The contribution of Letšeng Diamonds Mine Corporate Social Responsibility in the Mokhotlong district

by

Tšepo Hlojeng

Submitted in fulfilment of the requirements in respect of the Master's Degree of Development Studies in the Centre for Development Support in the Faculty of Economic and Management Science at the University of the Free State.

Supervisor: Professor Lochner Marais

Date: 27th January 2020

DECLARATION

I, Tšepo Hlojeng, declare that the Master's Degree research dissertation or interrelated, publishable manuscripts/published articles, or coursework Master's Degree mini-dissertation that I herewith submit for the Master's Degree qualification in Development Studies at the University of the Free State is my independent work, and that I have not previously submitted it for a qualification at another institution of higher education.

DEDICATION

This thesis is dedicated to my late father Ntate Manama Vincent Hlojeng and my mother ‘Me Mateboho Vitalina Hlojeng. My parents will forever be my source of inspiration and love. Without them I would not have been the person I am today. They taught me that respect, humility, obedience, perseverance, prayer and hard work are very crucial instruments to success.

ACKNOWLEDGEMENTS

First and foremost, I will like to acknowledge my wife ‘Me Madelinga Moliehi Hlojeng, my two children Manama Vincent Hlojeng junior and Delinga Tamia Hlojeng for the wonderful support, encouragement and love that they showed me during the time of my studies.

In addition, I will like to convey my gratitude to the following people:

- My siblings for their support throughout my studies. They were always there for me whenever I needed their support.
- My supervisor Professor Lochner Marais for his valuable academic knowledge, critical thinking and patience whenever things were difficult.
- Letšeng Diamonds for awarding me the permission to use its CSR projects for my research.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

CHAPTER 1: INTRODUCTION

1.1 BACKGROUND INFORMATION

Mining is known to have negative impacts on the environment and as a result, affect the people who live in such areas (Husted, 2015). Most of the time, people who live in the resource-rich regions are poor and reside in rural areas, which do not have the same economic opportunities than urban areas (Husted, 2015). In many cases, these rural dwellers depend on the mines for survival (Littlewood, 2014). The host communities most of the time benefit from the mining companies through employment and CSR (Idemudia, 2011).

In the past, companies often did not take the needs of the community into consideration or the environmental degradation they caused (Idemudia, 2011). Companies had to make money for the shareholders (Friedman, 1970), but this thinking is slowly changing (Idemudia, 2011). Stakeholders, especially the local communities, are now considered as key partners that mining companies need to work with (Littlewood, 2014). Community involvement is critical in ensuring successful CSR and ensures community ownership which leads to success. (Littlewood, 2014). However, the challenge whether the contributions of a company in the form of CSR are significant remains elusive because companies struggle to partner with communities to leave a legacy while preserving the environment.

Companies often use corporate social responsibility (CSR) to address the socio-economic problems of the local communities. However, wrongly implemented CSR could result in wasted resources that cause conflicts within the community. At the same time, well developed and applied CSR can be a handy tool in addressing the social, economic and environmental challenges that the communities face (Idemudia, 2011). Proponents of CSR state that it is a means through which companies create shared wealth by generating jobs, support local businesses and provide training and education opportunities in host communities and obtain the social permission to work (Carroll, 2015). However, those who are critical of CSR state that it is just a means through which corporations obtain the social license to operate and reduce business risks which may arise from the opposition and the host communities (Littlewood, 2014). The importance of adequate consultations with the beneficiaries and the proper implementation of the CSR to achieve sustainability cannot be overemphasised (Carroll, 2015).

For CSR policies of mining companies to attain sustainable development, there must be a collaboration with the community in which they operate. If companies feel a sense of responsibility towards the community and implement CSR without involving the community that can easily result in the failure of such interventions (Bester & Cronje, 2014). Idemudia (2011) states that for CSR to be viewed as a good development, it must be aligned with the national and community needs.

This study is an attempt to see whether the contribution of Letšeng Diamonds CSR programmes in the Mokhotlong district is indeed towards achieving developmental objectives or not.

1.2 THE RESEARCH

The research was undertaken at Letšeng Diamonds in Maseru, Lesotho. The research was about the contribution of Letšeng Diamond's CSR projects in the Mokhotlong district. The main question was whether Letšeng Diamond's CSR projects contribute to the improvement of the livelihoods of the communities and development in general. Letšeng Diamonds is situated 3 275m above sea level in the Maluti Mountains of Mokhotlong in the Kingdom of Lesotho, making it the highest open-cast diamond mine in the world. Letšeng Diamonds (Pty) Ltd holds the mining lease granted by the Government of Lesotho in 1999. The company has two shareholders: Gem Diamonds Limited, which owns 70% and the Government of the Kingdom of Lesotho, which owns the remaining 30% (Gem Diamonds, 2018). De Beers operated the mine from 1977 to 1982 before it closed. The mine reopened for operations in 2004 and Gem Diamonds acquired the mine in 2006. The Letšeng Diamond Mine continues to deliver exceptional returns for its shareholders, with annual production rising since the takeover (Gem Diamonds, 2018).

The mine processes ore from two kimberlite pipes and existing stockpiles. Both these pipes are of low-grade ore (averaging under two carats per hundred tonnes). However, Letšeng Diamonds Mine is famous for its large, top-quality diamonds. It has the highest percentage of large (+10.8 carat) diamonds of any kimberlite mine. The high quality of its diamonds makes it the highest dollar value per carat kimberlite diamond mine in the world (Gem Diamonds, 2018).

1.3 PROBLEM STATEMENT

Letšeng Diamonds operate in the Mokhotlong district, which is one of the three districts in the mountainous regions of Lesotho. Since it started its operations in 2004, Letšeng Diamonds has undertaken multiple CSR projects in the Mokhotlong district. The objective of these CSR projects was to contribute to the local economic empowerment and alleviation of poverty prevalent in the surrounding rural areas.

However, there is a constant concern from communities that mining houses, including Letšeng Diamonds, are not supporting the poor host communities with their social, environmental and economic challenges, complaining that the mine does not contribute to their wellbeing. These communities have thus made several attempts at disrupting the mining operations over the last decade. The attempts have not been successful because of the constant engagement that happens between the mine and the communities. The dissatisfaction, in most cases, came from the section of the communities who did not have a direct benefit from the CSR projects or who had high expectations beyond what the company was able to give. At the same time, Letšeng Diamonds has had a robust CSR programme in place for its fourteen years in operation. In addition to the CSR projects, Letšeng Diamonds holds regular community meetings with the Mokhotlong community to exchange information and manage their expectations. The assessment on the CSR effectiveness has never been done, and it is not clear whether the efforts are effective or not.

Against this background, the research question is: "Do the CSR projects of the mine contribute to sustainable development in Lesotho."

1.4 AIM AND OBJECTIVES OF THE STUDY

The study evaluated the CSR programmes of the Letšeng Diamond Mine against the global trends in CSR using document analysis. More specifically, the study set the following objectives:

- To understand the global change of CSR.
- To describe the changing nature of mining in Lesotho and determine the implications for CSR.
- To assess current CSR initiatives at the Letšeng Diamond Mine against the global changes in CSR thinking.
- To develop lessons or recommendations from the study that could be used to improve/develop CSR in Lesotho mining.

1.5 METHODS

1.5.1 Introduction

This section describes the methods and data analysis. The first part describes the sources of data and data analysis method used. The last part justifies the research design.

1.5.2 Sources of data

The two principal sources of data for this study were the project business plans and the progress reports from the start of the projects to date. The business plans were the initial documents used to implement the projects. The beneficiaries, with the assistance of Letšeng Diamonds and external consultants, developed these business plans. The business plan for the wool and mohair, vegetable and dairy projects were developed in 2011, 2014 and 2016 respectively. The beneficiaries prepared progress reports every quarter and presented these reports to Letšeng Diamonds. The progress reports that were used were for a period from 2012 to 2019. The purpose of the progress reports was to provide feedback during the implementation of the projects to monitor its progress.

1.5.3 Data analysis

The available documents for each of the three projects were analysed based on the conceptual framework in Chapter 4. Four principles identified in the literature were used to review and assess the reports. The four principles are sustainability, social license to operate, philanthropy and stakeholder involvement, according to stakeholder theory. The analysis included a comparison of the business plans against the progress reports.

1.5.4 Research design

The research design used in this study was that of content analysis. Content analysis requires a close examination of preserved records to derive the non-obvious meaning contained in that information (Erik, 2011:124). It was not difficult to obtain and access the required information because the existing business plans and progress reports were made available. Permission was obtained from Letšeng Diamonds to access and analyse both the business plans and progress reports.

1.6 DEFINING THE MAIN CONCEPTS

1.6.1 Corporate social responsibility

CSR, per the European Commission, is usually defined as a concept in which companies voluntarily incorporate the social and environmental issues of their stakeholders into their business operations and strategies (Tilakasiri, 2012). Carroll (2015) identified four aspects in defining CSR, namely: economic, legal, ethical and discretionary. Furthermore, Carrol stated that a socially responsible company must strive to make money while it obeys the law, is ethical and it's a good corporate citizen (Carroll, 2015).

The essential aspects that both definitions by Carrol and European Commission identified are that CSR and volunteerism should contribute towards the improvement of the lives of citizens and that companies must operate ethically (Pakonen, 2018). The basic idea is that a responsible company should consider the interest and needs of all the stakeholders in an environment in which it operates (Husted, 2015). Considering the interests of the community will ensure that support is earned with key stakeholders such as the communities, authorities, investors and employees (Pakonen, 2018).

Tilakasiri (2012) stated that the challenge with volunteerism is that companies do not know how much CSR they should do and that leaves them to make their own discretionary decisions in developing CSR policies, which in the long run become inconsistent. However, volunteerism forms an integral part of the CSR definition. Carroll (2015) emphasised the importance of the multi-stakeholder approach that does not only focus on the shareholders.

1.6.2 Sustainable development

The World Commission on Environment and Development defines sustainable development as the development that meets the needs of the present without compromising the future generations' own needs (Pakonen, 2018). CSR is a potential instrument that companies can use to achieve sustainable development (Pakonen, 2018).

Sustainable development considers the economic, social and environmental needs of the community. While ensuring social and economic growth, the environment in which these activities are done should be protected (Carroll, 2015). Balancing the three has always been a challenge for development practitioners. Some proponents of development state that poverty propels the overuse of the environment that affects future generations (Carroll, 2015).

It is, therefore, evident that sustainable development depends on protecting the environment. Sustainable development, as used in this document, refers to the framework in which communities can use resources efficiently, protect the environment and create new economic opportunities for the benefit of current and future generations.

1.6.3 Social licence to operate

Without support and collaboration of stakeholders, it will always be challenging to obtain the company's objectives (Idemudia, 2011). The stakeholders' expectations would sometimes not be properly communicated, and as such the company should make an effort to open channels to listen and attend to the community expectations (Idemudia, 2011). The concept of a social license to operate emanated from the community satisfaction that the company operated ethically. A social licence is an informal agreement between the company and the community (Husted, 2015). The license to operate remains intact if the community is pleased with how the company runs its affairs (Husted, 2015).

1.7 LAYOUT OF THE STUDY

This report comprises five chapters. The present chapter (Introduction) introduced the topic and provided a background to the study. It includes an outline of the objectives, the research, problem statement, methods used and the definition of critical concepts.

Chapter 2 (Literature Review) provides a review of the literature on CSR before the 1950s until the year 2000. The chapter shows the different trends of CSR from being philanthropic before the 1950s to being strategic beyond the year 2000. This chapter further discusses the social license to operate and its importance for a company.

Chapter 3 (The mining industry in Lesotho and Letšeng Diamonds's CSR Programme) is the history of mining in Lesotho and the legal framework for mining in Lesotho. The chapter also explains the trends from individual mining to commercial mining that led to the existence of the current mines in Lesotho. Finally, the chapter introduces the Letšeng Diamonds CSR programme.

Chapter 4 (Analysis of Letšeng Diamonds's CSR Projects) is an in-depth analysis of three Letšeng Diamonds CSR projects. The chapter introduces each of the three projects and reviews each based on the conceptual framework.

Finally, Chapter 5 (Synthesis) consists of the summary of the research, main findings, future research recommendations, limitations of the study and the conclusion.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

Few industries are as controversial and have attracted much attention as mining (Littlewood, 2014). Some see mining as a springboard for economic growth and sustainable development (Littlewood, 2014). The critics of mining associate the industry with unequal wealth distribution, conflict and adverse environmental effects (Hamann & Acutt, 2003). Mining operations mostly affect rural communities, where poverty and high unemployment levels are high (Iatridis, 2011; Littlewood, 2014).

The private sector is an important actor in development (Littlewood, 2014). Initially, the Government dominated the development context. More recently, the private sector emerged as a partner of government for economic growth (Bester & Cronje, 2014). This new thinking around the role of the private sector includes the private sector as an essential role player in social challenges and poverty alleviation (Bester & Cronje, 2014). Companies generate employment to the local community, pay statutory taxes to the state and stimulate local economic viability (Littlewood, 2014). In addition to fulfilling the legal requirements, companies contribute to the wellbeing of the communities through CSR (Littlewood, 2014).

CSR, as per the European Commission's definition, is a principle in which companies incorporate social and environmental issues of the stakeholders into their business operations and strategies (Stiftung, 2013). According to Visser (2005), CSR is beneficial to both the stakeholders, communities and government and businesses can address economic, social and environmental challenges of the community through CSR. The involvement of business through CSR assists the government to utilise resources in other areas of need (Farcane & Bureana, 2015). Businesses are partners of governments in helping them with their mandate of improving the lives of their citizens (Littlewood, 2014).

Considering the economic and social challenges in Africa, CSR is an essential contributor in dealing with these problems (Visser, 2005). Despite international aid and other forms of support, the difficulties of low life expectancy (50 years), low gross national income per capita (R9 100) and abject poverty still exist on the continent (Littlewood, 2015). At the current pace of development, Africa will struggle to achieve sustainable development goals as agreed by the United Nations by 2030 (Visser, 2005). Despite companies' efforts to implement CSR as part of their responsibility, CSR in Africa is still mostly philanthropic and of little significance (Idemudia, 2011). Idemudia claimed that CSR includes unsustainable and useless investments in areas with a limited need (Idemudia, 2011). Also, communities residing closest to the businesses, especially the mining companies, continue to complain about the contribution of such mines to their socio-economic development (Littlewood, 2014).

The literature review will focus on the history of CSR across different periods. The assessment includes the characteristics, outstanding features, advantages and challenges of each period.

2.2 CSR BEFORE 1950

CSR appeared on the scene for the first time at the beginning of 1800 (Jo, 2011). During this period, CSR was perceived as stealing the shareholder's wealth and giving it to the community (Carroll, 2015). Shareholders criticised businesses of immorality when they undertook CSR because they used the shareholders' funds (Iatridis, 2011). The increase of private companies globally in the early 20th reduced the burden of CSR on a few companies which were already implementing it. The result was that shareholders slowly started to embrace CSR because the responsibility was now being shared (Farcane & Bureana, 2015).

Researchers viewed private companies as sources of social and environmental problems (Iatridis, 2011). Between 1910 and 1930, companies used CSR in an attempt to correct the concerns above. For example, companies started building relationships with the community by undertaking CSR activities like the construction of clinics, schools, bridges, supporting sporting events and donating money to orphanages (Carroll, 2015). Companies that did not embrace the CSR notion at this time lost out on stakeholders support especially the surrounding communities (Carroll, 2015).

Between 1930 and 1945, companies raised concerns on the welfare of their employees and their impact on society in general (Jhawar & Gupta, 2017). The emergence of the labour movements, growth activism and the spreading of illegal settlements in the cities resulted from industrial growth (Jhawar & Gupta, 2017). The companies and the state were responsible for addressing these challenges brought by industrialisation (Jhawar & Gupta, 2017). Rockefeller, a businessman during this era, questioned whether the objective of the business was to make a profit without considering the welfare of the employees (Evans, Haden, Clayton & Novicevic, 2013). His position was that the wellbeing of workers was equally crucial in the running of a business (Evans *et al*., 2013).

