship Management (SRM) Theory.

5.2. The State of ESD in South African Mining

The findings show that while ESD initiatives are increasingly formalised and structured in several mining companies, implementation varies in maturity. Participants described programme designs that include mentorship, technical support, financial assistance and advancement opportunities for suppliers showing a shift towards strategic integration in some cases. This aligns with previous research by Rasdien et al. (2024), which highlights how formal ESD initiatives, when aligned with strategic supply chain objectives, can enhance supplier capacity. Similarly, studies by Dou, Zhu and Sarkis (2018) and Mukwarami, Mukwarami and Tengeh (2020), argue that well-integrated supplier development delivers both operational efficiency and socioeconomic benefits, a finding echoed in this study.

However, there are still significant institutional differences across the mining industry (Rogerson, 2011). Some companies embed ESD into their core business practices, while others adopt a “tickbox” approach that is compliance driven. This duality is consistent with the literature criticising fragmented transformation efforts in the mining industry (Moraka & van Rensburg, 2015; Pooe, 2016), where regulatory obligation often overshadow authentic development intentions. This finding strongly supports the propositions of

Institutional Theory, particularly the concept of coercive pressure (DiMaggio & Powell, 1983). The 'tickbox" approach is a clear example of organisations engaging in formal compliance to gain legitimacy, without necessarily internalising the developmental goals. On the other hand, the companies that embed ESD strategically demonstrate a move beyond mere compliance, treating their ESD programmes as a valuable internal capability, which aligns with the RBV (Barney, 1991). The participants' findings reflect this divide and confirm that real impact is more likely when leadership commitment drives ESD as a strategic imperative, rather than a scorecard requirement.

5.3. Challenges Facing ESD in South African Mining

The challenges identified were categorised into structural, operational and capacity-related. These multi-layered challenges echo similar complexities documented in the literature (Urban & Naidoo, 2012; Mkubukeli & Tengeh, 2016; Rasdien et al., 2024).

5.3.1. Structural Challenges

Barriers such as complex registration processes, regulatory red-tape and political interference are still present. Participants' comments echo the findings of Ledwaba (2017) and van Wyk and Venter (2023), who found that cumbersome systems often deter new entrants and disproportionately disadvantage SMMEs. Furthermore, political opportunism and local conflict, as observed in this study, can distort the developmental purpose of ESD, underpinning the arguments of Myres, Cabot-Alletzhauser, Khoza and Mamabolo (2024) regarding misalignment of community expectations with official policy objectives. The structural issues further support Institutional Theory, illustrating how the broader institutional environment (Scott, 2014) creates significant operational hurdles that can undermine the intended outcomes of policy mandates.

5.3.2. Operational Challenges

In line with Ambe and Badenhorst-Weiss (2012), a recurring theme was a lack of internal alignment, particularly between ESD and procurement departments, which weaken the impact of the programme. While some mining companies establish cross-functional collaboration, isolated ESD efforts are common, resulting in poor strategic integration.

This finding presents a practical challenge to the application of both RBV and SRM Theory. Effective SRM (Lambert, 2008) relies on cross-functional collaboration and this lack of alignment demonstrates a failure to operationalise it. From a RBV perspective, this internal fragmentation prevents the company from developing the necessary valuable, rare, inimitable and non-substitutable (VRIN) capabilities (Barney, 1991) to gain a competitive advantage from its supplier development efforts.

Resource limitations, budget constraints and insufficient internal capacity, further undermine effective ESD implementation, a finding that is well documented in the broader South African literature on SMME development (Makwara, 2019; Rasdien et al., 2024)

Dependence on mining companies has also been observed, making it difficult for beneficiaries to diversify into broader markets, a challenge that has been highlighted in several studies (Timm, 2011; Kanyinji & Tembo, 2019). Without targeted support for market access, dependence on suppliers remains, which runs counter to the ESD's intended goal of promoting independent and competitive enterprises.

