EXPLORING COMMUNITY DEVELOPMENT PARTNERSHIP AMONGST UMHLATHUZE LOCAL MUNICIPALITY, SELECTED MULTINATIONAL CORPORATIONS AND THE HOST COMMUNITIES

BY

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BY

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DECLARATION

I, Hlanganani Mnguni, hereby declare that this dissertation is entirely my own independent work and all sources used have been indicated and acknowledged by means of references.

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Hlanganani Mnguni

2017

DEDICATION

This dissertation is dedicated to my father, Bhekekhaya Mnguni, and late mother, Gugulethu K. Mnguni

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ABSTRACT

The aim of this study was to examine partnerships between the local municipality, host communities and the selected multinational companies in community development activities. Numerous studies have been conducted in pursuit of the role of multinational corporations (MNCs) in developing countries. Whilst it has been understood that MNCs are essential for the development of less economically developed countries (LEDCs), other studies have discovered that LEDCs face the challenge of limited benefits from MNCs which does not necessarily address the root causes of underdevelopment. As a result, exploring factors that inform corporate social responsibility (CSR) of the selected MNCs in the City of uMhlathuze was the point of departure in this study. In this regard, the study sort to find out if there were any partnerships between MNCs and the local Municipality during the execution of CSR activities, and whether were there laws or documentations that guide and support partnerships amongst the MNCs, host communities and the local municipality.

The study followed a qualitative research approach and thereby used qualitative data collection tools to help achieve its objectives. It was found that the type of partnerships that exist between MNCs and the municipality are erratic and not formal. This is entirely caused by the absence of governmental binding laws and documentations between MNCs and municipalities in the city of uMhlathuze, South Africa, and LEDCs in general. Given that the local municipality is the custodian of the communities, particularly in the area of community development, the study concluded that community development partnerships between MNCs and the local municipality are essential. The completion of this study has helped realise that partnership are essential and that they can help achieve community development goals and address the root causes of poor livelihoods for the City of uMhlathuze and communities in the developing countries, if they could be properly managed.

LIST OF ABBREVIATIONS

CSR	Corporate social responsibility
CSI	Corporate social investment
FI	Foreign investment
LEDCs	Less economically developed countries
MEDCs	More economically developed countries
MNCs	Multinational Corporations
MNEs	Multinational enterprises
RSA	Republic of South Africa
TNCs	Transnational corporations
TNEs	Transnational enterprises
UN	United Nations
WBO	World Bank Organisation
KZN	KwaZulu Natal

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CHAPTER 1

ORIENTATION OF THE STUDY

1.1 Introduction

Multinational corporations, also known as multinational enterprises are defined as economic firms that operate in host countries where they establish branches or affiliates, but have head offices in their countries of origin. Eweje (2006) claims that the corporations seem to be constantly under pressure to be more open and accountable in their actions, and that they have to report on their performance in economic, social and environmental arena. However, Aguirre (2004) contends that the corporations tend to have unique powers and hold influential positions within the international community, which either promotes or undermines social and economic rights and inhibits the development of local communities. Furthermore, ambiguity in partnerships and collaboration in community development activities is noted to exist in partnerships formed between the host government, communities and the corporation (Aguirre, 2004).

The study area is central to a variety of industrial multinationals that have invested in the area including inter alia, two aluminium smelters, Hillside and Bayside Aluminium which are operated by BHP Billiton now known as South 32; Mondi, Richards Bay Minerals, Foskor, Exxaro and many more. Hence, this study explores community development partnership amongst the uMhlathuze local Municipality, selected multinational corporations and the host communities. This is informed by the assertion that community development has to be informed by local needs of communities and that the local municipalities have concentrated information on the needs of host communities.

This chapter is organised as follows: background and context to the problem, research problem, purpose and objectives of the study, research questions, the intended contribution and methodology used to gather and generate data for this study.

1.2 Background and context of the study

Whether or not a Multinational Corporation (MNC) fosters development in developing countries remains an ultimate debate and often brings up a variety of questions. Roche (1996) points out that multinational corporations control their subsidiaries under complex ownership structures and they use various forms of ownership such as having full ownership, a joint venture with a host company and an agreement with the host country for partial state ownership or other contractual arrangements.

It is claimed in Palmisano (2006) and White (2006) that MNCs are viewed as powerful instruments for effective economic growth and development; however, given the current MNC governance system and absence of the worldwide active presence of civil institutions, MNCs intentionally and not accidentally focus on social issues. There has been an international call to encourage sustainable development in host countries, and this is demonstrated by the establishment of the various organisations such as the Organisation for Economic Co-operation and Development (OECD) in 1976 which promulgated the OECD Guidelines for Multinational Enterprises (Oshionebo, 2013).

Oshionebo (*ibid*) further states that the guidelines as set by the OECD are intended to ensure that the operation of multinational corporations is in compliance with the host country's government policies or rather rules and regulations so as to ensure the belief that multinationals are regarded as potential drivers or associates of development in the world, precisely in the developing countries.

Nevertheless, the adoption, implementation and effectiveness of these guidelines remain questionable through history because to this day, most of the countries hosting MNCs remain underdeveloped or developing. In a national framework it cannot be ignored that the multinationals are expected to play a certain role in the host countries for effective engagement of multinational corporations which could be achieved through adequate taxation and corporate social responsibility measures or any form that contributes sufficiently to the development of host communities.

It has been depicted that in most areas where state actors are too weak to effectively enforce collectively binding rules and regulations, profit-driven MNCs confront various Catch-22s or dilemma with respect to costly CSR standards of the host country (Börze, 2012). The Parliamentary Joint Committee on Corporations and Financial Services (2006), in its report to the Australian Government, defines CSR as a corporation management act of the economic, social and environmental impacts of its functions and activities.

This research is grounded on the belief that multinationals do play a significant role in the development of developing countries. However, it is a central belief and assumption of this study that for effective community development to be realised in developing countries' communities, partnerships between the local municipalities and MNCs including host communities could be a great tool. Nevertheless, the extent of the partnerships is unknown.

It has therefore been noted that more studies have focused on enumerating the type and extent of corporate social responsibility and not on what informs its type, level and extent in community development activities. Therefore, this study seeks to explore this course.

The assumption is supported by the findings in Kaufmann and Segura-Ubiergo (2001) that multinational companies usually opt to escape areas with strict rules and regulation by relocating their production spots to areas of limited interference and where regulations are low and enforcement is weak, which is detrimental towards the development of host nations. Börzel (2012) argues that in South Africa, particularly in the mining sector, the country is dominated by the largest and well-established multinational companies, such as Anglo American, BHP Billiton, De Beers and other companies. One can only expect that the existence of such companies can only bring about development to the country. However, given the fact that multinationals are profit driven businesses, what then informs corporate social responsibility? Is it effectively contributing to local community development? Are there community development partnerships amongst MNCs, communities and municipalities?

It is further claimed in Börzel (*ibid*) that South Africa is a newly industrialised country, which has fairly developed legal standards on corporate social responsibility (CSR), nevertheless, the capacity of the government towards implementing rules and regulations and securing corporate social responsibility compliance is relatively weak. A stronger or a more firm capacity in ensuring desired compliance with multinational corporations operating in the country would counter for the desired development that the country envisions. Nevertheless, Bridge (2004) has reason to believe that it should also be considered that there are a number of benefits which developing countries gain from the operation of MNCs, such as reducing unemployment rates, higher wages, and enabling low prices for consumers.

Considering this, a central question to this study relates to whether these benefits are effective enough to sustain community development and the extent to which the lives of the people are transformed, and further how people are empowered on the basis of community development partnerships formed.

Research on the operation and existence of MNCs in the developing countries such as those in Africa has been conducted and numerous researchers have concluded with a variety of interpretations, such as that MNCs are good for local economic or rather growth of the whole state in general. Besides, enormous economic growth that is noted, people in most areas are suffering and trapped within the triple challenges; poverty, unemployment, and inequality (Tregenna & Tsela, 2008).

Contrary to the set-up and operation of MNCs, Ite (2007) points out that they are associated with low wages and reduction of local firms, and they are often criticised on that, instead of contributing to sustainable development in the countries in which they operate they have become major culprits of unsustainable development.

1.3 Statement of the problem

It is stated by Hamann *et al* (2004) that multinational corporations in developing countries in general and Africa in particular, have been criticised for not addressing the root causes of under-development. Adding to that, Idemudia (2008) posits that they also fail to improve relationships with local communities. The city of uMhlathuze is viewed as one of the fastest growing industrial regions or industrial development zone in South Africa, however, the IDP of uMhlathuze Municipality (2017/2018) reports that the city faces a number of economic and social challenges ranging from, low and limited skills development, sluggish economic growth, high rate of unemployment, high rate of poverty and inequalities, poor access to primary healthcare in almost all periphery areas, anging municipal infrastructure, and lack of water security.

Generally research has been conducted on the role of MNCs towards community development and it has been claimed that in the developing countries, multinationals, in addition to their normal economic activities, are expected to provide some social services and welfare programmes such as education, scholarships, building roads, and schools or any other initiatives connected therewith. However, the concerns remain: what informs the provision of services and other forms of support by multinational corporations? Who determines the development provisions at local level? And with whom are the decisions taken on the type of service provided? This is influenced by studies that show that locals are reported to not get enough social and economic assistance from the MNCs that operate in their communities (Eweje, 2006).

As a point of departure, it was observed that there had been minimal studies that elaborate on what precisely informs the activities of multinational corporations aimed at local community development. Thus, it is the following questions that remain principal to this study; do MNCs really look at the needs of the people or locals?, Are the community development activities of the MNCs informed by the integrated development plan of the municipality?, is there any form of consultation with the host communities on their social and economic needs as well as concerns with the environment in CSR activities, and is there any partnership or collaboration between MNCs and host communities in community development activities ?

Hence, this study aimed to examine community development partnerships between the local municipality and MNCs. This was achieved by exploring the existence and nature of partnerships between MNCs and the local municipality by examining the strategies and nature of community activities that are being rendered to local communities within the study area

1.4 Aim of the study

This study aims to examine the existence and nature of partnerships between the local municipality and multinational companies in community development activities.

1.5 Objectives of the study

The objectives of this study were as follows:

1.5.1 To identify the existence of community development partnerships amongst the local municipality, selected MNCs and host communities;

1.5.2 To assess the type of community development partnerships between the municipality and multinational companies in community development activities.

1.5.3 To determine the nature and effectiveness of partnerships between the local municipality and MNCs in community development activities.

1.6 Research questions

This study sought to provide answers to the following questions:

1.6.1 Does any community development partnerships exist between the local municipality and MNCs?

1.6.2 What is the nature of community development partnership between the local municipality and MNCs?

1.6.3 How effective are the partnerships between the local municipality and MNCs in community development activities?

1.7 Intended contribution of the study

Although this study is mainly intended for academic purposes, the findings were meant to shed some light on the importance of establishing formal partnership between MNCs and local municipalities which could potentially assist in addressing the needs of community members. The findings could also be used by relevant organisations

towards understanding, improving or addressing the concerns identified and explored through the study.

It was envisaged that this study would also contribute to the vast knowledge bank on the operation and relationship which exist or may be established amongst MNCs, local municipalities and host communities towards effective and sustainable community development.

1.8 Definition of terms

In this topic, central concepts which form the basis to this study are clearly outlined and defined below.

1.8.1 Community

According to Rifkin et al (1988), a community is a group of people living in the same defined area sharing the same basic values, organization and interests. Similarly, Manderson et al (1992), defines a community as a population which is geographically focused but which also exists as a discrete social entity, with a local collective identity and corporate purpose.

1.8.2 Community development

With reference to Cavaye (2015), community development is a process that is ideally conducted by community members. It is a process whereby local activists cannot only create more jobs, income and infrastructure, but also help their community become fundamentally able to manage change. Veen (2012) also views community development as a process where the community members group together in order to make collective decisions and solve patterns of problems that persist in their community.

1.8.3 Partnership

The World Health Organization (2003) defines partnership as an arrangement in which two or more organisations or individuals share profits and liabilities of a business. On the other hand, Thauer (2012)

views the concept of partnership as a process whereby two or more independent bodies work collectively to achieve more effective outcomes than they could by working separately.

1.9 Chapter layout

Chapter 1: Introduction

In this chapter, the overview of the study was outlined, inclusive of the introduction and background of the study. The research problem, research questions, purpose and the objectives that informed this study are also outlined in this chapter.

Chapter 2: Literature Review

Chapter 2 provides an overview of the previous studies that have been conducted on the operation of MNCs towards community development, with special attention to exploring the nature and effectiveness of partnership between the local Municipality and MNCs in trying to pursue community development at global level, continental and local level.

Chapter 3: Research Design and Methodology

In this chapter the research design and methodology used to gather and analyse the required data is presented and outlined in detail.

Chapter 4: Data Analysis, presentation, and discussion

This is where there the presentation of the raw data is done. A detailed analysis of the findings is also presented and discussed.

Chapter 5: Findings, conclusion and recommendations

In this chapter, a summary, conclusions and recommendations are presented.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter forms the key point of departure to this study since it aims to explore empirical studies and provide a detailed description and discussion of conceptual and theoretical frameworks related to multinational corporations, community development and the operation of municipalities at local level. The key themes that provide coherence to this notion are conceptualisation of MNCs, multinationals operational strategies, the impact of MNCs in developing countries, the relationships between the governance and multinational corporations, legal framework for MNCs, corporate social responsibility and achieving proper CSR in developing countries.

The literature on multinational companies and corporate social responsibility multinationals performance as means of development in areas or countries they function in is vast. Dating back to 1992, Ahiokpor asserted that multinational companies normally engage in very useful activities and initiatives that benefit countries they operate in for which they receive very little credit. Despite this assertion, Eweje (2006) proclaims that multinational companies have an endemic reputation of not engaging sufficiently with developmental activities where they operate. In a study to examine whether multinational companies are good or bad for particularly less developed countries, Pettinger (2008) takes a neutral stance and puts forward a variety of benefits and criticisms associated with the set-up of multinational companies.

It has been perceived that while other researchers tend to be optimistic about the operation of multinational companies towards the community development of host countries, other scholars tend to believe otherwise.

Eweje (ibid), for instance, remains with the view that MNCs have a firm reputation of not doing enough for their host communities in developing countries. The scholar argues that there are many schemes that underlie their operation. To support this view point, Pendleton and Macalister (2004) contend that multinational corporations usually board on activities that promote their image and not that of the civil society and the environment they operate in. To be specific, these scholars argue that multinational corporations are mainly interested in expensive public relations activities instead of expensive CSR activities, which brings us to a conclusion that the debate on MNCs and corporate social responsibility towards community service could be endless.

It is therefore important to note that the main focus of this segment is on the limited literature relating to what informs corporate social responsibility of multinationals, and to review literature based on the existence, nature and type of community development partnership between the MNCs and host countries. And further comprehend on the main focus by reviewing literature on the impact that corporate social responsibility of multinationals and multinational companies have on host countries. The next topic gives understanding on the theoretical framework that informs this research paper. The theories covered give key knowledge on what enlightens the structure of this study.

2.2 Theoretical framework

The theoretical frameworks presented in this study which form the basis in the understanding of this research are the legitimacy theory and the stakeholder theory. The study made use of hybrid theories because each one is unique and addresses the needs of the research from different perspectives, the stakeholder theory for one, enabled the research to form a bond between the private sector and the public sector, on the other hand the legitimacy theory remained significant because it had the ability to authenticate the existence of the selected operating MNCs

within the study area. Hence the ultimate purpose of this study was to explore community development partnership amongst umhlathuze local municipality, selected multinational corporations and the host communities. These theories were first applied together by Nasi, Phillips, and Zyglidopoulos back in 1997, in a study of social responsiveness of four large forestry firms. The theories informed large corporate management with each of them approaching the corporation and its environment from a different theoretical angle.

As a result, each makes different assumptions about the nature of an international corporation and the relationships between corporations and their operational environment, as declared by Eweje (2006) that each of these theories can generally lead to an informative prediction of the evolution of a corporation in the face of social issues.

2.2.1 Legitimacy theory

Legitimacy as a term is viewed as a generalized perception on the actions of an entity to be desirable, proper, or appropriate within some socially constructed system of norms, values, and beliefs; the legitimacy theory is one of the most discussed theories to explain the phenomenon of voluntary social and environmental disclosures in companies (Mousa & Hassan, 2015). The theory originated with Davis back in 1973. It clearly states that a business is a social institution that must use its power responsibly.

According to Davis (1973), "society grants legitimacy and power to business" which then means, should a business fail to use its power responsibly, society may revoke it. Therefore, the expectation is that corporations do use the legitimacy theory to gain and maintain strong roots with their host countries or communities by addressing and adapting to social and environmental issues. Henceforth, Eweje *(Ibid)* contend that multinational companies require legitimacy to maintain

functional, long-term relationships with communities on which they depend.