Most companies in the United States started practising CSR by the 1950s. The public demanded that companies contribute to improving the lives of the citizens (Farcane & Bureana, 2015). Furthermore, the two world wars stalled business development resulting in CSR only becoming common since the 1950s (Farcane & Bureana, 2015). The interest of CSR grew when Roben Owen, a successful businessman in the United States, developed a concept called "CSR pays" (Farcane & Bureana, 2015). Roben demonstrated his "CSR pays" principle by reducing the number of working hours for his employees from thirteen to twelve hours per day and by spending considerable amounts of money to support charitable initiatives (Husted, 2015). Companies that invested their resources into CSR outperformed companies that did not operate responsibly (Husted, 2015). CSR assisted companies in retaining their workforce and in minimising costs related to retention or recruitment (Jhawar & Gupta, 2017). The United States Government encouraged companies to develop programmes aimed at addressing employees' welfare, bypassing the law that addresses employee welfare explicitly at the workplace (Evans *et al.*, 2013).

Companies started slowly incorporating CSR into the organisational plans in the 1940s and 1950s (Hoffman, 2007). Despite this trend, some companies did not invest in CSR as they did not perceive a direct benefit from CSR (Husted, 2015). It also became common practice to criticise companies that were hesitant to participate in CSR for helping through profits but not contributing to society (Hoffman, 2007; Husted, 2015).

Andrew Carnegie introduced two schools of thought during this era. First, the charity principle required that wealthy people assist less fortunate members of society (Lantos, 2001). Consequently, he proposed the redistribution of wealth by administering excess funds of the rich on behalf of the poor instead of giving handouts (Husted, 2015). Those who had property had to manage and use it for their benefit and for the benefit of those who are less fortunate (Gond & Moon, 2011). However, the demands of society outgrew the wealth of even the wealthiest people during this period (Lantos, 2001). The focus on redistribution shifted from the individual to companies (Lantos, 2001).

Secondly, Carnegie introduced the stewardship principle embedded in biblical doctrine. It required businesses and wealthy individuals to see themselves as not just the shareholders of their companies but as society's economic resources holding their property in trust for the benefit of the whole community (Lantos, 2001). The owner of the property or business was just a trustee accountable to God and the community. The trustee's responsibility was to take care of the poor (Gond & Moon, 2011).

The above two principles laid a foundation for the development of CSR, especially in the US (Gond & Moon, 2011). The innovations of Bowen in the 1950s and 1960s were built and informed by these two concepts (Gond & Moon, 2011). Companies saw CSR as the responsibility that should be shouldered by themselves and not as just an optional act of mercy (Husted, 2015).

2.3 THE 1950S

The period 1950–1960 witnessed the emergence of a modern CSR era. Bowen introduced this era with the publication of the book entitled *Social Responsibilities of the Businessman* (Bowen, 1953). Consequently, many see Howard Bowen as the "father" of corporate social responsibility (Carroll, 2015). In his book, Bowen viewed CSR as a company obligation and actions desirable by society (Iatridis, 2011). In practice, researchers viewed CSR as a process driven by the companies to please the regulators and the public to obtain goodwill (Kristoffersen, Gerrans & Murphy, 2005).

Carroll (1999) referred to the 1950s–1960s decade as more of a "talk" than "action" period. Carroll (1999) also argued that during this period, there was no significant progress concerning CSR.

Philanthropy dominated CSR in this period which resulted in handouts without addressing societal long-term needs (Kakabadse, Rozuel & Lee-Davies, 2005). By the end of the 1950s, companies started using CSR for long-term interventions (Rahman, 2011). This focus on long-term involvement came as companies realised that sustainable long-term support made a more significant impact than philanthropy (Carroll, 1999). Carroll (2015) argued that companies started to understand the value of long-term investment because of the improved understanding of the responsibilities of businesses in community affairs (Carroll, 2015).

The companies started to change their attitude towards CSR because of the rise of a social paradigm in thinking in the 1960s (Pakonen, 2018). CSR initiatives made companies aware of their social obligation because of the impacts business had on society (Iatridis, 2011). For example, in the US, communities reacted strongly against the liberal economic model that compromised morality at the expense of business success (Kakabadse *et al*., 2005).

CSR was also contested during this period. Bowen argued that companies should use CSR to contribute to the lives of the communities (Bowen, 1953). Being a supporter of the free-market ideology and in contrast to Bowen, Friedman argued that the primary responsibility of a company was to make money for its shareholders (Friedman, 1970). Friedman's approach used the classical view theory of CSR that companies' mere responsibility was to satisfy the shareholders' interests (Friedman, 1970). Friedman's ideas further contributed to business people's views that CSR is a threat to achieving the benefit of shareholders (Lee, 2008). Tilakasiri (2012) perceived CSR as waste and a misuse of resources that could increase the shareholder's wealth. Often, the shareholder thinks that it is the responsibility of the government to take care of the social needs and environmental aspects of society (Iatridis, 2011). However, the counter-argument was that business interests could only be addressed by dealing with societal issues (Iatridis, 2011)**.**

Friedman's views have become one of the most criticised positions in CSR literature (Iatridis, 2011). Those against it defined it as a traditional way in which companies attempted to avoid engaging in CSR (Sexty, 2011). However, companies have a broader ethical obligation to society than acknowledged by Friedman (Schwartz & Saiia, 2012). There is always an expectation from the community that companies would contribute beyond what the law requires them to (Schwartz & Saiia, 2012). Companies that participate beyond what the law requires are said to have a good reputation and goodwill and, as a result, perform well (Sexty, 2011).

2.4 THE 1960S

According to Farcane and Bureana (2015), pressure from the social movements dominated CSR thinking in the decade from 1960 to 1970. This period saw a change in social consciousness and realised the role of CSR in community development (Carroll & Shabana, 2010). This period was described as an “era of awareness and issues” on CSR (Farcane & Bureana, 2015:16). Both companies and societies started to recognise the importance of CSR (Farcane & Bureana, 2015). NGOs and activist groups in the US and other European countries placed pressure on businesses to contribute to CSR (Cochran, 2007). Workers, citizens and consumers were also placed under strain as companies shirked their responsibility, so it fell to the community and not the shareholders (Carroll, 2015). The adverse media reports tarnished the images of the companies that did not implement CSR, which resulted in decreased sales (Cochran, 2007).

The historical dominance of philanthropy declined because companies started to view CSR as actions that should go further than the company’s economic and technical interest (Hack, Kenyon & Wood, 2012). The period saw support for Bowen’s earlier assertion that companies must take into account the interests and aspirations of other stakeholders in addition to their shareholders (Hack *et al*., 2012). CSR included decisions and actions beyond the firm's benefit (Pakonen, 2018). Even though the majority of companies responded positively to the pressure of considering CSR, there were still a few companies that did not support the idea of engaging in CSR (Carroll & Shabana, 2010). For those companies approving CSR, it had to be a voluntary action without any external pressure (Carroll & Shabana, 2010).

Urban decay and environmental pollution pressured companies to acknowledge their community responsibilities (Farcane & Bureana, 2015). Negative ecological actions increased during the 1960s, which urged companies to respond (Farcane & Bureana, 2015; Rahman, 2011).

Even though the 1960s was a period of development and improved understanding of CSR, some researchers viewed CSR as destructive (Carroll & Shabana, 2010). The argument was that businesses would lose focus on making money for their shareholders if they focus on doing CSR (Carroll & Shabana, 2010). Some companies tried to close the gap between their company objectives and community expectations (Schwartz & Carroll, 2003). Carrol’s understanding was that the community had economic, legal, ethical and discretionary expectations from CSR (Schwartz & Carroll, 2003).

2.5 THE 1970S

The US responded to the issues of the social movements in the 1960s by promulgating the Environmental Protection Law and the Occupational Health and Safety Protocol (Schwartz & Carroll, 2003). The US created these laws to formalise the responsibilities of the companies towards the stakeholders (Carroll, 2015). Generally, companies responded positively to these laws (Rahman, 2011). The decade between 1970 and 1980 saw companies institutionalising their responses and actions to the public demands (Carroll, 2015).

At the beginning of 1970, the Committee for Economic Development (CED) made a declaration on CSR (Iatridis, 2011). CED claimed that companies are organisations that operate within the community instead of just in the market (Carroll, 2015). The CED expected companies to act in such a way that they satisfy the needs and expectations of society (Iatridis, 2011). Bester & Cronje (2014) stated that companies that behave ethically would be able to meet the needs of the community.

This period also emphasised corporate ethics because of the business scandals at the beginning of the 1960s (Carroll, 2015). This decade also saw the introduction of organisational ethics (Carroll, 2015). The focus was to instil ethical values and culture in the companies (Carroll & Shabana, 2010). Business ethics refer to the moral principles and acceptable standards that companies follow in their day to day activities (Sexty, 2011). Business ethics is also how companies treat and manage their stakeholders (Carroll, 2015).

Businesses had to operate within three responsibilities, namely social, economic and ethical. Economic responsibility refers to the firm's obligation to create value for its shareholders (Carroll, 2015). Social responsibility involves the firm's commitment to consider assisting the community in all its activities. Companies are said to be ethically behaving when they operate within the conferment of the law and when they implement CSR (Bester & Cronje, 2014). In support of ethical conduct by companies in 1973, scholars proposed that CSR should be perceived as "good neighbourliness" (Yang & Guo, 2014). Good neighbourliness means that companies had to participate in solving the social problems of society, such as pollution and racial discrimination while they still promote ethical behaviour (Yang & Guo, 2014).

The critics of business ethics indicated that it puts too much emphasis on ethical responsibility and ignores the other critical economic and social responsibilities (Carroll, 2015). The efficiency of companies that compromise other duties at the expense of moral obligation is negatively affected (Carroll & Shabana, 2010).

2.6 THE 1980S

During the 1980s, businesses accepted their responsibilities to their stakeholders like customers, communities, the environment and their employees (Hack *et al*., 2012). A reasonable company was not only interested in making large profits but considered their employees', dealers', suppliers' and communities' interests (Carroll, 1999). Social activists mobilised shareholders that there were more important things than making profits alone (Wells, 2002).

The change from shareholders to the stakeholder's approach led to the prominence of the stakeholder's theory (Kristoffersen *et al*., 2005). Stakeholder activism increased because of increased social awareness and individuals being aware of the negative impact of the companies on the community (Kristoffersen *et al*., 2005). Stakeholder theory concerned itself with people who could be affected by the achievement of the company objectives (Tilakasiri, 2012).

The success of the business depends on how such a company manages its stakeholders. Stakeholder management refers to maintaining relationships with key stakeholders (Wells, 2002). NGOs and social movements pressured companies to consider their stakeholders (Carroll & Shabana, 2010); thus, companies started to take the interests of the community into account while they still wanted to achieve their organisational goals (Yang & Guo, 2014).

The main aim of the stakeholder theory was to ensure that there was a balance of interests between the stakeholders' expectations and business expectations (Tilakasiri, 2012). How business engages the stakeholders is a crucial feature of CSR (Stiftung, 2013). Jhawar and Gupta (2017) indicated that companies must always consider the stakeholders' interests and welfare. Stakeholder theory supports the notion that companies must contribute to protecting the environment and in improving the lives of the poor (Evans *et al*., 2013). When the company practices or implements the principles of stakeholder theory, it results in an improved image, increased financial performance and a happy workforce (Evans *et al*., 2013).

Carroll and Freeman stated that by considering the interests of all the company's stakeholders, the company stands a good chance to achieve a more exceptional performance than just concentrating on the shareholders' interests (Carroll, 2015). Both Carroll and Freeman believed that if a company creates wealth and value for its stakeholders, it will create wealth for its shareholders as well (Pfarrer, 2010). These views were against the classical economists and the shareholder's theory that a firm can only maximise value from one dimension (Tilakasiri, 2012).

The critics of the stakeholder theory state that businesses might deviate from the core business of their existence (Fatoki, 2016). This could lead to unnecessary costs and unclear direction for management (Fatoki, 2016). The theory is criticised that by considering external stakeholders, companies in most cases are distracted and lose focus of their core mandate (Evans *et al*., 2013).

2.7 THE 1990S

Researchers refer to the 1990s decade as the strategic period of CSR (Bhattacharyya, Sahay, Arora & Chaturvedi, 2008). The discontent with the philanthropic nature of CSR led to the emergence of strategic CSR (Bhattacharyya *et al*., 2008). Companies wanted to create a win-win situation in which both the company and the stakeholders would benefit (Lantos, 2001). Companies wanted to achieve its intended CSR objectives (Lantos, 2001). Communities had to benefit financially as a result of good reputation derived from CSR while the community will have their socio-economic challenges addressed (Jenkins, 2015). Long-term CSR investments, as opposed to short-term, unsustainable interventions, provide benefits to the communities and the company alike (Falck & Heblich, 2007). If a company focuses only on short-term financial return and ignores returns to other stakeholders, it loses a strategic opportunity to maximise long-term benefits (Jenkins, 2015).

The other reason for the emergence of strategic CSR was the corporate scandals during this period that included well-respected companies like Parmalat-Deloitte, Touche and Tohmatsu (Jenkins, 2015). These companies operated illegally and unethically, and their behaviour affected the stakeholder's trust and raised governance concerns (Tilakasiri, 2012). Scholars were concerned that companies that do not include CSR into their business strategies end up not taking part in CSR at all (Bhattacharyya *et al*., 2008). Tilakasiri (2012) identified CSR as a mechanism that companies can use to address the host community challenges. (Tilakasiri, 2012). The benefits included the trust and goodwill that the company would get from society (Falck & Heblich, 2007). These benefits should result from the fact that strategic CSR takes governance, sustainable development and ethical perspectives into account (Tilakasiri, 2012).

Many scholars argue that strategic CSR was an answer to conflicting views of profit maximisation and satisfying stakeholders (Jenkins, 2015). The strategic CSR tried to reconcile conflicting opinions because it achieves the business objectives and the community's ambitions (Jenkins, 2015). With strategic CSR, social problems are easy to address, mainly when it's being used by companies that provide CSR with the services or goods that they produce (Cochran, 2007). Companies were encouraged to implement CSR activities linked to their core business (Lantos, 2001). When a company provides CSR in areas that offer services and goods, it becomes easy to provide such services as CSR (Cochran, 2007). The support from the core services of the company becomes sustainable, and the quality of services is also guaranteed (Pfarrer, 2010).

After the exposure of corrupt companies in the last two decades (1970–1990), many customers only want to do business with companies who are ethical and have a social conscience (Jenkins, 2015) Iatridis, drawing from the corporate responsiveness principle, advocated that organisational behaviour of companies must change for companies to be less harmful to the environment and increase benefits to the society (Iatridis, 2011).

Even though strategic CSR is considered a long-term solution to social problems, scholars continue to criticise it (Cochran, 2007). Criticism often includes not reaching targets and the length of projects. This criticism resulted in consideration of implementing CSR sustainably to ensure that both the current and future generations benefit equally (Iatridis, 2011).

2.8 THE POST-2000S PERIOD

In this period, the focus of CSR changed to considering impacts on society (Carroll, 2015). CSR evolved over the years to include both the protection of the society's welfare and account for the company's interests (Mohale, 2011). The emphasis on the protection of the environment and contribution to the wellbeing of the community created the concept of sustainable development. Sustainable development is the development that addresses the current needs of society without compromising the needs of future generations (Behringer, 2016). Development is not perceived as primarily being economical any longer but should take into account social and environmental dimensions (Mohale, 2011). The focus of CSR from the 2000s was thus to implement sustainable CSR (Stiftung, 2013).

Since the 2000s, industries acknowledged the contribution of CSR to economic development, employment generation and advancement (Idemudia, 2011). Even with positive contributions like these, companies, especially the extractive industry, continue to cause harm to the environment and society (Apronti, 2017). Therefore, CSR does not address the negative externalities, but it should contribute to promoting development, especially in areas where companies operate (Idemudia, 2011). For companies to contribute to sustainable development through CSR, they must undertake strategic CSR (Apronti, 2017). Therefore, CSR is commonly integrated into business strategy by allocating competent human resources to manage the CSR function ((Stiftung, 2013). Usually, companies align their CSR activities with national development priorities (Idemudia, 2011).

As far back as the 1950s, CSR definitions indicated that companies must make decisions that will ensure that companies contribute to society's objectives (Ebner, 2006). In the 2000s, sustainable development included concerns with the social, economic and environmental protection that would benefit future generations (Idemudia, 2011). CSR and sustainable development sharply criticised the neoclassical view of economics, which states that the business of the company is to maximise profits (Idemudia, 2011). While the economic perspective of the business is essential, the company also has the responsibility to take care of the environment and societal needs (Ebner, 2006). CSR and sustainable development theories indicated that companies and the community are interwoven instead of distinct entities (Ebner, 2006). Therefore, the community has expectations from the business (Ebner, 2006). Sometimes the expectations are not communicated to the companies, which makes it difficult for the company to know what to deliver (Ebner, 2006).