5.3.3. Capacity-related Challenges

The limited technical, managerial and financial capabilities of many SMMEs was another consistent challenge. Participants reported widespread deficits in business acumen, financial literacy and operational readiness, findings that were confirmed by Urban and Naidoo (2012) and Mkubukeli and Tengeh (2016). Delayed payments by mining companies further exacerbate working capital constraints and contribute to premature exits from the programme.

These findings reinforce the argument made by Rasdien et al. (2024) that while regulatory frameworks may mandate supplier development, small companies without robust internal capacity-building efforts and support from the financial ecosystem struggle to achieve long-term sustainability. This does not challenge a specific theory but rather supports the practical necessity of developmental aspects inherent in SRM Theory (Cousins et al., 2008) which emphasises capability-building as a core component of managing supplier relationships for mutual value.

5.4. Effectiveness of Current Policies and Regulations

Participants expressed mixed views on the effectiveness of the current policy. One the one hand, the B-BBEE legislation and the Mining Charter have successfully put ESD on the strategic agenda (Horwitz & Jain, 2011). On the other hand, the regulatory framework is often perceived as administratively burdensome, leading to superficial compliance rather than meaningful transformation (Moraka & van Rensburg, 2015; Rasdien et al., 2024).

Participants called for a shift in mindset away from scorecard-driven approaches towards integrated, impact-orientated ESD strategies. This closely aligns with and supports the central tension described by Institutional Theory. The policy framework acts as a powerful coercive and normative force, yet the findings show that this pressure often results in decoupling, where formal policies are adopted but are not reflected in actual practice. The call for a mindset shift is essentially a call for companies to move from a compliance model based on Institutional Theory to a strategic model based on RBV, where ESD is regarded as a source of value creation. As suggested by Pooe (2016), clearer policy guidance and consistent enforcement are needed to align regulatory intent with impact on-the-ground.

5.5. Indicators of Success

The participants identified a range of qualitative and quantitative indicators to measure ESD success, which can be broadly grouped into five dimensions which are business growth, job creation, supply chain inclusion, supplier independence and long-term sustainability. These indicators align closely with those identified in the literature (Pooe, 2016; Liu et al., 2018; Rasdien et al., 2024) and reflect both developmental outcomes for SMMEs and operational value for mining companies. These identified indicators of success directly support the theoretical goals of both RBV and SRM. From an SRM perspective, these outcomes (growth, inclusion, reliability) are hallmarks of a successful, collaborative supplier relationship. From a RBV perspective, a supplier base that is growing, independent and integrated becomes a strategic resource (Barney, 1991) that enhances the mining company’s resilience and competitive advantage.

5.5.1. Business Growth and Supply Chain Integration

One of the clearest indicators of success cited by participants was business growth, measured in terms of sales growth, staff complement, expanded operational capacity and financial sustainability. As reported, mining companies are tracking whether the supported enterprises are growing, diversifying their customer base and reducing their dependence on mining contracts. These findings align with the success metrics proposed by Lui et al. (2018) who emphasise enterprise longevity and self-reliance as key development outcomes.

Participants also emphasised that long-term business sustainability beyond the life of the ESD programme is a critical factor. This reflects arguments in the literature (Pooe, 2016; Guerin, 2020) that ESD interventions should focus on building resilient enterprises rather than achieving short-term outcomes to meet compliance targets.

5.5.2. Job Creation and Community Impact

Job creation emerged as a widely cited and valued indicator of success. Some participants noted that tracking the number of direct and indirect jobs created by ESD beneficiaries provides tangible evidence of the impact on the development of host communities. This is in line with the national transformation priorities articulated in the Mining Charter and National Development Plan (South African Government, 2013), which emphasises inclusive growth and employment as key outcomes of supplier development and is supported in the academic literature (Timm, 2011; Rasdien et al., 2024)

5.5.3. Supply Chain Inclusion and Procurement Integration

Another key success indicator was the extent to which enterprises achieved meaningful integration into the mining company's supply chain by moving from ad hoc contracts to preferred supplier status with stable procurement relationships.

Participants emphasised that long-term procurement commitments provide critical market security and learning opportunities for emerging suppliers.