It is of utmost importance to stress at this point that the society judges the legitimacy of a company against its image; as a result, the corporation's image and societal expectations from the corporations are the most important factors that should be properly managed. Should business or corporations ignore societal social expectations, they are likely to lose control over their internal decision making and external dealings (Sethi, 1979). Nevertheless it cannot be ignored that some authors, like Mobus 2005, and Owen 2008) view the legitimacy theory as a reasonable explanantion of the managerial motivation with very little effort towards promoting transparency and accountability, because in reality there is less evidence of its implementation.

Suchman (1995) further conceptualise the legiticmacy theory as a mechanism to support companies in executing a voluntary social and environmental disclosure in order to achieve social contrast that can help enable the acceptance of their objectives and survival in the hush community environment they reside in. Overall it has been conluded by O'Dwyer, (2002) that the legitimacy theory is mainly intended to analyse and direct the relationship that exists between companies and the environment or communities in which they operate in. Correspondingly Mouse, (2004) put forward an illustration below to help articulate companies and communities as to how the legitimacy theory be implemented.

Figure 2.1: Legitimacy theory

A. *Legitimacy Theory*

B. *There is a social contract between*

C. *Society*

-Provides natural resources
-Employment power
-Infrastructure such as,
(transportation, roads,
airports, ...etc)
-Safety
-Finance
-Others

D. *Companies*

-Provides products and
services which society needs

1. EXCHANGEABLE

Breakdown

Contribution

Companies do not bear their
social and environmental
responsibility

Companies attempt to
continue by publicising their
social and environmental
responsibility.

Society will revoke the
contract

To create a good image or reputation

To confirm the legitimacy of their operation

To demonstrate regulatory compliance

Companies will not
continue

To gain marketing benefits arising from
reputation for environmental protection

To differentiate themselves from their
competitors

Using social
and
environmental
reports:

SOURCE: Mousa, 2004: Page 56

2.2.2 Stakeholder theory

A stakeholder in an organisation is any group or an individual who can affect or is affected by an organisation (Freeman, 1984). Freeman, Wicks and Parmar (2004) declare that the stakeholder theory begins with a neutral assumption that values a necessarily and explicitly a genuine part of doing business. The theory generally asks managers to articulate the shared sense of the value they create, and what brings its core stakeholders together, and also edges managers to be clear about how they want to do their business, particularly what kinds of relationships they want to create with their stakeholders.

Pedersen (2004) puts forward a genuine and open ended argument that the introduction of the stakeholder theory in companies or corporations yields progress from ethics in general, ethics in business and corporate social responsibility to proper management strategies. In that essence, the stakeholder theory seeks to show how to implement ethics and CSR in the organisation, while also extending the areas of corporate responsibility somewhat further.

Freeman (1994) ascertains that the focus of the stakeholder theory articulated two basic questions. First, what is the purpose of the company? This helps encourage managers to articulate the shared sense of the value they create, and what brings its core stakeholders together. Second, stakeholder theory asks what responsibility management has on stakeholders. As stipulated above, this than urges managers to communicate how they want to do business, what kinds of relationships they want and need to create with their stakeholders to help deliver on their primary purpose.

The stakeholder theory identifies customers, employees, suppliers, managers, and the local community as core stakeholders that a business financial success can best be achieved if their interests are properly considered (Hasnas, 1998). It is important to note that working with

stakeholders leads to a shared vision to help resolve problems, innovate solutions so as to overcome issues (Welcomer *et al,* 2003). In that context, Jones and Wicks (1999) argue that corporations that adhere and look after the interest of its stakeholders and behave in a morally acceptable manner tend to achieve greater success in the marketplace than those that do not. The following section outline the concept of MNC, their operational strategies and the detailed guidelines MNCs follow in the countries that they occupy.

2.3 Conceptualisation of MNCs

Multinational corporations (MNCs) can also be referred to as multinational enterprises (MNEs), transnational corporations (TNCs), and transnational enterprises (TNEs). These are basically enterprises that engage in foreign direct investment (FDI) and own or control value-added activities in more than just one country. It is important to note that a firm cannot be referred to as multinational if it just engages in overseas trade or serves as a contractor to foreign firms (Edwards et al, 2013).

To articulate on a more precise description of MNCs, Dunning (1992) stages five phenomena to help create a clear understanding of MNCs. Dunning declares that companies are considered to be multinationals if, first, they have many prevalent foreign subsidiaries in foreign countries, and they operate in a wide variety of countries around the globe, and also if Their proportion of assets and revenues accounted for by overseas operations relative to total assets and revenues is high, and their personnel and shareholders are from many different countries, and, finally, if their overseas operations are much more ambitious than just sales offices, including a full range of manufacturing and research and development activities.

2.4 Multinationals operational strategies

According to Al-Habash (2009), the dominant view is that foreign direct investments often bring positive effects such as excessive market access, technology, capital and skill transfer to developing countries or host countries. Consequently, for this reason developing country governments increasingly search for best practice policies to help attract more multinational corporations so as to increase foreign direct investment. Whilst this unfolds, MNCs on the other hand have their own operational strategies that they abide by when they seek to access new markets particularly in developing countries. It therefore remains important for us to know the determinant factors of investment strategies and how MNCs behave in developing countries.

There are a variety of operational strategies that MNCs adhere to when seeking to access new markets. This study offers an overview and a descriptive analysis of strategies that multinationals from developed countries use to access and operate in developing countries. Jones (2010) puts forward an argument that the strategies that developed countries use over developing countries are shaped by trade-offs between opportunity and risk. According to Jones, there are three broad environmental factors that determine the trade-off: first is the political economy, which includes policies of host governments and the international legal framework, the second is the market and resources found in the host country, lastly is supressing the competition from local residing firms and using the economic stance and power in the world.

Jones (*ibid*) further stipulates that multinationals strategies to developing nations have undergone three eras of globalisation through history, namely global economy, de-globalization, and the second global economy. In the first global economy of 1850-1929, it is argued that multinationals were very direct and straightforward. They prioritised on access to resources and the host governments gave them exclusive and favourable contract deals in order to attract and build businesses. The main aim in this era was to seek home country support and overcome

logistical challenges. During the second era of de-globalization of 1929-1978, multinational corporations were faced with numerous political challenges with local governments. The situation led many corporations to divest, and invest elsewhere; however, remaining companies were forced to build political contacts with local governments and strengthen their local identities, particularly by localizing their managements.

In the second global economy of 1978 to this day, focus of multinational corporations is mainly on access to low labour costs and adapting to local markets and politics. In this era, political risks declined rapidly with a great spread of liberalization and the abandonment of anti-foreign restrictions. Most multinationals create close relations with host countries' governments, markets and intentionally focus on accessing and exploiting cheap labour. On the other hand, Eldridge (2013) asserts that through a historical perspective to this day, multinational companies normally adhere to three procedures when looking for new markets to do business: merger with or direct acquisition of existing concerns; sequential market entry; and joint ventures.

In articulation of the procedures, Eldridge clearly states that the merger or direct acquisition of existing companies is widely known as foreign direct investment, it allows MNCs to take full advantage of their size and their economies of scale. In a nutshell, this method is the most straightforward technique of new market penetration used by multinationals. In the sequential market entry, foreign direct investment is also included, but the main focus involves the establishment of concerns in niche markets related to the parent company's product lines in the new country of operation. Finally, multinational companies also access new markets in other countries by creating joint ventures with firms already operating in these countries so as to be economically, politically and socially connected, and yield smooth operations.

In a study towards assessing the behaviours of multinational corporations to engage in international business administration and operations in developing countries, Al-Habash (2009) points out that John Dunning was the first person to give a more comprehensive approach based on ownership, location, and internalization advantages. With reference to his paradigm, multinational corporations generally undertake foreign direct investment when only four essential conditions are available (Dunning & Lundan, 2008).

First, it is when their company possesses ownership of specific advantages over other companies when serving specific market or country; second, when there is a great mathematical potential that their firm will achieve the best benefit in internalizing from their advantages. This is done by holding market internalization advantages, but not through selling or renting them; third, if the chosen host country has locational advantages that make undertaking foreign direct investment more worthy than in other countries, and lastly, given the above conditions, if the FDI is in accordance with the long-term strategy of the company.

2.4.1 Guidelines for Multinational Corporations

According to the organisation for economic co-operation and development (2008), guidelines for multinational companies are the most comprehensive instrument in existence today for the smooth operation and implementation of corporate social responsibility agreed upon by governments in the developing countries. The Organisation for economic co-operation and development (OECD) is a forum where the governments of democracies work together to address the economic, social and environmental challenges of globalisation. The OECD (ibid) additionally stipulates that the guidelines are significant in that they provide voluntary principles and standards for responsible business conduct by MNCs, and consistency with applicable laws. The guidelines are generally meant to ensure that the operation of multinational

companies is in harmony with government policies, and that the contribution to sustainable development made by corporations is enhanced in developing states.

The OECD guidelines for multinational corporations are primarily based on the view that corporations should strongly consider and abide by policies established in the countries in which they operate, and also contemplate the views of other stakeholders. In this regard, multinational corporations should (OECD, *ibid*) contribute to economic, social and environmental progress with a view to achieving sustainable development. Respect the human rights of those affected by their activities consistent with the host government's international obligations and commitments. Encourage local capacity building through close co-operation with the local community, including business interests, as well as developing the enterprise's activities in domestic and foreign markets; encourage human capital formation, particularly by creating employment opportunities and facilitating training opportunities for employees. Refrain from seeking or accepting exemptions not contemplated in the regulatory framework related to environmental, health, safety, labour, taxation, financial incentives, or other issues.

The OECD further stipulates that MNCs must at all times support and uphold good corporate governance principles and develop and apply good corporate governance practices, thereby developing and applying effective self-regulatory practices and management systems that foster a relationship of confidence and mutual trust between enterprises and the societies in which they operate. MNCs should also, according to the OECD, promote employee awareness of and compliance with company policies through appropriate dissemination of policies through training programmes thereby also refraining from discriminatory or disciplinary action against employees who make bona fide reports to management on practices that contravene with the law. Lastly, they should also refrain from any improper involvement in local political activities. These

guidelines therefore should remain central and inform the operational strategies used by MNCs so as to ensure smooth functioning in foreign countries without any social or political drastic disturbance. The section below discusses the impact that MNCs have on the less economically developed nations with some specific attention given to the African continent.

2.5 The impact of MNCs in developing countries

Multinational corporations did not come into being from thin air, therefore, there has to be some constituent with some meaning and underlying objective for them to come into being. Ake (2002), declares that multinational corporations in LEDCs represent a giant powerhouse that has the ability to repatriate their profits and large amounts of currencies across. This has thereby seen a reduction in the value of the host country's currency occasioning inflation hence making the value of imports rise ruining the economy of a developing country. The impact of MNCs to developing countries is wide and viewed differently by many.

It is a fact that MNCs have devastating effects on their host countries, which is mostly not noticed by host countries. The MNCs tend to do more economic and political harm and perpetuate poverty in the LDCs than anyone else (Gerrefi, 2003). It was nonetheless reviewed by Mundane (2003) who determined that MNCs located in LDC countries do help LDC countries in creating better living standards for competitiveness across the globe. According to Whellams (2007), those who adhere to the neo-liberal ideology view corporations as the engine of growth and view growth as the key to poverty reduction particularly for developing countries. As highlighted earlier, since neo-liberalism gained mainstream and dominance, government institutions specifically those in developing countries began to offer corporations great incentives in order to attract them to invest in their countries. These incentives often include flexible or reduced regulation of corporate activity, lower tax rates, and greater

freedom to move in and around the country, which results in limited benefits.

In a more comprehensive perspective it is concluded that developing countries desperately try to attract foreign investors mainly because neo-liberals maintain that foreign direct investment by MNCs offers them a wide range of benefits such as, entrepreneurship, managerial skills, technology transfer, assets that are in short supply, and the ability to raise productivity and accelerate growth and development (Moore, 2003). However, despite these promised benefits, empirical evidence suggests and shows that the outcome of foreign direct investment is not always favourable for host countries, as Utting (2005) explained that "increasing international trade, foreign direct investment (FDI), and other financial flows were seen to be benefiting MNCs while in many countries, labour and environmental conditions deteriorated, the number of people living in extreme poverty failed to decline, and inequality increased"

Monbiot (2001) clearly declares that the neo-liberal policies of privatisation, liberalization, and deregulation, which governments from developing countries have implemented so as to attract foreign direct investment have been seen to largely benefited corporations more than they have benefited host countries. And Petras and Veltmeyer (2001) collectively claim that the neo-liberal policies have retarded the development of the developing countries, by ruining the environment, exploiting workers, and keeping wages low. Furthermore, Stiglitz (2003) point out that we cannot deny that these policies have to some extent proved to be beneficial to the development of the third world countries; however, it has also created major development problems at the same time. For example, foreign businesses have often proved to destroy local competition and displace workers in competing domestic markets, and more often, countries hosting MNCs are still faced with prevalent disputes of poverty, unemployment and inequality.

It is clear from the above examples that the freedom and power granted to MNCs in developing countries has many detrimental effects, whether the good is comparable to their harmful effects remains an ambiguous matter. It is therefore important to note that corporations are not necessarily making a substantial contribution to development in developing countries they operate in as originally anticipated by the world's most renowned schools of thought and institutions such as the World Bank. But their operation is underpinned by widespread controversies. The following topic outlines arguments that surround the existence of MNCS in LEDCs.

2.6 Controversies surrounding MNCs in developing countries

The on-going conquest of multinational corporations in the developing countries' economies has evoked a great deal of controversy. As proclaimed earlier in this section, views and opinions are divided on whether the conquest into developing states are beneficial or whether we are seeing another prospering era of colonialism for the third world countries (Zaidi, 2011). Scholars like Tirimba and Macharia (2014) contend that the MNCs do not just come into being magically; there is some sort of substance, meaning and comprehensive objectives that underlie their existence. Therefore, to think of them as only beneficial towards the development of the third world countries could be irrational and a mediocre perspective. There are also scholars like Whellams (*ibid*) who take a neutral standpoint about MNCs and declare that the effects that their incentives have had on developing countries have been positive in some parts of the world and negative in others.

Nevertheless, evidence shows that most scholars are very supportive of MNCs in developing countries, for instance, Gerrefi (2003) maintains the understanding that the cycles of poverty in third world countries will not be broken from within the capacity of the domestic economy, primarily because the level of investment needed to raise productivity, income and

later promote development is not possible. As a result, foreign direct investment through multinational corporations helps realise this and bridge the cycle of poverty.

Critics on the other hand, have a reason to believe that these so-called positive attributes of MNCs are merely the tip of the iceberg. In a nutshell, they maintain that MNCs' influence on developing countries has been nothing but harmful. Among those is Muller (2005) and Zaidi (ibid). To be particular, Zaidi's criticism of MNCs rests in the the following arguments:

2.6.1 Monopoly

MNCs normally demand fair competition and level-playing field from host countries, but they themselves stifle competition by getting their costs subsidised through transfer of resources from elsewhere. Hence, it then becomes difficult for domestic firms to match their cost; they are forced to quit the field. Once this is done, MNCs monopolise the market and raise prices.

2.6.2 Financial control

By virtue of their large investments levels, MNCs hold host governments hostage to their interests and force them into pursuing policies suitable to their interests at the expense of those of the domestic industry. MNCs' financial muscle and resource control give them control over mass media of the host country, which they use to publicise the superiority of their culture and values over those of the host country. This then causes a cultural lag in third world societies.

2.6.3 Technology transfer

Since technology is one of the key competences of MNCs, these organisations are opposed to a clear transfer of technology to the host country. Whatever technology MNCs introduce to these countries is

patented. And those that are essential to the economic world are kept in the home country.

However, as said above, most academics are known to favour the existence of MNCs for developing countries. Brooks (2005) also firmly contends for MNCs and retains that the main role of MNCs is underappreciated; Brooks declares that MNCs have provided developing countries with much needed capital, jobs, and environmental and technological advancement. Ake (2002) also supports the view and greatly upholds that MNCs create wealth, which provides the income flow necessary for welfare improvements in developing countries.

Zaidi (ibid) also puts forward a number of positive impacts that promote development in the third world countries mainly because of multinational corporations. According to Zaidi (ibid), MNCs investments help broaden the host country's industrial base; FDI also broadens the export base of a developing economy. The profits earned by MNCs are taxed by the host government and constitute a fundamental part of public revenue. The LDCs have an extensive capital-labour gap, which accounts for much of unemployment and underemployment. Multinational companies significantly help fill this gap by creating sustainable employment opportunities. Another benefit of MNC investment to a LDC's economy is that it helps promote a business culture of competitiveness, quality and efficiency. Recorded relations between governmental institutions and MNCs in LEDCs are discussed in the following topic.

2.7 The relationship between Governance and Multinational Corporations

According Kaufman, Kraay and Lobaton (1999), governance refers to the "traditions and institutions by which the authority in a country is exercised". In a more recent outlook, Eckerberg (2015) asserts that the concept of governance involves capturing different modes of coordinating, managing, and guiding action in the realm of public affairs.