Society's expectations are addressed over a long period because sustainable development takes into account the long-term perspective (Carroll, 1999). Together with durability, corporate citizenship was among the concepts that characterised CSR during this era (Carroll, 2015). Corporate citizenship means that companies like people have responsibilities and duties to fulfil to be accepted and recognised (Ebner, 2006). Corporate citizenship is a concept that indicates that one gives back to the community and positions himself as a good neighbour (Ebner, 2006). Corporate citizenship is all about serving the community well, being an integral part of the lives of its members and supports the stakeholder theory (Carroll, 2015).

Table 2.1: Summary of global CSR trends

	Pre-1950s	1950-1960	1960-1970	1970-1980	1980-1990	1990-2000	2000 and beyond
Name of the concept	"CSR Pays/benefits the company".	'Philanthropic' era – a period in which companies made Ad hoc donations.	"Era of awareness and issues" on CSR.	Corporate ethics period of CSR.	Increased social awareness and community requirements in general of the stakeholders.	Strategic CSR.	Corporate Citizenship and the long-term impact of the companies.
Definition	Companies undertook CSR in circumstances in which they would benefit.	Obligation by the companies to pursue and implement CSR policies/actions desirable by society.	"Decisions and actions of businessmen at least partially due to reasons, other than technical and economic interest".	It was characterised by attempts to formalise the CSR because of the influence and pressure from the social movements.	A company that does not only strive for more substantial profits for its stockholders, a responsible enterprise A company also considers employees, suppliers, dealers, local communities, and the nation.	The strategic CSR attempted to create a win-win situation where the company and the stakeholders benefitted.	Companies undertake CSR because they do not only consider it to be kind and generous but because they believe that they will gain financial benefits from such a transaction.
Characteristics	Concentration was on how to satisfy employees.	CSR was voluntary during this period. It was done on the discretion of the company.	During the '60s, business giving transitioned from personalised charity driven by industrial magnates donating to their pet projects to more formalised delivering programmes representing company-wide interests.	Start of the stage "corporate ethics/business ethics", when the main concern was to promote corporate ethical cultures.	Pressure from the social movements and NGOs put pressure on the companies to do CSR.	Companies undertake strategically, and they believe that it is an excellent tool to contribute to the development and gain benefits for the company.	Sustainable development is also concerned with the social, economic and environmental protection that would benefit the future generations.

Theories	Stewardship and charity principles.	The classical model of CSR (maximisation of profits).	CSR was perceived as beyond philanthropy.	Corporate social responsiveness.	Stakeholder approach.	Instrumental/strategic theory deals with using CSR commitments as a strategy to achieve competitiveness and customer relationship management.	Sustainable development theory.
Benefits brought by CSR	The rich businessmen supported the poor.	Progression from philanthropy to sustainable CSR.	Social responsibility, therefore, refers to a person's obligation to consider the effects of his decisions and actions overall social system	Companies entered an era in which they began to implement and institutionalise their responses and actions to the public demands.	Takes off the moral obligation and pressure from the business.	Strategic CSR was an answer to conflicting views of profit maximisation and that of satisfying the stakeholders.	Development that addresses the current needs of society without compromising the needs of future generations.
Challenges brought by CSR	The demands of the society or the individuals being assisted outgrew the wealth of even the wealthiest people.	Waste of shareholder resources that could be used to increase their wealth.	Businesses would lose focus of making money for their shareholders.	It puts too much emphasis on ethical responsibility and ignores other vital responsibilities of economic and social.	The critics of the stakeholder theory state that businesses would be tempted to deviate from the core business of their existence.	Individual shareholders might be as wealthy and could be counting on the profits for future retirements needs.	Companies continued to cause harm to the environment and society, especially the extractive industry.

Influence or impact of CSR	CSR undertook by wealthy individuals, and there was no government regulation.	It is the responsibility of the government, not business to take care of the social needs and environmental aspects of society.	The pressure that was exerted on the companies by the social movements resulted in most companies starting to embrace CSR.	CSR promoted the Good neighbourliness concept that was to be implemented ethically.	By taking into account the interests of all the company's stakeholders, the company could achieve higher performance than just concentrating on the shareholders' interests.	The most successful companies are said to be among the most socially responsible companies.	In pursuing being good corporates, companies abide by the law, create jobs, produce products that the community wants and give back to the community,

2.9 CSR AND SOCIAL LICENSE TO OPERATE

During the 19th century, companies were perceived as entities that could do as they wanted without being punished or reprimanded (Husted, 2015). This behaviour was challenged by the stakeholders when the industries impacted negatively on the community and environment (Apronti, 2017). After the Second World War companies started recognising the dissatisfaction as a result of their activities from the society (Apronti, 2017). Companies would not be successful without the support of the stakeholders, especially the communities in which a company operates (Idemudia, 2011). CSR, as a general approach was not adequate to manage the company's activities. This resulted in the birth of a concept named "social licence to operate" (Apronti, 2017).

A social license to operate is not a formal contract but a social connection between the company and the community (Boutilier, Black & Thomson, 2012). It enhances the reputation and acceptance of the company into the society based on relationship whose base is feelings and trust (Boutilier *et al*., 2012). The link depends on whether the company is trustworthy, accountable, responsive and ethical in behaviour (Kakabadse *et al*., 2005). The society allows the company to continuously operate fairly and take responsibility for their actions beyond the legal requirements (Kakabadse *et al*., 2005). The social contract is further defined as an ongoing acceptance and approval of activity by the local community who are affected by it (Moffat, Lacey, Zhang & Leipold, 2015).

Initially, social license to operate applied to the companies whose objective was profit-maximisation as long as they complied with the law (Kakabadse *et al*., 2005). The new social contract requires that the company considers the political, economic and social perspectives (Kakabadse *et al*., 2005). The new social contract supports CSR thinking by Freeman that consideration should be given to company stakeholders when designing and implementing CSR interventions (Carroll, 1999).

A social licence to operate is essential to avoid communities stopping the operations of companies (Carroll, 1999). The challenge that companies face is that it is difficult to determine whether the social license exists or not (Owen & Kemp, 2012). Companies think that the lack of protests and violence in a community indicate an active social license to operate (Owen & Kemp, 2012). Wilburn's thinking is that lack of demonstrations or protests will not always be an indication of an excellent licence to operate because ways of showing dissatisfaction vary with communities (Wilburn & Wilburn, 2011). In some communities, negative social impacts are accepted if they do not outweigh the adverse effects or harms to society (Owen & Kemp, 2012). The challenge is that there is no agreed standard to measure the social license to operate (Wilburn & Wilburn, 2011). Continuous engagement with the community is a strategy to ensure that the social license to operate is continuously maintained (Carroll, 1999).

Approval from the community to operate is even needed more in situations where a company's operations negatively affect the population (Apronti, 2017). This can only happen if the community has the necessary information regarding the proposed activities of the company (Idemudia, 2011). This links well with the highly recommended "prior informed consent" principle that encourages communities to know about the project and approve it before being implemented (Hamann & Acutt, 2003). In most cases, this occurs because communities do not have access to the project's information before being executed (Idemudia, 2011). Even in cases where such information could be made available to the community, there is no capacity to comprehend and interpret such information (Carroll, 1999).

Social license to operate – the continuous support that companies receive from the stakeholders – is a relationship that can be weakened, lost or kept depending on the behaviour of the company (Bice, 2014). If the company continues to operate the social licence ethically, it will maintain its "permission" to operate, but if the company stops behaving acceptably, then the license would be affected (Bice, 2014). Companies are thus encouraged to capacitate and encourage communities to participate in issues that affect them (Moffat *et al*., 2015).

Even though it is impossible to meet the needs and expectations of all the stakeholders, there is a need for majority approval (Kakabadse *et al*., 2005). If the majority does not support the license to operate, then there is a business risk which could come from the community's dissatisfaction (Moffat et al., 2015). The challenge of obtaining a social contract in a community is the varying interests of the individuals in a community. The most influential in the community, such as the leaders, dominate and make their interests take preference (Apronti, 2017). This results in a situation where the views of the majority get ignored or side-lined (Apronti, 2017).

In addition to that, companies are unable to measure and demonstrate to the public that they have stuck to their commitments and made the expected changes (Moffat *et al*., 2015). The rate of the reduction of the risk of not having a social license is difficult to determine. There is limited literature on how to measure a social license to operate as well as its impact (Wilburn & Wilburn, 2011). There is always a gap between the expectations of the community and what the company can offer or fulfil (Owen & Kemp, 2012). Companies struggle to determine such the difference, and even if it is identifiable, it boils down to unrealistic expectations from the community most of the times (Owen & Kemp, 2012).

Without approval of the social license to operate, the company is likely to face delays or even shutdowns and costs as a result of community disruptions (Wilburn & Wilburn, 2011). Apronti (2017) further states that the absence of the social license to operate could derail the mining operations. The reasons that could lead to public protests include emissions of dust and noise, contamination of water and disputes relating to the relocation of some community members (Moffat *et al*., 2015). The social contract between the communities and the mining companies has, therefore, become an essential requirement that could guarantee the sustainability of the mining operations without community interference (Apronti, 2017). For mining companies, it is evident that the regulatory requirements are no longer enough without getting the social license to operate (Moffat *et al*., 2015). To avoid disruptions and disturbances to their operations, companies must, therefore, ensure that they have good relations with their stakeholders (Apronti, 2017). The useful links will quickly assist them in negotiating and earning the social license to operate from their immediate stakeholders (Apronti, 2017).

2.10 CONCLUSION

This chapter has demonstrated the introduction, importance and growth of CSR over the years. CSR started as a concept that was not well understood or embraced by all the stakeholders, including the business community. There is still no agreed-upon definition of CSR. The initial understanding was that CSR was the responsibility of the businessmen instead of the business itself. The individual businessmen did not cope when the demands of the community increased, resulting in attention and pressure put on businesses. The shareholders disagreed with this understanding and argued that the government should be held responsible, not the company.

There have also been arguments in favour of CSR. In 1953 there was an introduction of modern CSR which introduced the concept of stakeholder's theory (Carroll, 2015). The argument in support of this theory was that the business was not operating in a vacuum or isolation. It was instead operating in an environment where other stakeholders, such as the communities are being affected by the company's operations. Communities demanded companies to behave ethically, socially and economically responsible. This led to the establishment of the social licence to operate that exists between the company and the community. Both concepts, CSR and social licence to operate, remain elusive. There are no agreed ways on how to measure their level of adequacy, and as a result, CSR and social licence to operate are left to be subjectively interpreted. Countries are challenged to develop frameworks on how these concepts could be defined, implemented and regulated within their borders. The civil society is seen as another critical stakeholder to advocate for the proper implementation of CSR for the benefit of both the company and the community.

CHAPTER 3: THE MINING INDUSTRY IN LESOTHO AND LETŠENG DIAMONDS CSR PROGRAMME

3.1 INTRODUCTION

Mining was once the driving force for the development of some of Africa's wealthiest economies (Maleleka, 2007). South Africa is a prime example of an economy that grew because of diamonds (Chefa, 2014). Mining in South Africa started when a man called Erasmus Jacobs discovered a diamond on the banks of the Orange River in 1867 (Maleleka, 2007). After the emergence of mining in South Africa, other South African neighbours such as Lesotho also started to explore their natural resources (Chefa, 2014).

The registration of mining companies in Lesotho dates back to as early as the 1960s (Chefa, 2014). Several multinational and international companies such as Firestone and Lucara Diamonds have invested in Lesotho (Chefa, 2014). Besides diamonds, resources such as granite, sandstone are plentiful in Lesotho (Central Bank of Lesotho, 2007). Exploration of other natural resources, except for diamonds, is limited (Central Bank of Lesotho, 2007).

The initial feasibility studies for diamonds indicated that it was not economical to mine diamonds in Lesotho (Chefa, 2014). Individual miners who continued mining found gem diamonds and that justified re-commissioning of feasibility studies that later changed the earlier position (Maleleka, 2007). This section will discuss the legal tools that guide mining in Lesotho and the history of diamond mining with the specific focus on Letšeng, Kao and Liqhobong kimberlite pipes.

This chapter will first discuss the relationship between CSR and mining in rural areas where there are limited economic opportunities. Next, the chapter outlines the legal framework of mining in Lesotho. The discussion will start with the first mining rights acts until the most recent acts. The final part of this chapter will look at the history of mining in Lesotho with the particular focus on Letšeng, Kao and Liqhobong kimberlite pipes.

3.2 CSR AND MINING

Despite its significant contribution to economic growth, the mining industry is perceived as controversial and attracts attention from all the stakeholders (Bester & Cronje, 2014). Mining operations have adverse social and environmental effects, especially to the communities living closest to the mines (Bester & Cronje, 2014). The communities are exposed to toxic environmental hazards that can be emitted by mining operations (Littlewood, 2015). Hamman and Acutt (2003) indicated that many of the environmental incidents or human rights violations that contributed to the public concern in the last 40 years took place in the mining industry.

Mining is also associated with unequal wealth distribution, conflicts and adverse ecological effects (Idemudia, 2011). Conflicts arise because of high expectations from the local communities to get employment, procurement and CSR benefits ahead of others because of their proximity to the mine operations (Littlewood, 2014). This is because mining operations are often the only viable options that communities have for economic development in rural areas (Kemp, 2010). The challenge, however, is that the community has high levels of illiteracy and can only compete for labour-intensive positions (Littlewood, 2014). Communities are unable to benefit from the mines because they are unable to raise capital to take advantage of supplying goods and services to the mines (Kemp, 2010). The impact of this situation is felt mostly by the communities closest to the mines (Hamann & Acutt, 2003). Therefore, there is a need for mining companies to capacitate the community to take advantage of the benefits of the mining companies in their vicinity (Hamann & Acutt, 2003). To achieve this objective, the government and civil society must participate (Haslam, 2018). Civil society needs to demand accountability from the mining companies, and the government must set up a legal framework to protect the interest of the communities (Haslam, 2018).

The mining industry has developed remedial actions to address the negative impact and to ensure that sustainable development is achieved (Littlewood, 2014). This is because strategic CSR goes beyond the legal requirements and invests in the socio-economic requirements of the society (Idemudia, 2011). It also opens doors for stakeholder engagement with the mining companies to minimise or eliminate potential social conflicts (Haslam, 2018). A good community relationship is vital for the mining company's reputation, which is also key to the company's ability to access financial support, the market and government permits (Hamann & Acutt, 2003). Reputation is a concern for mining companies. It has a direct impact on the company's operations and competitiveness (Hamann & Acutt, 2003). A good reputation will enhance the performance of the company and attract a competent workforce (Haslam, 2018).

The collaboration of mining companies was another strategy to address challenges brought by the mining houses to avoid the duplication of CSR efforts (Littlewood, 2014). Cooperation is possible by taking into account the interests of all the stakeholders in designing the relevant CSR interventions by the mining companies (Haslam, 2018). The mining industry, especially in developing countries, contributes significantly to the economic growth of such countries (Idemudia, 2011).

Research shows that mining operations can be harmful to the communities if they are not monitored or managed (Haslam, 2018). At the same time, the same mining companies can bring solutions to the socio-economic challenges of the communities in rural areas (Idemudia, 2011). Therefore, there is a need for a concerted effort from all the stakeholders, including the government, to ensure that mining operations comply with legislation and benefit the communities (Idemudia, 2011).

3.3 LEGAL AND REGULATORY FRAMEWORK OF MINING IN LESOTHO

Several laws regulate mining rights in Lesotho: The Constitution and the Mining Rights Act of 1967, the Precious Stones Act of 1970, Mines and Mineral Act of 2005 and the Kimberley Process Guidelines (Mophethe, 2010). The purpose of these laws is to provide a legal framework that the mining operators in Lesotho should abide by (Mophethe, 2010). Below is the brief outline of each of the laws.

3.3.1 Mining Rights Act of 1967

The purpose of the Mining Rights Act of 1967 was to regulate the allocation of prospecting rights, to issue mining leases and agreements and to award mining licences (Chefa, 2014). The Mining Act of 1967 regulated trader licenses (Mophethe, 2010). The permission allowed diamond dealers to buy, sell and import or export minerals to other countries (Mophethe, 2010).

Foreigners had to register the company locally to obtain the licence while there were no restrictions with the artisanal miners (Chefa, 2014). The act further stated that the resources belong to the state and permission through relevant legislation should be obtained to mine such resources (Maleleka, 2010).