The emphasis on deep supply chain integration resonates the work of Rasdien et al. (2024), who emphasise that ESD in conjunction with procurement is more effective than

standalone capacity-building initiatives. Liu et al. (2018) further argue that sustainable procurement relationships help SMMEs to develop operationally and commercially.

5.5.4. Supplier Independence and Market Diversification

Participants also valued supplier independence and market diversification, as evidenced by ESD beneficiaries securing contracts outside of the sponsoring mining company and in different industries. This was seen as a sign that the enterprises have developed the skills, confidence and networks required to compete independently.

These findings are consistent with the concerns expressed in the literature (Pooe, 2016; Kanyinji & Tembo, 2019) that too many ESD beneficiaries remain trapped in a dependent relationship with their sponsoring company. As several participants emphasised, real success is achieved when the supported enterprises are no longer solely dependent on mining contracts but become competitive players in regional and national value chains.

5.5.5. Continuity of Long-Term Impact

Finally, participants acknowledged that tracking long-term results beyond the initial programme cycle is crucial for assessing success. Some expressed concerns that short programme durations (6-12 months) are not sufficient to build sustainable enterprises, an argument also supported by Guerin (2020) and Rasdien et al. (2024), who argue for long-term support models.

In several mining companies, post programme monitoring and follow-up were cited as areas in need of improvement. Where continuity mechanisms are in place, such as phased development pathways for suppliers or post-completion support, outcomes tend to be better, underlining Pooe's (2016) recommendation for multi-year integrated ESD strategies.

5.6. Less Prevalent Theme

An important gap highlighted in this study was the lack of ESD initiatives aimed at the youth. Although the responses were rich with information, in all responses, no participant referred to youth-owned business or youth-focused support in detail and with great depth but rather an honourable mention. While women-led and black-owned transformation

efforts were discussed, the lack of youth-focused strategies suggests a gap in demographic targeting, especially given the national need to support young entrepreneurs. This reflects concerns raised in the literature (Ledwaba, 2017) about the underrepresentation of youth, women and other marginalised groups in transformation efforts in the mining industry. This is an area that needs further investigation.

5.7. Conclusion

This chapter has provided a detailed discussion of research findings, interpreting them in the context of existing literature and the study's theoretical framework. It has analysed the key themes identified in Chapter 4, including the current state of ESD, the multilayered implementation challenges, the mixed effectiveness of regulatory policies and the indicators of success. Further, a connection between findings and the study's theoretical frameworks was done. The final chapter will synthesise the entire study, present a summary of findings, the main conclusions and actionable recommendations.

CHAPTER 6: SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1. Introduction

This final chapter synthesises the entire study. Its purpose is to bring together the key insights, conclusions and recommendations that have emerged from the research. It begins with a consolidated summary of the study, followed by the main conclusions drawn in relation to research questions, an outlin of the study's contributions and actionable recommendations for stakeholders. The chapter concludes with a final reflection on the research process and its implications.

6.2. Summary

This research set out to examine the efficacy of enterprise and supplier development (ESD) initiatives in the South African mining industry. The study was motivated by a gap between the policy intentions of frameworks such as the Mining Charter and B-BBEE and the inconsistent developmental outcomes observed in practice. The primary aim was to analyse how ESD initiatives are implemented, the challenges they face and their alignment with national transformation objectives. This was guided by four sub-questions exploring the current state of ESD, the challenges faced, the effectiveness of policies and the indicators of success.

To address these questions, the study employed a qualitative research design within the interpretivist paradigm. Data was collected through structures questionnaires with 15 open-ended questions, completed by eleven ESD professionals from various South African mining companies. The purposive sample provided rich, expert insights. The collected data was analysed using thematic analysis, guided by a conceptual framework that integrates Institutional Theory, the Resource-Based View (RBV) and Supplier Relationship Management (SRM) Theory.

The key findings from the literature review confirmed that while ESD is a global tool for inclusive growth, its implementation in South African mining is often fragmented and compliance-driven. The primary research findings supported this, revealing four main themes; 1) the state of ESD is highly varied, with some companies demonstrating

strategic integration while many remain at a compliance level, 2) ESD is hindered by structural, operational and capacity-related challenges, 3) current policies are effective in mandating action but often result in a “tickbox” mentality and 4) true success is measured by sustainable business growth, job creation and supplier independence, rather than compliance metrics alone.