The prevailing view from MNCs is that countries with good governance tend to receive more foreign direct investment (World Bank, 2002, Gani, 2007). Globerman and Shapiro (2003) further support the view and declare that this is so because protection of investments is impossible in an environment of poor governance, and it may also increase uncertainty and costs, which is not good for the business environment (Cuervo-Cazurra, 2008).

Given the above basic understanding of the concept governance, according to the King Report I of (1994), corporate governance in South Africa was institutionalised by the publication of the first king report on corporate governance. Sir Adrian Cadbury (2002), in a study which aimed to provide an overview on corporate governance, describes corporate governance as governance that is concerned with holding the balance between companies and communal goals and between economic and social goals, with the ultimate aim of establishing aligned interests amongst individuals, corporations, and the society. Conferring to the report companies that adhere to its standards are companies that seek to promote and value highest standards of corporate governance in South Africa.

The King Report II (2002) further stipulates that its establishment was also meant to successfully make companies realise that they should no longer act independently from societies and the environment they operate in; this generally means that while the board is accountable to the company structures, it must also act responsively towards all stakeholders of the company. In a nutshell, a good relationship between governance and MNCs can only be realised when a company is aware of and responds to social issues and places a high priority on ethical issues as evident in the stakeholder theory (King report I, 1994).

Concerning the home government interaction with MNCs, Aguilera and Yip (2004) affirm that in a country, the government can intervene in a business inclusive of MNCs in two main ways. First, they can set the

general rules and regulatory regimes that apply to all companies in a country or all companies. Second, the governments can intervene in individual cases such as whether to allow a particular company to be sold to a foreign buyer. Given this ability, it is important to note that low levels of bureaucratic quality are detrimental to CSR by companies because they are often associated with unwarranted regulation, random interpretation of rules, red tape, unskilled personnel, lack of transparency and corruption, whilst on the other hand, high levels of bureaucratic quality compliments minimize risks associated with policy reversals by the government and are a complete opposite to the low level of bureaucratic quality (PRS Group, 2009).

For developing countries to be precise, government construction and execution of regulatory laws for MNCs is very important. This is so because the lack of proper law and order in a country can often lead to massive corruption in both government and MNCs or private institutions, which can later hinder any possible community development initiatives (Johnson & Dahlström, 2004). Given the fact that firm regulatory laws and rules are essential to guide the operation of MNCs, Chan and Ross (2003) argue that in an international scale multinational companies normally try to escape countries or places with strict regulation by relocating their production sites to areas of limited statehood and where there is low law enforcement, hence social standards, economic growth and development activities are compromised.

Risse (2010) discussed that MNCs governance contributions in areas of limited statehood are still emerging. Börzel and Risse (2010) therefore outline that this lack has only reduced the ability of government to company credible initiatives that will enforce proper regulations towards corporations or industries. The situation is particularly endemic for LEDCs. Many governments in developing nations are not capable to either set or enforce legislation at the domestic level. This thereby tells us that the government of LEDCs cannot even foster contributions by

MNCS in collectively setting and implementing binding rules for the provision of common community development activities with the relevant government sphere (Héritier & Lehmkuhl, 2008).

While MNCs do not have to perform governance functions in cooperation with state agents, their impact of their CSR activities which is categorised as voluntary and self-regulatory, should reach beyond purview of what they currently portray. MNCs have a task of perusing their own interest. Their main focus of business is to maximize profits and not social welfare. However, why they should engage in CSR activities that contribute to governance, remains important in their operations as it validates their existence and ensures acceptance in the public. As a result, we do find traces of CSR activities where MNCs exist, nonetheless, in those parts of the world where there is weak government capacity that regulates business behaviour, CSR activities are vague.

On the other hand, it has been observed that firm devotion of MNCs to laws or rather rules and regulations draws them into playing life changing public roles, such as filling for governance gaps and failures at global, national and even local levels (Pattberg, 2006). However, Risse (2011) contends that strong and quality state regulations should not be the bases to control MNCs to contribute to social attributes, the scholar basically declares that empirical evidence flourishes on companies which voluntarily commit themselves to social and environmental standards and adopt private self-regulatory regimes even in the absence of a regulatory threat by the state, which proves to be very effective. In the following section, constitutional and legal procedures imposed on the operation of MNCs in LEDCs and South Africa in particular is discussed.

2.8 Legal frameworks for MNCs

It is assumed that for every company doing business abroad it should face numerous legal and ethical issues. Multinational corporations on one hand are faced with legal issues raised by host country laws, regional regulations, and bilateral and multilateral accords (Sons, 2005). While failure to focus mainly on these issues is endemic in LEDCs, it can greatly result in significant legal and reputational consequences for MNCs. It has been noted however that national and international labour unions have continuously declared that MNCs in less economically developed countries can avoid labour negotiations by migrating their jobs to countries where labour costs are less, accompanied with limited operational laws (Sons et al, 2005).

For obvious reasons connected with the depletion of resources and the detrimental effects that multinational companies have on host countries, particularly industrial corporations globally and nationally, they are governed by environmental laws. Nonetheless, Mayer and Jebe (2010) contend this belief and proclaim that there are very few binding international environmental treaties for multinational corporations. The reality is that most environmental standards and regulations vary from one nation to the next. Their argument is mainly based on the belief that large companies have the power to take advantage of lenient standards and regulations because they have the financial and political muscle and often put profit above the planet. For instance, there is the Montreal Protocol which effectively tries to limit emissions of chlorofluorocarbons (CFCs) into the stratosphere, but because some developing countries lack law enforcement power, it is normally an exception.

Multinational companies face numerous legal and ethical proclaims raised by home country laws and host country laws. The features of the international law on MNCs generally imply that companies operating in an international scale are subject to bilateral and multilateral policies agreed upon by nations involved in global trade, they are also subject to

specific laws of the host countries where they operate (Mayer & Jebe, ibid).

The two scholars further declare that it is also essential that when companies do business in host countries, they should obey the laws of their home nations. This is so because all nations reserve the right to make and enforce laws that apply to its citizens wherever they may be located or do business. Now this clearly tells us that for instance, for a MNC based in Russia, its entire home based anti-bribery and employment laws will apply to their operations abroad or in other countries besides Russia, which may honestly cause controversies with those of host countries.

The World Commission (2004) discussed that good governmental policies at both national and global level should be directed towards promoting freedom, security, diversity, fairness and solidarity, as well as ensure international rule of trade law. On the other hand, MNCs have been reported to have imposed enormous challenges on the legal framework of developing countries, which tend to protect MNCs from relatively weak laws of LEDCs, making developing nations share unequal trade benefits emanating from bias international trade policies (Oxfam, 2001), consequently international trade rules regulate the actions of government.

The lack of an efficient and active institutional environment is an important factor that tends to normally lead corporations in developing countries to avoid adopting comprehensive CSR activities. Fox (2002) ascertains that other factors that cause such events in developing countries are the bureaucratic nature of governmental institutions as well as the poor environmental and social regulatory regime. As a result, developing countries should put emphasis on strengthening current regulation regime by governmental agencies. Fox (2004) further outlines that there is a great need for developing countries to achieve integrated

policies in order to both promote and broaden the agenda of CSR by MNCs.

Fox therefore proposed that the government of developing nations should seek command and control of their resources; have control over their potential market based instrument, and also seek accountability and transparency in order to promote and support the social and environmental performance of firms, thereby achieving comprehensive corporate social responsibility.

2.8.1 Legal framework for MNCs in South Africa

It cannot be argued that where MNCs function, firm and robust regulations and enforcements from the government structures is essential, so as to gain more of their own well-deserved desires and benefits, such as maximising protection of local competitors, availability and the dissemination of technology, maximise direct labour and managerial employment in the foreign-owned companies and initially capitalise on corporate social responsibility (CSR) by means of sustainable community development (Harrington, 2013).

According to the constitution of the Republic of South Africa, all companies are initiated, regulated or governed according to the Companies Act, 2008 (Act No. 71 of 2008) which aims to:

Provide for the information, registration, organisation and management of foreign companies carrying on business with the Republic; to define the relationship between companies and their respective shareholders or members and directors; to provide for equitable and efficient amalgamations, mergers and takeovers of companies; to provide for efficient rescue of financially distressed companies, to provide appropriate legal regress for investors and third parties with respect to companies, to establish a companies and intellectual property commission and a takeover regulation panel to administer the requirements of the Act with respect to companies; to establish a

financial reporting standards council to advise on requirements for financial record-keeping and reporting by companies; to repeal the Companies Act, 1973 (Act No. 61 of 1973), and make amendments to the close Corporations Act, 1984 (Act No. 69 of 1984), as necessary to provide for a consistent and harmonious regime of business incorporation and regulation; and to provide for matters connected therewith.

Central to South Africa, multinational corporations are constitutionally regulated by the Environmental Management Act 107 of 1998. With this Act, South Africa has a progressive environmental regulatory framework, which grants people the right to an environment that is not harmful to one's health. Contained as part of this constitutional Act, it is also declared that the government must take reasonable legislative and other measures to prevent pollution and ecological degradation; promote conservation; secure ecologically sustainable development; and use natural resources while promoting justifiable economic and social development.

The Environmental Management Act 107 of 1998, in the Constitution is also supported by other environmental legislation that mainly aims to protect the environment while sustainable economic growth is realised in terms applicable to developing countries. Also relevant to this study is the National Environmental Management Air Quality Act 2004. This Act tells us that no one or company without a provisional atmospheric emission licence or a valid atmospheric emission licence may conduct an activity hazardous to the atmosphere. And If a province in the country in which the emissions will be occurring has published its own list of activities in addition to those in the national list, then an activity so listed may not be conducted anywhere in that province without a provisional atmospheric emission licence or an atmospheric emission licence.

The National Environmental Management Act (NEMA) is also enabling in nature, and some specific Environmental Management Acts have been enacted to regulate various sectors of the environment such as the National Environmental Management Biodiversity Act 2003; National Environmental Management Protected Areas Act 2003; and the National Environmental Management Waste Act 2008. This is primarily done to properly manage the use of natural resources in the country. So we cannot deny the fact that large corporations exist with the fundamental goal to deplete such resources in order to benefit their economic status and financial muscle, but unfortunately during this course, the lives of people are normally impacted by such activities, either socially, economically or both. Given this realistic feature of MNCs then, the governments in developing countries should strain to ensure that people benefit from these initiatives.

With regards to MNCs that directly pollute the atmosphere in South Africa, penalties for non-compliance are vague. South Africa is committed to the objectives of the UN Framework Convention on climate control (1992) and the Kyoto Protocol (1997). However, since South Africa is classified as a developing country, there exists no obligation on the country to reduce its levels of greenhouse gas emissions. Consequently, there are no national or regional trading schemes of greenhouse gas emissions that have been developed (ENSafrica, 2013). The lack of such laws sees South Africa being vulnerable to international businesses because in order for a country to be able to implement global laws and policies it should get approval from both its home country (South Africa) Department of Energy and the United Nations clean development mechanism executive board.

In spite of these constitutional Acts for MNCs, Mosoti (2003) points out that in South Africa, the implementation of rules and regulations for MNCs in many instances is deficient, in that the local government agencies usually lack the ability to effectively monitor and sanction

corporate malpractice by MNCs. For most multinational entities, the programme of corporate social responsibility has become a taken-for-granted concept. For this reason, the country is limited towards benefiting fully from the existence and operation of MNCs, either economically, financially, or socially.

Bondy *et al* (2012) nonetheless, point out that since democracy, South Africa has initiated a concentrated process of dismantling protective business and trade policies, and has made the country's stream of commerce one of the preferred by investors globally. He argues that this was done because South Africa has relied largely on MNCs to supplement national savings and promote economic development. The initiation of trade policies and dismantling of protective business policies has thereby attracted huge international corporations to do business in the country. Among laws that have been relaxed are the Anti-Dumping Regulations of 2003, Competition Act of 1998, and general policies on International Trade Administration Commission (ITAC).

According to Charveriat *et al* (2003), the South African country still largely experiences dominance of MNCs and high competition for local companies. The South African government is faced with a responsibility to protect domestic industries from deleterious competition and business, the country from political instability, people from underpaying jobs and economic instability. This directly tells us that there is still a great need of better and intense policies such as industrial and environmental policies, labour policies in order to help interact with FDIs, maximise profit and gain essential control of their operation to best benefit both the investor and host countries. The section below discusses labour and employment issues experienced by communities that host MNCs.

2.9 MNCs employment and labour issues

Multinational corporations are considered firm with productive capacity in both LEDCs and MEDCs. The 21st century has seen local markets throughout the world being liberalized, because foreign firms are looking to locate part of their production process in countries where there are advantages, which in normal circumstances LEDCs (Macharia 2014). It is therefore established that the employment type which is made available to the normal communities in areas where MNCs operate is contended by some academics. According to Coughlin (2006), there are approximately 1.4 billion poor people in the world who depend on their labour for survival and low pay, with limited social and economic benefits from MNCs thereby increasing the likelihood of not halving poverty world-wide.

Buckley (2008) agrees with the view that MNCs are generally failing to support the rapid population growth. Nonetheless, Reid (2001) posits that multinational corporations are said to contribute to an average of 65% of the non-governmental employment opportunities at any given country of the world, which basically tells us that the presence of MNCs is key to the economic development of developing nations. Mundane (2003) takes a very distinctive perspective of labour and employment issues in MNCs and reasons that it is mainly the responsibility of the developing nations' government to provide proper opportunities to its people in order for the society to be able to provide skilled labour for the MNCs.

Consequently, Kaburu (2005) maintains that it should still be the responsibility of MNCs to consider developing countries for their labour supply, because if done properly, it will yield increased business production. The state of living for particularly LEDCs, which is composed of corruption, poverty, political instability and lack of proper health care facilities, has seen many people out of work with no unemployment insurance but dependency on MNCs. This has therefore seen people

taking informal jobs with low pay, no protection and high risk exposure (Johannes, 2008). The following topic gives a detailed understanding of relations that exist between the local government spheres towards ensuring the community development of the general public hosting MNCs.

2.10 The role of local municipalities towards ensuring community development

Community development is the process of developing active and sustainable communities based on social justice, cohesion and mutual respect. The main purpose in community development is to enable communities to collectively identify needs, rights, clarify objectives and take calculated actions to meet these within a democratic framework, based on values of fairness, equality accountability, opportunity, choice, and participation (Federation of Community Development Learning, 2009).

In one of its many activities, the local government sphere is also challenged with servicing and achieving community development in local communities. This is mainly reflected in the Municipal Systems Act and Structures Act of South Africa. The main aim as contained in these Acts is to improve the quality of life of the people by providing basic services and basic skills, ensuring that those services are sustainable. South Africa is a developing country thereby making it hard to effectively pursue development objectives as set out in the Municipal integrated development plans and economic development strategies, mainly because of a lack of financial muscle; nevertheless, local municipalities are trusted with the responsibility to provide efficient, democratic, accountable and equitable access to services, thereby prioritising and putting the interest of the communities close to the heart.

In order to achieve holistic change and development, local municipalities are given the responsibility to construct an integrated development plan that is faster and more appropriate in the delivery of services that

provide a framework for economic and social development in that municipality (Mufamadi, 2000). As a result, an IDP plan is constructed every after five years, and in every year of the five-year period, it is reviewed by the municipality and its stakeholders, and the public. Cavaye (2015) along with Building Rural Leaders, Department of Primary Industries, put forward awareness that community development should be more than just a planning process, such as that of an IDP strategy; but it should be an on-going learning process where new attitudes and networks develop from action and reflection as illustrated in figure 1 below.

Figure 2.2: Rural development planning process
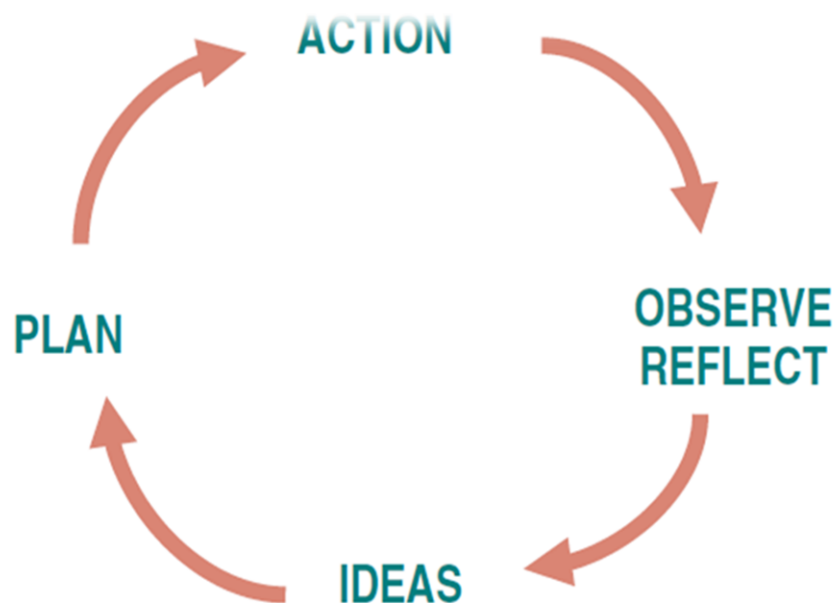
 SOURCE: Cavaye, 2015: Page 37

The illustration primarily outlines that in any action taken by the local municipality working with the public, they should be able to observe and reflect on their mistakes and achievements, develop new ideas and plan on how to execute those ideas in community development activities. Furthermore, municipalities are also given the right to charge fees on services such as water, electricity and property (rates) in parallel with

the national legislature. These widely practiced and legitimate duties of local municipalities have somewhat ensured that they are able to generate income that will help them perform their public duties towards the communities they serve.