3.3.2 Precious Stones Act of 1970

Following the enactment of the Mining Rights Act of 1967, the Government of Lesotho established the Precious Stones Act of 1970 (Maleleka, 2010). The Precious Stones Act regulates dealings in rough precious stones and the protection of mining areas (Chefa, 2014). Rough stones refer to uncut and unpolished diamonds (Maleleka, 2010). Under the Precious Stones Act of 1970, the prospector could be allocated land to prospect (Makhetha, 2016). A prospecting licence allows the prospector to receive mining rights based on proof that there are enough resources (Makhetha, 2016). The Act also protected the diamond areas (Mophethe, 2010). Diamond dealers or any other people are not allowed to enter diamond protection areas when they do not possess a valid licence (Mophethe, 2010).

3.3.3 Mines and Mineral Act of 2005

The 2005 Mines and Mineral Act replaced the Mining Rights Act of 1967 (Makhetha, 2016). The 2005 Mines and Mineral Act awarded the ownership rights to Lesotho citizens. Section 34 of the Mines and Minerals Act of 2005 states that the Government shall not acquire less than 20% of the shares in any mine (Chefa, 2014).

No foreigners were allowed to own mineral rights (Makhetha, 2016). Chefa (2014) argued that the requirements to obtain the mining rights under the new legislation were still far beyond what an ordinary citizen could afford. Chefa (2014) argued that the barriers that hinder the ordinary citizens from obtaining the licence were still present, and it was still difficult for an average Lesotho citizen to receive the mining licence.

The Mines and Mineral Act of 2005 was modified in 2010 to tighten the criteria for awarding a license (Makhetha, 2016). The amended act made it even more difficult for ordinary people to obtain licences because it required a minimum amount of one million maloti to be raised (Mophethe, 2010). Makhetha's views were that the increase from a hundred thousand maloti to one million maloti was to discourage ordinary citizens with little capital to get into mining (Makhetha, 2016). The decision favoured those who were well-off, especially the politicians and leading businessmen (Mophethe, 2010). Those who could not manage to raise the money resorted to illegal mining (Mophethe, 2010). According to Makhetha (2016), the move was not useful to the Government because miners with formal licences did not generate the same amount of revenue, and therefore, the Government lost on taxes.

3.3.4 Mining and Mineral Policy of 2014

The objective of Lesotho's Mining and Minerals Policy was to develop a policy platform to guide the use of the country's mineral resources and to achieve sustainable development (Makhetha, 2016). The policy assisted in the attainment of the country's Vision 2020 and the National Strategic Development Plan aspirations (kingdom of Lesotho, 2014).

The Mining and Mineral Policy of 2014 identified and addressed gaps in the Mines and Mineral Act of 2005 (Makhetha, 2016). The Mining and Mineral Policy of 2014 expanded the scope of the 2005 Mines and Mineral Act because the act focused on regulating the mine licenses (Makhetha, 2016). The policy included guidelines on how to deal with safety and occupational health for workers, CSR, artisanal and small-scale mining and the overall contribution of mining to socio-economic development (kingdom of Lesotho, 2014). The 2005 Mines and Mineral Act did not include these elements (Makhetha, 2016).

The Mining and Mineral Policy of 2014 put a lot of emphasises on ensuring that mining companies work in strategic partnership with the local communities during the planning, priority-setting and execution of CSR and other development projects (Kingdom of Lesotho, 2014).The Government provided guidelines for use by mining companies and local communities when developing CSR plans. The use of community development agreements will be introduced in future in preparing socio-economic development plans at the local community level (Kingdom of Lesotho, 2014).

The Lesotho Mining and Mineral Policy of 2014 does not allow for artisanal diamond mining in Lesotho (Kingdom of Lesotho, 2014). Licenced diamond mining is available only for commercial miners (Kingdom of Lesotho, 2014).

3.3.5 Kimberly Process Certification Scheme

The Kimberley Process Certification Scheme (KPCS) is used by the United Nations to respond to the sale of conflict diamonds across the globe (Gooch, 2008). Conflict diamonds, also known as "blood diamonds", are rough diamonds that are sold or smuggled illegally so that their revenue could support conflicts or wars and other crimes (Gooch, 2008).

The funding of conflicts and humanitarian crises in African countries like Angola and Sierra Leone happened mostly in the 1990s (Bone, 2012). The international community responded to this challenge by setting up a Kimberley Process Certification Scheme (KPCS), whose primary function was to control illegal rough diamond trading (Bone, 2012). The purpose of KPCS was to ensure that each participating country prohibits illicit importation and exportation of rough diamonds (Bone, 2012). States had to prevent the unlawful selling of rough diamonds (Gooch, 2008), so Lesotho signed and committed to the KPCS agreement to ensure it can sell its diamonds to other countries (Makhetha, 2016). All the diamonds discovered in Lesotho are sold by tender in Antwerp, Belgium (Makhetha, 2016).

Table 3.1: Summary of the mining Acts/Policies

Name of the Act/Policy	Features	Period
Mining Rights Act of 1967	• Regulates the allocation of prospecting rights. • Awards mining licences.	1967
Precious Stones Act of 1970	• Regulates dealings in rough precious stones. • Protects the mining areas	1970
Mines and Mineral Act of 2005	• Replaced the Mining Rights Act of 1967. • Awarded the ownership rights to Lesotho citizens.	2005
Mining and Mineral Policy of 2014	• Identified and addressed gaps in the Mines and Mineral Act of 2005. • Developed guidelines on how to implement safety, procurement and CSR initiatives	2014
Kimberly Process	• Manage the smuggling of rough diamonds at the international level. • Lesotho signed the commitment to develop internal laws to control smuggling of diamonds.	2003

3.4 HISTORY OF DIAMOND MINING IN LESOTHO

Former miners from the Kimberly diamond mines discovered the first diamonds in Lesotho. They used the knowledge of the diamond pipes from their previous employment (Chefa, 2014). There is also a relationship between the discovery of diamonds in Kimberley and the emergence of artisanal mining in Lesotho (Makhetha, 2016). When the Basotho miners returned from Kimberly, they realised the existence of "blue ground", and they started digging (Chefa, 2014).

Thabane (2000) argued that diamonds were first discovered by women who were excavating coloured soil to render their houses. The women found shiny and precious stones (diamonds) in the soil and took the stones to those who worked in the mines (Thabane, 2000). The above two discoveries link diamonds emergency with the skills acquired in the South Africa mines and the involvement of women (Makhetha, 2016).

The official discovery of diamonds at Kao was in 1954 (Thabane, 2000). Unfortunately, in the same year, a lady died at Kao after she fell in a pit while digging for diamonds (Thabane, 2000) to which the Government reacted by stopping individual digging at Kao (Thabane, 2000). The Government further introduced legislation that converted the place to commercial mining after this incident (Makhetha, 2016). The individual diggers were not satisfied with this decision, and that resulted in a conflict between diggers, commercial mining companies and the Government (Makhetha, 2016).

In 1955 the Government awarded the prospecting and mining rights over the entire country to a South African company named General Mining Financing and Corporation (GMFC) (Ambrose, 2003). Chief Mantsebo Seeiso awarded these rights without consulting other Chiefs (Ambrose, 2003). The public criticised the award as it was also against the land tenure policy and was also regarded as undemocratic (Makhetha, 2016). The individual diggers were not allowed to operate anymore (Thabane, 2000). There was an uproar of dissatisfaction from the community as a result of this development (Thabane, 2000).

To address the community challenges, the Government developed the Mines and Minerals Policy through an in-depth consultation process with the mining companies, communities and the NGOs in 2015 (Kingdom of Lesotho, 2015). The purpose of the new policy was to address gaps in previous acts (Kingdom of Lesotho, 2015). The role of government was to develop rules and guidelines to govern the mining activities in Lesotho (Chefa, 2014). Civil society’s purpose was to play a “watchdog” role to ensure the holders of the mining leases and permits comply with their terms and conditions (Kingdom of Lesotho, 2015).

3.4.1 Letšeng Kimberlite

The Letšeng kimberlite pipe was discovered in 1957 (Makhetha, 2016). GMFC mined Kao kimberlite as a commercial mine, and Letšeng kimberlite was available to artisanal miners (Maleleka, 2007). This discovery resulted in a high influx of artisanal miners at Letšeng (Makhetha, 2016). Liqhobong and Kao became unproductive, resulting in the closure of commercial mining at these deposits in 1967 (Makhetha, 2016). Artisanal miners then returned to these kimberlite pipes to mine them (Makhetha, 2016)

In 1967, a digger discovered the 601-carat and the seventh-largest diamond in the world at Letšeng (Ambrose, 2003). The diamond was later named the Lesotho Brown (Ambrose, 2003). After the discovery of this diamond, the Government of Lesotho closed the mine to individual diggers and re-opened the mine for commercial mining (Epstein, 1979). The Government removed its diggers from Letšeng in 1968, and the Government awarded the mine to Rio Tinto Zinc for commercial mining (Epstein, 1979). The individual diggers had to settle in Kao (Ambrose, 2003). This move resulted in conflict and competition between the already established Kao diggers and the new coming Letšeng diggers (Ambrose, 2003). To address this conflict, the Ministry of Natural Resources allocated individual diggers plots (Maleleka, 2007). The established diggers from Kao resisted this move and continuously kept on assigning themselves the sites that the newcomers from Letšeng received (Ambrose, 2003).

Rio Tinto found the mine unproductive for commercial mining (Thabane, 2000). Consequently, the Government awarded the mining rights of Letšeng to De Beers in 1975 (Thabane, 2000). De Beers opened the mine officially in 1977 and hired 1 000 Basotho between 1977 and 1980 (Thabane, 2000). The mine produced high-quality diamonds, but because of the fall in the diamond prices, the mine closed in 1982 (Ambrose, 2003). After the closure of the mine in 1982, the individual diggers went back to Letšeng until 1999 when the Government granted JCI Projects (a South African company) the mining rights (Ambrose, 2003).

JCI Projects started operating the mine in 2004. It worked at the mine for two years (2004–2006 (Ambrose, 2003). Gem Diamonds took over the mining rights of Letšeng from JCI Projects in 2006 (Maleleka, 2007). Gem Diamonds has 70% shareholding, while the Government of Lesotho owns the remaining 30% (Maleleka, 2007). Letšeng is renowned for with the production of high-quality diamonds that produced amongst the twenty largest diamonds in the world (Ambrose, 2003).

3.4.2 Kao Kimberlite

The Basutoland Diamonds Corporation mined the Kao deposit between 1959 and 1967 (Thabane, 2000). Ambrose (2003) stated that during this period, very few diamonds were extracted from the Kao mine. Between 1967 and 1972, the Maluti Diamond Corporation excavated the pipe but could not do it profitably (Thabane, 2000). In the period between 1981 and 1973, no formal mining activity was taking place at Kao (Shor, Weldon, Janse, Breeding & Shirey, 2015). The unlicensed artisanal miners started operating until 2000 when the pipe was closed for the diggers to make way for commercial mining (Ambrose, 2004). With the closure of the mine for individual diggers, the artisanal miners took to the river banks to continue digging for diamonds (Ambrose, 2003). Other individual miners who came from distant places from Kao resorted to living in the nearby caves and hills (Shor *et al*., 2015). Each night they went to the mine to steal the unprocessed ore and processed it themselves (Thabane, 2000). The police intervened and harassed them. It was during this process that about five individual miners lost their lives (Maleleka, 2007). The individual diggers took the Ministry of Natural Resources to court over the renewal of their licences. However, they lost the court case (Ambrose, 2004). Having been forced to stop their mining activities and losing the court case, Kao individual diggers continued with their illegal alternatives (Maleleka, 2007).

In 1971 individual diggers illegally occupied the mine surroundings when the employees had left during winter break (Thabane, 2000). The individual diggers violently removed the security measures (Thabane, 2000). The original diggers believed that the Government mistreated them by denying access to the mine (Maleleka, 2007). The Government reacted by reopening the uneconomic Letšeng to the individual diggers (Thabane, 2000). Therefore, in 2001, individual diggers moved to Letšeng and Kao, which was left for non-commercial mining (Thabane, 2000). The individual diggers felt that they received compensation in this way (Thabane, 2000).

3.4.3 Liqhobong kimberlite

The Liqhobong deposit was first discovered in the 1950s, and over the years, various feasibility studies were undertaken (Chefa, 2014). In 2010, Firestone acquired the rights to mine (Maleleka, 2007). Firestone bought 75% of the shares, while the Government of Lesotho owned the remaining 25% (Maleleka, 2007). Firestone feasibility results were positive and, therefore, raised enough funds to start mining in 2014 (Chefa, 2014).

The Government realised the dissatisfaction of the individual miners. Consequently, the Government grouped the individual miners and supported them to form a cooperative (Shor *et al.*, 2015). The name of the cooperative was Liqhobong Diamond Mine Cooperative (LDMC) (Maleleka, 2007). Although the cooperative membership was open, the Government placed their officials at the management of the cooperative (Maleleka, 2007). A revolving fund allowed miners to borrow a maximum of M6000 (six thousand maloti) to which the miners reacted, saying that it was too little (Maleleka, 2007).

Maleleka (2007) stated that despite the miner's complaint about money being too little, some miners were able to expand their operations as a result of those loans. The existence of the cooperative did not stop miners who mined without licences to continue (Chefa, 2014). Miners who did not join the cooperative continued digging at the riverbanks (Chefa, 2014). Conflict arose between the cooperative member and non-members (Maleleka, 2007). The reason for not joining the cooperative was that they did not want to share the places where they found diamonds and profits, as stipulated by the cooperative constitution (Shor *et al.*, 2015). The tension resulted in the formation of factions in the village (Shor *et al.*, 2015).

The three kimberlites pipes, Letšeng, Liqhobong and Kao are currently operated as full-scale diamond mines. The three mines are owned by the Lesotho Government and the different shareholders. Liqhobong is owned by Firestone (75%) and (25%) by the Lesotho Government, Letšeng Diamonds by Gem Diamonds (30%) and Lesotho Government (30%) and lastly, Kao is owned by Storm Mountain Diamonds (70%) and Lesotho Government (30%) (Letšeng Diamonds, 2019e).

3.6 CSR SUPPORT WITH PRODUCTS OR SERVICES THAT THE COMPANY PRODUCES

The literature review identified that companies that use the products or services they provide to support CSR become successful with such projects. The reason is that the product line is already known and if there are challenges, there will always be enough expertise to handle the problems (Husted, 2015). Letšeng Diamonds mines an expensive product in the form of diamonds. Due to the legal framework governing their sale, diamonds are difficult to be donated or given (Thabane, 2000).

Instead, the revenue realised from the sale of the diamonds is used in the financing of the CSR projects. According to Letšeng's CSR policy, the Company will have a CSR budget to support all approved projects. The Letšeng Diamonds Board allocated for CSR, an amount being equal to 1% of the dividends declared annually to the CSR sub-committee (Letšeng Diamonds CSR Policy, 2016g.).

3.7 LETŠENG DIAMONDS CSR PROGRAMME

Letšeng Diamonds embraced the principles of corporate social responsibility to respond to the needs of communities that live around the mine. The company's CSR programmes aim to contribute towards the national development goals. Letšeng 's CSR interventions support the national development agenda such as National Strategic Development Programme 11 and the 2020 National Vision document. The Letšeng CSR programmes are an investment to improve the lives of the communities that live around the mine and the nation at large. The Letšeng CSR programmes are a means of maintaining the social license to operate while also maximising shareholders value (Letšeng Diamonds, 2019e).

The CSR programmes are guided by the CSR policy and the CSR strategy, both of which are approved by the Board of Directors. The programmes focus on sustainable, economically viable, community-initiated and owned projects. The process of developing the CSR strategy starts with a community needs analysis. It is done after every three years to align it with the three-year CSR strategy (Letšeng Diamonds, 2016g.).

The Letšeng CSR policy has identified sustainability amongst the pillars for the implementation of the projects (Letšeng Diamonds, 2016g.). The policy states that "the Company commits to the public to assist in the implementation of key areas as identified, to result in sustainable economic community projects that would remain even after a lifespan of the mine" (Letšeng Diamonds, 2016g).

The percentage share of the programmes from the overall CSR budget stands as follows: educational scholarships and small and medium enterprises take up 25% each, while health and infrastructure take up 20% each, and donations and sponsorships and environmental projects take the remaining 10% (Letšeng Diamonds, 2016g.). The allocation was done based on the prioritisation of the needs of the communities but also based on areas identified by the Government (Letšeng Diamonds, 2016g.).

