Foreign Direct Investment (FDI) and Job Creation in Limpopo Province, South Africa

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DECLARATION

I, Mokgadi Betty Rakubu, declare that the research work reported in this dissertation is my own, except where otherwise indicated and acknowledged. It is submitted for the degree of Masters of Management at the University of the Witwatersrand, Johannesburg. This thesis has not, either in whole or in part, been submitted for another qualification to any other university.

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SIGNATURE OF CANDIDATE **DATE**

DEDICATION

This thesis is dedicated to my beloved family, and children, Johny, Shirley, Sharon and my grandson David, for their unconditional support and understanding during my study period. I also want to thank Limpopo Provincial Treasury for supporting me financially, and my supervisor, Mrs Dikeledi Thindisa, for her support. I will forever be grateful to my Master and King, whose name is Wonderful Counsellor, Mighty God, Eternal Father and Prince of Peace, for His grace upon my life.

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ABSTRACT

This report takes a close look at how foreign direct investment (FDI) influences job opportunities in Limpopo Province, South Africa, between 2018 and 2024. Despite a steady stream of foreign investments in the mining sector, unemployment rates in the province remain worryingly high. The research draws from established theories like Dunning's Eclectic Paradigm, Dependency Theory, and Endogenous Growth Theory to unpack the complex factors that shape whether investments translate into real jobs on the ground.

To investigate these issues, both a numbers-driven and a qualitative approach were used. Data was collected on FDI inflows from industry trackers and government databases, then matched that information against official statistics on employment trends in Limpopo. Policy documents were reviewed, as well as corporate reports and local development plans, to understand real-world impacts. At the same time, descriptive and correlation techniques were used to identify patterns in the data, and a simple regression model was used to test if and how much FDI really boosts job creation in mining.

The findings paint a nuanced picture. On the one hand, Limpopo has succeeded in attracting significant foreign investments, especially in capital-intensive mining operations. On the other hand, these flows of money haven't translated into a meaningful rise in employment levels. High-tech machinery, automation, profit repatriation, and policy uncertainties seem to cut into the number of jobs that FDI could otherwise create. Meanwhile, gaps in local skills and infrastructure further limit the benefits of investment.

Based on these insights, the report suggests several strategies to make FDI a stronger force for job creation. These range from linking tax and policy incentives to actual hiring commitments to diversifying into industries that rely more on people than on automated processes. The need to strengthen coordination among government, investors, and local communities is also highlighted so that well-intentioned policies on paper can turn into practical, on-the-ground improvements for residents. In essence, while FDI can provide essential capital for growth, it takes focused effort, whether in the form of improved education and training, smarter regulations, or

inclusive business models, to ensure that these investments uplift local people and help reduce unemployment in the province.

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CHAPTER ONE: INTRODUCTION

1.1 OVERVIEW OF FOREIGN DIRECT INVESTMENT IN SOUTH AFRICA

South Africa is a prominent destination for foreign direct investment (FDI) in Africa, mainly because of its plentiful natural resources and strong infrastructure. South Africa's economic reforms, including the Growth, Employment and Redistribution (GEAR) Strategy, the Accelerated and Shared Growth Initiative for South Africa (ASGISA), and the New Growth Path (NGP), have all emphasised the importance of foreign direct investment (FDI) in stimulating economic growth and generating jobs.

Foreign Direct Investment (FDI) is defined as an investment made by a firm or individual from one country into a business or project located in another country by the Organisation for Economic Cooperation and Development (OECD). A foreign entity makes this type of investment to create a long-term stake in a business operating in a different economy from the investor's. It involves the acquisition of a significant ownership stake in the foreign business, giving the investor control and influence over its operations. Venture capital is the act of a company or individual investing in commercial ventures located in a different country from where they are based. This commonly happens when an investor establishes business operations in a foreign country or acquires ownership or a controlling interest in a foreign company (OECD, 2008).

The World Bank (2020) asserts that FDI is relevant due to several crucial factors. Firstly, it provides investment capital, stimulating economic growth by boosting production and activity. Secondly, it creates employment opportunities by establishing new businesses and expanding existing ones, leading to job creation. Thirdly, it facilitates the transfer of technology, enhancing productivity and innovation in the host country by sharing skills and technology. Lastly, it promotes global trade, integrating the host country into the global economy and fostering increased trade flows and economic cooperation.

According to Dunning et al. (2008), FDI plays a crucial role in promoting globalisation, as it serves as both a catalyst and a consequence of the worldwide integration of economies. Globalisation refers to the phenomenon of creating interconnected and interdependent markets and companies worldwide. The correlation between FDI and globalisation can be comprehended by considering multiple factors, such as the capacity of businesses to penetrate untapped markets and acquire a broader global customer base, thereby facilitating the process of globalisation. According to UNCTAD (2019) and Ghemawat (2007), FDI is crucial in creating global supply chains, which involve dividing production processes among different countries to optimise efficiency and reduce expenses. Cultural exchange occurs when organisations grow into new markets and introduce novel managerial talents, economic strategies, and cultural outlooks. This process enables the movement of financial resources between countries, which is a vital component of globalisation and promotes cross-cultural comprehension and integration.

According to Todaro et al. (2015) and Baldwin et al. (1999), FDI provides many advantages to both investing and recipient countries, and they encompass the capacity to foster economic expansion by supplying essential funds for infrastructure, industrialisation, and modernisation across diverse industries; employment prospects that create job opportunities capable of enhancing living standards and alleviating poverty in the recipient nation, technological progress that allows host countries to acquire advanced technology and skills, thereby promoting innovation. Moran (2006) and Lipsey (2001) added that increased revenue could be utilised to fund public services and facilitate infrastructure development, and can enhance the host country's balance of payments by supplying capital and diminishing the necessity for external borrowing. Markusen and Venables (1999) further added that the existence of foreign companies in a market can enhance competitiveness, resulting in improved efficiency and superior products and services for consumers.

According to the studies conducted by Chandra et al. (2018) and Bhorat et al. (2017), the inflow manifests for several purposes for the investing company and the host country, which include Market-seeking FDI, Efficiency-seeking FDI, resource-seeking FDI and Strategic Asset-Seeking FDI. Market-seeking includes investing in accessing the domestic market of the host country. This is often the primary motivation for FDI in South Africa, with foreign firms entering to serve the large domestic consumer market. Efficiency-seeking involves investing to take advantage of lower production costs in the host country, such as cheaper labour or resources. This type of FDI is less common in South Africa. Resource-seeking involves investing in accessing natural resources in the host country. This has historically been a major driver of FDI in South Africa, particularly in the mining sector. Strategic asset-seeking FDI involves investing to acquire strategic assets like technology, brands, or distribution channels. International enterprises increasingly seek South Africa's advantages, indicating a noticeable trend. An evaluation of the correlation between different purposes of foreign direct investment (FDI) and job creation in South Africa during the past decade demonstrated that FDI primarily aimed at accessing the local market, referred to as market-seeking FDI, had a favourable impact and typically led to the creation of a substantial number of jobs. This occurred as companies established diverse facilities, such as retail stores, distribution networks, and service centres, to cater to the needs of the domestic market. This was confirmed by the empirical studies conducted by Chandra et al. (2018) and Bhorat et al. (2017). According to Naude (2019), an examination of job creation by market-seeking FDI reveals that the characteristics and longevity of the jobs created often vary, potentially lacking long-term security.

The impact of Resource-Seeking FDI on job creation in sectors like mining and agriculture has significantly contributed to job growth in South Africa. The mining industry has served as a substantial provider of employment, mostly due to its heavy reliance on manual labour (Chamber of Mines of South Africa, 2019). According to Katzke et al. (2020), these professions are especially susceptible to changes in the market and can entail hazardous work conditions. The advancement of technology and the integration of automation in mining have reduced job prospects. According to Tregenna (2016), they can create job possibilities, but these jobs are often at risk due to fluctuating commodity prices and increasing automation. Furthermore, there is a possibility that they do not make a significant contribution to the enhancement of skills and long-term economic stability.

The impact of Efficiency-seeking FDI on job creation is that it can lead to job creation in both the manufacturing and service industries, especially in regions where cost advantages are being sought. However, this type of investment has the potential to cause unemployment as companies may decide to relocate their operations to countries with even lower costs (Farole et al., 2014). According to Black et al.,(2019), investments in the automobile industry have created numerous job possibilities in manufacturing plants. However, these professions are often vulnerable to changes in global supply networks. Assessment thereof also shows that even if it can result in job creation, its main goal is to decrease expenses, which could limit wage growth and job security. Furthermore, these investments possess the capacity to move to different locations that offer better cost advantages, potentially leading to reductions in employment (Kaplan, 2018).

Strategic-Asset Seeking FDI has a minimal direct impact on employment creation as its main objective is to acquire valuable assets. As a result, its impact on employment is limited (UNCTAD, 2019). However, Strategic-Asset Seeking FDI may indirectly impact job creation by enhancing the recipient nation's technological and managerial capabilities, perhaps leading to the establishment of new business ventures and industries (World Bank, 2021).

The assessment above suggests that efficiency- or strategic asset-seeking foreign direct investment (FDI) inflows cannot be expected to directly contribute to employment creation, unlike resource- and market-seeking FDI. According to the PwC's report (2024), South Africa has attracted significant foreign direct investment (FDI) from companies looking to enter its market. In 2022, this accounted for 38.5% of the country's total FDI stock. In the last decade, the country has received foreign direct investment (FDI) in the industrial sector, namely, areas such as automotive, food processing, and building materials, to access the market. The banking, insurance, real estate, and business services sectors have received a significant influx of foreign direct investment (FDI) from investors seeking opportunities in the market. In 2022, these industries are estimated to have accounted for 20% of the country's total foreign direct investment (FDI) (PwC, 2024). In 2022, the mining and quarrying sector in South Africa attracted the largest share of foreign direct investment (FDI) aimed at acquiring natural resources, accounting for 24.2% of the overall FDI inflows into the country. Foreign direct investment (FDI) into the mining and quarrying sector has experienced oscillations over the last decade, with a significant decrease in 2020 because of the impact of the COVID-19 epidemic. Foreign direct investment (FDI) inflows have consistently substantially impacted South Africa's FDI profile.

1.2. OVERVIEW OF FOREIGN DIRECT INVESTMENT IN LIMPOPO

Since the advent of democracy in 1994, South Africa has prioritised attracting Foreign Direct Investment (FDI) to drive economic development, with Limpopo Province emerging as a critical hub due to its abundant mineral and agricultural resources. The province's economic sectors, particularly mining and agriculture, have been the primary beneficiaries of FDI, contributing significantly to regional GDP. However, the relationship between FDI and job creation in Limpopo Province has been complex and sector-specific

Limpopo Province, known for its rich mineral resources and fertile agricultural land, has seen varied impacts of Foreign Direct Investment (FDI) on job creation across its key economic sectors. While mining and agriculture remain dominant contributors to the provincial economy, sectors like manufacturing and tourism have also attracted FDI, albeit to a lesser extent. This comparison highlights the differentiated effects of FDI on employment generation in these sectors. The mining sector in Limpopo has historically been the largest recipient of FDI due to its vast reserves of platinum group metals, chrome, coal and iron ore. Investments in mining have created significant employment opportunities, particularly during the development and construction phases of projects. However, these jobs are often temporary, and the sector's capital-intensive nature, driven by mechanisation and automation, limits its potential for long-term job creation (Deloitte, 2020). Companies such as Anglo-American and Glencore have established significant operations in the province. While the sector contributed extensively to GDP, it has had limited success in generating large-scale employment due to its capital-intensive nature (Pule et al., 2021). Automation and advanced technologies in mining operations have further reduced labour demand, creating a mismatch between FDI inflows and job creation.

Agriculture, particularly horticulture and livestock farming, remains a vital sector for Limpopo Province, providing livelihoods to a significant portion of the population. FDI in agriculture has supported job creation through investments in irrigation infrastructure, modern farming technologies, and export-oriented production (Stats SA, 2022). The sector is another significant FDI recipient which plays a crucial role in employment, particularly in rural areas. Investments in agro-processing and export-oriented farming have created jobs, but challenges such as land ownership disputes, water scarcity, and inadequate infrastructure have constrained the sector's potential to absorb the growing labour force (Kekana, 2022). While FDI has supported modern farming techniques and increased productivity, its impact on job creation remains inconsistent.

Limpopo's manufacturing sector is relatively underdeveloped but has shown potential in agro-processing, mineral beneficiation, and small-scale production. FDI in this sector has been modest but has had an impact on creating stable, long-term jobs. However, its growth has been impeded by insufficient infrastructure, high energy costs, and limited integration with local suppliers, resulting in modest job creation (Stats SA, 2023). Similarly, FDI in infrastructure development has primarily facilitated short-term employment during project implementation, offering limited long-term job opportunities.

The tourism sector, driven by Limpopo Province's natural attractions and cultural heritage, has seen some FDI in hotel developments and eco-tourism initiatives. This sector has high labour absorption potential, particularly for women and youth (McKinsey & Company, 2021). Table 1 provides a sectoral overview of FDI contributions, employment generation potential, and the associated challenges.