The municipality and other relevant public entities operating in a local scale are also given the task of identifying and attracting companies, mostly MNCs to its area, like in the case of uMhlathuze. It has to be ensured that the city has a proper infrastructural network that connects to key areas such as harbours and break of bulk points, adequate and sufficient supply of water and electricity, and appropriate waste management centres. These and other locally rendered services will then ensure that the investors are attracted which will create employment, guarantee income through rates and taxes and grow the economy of that area and ultimately of the country. Nevertheless, the municipalities do also receive financial support from the provincial and national governments sectors.

Cavaye (2015) argued that community development is the only tool that can improve the ability of the communities to collectively make better decisions about the use of resource in their area, labour and knowledge. Cavaye further puts forward the idea that local municipalities should ensure that community development is a process that leads to not only job opportunities and infrastructural development, but also communities that are better able to manage change. However, Cavaye (*ibid)* also argues that the point that community development is not just "growth" and should not be only understood as such because generally, growth means more jobs and more investment, but implies "more of the same". It does not necessarily increase choices, networks and the ability to manage change within a community setting.

Likewise, Aspen Institute (2000) agrees with Cavaye and declares that "community capacity is the combined influence of a community's commitment, resources and skills that can be deployed to build on

community strengths and address community problems and opportunities". The figure below illustrates that in any community, proper change in the name of development can be achieved if a community can find a balance in the factors found in the diagram below.

Figure 2.3: Decision making capacity
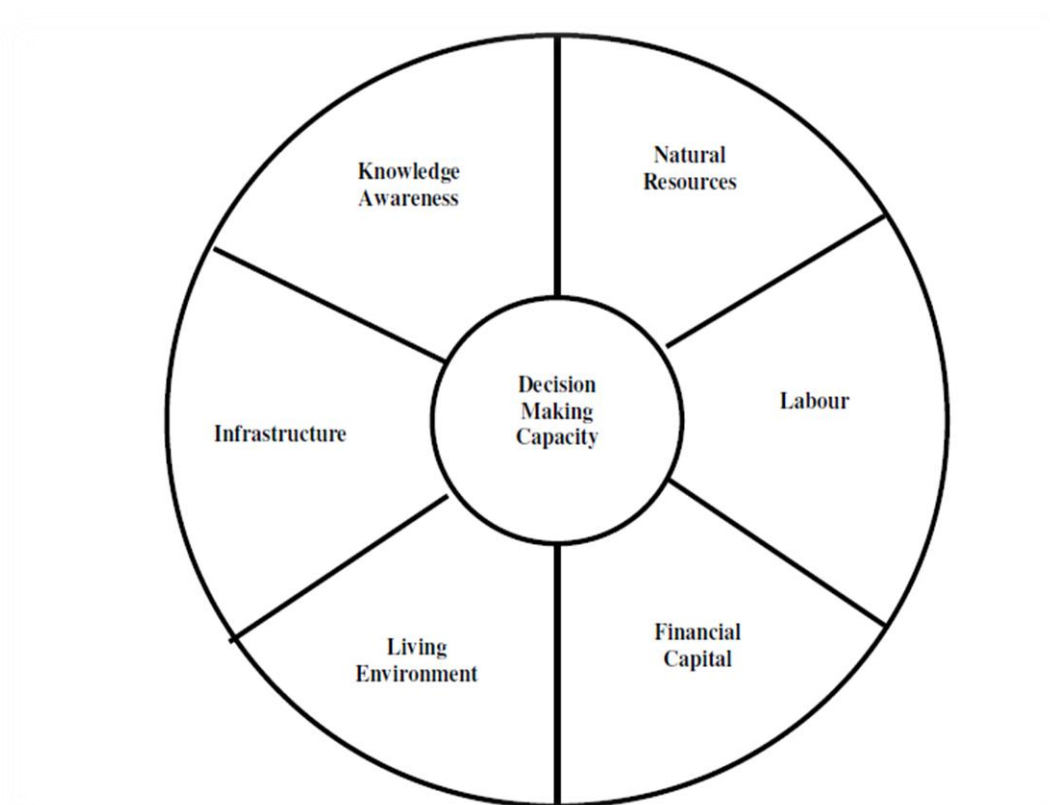
SOURCE: Shaffer, unpublished (n.d): Page 63

It is through these processes and other locally acclaimed income generating methods that the local government spheres are entrusted with capacities to ensure and pursue community development. As a result, it is for these reasons that the Municipal Systems Act gives the right to local municipalities to govern their own affairs without any form of interference by other government spheres. Whether or not do local municipalities manage to effectively benefit the public in CSR activities remains central to this study, and is discussed below.

The following section outlines and conceptualises corporate social responsibility of MNCs, particularly in developing countries.

2.11 Corporate Social responsibility

Primarily corporate social responsibility simply refers to strategies that a corporation uses in order conduct business in a way that is ethical and society friendly. It involves a wide range of activities that include partnership with local communities, developing relationships with employee, customers and their families and being involved in activities for environmental conservation and sustainability. In other words, CSR is defined as a process whereby corporations integrate social and environmental concerns in their business operations and in their interactions with stakeholders (Growther & Aras, 2008). Nevertheless, the concept of CSR varies and has been contested over time. This is outlined in the following topic.

2.11.1 Evolution of Corporate Social Responsibility

The concept of CSR has been widely debated and among the first academics who debated the concept were Adolf and Means (1932) and Dodd (1932). Initially, the belief was that managers in firms were responsible only to key shareholders of companies, but as the concept of CSR received better understanding through time, debaters concluded that managers should not only be responsible to key shareholders but for a wider range of stakeholders.

Although today there is no clear and globally accepted description of CSR, social responsibility by multinational corporations is considered important, and it has been concluded that the responsibility of firms varies and encompasses philanthropic contributions to improve either the lives of the communities where they operate or their overall social and environmental policies (Pesmatzoglou et al, 2014).

2.11.2 Conceptualisation of Corporate Social Responsibility

Corporate Social Responsibility varies across the globe and its understanding varies over time. To many scholars, the concept is abstract and is dependent on a number of variables. Heilbron and van der Veen, (2012) declare that Corporate Social Responsibility is all about

responsibilities to society beyond those of making profits for the stakeholders involved.

It is important to therefore clarify that although the concept varies over time, the key theme to its understanding however, has and does not necessarily change. For instance, back in the 1970s, Dr Davis declared that businesses should consider carefully the impact their activities and policies bring to society and thereby make contributions to society rather than purely focusing on profit-making mechanisms, which is mostly similar to the philosophies of the recent scholars.

Herrmann (2004) declares that Corporate Social Responsibility is a potential tool and solution that can lead to the realization of sustainable development. He further stipulates that a proper creation of this solution generally requires four stages which are to set standards; monitoring compliance with standards; creating binding legal obligations; and properly enforcing those laws. According to Herrmann (ibid), for CSR to be effective in bringing proper and sustainable development, it must be the product of national and international initiatives and must be adhered to by corporations operating in the global scale.

Corporate Social Responsibility is increasingly becoming important in today's business world and set-up. As similar to Davies and Quak et al, Chan (2014) argues that companies should care and prioritise on their stakeholders' interests in business, and at the same time, they should care and place more emphasis on other areas apart from those that are profit making oriented. Chan decisively puts forward an idea that multinational companies should not only be concerned about profits; but they should be more interested in various economic, environmental, ethical, governance, and social aspects, because it is these factors that have the potential of affecting the fate of the company in the long run.

According to the International Social Research (2009), Corporate Social Responsibility generally refers to the strategies corporations use in order to conduct their business in a way that is ethical, societally friendly and

beneficial to communities in terms of development. It is important to note that development or rather community development refers to initiatives and developmental strategies undertaken by communities built on firm partnerships with external organizations, government, companies or corporations to help empower individuals and groups of people found in communities by providing them with the necessary skills they need in order to make positive changes within their communities.

These skills are often and should be primarily concentrated around making use of local resources and building political power through the formation of large social groups, such as ad-hoc groups and interest groups who can work towards a common goal. During this process, it remains of vital importance to promote active and sustainable communities based on social justice and mutual respect (Federation of Community Development Learning, 2009).

Frynas (2005) suggests that Corporate Social Responsibility be viewed as an umbrella term, used to describe practices which hold that companies have a responsibility for their impact on society and the natural environment, sometimes beyond legal compliance and the liability of individuals. Companies have a responsibility for the behaviour of others with whom they do business and they need to manage their relationship with the wider society, whether for reasons of commercial viability or to add value to society or both.

Based on the above phenomenon and understanding of CSR, it is undeniable that if properly adopted and executed Corporate Social Responsibility may have significant implications on communities and community development in many ways. However, central to this paper are the methods of adoption and execution of CSR as a program of change by the multinationals to communities in developing or host countries, on which there is very little literature. The following topic covers theories that CSR of MNCs should arguably follow when executing community development activities in host countries.

2.12 Theories of Corporate Social Responsibility

Less economically developed countries have managed to successfully attract more and more MNCs through the abundance of natural resources, large labour pool, cheap labour and gradually developing transport networks. The operation of these MNCs has seen a variety of theories and approaches of CSR (Secchi, 2007). Secchi *(ibid)* and Garriga and Mele (2004) put forward a group of theories that directly affect both corporations and the society in which they work in. The theories that answer questions to this study and examine the role of CSR in community development of host communities are discussed, which are instrumental theory, political theory, and the relational theory.

When MNCs follow the instrumental theory, they are considered as only profit driven or profit maximizing corporations. Jensen (2002) points out that the theory makes corporations to be seen as only instrument for wealth creation for home countries, with its social activities being only for achieving better economic results. The CSR ideas in this theory emerged after a realization that there is a great need for economic responsibility, rooted in the business ethics of a corporation. The theory therefore suggests that corporations need to accept social duties and the rights to participate in social cooperation with communities. According to Secchi (2007), corporations should be viewed as investments, and investments should be profitable to both investors and stakeholders. The society and corporations must find ways to share profit.

The political theory is mainly focused on the responsible use of business power in a political country. The approaches to this theory imply that corporations should have corporate constitutionalism, integrative social contract and corporate citizenship. Garriga and Mele (2004) shortly describe this theory and declare that the understanding of the theory is embedded on the belief that, social responsibilities of business arise from the social power of firms with the communities that hosts them. The ultimatum is that corporations should be like citizens with certain comprehensive involvement in the livelihoods of the communities.

Garriga and Mele *(ibid)* and Clegg (2015) outline that the relational theory is divided into four sub-groups of theories: business and society, stakeholder approach, corporate citizenship, and social contract. On the one hand is the business and society of the relational theory. According to Secchi *(ibid)*, this theory implies that CSR activities should emerge as a matter of interaction between the two entities: MNCs and the society. In this way, CSR activities could be directed in the development of economic values in the society. According to Garriga and Mele's (2004), analysis of the stakeholder approach of the relational theory emphasises the integration of social demands and, generally, seeks to achieve a balance between the interests of the business and the society. The stakeholder approach has been communicated as one of the strategies for improving the management of corporations. Basically, the theory is used as a way to understand reality in order to manage the socially responsible behaviour of corporations (Freeman & Phillips, 2002).

The corporate citizenship of the relational theory strongly depends on the type of community a corporation is located in. According to Wood and Lodgson (2002), this type of relational theory refers to the fundamental issue of justifying the morality of economic activities in order to have a theoretical basis for analysing social relations between corporation and society. The social contract theory of the relational theory communicates that CSR is derived from the moral legitimacy of a corporation in the society and that the understanding about CSR is contained in the justification of social actions that legitimize the behaviour of the corporation. Relatively, the theory points out that for a corporation to operate successfully and effectively, it needs to have a mutual relationship with communities (Agle & Wood, 1997).

The following section discusses the guidelines that developing countries can follow in order to maximise benefits from the CSR activities of MNCs. It basically answers the question of how can less economically developed countries achieve proper CSR activities.

2.13 Achieving Proper CSR in developing Countries

The Journal of International Research (2004) clearly explains that Corporate Social Responsibility is about the collaboration amongst business, government and the civil society. And from a social point of view, Corporate Social Responsibility should benefit communities since it consists of individuals with various levels of control of resources, physically and intangibly. However, the role of CSR in community development can best be defined by host communities to be either influential or not. The Community Glossary (2009) also confirms that the role of CSR in community development refers to the manner in which the responsible behaviour of MNCs is perceived by communities and stakeholders and how its impacts are felt by them.

The Journal of International Research (ibid) further stipulates that in general, the initiative of Corporate Social Responsibility by multinational corporations, particularly those in mining industry has proved to have many roles that impact communities positively towards the direction of development. Such as establishing closer ties and interdependencies between corporations and communities, helping to share the costs the society has to pay due to environmental degradation, transferring technological advancement from the international companies to developing countries, establishing better environmental protection measures that can be done by both corporations and the communities, and also boarding on activities that promote the process of alleviating poverty in communities. Nevertheless, corporate social responsibility is a multinationals corporation's initiative, which requires some statehood interference to help ensure that activities associated with it contribute to governance effectively and appropriately (Borzel, 2012).

To support this, Borzel (ibid) argues that firms often board on CSR activities that build and reflect on their image as a business. He further contends that when firms are not much concerned about their reputation and CSR activities, the state may become the addressee of advocacy networks in order to put a significant amount of pressure on those firms

in order to make them commit to Corporate Social Responsibility that could prove effective in the name of community development. This process is thereby referred to as "invoking state authority". During this course, local activists or interest groups exert pressure on specific individual companies. It is important to note that this is generally good for countries with strong and strict company regulations than those that are too weak to threaten companies with the implementation of strict regulations.Thauer (2012) and Borzel (2012) also proclaim that multinational corporations willing to abide with CSR norms and contribute to governance are normally inhibited from doing so by the act of limited statehood in most developing countries.

According to Bichta (2003), the success of corporate social responsibility is determined by two factors: internal and external factors of a company. Internal factors entail economic considerations, culture of a company inclusive of all personnel, and ethical influences while external factors are all the necessary compliances with legal requirements, technological influences and the national culture.

The Career Service (2009) further stipulates that skills possessed by CSR managers are among the internal factors and can determine the success of CSR practices. These skills include business skills, people skills and technical skills. Business skills are composed of building insight, proper communication skills, commercial awareness, technological advancement, innovativeness, strategic awareness, leadership and problem solving. People skills include coordination, developing others in the community, political awareness, understanding, integrity and influencing without controlling or power. Lastly, technical skills cover technical expertise, being evaluative, understanding stakeholder dialogue, adhering to human rights and understanding sustainability.

For a successful execution of CSR by multinationals, the above skills are essential. To furnish the process, the Career Service further articulates that CSR managers should have six core competencies for even better

results: understanding communities and community development, building capacity, questioning business beyond profit making, stakeholder relations, strategic business and community partnership, and harnessing diversity. According to clegg (2013), Corporate Social Responsibility is about business, government and civil society collaboration with the aim of acceptable achievements among the three entities.

CSR should benefit communities. In the analysis of CSR in the Journal of International Research by Iyer (2015), CSR has by far proved to have many roles and has brought many impacts to communities such as interdependence between corporations and communities, sharing the costs the society has to pay due to environmental degradation, technology transfer from international companies to developing countries, environmental protection measures done together by corporation and the communities, poverty alleviation within communities, infrastructural development, creation of economic opportunities, and building schools and healthcare facilities.

Iyer (2015) further articulates that for many corporations, it is difficult to detect where the responsibilities begin and end; however, experience has made it certain that sustainable CSR solutions within communities, provincial and national spheres are mainly based on partnerships between government, civil society and businesses. Generally, the concept of Corporate Social Responsibility has been differently understood and has been captioned under a variety of names; including, corporate citizenship, social responsibility and strategic philanthropy (Rangan *et al,* 2012). Ultimately, Corporate Social Responsibility is a model which was crafted to create value to its stakeholders just as much as it does for the society.

The way Corporate Social Responsibility brings community development to host countries varies from one country to the next, mainly because of the different hosts and home legal frameworks that MNCs operate under.

The rethinking and remodelling of the role of business in the pursuit of sustainable development initiatives and objectives in less economically developed countries have implied that corporations have had to respond to the changing societal expectation by increasingly redefining and justifying their involvement in developmental issues of the public in terms of Corporate Social Responsibility (CSR).

This chapter has therefore discussed and outlined existing scholarly research knowledge on the Corporate Social Responsibility of multinational companies and local municipalities in community empowerment and development. The following chapter discusses the research design and methodology followed in data collection of this study.