- Three Letšeng Diamonds CSR projects, namely dairy, vegetable production and wool and mohair, were identified and analysed to respond to the main aim of this thesis. The projects have been chosen because they are the biggest amongst the CSR projects and are expected to make a big impact on the communities. The projects have first been briefly explained. After that, the projects have been analysed based on the four principles identified above. Besides, the three identified CSR projects Letšeng Diamonds supported the following projects:

- Construction of classrooms and ablution facilities at Tšepong and Pae-la-Itlhatsoa Primary Schools in the Mokhotlong district.
- Payment of educational scholarships to tertiary students in the courses aimed to support the development of the natural resources. The scholarships were awarded since 2006 and over M12 million has been used by 2019.
- Construction of water and sanitation facilities for ten villages closest to the mine in 2012.
- Construction of four health posts in the Mokhotlong district.
- Construction of a community hall at Mapholaneng High School.
- Construction of the chalets and camp site at Maloraneng in Mokhotlong.

3.8 SYNTHESIS

There is a relationship between CSR and mining. There is always an expectation from the community and other stakeholders that mining companies must contribute through CSR. The pressure that mining companies must do CSR comes from the fact that mining operations negatively impact the environment and causes pollution, especially to communities residing closest to the mines. Letšeng Diamonds and other mines in Lesotho are not an exception.

Lesotho has enacted laws that govern the awarding of licenses. The legislation favours commercial over individual mining. Even though the legislation supports local ownership of the mining rights, there is little support of artisanal mining. Artisanal mining is seen as effective alternative employment creation, mainly because the ordinary Mosotho will not have the capital to mine and skills to attract the investors.

There is still a concern about whether indeed commercial mining is more beneficial than individual mining. Those in support of commercial mining emphasise the value of taxes and employment in commercial operations. It is, however, challenging to say especially in Lesotho because there is no evidence of an improving economy. It could be essential to review the awarding of mining licenses to consider a combination of commercial mining rights and individual miners at certain pipes.

CHAPTER 4: LETŠENG DIAMONDS CSR PROJECTS ANALYSIS

4.1 INTRODUCTION

Conceptualisation, design and implementation of CSR projects should not be the responsibility of a company on its own (Husted, 2015). Planning that involves the beneficiaries is a critical factor in the successful implementation of sustainable CSR projects (Kakabadse *et al*., 2005). The involvement of other stakeholders like communities ensures ownership and increases chances of projects sustainability (Husted, 2015). In the implementation phase of CSR projects, companies either outsource the function or establish their in-house CSR departments (Rahman, 2011). Monitoring of CSR projects helps to correct mistakes during the implementation of the project (Kakabadse *et al*., 2005). However, when the evaluation or assessment of the performance of the CSR projects is absent, it makes it challenging to address project concerns (Kakabadse *et al*., 2005).

Unsuccessful CSR projects contribute to a loss in the community's trust and result in a waste of resources that could have been utilised elsewhere (Rahman, 2011). Successfully implemented projects contribute to economic growth and job creation (Kakabadse *et al.*, 2005) and are beneficial to both the company and the community (Rahman, 2011). CSR provides the company with a social licence to operate, and the community benefit economically (Rahman, 2011). Therefore, it is pertinent to undertake regular monitoring of the CSR projects to make corrections if such a need arises or to document the good practices for future reference (Husted, 2015).

This chapter describes and critically analyses the three Letšeng Diamonds CSR projects. The projects are the dairy, ram breeding and Botha-Bothe vegetable projects. The chapter uses the principles in the literature review as a framework against which to evaluate practice.

4.2 CONCEPTUAL FRAMEWORK

The study uses the fundamental principles from the literature review. Figure 4.1 below presents the framework graphically:

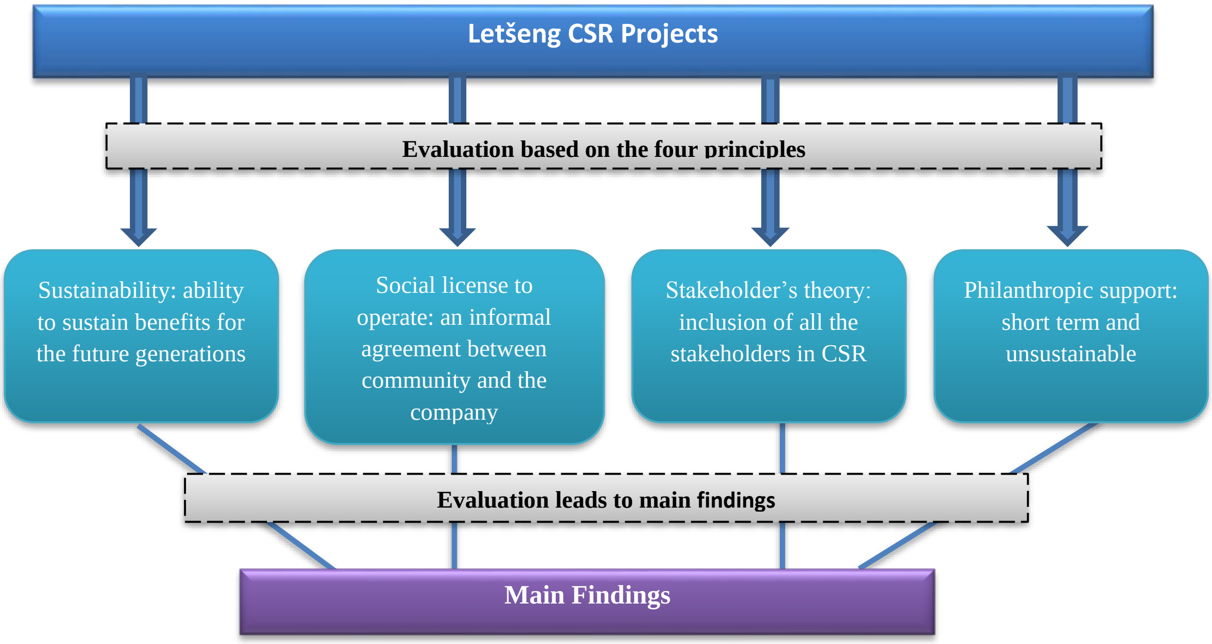

Figure 4.1: Graphical presentations of the conceptual framework to evaluate the projects

The identified principles are:

4.2.1 Sustainability

Sustainability means projects must benefit the current and future generations in the same manner (Behringer, 2016). Sustainability is a critical component that each project must strive to achieve to benefit the community (Behringer, 2016). The impact of CSR projects will be positive only if the projects are sustainable (Carrol, 2015).

There is a relationship between sustainability and CSR. CSR is a vehicle that is used to achieve sustainability (Carrol, 2015). This is achievable by using CSR as not only a mechanism to address the adverse effects that are caused by the companies but should be an investment that contributes to the socio-economic well-being of the community (Carroll, 2015).

4.2.2 Social license to operate

The social licence to operate is an informal agreement that exists between the company and the community the company serves (Husted, 2015). Social license to operate is not a written agreement, but it is a perception that exists within the community about the company (Lantos, 2001). If the social license to operate has not been obtained from the community that could lead to delays or unnecessary costs to the company (Husted, 2015). The company shall benefit from social license to operate by increasing its goodwill within the community while the community shall benefit by having the company investing in addressing the community needs through CSR projects (Lantos, 2001).

4.2.3 Philanthropic support

Philanthropic giving was common before the 1950s (Iatridis, 2011). Philanthropy is known for being short-term interventions that companies use to increase their public relations (Iatridis, 2011). It is, therefore, characterised as companies providing short-lived and unsustainable support to the communities (Lantos, 2001). Its focus was on charity rather than investing, and the result was small interventions with no lasting impact (Lantos, 2001).

4.2.4 Stakeholder theory

The focus of stakeholder theory is on the people who could affect or be affected by the company's operations (Tilakasiri, 2012). The theory was developed by Edward Freeman, and states that instead of first looking at the business interests and ethical obligations stakeholders, stakeholders should be given priority (Lantos, 2001). The success of a business depends on how such a company manages its stakeholders with stakeholder management, referring to maintaining relationships with key stakeholders (Yang & Guo, 2014). Unlike shareholder theory which claims that the company exists to make money for its shareholders, stakeholder theory shifts the focus to all stakeholders in that all stakeholders should benefit as a result of the existence of the company (Tilakasiri, 2012). Stakeholder theory emphasises that a CSR project must make a contribution that could make a difference in the lives of the stakeholders (Tilakasiri, 2012).

4.3 PROJECT 1: DAIRY PROJECT

4.3.1 Project description

Letšeng Diamonds, under its CSR programme, supported the Liphamola Dairy Farmers Association to develop a dairy farm in the Mokhotlong district of Lesotho. The association already existed before the project was initiated. The association had five cows when it started, and they sold the milk to the community. Currently, the association has over 200 members and thirty-four cows.

Eight employees work on the project, and they report to the management committee. The management committee consists of the representatives of Letšeng Diamonds (2), farmers (5), the Ministry of Agriculture and Food Security (1) and the Ministry of Small Business and Cooperatives (1) (Letšeng Diamonds, 2016a). The management committee included Government ministries to provide technical advice to the project while the inclusion of the mine on the management committee was because the mine funded the project (Letšeng Diamonds, 2016a). The presence of the mine personnel in the management committee was to ensure that the project gets off to a good start that would lead it to be sustainable (Letšeng Diamonds, 2016a).

The project management bought thirty cows (20 Brown Swiss and 10 Holsteins). The farm has the following infrastructure: office block, the cow's shelter and the milking parlour. The initial cost of the project was M5 500 000. The milking parlour is a one-stop-shop facility for milking of the cows, pasteurising and packaging of milk. The cows are milked using a machine, and the machine transfers the milk to a cooling tank. The milk is then heated to 100 degrees Celsius to eliminate gems and extend its shelf life. After that, the milk is cooled to inhibit bacteria multiplication (Letšeng Diamonds, 2016a).

4.3.2 Production and market of milk

The farm produces fresh pasteurised and cultured sour milk. The original plan was to create 300 litres per day in 2017 and 600 litres per day in 2018 and 2019. The business plan estimated the overall demand from the school feedings scheme as 19 500 litres per month. Besides the feeding scheme, the business plan calculated the demand of 2 000 litres from the local supermarkets, 3 000 litres from the Lesotho Highlands Water Project (LHWP), 2 000 Lesotho Correctional Services and 3 500 litres from Letšeng Diamonds. The original business plan estimated that the dairy would have produced 9 000 litres of milk per month by 2017. The business plan also made provision that production will increase to 18 000 litres per month in 2018 with the addition of 15 cows. The production estimate of 18 000 litres was far below the demand which the business plan estimated at 33 000 litres per month.

In addition to the sale of milk, the farm sells bull calves and heifers on an annual basis. Below is the outline of the plan to sell calves to the farmers (see Table 4) below:

Table 4.1: Calves sales projections

Year	Number of calves	Number of households
2018	20	20
2019	40	40
2020	50	50
Total	110	110

4.3.3 Production of fodder

Proper feeding of the cows formed an integral part of this project because the production of high-quality milk depends on nutrition. Feeding costs are the single, most significant operational cost of this project. The business plan also clearly states that the project would not be sustainable if all the feed had to be purchased. There was, therefore, a need to plant crops to supplement the feeding of the cows (Letšeng Diamonds, 2016a).

The farm used two systems to produce feed. First, the cows had to graze in the fields within the farm compound. Approximately five hectares surround the milking plant, and the management earmarked this area for grazing. The second option was to feed the cows with the feed from the fields mixed with brought nutrients to supplement the feed. Fodder sorghum, lucerne, yellow maize and turf would enhance the cows' feed (Letšeng Diamonds, 2016a).

4.3.4 Project impact analysis

The business plan envisaged various benefits of the project to the Mokhotlong communities. First, the community would benefit through the sharecropping with farmers of maize and fodder to feed the animals. The report stated that "lessons learned from the government sharecropping with the farmers would be used to develop the scheme with the farmers". The project plan estimated that by 2018, 750 acres would be planted in a 70/30 sharecropping agreement between the farm and the surrounding farmers. The 70/30 principle originates from government practice related to sharecropping (Letšeng Diamonds, 2016a).

The business plan projected that a total of 885 households would benefit from this sharecropping agreement. The business plan also estimated that an additional 100 members of the association would be assisted to produce milk at the household level and sell to the communities in their own areas. Overall, the business plan estimated that approximately 17% of the Mokhotlong district population would benefit from this project. In addition to the above, the following benefits will be indirect as a result of the project:

- Farmers will get access to artificial insemination facilities at affordable prices.
- Processed milk and its products will be purchased in the district.
- The farmers will have easy access to manure.
- The project will create jobs within the district.
- Members of the association will get revenue from the profits of the farm (Letšeng Diamonds, 2016a).

4.4 EVALUATION OF THE DAIRY PROJECT

Based on the business plan, the project had to benefit the communities even beyond the lifespan of the mine. The lifespan of the mine is estimated to be over 30 years approximately from 2019 (Letšeng Diamonds, 2016a). The section below discusses issues relating to the project.

4.4.1 Sustainability based on market availability

The project has not yet reached the sustainability objective. The business plan envisaged profit-sharing by 2019; however, the project still runs at a loss. The project report noted that the market did not reach the figures that were estimated in the business plan in 2017 and 2018 (Letšeng Diamonds, 2018b). Two factors affected the market size despite the original estimates, while a third contractual issue also contributed. First, there were delays in the start of the Lesotho Highlands Water Project (LHWP) (Letšeng Diamonds, 2017e). Initially, LHWP operations were to start in 2019 (Letšeng Diamonds, 2016a). The progress report states that "the management of LHWP estimated that the start of the LHWP project would be in 2021" (Letšeng Diamonds, 2018b:3). The delay in the appointment of contractors delayed the envisaged growth of the market (Letšeng Diamonds, 2018b). LHWP was estimated to create 15% of the total demand for milk (Letšeng Diamonds, 2016a).

Secondly, the Government discontinued its school feeding programme (Letšeng Diamonds, 2017e). The school feeding programme was to be the largest market as it would consume about 50% of the milk (Letšeng Diamonds, 2016a). The risk assessment did not pick the risk relating to the LHWP project's delay and the closure of the school feeding programme, and therefore, there was no contingency plan in place (Letšeng Diamonds, 2017e). The inability to identify the risks is a weakness in the development of the business plan (Letšeng Diamonds, 2018a).

Finally, there were no contracts between the farm and the buyers of the milk before the production of milk (Letšeng Diamonds, 2018a). The February 2018, the progress report states that "it was risky and reckless for management to have gone ahead with the project without a written commitment from the potential consumers'' (Letšeng Diamonds, 2018a:2). The lack of contractual relationship resulted in some consumers reducing their orders, and the result was that the milk farm had to take all the risks (Letšeng Diamonds, 2018a). The February 2018 progress report attributed the problem to poor management and little oversight from the management committee (Letšeng Diamonds, 2018a). Therefore, the project was negatively affected by the delay and cancellation of the LHWP and school feeding programme (Letšeng Diamonds, 2018c). The changes in the market resulted in delaying the sustainability of the project (Letšeng Diamonds, 2018c).

4.4.2 Sustainability based on the production of fodder

The total yield from the fields in August 2018 was less than 50% of what was expected (Letšeng Diamonds, 2018c). The main reason for the poor yield from the fields was that farmers did not perform their contractual obligations of removing weeds in the fields under the sharecropping agreement (Letšeng Diamonds, 2018a). The sharecropping agreement was that the farm would provide all the inputs such as fertilisers, seeds, harvesting and pay for the preparation of the soil (Letšeng Diamonds, 2018c). The farmers were responsible for weeding the fields and taking part in harvesting (Letšeng Diamonds, 2018c).

The progress report states that the committee of farmers that was responsible for overseeing that the farmers complied with their obligations, failed to follow up and ensure that weeds were removed (Letšeng Diamonds, 2019a). The committee was supposed to make follow-ups on the farmers to weed the fields or otherwise to have reported back to the farm's management to consider an alternative (Letšeng Diamonds, 2019a). The reason for not reporting this matter to management was a form of negligence (Letšeng Diamonds, 2019b). It was risky of management to leave the responsibility of weeding the fields in the hands of the farmers (Letšeng Diamonds, 2019a). Consequently, the management had to buy feed elsewhere to supplement the little obtained from the fields (Letšeng Diamonds, 2019a). The progress report from October 2019 states that "It is costly to buy feed outside Mokhotlong because of the transport costs that are involved in transporting to Mokhotlong in the mountainous part of Lesotho" (Letšeng Diamonds, 2019c:3).