Table 1: Sectoral overview of FDI contributions, job creation potential, and associated challenges (McKinsey & Company 2021)

Sector	**FDI Contribution**	**Job Creation Potential**	**Challenges**
Mining	High	Moderate	Automation, regional concentration
Agriculture	Moderate	High	Seasonal jobs, climate vulnerability
Manufacturing	Low	Moderate	Limited industrialisation, raw material reliance
Tourism	Low	High	Seasonal demand, infrastructure deficits

Overall, while FDI has bolstered economic growth and facilitated modernisation across key sectors in Limpopo Province, its impact on job creation has been underwhelming.

1.3. RATIONALE FOR FOCUSING ON THE MINING SECTOR AND JOB CREATION

The decision to focus on the mining sector in Limpopo Province is driven by its pivotal role in the province’s economy and its position as a major recipient of Foreign Direct Investment (FDI). Mining contributes significantly to Limpopo Province’s GDP, driven by its vast deposits of platinum, chrome, and coal, which attract substantial foreign direct investment (Pule et al., 2021). However, despite these investments, the sector faces significant challenges in translating FDI inflows into sustainable employment opportunities.

The mining industry has historically been a cornerstone of Limpopo Province’s economic structure, providing critical revenue streams and supporting regional infrastructure development. In 2021, it accounted for 30% of the province's GDP, making it the most significant contributor among real economic sectors (Trade & industrial policy Strategies (TIPS) Report, 2022). FDI in mining has enabled the adoption of advanced technologies and expanded the sector’s output, bolstering South Africa’s position as a leading global producer of mineral resources (Stats SA, 2023). However, these advancements have primarily benefited productivity rather than employment, as the sector remains capital-intensive with limited demand for labour (Kekana, 2022).

The mining sector is a dominant recipient of FDI in Limpopo, attracting multinational corporations such as Anglo-American, Glencore, and Impala Platinum. Its outsized share of provincial FDI makes it a crucial area of study for understanding how FDI impacts job creation (Stats SA, 2023).

Despite substantial FDI inflows, the sector has not proportionately contributed to employment generation. Automation, mechanisation, and a focus on efficiency have limited the sector’s labour absorption capacity, creating a paradox that warrants focused research (Kekana, 2022). According to TIPS (2022), the mining sector recorded employment of 79,000 people during the second quarter of 2022, lagging behind the agriculture and construction sectors, which employed 170,000 and 118,000 people, respectively.

Many communities in Limpopo Province rely heavily on the mining sector for livelihoods. However, the sector’s limited capacity to generate direct and indirect jobs exacerbates unemployment and inequality in regions where mining activities are practiced, making it imperative to explore solutions within this specific context (Mokoena, 2021). IIED (2024) noted that workforce downsizing has emerged as a prevailing trend in the mining sector. This highlights the need for the government to implement effective policies to address the existing mismatch between the proportion of foreign direct investment (FDI) in the mining sector and the sector's contribution to provincial employment.

Government policies and incentives aimed at attracting FDI in the mining sector have fallen short in addressing job creation. This is evident from the current reality where the mining sector ranks as the leading recipient of FDI in Limpopo Province, yet it holds only the third position in its overall contribution to provincial employment (TIPS, 2022). Therefore, a detailed analysis of the mining sector is essential to provide valuable insights into how policy reforms can be leveraged to enhance its employment potential (Nkuna & Baloyi, 2020).

Unemployment in the Limpopo Province remains one of the highest in South Africa despite the influx of FDI. Mining, as a sector that could significantly impact employment, is hindered by structural and operational challenges, including automation and Capital Intensity (Nkuna & Baloyi, 2020) and skills mismatch (Mokoena, 2021), environmental and social concerns (Kekana, 2022).

Focusing on FDI and job creation in Limpopo Province’s mining sector is critical to addressing the paradox of high investment and persistent unemployment. This study aims to evaluate the trends, impact, and challenges associated with foreign direct investment (FDI) in Limpopo Province from 2018 to 2024, with a specific focus on its contribution to job creation and sustainable economic growth. By understanding these dynamics, the research seeks to contribute to policy discourse and strategic planning to better align FDI inflows with provincial economic and social development goals.

1.4. PROBLEM STATEMENT

The core problem lies in the capital-intensive orientation of the mining sector, which minimises its capacity to create jobs despite attracting significant FDI. The use of advanced technologies and mechanisation has led to a decline in labour demand, sidelining unskilled and semi-skilled workers who constitute a majority of the local workforce. Moreover, weak linkages between mining companies and local suppliers, coupled with insufficient investments in workforce development, further limit the sector's contribution to job creation (Pule et al., 2021). Consequently, by focusing on the mining sector, this study aims to unravel the structural barriers preventing FDI from translating into substantial job opportunities, propose actionable policy reforms, and explore sustainable strategies to align FDI with local employment needs.

Foreign Direct Investment (FDI) is often regarded as a catalyst for economic development, with job creation being one of its anticipated benefits. In Limpopo Province, South Africa, which is known for its abundant mineral resources and significant contribution to the nation's agricultural output, foreign direct investment (FDI) has played a crucial role in shaping the provincial economy. Despite consistent FDI inflows, unemployment rates remain alarmingly high, raising concerns about the alignment between foreign investment and employment generation. According to Statistics South Africa (Stats SA), Limpopo Province's unemployment rate stood at 36.7% in 2023, which is significantly above the national unemployment rate of 33.5%, highlighting a persistent disconnect between FDI and job creation (Stats SA, 2023; Trading Economics, 2024).

Furthermore, a significant portion of FDI is directed toward capital-intensive sectors like mining and manufacturing. Although these sectors contribute substantially to GDP, they lack the labour intensity needed to effectively reduce the province's high unemployment rates (Pule et al., 2021). Additionally, structural issues such as inadequate skills development, poor infrastructure, and limited linkages between foreign investors and local enterprises exacerbate the challenge (Kekana, 2022).

This study investigates the paradox of substantial FDI inflows failing to translate into meaningful job creation in Limpopo Province. By analysing investment patterns in the mining sector, employment trends, and policy frameworks, this study sheds light on the barriers hindering FDI's potential to drive job creation and offers strategic recommendations to enhance its contribution to employment and sustainable economic growth.

1.5. AIM AND OBJECTIVES

1.5.1 AIM

The study aims to evaluate the trends, impact, and challenges associated with foreign direct investment (FDI) in Limpopo Province from 2018 to 2024, with a specific focus on its contribution to job creation and sustainable economic growth.

1.5.2 OBJECTIVES

The objectives of this study are stated as follows:

a) To analyse the volume, origin, and sectoral distribution of FDI inflows in Limpopo Province over the period 2018–2024, with a specific focus on the mining sector (Kekana, 2022).
b) To quantify and critically evaluate how FDI has contributed to employment generation across different economic sectors in Limpopo, identifying both successes and gaps (Pule et al., 2021).
c) To investigate the challenges hindering FDI’s ability to create sustainable employment, including skills mismatches, inadequate infrastructure, policy constraints, and the dominance of capital-intensive investments (Stats SA, 2023).

1.6. RESEARCH QUESTIONS

The research questions directing the conduct of this study are stated as follows:

1.6.1 PRIMARY QUESTION

What are the trends, impacts, and challenges associated with foreign direct investment (FDI) in Limpopo Province from 2018 to 2024, and how has it contributed to job creation and sustainable economic growth?

1.6.2 SECONDARY QUESTIONS

The following probing questions will further direct the study to support the primary question above:

a) What is the volume, origin, and sectoral distribution of FDI inflows in Limpopo Province from 2018 to 2024, with a specific focus on the mining sector?
b) How has FDI contributed to employment generation across different economic sectors in Limpopo, and what are the key successes and gaps in its impact?
c) What challenges hinder FDI's ability to create sustainable employment in Limpopo, including factors such as skills mismatches, inadequate infrastructure, policy constraints, and the dominance of capital-intensive investments?

1.7. RESEARCH HYPOTHESIS

H_0: There is no significant relationship between FDI inflows and job creation in the mining sector in Limpopo Province, South Africa.

H_1: There is a significant relationship between FDI inflows and job creation in the mining sector in Limpopo, South Africa.

H_0: There is no significant variation in the volume, origin, or sectoral distribution of FDI inflows in Limpopo Province from 2018 to 2024, including within the mining sector.

H_1: There are significant variations in the volume, origin, and sectoral distribution of FDI inflows in Limpopo Province from 2018 to 2024, with notable trends or patterns in the mining sector.

H_0: Challenges such as skills mismatches, inadequate infrastructure, policy constraints, and the dominance of capital-intensive investments do not significantly hinder FDI's ability to create sustainable employment in Limpopo.

H_1: Challenges such as skills mismatches, inadequate infrastructure, policy constraints, and the dominance of capital-intensive investments significantly hinder FDI's ability to create sustainable employment in Limpopo.

1.8. SIGNIFICANCE OF THE STUDY

The study on "Foreign Direct Investment (FDI) and Job Creation in the Mining Sector in Limpopo Province, South Africa" is significant for several reasons, particularly in addressing persistent unemployment challenges and informing policies for inclusive economic growth.

The study will provide evidence-based insights into the relationship between FDI inflows and employment generation in Limpopo Province's mining sector. Policymakers can use these findings to develop targeted strategies that promote labour-intensive investments, enhance the province's competitiveness, and maximise FDI's economic benefits (Nkuna & Baloyi, 2020). The research study's findings can be useful for informing interventions to bridge gaps in skills, infrastructure, and local economic linkages by identifying structural barriers to job creation.

Despite its resource wealth, Limpopo Province faces one of the highest unemployment and poverty rates in South Africa (Stats SA, 2023). This study is significant in that it explores how FDI can create sustainable livelihoods and reduce poverty in mining-dependent communities. By aligning FDI initiatives with employment goals, the research can help ensure that the economic benefits of foreign investments are shared equitably.

The research will highlight opportunities for stronger collaboration between foreign investors and local businesses. By fostering local supplier development and skills transfer programs, the findings of this study can pave the way for greater integration of local enterprises into global value chains, thus enhancing the overall economic impact of FDI (Mokoena, 2021).

Mining activities often lead to environmental degradation and community displacement, which can generate social unrest. This study will underscore the importance of balancing economic goals with social and environmental sustainability, encouraging investments that benefit communities without compromising their well-being (Kekana, 2022).

The study is also significant due to its potential contribution to the body of knowledge on the interplay between FDI and employment, particularly in resource-rich but economically challenged regions. This study will serve as a reference for future research on optimising FDI's developmental impact in similar contexts, thereby contributing to the academic discourse on sustainable development (Pule et al., 2021).

1.9. LIMITATIONS OF THE STUDY

While the study on "Foreign Direct Investment (FDI) and Job Creation in the Mining Sector in Limpopo Province" aims to provide valuable insights, it is not without limitations. These constraints could affect the depth and generalisability of the findings.

The first limitation pertains to the lack of access to comprehensive data on FDI inflows. Particularly, access to comprehensive and up-to-date data on FDI inflows and employment trends in Limpopo Province's mining sector is a significant limitation. While sources such as Statistics South Africa (Stats SA) and industry reports provide data, discrepancies and inconsistencies may limit the accuracy of analysis (StatsSA, 2023). Additionally, the lack of granular data distinguishing between direct and indirect employment impacts of FDI poses a challenge.

The second limitation of this study stems from its exclusive focus on the mining sector. While focusing exclusively on the mining sector may be justified by its economic importance, it may overlook broader dynamics of FDI's impact on other key sectors of the economy. This narrow scope limits the study's ability to provide a holistic perspective on how FDI interacts with the overall provincial economy (Kekana, 2022)

The third limitation of this study is its context-specific nature, as the findings are particularly relevant to Limpopo Province and the mining sector. The unique socio-economic and infrastructural conditions of the Limpopo Province may make it difficult to generalise the results to other provinces or countries with differing economic structures and policy environments (Nkuna & Baloyi, 2020).

The fourth limitation associated with this study is the causality complexity limitation. Causality complexity arises from the challenges involved in determining the direct causal relationship between FDI and job creation due to the influence of multiple factors such as labour market policies, global commodity prices, and technological advancements. This complexity may lead to difficulties in isolating the specific impact of FDI on employment trends (Pule et al., 2021).

The study is also limited by its secondary focus on limitations. While the study seeks to address the social and environmental challenges associated with mining, these aspects are secondary to its primary focus on FDI and employment. This limitation might restrict the exploration of broader sustainability issues and their interplay with FDI (Mokoena, 2021).

The dynamic nature of FDI inflows and employment trends requires continuous monitoring over time. However, the study's time frame may limit its ability to capture long-term trends and emerging patterns that could provide more robust conclusions (Kekana, 2022).

1.10. STRUCTURE OF THE STUDY

The research study is organised into the following key sections to provide a comprehensive examination of the topic:

Chapter Two covers a literature review which examines prior studies on FDI, job creation, and the mining sector. It critically evaluates existing knowledge and identifies gaps that the study seeks to address. It further presents subsections for Theoretical frameworks on FDI and job creation, Resource-seeking, efficiency-seeking, and strategic asset-seeking FDI and Impacts of FDI in the South African mining sector, with a focus on Limpopo Province.

Chapter Three covers the methods and techniques employed in this study. It describes the panel data analysis approach used to evaluate the relationship between FDI and job creation in Limpopo Province's mining sector from 2018 to 2024. Further, it presents subsections for research design, data sources, variables, an empirical econometric model, and ethical considerations.

Chapter Four covers the results and discussion of the research findings. The results of the panel data analysis are presented and interpreted in this section. The discussion contextualises these findings within the existing literature and explores their implications for the mining sector and job creation in Limpopo Province. It also presents subsections for FDI inflow trends in the mining sector, the relationship between FDI and job creation, and regional economic and social impacts.