CHAPTER 3

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

In this chapter, the research design and methodology which were used in the study are described. The study area, delimitation of the study, sampling method and procedures are described. The chapter also presents the instrument used to collect data and the method used to analyse the data. Ethical considerations and the methods implemented to maintain trustworthiness, integrity and credibility of the instrument are also described.

3.2 Research design

Mouton (2001) and Maree (2016) define research design as a plan of action that outlines how one particularly aims to conduct research. Therefore, a descriptive research design was used in this study. This type of design was selected in order to be able to identify and describe the nature and type of community development associations that exist between the local municipality and multinational companies and further explore and describe how effective it is in community development activities of host communities. The design was chosen to help clearly outline and describe the form of partnerships which exists in community development activities amongst municipalities, host communities and the multinational corporations.

3.3 Philosophical approach

The philosophical approach that informs the study is the interpretive approach. Babbie and Mouton (2001) and Magi (2013) described the interpretive approach as primarily aimed at understanding people and their co-ordination with business and social environments in which they

live and work in. This approach assisted the researcher to gain in-depth understanding of the process of community development through the eyes of its participants; hence the use of this approach enabled each participant a platform to descriptively bring his or her own subjective experience in relation to the study's objectives.

This paradigm further enabled the researcher to use participant's observation, experiences and field research's, by means of direct contact with the participants and also waved the use of conversations through interviews and audio tapes in order to study and understand how community development activities by municipalities and corporate social responsibilities by MNCs are delivered and received by the public.

3.4 Research approach

A qualitative approach was adopted. Holloway and Wheeler (1996) and Blatter (2016) declare that a qualitative research is mainly done to address questions of meaning, interpretation and socially constructed realities, and is mostly concerned with exploring and providing answers to the "why" question in research. Therefore, this study made use of the qualitative approach, with the aim of identifying, understanding, interpreting and explaining the existence and type of associations or partnerships amongst the local municipality, selected multinational corporations and the host communities in community development activities.

The approach thereby enabled the researcher to detect and descriptively understand community development partnership between the local municipality and multinational corporations and further examine how effective is the partnership with a sole focus of discovering the initiatives, experiences, perspectives, and thoughts around community development in each interest area being studied.

3.5 Delimitation of the study

The study was focused and conducted in three interest areas: uMhlathuze local municipality, selected multinational corporations and in host community areas. Multinational companies located outside the dominion of the City of uMhlathuze were excluded in the sample. The main focus of this study was not on the role of multinational corporations in community development as contained in most studies conducted in the field of development, but was on exploring the nature and type of collaborations amongst the municipality, selected multinational corporations and host communities in community development activities.

3.6 Sampling procedure and method

The sample for this study was drawn from three interest areas: uMhlathuze local Municipality, selected MNCs and host communities. A non-probability sampling method was used to select participants in this study. This method was chosen because it involves the selection of a portion of the finite population to be studied. Battaglia (2011) explains why one would consider using a non-probability sample in research and discloses that one may consider this method because there may not be great interest in drawing inferences from the sample to the population, and that the most common reason is that it is less expensive than probability sampling and can often be implemented more quickly. As a result, in this study, because of limited time and budget, the sample was selected based on the subjective judgement of the researcher, using the purposive and the convenience sampling techniques.

The purposive sampling method was used to select key informants to this study. The main objective of this method was to produce a sample that can be considered "representative" of the population (Battaglia, *ibid*), hence key informants were obtained from the local municipality and multinational companies. On the other hand, the convenience sampling technique was used to select respondents from communities that specifically host MNCs. According to Henry (1990) and Battaglia

(ibid), the selection criterion for this method lies with the ease of obtaining a particular sample, which relates to the cost of locating elements of the population, the geographic distribution of the sample, and obtaining the interview data from the selected elements. Ultimately, a total of eigth (8) participants were selected in this study, two from the local municipality, three from the selected multinational corporations, and a total of three were also interviewed from the host communities. The sample is described in details below.

3.6.1 The Local Municipality

From the municipality, key informants were obtained from the Integrated Development Planning Department and the Local Economic Development Planning Department. From each department, one respondent was obtained. Upon data collection, information pertaining MNCs that have relations with the municipality was used to select MNCs to be included in the sample. The researcher chose to collect data from these departments because they were the ones that were responsible for planning community development activities, projects or programmes for the public mainly through the Integrated Development Plan (IDP). However, the aim was not to trace projects or programmes that the municipality implemented in the communities, but it was to trace associations that exist between multinational companies and the municipality in community development among communities that host MNCs.

3.6.2 Multinational Companies

Three multinational companies were selected. One representative from each MNC was obtained to respond to questions in this study. The respondents were purposefully selected to participate in the study because they were from the appropriate unit of each multinational company, preferable the community service division. Based on the information gathered from the municipality, MNCS that showed characteristics of affiliations with the local municipality were prioritised and selected for data collection. The aim was primarily based on finding

out how these companies execute their corporate social responsibilities in the local communities, i.e. whether they collaborate with the local municipality since it is the one that is mainly responsible for providing community development activities for the public.

3.6.3 Host Communities

The convenient sampling technique was used to select respondents from areas that host the MNCs selected in this study. Community leaders are diverse and a balance between traditional and ward councillors was essential because both these leaders have a unique role to play in the development and empowerment of the people they serve. The researcher therefore selected accessible leaders and leaders that have preferably led communities for at least more than a year. Furthermore, host communities cover a large geographic spread of the area that was being studied; leaders that could be accessed with ease were therefore selected. The municipality voluntarily disclosed community leaders on their data base and gave their contact details to the researcher, thereby enabling the researcher to make phone calls and set appointments with those that accepted participating in the study. Two of the three community leaders were interviewed in the comfort of their homes, whiles one was interviewed telephonically. In a nutshell three community leaders were interviewed from each interest area with. The reasercher interviewed two ward councillors and one traditional leader.

Attention was given to ward councillors and traditional leaders in order to help trace knowledge and get in-depth understanding of community development partnerships or associations between the local municipality and multinational companies since by law, community leaders must at all times be included in municipal integrated development plans and other community development programmes that directly impact communities.

3.7 Data collection tools

In this study, the data were collected using interviews, document analysis and structured observations.

Face-to-face interviews were used to collect primary data from all the key informants (Ref: Appendix A, B and C): the municipality, MNCs and host communities. Interview guides were used to collect data on the people's ideas, opinions and experiences, and the method was selected because the researcher wanted to allow informants the freedom to express their views in their own terms. Furthermore, the method also allowed the researcher to re-consult with the informants for clarifications and should new questions rise during the course of the study.

The researcher conducted face to face interviews with each interest area. Formal appointments were set telephonically with each interest area and person concerned, thereby securing appointments for interviews with each respondent. All the participants to this study created time and responded to all the questions during the course of the interview. During the process of data collection, the researcher recorded the interviewee's responses using a tape recorder to ensure that all the information provided is captured. The researcher also jotted down essential notes based on each question asked. Relevant documents where possible, were made available to the researcher by the MNCs and the municipality at the end of each interview for further assessment and validation of their activities in communities.

Document analysis on the other hand, was used to collect secondary data from scholarly articles, previous research studies and documents such as archives of previous and current community outreaches from the selected multinationals and the Municipal Integrated Develop Plan and Local Economic Development Strategy documents. This was done in order to establish a sound theoretical basis on the subject of partnerships between local municipalities, MNCs, and host communities,

and further assess community development partnerships between institutes from the public and private sector.

Structured observations were also used. In using this observational technique, the researcher gathered the required information without any respondents or interviewees. Based on the information and evidence of community development projects or programmes gathered from MNCs and the local municipality, the researcher conducted observations of the existence and impact of such activities in the communities using a checklist (Ref: Appendix E). During observation, the researcher was very selective and particularly focused on the elements that were relevant and related to the study. The focus was mainly on observing whether the community directly benefits from infrastructural development, social and economic conditions of people, acceptance of projects in the community, and the public's awareness and involvement in community development initiatives. The main purpose behind this technique was to collect data that other subjects like interviews failed to provide.

3.8 Data analysis and interpretation

All the information that was gathered in this study was analysed and interpreted using content data analysis.

Content data analysis is a systematic approach to qualitative data which aims to analyse and summarise message content in the information gathered (Neuendorf, 2002). As a result, in order to successfully examine the effectiveness of partnerships between the local municipality and multinational companies in community development activities, the data collected in this study by means of recordings was transcribed to paper and the data jotted as notes was organised according to the objectives of this study and thereafter categorised it into themes and concepts. This enabled the researcher to analyse it in different forms of headings and narratives, and further check for variations in responses.

3.9 Study area

This study was based within the City of uMhlathuze, under King Cetshwayo District Municipality in the KwaZulu-Natal province, South Africa. It was conducted mainly in three interest areas: uMhlathuze local Municipality selected MNCs and in host community areas. Communities selected include Kwa-Dube Reserve (Mandlankala and Gobandlovu) areas, Kwa-Mkhwanazi Reserve (Dlangezwa) and Mbonambi (Mzingazi and Nhlabane). Figure 4 below illustrates a specific map of the study area that shows the relationship between the City of UMhlathuze, MNCs and the residential areas.

Figure 3.1: Map of the study area
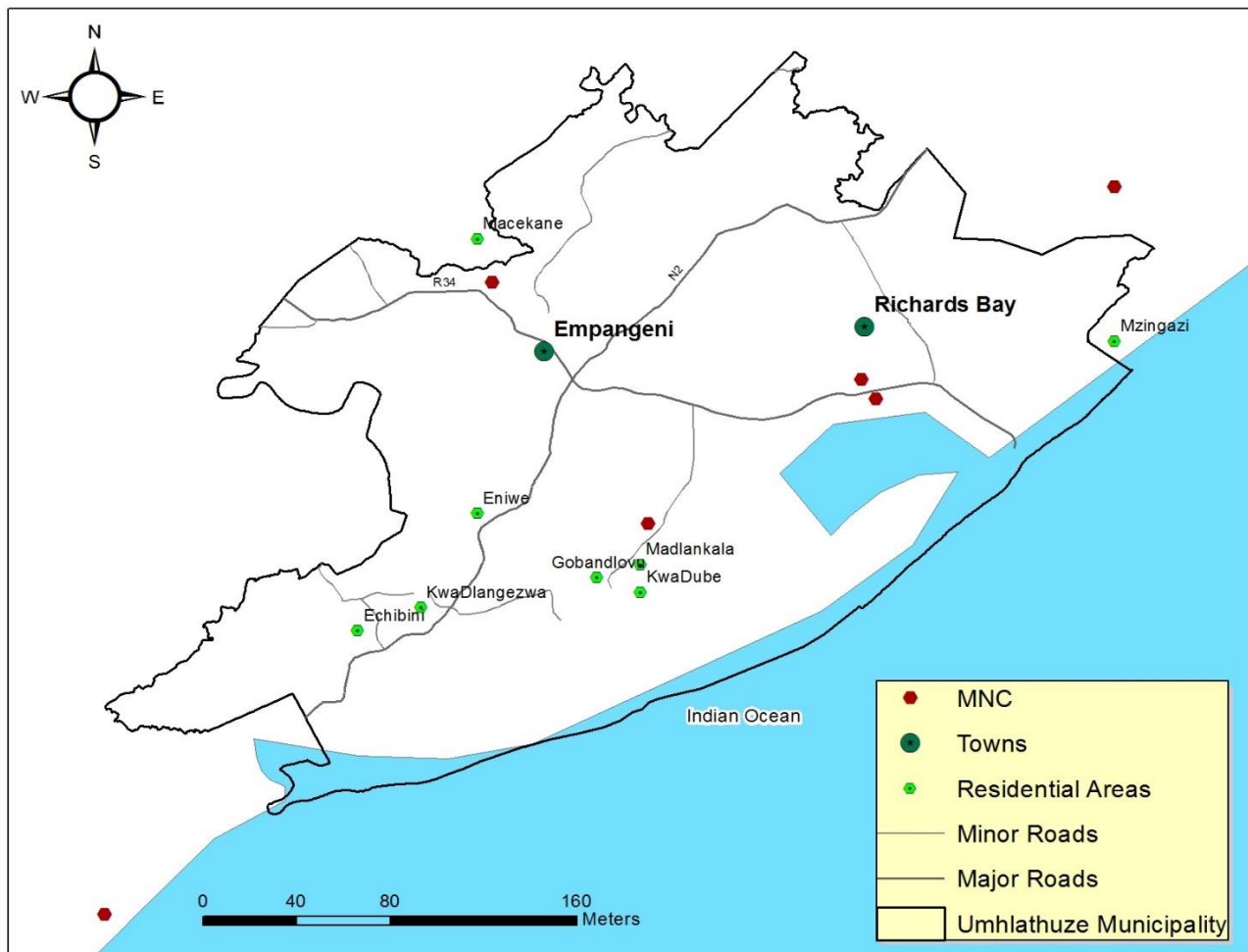
SOURCE: Survey data, 2017

3.10 Ethical Considerations

Conducting research requires not only expertise and diligence, but also honesty and integrity. This is done to help recognise and protect the rights of human subjects. It remains important to have ethics in research because it helps promote the aim of that particular study (Maree, 2007).

This study abided by all ethical considerations by making sure that:

- All participants were provided with an informed consent letter which was explained in a language they best understand.
- The researcher acknowledged and attributed to ideas and writings that were not originally his, by means of referencing and paraphrasing.
- The researcher ensured confidentiality and voluntary participation of all respondents.
- The researcher also respected the dignity, safety and well-being of all participants.
- Permission to conduct research in the city of uMhlathuze was granted by the local Municipality (Refer to appendix J).

3.11 Issues of trustworthiness, integrity and credibility

In order to ensure reliability, trustworthiness and credibility in this study, the following was done.

3.11.1 Reliability of the data collection instrument

The researcher made use of trustworthy and peer reviewed sources such as recent academic journals and scholarly articles in order to avoid out-dated information. Salkind (2006) outlines that reliability occurs when an instrument measures the same thing more than once and results in the same outcomes. The researcher therefore conducted a pilot study to test the instrument with a total of eight (8) colleagues and community members where the researcher resides and further discussed it with the main core supervisor of this study. The instrument was lastly submitted

to the University structures, where it was analysed and approved by the relevant structures.

3.11.2 Credibility and trustworthiness

In ensuring the credibility and trustworthiness of the results, the researcher utilised knowledgeable and informative participants in all interest areas, and translated the instrument used to a language that is best understood by all the respondents. The researcher also went on to ensure that there was fair representation of all participants or interest areas throughout the study, thereby collecting data in an un-biased manner and also presented and decoding the information with great accuracy and transparency, because, as declared by Babbie (2007), results in research are considered credible when they are truthful, accurate, and authentic and reflect the real meaning of the concept under consideration.

3.12 Summary of the chapter

This chapter described the research methodology and design, philosophical approach, the population, sample, data collection and analysis tools as well as strategies that were used to ensure ethical issues, reliability of the instrument used and the credibility of results.

CHAPTER 4

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1. Introduction

This chapter deals with the presentation, analysis and interpretation of the data collected, from the field by means of semi-structured interviews as well as those collected from secondary sources in order to examine community development partnerships between the local municipalities and multinational companies or corporations. In this study, the main purpose of analysing and interpreting data is to reduce it to understandable and interpretable source of information, so that the relations of the research problems can be studied, tested and conclusions drawn (Mack, 2011).

4.2 Data presentation

The data in this study were primarily collected from three interlinking subjects: the local municipality including the public, and four selected MNCs. It is therefore presented according to those categories.

4.2.1 Demographics

The respondents in this study are separated into two categories, namely public sector, which was made up of the host communities and the local municipality, and the private sector which is made up of the selected multinational corporations (MNCs).

4.2.2 Quality of municipal official's responses

Table 4.1 below illustrates the quality of municipal officials' responses in the data gathered in this study. The majority of the public respondents in this study showed relevance and reflected fair understanding of the data required. All the interest areas were adequately represented by appropriate participants.

The municipality gave adequate and satisfactory participation by exposing the relevant departments in answering the questions for this study. Selected community leaders also showed a wide understanding of the concept being investigated and responded to questions convincingly.

TABLE 4.1: Respondents from the public sector

Data collected from	Participant	Level of participant
The Municipality	IDP representative	Good
The Municipality	LED representative	Good
Kwa-Mkhwanazi Area (KwaDlangezwa)	Community leader	Good
Kwa-Dube Reserve (Gobandlovu & Madlankala)	Two community leaders	Good
Embonambi Reserve (Nhlabane)	Two community leaders	Satisfactory

SOURCE: Survey Data. 2017

NOTE: *Good, implies that the responses by the participants were detailed, clear and showed unlimited understanding of the questions asked.*

Satisfactory, implies that the responses by the participants had limited understanding of the question asked, nevertheless most concerns were addressed.