The other option was to buy fodder from individual farmers (Letšeng Diamonds, 2018a). The farmers showed a willingness to sell fodder to the farm. However, the challenge was that their quantities were low (Letšeng Diamonds, 2018a). The progress report stated that "farmers were not informed of the fodder requirement at the start of the planting season and therefore, they never produced with the dairy farm market in mind" (Letšeng Diamonds, 2019b:2).

The farm bought fodder from the farmers even though the prices were higher than the market rate. A cheaper option to buy fodder from suppliers outside of Mokhotlong was considered (Letšeng Diamonds, 2019b). Reducing feed costs is essential as it is the leading operational cost of the project (Letšeng Diamonds, 2018c). Another problem was that farm management did not use the weighing scale to determine the price of fodder (Letšeng Diamonds, 2019b). The farm management acknowledged that it was negligent on their part (Letšeng Diamonds, 2019b).

A revised business plan was developed and submitted to Letšeng Diamonds for additional funding (Letšeng Diamonds, 2019b). The business plan entails the turnaround strategy that the farm management will implement from November 2019 to December 2020 (Letšeng Diamonds, 2019b). The turnaround strategy focuses on three significant areas, assisting farmers in producing fodder, mobilisation and signing of contracts with the consumers and business management training to the members and staff of the association (Letšeng Diamonds, 2019d). The Rural Self-help Development Association (RSDA) identified the main aspects of the turnaround strategy (Letšeng Diamonds, 2019b). RSDA will further be engaged to mentor and support the association to implement the revised business plan (Letšeng Diamonds, 2019d).

4.4.3 Stakeholder theory

The dairy project supports the stakeholder theory, which states that the project should benefit the different sections of the community, not only the shareholders. Even though the project is experiencing sustainability challenges, there are benefits such as employment of eight full-time and two part-time staff members (Letšeng Diamonds, 2019a).

Farmers have been able to sell fodder to the farm, and the suppliers have been able to do business with the farm (Letšeng Diamonds, 2019a). The project intends to benefit the community, the mine and the shareholders. The mine and shareholders will benefit through the goodwill and reputation that the project would bring. The project consultants did consult the key stakeholders, such as government departments and the farmers (Letšeng Diamonds, 2016a).

4.4.4 Social license to operate

The dairy project has, up to 2019, contributed significantly to the Letšeng Diamonds' social license to operate. There was an appreciation of the project during the community meetings held between Letšeng and the communities (Letšeng Diamonds, 2019c). The contribution that the project has made as articulated under 4.3.3 above contributed to the attainment of a social license to operate.

The challenges, however, are that if the project is not self-sustainable in the long run, it could lead to the loss of the social license to operate (Letšeng Diamonds, 2019c).

4.4.5 Philanthropic support

The dairy project is designed not only to be a once-off project (Letšeng Diamonds, 2016a). It is not a charity or donation, but it is intended to have everlasting benefits. The greatest challenge will be to overcome the sustainability challenges that the project faced (Letšeng Diamonds, 2019d).

4.5 PROJECT 2: BOTHA-BOTHE VEGETABLE PROJECT

4.5.1 Brief description of the project

The European Economic Community founded the Malere and Nkhaketse schemes in the 1980s. Malere and Nkhaketse farmers produced vegetables that they sold on the Botha-Bothe market. They produced vegetables from their fields and in greenhouses (Letšeng Diamonds, 2014). The production in the greenhouses was for the benefit of the members collectively. The project used the revenue from the greenhouses based on decisions of all the members (Letšeng Diamonds, 2014)

Through the association, farmers at this scheme worked on their fields together. They ploughed, weeded and harvested the fields of each farmer in turn. The association bought seeds using the discounts enjoyed by the members. The production of the vegetables was a huge success at the beginning. However, as time went on the farmer experience several challenges. The main difficulties were (Letšeng Diamonds, 2014).

- Members stopped attending to other's fields. This resulted in conflicts amongst the members, which eventually affected production.
- The irrigating pumps broke down, and members could not pay for their services and upkeep. There was no clear maintenance plan for the machines.
- Most of the products were not fresh anymore by the time they went to market because of the absence of proper storage, notably when production increased.

These problems resulted in the discontinuation of the project in early 2000. The Nkhaketse and Malere Scheme approached Letšeng for the revival of the project in 2014 (Letšeng Diamonds, 2014). The new business plan addressed the challenges that led to the project's failure in the past. An example was that in the revived project, farmers would work their fields instead of working as a group. The cold storage had to keep the vegetables fresh (Letšeng Diamonds, 2014). The decision to revive the project came because of the high impact it had on the communities in that area (Letšeng Diamonds, 2014). Again, the new business plan convinced all the stakeholders that all the challenges that led to its failure in the past were addressed adequately (Letšeng Diamonds, 2014).

4.5.2 Letšeng Diamonds support

Letšeng Diamonds, under the CSR programme, revived the Botha-Bothe vegetable project in 2014. The following objectives were to be achieved by the project:

- Production of vegetables for the whole year to supply the local markets in acceptable quality and agreed quantities.
- Capacity-building of farmers in modern agricultural technologies and other related areas of expertise. The institutional capacity building of the association was also to be undertaken.
- Identifying and linking farmers to suitable markets for their products in a consistent manner.
- Developing the appropriate infrastructure that would sustain the long-term needs of the irrigation schemes.

Letšeng Diamonds provided funds to renovate the storage and office and upgrade the irrigation system. The funds from the mine created cold storage and six greenhouses. The greenhouses had to enable the production of vegetables throughout the year. One of the six greenhouses had to produce seedlings for the farmers (Letšeng Diamonds, 2014).

The project consisted of two phases. During the first phase, the project team constructed the greenhouses. All the farmers had to benefit from the sale of vegetables from the greenhouses. The second phase of the project supported the farmers in their fields. The project also provided training in entrepreneurship and business management like bookkeeping, conflict management, marketing and crop farming. Individual farmers were responsible for ploughing and weeding of their fields. The plan was to plough and harvest at different times of the year to accommodate the market need. Specifically, the plan was to have a crop production cycle of six months (Letšeng Diamonds, 2014). First planting season was in August and harvesting in November–December and the second planting was to be in January and the harvesting in April–May (Letšeng Diamonds, 2014).

4.6 EVALUATION OF THE PROJECT

4.6.1 Sustainability based on the production of vegetables

The project started in August 2014 and in October 2014, the first tunnels came in production (Letšeng Diamonds, 2015a). The project plan was that the greenhouses would be on an all-year-round production schedule (Letšeng Diamonds, 2014). However, production was not possible in the greenhouses during the winter months, which are May, June and July (Letšeng Diamonds, 2015b). Poor planning was the main reason for not picking up this problem earlier (Letšeng Diamonds, 2015b).

The production of cash crops such as beetroot and carrots was only limited to summer months because it was too cold to grow them in the greenhouses in winter (Letšeng Diamonds, 2015b). Farmers resorted to planting cabbage in the greenhouses during winter because it could withstand the cold (Letšeng Diamonds, 2015b). The progress report states that "cabbage is sold for a lower amount compared to the cash crops and therefore, did not make the projected income" (Letšeng Diamonds, 2016b:4).

In the development of the business, the Ministry of Agriculture and Food Security in the Botha-Bothe district provided the technical advice on the type of greenhouses that would be able to produce throughout the year (Letšeng Diamonds, 2014). The professional information from the Ministry of Agriculture and Food Security was not accurate because planting in the greenhouses could not be done during winter months (Letšeng Diamonds, 2016b). The Ministry of Agriculture and Food Security worked and advised farmers before this project and hence, farmers trusted the Ministry of Agriculture and Food Security (Letšeng Diamonds, 2016c).

The three months in which production did not take place in the greenhouses affected the projected cash flows (Letšeng Diamonds, 2016c). The plan to plant seedlings in one of the greenhouses did not materialise because it was discovered at the time of production that the greenhouse was too hot to plant seedlings (Letšeng Diamonds, 2016c). The report stated that "once again the technical advice that was provided by the Ministry of Agriculture was not accurate" (Letšeng Diamonds, 2016c:2).

The yield from the fields of the farmers was fruitful. Overall farmers reported an improved income from their fields after this intervention. In particular, the progress report stated that "Net income of most farmers improved by approximately 40% after getting the support" (Letšeng Diamonds, 2016c:2). The farmers attributed the progress to the fact that they received subsidies in the first year of planting. They paid 90% of the planting costs while the funder contributed 10% (Letšeng Diamonds, 2017a). The farmers reported that by working on their fields, they were able to work without conflicts that existed when they used to operate the fields together (Letšeng Diamonds, 2017b). Again, the farmers' committee indicated that there were no conflicts amongst the farmers relating to planting, weeding and harvesting of the fields from the farmers because every individual farmer was responsible for their area (Letšeng Diamonds, 2017b).

4.6.2 Sustainability based on market availability

Letšeng Diamonds and the Botha-Bothe community are the most reliable market for the farmers' vegetables. Letšeng Diamonds has built a vegetable processing plant at Botha-Bothe. The purpose of the processing plant was to create a constant demand for the farmers produce. The processing plant buys large quantities of vegetables from the farmers and then processes and refrigerates it. The processing plant sells the vegetables to other mines and business establishments in the Botha-Bothe district and nearby districts (Letšeng Diamonds, 2018d). The long-term plan with the processing plant is to pass its ownership to the farmers (Letšeng Diamonds, 2018d). The community will only take ownership of the plant after thorough training of the farmers and when it’s sustainable (Letšeng Diamonds, 2018d).

The progress report states that “Letšeng ’s effort to open the market for the vegetables was a good move and well-received by the farmers” (Letšeng Diamonds, 2018d:2). Farmers can sell their vegetables to the plant without any challenges. The project provided free training on modern farming techniques. Farmers benefit from planting vegetables because they are guaranteed a reliable market for their products (Letšeng Diamonds, 2018d).

4.6.3 Impact of Botha-Bothe vegetable project in support of stakeholder's theory

Approximately sixty farmers can generate revenue that can sustain their families as a result of this project (Letšeng Diamonds, 2017a). Six members of the community are full-time employees of the project (Letšeng Diamonds, 2017a). The Chief of Botha-Bothe expressed satisfaction about the contribution of the project to the welfare of his people at the evaluation meeting between the farmers and Letšeng Diamonds (Letšeng Diamonds, 2018e).

4.6.4 Social license to operate

The Botha-Bothe vegetable project is located on the way to the mine. The relationship between the mine staff and the farmers is good, and workers buy vegetables from the project (Letšeng Diamonds, 2018d). Even though the proximity of the project is a bit far from the mine as compared to other projects, there has not been any form of dissatisfaction from the Botha-Bothe community to the mine (Letšeng Diamonds, 2018d). In 2018, Letšeng Diamonds employees participated in the construction of the shelters used by the farmers to sell their vegetables. This was a good sign of collaboration between the mine and Botha-Bothe community (Letšeng Diamonds, 2018e).

4.6.5 Philanthropic support

The project is not a once-off project that has short-term benefits (Letšeng Diamonds, 2014). The greenhouses had to generate revenue over a long period (Letšeng Diamonds, 2014). The vegetable project is no different from the dairy project in the sense that its sustainability and long-term benefits are unclear; however, it is not philanthropic (Letšeng Diamonds, 2018d).

4.7 PROJECT 3: WOOL AND MOHAIR DEVELOPMENT PROJECT

4.7.1 Project description

The wool and mohair development project assisted the already existing wool and mohair farmers in the Mokhotlong district to improve the wool and mohair industry (Letšeng Diamonds, 2012). The wool and mohair project has three components, namely the construction of woolsheds, training of farmers and the ram breeding programme. The wool and mohair development programme's main objective was to realise the full potential of wool and mohair enterprises in Lesotho by:

- Enhancing the quality and increasing quantities of wool and mohair clip through the promotion and support of proper farm management practices and the introduction and support of genetically appropriate breeding processes.
- Educating and training farmers' inappropriate knowledge and skills for wool and mohair farming enterprise so that they advance their enterprises from subsistence to commercial level.
- It is facilitating and supporting the creation of local private enterprises that will take advantage of the products' value chain and establish appropriate infrastructure (Letšeng Diamonds, 2012).

4.7.1.1 Farmer's skills development

The project trained 1 118 farmers in Mokhotlong in general animal management procedures, wool shearing, wool classing, wool recording, business management skills, animal health procedures and ram breeding.

4.7.1.2 Infrastructure development (construction of four woolsheds)

The project also constructed four woolsheds at Mapholaneng, Khubelu, Thabang and Libibing in Mokhotlong. The woolsheds are for the shearing of wool and mohair. After the shearing process, the farmers keep the wool and mohair at the woolshed before transferring it to the market. It is also a place where farmers hold their meetings and training. The location of the woolsheds was decided and chosen by the farmers themselves. There were no woolsheds at these places, but the demand for them was high; hence, they were deemed appropriate sites.

4.7.1.3 Ram breeding support programme

This programme assists the Basotho breeders in breeding high-quality rams and ewes that would adapt to local conditions for sale to Basotho farmers at affordable prices. The Mokhotlong Wool and Mohair Growers Association bought six high-quality rams for artificial insemination.

The long-term plan was to purchase the equipment to store frozen semen to be used over a more extended period. Farmers pay a fee to access this service and revenue realised from the fees will sustain the project and help expand the project to other districts of Lesotho. The project started in April 2013 (Letšeng Diamonds, 2012).

4.8 EVALUATION OF THE WOOL AND MOHAIR DEVELOPMENT PROJECT

4.8.1 Sustainability

The project constructed the woolsheds successfully (Letšeng Diamonds, 2015c). According to the farmers' report, the woolsheds are still functioning as planned. The above-identified places did not have woolsheds and farmers had to travel long distances to shear their sheep and goats (Letšeng Diamonds, 2015c). This often led to the animals dying as a result of exposure, especially in winter (Letšeng Diamonds, 2015c). The report quoted that "the quality of the wool and mohair was affected because the animals took too long before being sheared because they had to wait for the owners of the woolsheds to shear their animals first" (Letšeng Diamonds, 2015c:4). The farmers pay monthly fees to the association to maintain the woolsheds (Letšeng Diamonds, 2016d).

The ram breeding component had challenges (Letšeng Diamonds, 2016d). The purpose of the ram breeding component was to improve the sheep's breed with high-quality rams using artificial insemination (Letšeng Diamonds, 2012). The first visit synchronises the artificial insemination of sheep using sponges. The second visit removes the sponges, and the last appointment harvests semen from the ram and deposits it into the ewe (Letšeng Diamonds, 2016d). Farmers had to pay 50% of the charges during the second visit and the remaining amount after the last visit (Letšeng Diamonds, 2012).

Farmers complied in the first two years of the project. However, in the third year, some farmers started to make late payments (Letšeng Diamonds, 2016e). There was no valid reason for this behaviour by the farmers except one who said: "we cannot pay for a service that was granted for free to us by Letšeng Diamonds" (Letšeng Diamonds, 2016e). Some of the farmers did not understand that even though support came from Letšeng Diamonds, farmers had to pay to sustain the project (Letšeng Diamonds, 2016e).

Other farmers felt that the fees for this service were too expensive (Letšeng Diamonds, 2016e). The other reason that was advanced by the farmers was that some of the ewes did not get fertilised through the artificial insemination process. About 10% of the ewes indeed did not get fertilised. The farmers whose ewes were not fertilised received the artificial insemination services on those ewes for free as compensation (Letšeng Diamonds, 2016g). The association realised that the farmers did not receive adequate education on the benefits of the artificial insemination (Letšeng Diamonds, 2016d). The lack of knowledge resulted in some farmers being negative to access the artificial insemination services (Letšeng Diamonds, 2016e).

There was also a challenge in transporting the rams to the places of harvesting (Letšeng Diamonds, 2016f). Artificial insemination using fresh semen required the transport of the rams to the farmers' locations (Letšeng Diamonds, 2016d). This problem was more acute during the last stage of the artificial insemination process. Some of the places were difficult to reach, resulting in the loss of potential customers (Letšeng Diamonds, 2016e). Transport costs rose because of the areas that were difficult to access that needed the project to hire special vehicles (Letšeng Diamonds, 2016f). The transport also impacted on the productivity of the rams as "semen could not be harvested from some of the rams after travelling long distances, and that affected the performance of the project" (Letšeng Diamonds, 2016f:2). The original business plan did not identify the risk of not being able to collect semen from rams because of travelling long distances (Letšeng Diamonds, 2017c).