Chapter Five focuses on conclusions and recommendations. This chapter summarizes the key findings and their significance.

CHAPTER TWO: LITERATURE REVIEW

2.1 INTRODUCTION

This chapter reviews the literature and previous studies aimed at exploring theories for examining the relationship between foreign direct investment (FDI) and job creation. It begins with a theoretical framework that outlines the theories underpinning this study, including the Eclectic Paradigm, the Dependency Theory and the Endogenous Growth Theory. The chapter then examines empirical literature from both developed and developing countries, as well as studies specific to South Africa, that examine the relationship between FDI and job creation, as well as studies exploring the barriers or challenges constraining FDI's ability to create sustainable employment opportunities. Finally, conclusions are drawn about the existing relationship between FDI and job creation as well as the barriers constraining FDI's potential for employment creation.

2.2 THEORETICAL FRAMEWORK

A robust theoretical framework is essential for understanding the relationship between Foreign Direct Investment (FDI) and job creation in Limpopo's mining sector. This study draws on economic theories that elucidate the impact of FDI on employment and regional development, specifically the Eclectic Paradigm (Dunning, 1980), Dependency Theory (Velasco, 2002), and the Endogenous Growth Theory (Aghion, Howitt, Brant-Collett, & García-Peñalosa, 1998). These frameworks provide the lens through which the dynamics of FDI and its impact on employment in Limpopo Province can be analysed.

2.2.1 ECLECTIC PARADIGM

This theory was proposed by Dunning (1980). It explains why multinational enterprises (MNEs) invest in specific regions and how FDI contributes to economic growth. The framework focuses on three key factors: ownership advantages, which refer to the unique resources and capabilities that MNEs bring, such as advanced technology and capital; location advantages, which highlight the role of host country factors, including resource availability, market potential, and labour conditions; and Limpopo's abundant mineral resources represent a significant location advantage and internalisation advantages which explains why firms choose FDI over other modes of entry, such as licensing. While this paradigm acknowledges the economic benefits of FDI, it also highlights the constraints associated with capital-intensive sectors like mining, where job creation may be minimal due to advanced technologies replacing manual labour (Pule et al., 2021).

The Eclectic Paradigm theory, also known as the OLI framework (Ownership, Location, and Internalisation), is relevant to this study as its three key factors provide a theoretical foundation for examining the relationship between FDI and employment levels. For instance, ownership advantages help identify how the unique capabilities of multinational enterprises (MNEs), such as advanced technology, specialized expertise, or capital resources, influence their capacity to generate employment opportunities in the host country. Location advantages offer a framework for evaluating how various host country factors, such as labour costs, availability of skilled workers, regulatory environment, and market size, attract FDI and influence the scope and quality of employment opportunities generated. Further, internalisation advantages offer a perspective for analysing how MNEs' decisions to internalise production processes, rather than outsourcing, affect employment levels in the host country, including direct job creation and potential spillover effects on local industries.

2.2.2 DEPENDENCY THEORY

Dependency Theory argues that FDI often reinforces unequal economic relationships between developed and developing regions, benefiting the investor countries more than the host economies. The theory suggests that FDI may prioritise the interests of investor countries at the expense of job creation for the host economy, thereby perpetuating economic inequalities rather than fostering significant local employment growth. Dependency Theory is relevant to Limpopo Province, where foreign mining companies dominate the sector, extracting resources and repatriating profits, often with limited reinvestment in local communities (Kekana, 2022). The reliance on foreign capital has perpetuated structural inequalities, with minimal job creation for local populations, especially in unskilled and semi-skilled labour markets.

Dependency Theory also emphasises the lack of local value chains, which undermines FDI's potential to stimulate broader economic activities and sustainable employment in the host region (Nkuna & Baloyi, 2020). FDI in Limpopo Province, particularly in the mining sector, exemplifies the dynamics described by dependency theorists. Empirical studies, such as those by Kekana (2022), highlight that the majority of FDI inflows are concentrated in extractive industries. These investments are often structured to benefit foreign stakeholders through profit repatriation and capital-intensive operations, with limited reinvestment into local economies. According to Mokoena (2021), the dependency on foreign capital for resource exploitation has created a "race to the bottom" dynamic, where the province prioritises investor-friendly policies, often at the expense of labour rights and job quality. The resulting employment opportunities are often low-paying and precarious, contributing minimally to addressing structural unemployment in Limpopo Province.

Dependency theory critiques the lack of diversification in economies reliant on resource extraction. In Limpopo Province, the mining sector's dominance over FDI inflows stifles the development of other industries, such as agriculture and manufacturing (Nkuna & Baloyi, 2020). This mono-sectoral focus entrenches dependency on foreign expertise, technology, and markets, making the province vulnerable to external shocks such as fluctuating commodity prices. Pule et al. (2021) argue that foreign investors in Limpopo Province’s mining sector often import advanced technologies and skilled labour, leaving little room for local capacity building. This perpetuates a dependency cycle, where local workers are excluded from high-paying, skilled jobs, and the local economy fails to benefit from knowledge and technology transfer.

Dependency theorists emphasise the role of unequal power relations in perpetuating underdevelopment. In Limpopo Province, foreign investors retain significant control over natural resources and decision-making processes, often sidelining local governments and communities. Kekana (2022) notes that while FDI contributes to GDP growth, it has minimal impact on local job creation due to these imbalanced relationships. Nkuna & Baloyi (2020) observed that communities in mining regions often bear the brunt of environmental degradation and displacement, with minimal compensation or employment benefits. Dependency on foreign investment thus exacerbates socio-economic inequalities, with local populations receiving a disproportionate share of the risks and costs associated with FDI.

A core critique of dependency theory is foreign investors' extraction of surplus value from developing regions. In Limpopo Province, Mokoena (2021) reports that a significant portion of profits generated by FDI in the mining sector is repatriated to investor countries. This limits the financial resources available for reinvestment in infrastructure, skills development, and job creation. The lack of reinvestment exacerbates structural unemployment and underdevelopment in Limpopo Province. Dependency theorists argue that this dynamic reinforces the province's reliance on foreign capital to sustain its economy, perpetuating a cycle of dependency and underdevelopment (Dos Santos, 1970).

The inability of local governments to negotiate equitable FDI agreements is another factor highlighted by dependency theorists. Pule et al. (2021) emphasise that Limpopo Province's reliance on foreign investors often weakens the bargaining power of local authorities, resulting in policies favouring investors over local communities. Policies such as local content requirements and beneficiation are inconsistently implemented, limiting their impact on job creation. Dependency on foreign expertise also undermines the province's ability to leverage its natural resources for sustainable development (Kekana, 2022).

2.2.3 ENDOGENOUS GROWTH THEORY

Romer's Endogenous Growth Theory (1986) emphasises the role of human capital, innovation, and technology transfer in fostering economic development. This theory suggests that FDI can contribute to job creation by enhancing skills and knowledge in the local workforce. This theory underlines the importance of policies that facilitate skill development and technological spillovers to maximise FDI's employment potential. The Endogenous Growth Theory is relevant to the study analysing the relationship between FDI and job creation due to its focus on how FDI stimulates technological innovation, knowledge transfer, and human capital development in the host Limpopo Province. The three factors underpinning the theory are key drivers of productivity, which in turn contribute to the creation of high-skilled employment opportunities. This, in turn, links FDI to sustainable job creation and long-term economic growth, highlighting the relevance of the theory to this study.

It is clear from the foregoing discussion that combining these three theories provides a comprehensive framework for analysing the impact of FDI on job creation in Limpopo Province's mining sector. The Eclectic Paradigm explains the economic rationale behind FDI inflows, while the Dependency Theory highlights structural barriers limiting its benefits. The Endogenous Growth Theory offers insights into how FDI can be leveraged to enhance local human capital and long-term employment. This theoretical foundation serves as a guide for the study of evaluating FDI's contributions to employment, identifying barriers, and proposing actionable strategies to align foreign investments with Limpopo Province's Developmental Goals.

2.3 CONCEPTUAL FRAMEWORK

The conceptual framework for this study is built on the interconnected relationships between FDI, employment generation, and socio-economic factors in resource-dependent regions. It draws from key themes in the literature, including the economic drivers of FDI, job creation mechanisms, and barriers that hinder FDI's employment potential. These themes form the basis for understanding how FDI impacts job creation in Limpopo Province and identifying strategies for maximising its benefits.

2.3.1 ECONOMIC DRIVERS OF FDI

Various factors, such as the availability of natural resources, a stable regulatory environment, and market accessibility, drive FDI. In the Limpopo Province, the mining sector attracts significant FDI due to its abundant mineral deposits, including platinum, coal, and chrome (Kekana, 2022). The conceptual framework posits that FDI inflows are influenced by resource endowment, which is the availability of high-value minerals, policy frameworks on investment incentives, tax regimes, and regulatory stability (Nkuna & Baloyi, 2020), and infrastructure development, which gives access to transportation networks and utilities necessary for mining operations. A review conducted by Riker, & Wickramarachi, (2020) emphasises the role played by policy reforms in attracting FDI. These factors collectively shape the province's attractiveness to foreign investors and set the foundation for FDI's potential impact on employment.

2.3.2 MECHANISMS OF JOB CREATION

The conceptual framework identifies two primary pathways through which FDI can generate jobs. The first is direct employment, where jobs are created within mining companies through operational expansion or the establishment of new projects. However, as mining is a capital-intensive sector, the number of direct jobs is often limited (Stats SA, 2023), and the second is indirect employment, which refers to jobs created in related sectors, such as transportation, equipment supply, and services. This includes employment through local supplier networks and value chain development (Pule et al., 2021). These mechanisms are mediated by the extent to which FDI fosters local linkages and supports community development.

Sectoral linkages between mining and other industries influence FDI's potential to create jobs beyond the mining sector. Strong backward linkages, such as partnerships with local suppliers and contractors, can amplify the employment effects of FDI (Nkuna & Baloyi, 2020). Similarly, forward linkages, such as processing mined resources into value-added products, can generate additional employment opportunities. However, in Limpopo Province, weak linkages have constrained the spillover effects of FDI, limiting its contribution to job creation in related sectors like manufacturing and logistics (Stats SA, 2023).

2.3.3 BARRIERS TO FDI-DRIVEN EMPLOYMENT

Despite FDI inflows, Limpopo Province's mining sector has struggled to generate significant job opportunities. The conceptual framework identifies several key barriers to local employment in the mining sector. One such barrier is the capital intensity of mining operations, where increased automation and mechanisation reduce the demand for labour. Another challenge is the skills mismatch, as the lack of a skilled labour force limits local participation in high-paying mining jobs (Mokoena, 2021). Moreover, social and environmental issues, such as community resistance due to displacement and ecological degradation, often undermine the employment benefits of mining projects (Kekana, 2022). Profit repatriation also plays a significant role, as foreign investors often repatriate a large portion of profits, leaving fewer funds available for reinvestment in local job creation initiatives (Nkuna & Baloyi, 2020). Additionally, many local workers in Limpopo Province lack the specialised skills required in mining operations, further hindering employment opportunities (Kekana, 2022). These challenges underscore the need for policies that promote labour-intensive investments and skills development programs.

2.4 VOLUME, ORIGIN, AND SECTORAL DISTRIBUTION OF FDI INFLOWS IN LIMPOPO PROVINCE (2012-2022) WITH A FOCUS ON THE MINING SECTOR

Foreign Direct Investment (FDI) is a critical component of economic development, particularly in resource-rich regions such as the Limpopo Province in South Africa. According to Riker and Wickramarachi (2020), FDI plays a crucial role in enhancing productivity, facilitating technology transfer, and driving economic growth in host countries. This empirical literature review examines the volume, origin, and sectoral distribution of FDI inflows in Limpopo Province from 2012 to 2022, specifically focusing on the mining sector.

2.4.1 VOLUMES OF FDI INFLOWS INTO LIMPOPO PROVINCE

The volume of FDI inflows into Limpopo Province has fluctuated significantly over the past decade. According to the Limpopo Economic Development Agency (LEDA) (2022), the province attracted investment pledges totalling R209 billion during the inaugural Limpopo Investment Conference in October 2021. However, only R49.54 billion of these pledges were realised as actual investments, representing approximately 23.7% of total commitments (LEDA, 2022). This disparity highlights a common trend where pledged investments often do not translate into actual capital inflows. Trade & Industrial Policy Strategies (TIPS), FDI Tracker (2023) provides additional context by documenting that between 2012 and 2022, Limpopo Province received various investment commitments across multiple sectors. For example, the mining sector saw significant pledges, including Anglo-American's Mototolo/Der Brochen expansion project valued at R3.9 billion, which aims to extend the mine's operational life by over 30 years (TIPS, 2023). Overall, while substantial amounts have been pledged, actual inflows remain lower than expectations.

2.4.2 TRENDS IN FDI VOLUME

According to the South African Reserve Bank (2022), Limpopo Province has experienced fluctuating FDI inflows over the past decade, with notable peaks in 2015 and 2019. The total FDI inflows during this period were approximately ZAR15 billion, with a significant portion directed towards the mining sector. Global economic conditions, including commodity prices and investor confidence, have influenced the volume of FDI in Limpopo Province. For instance, the decline in global mineral prices in 2016 led to decreased FDI inflows, particularly in mining (UNCTAD, 2021).