4.2.3 Quality of private sector responses

Table 4.2 below illustrates actual participants and the level at which they participated in this study. The table fairly illustrates that of the four selected MNCs, each interviewed MNC gave access to a suitable individual in order to help saturate the data required in this study. From MNC1 and MNC2, sustainable development practitioners from the

corporate social responsibility sections of the companies were interviewed. MNC3 was represented by a CSR officer. However, MNC4 proved to be ineffective in this study because according their front desk offices, they did not have a functioning Corporate Social Responsibility office.

TABLE 4.2: Respondents from the private sector

Data collected from	Participant	Level of participant
MNC1	Sustainable development practitioner	Good
MNC2	Sustainable development practitioner	Satisfactory
MNC3	CSR officer	Fair
MNC4	None	None

SOURCE: Survey Data. 2017

NOTE: *Good, implies that the responses by the participants were detailed, clear and showed unlimited understanding of the questions asked.*

Satisfactory, implies that the responses by the participants had limited understanding of the question asked, nevertheless most concerns where addressed.

Fair, implies that the responses by the participants had limited understanding of the question asked, thereby some questions where not adequately answered as others

None, implies that there were no responses because the participant where not reachable.

4.3 Community development partnerships between MNCs and the local Municipality.

Figure 4.1: Selected MNCs
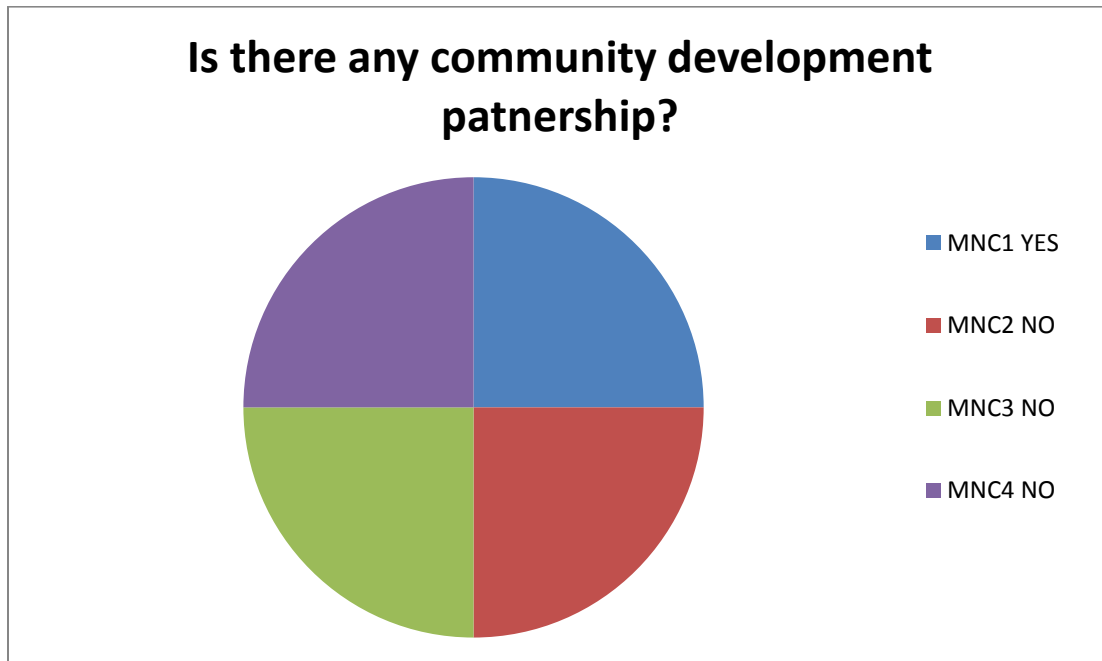
SOURCE: Survey Data, 2017

Figure 4.1 shows selected MNCs in this study. According to the transcribed data, of the four selected MNCs in this study, only one had defined partnership with the local municipality. Generally, this implies that only 20% participates with the local municipality to help develop communities in and around the City of uMhlathuze.

The collected data revealed that 80% of the multinational companies operate as separate entities. However, they do engage in community development activities of their own in what can be best defined as Corporate Social Responsibility. Nevertheless, with reference to the collected data, it is according to their own terms and conditions and not that of the municipality.

4.3.1 Nature of Partnership's between MNCs and the municipality in community development activities

Table 4.3 below illustrates corporate social responsibilities that MNCs engage in, and also the level to which they collaborate with the local municipality towards executing community development activities within the City of uMhlathuze. It was deduced that the little partnership that exists between MNCs and the local municipality is not structured, defined or steered by any formal documentation. There is no formality that guides any collaboration; in fact, the municipality declared that MNCs participate voluntarily with them. Hence, not all the selected MNCs play a role in the integrated development plan of the municipality.

The involvement of stakeholders in MNCs activities was discovered to be following a top down approach. Activities by MNCs were observed to be planned by MNCs in terms of to what to do, at what cost and when; nonetheless, it was discovered in the data that MNCs officials do visit certain communal gatherings (tribal meetings, political gatherings) in the selected communities in order to try detect where and how they can help. Nevertheless, since there are no memorandums of understanding between MNCs, communities and the municipality, their community development activities and participation cannot be confirmed nor measured, as a result, their involvement is categorised as more voluntary than sustainable in the public. The element of trust and commitment from the MNCs is therefore not guaranteed. Table 4.3 below illustrates this.

TABLE 4.3: MNCs activities and partnership

Multinational	Supposed CSR Activities involved in	Partnership
MNC1	- Issues bursaries, - Infrastructural development - Build schools, houses & clinics - Sponsors community projects - Create jobs & empowerment - Support students and leaners learning programmes	both the MNC and the Municipality confirmed that there is good and recorded partnerships
MNC2	- Supports community development projects - Build and renovates schools - Provide houses to those in need - Support students and leaners learning programmes	The Municipality Revealed that There is no Cooperation Between them and the MNC, however the MNC has a vibrant CSR Office with Evident Community Projects
MNC3	- Supports schools' learning programmes - Create job - Community empowerment projects	No relationships Recorded
MNC4	- Creates jobs - Little or no more involvement with the public is recorded	No relationships recorded

SOURCE: Survey Data, 2017

4.3.1.1 MNC1 partnership with the Municipality in community development activities

According to the collected data, MNC1 is involved in a variety of community developing and empowering activities which is also evident in and around the City of uMhlathuze, particularly at Mbonambi and Nhlabane areas. Firstly, the MNC has proved to be very effective in infrastructural development. Besides common MNC road construction engagements, the MNC has made tremendous transformations around its host community, from street lighting, water projects, building houses, sponsoring clinics and, building and renovating schools. The data collected also revealed that the level at which they have been supporting education and training has been outstandingly thriving; for instance, a ward councillor revealed that employment opportunities are often accessed in the MNC and nowhere else for the youth. Furthermore, pupils from disadvantaged backgrounds have over the years, because of the MNC, gained the advantage of accessing tertiary institutions which give better lives for the people. Hence, officials from the selected MNCs reported:

> *"Well performing leaners in matric were given bursaries and learnerships; some have finished their studies and work for us while others have explored elsewhere."*

> *"When the students we help finish tertiary education, they are obligated to serve the number of years they have received with us in the form of employment."*

The selection criterion for such leaners however, was not clear from the collected data. Most learners were selected by community leaders and further submitted to the MNC. Other methods used were that when MNCs visit schools, best performing learners enter their programs thereby securing financial needs for their high school and tertiary learning. On the other hand, a community leader indicated that in their community, they have active public interest groups that assure that community members from their community do get jobs from the MNC in their dominions, as a result, a number of families around the area have benefited and are living better lives to this day. The MNC further revealed their engagement in a variety of LED projects particularly in the agricultural sector. They primarily provide them with necessary crops and fertilisers to make their work more effective; nonetheless, there was no binding document which guided and directed these processes between the MNC, host community, and the local municipality. Officials from selected MNCs thereby declared the following:

"I can proudly announce that we have changed a lot of lives, in the area the company has employed a number of young pupils, helped build houses, schools and healthcare centres."

"We are currently underway in a project to address the lack of water in the area. Although there are setbacks but we are committed to the project."

Do they do this alone as a company? According to the MNC, they have invested a responsibility to look after the community they operate in. They commit to community empowering activities and the public contests through tribal leaders and other community interest groups. It was also

discovered that the host community, MNCs and the local municipality have realised some partnerships that represent their needs, the local municipality thereby confirmed that they are often aware of what the company wants to do and they also support them and abide by goals set by the municipality and the communities when planning and rendering voluntary community development services. Hence, an IDP representative revealed that amongst all MNCs in the city, MNC1 is the only industry that attends mass meetings and IDP reviews planned by the municipality in order to engage in community development issues, thereby also liaising with sectors such as the local economic development in assuring positive and effective public schemes. Nonetheless, the partnership discovered between MNC1, the local municipality and the host community had no formal grounds, they were purely voluntary.

4.3.1.2 MNC2 partnership with the Municipality in community development activities

MNC2 is mainly involved in what they categorise as local economic development. The transcribed data revealed that the company has no relations with the local municipality. A sustainable development official disclosed that the company was involved in a variety of productive projects that consequently develop the public, for instance, it was revealed that at Kwa-Dube in an area called Mandlankala and Gobandlovu, it had provided four classrooms to a local primary school and they also built a total of 30 houses for residents in the area.

Generally, it was revealed that the projects that MNC2 was engaged in were scattered in and outside the City of uMhlathuze. Amongst those projects were water projects in a community called Somopho and also other projects which were aimed at improving the use of technology for primary school teachers so as to enhance teaching and learning in primary schools. The community of Kwa-Mkhwanazi, at Dlangezwa was said to have three houses which would be built for destitute families identified by the traditional council. Just outside the boundaries of

Dlangezwa community is an area called Macimbini where the MNC was actively supporting and sponsoring the project of 500 egg-laying chickens by building them the workplace and supplying them with the necessary equipment. An official from the MNC communicated that:

> *"We strongly believe in that if you want to develop people, you need to help build projects that improve daily livelihood than a mere donation that people can abandon."*

The level at which the company helped communities where they operated could not be clearly defined due to the lack of binding documents and MOUs between the municipality, host communities and MNC. The local municipality revealed that the lack of defined partnership between them and the MNC had seen duplications and the implementation of less prioritised community activities. A community leader on the other hand, confirmed that the MNC randomly consulted them in order to direct their help in a more effective manner but argued that the activities they committed to were often limited commitment to sustainable community development activities with also very few people benefited from it.

4.3.1.3 MNC3 partnership with the Municipality in community development activities

MNC3 is situated in the urban area of the City of uMhlathuze. There are very little community development activities that were observed from this company. Data collected revealed that just like MNC2, there was no precise partnership that exists between the MNC and the local municipality. Nevertheless, the company publicized that they reportedly do support and sponsor education and training in the area. An official from the MNC claimed that:

"Just last year we have given more than 10 leaners university registration fees in the institutions of their choice."

The trend observed in MNC3 was that they often engaged in community activities found in urban areas like sponsoring a marathon challenge for urban schools. For instance, they had recently sponsored a school marathon challenge in their name where a variety of urban primary schools took part. They also provided furniture and technological equipment to selected schools in an around the city, which was hard to trace by the researcher. The transcribed data also revealed that the MNC was involved in community projects around the city such as garden projects found at Enseleni and Esikhlaleni townships.

4.3.1.4 MNC4 partnership with the Municipality in community development activities

Upon visiting MNC4 for data collection purposes it was established that the company did not have a CSR office, thereby creating an assumption that they were not engaged in CSR activities. MNC4 declared that they were a new company; therefore, they had not yet established other sectors since they took over the business from another institute. However, they revealed that employing local citizens was of paramount importance, hence they had selected fifteen (15) leaners from a local college to be trained and equipped for working in the company, and most of its personnel were from the City of uMhlathuze; nevertheless, both the MNC and the local municipality confirmed that there was no relation between them.

4.4 The nature of partnership that exists amongst MNCs and Host communities

The nature of partnership between MNCs and host communities was essential to explore in this study and therefore the data was collected from both interest areas in order to understand if there was any form of relation that exist between MNCs and host communities.

4.4.1 Host communities viewpoint

The municipality and the primary public representatives (Ward councillors and traditional leaders) both confirmed to have a suave relationship. It was discovered in the collected data that the municipality always consulted the structures found in and around communities so as to ensure validity. Ward councillors in particular formed part of the municipal structure, they formed a council that communicates people's needs so as to enable the municipality to establish and address sound needs of the public during IDP and LED reviews and restructuring. A communal leader declared that:

> *"I am part of the municipality! Whenever our local municipality has to set new targets, reviews and report on community development or structure new community development activities, they don't do so without consultations."*

On the other hand, traditional leaders (amaKhosi & iziNduna) confirmed to unsystematic ties with the MNCs that operated in their jurisdictions compared to the local municipality; however, there were ambiguous beliefs amongst them, with some declaring no ties at all. In areas where MNCs had better relations with the local municipality like at Mbonambi and Kwa-Dube, the interviewed leaders pointed out that MNCs at certain times pitched up at their gatherings, normally offering help where it was assumingly needed. But often, as community leaders, they normally

embarked on activities that brought about change with other community leaders and the local municipality. Hence, a community leader declared that:

> *"As leaders in the community, we are trusted to help identify challenges and arrange possible solutions to them thereby directing support provided by both the public and private institutions to the right direction."*

As outlined earlier at Kwa-Dube, in an area called Madlankala, one of the selected MNCs had built low cost housing and was supporting agricultural projects. However, when asked as to which criteria was used to identify those schools or households that needed their help, both the MNC and the public representatives' answers were not very clear with some interviewees being reluctant to even answer. Some areas revealed to having relations with MNCs but some such as Kwa-Mkhwanazi area confessed to have no relations at all with the MNCs. The public representatives from this area revealed that they often liaised with their municipality in light of empowering and developing their environment and the people that live in it, than with the MNC.

4.4.2 MNCs viewpoint

Data collected from MNCs revealed that all the multinational corporations, especially mining companies, well understood the concept of corporate social responsibility because they were governed by the Social Labour Plan of South Africa to carry this activity out. However, it was also realised that MNCs generally had better ties with community leaders than with the local municipality as an organisation in terms of consultation and accessibility. Only 40% of the interviewed MNCs declared that they normally attended meetings which were referred to as "Umkhandlu" with host communities. A practitioner for sustainable development in one of the MNCs in the City of UMhlathuze reported:

"We occasionally visit Imkhandlu in areas such as Kwa-Mkhwanazi and Kwa-Dube, in order to listen to the needs and wants of the people so that we can help where we can."

Collected data also revealed that almost all multinational corporations in the City of UMhlathuze do not show up to the stakeholder's forum hosted by the UMhlathuze Municipality. With reference to the collected data, reasons connected to this were neither political nor social, rather, according to the gathered information; these were two different entities that served under different principles. It was communicated by the MNCs that community development is primarily the responsibility of the municipality whilst they are primarily a profit driven organisation, and since there are no binding documentations or laws that say MNCs should listen to the municipalities' goals and objectives, MNCs are free to embark on their own set of rules and community activities.

Nevertheless, one MNC had a different perspective as it had achieved sturdy collaborative actions with the municipality regardless of a lack in official partnership documentation with any public sector. The MNC had reason to believe that keeping close ties with the municipality was essential in that it help catalyse community development and help structure the approach more specifically. According to their records and that of the local municipality, they were always present and available to all stakeholders' forum called by the municipality. At the same time, they had relations directly with the public itself, through community leaders; as a result, their participation in community development was outstanding. With reference to the collected data, the MNC had a stake in a variety of community empowering activities such as infrastructural development, education and training, low cost housing and a lot of other activities as outlined earlier. Below are the words that were uttered by a sustainable development practitioner:

"We make sure that we value the municipality we operate under. We avail ourselves in almost all calls to reviews and community development gatherings in order to make sure that if ever we board on community activities, we do so in a profitable way for the people of uMhlathuze."

4.5 Strategies used by the local Municipality to establish partnership with MNCs

The collected data revealed that each year, the municipality holds integrated development planning road shows (forums) and reviews, whiles after every five-year period, a new IDP is restructured. The sole purpose of these gatherings is to detect and communicate what the municipality has done with regards to their primary goals in community development, set new priorities, identify felt needs and also seek community development support from stakeholders found in and around its area of work, which include a variety of MNCs.

According to the gathered data, it was revealed by the municipality that public representatives (Ward councillors and Traditional leaders) and multinational companies within the dominion of uMhlathuze are both regularly invited to these gatherings and other relevant mass meetings such as that of local economic development. It was therefore discovered that participation from the public representatives was often satisfying and considered essential. On the other hand, the unfortunate event, according to the information gathered from the municipality, was that almost all the multinational companies invited to these stakeholders' forums did not show up or even honour their invitations in any form, with the exception of only one multinational corporation. Below are words that were expressed by a municipal official and MNC official.

"We don't have any memorandum of understanding or defined relations of any kind with MNCs, we invite them to IDP, LED road shows, reviews and other community engagement activities but they do not show up. And we cannot do anything about it as a municipality."