6.3. Conclusion

The findings confirm that while ESD has gained traction in mining companies, with many now implementing structured programmes. Implementation remains inconsistent and often dependent on compliance. This reflects patterns identified in the literature (Pooe 2016; Rogerson, 2011), where regulatory obligations drive the adoption of ESD but do not consistently drive the depth of quality of transformation.

Key challenges have been identified at a structural, operational and capacity-related level. Participants consistently highlighted challenges that mirror those discussed in the literature review: regulatory complexity and fragmentation (Ledwaba, 2017; Rasdien et al., 2024), internal misalignment and operational inefficiencies (Ambe & Badenhorst-Weiss, 2012), supplier capacity constraints (Urban & Naidoo, 2012), and inconsistent post programme support (Guerin, 2020). These factors limit the ability of ESD to promote the long-term sustainability of suppliers and inclusive economic development.

Nonetheless, the indicators of success cited by participants: business growth, job creation, supply chain integration, market diversification and long-term resilience, align closely with established success frameworks (Timm, 2011; Liu et al., 2018; Rasdien et al., 2024). Importantly, where ESD is strategically integrated into procurement and linked to broader business objectives, the potential for sustainable impact is much higher.

While the policy environment is central to ESD adoption (Horwitz & Jain, 2011), it remains a double-edged sword that encourages compliance, but often at the expense of profound change (Moraka & van Rensburg, 2015; Pooe, 2016). The role of policy was seen as both a facilitator and a hindrance. While frameworks such as the B-BBEE and Mining Charter

have driven action, they are also associated with superficial compliance. In addition, the lack of youth-focused policies cited as critical gap in inclusive development.

Overall, the study shows that while policy frameworks such as the Mining Charter and B-BBEE legislation remain important drivers for ESD, the efficiency of ESD in the South African mining industry depends on moving beyond compliance to strategic impact-driven, inclusive and well-integrated approaches that foster sustainable ecosystems for suppliers.

This study contributes to academic knowledge by empirically validating a conceptual framework that integrates Institutional Theory, RBV and SRM Theory to explain ESD effectiveness. It shows how the tension between institutional pressures (compliance) and internal capabilities (RBV) leads to the fragmented outcomes observed. The study also highlights the significant gap in youth-focused initiatives, suggesting a new direction for future research. Practically, it provides a clear diagnosis of operational failures, such as internal misalignment and lack of post-programme support. The recommendations based on these findings offer an actionable guide for policymakers and ESD practitioners to design and implement more impactful initiatives that go beyond compliance to achieve genuine, sustainable economic transformation.

6.4. Recommendations

Based on the findings, the following recommendations are proposed:

1. **Strengthen internal integration** – ESD should be embedded into the core functions of the organisation with procurement, supply chain and operational strategies. Cross-departmental alignment, particularly between ESD and procurement is essential to move beyond fragmented, compliance-driven approaches (Ambe & Badenhorst-Weiss, 2012; Rasdien et al., 2024).
2. **Implement Supplier Relationship Management and post-programme support** – Formal Supplier Relationship Management (SRM) systems should be institutionalised to monitor supplier performance, track results and provide post-programme support (Guerin, 2020; Rasdien et al., 2024). Longer programme

cycles and post-completion pathways are needed to promote sustainability such as developing structured exit strategies, long-term tracking and links to new markets.