2.4.3 THE ORIGIN OF FDI INFLOWS INTO LIMPOPO PROVINCE

The origin of FDI in Limpopo Province reflects a diverse range of international investors. The TIPS FDI Tracker (2023) indicates that empirical studies indicate that the primary sources of FDI in Limpopo Province are countries such as China, France, Australia, and the United Kingdom, with significant contributions from the United Kingdom and France. According to Pule et al., (2021), the United Kingdom, China, and Australia were identified as the leading investors in Limpopo Province's mining industry, collectively accounting for over 60% of FDI inflows during the period under review. The UK-based companies primarily invested in platinum mining, while China's investments focused on ferrochrome production. African countries such as Botswana and Namibia also contributed to FDI inflows, particularly in mining exploration activities. For example, in October 2018 Anglo-American allocated ZAR29 billion in FDI specifically for the expansion of the Venetia diamond mine in Limpopo Province (TIPS, 2024). A study by Makhura and Monyane (2020) found that Chinese investments have significantly increased, particularly in the mining sector, driven by the demand for minerals. The presence of bilateral investment treaties (BITs) has also played a role in attracting FDI from specific countries. For example, the BIT between South Africa and China has facilitated increased investment flows from Chinese firms into Limpopo Province's mining sector (Asiedu, 2020). Mokoena (2021) noted that foreign investors often prioritise profit repatriation, reducing the funds available for local reinvestment. This raises concerns about the long-term sustainability of FDI-led economic growth in Limpopo Province.

The sectoral distribution of FDI inflows in Limpopo Province reveals a strong focus on mining and related sectors. The LEDA report (2022) identifies mining as one of the leading contributors to provincial GDP alongside agriculture and services. Within the mining sector specifically, significant projects include those focused on platinum group metals and coal extraction. According to TIPS (2023), mining projects accounted for a notable portion of total investment commitments during this period. The report highlights that while agriculture and renewable energy also attracted substantial investments (R35.1 billion in agro-processing and R12.7 billion in renewable energy), mining remained a critical sector for foreign direct investment due to its potential for job creation and economic growth.

The mining sector has consistently attracted the largest share of FDI in Limpopo Province, accounting for approximately 60% of total inflows from 2012 to 2022 (Department of Mineral Resources and Energy, 2022). The key minerals driving foreign direct investment include platinum, coal, and diamonds. While mining remains dominant, there has been a gradual increase in FDI in other sectors, such as renewable energy and agriculture. Moyo (2021) acknowledges that diversification is crucial for achieving sustainable economic growth in the province.

2.4.4 CHALLENGES AFFECTING FDI

Despite the positive trends in FDI inflows, several challenges hinder further investment in Limpopo Province's mining sector. For instance, water scarcity is a significant concern that affects operational efficiency and investor confidence (Oxpeckers, 2020). Pinto-Gutiérrez, (2023) contends that water scarcity poses challenges to operational efficiency by disrupting mining processes that rely heavily on water for extraction and processing. Moreover, scarce water resources undermine investor confidence through increasing operational risks and financial costs, for example, higher loan spreads for companies exposed to drought risks.

Political instability and regulatory challenges also present another hurdle that deters potential investors from committing capital to new projects (Limpopo Provincial Government, 2021; Yang, Xing, & Hou, 2020). Yang et al. (2020) observe that political instability and regulatory challenges contribute to an uncertain business environment, which makes it difficult for investors to predict returns and manage risks. This uncertainty is compounded in sectors like mining, where long-term investments depend heavily on stable governance and clear, consistent regulations (Yang et al.,2020). The preceding point highlights why risk assessments of mining projects prioritize government stability and business regulations.

The COVID-19 pandemic has also impacted investment flows, leading to delays and cancellations of planned projects (IDC, 2020; SA News, 2022). According to IDC (2020), the COVID-19 pandemic disrupted global economic stability, which in turn created a heightened uncertainty that discouraged investors from committing capital. This resulted in significant delays and cancellations of planned projects, as businesses reassessed risks and adjusted their strategies in response to fluctuating market conditions.

2.5 THE CONTRIBUTION OF FOREIGN DIRECT INVESTMENT (FDI) TO EMPLOYMENT GENERATION IN LIMPOPO PROVINCE

This empirical literature review explores how FDI has contributed to employment generation across different economic sectors in Limpopo Province from 2012 to 2022. It examines key successes, gaps in impact, and the overall effectiveness of FDI in addressing local unemployment challenges.

2.5.1 TRENDS IN FDI AND EMPLOYMENT GENERATION

FDI inflows into Limpopo Province have shown varied trends over the past decade. According to the Limpopo Economic Development Agency (LEDA, 2022), significant investment commitments were made during the Limpopo Investment Conference, with pledges totalling R209 billion across various sectors, including mining, agriculture, and renewable energy. However, only a portion of these pledges materialised into actual investments. The Quarterly Economic Bulletin (2021) reported that despite substantial FDI commitments, Limpopo Province's unemployment rate increased from 29.4% to 30.4% between April and June 2021, reflecting the challenges faced in translating investment into job creation (Limpopo Provincial Government, 2021). Research by Tshepo (2014) indicates that FDI positively impacts employment levels in South Africa, particularly within labour-intensive sectors such as mining and agriculture. The study found that foreign investments not only create direct employment opportunities but also stimulate indirect job creation through increased local spending and supply chain development (Tshepo, 2014). Similarly, Xolani (2011) emphasised that FDI enhances domestic investment and promotes technology transfer, which can lead to further job creation (Xolani, 2011). Another study by Ali, Ahmad, and Khalil (2022) examined the impact of Foreign Direct Investment (FDI) on employment levels in the top 20 FDI recipient economies, differentiating between developed and developing countries. Ali and collaborators observed that FDI had a positive impact on employment levels in both developed and developing economies, with a more pronounced effect in developing countries due to greater labour availability and the prevalence of efficiency-seeking FDI.

A study by Makhoba and Kaseeram (2019) highlighted a contrasting relationship between FDI and employment levels. The findings revealed a significant negative correlation, indicating that despite substantial FDI inflows, job creation does not always follow. The contrast serves to highlight the complex nature of the relationship between FDI and employment.

2.5.2 SECTORAL CONTRIBUTIONS OF FDI

The mining sector remains a primary focus for FDI in Limpopo Province. Significant investments from multinational corporations have aimed at expanding mining operations, which are crucial for local employment. For instance, Anglo-American's Mototolo project is expected to create thousands of jobs directly and indirectly (TIPS, 2023). Furthermore, the agricultural sector has also seen substantial foreign investments aimed at boosting production and processing capabilities, contributing to rural employment opportunities. However, the impact of FDI on job creation is not uniform across sectors. A study by Malindini (2018) found that while mining attracted significant foreign investment, the actual job creation was often lower than anticipated due to mechanisation and technological advancements that reduced labour requirements (Malindini, 2018). This highlights a critical gap where the expected benefits of FDI do not fully materialise in terms of employment generation.

2.5.3 KEY SUCCESSES AND GAPS

Despite some successes in attracting FDI and generating employment, several gaps remain. The COVID-19 pandemic exacerbated existing challenges, leading to significant job losses across sectors. The Quarterly Economic Bulletin noted that approximately 130,000 jobs were lost between late 2019 and early 2021 due to economic disruptions caused by the pandemic (Limpopo Provincial Government, 2021). This situation underscores the vulnerability of the labour market and the need for resilient strategies to ensure that FDI leads to sustainable job creation. Moreover, while FDI has contributed positively to employment generation in certain sectors, there is a need for more targeted policies that encourage labour-intensive investments. The Limpopo Growth and Development Strategy emphasises the importance of transitioning from raw material extraction to value-added production processes that can create more jobs (Limpopo Growth and Development Strategy [LGDS], 2020). This approach requires collaboration among stakeholders to ensure that foreign investments align with local economic development goals.

2.6 CHALLENGES HINDERING FDI'S ABILITY TO CREATE SUSTAINABLE EMPLOYMENT IN LIMPOPO PROVINCE

Several challenges hinder FDI's effectiveness in generating sustainable employment. This literature review examines the factors that impede FDI's potential in Limpopo Province, focusing on skills mismatches, inadequate infrastructure, policy constraints, and the dominance of capital-intensive investments.

2.6.1 SKILLS MISMATCHES

One of the foremost challenges affecting FDI's ability to create sustainable employment in Limpopo Province is the current mismatch between the skills possessed by the local workforce and those demanded by foreign investors. The

Limpopo Growth and Development Strategy (LGDS) highlights that while there has been progress in education, particularly in mathematics and science, many graduates still lack the practical skills required by industries, especially in mining and manufacturing (LGDS, 2020). This skills gap limits the capacity of local workers to fill available positions created by FDI, resulting in underemployment and reliance on imported labour. Research by Malindini (2018) supports this assertion by indicating that foreign companies often prefer to hire skilled expatriates rather than invest in training local employees. This reliance on foreign expertise undermines local job creation and perpetuates a cycle of dependency on external labour (Malindini, 2018).

2.6.2 INADEQUATE INFRASTRUCTURE

Inadequate infrastructure is another significant barrier to effective FDI implementation in Limpopo Province. The LGDS (2020) notes that while improvements have been made in essential services such as electricity and water supply, many areas still face infrastructural deficits that deter investment. Poor transport networks and unreliable utilities can increase business operational costs, making them less attractive to potential investors. The Quarterly Economic Bulletin (2021) emphasises that infrastructure challenges directly impact employment generation. For instance, mining operations require efficient transport systems to move goods to markets; without this infrastructure, productivity suffers, leading to fewer job opportunities (Limpopo Provincial Government, 2021). Thus, enhancing infrastructure is crucial for creating an environment conducive to sustainable employment through FDI.

2.6.3 POLICY CONSTRAINTS

Policy constraints also play a critical role in limiting the effectiveness of FDI in generating sustainable employment. The National Treasury of South Africa (2018) highlights that inconsistent policies and regulatory frameworks can create investor uncertainty. This uncertainty may deter potential foreign investors from committing capital to Limpopo Province, given fears of sudden regulatory changes or bureaucratic inefficiencies. Moreover, the LGDS (2020) points out that while various government initiatives aim to attract FDI, a lack of coordination among different levels of government can hinder effective implementation. The absence of a cohesive strategy can lead to fragmented efforts that fail to address the specific needs of investors or the local workforce. As a result, policy constraints must be addressed to create a more favourable investment climate that promotes sustainable job creation.

2.6.4 DOMINANCE OF CAPITAL-INTENSIVE INVESTMENTS

The tendency for FDI to favour capital-intensive industries further complicates the employment landscape in Limpopo Province. While sectors such as mining attract significant foreign investment due to their profitability, these industries often rely on advanced technologies and mechanisation that reduce labour requirements (Oxpeckers, 2020). Tshepo (2014) notes that this trend creates fewer jobs than anticipated despite substantial capital inflows. Moreover, the dominance of capital-intensive investments can lead to economic imbalances within the province. The LGDS (2020) argues for a diversification strategy encouraging investments in labour-intensive sectors such as agriculture and tourism. Limpopo could enhance its resilience against economic shocks by promoting a broader range of industries while creating more sustainable employment opportunities. According to Faku (2021), the decline in operational mines since 2012 has negatively impacted job creation in the province. While some new mining projects have been established with FDI funding, many older mines have reduced their workforce or closed altogether due to declining ore grades and increasing operational costs.

2.7 CONCLUSION

This chapter discusses the theoretical and empirical underpinnings of this research study. From a theoretical standpoint, this study is grounded in three key theories that provide the foundational framework for examining the relationship between foreign direct investment (FDI) and job creation, as well as identifying barriers that hinder FDI's potential to significantly contribute to employment levels. The theories discussed include the Eclectic Paradigm Theory, the Dependency Theory and the Endogenous Growth Theory. Some of the barriers to FDI-driven employment include capital intensity, social and environmental issues, and profit repatriation, among others. Empirically, this research is supported by prior studies and policy documents that consistently highlight the complex relationship between FDI and job creation. Evidence from these sources demonstrates both positive and negative correlations between FDI and employment levels, underscoring the multifaceted nature of this relationship. This observation underscores the importance of investigating the relationship between foreign direct investment (FDI) and job creation.

CHAPTER THREE: METHODOLOGY

3.1. INTRODUCTION

This chapter outlines the research methods and techniques used to address research questions and objectives of this study, which are to evaluate the trends, impact, and challenges associated with foreign direct investment (FDI) in Limpopo Province from 2018 to 2024, with a specific focus on its contribution to job creation and sustainable economic growth and to enhance the current body of knowledge on the subject.

This section also presents the data sources and research instruments used in this study for data collection and analysis while reflecting on ethical issues relevant to the study. This study adopted a desktop-based research approach.

According to Masipa (2018) and Mphela (2015), the descriptive research approach provides a detailed description of the existing situation regarding foreign direct investment (FDI) inflows and their influence on job creation in Limpopo province. The analysis offers valuable information about the attributes, regularities, and developments of foreign direct investment (FDI) and employment.

In the same empirical studies, researchers advocate for the use of an explanatory research approach for this kind of study as they argue that it seeks to determine the cause-and-effect links between foreign direct investment (FDI) inflows and the creation of jobs and can assist in determining the elements that impact the relationship between foreign direct investment (FDI) and employment in the region. The explanatory study design enables the researcher to thoroughly evaluate the predicted connections using statistical methodologies (Creswell, 2014). This assists the researcher in assessing the authenticity of the connections within the context of Limpopo Province.