"We don't have any direct relation with the local municipality. You find that they invite us to meetings contrary to important gatherings of our own."

However, it was detected that in the context of the municipality, it was very important that MNCs attend these meetings because this is where municipalities and the public outline what they had done, what they intend doing and describe the felt needs of the public they serve. The municipality declared that the activities MNCs perform could be considered essential; however, questions should be asked. The municipality showed concerns with long term monitoring and evaluation of projects and programmes by MNCs, and what informs the activities they engage in. An official from the municipality declared the following words during the data collection process.

"I stand to believe that MNCs should be attending these gatherings so that should they decide to embark on corporate social responsibility, they do so in full awareness of what is it that our people really need in community development or empowerment."

4.6 Legal frameworks that support community development partnership

Transcribed data revealed that there were no laws, or documents that supported community development partnership between selected MNCs and the local municipality. CSR activities by MNCs were purely voluntary and self-regulatory with no government entity in the purview. This generally means that any community development programmes done by the MNCs are solely initiated, managed, monitored and evaluated by the MNCs themselves. One MNC however, has over the years voluntarily created close relations with the local municipality, despite the absence of binding laws. All activities they commit to are recorded and acknowledged by the local municipality. Often, their CSR activities are according to that of the municipality; nonetheless, the lack in constitutional documents that enforce and guide community development between MNCs and the local government has seen very little evaluation and impact assessment of CSR activities in communities, and has resulted in spontaneous projects or programmes designed to compact common needs of the public with limited changes when they do commit.

4.7 Field observation

Field observations revealed that there were community development activities done by MNCs in host communities. Even though some initiatives proved hard to be validated, most declared by selected MNCs were observed to exist. At Mbonambi area, it was discovered that the infrastructure had enormously developed over the years mainly because of the MNC in the area. It was however observed that most of the infrastructural initiatives generally favoured the MNC than the public. Roads and street lights purposefully lead way to the gates of the company than being populated around the community. Communities on either side of the company had poor roads and lacked the basic service which is water. Houses were also constructed by MNCs as part of CSR activities in the area. It was discovered that not just any community member could get a house benefit but it was only those that were

affected. Hence, houses built by the MNCs at Mbonambi and Madlankala were for those that were next to their site and for those that were directly affected.

It was also observed in all four host areas that the communities were home to agricultural active members who only used that skill for subsistence farming because they lacked a prober market to grow into commercial farming as a community. Of all CSR activities executed in host communities, none were directed to building and realising long term agricultural empowerment for the public. The MNCs were observed to obligating only to short term projects or programmes, such as donating crops, giving agricultural tools to active random groups or help provide necessary school furniture for a local school. Most visited community projects were observed to be ineffective, lacking basic monitoring. In some areas, the nature of MNCs operating was blamed for creating agricultural constraints. A community leader complained that areas that were fertile with abundant water availability are now dry and useless. It was observed that alien plants and mining near settlements directly affected livelihood for ordinary community members.

The provision of training, bursaries and scholarship by all MNCs were also observed to be a tool that favours the operation of MNCs more than the recipients. MNCs were all detected to having relations with certain schools as part of CSR activities. It was observed in this instance that the collaboration with schools was biased, equipment and strategies to improve teaching and learning was mainly directed to science learning. All the MNCs were observed to only provide this type of service to certain learners and students; students who sought to pursue careers in science and engineering were the ones who benefited from these programs, particularly those with potential to be employed in the company.

Collected data revealed that MNCs proclaimed to prioritising the employment of local people as means of community empowerment. It was observed by the researcher that most of the personnel from communities had better lives owing to the existence of MNCs. But people employed by MNCs generally occupied lower positions; some served quarterly contracts and were relatively underpaid since they lacked the required skills. Personnel that occupied managerial positions were not from the observed communities. The observation checklist used also allowed the researcher to detect the impact of small community projects such as those aimed at combating poverty and developing communities economically while some did not exist anymore; those that did had little community engagement and development.

As highlighted above, the main perceived problem was that there was no market created for the people and the production made through livestock and crop farming was incompetent and could only be used for survival, with some lacking proper management. Generally, CSR by MNCs is not a process that is closely monitored from start to finish, rather they offer abundant supplies to initiate changes then take pictures for filing and generally move to other initiatives. This is based on the lack of reports on previous activities and their present state in communities.

TABLE 4.4: Data observation report

OBSERVED CSR ACTIVITY IN HOST COMMUNITY	PRESENCE OF ACTIVITY OBSERVED	HOLISTIC BENEFIT	COMMUNITY PARTNERSHIP WITH THE MNC	IMPACT OF THE CSR ACTIVITY
Host community 1	- Road - Street lighting - Houses - Water project underway	Not all members of the community benefit	Activities are discussed with communal leaders through tribal gatherings	Those that benefit get empowered
Host community 2	- Houses - Crops donation - Renovating schools	Not all members of the community benefit	Activities are discussed with communal leaders through tribal gatherings	Those that benefit get empowered
Host community 3	- Education and training - Bursaries and scholarship - Agricultural project	Not all members of the community benefit	Activities are discussed with communal leaders through tribal gatherings	Those that benefit get empowered
Host community 4	None recorded	None recorded	None recorded	None recorded

SOURCE: Survey Data, 2017

The above table shows that the CSR activities that were observed in host communities were similar and that not all members of the community could benefit from the activities. In fact, it was discovered that very few members of the public generally benefited from CSR activities. Furthermore, when MNCs sought to implement CSR activities in all four

interest areas, CSR representatives often consulted community leaders, thereby ensuring that the CSR activities were directed to relevant people.

4.8 Data analysis
In this section, the collected data is analysed. The analysis is done through topics developed with the aim of providing answers to the research questions of this study.

4.8.1 The role of the local municipality in community development
According to Cavaye (2015), community development is a process where community members, including the public, government and the private sector come together to take collective actions and generate solutions to common problems. On the other hand, Powell and Geoghegan (2004) view community development as an initiative undertaken by the community in partnership with external organizations or corporations in order to empower individuals and groups of people by providing them with the skills they need to effect change in their own communities.

According to the Municipal Structures Act 117 of 1998 and the Municipal Systems Act 32 of 2000, it is generally the role of the local municipality to service and achieve community development in local communities by improving the quality of life of the people, providing basic services and basic skills, and ensuring that those services are sustainable. It was therefore traced from the collected data that the local municipality of uMhlathuze does include the public in their gatherings. Traditional and community leaders in particular, play a leading role in the decision making board of the municipality.

Collected data also revealed that uMhlathuze municipality had a fully functioning integrated development plan. According to the Municipal Systems Act of 2000, the IDP is the principal strategic planning instrument which guides and informs all planning and development and all decisions with regard to planning management and development for a five-year period. An IDP manager from uMhlathuze municipality clearly

declared that "an IDP is a strategic plan that tells the municipality what it is going to do in order to develop its area". As according to the Municipal Systems Act and IDP guide pack (2000), uMhlathuze local municipality outlined that the IDP should provide specific benefits for different target groups such as the private sector and communities and other stakeholders.

It is discovered that in the private sector, the IDP should serve as a guide in making decisions with regard to areas and sectors to which they can invest and contribute in community development (IDP guide pack, 2000). Nevertheless, it was discovered that MNCs around the City of uMhlathuze, generally, do not conform to the IDP plan. As outlined earlier, of the four MNCs selected, only one partnered with the municipality in community development and structuring corporate social responsibility. The IDP pack (2000) further outlines that communities and stakeholders should be given an opportunity to inform the municipal council what their development needs are. This gives the opportunity to determine the municipality's development direction, and a mechanism for communicating with their councillors and the governing body. It is also a tool through which they can measure the performance of the councillors and the municipality as a whole.

As outlined in data presentation, it was discovered that in all municipal sittings such as IDP constructions and reviews, IDP road shows and LED road shows, the public, including the private sector, is always invited to take part in these important gatherings. The public in turn, particularly the traditional authority, disclosed that officials from the government sector and the private sector are often invited in their tribal gatherings where matters pertaining to the community are discussed. As outlined in the section on data presentation, participation is not always 100%. Community glossary (2009), pointed out that community development is commonly viewed as combined processes, programs, strategies, and activities that make a community sustainable as compared to economic

development which is the marketing of its potential for growth followed by local efforts to act on opportunities. According to uMhlathuze city, a local municipality should play a leading role in ensuring that community development is understood and best implemented.

4.8.2 The role of CSR in community development

Given the fact that community development is mainly the responsibility of a municipality, multinational corporations are nevertheless reported to also contribute to community development in the areas in which they are located in, through what is widely known as corporate social responsibility (Herrmann, 2004). Transcribe data revealed that the municipality was well informed about what CSR is and how it works, however, little was detected as to what informs corporate social responsibility performed by MNCs participating in this study. Growther and Aras (2008) state that CSR should involve a wide range of activities that include partnership with local communities, develop relationships with employees, customers and their families and be involved in activities for environmental conservation and sustainability. Nevertheless, it was discovered that there was less partnership between MNCs and uMhlathuze local Municipality. Generally, it was perceived that most MNCs studied preferred to work as separate entities, thereby executing CSR according to their own terms and conditions.

Host communities, the local municipality and MNCs in this study, in some way all agreed to the view that CSR has tremendously brought about change in the City of uMhlathuze, because they execute a wide range of economic and social activities such as providing employment, support community projects; and providing education and training for the youth. Chan (2014) presented that companies should primarily priorities on stakeholder interests than on activities done to advertise the image of a particular company which will yield little positive ripple effect for stakeholders. Ultimately, the main concern that was presented and observed from the local municipality and host communities is the concern

of what informs CSR activities by multinational corporations. Clegg (2013) concluded that in order to ensure adequate and effective CSR activities, companies should collaborate with businesses, the government, and the civil society.

The nature and manner in which CSR is being implemented is not satisfactory, according to the local municipality and the civil society. There is no tool or instrument put forward by MNCs that guide their corporate social responsibilities such as the Integrated development plan which is a tool that the local municipality uses to address the needs and wants of the civil society. The concern was mainly based on the idea that MNCs should at least operate according to traits of the local municipality so as to direct their help where it is most needed given that they are a business and not a community development based company.

While there are a lot of activities that have been detected, which have changed lives and developed livelihoods of inhabitants in and around the City of uMhlathuze, it has been observed that the lack of policies and legal frameworks to directly guide CSR by companies is the main reason why the City of uMhlathuze fails to highly benefit from the presence of a wide range of companies that are located in its jurisdictions. Affirming this belief is Herrmann (2004) who declares that corporate social responsibility is an instrument that can be used to achieve sustainable development but only if it is properly managed and executed. Host governments should create binding legal obligations and seek to properly enforce those laws.

4.9 Effects of lack of binding laws or documentation between the Local Municipality and the MNCs

It is concluded that corporate social responsibility is about business, government and civil society collaboration with the aim of achieving a win-win situation among the three entities. From a social point of view, corporate social responsibility should and must at all times benefit the community (Ephraim, 2015). According to transcribed data, collaborations aimed at community development amongst, communities that MNCs are operating in and the local municipality in the City of uMhlathuze do not exist, at least in a multilateral setting. In a more specific perspective, community development partnerships vary drastically, some MNCs choose to partner with host communities directly while some do to a certain extent partner with both the local municipality and the local communities. This is mainly because of a lack of binding laws or regulatory measures between MNCs, the local municipality and the host communities.

Meyer and Jebe (2010) proclaimed that generally, in the world there are very few binding treaties for MNCs operating in foreign countries in the field of community development activities. They further pointed out that companies operating in foreign countries should at all times obey the laws of their home countries and that of foreign nations. Nevertheless, transcribed data revealed otherwise; it was discovered that broadly, there are no laws or binding documents and memoranda of understanding that direct CSR activities implemented by multinationals, so as to benefit the public at municipal level. Except for the social labour plan, which is a national law which governs the operation of mining industries in South Africa, whereby mining industries undertake annual routine check-ups with regards to community empowerment and giving back to the community, there are no other documentations that bind industries to really give back to the community, let alone guide them as to how they should do so.

According to the recorded data, this had negative effects to host communities because the municipality does not have any legal documents that say MNCs should form any partnership in community development activities; therefore, they cannot really benefit as much as they should from MNCs. In employment creation, which is widely renowned as a contributor to host community empowerment and development; MNCs do not have recorded documentation on the actual number of locals employed and cannot justify that the personnel employed are from host communities. Therefore, the municipality is always with the perception that the locals are being employed, while there is no proof that it is the actual local people that occupy the jobs in the selected MNCs.

Data further revealed that there was lack of proper communication between the municipality and MNCs. This was greatly realised when assessing CSR activities of the selected MNCs. Corporate social activities carried out by MNCs were not informed by detailed needs of the people since proper consultation and needs identification criterion were not available. At the end of the day, MNCs executing CSR activities of any form contributed to community development but not as effective as they should be since there is little collaboration with local municipalities who are the main executers of community development in South Africa.

4.10 The importance and effectiveness of community development partnership

Data indicated that there were no proper community development partnerships amongst selected MNCs, the local municipality and the host communities, on documentation they operate as separate entities that merge occasionally. While authors around the globe communicate the importance of partnership in community development amongst these entities, MNCs and the local municipality are distant relatives. Ephraim *et al* (2015) unpack the meaning of community development for nations that host MNCs.

They declare that community development refers to initiatives undertaken by host communities in partnership with external organizations in order to empower individuals and groups of people by providing them with necessary skills and common needs that they need to effect change in their own community. In this case, external organizations include governmental and non-government organizations and corporations of various sizes such as multinational corporations.

The lack of partnerships presented in this study has proved that host communities including the local municipality advances very little from MNCs. The local municipality on the other hand, firmly believes that should sound, defined and documented regulatory partnership programmes amongst them and the MNCs be established and implemented, community development in the city of uMhlathuze could be greatly catalysed, since the city is a prominent industrial city.

This belief is primarily based on what Herman (2004) presented. Herman declares that corporate social responsibility could be a tool and a possible solution that can lead to the establishment of sustainable development, but only if the following standards are set and met by host countries on MNCs. He argues that host countries should create binding legal obligations, which will guide CSR undertaken by MNCs; properly enforce those laws on operating MNCs particularly at local level; and monitor compliance with the standards. Unfortunately, no such activities were traced in the City of uMhlathuze and its absence has seen the local municipality not to have compliance from MNCs.

As presented in earlier chapters, the local municipality in any country has a key responsibility to service community development activities, hence municipalities often embark on developing and establishing integrated development plans. On the other hand, MNCs have a key role to render corporate social responsibility, as Veen (2012) states: corporate social responsibility is all about responsibilities to society beyond those of making profits for the stakeholders involved. Furthermore, Chan (2014)

points out that MNCs should primarily care and prioritise on their stakeholders' interest in business, but also simultaneously care and place interest on other areas, apart from those that are profit making. Because of this data transcribed exposed that the merging of these organization could help effect community development and therefore remains very important more specifically for the developing countries.

The legitimacy theory further stipulates the importance of the society to MNCs. "Society grants legitimacy and power to business", should a business fail to use its power responsibly society may revoke it, if not unrest, strikes and un-friendly working conditions will prevail. In the transcribed data, it was discovered that most, if not all MNCs in the City of uMhlathuze were considered to be legitimate in the eyes of the public; nevertheless, countless strikes and complaints on the type of employment, salary and wages, corruption and the nature of CSR activities is common in some MNCs, which begs the question, what informs corporate social responsibility? Why is the local municipality left out of it? And is it effective? The conclusion is the mere fact that all these questions remain un-answered and un-attended to because there is currently no law or documentation that effect such changes.

As also contained in the stakeholder theory, a stakeholder is very important in business. Pederson (2004) points out that the stakeholder theory in companies seeks to properly implement ethics and CSR while extending the areas of corporate social responsibility. Therefore, it can be concluded that companies that adhere to the theory thereby taking care of its stakeholders and behave in a morally acceptable way can achieve greater success in the market environment.

According to the data in this study, most companies do adhere to the stakeholder theory to a certain extent. Most of the companies in the city of uMhlathuze do not consider the local municipality as part of the community to include in their CSR activities. As presented earlier, MNCs were detected to directly work with the public in their CSR programmes.

The municipality feels, better and sound changes could be established and taken care of, if more and more companies worked with them in directing corporate social responsibility.

CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the entire study that was conducted to explore community development partnership amongst the local municipality, selected MNCs and host communities. The summary presented is based on the objectives that the study aimed to realise. Furthermore, conclusions are drawn from the findings of the study. Lastly, the section also outlines possible recommendations on what could be improved and possible areas for further study.

5.2 Summary of the study

The main purpose of this research document was to explore community development partnership amongst the local municipality, selected MNCs and host communities. This was achieved through the assessment of peer reviewed journals and other relevant documentations globally, nationally and regionally. Interviews were conducted with relevant representatives from all three interest areas thereby transcribing relevant content that gives answers to the central questions in this study.