4.8.2 Impact of wool and mohair development project in support of stakeholder's theory

The progress report accurately pinpointed the construction of the woolshed component of the project as successful. The following statement attributed or reinforced the success of this component: “the existence of the woolsheds has been a resounding success with approximately 300 farmers shearing on average 16 000 goats and 19 000 sheep per shearing season at each of the four woolsheds” (Letšeng Diamonds, 2015c:3). The farmers also use the woolsheds as one-stop-shops for training and meetings (Letšeng Diamonds, 2015d).

Farmers lost on revenue because of the limited number of woolsheds. The reason being farmers would shear late, and that resulted in the reduced quality of wool and mohair (Letšeng Diamonds, 2016d). Shearing should take place between September and April to ensure good quality wool (Letšeng Diamonds, 2012).

The progress report states that “the yield of the farmers’ wool and mohair increased by 21% after the implementation of the wool and mohair project” (Letšeng Diamonds, 2016f:2). Farmers were able to harvest wool and mohair in the new woolsheds using the electrical shearing machine because the new woolsheds were connected to electricity as the old woolsheds did not have access to power. When using the manual shearing machine, a lot of wool and mohair gets lost compared to using the electrical shearing machine (Letšeng Diamonds, 2017c). Also, the design of the new woolsheds prevented the dust from the shearing room to contaminate the wool and mohair, which improved the quality of the product (Letšeng Diamonds, 2017a). The new sheds also had design improvements that prevented dust (Letšeng Diamonds, 2017c).

4.8.3 Social license to operate

The literature review indicated that it is difficult to measure the social licence to operate and that CSR is implemented for the benefit of both the community and the company (Apronti, 2017). Letšeng Diamonds has enjoyed a cordial relationship with the immediate community in the Mokhotlong district (Letšeng Diamonds, 2018g).

Letšeng ’s CSR programme, especially the wool and mohair project, has contributed positively to the attainment of the social license to operate (Letšeng Diamonds, 2018g). The challenge that the company is likely to face is that the social permission to work might be short-lived, especially relating to projects that are not sustainable such as the ram breeding project (Letšeng Diamonds, 2018f). There is a close relationship between the sustainability of the projects and the social license to operate. If the plans are sustainable, then there are good chances of the licence to operate and vice versa (Letšeng Diamonds, 2017d).

4.8.4 Philanthropic theory of CSR

Under the wool and mohair development, the project constructed woolsheds and developed the ram breeding project. Both these projects are long term in nature and were not philanthropic (Letšeng Diamonds, 2017d). The woolsheds are examples of structures that will be used over a long period to benefit future generations (Letšeng Diamonds, 2018f).

4.9 CONCLUSION

The analysis of the three projects against the identified principles indicates that even though there are good intentions to engage in CSR, there are areas that require improvements. Projects must be sustainable. There is a temporary social license to work as a result of the short-term benefits of the projects. The mining company is taking initiatives to revive projects such as the dairy project because if it collapses, it could result in the community not trusting the mine. Lack of trust could result in disturbances to the mine operations. This is because there is a strong relationship between the performance of the projects and the social license to operate. The success of the projects means there will be a secure social license to operate and vice versa.

All three projects had to benefit the communities in the long run. There is a need to address the non-sustainability challenges of the projects so that they could achieve this objective. The projects have taken into account the elements of stakeholder theory, which states that stakeholders must also benefit from the company instead of only the shareholders. The projects created employment, suppliers were able to do business, and the consumers were able to get fresh and reliable products within their vicinities. Table 4.2 below compares and summarises the three projects against the four principles.

Table 4.2: Compares the three projects against the principles identified in the literature review

	Aspects			
Projects	***Sustainability***	***Stakeholder theory***	***Social license to operate***	***Philanthropic theory***
Dairy project	The project was supposed to sustainable by 2019; however, that has not happened.	Stakeholders needs have been incorporated even though they could be short-lived because of the unsustainable nature of the project.	The project is currently contributing to the goodwill of the company.	The project is designed to benefit the community for a long time.
Vegetable project	The production in the tunnels is not sustainable, while farmer's production is sustainable.	Stakeholders' needs have been incorporated, even though they could be short-lived because of the unsustainable nature of the project.	There is a risk of losing the social license to operate if the project falls apart.	Even though there are challenges of sustainability, the project is intended to be a long-term benefit.
Wool and mohair project	The ram breeding project is not sustainable. The other components of the project, such as the construction of the woolsheds, are durable.	Stakeholders needs have been incorporated even though they could be short-lived because of the unsustainable nature of the project.	The project contributes to the attainment of the social license to operate mainly the construction of the woolsheds, which are sustainable.	The project is designed to benefit the community for a long time.

CHAPTER 5: SYNTHESIS

5.1 RESEARCH SUMMARY

This dissertation evaluated the Letšeng Diamonds CSR projects by comparing them with the global CSR trends. First, the thesis analysed global CSR trends followed by a discussion of mining, and CSR practises in Lesotho and with Letšeng Diamonds. Next, the study examined the three identified CSR projects (milk production, vegetable production, and wool and mohair development projects) that Letšeng Diamonds supported in Lesotho. The global CSR trends were found in the literature review against which to evaluate these projects. Methodologically, the project used content analysis by reviewing the business plans and the progress reports of the various projects. The conceptual framework consisted of four elements, namely sustainability, social license to operate, philanthropy, and whether the stakeholder's views are in line with stakeholder theory.

The literature review analysed the CSR global trends before the 1950s up to 2000 onwards. Before the 1950s, companies did not use CSR, and the concept did not receive much research attention. Some argued that CSR was a waste of company resources because the businesses should only be concerned with making profits, not anything else. Philanthropy dominated during those early days of CSR. Around the 1960s non-governmental organisations pressurised governments and companies to practices CSR. This pressure resulted in most companies starting to improve on how they treated their stakeholders. Companies developed their ethical conduct with the stakeholders and they also began to embrace the stakeholder instead of the shareholder theory. By the 2000s, CSR became a contributor to sustainable development. CSR has become a useful tool, and many governments view it as a tool to improve the welfare of its citizens. It is of great importance for companies, especially mines, to consider the interests and needs of the communities near their operations

Mining in Lesotho changed from when mining licenses were only given to individual miners to when they were awarded to the commercial miners or companies. The individual miners were unable to contribute to CSR because they did not make profits that could have allowed them to support communities through CSR. Proponents of individual mining argued that those who were awarded the mining rights were deprived their livelihood. The counter-argument was that even though individual miners and their families benefitted from this arrangement, commercial mining was able to further contribute to taxes and employment. Therefore, the impact in terms of benefits of commercial mining was higher than that of individual mining. The shift to commercial operations contributed to the development of CSR in Lesotho because mining companies were pressurised by communities to contribute to CSR. Even though there is currently no binding regulation, mining companies, including Letšeng Diamonds, were able to commercially mine and contributed towards CSR.

In this study, a conceptual framework was developed with which to evaluate the Letšeng projects and was based on global trends as depicted by the literature review. The purpose of the conceptual framework was to assess the three identified CSR projects. The projects are the dairy, wool and mohair development and the vegetable production project. The framework defined the critical elements, namely sustainability, social licence to operate, philanthropy and stakeholder theory.

The dairy project's sustainability was assessed based on the availability of the market and production of fodder. Production of fodder was the highest operational cost of the project. The project's sustainability was questionable because the market changed as per the initial plans and projections. The project's biggest planned market was no longer available. Therefore, it affected the viability of the project. The project team submitted a revised business plan to Letšeng Diamonds for extending the funding arrangement.

There is a satisfactory involvement of the stakeholders in the projects, which resulted in a favourable social license to operate. An example is the stakeholders that include farmers who sell fodder to the farm, individuals who buy milk from the farm and other suppliers in the Mokhotlong district. The challenge, however, is that the sustainability challenges of the project must be adequately addressed to sustain the social license to operate. If projects remain unsustainable then the contribution of Letšeng Diamonds to CSR will be non-existent. However, if in the long run the projects become sustainable then Letšeng Diamonds would have contributed positively to the development of the country especially in the highlands where the mine is located.

The wool and mohair development project had three components. The components included the training of farmers, construction of woolsheds and a ram breeding project. The first two components did not have any significant challenges; however, the ram breeding had sustainability challenges. Farmers claimed that the service was too expensive for them and as a result, resorted to the old way of breeding. The project had to benefit future generations and just like the dairy project, it contributed to employment and other short-term economic spin-offs such as procurement. Sustainability challenges need to be addressed to sustain the existing social license to operate.

Production of vegetables in the tunnels affected the sustainability of the vegetable project. Production of the vegetables was not possible for the whole year as was anticipated. The market for vegetables is strong in the Botha-Bothe district after the construction of the vegetable processing plant by Letšeng Diamonds. The success that farmers have enjoyed in their fields has contributed to the social license to operate. Different stakeholders have benefitted from the existence of this project, like employment creation and suppliers. These benefits will be enjoyed over a long period if the projects become sustainable.

The projects are not sustainable. All the three projects, dairy, vegetable and wool and mohair development projects are not sustainable because the business plans were not properly developed negatively Some of the key risks were not identified at the business development stage, and they negatively affected the projects. An example is the cancellation of the schools feeding programme under the dairy project. The cancellation of the feeding scheme affected the milk market, but if that was anticipated, it could have been dealt better.

5.2 MAIN FINDINGS

The findings derived from this study are a response to the three objectives listed in section 1.

5.2.1 CSR evolved from being philanthropic to sustainable and strategic

Initially, businesses considered CSR as a waste of shareholders' or investors' resources. CSR in the 1950s was done by individuals or business people, not by the company themselves. The decision on what needed to be supported and by how much was the responsibility or discretion of the manager and did not form part of the business strategy. Most of the time, the support came from managers in their personal capacity. CSR during this period was purely philanthropic, and it focused on short-term relief.

The demands of the community increased, making it impossible for individuals to address. Companies had to take over the CSR responsibility from individuals. In the 1980s, companies started to recognise communities as stakeholders and as talented role players in CSR. By the 2000s, CSR became a tool in attaining sustainable development. Companies started incorporating CSR into their strategies. Also, governments began to identify the private sector as the critical partners of government in addressing socio-economic challenges, unemployment and poverty.

The private sector in Lesotho, particularly the mining sector, is not regulated regarding CSR. The Mining and Mineral Policy of 2014 attempted to provide guidelines on how to involve the communities in doing CSR. The policy has not provided detailed regulations on how CSR should be done. The lack of regulations leaves companies with the power to make a CSR contribution in their way, regardless of whether it is ethical or not. The lack of regulation of CSR results in some of the mining companies not taking part in CSR. Other mining companies opt to give out unsustainable donations which do not make any lasting impact. Therefore, there is a need to develop CSR guidelines that will be used by all the mining companies as part of their mining agreement.

5.2.2 Awarding of mining licences to mining companies in Lesotho instead of individuals increased CSR footprint

The awarding of mining licenses to the commercial companies opened doors for establishments such as Letšeng Diamonds and other mines to mine. Most mining companies in Lesotho, including Letšeng Diamonds, are located close to the communities in the rural areas. As a result, there is always an expectation from the community that the mines should contribute through CSR to address the community economic, social and environmental challenges. Companies are pressurised to fulfil the communities' expectations to ensure their social license to operate. This resulted in the mines incorporating CSR into their business strategies. The ability of the mining companies to contribute towards CSR could not have been possible if mining licenses were awarded to only individual miners. Individual miners operate at a very small scale and are unable to generate revenue that could also be used to support CSR. The awarding of mining licenses to the companies, as opposed to the individuals, brought CSR into existence in Lesotho.

5.3 MAIN FINDING ASSOCIATED WITH THE PROJECTS

The study developed a conceptual framework based on the literature study to assess current CSR initiatives at the Letšeng Diamonds against the global changes in CSR thinking. The four main points were:

- sustainability
- social license to operate
- philanthropy
- stakeholder theory.

5.3.1 Projects lack sustainability

The various projects lack sustainability. Despite intentions to become sustainable, the study revealed that it is not possible to classify any of the three projects as sustainable. The main reasons for their non-sustainability include improper assumptions when developing the business plan, bad management decisions during implementation, and the inadequate management of risks. These problems led to the beneficiaries being dependent on the support of the mine for the projects to keep going.

There has not been enough in-depth analysis and projections of the situations that were critical for the success of the projects. Business plans were not adequately researched and written. The business development stages should identify some risks. For example, for the ram breeding project, the business did not consider a need to transport the rams to hard-to-reach areas that would require special vehicles. In designing the vegetable project, the characteristics of the greenhouses were not correctly determined. The prior understanding was that planting in those greenhouses would be possible all year round, which was later discovered not to be possible. This led to the project not being able to realise the projected revenue.

Identification and management of risks are critical in the success of a project (Carroll & Shabana, 2010). The identification of the threats was not correctly done. The business plans did not anticipate possible delays in the Lesotho Highlands Water Project or the cancellation of the school feeding project. The ram breeding project did not identify the risk that farmers could refuse to pay for the services either because of lack of understanding or because they could not afford to do so. If project plans identified the risks, it would have developed contingency plans at an earlier stage.

The management of the projects lacked the required skills to run those types of projects. Under the dairy project, project management went ahead with the project without signing agreements with potential buyers. The buyers, later on, did not honour their verbal agreements and that affected the project. Again, management bought fodder from farmers without using the weighing scale that would have determined the correct market prices for fodder.

5.3.2 Projects contributed to the social license to operate

The beneficiaries reported no dissatisfaction with the projects up to now. Currently, there is positive feedback from the communities. However, beneficiaries' satisfaction is projected to be short-lived if the management does not address the challenges that face the project. Even though it is difficult to measure the social license to operate precisely, the absence of demonstrations and public complaints can be an indication of satisfaction by the community for now.

The biggest challenge is that if the mine continues the unsustainable funding of projects, their social license to operate could be affected once the funding stops. Again, if the mine continues the support until the closure of the mine, resources that the mine could use elsewhere could be wasted on projects that prove unsustainable. The favourable social license to operate could be temporary until the projects are sustainable.

The danger that the company faces is to maintain the trust of the communities, which would result in the continued social license to operate. Therefore, there should be a concerted effort made to ensure that challenges facing each project are adequately addressed to ensure continued moral support from the communities.

5.3.3 Projects are not philanthropic

Philanthropy is not sustainable and often takes the form of one-off donations. The company designed all three projects as investments that should benefit the community. However, the current situation of the unsustainability of the projects makes the above objective difficult to achieve.

Woolsheds under the wool and mohair development project, tunnels under the vegetable production project and the infrastructure under the dairy project are the examples that all the projects were designed as investments, not as handouts. In the same way, with the projects being unsustainable, then the benefit to the stakeholders was only during construction or when the mine is still funding them. Therefore, there is a close relationship between sustainability and the project's potential for being of a long-term benefit to the community.

5.3.4 Project's stakeholders are also beneficiaries of the projects

The most prominent characteristic of stakeholder theory is that the company should consider the needs and interests of the stakeholders instead of only the shareholders. All the projects have demonstrated support of stakeholder theory. The shareholder's attention, in this case, is to maximise profits and reduce costs.

In addition to the shareholders' benefits, stakeholders have benefitted from the existence of these projects. During construction of the projects, contractors were recruited from within the areas of the projects and the supplies such as building materials, animals, animal feed were also bought from the local suppliers. The community can purchase fresh vegetables and milk from the local suppliers.

5.4 FUTURE RESEARCH

Following the main findings, identifying several future research projects is a logical conclusion. First, there is an opportunity to assess whether the communities have indeed participated in the design and implementation of the CSR projects. This will determine whether the company used top-down or they use a bottom-up approach when doing CSR. The involvement of the beneficiaries is key to the success of any project. Unlike this study where the project's business plans and progress reports, future research could use interviews with the communities and the community leaders to gather data.

Another research area is to develop a CSR model to improve the current CSR projects of Letšeng Diamonds and probably other companies practising CSR in Lesotho. The objective of the CSR implementation model will be to benchmark on the requirements needed for the effective implementation of the CSR projects in Lesotho. The research could also use interviews with the project beneficiaries, key stakeholders that can include community leaders such as chiefs and community counsellors. An external person will need to do this research. The reason for suggesting a person outside the Letšeng's setup is that if a Letšeng employee does the research and interviews, the beneficiaries will not be objective in providing the answers. Their answer might be an attempt to please the funders whom they would fear could stop funding them because they could have said something the donor could not like.