The study methods align with the research objectives, and the FDIs' contribution to job creation in Limpopo Province is assessed through the collection of employment statistics, analysis of job types created, and comparison with industry and local workforce needs. The research objective of identifying structural challenges in the mining sector is addressed through qualitative insights to understand barriers, such as a lack of skills transfer, foreign dominance, and limited local value addition.

3.2. RESEARCH DESIGN

A research design is an overarching plan for guiding the conduct of a research study. This study adopted quantitative and qualitative research designs to achieve the research outcomes. According to Cresswell (2013), the quantitative research approach carries the advantage that, as a statistical technique and numerical data, it is objective and lessens the possibility of bias in the study procedure. Quantitative study findings can be extrapolated to a broader population if the sample is representative. Therefore, findings from quantitative research are more useful in practical contexts.

Qualitative research, on the other hand, focuses on the characteristics of things, processes, and meanings that cannot be tested or quantified by experimentation. It is a compendium of information presented in written language. It helps the researcher comprehend the context of the currently available data (Denzin et al., 2005:10). It provides the researcher with extensive data for analysis and is more descriptive, enabling an in-depth study of the topic. According to Creswell (2013), qualitative research cannot be fully predetermined as it evolves throughout the study.

3.3. DATA COLLECTION

Secondary data with the key variables, including FDI inflows and employment figures for Limpopo Province from 2018 to 2024, were collected from sources such as governmental papers, statistical databases, academic journals, and industry publications. This provided a comprehensive overview of foreign direct investment (FDI) patterns and employment data in the province of Limpopo (Masipa, 2018 and Mphela, 2015).

Quantitative economic datasets were obtained from Statistics of South Africa (Stats SA), for employment statistics, including labour participation rates; South Africa FDI Tracker for the data on provincial FDI inflows. The dataset covers seven years and it captures the origins, volumes and trends in FDI inflows for Limpopo Province.

Due to time constraints, qualitative data collection for purposes of describing the challenges hindering FDI's ability to generate sustainable jobs was through document analysis of relevant reports and government documents on FDI inflows and job creation.

3.4. DATA ANALYSIS

The data analysis focuses on how FDI inflows align with or deviate from the principles of dependency theory, particularly regarding the control of resources and decision-making in the mining sector, the equitable distribution of benefits, such as employment and skills development and the structural constraints imposed by external economic reliance.

Descriptive statistics were used to describe and understand FDI inflows and employment patterns. Descriptive analysis examined FDI inflows into the Limpopo province's mining sector to identify the origin and volume of FDI and employment data, focusing on job categories (for example, low-skilled, semi-skilled, high-skilled) and their alignment with local labour market needs. Data analysis involved summarising FDI inflows by volume, origin, and sectoral distribution, describing employment trends, including total jobs created using tables, graphs, and charts.

Correlation analysis was used to examine the relationship between FDI inflows and employment levels in Limpopo's mining sector, and the correlation coefficient value was used to measure the strength and direction of the relationship (Yin, 2018)

Regression Analysis was used to determine whether FDI inflows correlate with local employment growth or reinforce structural inequalities, such as reliance on low-skilled labour. Employing regression analysis in the study helped quantify the impact of FDI on employment creation in Limpopo province's mining industry. The regression analysis process involved defining variables, collecting data, modelling, hypothesis testing, interpreting results, conducting diagnostic tests, and performing comparative analysis (Cyril, 2018).

Defining variables include dependent variables (employment creation) and independent variables (FDI inflows) in the regression model, collection of FDI and employment from Limpopo province over some time; regression modelling through specifying regression equations and estimating the model parameters using techniques like ordinary least squares; this helps to quantify the impact of FDI on employment creation; hypothesis testing about the relationship between FDI and employment variables such as the positive effect of FDI on job creation.

Assess the statistical significance of the regression coefficient; interpret the regression results to understand the strength, direction, and statistical significance of the relationship between FDI and employment creation. The regression coefficient indicates the change in the dependent variable for a unit in the independent variable; diagnostic tests to check the validity of the regression model assumptions, such as normality, homoscedasticity and absence of multicollinearity; comparative analysis of regression results with findings from other regions or studies to provide context and identify factors that may influence the impact of FDI (Cyril, 2018).

Trend analysis was used to analyse yearly time-series data (2018–2024) to identify patterns and shifts in FDI inflows and employment. The analysis will unfold through stages of defining the variables, collecting time series data on FDI, GDP, and employment, regression modelling, hypothesis testing, and then interpreting the regression results, performing diagnostic tests, and performing comparative analysis if necessary.

Microsoft Excel was used for initial data capturing and organisation, and data preparation and analysis were performed using the Python Software program for statistical analysis, including regression and correlation studies.

Content data analysis followed the general systematic process of raw textual data management, such as organising and cleaning the data, data reduction, coding or categorisation, data interpretation, clustering, e.g., identifying themes and patterns, and data representation (Braun et al., 2006).

Qualitative data analysis was conducted using documentary analysis techniques, which involved examining texts for evidence of power imbalances, policy priorities, challenges and the extent of local economic benefits. It included reviewing and extracting relevant information from 7 identified reports. Following Cruz (2018), documentary analysis followed the process of analysis of documents to identify common challenges hindering FDI’s ability to generate job creation.

3.5 DATA INTERPRETATION

Data interpretation followed dependency theory constructs such as exploitation of resources, which investigates whether FDI-driven mining operations prioritise resource extraction over local industrialisation and employment growth, asymmetrical benefits, which assesses whether the majority of profits and decision-making power reside with foreign investors, leaving minimal benefits for the local economy, structural constraints which analyses systemic barriers, such as inadequate policies or weak enforcement mechanisms, that hinder the equitable distribution of FDI benefits, evaluating local impact which links quantitative employment data with qualitative insights to determine whether FDI projects genuinely empower local communities or perpetuate dependency through low-skilled labour reliance and limited skill transfer and lastly triangulation which is helpful for cross-validating research findings from multiple data sources to strengthen the interpretation and address potential biases (Creswell, 2018).

3.6 INTEGRATION OF FINDINGS

Quantitative and qualitative findings were integrated to provide a comprehensive understanding. This triangulation ensured that findings were corroborated and validated across different data sources (Creswell, 2014). The findings were reported in a structural analysis, which presents how FDI policies align with or contradict dependency theory's assertions about economic imbalances. Visual representations, including charts and graphs, were used to illustrate key findings, such as wage disparities or foreign control over resources (Dos Santos, 1970).

3.7 LIMITATION, FEASIBILITY AND POSITIONALITY

3.7.1 LIMITATIONS

The limitations of this study include data availability and its accuracy. Access to comprehensive and recent data on FDI inflows and job creation in the Limpopo province mining sector was limited; proprietary corporate data and unpublished government reports were not freely accessible. Discrepancies in statistical data across sources, such as Stats SA and FDI Tracker, hinder accurate trend analysis. The study's focus on a single sector, the mining sector, potentially limit the generalisability of findings to other economic sectors in Limpopo province, such as agriculture (Yin, 2018), dependency theory. However, it offers a critical perspective, may have potentially oversimplified the dynamics of FDI by emphasising structural inequalities and neglecting possible mutual benefits of FDI (Dos Santos, 1970).

3.7.2 FEASIBILITY

3.7.1.1 ACCESSIBILITY OF KEY STAKEHOLDERS

The availability of policymakers, corporate executives, labour union leaders, and community representatives ensures that the study's qualitative data can be robustly gathered (Creswell, 2014).

3.7.1.2 AVAILABILITY OF SECONDARY DATA

Reliable secondary data sources such as Stats SA, FDI Tracker, and LEDA reports provided a solid foundation for quantitative analysis.

3.7.1.3 RESEARCHER EXPERTISE

The researcher's familiarity with Limpopo province's socio-economic dynamics and the mining sector enhanced the study's feasibility and relevance.

3.7.1.4 METHODOLOGICAL FLEXIBILITY

The mixed-methods approach enabled comprehensive data collection and analysis, allowing the study to adapt to data availability and contextual challenges (Creswell, 2014).

3.7.3 POSITIONALITY

3.7.3.1 RESEARCHER'S BACKGROUND

The researcher's interest in economic development and FDI in Limpopo Province stems from their academic and professional experience in regional economic analysis. This background informs the research while necessitating reflexivity to mitigate potential biases.

3.7.3.2 POTENTIAL BIASES

The researcher's alignment with dependency theory may influence the interpretation of findings, emphasising structural inequalities over potential benefits of FDI (Dos Santos, 1970). Engaging diverse stakeholders and employing triangulation ensured proper address of these biases and ensured a balanced analysis.

3.8 ETHICAL CONSIDERATIONS

To mitigate against biases, the study acknowledges the theoretical lens of dependency theory while maintaining objectivity in analysing data. To ensure transparency, the study clearly documents analytical decisions to ensure replicability and trustworthiness.

CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION OF RESEARCH FINDINGS

4.1 INTRODUCTION

This chapter presents the findings derived from the data analysis process. Data was collected from the FDI Tracker website, focusing on all mining projects that contributed to FDI inflows into Limpopo Province between 2018 and 2024. Additionally, published reports on Limpopo Province were reviewed to provide evidence supporting the third objective of this study, as outlined below. Data analysis was conducted to fulfil the following objectives:

- To analyse the volume, origin, and sectoral distribution of FDI inflows in Limpopo Province over the period 2018 - 2024, with a specific focus on the mining sector.
- To quantify and critically evaluate how FDI has contributed to employment generation across different economic sectors in Limpopo Province.
- To investigate the challenges hindering FDI's ability to create sustainable employment.

4.2 OBJECTIVE 1: TO ANALYSE THE VOLUME, ORIGIN, AND SECTORAL DISTRIBUTION OF FDI INFLOWS IN LIMPOPO PROVINCE

In order to respond effectively to this objective, data on mining projects that contributed to FDI inflows for Limpopo Province for the period 2018 to 2024 were analysed using descriptive statistics, frequency distribution tables and graphs. The following section presents the results showing the Origin of FDI inflows, the Volumetric distribution of FDI inflows and the Sectoral distribution of FDI inflows.

4.2.1 DESCRIPTIVE STATISTICS

In order to answer the first objective of this study, which is to analyse the volume, origin, and sectoral distribution of FDI inflows in Limpopo Province over the period 2012–2022, with a specific focus on the mining sector, FDI data were analysed.

4.2.1.1 DISTRIBUTION OF FDI INFLOWS BY INVESTOR FIRM

Table 2 shows that Anglo American Platinum (Amplats) was the dominant investor in mining-related FDI in Limpopo Province, accounting for 29.17% of all recorded investments. This suggests that Amplats plays a significant role in driving foreign direct investment in Limpopo province. Further, the results show that 14 other investor firms contributed to FDI inflows, each with a relatively small share, ranging from 4.17% to 8.33%. Among them, Ivanhoe Mines, Mc Mining, and Sylvania Platinum each accounted for 8.33%, indicating a moderate level of investment. The remaining 11 firms, including Botswana Diamonds, De Beers/Anglo American, Southern Palladium, and Vanadium Resources, each contributed 4.17%, indicating a more distributed investment landscape beyond Amplats' dominant role. Overall, the results highlight a concentrated pattern of foreign direct investment, with Amplats leading significantly, while several smaller players contribute to a diverse but less dominant investment portfolio in Limpopo's mining sector.

Table 2: Distribution of FDI Inflows by Investor Firm

Investor firms	**Frequency**	**Percent**
Anglo American Platinum (Amplats)	7	29.17
Ivanhoe Mines	2	8.33
Mc Mining	2	8.33
Sylvania Platinum	2	8.33
Botswana Diamonds	1	4.17
Uru Mining /Lesego Platinum Uitloop	1	4.17
Platinum Group Metals (PGM)	1	4.17
Vanadium Resources	1	4.17
Diamcor Mining Inc.	1	4.17
De Beers/Anglo American	1	4.17
Southern Palladium	1	4.17
Nkwe Platinum/Zijin Mining Group Genorah Resources (26%)	1	4.17
Ura Holdings Plc	1	4.17
Hbis Group/Palaborwa Mining Company (PMC)	1	4.17
Sylvania Metals (Sylvania Platinum Limited)/ Limberg Mining Company (South Africa)	1	4.17

4.2.1.2 DISTRIBUTION OF FDI INFLOWS BY PROJECT LOCATION (CITY/TOWN)

Table 3 shows that Mokopane is the leading location for mining-related FDI projects in Limpopo Province, accounting for 21.74% of all recorded investments. This suggests that Mokopane serves as a key hub for mining activities in the region. Burgersfort follows with 17.39%, indicating that it also plays a significant role in attracting mining investments. Other locations, including Thabazimbi, Vhembe, and Alldays, each account for 8.7%, highlighting their moderate contribution to the province's mining sector. The remaining eight locations, such as Polokwane, Zebediela, Phalaborwa, and Gravelotte, each contribute 4.35%, reflecting a more dispersed investment pattern across Limpopo Province. Overall, the findings indicate that while Mokopane and Burgersfort attract the highest concentration of projects, mining investments are distributed across multiple locations, showcasing the geographical diversity of FDI in Limpopo Province's mining sector.