3. **Encourage collaboration between mining companies** – Mining companies should collaborate to share best practices and create industry-wide benchmarks. Multi-stakeholder platforms could promote shared learning, reduce duplication of effort and enable smaller mining operations to follow best practice (Rogerson, 2011).
4. **Strengthen supplier capacity-building** – Supplier development efforts should be intensified and provide targeted interventions in the areas of financial literacy, governance, technical skills and market access, in line with recommendations of Urban and Naidoo (2012) and Mkubukeli and Tengeh (2016).
5. **Address youth inclusion** – More emphasis should be placed on supporting youth and women-led businesses to close the gaps identified in the study and literature (Ledwaba, 2017). Specific targets and customised support mechanisms should be developed to promote a more inclusive supplier base.
6. **Shift from compliance to impact-driven –** Mining companies should undergo a mindset shift away from compliance-driven ESD towards impact-orientated and transformative supplier development. Moraka and van Rensburg (2015) and Pooe (2016) argue, meaningful change will only be achieved if ESD is driven by long-term development goals rather than short-term regulatory requirements or scorecard compliance.

6.4. Final Reflections

This study contributes to a deeper understanding of how ESD is practised in the South African mining industry, highlighting both the potential and its limitations. The findings confirm that while policy frameworks such as the Mining Charter and the B-BBEE legislation have succeeded in elevating ESD on the corporate agenda, actual implementation remains inconsistent and fragmented across the industry.

The study also underpins the argument, widely made in the literature (Rogerson, 2011; Pooe, 2016; Rasdien et al., 2024), that ESD can only realise its true development potential when initiatives are embedded in the core business, supported by management commitment and designed to deliver long-term impact beyond compliance.

In this context, mining companies have the opportunity to transform ESD into a catalyst for inclusive economic growth, local enterprise sustainability and social change. Achieving this will require genuine engagement with suppliers, internal alignment of corporate strategies and an industry-wide commitment to driving impact-led development through collaborative and innovative approaches.

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APPENDIX

Appendix 1: Questionnaire

Dear Participant,

My name is Noluthando Magudulela, a Master in Business Administration student at the Wits Business School, in Johannesburg, South Africa. As part of my academic pursuits, I am required to conduct research that I would like to extend an invitation for you to participate in.

The objective of my research is to explore the efficacy of enterprise and supply/supplier development in the South African mining industry. Your participation in providing valuable insights will tremendously help this study.

Kindly note that your anonymity is guaranteed. Your participation is entirely voluntary, and confidentiality is guaranteed. You can stop participating in the study at any time. Your honesty is appreciated, and your involvement carries no direct benefits or costs. The results from your responses will be used for academic purposes only.

If you have any questions during or after about this research study, feel free to contact me or my supervisor on the details listed below. If you have any concerns or complaints about the ethical procedures of this research study, you are welcome to contact the University Human Research Ethics Committee (Non-Medical), telephone +27(0) 11 717 1408, email hrecnon-medical@wits.ac.za.

Thanking you in advance on your participation.

Researcher: Noluthando Magudulela (2769390@students.wits.ac.za)

Supervisor: Dr Renee Horne (Renee.Horne@wits.ac.za)

By answering the questions to follow, you are indicating your voluntary consent to participate in this study and that you are 18 years or older.

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1. Please indicate your years of experience in enterprise and supply development within the South African mining industry.
2. What is the role of enterprise and supply development initiatives?
3. Can you share any company specific examples where these initiatives have led to positive outcomes?
4. Why is supplier development crucial in the mining sector?
5. Are there any factors that impact the implementation of enterprise and supply development initiatives in general?
6. What are the current challenges faced by enterprise and supply development initiatives in your company?
7. What are the key challenges faced by small, medium and micro-sized enterprises (SMMEs) operating in the South African mining sector?
8. What factors enable the growth and resilience of SMMEs?
9. In your opinion, what opportunities exist for enterprises to thrive and contribute to the supply chain?
10. How does your organisation measure the success of enterprise and supply development initiatives?
11. How important is collaboration between mining companies, government agencies, and local communities in achieving sustainable enterprise and supply development? What strategies can enhance effective collaboration?
12. How can enterprise and supply development initiatives ensure equitable participation and inclusion of historically disadvantaged groups (e.g., people of colour, women, people living with disabilities)?
13. What is the long-term impact of enterprise and supply development on the South African mining industry?
14. Based on your experience, what conclusions can be drawn about the efficacy of enterprise and supply development in the South African mining industry?
15. What recommendations would you offer to enhance the efficacy of enterprise and supply development initiatives?

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