5.5 RECOMMENDATIONS

Two broad categories of recommendations are made for this study. The first category is concerned with what the government needs to do to improve CSR implementation effectiveness. The second set of recommendations focuses on Letšeng Diamonds. The overarching objective is to improve the effectiveness of the CSR at Letšeng Diamonds.

5.5.1 National policy recommendations

The government should regulate and monitor CSR implementation, especially in the mining sector. CSR implementation should be a condition for mining agreement renewal. Literature has shown that CSR is effective in countries where the government regulates its implementation. Minimum requirements and guidelines must be developed to guide this process. Companies will also be compelled to align their CSR objectives to the district and national developmental objectives. This will ensure that all companies take part in CSR in a regulated manner, which will contribute to sustainable development.

The above recommendation will be achieved through capacitating the Ministry of Mining to understand the importance of CSR and its contribution to development. There will also be a need for capacitation in the monitoring and evaluation of the CSR activities by the government.

5.5.2 Letšeng Diamonds specific recommendations

Letšeng Diamonds should:

- Consider an effective CSR delivery model by either building the capacity of the existing CSR department or outsourcing the function. This will be to improve the development of sound business plans and to monitor the implementation of the projects. Training in project management, business management and community consultations will be useful to develop or build the capacity of the CSR team. In addition, exchange programmes with other mines that have been successful in CSR should be considered.
- Develop partnerships with private and civil society organisations to get the required technical support in the implementation of CSR projects.
- Address the non-sustainability challenges of the existing projects as a matter of urgency. This can be achieved through the engagement of an independent person/company who has the capacity to run community-based projects to identify the project's challenges and design interventions. This will ensure that the social license to operate is maintained and the projects are not philanthropic but are sustainable.
- Increase community engagement to assess the level of social license to operate. This will be achieved by the development and implementation of an aggressive stakeholders' engagement strategy. The strategy should involve a lot of engagement with the affected communities to assess their level of satisfaction or dissatisfaction so that proactive interventions could be made.

5.6 LIMITATIONS OF THE STUDY

The following were identified as limitations of the study based on the research methods that were chosen:

- The analysis was only done on three projects, which could have limited the potential for expanded views that could have provided more information for analysis. The sample did not cover all types of projects that are funded by Letšeng Diamonds.
- The study methodology only used business plans and progress reports. The researcher was unable to assess the expression or perception of the people being interviewed because there was no contact. There was no confirmation of the issues that were raised in the reports.
- Some of the reports were not clearly written, which sometimes made it difficult to understand what was being communicated.

REFERENCES

Ambrose, D. 2003. *An illustrated history.* Maseru: Morija Museum and Archives.

Apronti, P. 2017. *CSR and sustainable development case study of AngloGold Ashanti, Adieyie and Teberebie: Masters thesis.* Canada: Queen's University.

Behringer, K. 2016. The role of CSR in achieving sustainable development – Theoretical approach. *European Scientific Journal August 2016 edition,* 12(22):10–25.

Bester, V. & Cronje, F. 2014. The importance of a people-centred approach for corporate social responsibility: A case study of Welverdiend and the surrounding community. *TD The Journal for Transdisciplinary Research in Southern Africa,* 10(1):201–208.

Bhattacharyya, S., Sahay, S., Arora, A. & Chaturvedi, B. 2008. A toolkit for designing firm-level strategic corporate social responsibility (CSR) initiatives. *Social Responsibility Journal,* 4(3):265–282.

Bice, S. 2014. What gives you a social licence? An exploration of the social licence to operate in the Australian mining industry. *Open Resources,* 3(10):62–80.

Bone, A. 2012. *The Kimberley Process Certification Scheme: The primary safeguard for the diamond industry.* Environmental Law Institute [Online]. Available: https://www.eli.org/sites/default/files/189-194_bone.pdf [2020, January 13].

Boutilier, R., Black, L. & Thomson, I. 2012. How the social license to operate can stabilise the socio-political environment of the business. *International Mine Management 2012 Proceedings,* pp. 227-237.

Bowen, H. 1953. *Social responsibilities of the businessman.* New York: Harper.

Carroll, A. & Shabana, K. 2010. The business case for corporate social responsibility: A review of concepts, research and practice. *International Journal of Management Reviews,* 12(1):85–105.

Carroll, A. 1999. Corporate social responsibility: Evolution of a definitional construct. *Business & Society,* 38(3):268–295.

Carroll, A.B. 2015. A history of corporate social responsibility, in A. Crane, D. Matten, A. McWilliams, J. Moon & D.S. Siegel (eds.). *The Oxford Handbook of Corporate Social Responsibility*. Oxford: Oxford University Press

Center for Economic and Social Development & Konrad Adenauer Stiftung. 2013. Achieving sustainable development through corporate social responsibility [Online]. *Available:* http://cesd.az/new/wp-content/uploads/2011/05/CSR_Research_Paper_CESD_KAS.pdf [2020, January 13].

Central Bank of Lesotho. 2007. Diamonds mining in Lesotho: Implications and challenges. *CBL Economic Review*, (78):1–8.

Chefa, L. 2014. *Ownership of mineral rights in Lesotho.* Maseru: Policy Analysis and Research Institute of Lesotho.

Cochran, P. 2007. The evolution of corporate social responsibility. *Business Horizons,* 50(6):449–454.

Ebner, D. 2006. *The relationship between sustainable development and corporate social responsibility.* Dublin: University of Leoben.

Epstein, E. 1979. Societal, managerial, and legal perspectives on corporate social responsibility – Product and process. *Hastings Law Journal,* 30(5):1–35.

Erik, H. 2011. *Constructing a good dissertation: A practical guide to finishing a master's MBA or PHD on schedule.* Sandton: EPE.

Evans, R., Haden, S., Clayton, R. & Novicevic, M. 2013. History of management thought about social responsibility. *Journal of Management History,* 19(1):8–32.

Falck, O. & Heblich, S. 2007. Corporate social responsibility: Doing well by doing good. *Business Horizons,* 50(3):247–254.

Farcane, N. & Bureana, E. 2015. History of "corporate social responsibility" concept. *Annales Universitatis Apulensis Series Oeconomica,* 17(2):31–48.

Fatoki, O. 2016. Gender and the perception of corporate social responsibility by university students in South Africa. *Gender & Behaviour,* 14(3):7574–7588.

Friedman, M. 1970. The social responsibility of business is to increase its profit. *The New York Times Magazine,* (September 13):1–6.

Gem Diamonds. 2018. *Gem Diamonds Annual Report and Accounts.* Johannesburg: Gem Diamonds.

Gond, J. & Moon, J. 2011. *Corporate Social Responsibility in Retrospect and Prospect: Exploring the Life-Cycle of an Essentially Contested Concept.* London: Nottingham University Business School.

Gooch, T. 2008. Conflict diamonds or illicit diamonds: Should the difference matter to the Kimberley Process Certification Scheme. *Natural Resources Journal,* 48(8):190–214.

Hack, L., Kenyon, A. & Wood, E. 2012. A critical corporate social responsibility (CSR) timeline: How should it be understood now? *International Journal of Management Cases,* 16(4):46–64.

Hamann, R. & Acutt, N. 2003. How should civil society (and government) respond to social responsibility? A critique of business motivations and the potential for partnerships. *Development Southern Africa,* 20(2):256–269.

Haslam, P. 2018. Beyond voluntary: State–firm bargaining over corporate social responsibilities in mining. *Review of International Political Economy,* 25(3):418–440.

Hoffman, R. 2007. Corporate social responsibility in the 1920s: An institutional perspective. *Journal of Management History,* 1(13):55–73.

Husted, W. 2015. Corporate social responsibility practice from 1800–1914: Past initiatives and current debates. *Business Ethics Quarterly,* 25(10):125–141.

Iatridis, K. 2011. *The influence of corporate social responsibility on business practice: The case of international certifiable management standards.* Doctoral dissertation. London: University of Central Lancashire.

Idemudia, U. 2011. Corporate social responsibility and developing countries: Moving the critical CSR research agenda in Africa forward. *Progress in Development Studies*, 11(1):1–18.

Jenkins, R. 2015. Globalisation, corporate social responsibility and poverty. *International Affairs,* 81(3):525–540.

Jhawar, N. & Gupta, S. 2017. Understanding CSR- Its history and the recent developments. *IOSR Journal of Business and Management,* 19(5):105–109.

Jo, T. 2011. *Heterodox Critiques of Corporate Social Responsibility,* New York: SUNY Buffalo College.

Kakabadse, N., Rozuel, C. & Lee-Davies, L. 2005. Corporate social responsibility and stakeholder approach: A conceptual review. *International Journal in Business Governance and Ethics,* 1(4):277–301.

Kemp, D. 2010. Mining and community development problems and possibilities of local-level practice. *Community Development Journal*, 45(2):198–218.

Kingdom of Lesotho. 2014. *Ministry of Mining Draft Green Paper on the Mining and Minerals Policy.* Maseru: Government of Lesotho.

Kingdom of Lesotho. 2015. *The Mines and Minerals Act 4 of 2005.* Ministry of Mining Maseru: Government of Lesotho.

Kristoffersen, I., Gerrans, P. & Murphy, M. 2005. *The Corporate Social Responsibility and the Theory of the Firm.* Joondalup: Edith Cowan Universtiy.

Lantos, P. 2001. *The Boundaries of Strategic Corporate Social Responsibility*. North Easton: Stonehill College.

Lee, M. 2008. A review of the theories of CSR its evolutionary path and the road ahead. *International Journal of Management Reviews,* 10(1):53–73.

Letšeng Diamonds. 2012. *Wool and mohair development project plan.* Maseru, Lesotho: Letšeng Diamonds.

Letšeng Diamonds. 2014. *Vegetable project business plan.* Maseru, Lesotho: Letšeng Diamonds.

Letšeng Diamonds. 2015a. *Vegetable project progress report: February*. Maseru, Lesotho: Letšeng Diamonds.

Letšeng Diamonds. 2015b. *Vegetable project progress report: October*. Maseru, Lesotho: Letšeng Diamonds.

Letšeng Diamonds. 2015c. *Wool and mohair development project progress report: October*. Maseru, Lesotho: Letšeng Diamonds.

Letšeng Diamonds. 2015d. *Wool and mohair development project progress report: October*. Maseru, Lesotho: Letšeng Diamonds.

Letšeng Diamonds. 2016a. *Dairy project business plan.* Maseru, Lesotho: Letšeng Diamonds.

Letšeng Diamonds. 2016b. *Vegetable project progress report: February*. Maseru, Lesotho: Letšeng Diamonds.

Letšeng Diamonds. 2016c. *Vegetable project progress report: July*. Maseru, Lesotho: Letšeng Diamonds.

Letšeng Diamonds. 2016d. *Wool and mohair development project progress report: February*. Maseru, Lesotho: Letšeng Diamonds.

Letšeng Diamonds. 2016e. *Wool and mohair development project progress report: July*. Maseru, Lesotho: Letšeng Diamonds.

Letšeng Diamonds. 2016f. *Wool and mohair development project progress report: October*. Maseru, Lesotho: Letšeng Diamonds.

Letšeng Diamonds. 2016g. *Letšeng Diamonds CSRI Policy*. Maseru, Lesotho: Letšeng Diamonds.

Letšeng Diamonds. 2017a. *Vegetable project progress report: July*. Maseru, Lesotho: Letšeng Diamonds.

Letšeng Diamonds. 2017b. *Vegetable project progress report: October*. Maseru, Lesotho: Letšeng Diamonds.

Letšeng Diamonds. 2017c. *Wool and mohair development project progress report: February*. Maseru, Lesotho: Letšeng Diamonds.

Letšeng Diamonds. 2017d. *Wool and mohair development project progress report: October*. Maseru, Lesotho: Letšeng Diamonds.

Letšeng Diamonds. 2017e. *Dairy project progress report: July*. Maseru, Lesotho: Letšeng Diamonds.

Letšeng Diamonds. 2018a. *Dairy project progress report: February*. Maseru, Lesotho: Letšeng Diamonds.

Letšeng Diamonds. 2018b. *Dairy project progress report: July*. Maseru, Lesotho: Letšeng Diamonds.

Letšeng Diamonds. 2018c. *Dairy project progress report: October*. Maseru, Lesotho: Letšeng Diamonds.

Letšeng Diamonds. 2018d. *Vegetable project progress report: February*. Maseru, Lesotho: Letšeng Diamonds.

Letšeng Diamonds. 2018e. *Vegetable project progress report: October*. Maseru, Lesotho: Letšeng Diamonds.

Letšeng Diamonds. 2018f. *Wool and mohair project progress report: July*. Maseru, Lesotho: Letšeng Diamonds.

Letšeng Diamonds. 2018g. *Wool and mohair development project progress report: October*. Maseru, Lesotho: Letšeng Diamonds.

Letšeng Diamonds. 2019a. *Dairy project progress report: February*. Maseru, Lesotho: Letšeng Diamonds.

Letšeng Diamonds. 2019b. *Dairy project progress report: July*. Maseru, Lesotho: Letšeng Diamonds.

Letšeng Diamonds. 2019c. *Dairy project progress report: October*. Maseru, Lesotho: Letšeng Diamonds.

Letšeng Diamonds. 2019d. *Revised dairy project business plan*. Maseru, Lesotho: Letšeng Diamonds.

Letšeng Diamonds. 2019e. *About Letšeng* [Online]. Available: www.Letšeng diamonds.co.ls [2019, October 14].

Littlewood, D. 2014. Corporate social responsibility, mining and sustainable development in Namibia. *Development Southern Africa,* 32(2):240–257.

Makhetha, L. 2016. *Small scale artisanal diamond mining and rural livelihood diversification in Lesotho.* PHD dissertation. Pretoria: University of Pretoria.

Maleleka, D. 2007. The evolution of diamond mining in Lesotho. *Resource Insight Southern Africa Resource Watch* (4):4–18.

Moffat, K., Lacey., Zhang, A. & Leipold, S. 2015. The social licence to operate: A critical review. *Forestry: An International Journal of Forest Research,* 10(22):477–488.

Mohale, M. 2011. *Drivers of corporate social responsibility (CSR) in the mining industry of Lesotho. The case of Letšeng Diamonds.* Masters thesis. London: University of London.

Mophethe, K. 2010. *Mining laws and regulation: Promoting or hindering mining in Lesotho,* Maseru: Southern Africa Resource Watch.

Owen, J. & Kemp, D. 2012. Social licence and mining: A critical perspective. *Resources Policy,* 38(1):29–35.

Pakonen, J. 2018. *Modern CSR with additional analysis on CSR in regard to small and medium enterprises.* Huhtikuu: Tampere University of Applied Sciences.

Pfarrer, M. 2010. What is the purpose of the firm: Shareholder and Stakeholder Theories. *Good business: exercising effective and ethical leadership*. New York: Routlege.

Rahman, S. 2011. Evaluation of definitions: Ten dimensions of CSR. *World Review of Business Research,* 1(1):166–176.

Schwartz, M. & Saiia, D. 2012. Should firms go “beyond profits”? Milton Friedman versus broad CSR1. *Business and Society Review,* 117(1):1–31.

Schwartz, S. & Carroll, A. 2003. CSR a three-domain approach. *Business Ethics Quarterly,* 13(4):503–530.

Sexty, R. 2011. *Canadian business and society: Ethics and responsibilities* (2nd Edition.). Toronto: McGraw-Hill Ryerson.

Shor, R., Weldon, R., Janse, A., Breeding, C, & Shirey, S. 2015. Letšeng's unique diamond proposition. *Gemological Institute of America,* 51(3):280–299.

Thabane, M. 2000. Shifts from old to new social and ecological environments in the Lesotho Highlands Water Scheme: Relocating residents of the Mohale Dam area. *Journal of Southern African Studies,* 26(4):633–654.

Tilakasiri, K. 2012. *Corporate Social Responsibility and Company Performance: Evidence from Sri Lanka.* Doctoral dissertation. Melbourne: Victoria University.

Visser, W. 2005. *Revisiting Carrol's CSR pyramid: An African perspective.* London: The University of Nottingham.

Wells, H. 2002. The cycles of corporate social responsibility: An historical retrospective for the twenty-first century. *University of Kansas Law Review,* 51:77–140.

Wilburn, R. & Wilburn, K. 2011. Achieving social license to operate using stakeholders theory. *Journal of International Business Ethics,* 4(2):3–16.

Yang, L. & Guo, Z. 2014. Evolution of CSR concept in the West and China. *International Review of Management and Business Research,* 3(2):819–826.