Table 3: Distribution of FDI Inflows by Project Location (City/Town)

Project location: City/Town	**Frequency**	**Percent**
Mokopane	5	21.74
Burgersfort	4	17.39
Thabazimbi	2	8.7
Vhembe	2	8.7
Alldays	2	8.7
Polokwane	1	4.35
Zebediela	1	4.35
Bushveld indigenous complex (nearest town Mokopane)	1	4.35
Mogalakwena	1	4.35
Amandelbult	1	4.35
Sekhukhune Cross-Boundary District Municipality	1	4.35
Gravelott	1	4.35
Phalaborwa	1	4.35

4.2.2 VOLUMETRIC DISTRIBUTION OF FDI INFLOWS

Figure 1 presents fluctuations in FDI inflows in Limpopo Province over the years. There were significant peaks in 2020 (ZAR23.85 billion) and 2023 (ZAR23.04 billion), suggesting major investment activities during these periods. In contrast, 2019 saw the lowest recorded inflow (ZAR1.01 billion), while other years, such as 2018, 2021, and 2024, experienced relatively modest investment levels, each below ZAR3 billion. This trend suggests that external economic conditions, policy changes, or global investment patterns may have influenced FDI inflows.

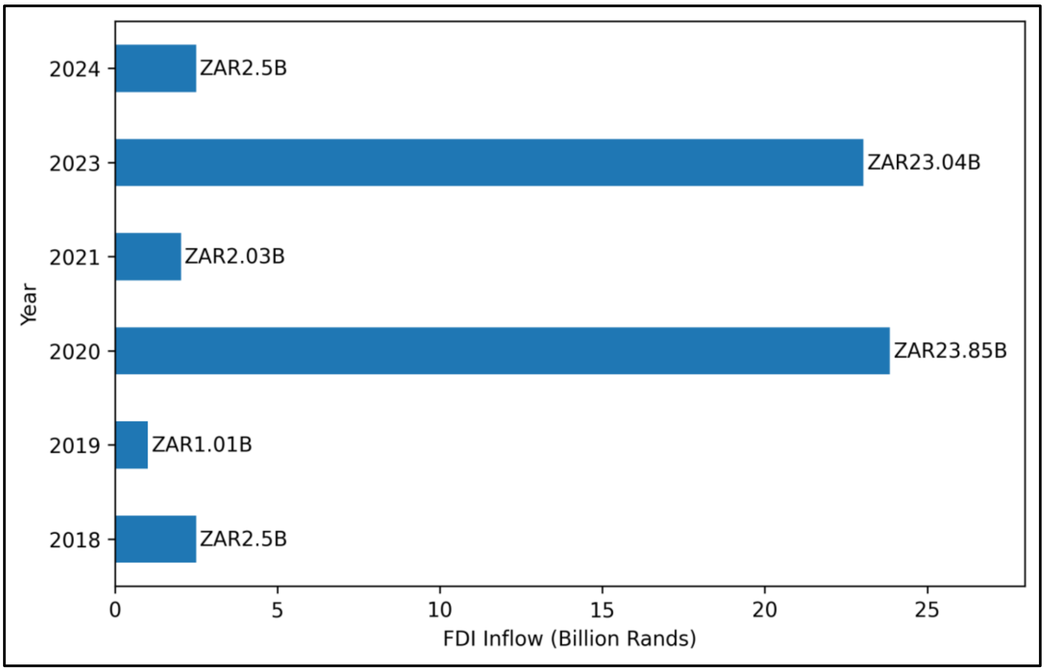

Figure 1: Distribution of FDI Inflows in Limpopo Province by Year (Rand Value in Billions)

4.2.3 ORIGIN OF FDI INFLOWS

Figure 2 presents the distribution of Foreign Direct Investment (FDI) inflows in Limpopo Province by investor country. Canada leads with the highest FDI inflow to Limpopo Province at 19.74 billion Rand, followed by China/South Africa joint investments (13 billion Rand) and China (9.3 billion Rand). The United Kingdom contributed 7.27 billion Rand, while Bermuda and Australia invested 3.19 billion and 2.43 billion Rand, respectively. Notably, Ireland recorded zero FDI inflows, highlighting its lack of direct investment in the given period. This distribution suggests strong investment ties with North America, Asia, and select European regions.

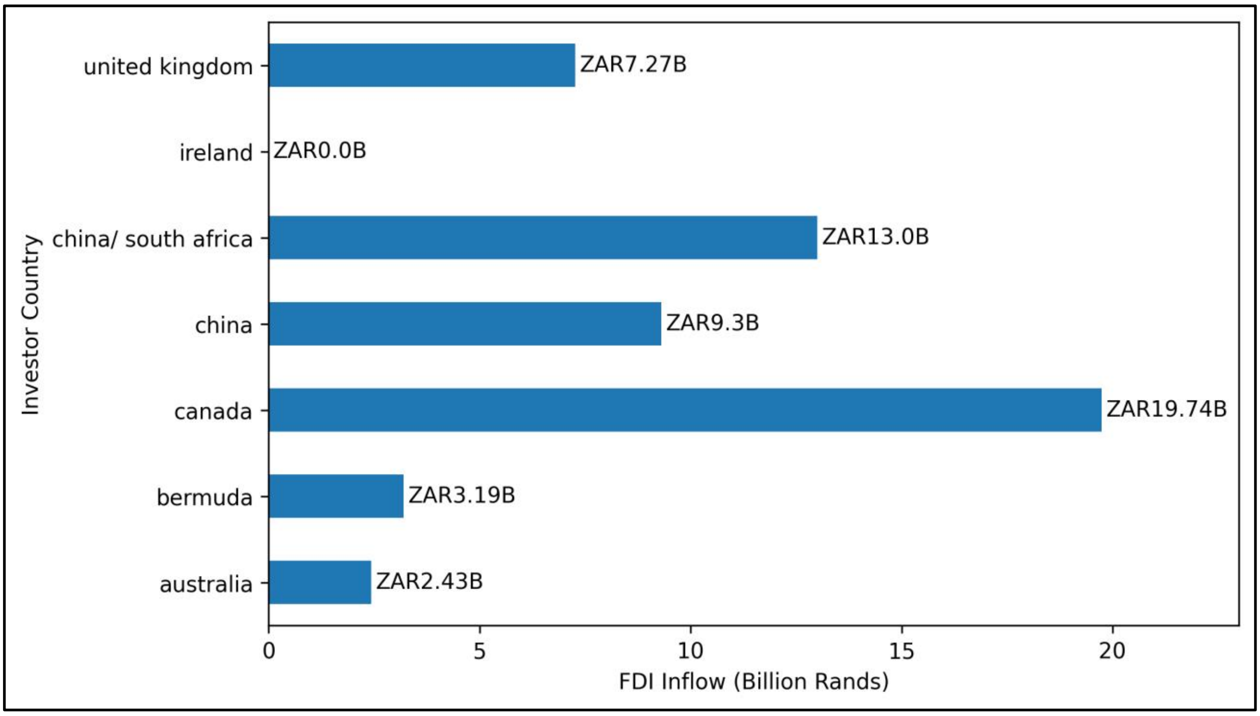

Figure 2: Distribution of FDI Inflows in Limpopo Province by Investor Country (in Billion Rand)

4.2.4 SECTORAL DISTRIBUTION OF FDI INFLOWS

Figure 3 presents the distribution of Foreign Direct Investment (FDI) in various mining sectors, measured in billions of Rand for the period 2018 - 2024. The mining of the metal ores sector attracted the highest FDI for Limpopo Province, with R52.16 billion, significantly surpassing other mining sectors. Mining of diamonds received R2.00 billion, while mining of coal secured R0.725 billion. The other mining and quarrying sector had the least FDI, at R0.0475 billion, for the period under review. These figures suggest that metal ore mining is the most attractive sector for FDI in Limpopo Province, likely due to high global demand and economic potential, whereas other mining activities receive relatively minimal investment.

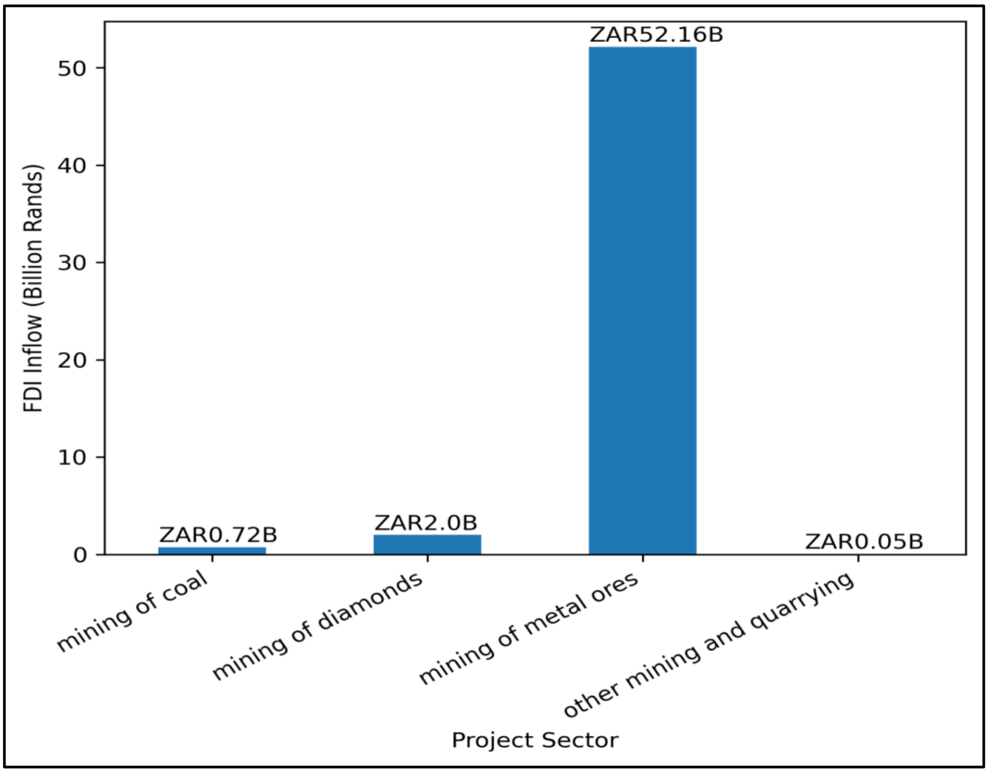

Figure 3: Distribution of FDI Inflows in Limpopo Province by Project Sector

4.3 OBJECTIVE 2: CONTRIBUTION OF FDI TO EMPLOYMENT GENERATION ACROSS DIFFERENT MINING SECTORS IN LIMPOPO PROVINCE

4.3.1 DESCRIPTIVE STATISTICS

Table 4 presents descriptive statistics that provide an overview of the distribution of the Number of Jobs and FDI (Billion Rands) across seven observations. The Number of Jobs created in Limpopo Province between 2018 and 2014 ranged from 86,844 to 109,000, with an average of 92,468 and a standard deviation of 7,735, indicating moderate variability. The median (50th percentile) is 90,000, showing that half of the observations are below this value. The FDI (Billion Rands) has a wider spread, ranging from 0 to 23.85 billion Rands, with an average of 7.85 billion Rands and a high standard deviation of 10.69, suggesting significant variation in investment levels. The 25th percentile (1.52 billion Rands) and the 75th percentile (12.77 billion Rands) highlight that a majority of investments fall between these values.

Table 4: Descriptive statistics for the number of jobs and FDI variables

Statistics	Number of Jobs	FDI (Billion Rands)
count	7	7
mean	92,468	7.85
std	7,735	10.69
min	86,844	0
25%	88,000	1.52
50%	90,000	2.5
75%	92,716	12.77
max	109,000	23.85

Figure 4 illustrates the relationship between the number of jobs created and FDI inflows over time. The left-hand axis represents the number of jobs, while the right-hand axis depicts FDI values. This visualization highlights trends, fluctuations, and potential correlations between foreign direct investment and employment generation.

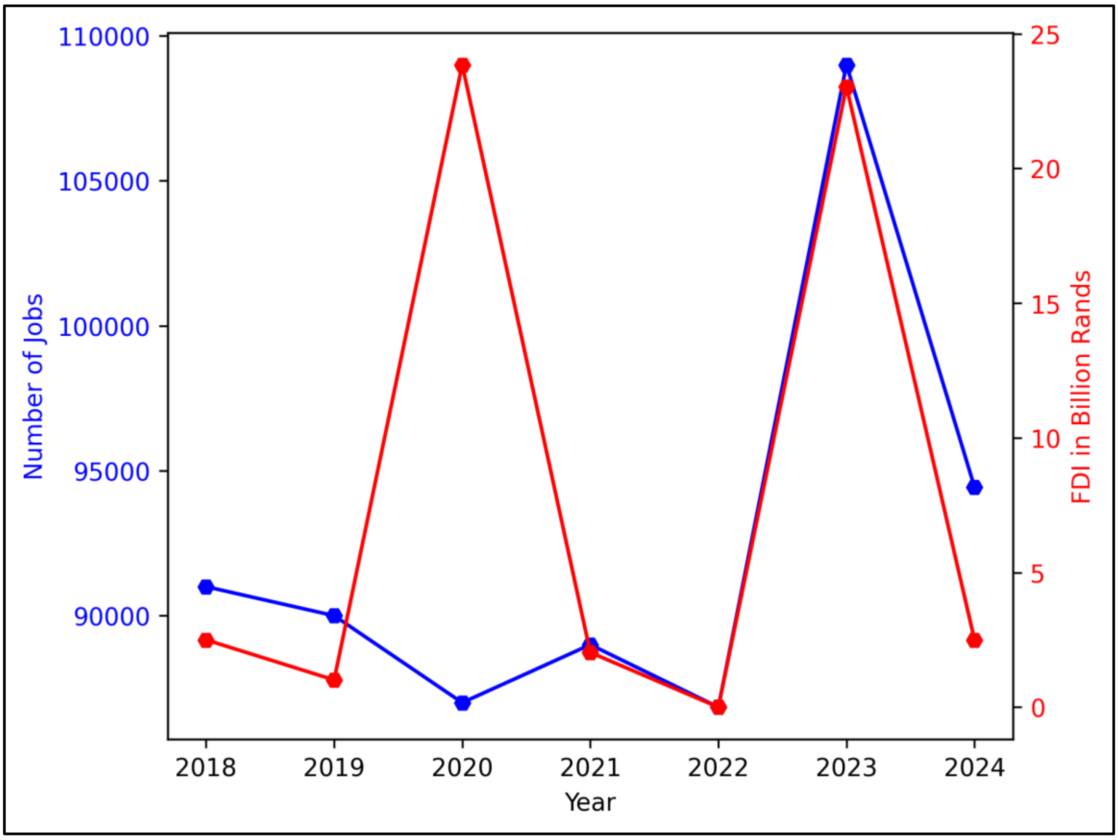

Figure 4: Line graph showing a trend of the number of jobs and FDI inflows over time

4.3.2 CORRELATION ANALYSIS

Table 5 presents correlation analysis results showing the strength of the relationship between the number of jobs and FDI inflows. The correlation coefficient of 0.4880 suggests a moderate positive relationship between the number of jobs and FDI inflows, indicating that as FDI increases, job creation also tends to rise, though the relationship is not very strong. However, the p-value of 0.2665 exceeds the conventional significance threshold of 0.05, meaning the correlation is not statistically significant. This implies that the observed relationship between FDI and job creation may be due to chance rather than a strong underlying economic link. This relationship is also confirmed by linear regression results presented in the next section.

Table 5: Correlation between the number of jobs and FDI variables

	Number of Jobs	FDI_Billion
Number of Jobs	1	0.49
FDI_Billion	0.49	1

4.3.3 SIMPLE LINEAR REGRESSION RESULTS

Table 6 presents simple linear regression model results describing the relationship between the number of jobs created and the amount of foreign direct investment (FDI) received by the mining sector in Limpopo Province between 2018 and 2024. As clearly shown by the coefficient of 0.488 for the FDI variable, which is statistically insignificant, the number of jobs created in mining is inelastic to the amount of FDI received. The a priori expected sign of the FDI coefficient is positive, as the study is based on the premise that increased foreign direct investment (FDI) is associated with higher job creation. Rozen-Bakher (2017) similarly found that FDI positively influences industrial employment in developing countries such as South Africa.

Table 6: OLS Regression Model Results

Dependent Variable:	No. of Jobs (y)	R-squared(uncentered):	0.238
Model:	OLS	Adj.R-squared(uncentered):	0.111
Method:	Least Squares	F-statistic:	1.876
Date:	Wed,12 Feb 2025	Prob(F-statistic):	0.22
Time:	19:25:38	Log-Likelihood:	-8.9805
No. Observations:	7 years	AIC:	19.96

Degrees of freedom (Df) Residuals:	6		BIC:			19.91
Df Model:	1					
CovarianceType:	Non-robust					
Variable	coefficient	stderr	t	P>|t|	[0.025	0.975]
FDI (x)	0.488	0.356	1.37	0.22	-0.384	1.36
Omnibus:	nan		Durbin-Watson:			2.556
Prob(Omnibus):	nan		Jarque-Bera(JB):			3.121
Skew:	1.566		Prob(JB):			0.21
Kurtosis:	3.946		Cond.No.			1

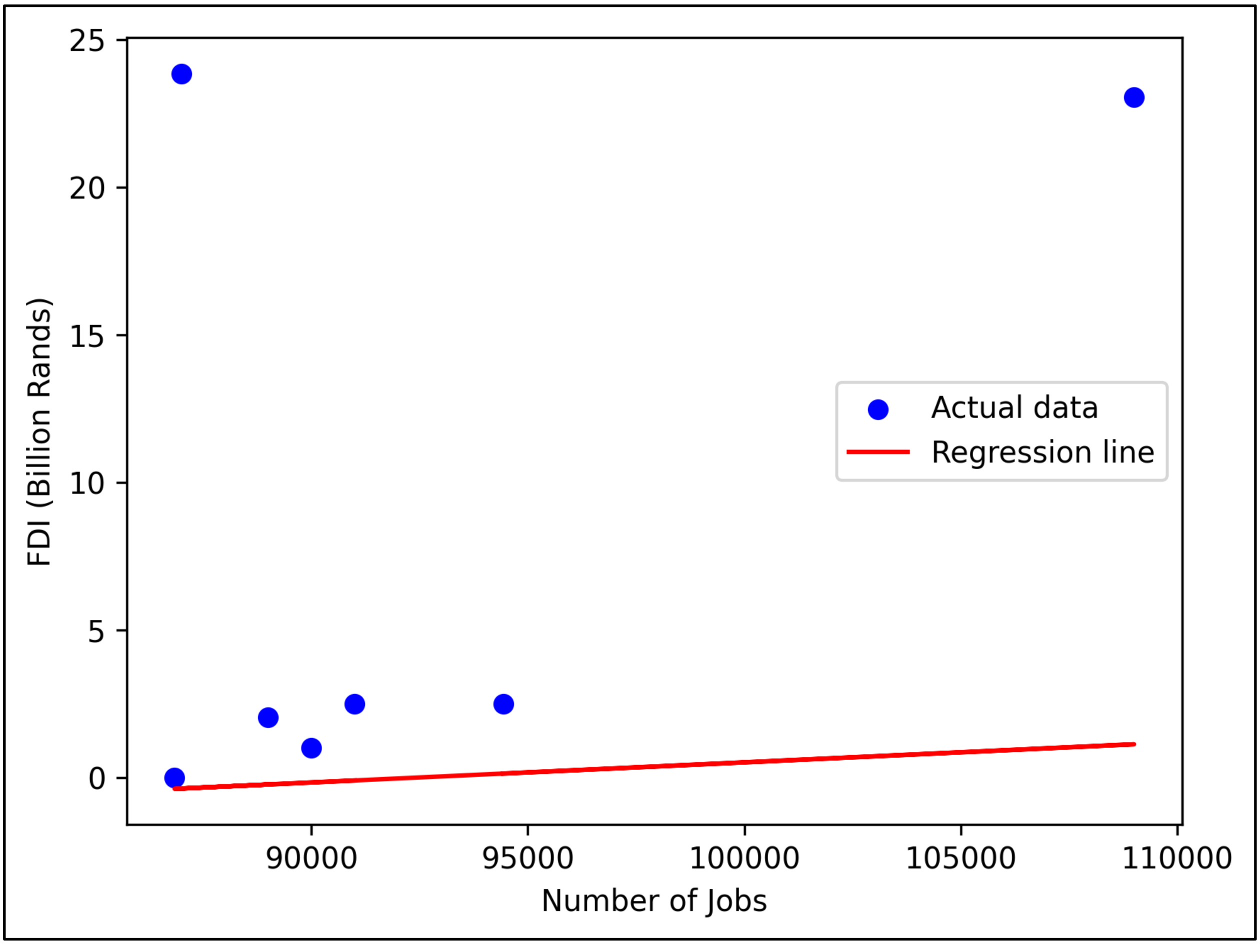

Figure 5: Scatterplot showing the relationship between the number of jobs and FDI, with an embedded regression line indicating the trend in the data.

Diagnostic tests on model residuals confirmed that the residuals were normally distributed, as required for valid regression inference (Statistic = 0.9569, p-value =

0.7917). However, heteroskedasticity tests could not be performed because the fitted linear regression model lacked the constant term, which is necessary for conducting tests like the Breusch-Pagan test. Similarly, the multicollinearity test was unnecessary since the fitted linear regression model included only one explanatory variable - Foreign Direct Investment (FDI).

4.4 OBJECTIVE 3: CHALLENGES HINDERING FDI'S ABILITY TO CREATE SUSTAINABLE EMPLOYMENT

To achieve this objective, published reports and articles were collected and qualitatively analyzed to identify key themes that characterize the challenges hindering FDI's ability to create sustainable employment. Table 7, provides a summary of literature sources that were qualitatively analyzed to identify key themes related to the challenges limiting FDI's ability to create sustainable employment.

Table 7: Summary of relevant literature, including the author, title, and source of each publication.

Author	Title	Source
National Treasury (2019).	Limpopo - Socio-Economic Review and Outlook	https://shorturl.at/Vh4HV
Limpopo Department of Public Works (2005).	Limpopo Growth And Development Strategy (Lgds)	https://shorturl.at/ZKyxj
Centre for Environmental Rights (2015-2019)	Limpopo Development Plan (LDP)	https://shorturl.at/6SJTR
LEDA (2022/2023)	REPORT - Limpopo Economic Development Agency	https://shorturl.at/hnlDW
Rammbuda (2022).	Limpopo Province Perceptions of the Role of Education Institutions in South Africa's Economy.	https://shorturl.at/RnrMG

Limpopo Government	Limpopo Employment Growth and Development Plan (LEGDP 2009-2014 DOCUMENT (3), 2009 - 2014	https://shorturl.at/ObPEY

4.4.1 IDENTIFIED THEMES OF CHALLENGES

Table 8 presents a summary of the identified themes and sub-themes that emerged from the qualitative data analysis, offering insights into key challenges influencing the ability of FDI in the mining sector to generate sustainable employment in Limpopo Province.

Table 8: A summary of identified themes and sub-themes

Economic and employment challenges	**Social and developmental challenges**	**Policy framework challenges**	**Technological and structural shifts**
- Capital-intensive nature of the mining sector - Unemployment and underemployment - Skills gap and labour market challenges	- Poverty and inequality - Education and literacy challenges - Service delivery challenges and protests - Crime and its economic impact	- Regulatory and policy challenges - Infrastructural challenges - Social and labour plans for mining companies	- Impact of digital revolution and future labour market trends - Science, engineering, and technology Skills shortages

4.4.2 ECONOMIC AND EMPLOYMENT CHALLENGES

4.4.2.1 CAPITAL-INTENSIVE VS. LABOUR-INTENSIVE SECTORS

Content analysis identified the capital-intensive nature of the mining sector as a significant challenge limiting FDI's ability to generate sustainable employment in Limpopo Province. A report by the National Treasury (2019) emphasised that the high capital requirements of mining operations restrict job creation potential, as the sector relies more on machinery and advanced technology than on labour intensive employment.

4.4.2.2 UNEMPLOYMENT AND UNDEREMPLOYMENT

Qualitative analysis of the resources presented in Table 4.6 above identified unemployment and underemployment as key sub-themes reflecting the economic and employment challenges that hinder the mining sector's ability to generate meaningful jobs through FDI in Limpopo Province. A strategic report by the Limpopo Department of Public Works (2005) highlighted that the mining sector faces significant developmental challenges, including high levels of unemployment and relatively low labour absorption and participation rates. These challenges are further exacerbated by the capital-intensive nature of production in the mining sector, which limits the potential for job creation.

4.4.3 SOCIAL AND DEVELOPMENTAL CHALLENGES

4.4.3.1 POVERTY AND INEQUALITY

Qualitative data analysis identified inequality, human development, and poverty as key challenges that may hinder FDI's ability to generate sustainable employment in the mining sector. This is largely because job creation is urgently needed in Limpopo Province to address poverty and inequality, placing pressure on policymakers to prioritise labour intensive industries such as agriculture, which offer higher labour absorption rates. For instance, the National Treasury (2019) emphasised the need to promote labour absorbing activities in Limpopo Province as an immediate response to these socio-economic challenges. However, while this approach may help alleviate poverty in the short term, it could further weaken the mining sector's ability to create sustainable jobs by reducing investor interest. This shift in focus could ultimately place greater bargaining power in the hands of investors, limiting the government's ability to influence investment decisions and promote inclusive economic growth.

4.4.3.2 EDUCATION AND LITERACY

Data analysis identified education and literacy levels as critical factors contributing to the economic challenges faced by Limpopo Province. Low literacy and education levels hinder FDI inflows into the mining sector, ultimately undermining its ability to generate sustainable employment.

According to the National Treasury (2019), inadequate education and literacy levels contribute to unemployment, underemployment, poverty, and unequal wealth distribution. These challenges, in turn, deter potential investors, particularly in the mining sector, where a highly skilled workforce is essential due to the industry's reliance on mechanisation. Furthermore, the National Treasury (2019) recognises that higher literacy levels can help mitigate unemployment and underemployment, reduce economic inequality and income disparity, and enhance the mining sector’s ability to attract sufficient FDI, which ultimately strengthens its capacity to create sustainable employment in Limpopo Province.

4.4.3.3 SERVICE DELIVERY CHALLENGES AND PROTESTS

Qualitative data analysis identified service delivery challenges and protests as key social and developmental barriers preventing Limpopo Province from fully realizing FDI’s potential to create sustainable employment. The National Treasury (2019) highlights that slow and inadequate service delivery has triggered nationwide protests, placing local governments under scrutiny.

These protests, often marked by violence, xenophobic attacks, looting, and police brutality, may have discouraged FDI inflows, particularly in the mining sector, which relies on a stable economic, political, and social environment due to the long-term nature of mining projects. For instance, the National Treasury (2019) notes that dissatisfaction with service delivery is most pronounced in informal settlements and rural areas, such as the Vhembe region in Limpopo Province. These areas also hold significant mining resources. As a result, political and social instability in these regions becomes a key risk factor considered by potential investors during FDI risk assessments.

4.4.3.4 CRIME AND ITS ECONOMIC IMPACT

Another key challenge identified through data analysis is crime and its impact on the economy, which significantly hinders FDI's ability to generate sustainable employment. Qualitative data analysis revealed that crime reduced the province's attractiveness to investors, particularly in the mining sector, where security concerns over assets deter substantial FDI inflows. The resultantly reduced FDI inflows makes it difficult for the mining sector to significantly contribute to the generation of sustainable employment.

For instance, the National Treasury (2019) acknowledges that crime undermines FDI by increasing economic costs, as businesses and individuals must allocate funds for security, ultimately damaging the province's investment appeal. Similarly, Rammbuda (2022) highlights the detrimental effect of rising crime rates on efforts to boost foreign direct investment, noting that the financial burden of security expenses further exacerbates economic challenges and discourages investor confidence.

4.4.4 TECHNOLOGICAL AND STRUCTURAL SHIFTS

4.4.4.1 IMPACT OF DIGITAL REVOLUTION AND FUTURE LABOUR MARKET TRENDS

A key challenge identified is the impact of the digital revolution on future labour market trends, which threatens FDI's ability to create sustainable employment in Limpopo Province. As the mining industry increasingly adopts automation and advanced technologies, the demand for skilled labour surpasses that of unskilled labour, leaving a significant portion of the workforce vulnerable to unemployment and underemployment. This challenge undermines FDI's potential to generate sustainable jobs for the people of Limpopo Province.

The National Treasury (2019) highlights alarmingly low skills distribution levels, with less than 18% of the formal sector workforce being highly skilled. Furthermore, data analysis indicates that the ongoing digital revolution may cause structural shifts in the labour market, further marginalizing unskilled workers. Low digital literacy and skills in Limpopo Province increase the risk of missing out on investment opportunities in technology-driven sectors, thereby limiting FDI's contribution to sustainable employment creation.

4.4.4.2 SCIENCE, ENGINEERING, AND TECHNOLOGY SKILLS SHORTAGES

Qualitative data analysis identified a shortage of STEM (Science, Technology, Engineering and Mathematics) skills as a significant barrier to FDI's ability to create sustainable employment in Limpopo Province, particularly in the mining sector. The Centre for Economic Research reported that inadequate mathematics and science proficiency stems from low pass rates in these subjects at the high school level and a limited number of Science, Engineering, and Technology (SET) graduates from universities. This shortage threatens research and development (R&D) in the province, despite the crucial role R&D plays in identifying and addressing factors that may be limiting FDI's potential to generate sustainable jobs in the mining sector.

4.4.5 POLICY FRAMEWORK CHALLENGES

4.4.5.1 REGULATORY AND POLICY CHALLENGES

Qualitative data analysis revealed that regulatory and policy challenges significantly hinder FDI's ability to create sustainable employment in Limpopo Province. The Centre for Economic Research highlighted that tight national fiscal conditions and a constrained electricity supply undermine FDI's capacity to drive job creation. Furthermore, the Centre for Economic Research acknowledges the potential of regulatory and policy frameworks (in determining investment climate) to hinder investment, thereby limiting the capacity of FDI to contribute to job creation. Moreover, the 2022-2023 Limpopo Economic Development Agency report noted that the reduction in government funding, aligned with policies aimed at making the province self-sustainable by 2025, further weakens FDI's potential to generate sustainable jobs. This funding reduction limits the province's ability to attract sufficient FDI in the mining sector, thereby diminishing its overall impact on job creation.

4.4.5.2 INFRASTRUCTURAL CHALLENGES

Qualitative data analysis identified infrastructure challenges as a key factor hindering FDI's ability to create sustainable employment. The Centre for Economic Research highlighted poor infrastructure in Limpopo Province as one of the main factors contributing to the mining sector's failure to align with global growth trends in mineral exports. This means poor infrastructure may be undermining the potential of FDI to create jobs in the mining sector in Limpopo Province.

4.4.5.3 SOCIAL AND LABOUR PLANS FOR MINING COMPANIES

Qualitative data analysis identified social and labour plans for mining companies as a key challenge limiting FDI's ability to create sustainable jobs in Limpopo Province. The Centre for Economic Research emphasises that poorly formulated social and labour plans can undermine the effectiveness of FDI in generating jobs. For example, policies that require investors to hire large numbers of workers at the outset of a mining project can deter investment, as labour costs significantly impact the payback period of these projects. As a result, such policies may limit the potential of FDI to create sustainable employment in Limpopo Province.

4.4 CONCLUSION

This chapter analysed both quantitative and qualitative data and addressed the three key objectives of this study. Quantitative data analysis revealed that a total of 53 billion rands was invested into the mining sector for a period spanning 2018-2024 in Limpopo Province of South Africa alone. Some of the FDI sources have been identified as Canada, China, South Africa, and the United Kingdom. The top 4 major funding companies are Anglo American Platinum (Amplats), Ivanhoe Mines, Mc Mining and Sylvania Platinum. The findings revealed that the bulk of FDI injection into the mining sector was directed towards funding mining projects involved in the mining of metal ores, followed by mining projects involved in the mining of coal ore. Qualitative data analysis identified four key main themes that summarise the challenges hindering Limpopo Province from realising the full potential of FDI in generating sustainable employment for the mining sector. The challenges include economic and employment, social and development, technological and structural shifts and policy framework. Qualitative data analysis also identified sub-themes for each of these identified 4 main themes. For example, sub-themes like the capital-intensive nature of the mining sector and unemployment and underemployment were identified for the economic and employment challenge theme.

CHAPTER FIVE: DISCUSSION OF FINDINGS, RECOMMENDATIONS AND CONCLUSIONS

5.1 INTRODUCTION

This chapter highlights and discusses major research findings, provides recommendations and conclusions.

5.2 DISCUSSION OF FINDINGS

5.2.1 VOLUME, ORIGIN, AND SECTORAL DISTRIBUTION OF FDI INFLOWS IN LIMPOPO PROVINCE

The first objective of this study was to analyse the volume, origin, and sectoral distribution of FDI inflows in Limpopo Province. The findings of this study revealed that the Limpopo Province mining sector received a total FDI inflow of R54.93B from countries such as Canada, China, Bermuda, the UK, Australia and Ireland during the period 2018 to 2024. The findings revealed high variability in yearly FDI volumes to Limpopo Province. Data analysis identified four key sectors characterising the mining sector in Limpopo Province, and these include mining of metal ores, diamonds, coal and quarrying. The findings showed a huge proportion of the FDI inflows went to the mining of metal ores.

5.2.2 FDI INFLOW CONTRIBUTION TO JOB CREATION LIMPOPO PROVINCE'S MINING SECTOR

The second objective of this study was to quantify and critically evaluate how FDI has contributed to employment generation across different mining sectors in Limpopo Province. The findings of this study revealed that the mining sector in Limpopo Province provided an average number of 92,468 jobs (92,468 $\pm$ 7,735) while attracting an average FDI inflows of ZAR7.85B (7.85 $\pm$ 10.69). This translates to 92,468/7.85= 11,779 jobs for every 1 billion rand of FDI inflow into the provincial mining sector. This number is numerically insignificant for the province, which points to the inability of the mining sector in Limpopo Province to create sustainable jobs. Data analysis using regression modelling and correlation analysis revealed a positive but statistically insignificant relationship between the number of jobs and FDI inflows. Particularly, regression modelling showed that a 1 unit increase in FDI inflows contributed to a 0.488 unit increase in jobs. This finding was statistically insignificant, and the model showed that FDI inflows could only explain nearly 11% of the total variation in the number of provincial mining jobs created. The finding that FDI inflows are an insignificant predictor of job creation agrees with an observation made by ILO (2016), which blamed the capital intensity of the mining sector for the inadequate growth in influencing significant job creation. Furthermore, the finding that FDI plays an insignificant role in job creation aligns with Naude (2019), who examined the impact of market-seeking FDI on employment. Naude observed variability in the nature and longevity of jobs created by FDI, often resulting in unsustainable and insecure employment in the long term.

However, it is important to note that the finding on FDI's insignificance in job creation in Limpopo Province contrasts with the conclusion of the Chamber of Mines of South Africa (2019), which argued that the mining sector is a significant source of employment, primarily due to its reliance on manual labour. This discrepancy may be explained by the fact that while the mining industry's employment impact may be substantial at the national level, it may not hold the same significance at the provincial level.

5.2.3 CHALLENGES INTERFERING WITH FDI'S ABILITY TO CREATE SUSTAINABLE EMPLOYMENT

The third objective of this study was to identify the challenges hindering FDI's ability to create sustainable employment. Data analysis identified four 4 main challenges, and these include social and development, economic and employment, policy, and technological and structural shifts. The findings showed that economic and employment-related challenges, such as the capital-intensive nature of mining projects and underemployment and unemployment, limit the ability of FDI inflows to create sustainable jobs. The finding highlighting the challenge caused by the capital-intensive nature of the mining sector concurs with findings reported by the ILO (2016), which limits the ability of the mining sector's growth in creating significant job creation due to the capital-intensive nature of the mining sector. Further, Cordes, Östensson, and Toledano (2016) observed that the mining sector often fails to create sustainable jobs during the implementation of mining projects, largely due to the initial overestimation of the potential job opportunities associated with these activities.

The finding that policy challenges hinder FDI's ability to generate sustainable jobs in Limpopo Province's mining sector aligns with the observations of Cordes, Östensson, and Toledano (2016). They noted that governmental policies often fall short in maximising employment generation, highlighting the need for policy improvements to enhance employment outcomes. The policy framework challenge included regulatory and policy, infrastructural and social and labour plans for mining companies.

The finding that social and development challenges hinder foreign direct investment's (FDI) ability to create sustainable employment for the mining sector of Limpopo province concurs with findings by Ojo (2021), who reported that social issues reduce investment and business confidence, leading to low levels of foreign direct investment. The resulting low levels of FDI lead to an insignificant contribution of FDI to employment generation within the mining sector.

The findings of this study revealed that technological and structural shifts hinder FDI's ability to generate sustainable jobs in Limpopo Province. This finding aligned with reports made by the Limpopo Development Plan (LDP), which showed that skills distribution in Limpopo province remained critically low, with less than 18% of the formal sector workforce classified as highly skilled. The ongoing digital revolution drives structural shifts in the labour market, increasing the demand for skilled labour while reducing opportunities for unskilled workers. Consequently, the Limpopo province's inability to meet the demand for skilled labour may be contributing to low levels of FDI inflows, leading to the statistical insignificance of FDI on job creation.

5.3 RECOMMENDATIONS

The high variability in yearly FDI inflows highlights the need for strategies that ensure a consistent and sustained attraction of investment into the province. Investment promotion authorities must actively and persistently engage in attracting FDI to stabilise the mining sector. This stability, in turn, can enhance the sector's ability to generate sustainable jobs while also strengthening the bargaining power of labour representative bodies within the industry.

Given that the province is rich with such mineral deposits, a deliberate move to have an education campus with a curriculum that will focus on mining-related skills development will provide training in mining exploration, beneficiation techniques, and safety management for local communities affected by mining activities. This might bridge the skills gap required to stimulate job creation by the sector, not only for Limpopo but for the rest of Africa, as Limpopo is the gateway to Africa.

Governments should leverage regulatory and policy frameworks to establish pro-employment creation FDI laws and policies for mining investors. For example, regulations can mandate that potential investors meet a minimum FDI threshold to ensure the creation of a predefined number of jobs.

Given the various challenges identified in this study that hinder FDI's ability to generate sustainable jobs in Limpopo Province's mining sector, further investigations are recommended. These studies should focus on quantifying the impact of these challenges on FDI's ability to create jobs, particularly within the province's mining industry.

It is recommended that best-practice approaches tailored to the local context be developed to enhance direct, indirect, and induced job creation within the mining sector. However, this should be done while carefully balancing the diverse needs and expectations of both foreign investors and the citizens of Limpopo Province.

Given the identified discrepancy between the perceived significant impact of the mining industry on job creation at the national level and its observed insignificance in generating sustainable jobs at the provincial level, further studies are recommended. These studies should aim to reconcile this inconsistency and inform necessary regulatory and policy reforms to effectively address both national and provincial interests.

5.4 CONCLUSION

This chapter presented and discussed the findings of the study. It revealed that nearly 54 billion rand were invested in Limpopo Province's mining sector between 2018 and 2024, with FDI inflows originating from multiple countries, including Canada, China, Ireland, and the UK. The chapter also highlighted that the majority of mining activities in the province focus on metal ore extraction. Moreover, it found that FDI was an insignificant predictor of job creation in the mining sector. Furthermore, the chapter discussed challenges hindering FDI’s ability to generate sustainable jobs, including economic and employment issues, underemployment and unemployment, policy framework limitations, and technological and structural shifts. Lastly, it provided recommendations to address the high variability in FDI inflows and emphasized the need to leverage regulatory and policy frameworks to develop pro-employment policies while balancing the interests of both investors and citizens.

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