This study followed a qualitative approach and therefore used qualitative data collection tools to achieve all its objectives. Interviews with the key informants (officials from the selected MNCs, the municipality and host communities) were conducted and the structure observation checklist was used to gather information from both the public and private sector relevant in the study. The summary presented is based on the objectives of the study as follows:

5.2.1 Objective one: To identify the existence of community development partnerships amongst the local municipality, selected MNCs and host communities.

The study achieved this objective. The data revealed that there was lack of formally documented partnership that exists between the three interest areas, namely, uMhlathuze local Municipality, host communities and selected multinational corporations with regards to community development activities taking place in the area of study. It transpired that the local municipality (host communities) does engage in community development activities with most of the selected MNCs. However, the partnership is purely occasional and unpredictable and this is attributed to the absence of signed memorandum of understanding (MOU) in place.

5.2.2 Objective two: To assess the type and nature of community development partnerships between the municipality and multinational companies in community development activities.

The study achieved this objective. It was found that the type and nature of interactions amongst the local municipality (host communities) and MNCs were erratic and lacked regulatory measures in general. One would say, based on the results that there was no formal or recognised partnership found to be in existence. However, it transpired that host communities do engage in community development activities with the selected MNCs. Regardless, the identifiable engagements amongst the stakeholders were not guided or supported by law, since there were no regulations that governed and directed the identified relations amongst the stakeholders.

The study revealed that the local municipality had limited interaction with most of the selected MNCs in community development activities. Of all the MNCs selected, only 20% were reported to often liaise with the local municipality in most community development activities. The results displayed that even amongst the 20% that reported having some form of

liason with the local municipality, there were no formal MOUs between them, which could help direct the partnership or hold parties accountable. It was further discovered that the selected MNCs generally opted to operate as separate entities from the local municipality, regardless of programmes such as corporate social responsibilities (CSR) programmes of MNCs that in theory and practice required foreign companies to interact and plough back to host communities, particularly the local municipality since it is the sole purpose of the municipality to establish and cater for development in communities.

In a nutshell, there was no structure or plan in place that binds MNCs to the local municipality. For instance, in the development of an IDP Plan and the implementation startegies, there were no costs, projects or programmes categorised and assigned to MNCs that the City of uMhlathuze hosts. CSR activities were constructed and carried out by companies using their own personnel with little or no relations to that of the municipality. It was therefore noted that should theses two entities work together, the relationship would be benefitial to community development as this is often seen when they share similar interest in community development activities.

Between the local municipality and the community, some traces of good partnership were found to exist. The local municipality is responsible for setting development goals for the community at large, through the Integrated Development Plan, a policy document which tells the municipality what it is going to do in order to develop its area. The results revealed that the municipality always consults the public when constructing or reviewing the IDP, through particularly community leaders (ward councillors and traditional leaders).

5.2.3 Objective three: To determine the effectiveness of partnerships between the local municipality and MNCs in community development activities.

There are no formal and documented community development partnerships between the local municipality and selected MNCs, as explained in 5.2.2, and where MNCs interact with the local municipality or host communities, legal regulations and formal MOUs are not available.

In a critical perspective, the services, activities and projects rendered by MNCs are somehow based on vague collaborations. Some of these collaborations proved to be life changing for most households, community based organisations, and other relevant interest groups within communities. Nevertheless, the lack of mandatory documents has made the process and the interaction to be less beneficial in some interest areas with very little commitment and awareness of the activities by a large population of the public.

Lack of proper community development partnerships amongst the interest areas may have caused the process of community development to be ineffective, erratic and slower than anticipated for uMhlathuze, a city that hosts a variety of world class MNCs. In a nutshell, it was discovered that the manner in which CSR activities by MNCs are implemented does not yield proper community development for host communities, because it does not cater for the pressing needs of the community as the activities are not formally informed by the IDP, a Bible that provides guidance towards meeting of pressing needs within the municipalities.

The activities are characterised by poor understanding of stakeholders, households, and the absence of community profiling and most importantly, the integrated development plan, which is the backbone of community development. The City of uMhlathuze has to a certain extent

benefited tremendously from MNCs; economically and socially, but the establishment of firm partnerships between the municipality and host communities could see even greater developments as the process of community development may be accelerated.

5.3 CONCLUSIONS

A community development partnership amongst local municipalities, multinational corporations and host communities has been touted to be one of the effective strategies in ensuring sustainable community development. This has been informed by the assertion that municipalities are considered as the main service providers of community development activities. Therefore, any organisation with a stake in developing the community should consult or interact with the government structures in order to clearly understand the geographic area, community stakeholders, community needs and have the required background information on previous community development activities in the areas of concern.

It is concluded based on the findings of the study that the partnerships and collaborations that exists are purely occasional and unpredictable, attributed by the absence of signed memorandums of understanding (MOUs). The type and nature of interactions amongst the local municipality (host communities) and MNCs were found to be erratic and lacked regulatory measures in general. The identifiable engagements amongst the stakeholders were not guided or supported by law. There were no regulations that governed and directed the identified relations amongst the stakeholders.

The absence or lack of partnerships between the local municipality and MNCs could cause CSR activities by MNCs to be less valued and acknowledged by the local municipality. The respondents from the public sector, supported by a variety of literature which was also presented in Chapter 2 of this study revealed that MNCs routinely board on activities

that only have massive benefits for their operation, and that most MNCs engage on CSR activities that advertise their image to the wider public. Selected multinational companies on the other hand, disclosed that CSR activities they offer are changing the lives of households and communities. The change was observed through the availability of improved infrastructure, classrooms and clinics constructed by the MNCs in the selected areas.

Community development activities established and stimulated by MNCs are evident in the selected communities. However, the main concern still lies with the criteria used to determine the type and nature of services or the facilities and criteria used to select and execute such important accomplishments. The question of what informs the development activities remains unanswered, given the non-existence of partnerships amongst the providers and beneficiaries of community development activities and initiaves.

5.4 RECCOMMENDATIONS

The significance of this study is mainly influenced by its provision of useful solutions that can help solve the problems associated with the process of community development for communities that host MNCs. The following make up recommendations based on the findings of this study.

I.   The study discovered that there are no defined or documented community development partnerships that exist between MNCs' corporate social responsibility and the local municipality. Thus, the study recommends that community development partnerships between MNCs and local municipalities be established and supported by law, in order to effectively guide CSR activities by MNCs to where it is needed the most by the public.

II.   The study established that MNCs do not make use of the integrated development plan (IDP) when implementing CSR activities for local communities. The study therefore recommends that MNCs should be part

of the IDP and align its CSR objectives to that of the IDP in order to effectively contribute to community development. This would be achieved if MNCs allow for closer ties with the municipality through the creation and reviewing of the integrated development plan.

III.   The study discovered that there are very limited or rather vague number of community based organisations (CBOs) or any other interest groups in the local communities covered. Thus, the study recommends that the local municipality should communicate the importance of such interest groups in community development to the public and further mobilise their establishment, which will aim to seek maximum benefits from the private sectors making profit in their area of resident such as MNCs directly and effectively.

IV.   During the course of the study, it was also discovered that companies that were widely involved in CSR activities with uMhlathuze city were mining companies. It was noted that this was mainly influenced by the national social labour plan which is a law that forces mining companies in South Africa to be involved in CSR activities. The study thus recommends that companies of different nature be held responsible by law towards committing to corporate social responsibility, rather than them looking at CSR activities as a courtesy tool in the area they operate in.

 V.   The study also discovered that the local municipality only invite MNCs during IDP reviews and road shows as means of creating community development partnerships with them. Thus, the study recommends that in order to achieve acknowledgement and consistent consideration from MNCs, the municipality must invite multinational company's representatives from the CSR section in all stages of the IDP more specifically when it is being constructed and developed.

VI.   The study revealed that MNCs often engage in CSR activities that do not address the needs of community members. It was discovered during the course of this study that most MNCs in the City of uMhlathuze often board on activities that somehow benefit their operation such as

the provision of bursaries for engineering and science students and the construction of roads to improve infrastructural network. Thus, the study recommends that MNCs should partner with external stakeholders in their initiatives in order to address felt needs and contribute to community development.

VII.   The study also discovered that as a strategy to initiate partnership with MNCs, the municipality sends emails and give calls in inviting them to be part of IDP reviews and road shows. This study therefore recommends direct visits, and conferences, where the importance of the interaction between MNCs and the local municipality would be disaggregated, outlined and understood by MNCs.

VIII.   In terms of further study, the researcher recommends that data should be collected through clustered interviews. The researcher should make an appointment with the targeted sample, preferably interview them as a pair one representative from the public sector (municipality) the other from the private sector (MNCs). This would assist to avoid the challenge of the 'blame game' which was encountered while conducting this study.

IX.   Future studies should include other forms of MNCs, such as banks, supermarkets, and petrol stations. The civilians should also be regarded as key participant in the data collection process.

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APPENDIX A

PARTICIPATION INFORMED CONSENT DECLARATION

INFORMED CONSENT DECLARATION

Project Title:

Exploring community development partnerships amongst uMhlathuze local Municipality, selected multinational corporations and host communities

I am Hlanganani Mnguni a Masters student, supervised by Dr PT Sabela from the Department of Anthropology and Development Studies at the University of Zululand, I hereby request your assistance towards conducting a study in the above mentioned research topic. Please be ensured that the nature and purpose of this project and of this informed consent declaration will be explained to you in a language that you understand.

Purpose of the project:

This project aims to explore community development partnership amongst uMhlathuze local Municipality, selected MNCs and the host communities. With the belief that operations aimed at developing local communities are better understood by local Municipalities since they have the IDP and the profile of the communities, and effective partnering with MNCs and host communities could help achieve this ultimate goal of effective and efficient development.

Please be aware that:

- The University of Zululand will issue ethical clearance to this research project and you may ask to see that certificate.

- Your participation is entirely voluntary and should you at any stage wish to withdraw from participating further, you may so without any consequences.

- You will not be compensated for participating in this research.

- You are expected to respond honestly from each question asked.

- Confidentiality and anonymity of records will be kept and your name and identity will not be revealed to anyone who has not been involved in the conduct of this research.

- By signing this informed consent declaration you are not waiving any legal claims, rights or remedies.

Any further questions that you might have concerning this project or participation will be answered by:

Name   : Hlanganani Mnguni

Role   : Researcher

Contact number   : 078 539 6636

I,………………………………………………………………………………………..confirm that the above information has been explained to me in a language that I understand and I am aware of this document contents. I have asked all questions that I wish to ask and they have been answered to my absolute satisfaction. I fully understand what is expected of me during the research and I was not pressurised in any way to participate in this study.

………………………………………………….   …………………………………

Participant signature   Date

APPENDIX B

INTERVIEW QUESTIONS TO THE HOST COMMUNITIES

INSTRUCTON: Mark the appropriate block with an x

1. Gender

Male	Female

2. Age

18-29	30-39	40-49	50+

3. Period residing in the area

-4yrs	5-15yrs	16-30yrs	30yrs+

INSTRUCTION: write answers in the space provided

4. What is your role within this community? Please specify

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5. In your opinion, is the existence of Multinational Corporation (s) within this area beneficial in any way possible to your community? Please specify how

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6. Can you report on any development activities that your local government has done for this area? Please specify

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7. Can you report on any development activities that the operating MNC has done for this area? Specify please

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8. If yes, do you think the community is well represented through the establishments, planning and implementation of those activities? How exactly and if no is it essential to include them?

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9. In your experience and view, are there any partnerships between your local Municipality and the operating MNCs intended towards community development? Explain your answer

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10. Do you have any other information to share regarding MNCs, the local Municipality, and the community development of this area?

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APPENDIX C

INTERVIEW QUESTIONS TO THE LOCAL MUNICIPALITY

INSTRUCTION: Write answers in the space provide

1. Please specify your appointment within uMhlathuze Municipality

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2. In the Municipalities perspective, what is community development?

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2. What are the community development activities that the municipality is currently providing to communities around its jurisdiction? Specifically to areas that host MNCs and those around its operation

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3. Does the Municipality collaborate with other organisations or multinational companies in rendering one or any of those activities? If yes which companies do you most partner with, how is the relationship structured and is it effective and efficient?

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3.1 Is the community well represented in this partnership? Yes or No

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4. If no, why is there no partnership with the local MNCs?

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5. Is there any municipal legislature that MNCs should adhere to and is there any compliance? Please explain your answer

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6. Is there any national legislature that the municipality executes towards the operation of MNCs within its jurisdictions and is there compliance? Please explain your answer

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APPENDIX D

INTERVIEW QUESTIONS TO MNCs

INSTRUCTION: Write answers in the space provide

1. Please specify your appointment within this Multinational Corporation.

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2. How long has this company been operating in this area?

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3. Is there any local or national legislature that governs your operation? Please specify which and do you adhere to it? Open question

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4. Does this company have community development partnerships with the local municipality/ Communities? Please specify the type of partnership

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5. Would you say that the existence of this company is beneficial to the surrounding communities? Explain your answer

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6. What does this company understand about (CSR) Corporate social responsibility and does it partake in it? Explain your response

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7. Are there any community development activities that this company participates in particularly with it host community and the local municipality?

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7.1 If yes, how does this happen, can you name a few and discuss their implications towards community development?

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7.2 If no, why doesn't it?

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NB.

Please attach any reasonable documentation that could help this study

Contact H Mnguni:

hlangs50@gmail.com

078 539 6636

Thank you for your co-operation

APPENDIX E

IMVUME NESIBOPHEZELO SOKUBAMBA IQHAZA

Ngingu Hlanganani Mnguni umfundi obhalise iziqu zeMasters kwa Development Studies, enyuvesi yase Zululand, eMnyangweni we Anthropology and Development Studies. Inhloso yalolu cwaningo ukuqoqa ulwazi ngaphansi kwesihloko esithi: **"ucwaningo mayelana nokubambisana phakathi kukamasipala wendawo, umphakathi, kanye nezinkampane ezizimele"** Lolucwaningo lwenziwa ngenhloso yokukhula ngokwezemfundo kanti kubalulekile ukukuveza ukuthi lolu ncwaningo alenzelwa ngenhloso yenzuzo. Ulwazi luzosetshenziswa ukuqedela umqulu wocwaningo. Ukubamba kwakho iqhaza ocwaningweni kuzokhulisa ulwazi ekuthuthukiseni umphakathi futhi kuphinde kukhulise ulwazi ezincwadini mayelana nezentuthuko makubambiseni uMasimpala, izikambane ezizimele, kanye nemiphakathi.

Sicela uqaphe ukuthi:

- Ukubamba iqhaza ocwaningweni akuholeli
- Inyuvesi yase Zululand iligunyazile ngesitifiketi lolu ncwaningo
- Imfihlo iqinisekisiwe ngokuthi akukho amagama uyokwambulwa noma kubani emqulwini esikhathini esizayo. Akekho ozokwazi ukulandela umkhondo wokuthi yiluphi ulwazi olukhiphile.
- Ukubamba iqhaza kungokuzikhethela ngokuphelele futhi abukho ubungozi obuhambisana nokubamba iqhaza. Imiphumela izokwabiwa ngesimo sokwethula ulwazi, nango kwethula incwadi emaphephabhukwini ezemfundo.

Uma uvuma ukubamba iqhaza kulolu cwaningo, sicela usayine le ncwadi mvume yolwazi yokubamba iqhaza, uqaphele ukuthi lesi sibophezelo

siyogcinwa kuphela ngenhloso yokugcina ulwazi njengoba ubumfihlo buqinisekisiwe.

Mina_____ ngifundile okuqukethwe sibophezelo futhi ngiyaqinisekisa ukuthi ukwaziswa okwanele kwenziwe ngolimi engiluqondayo. Ngiyaqonda ngokugcwele okulindeleke kimi futhi angizange ngiphoqhwe nganoma iyiphi indlela ekubambeni iqhaza ocwaningweni ngakhoke ngizinikelela ngokuthanda nanokuzikhethela ekubambeni iqhaza kulolu ocwaningweni olungenhla.

Isisayino sobambe iqhaza   Usuku

_____   _____

APPENDIX F

Imibuzo ebekhane naba mele umphakhathi

Umuyalezo: Khetha lapho kufanele khona

1. Ubulili

Male	Female

2. Iminyaka

18-29	30-39	40-49	50+

3. Isikhathi osusihlale kulendawo

-4yrs	5-15yrs	16-30yrs	30yrs+

Umuyalezo: Phendula ngokubhala ezikhaleni ozinikiwe

4. Iyiphi indima oyidlalayo kwezentuthuko njengelunga lomphakathi? Sekela impendulo yakho

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5. Ngokubona kwakho, ukuba khona kwezinkampane ezizimele kulendawo kuyawusiza yin umphakathi kwezentuthuko

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6. Zikhona yini ezokuthuthuka ongazibalula umasimpala wendawo osuke wazenzele lomphakathi? Chaza kabanzi

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7. Zikhona yin ezokuthuthuka ongazibalula inkampane ezimele esike yazenza lapha empakathini? Chaza kabanzi

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7.1 Uma ngabe zikhona ezokuthuthuka, ucabanga ukuthi ngabe umphakathi umelwe ngokwanele yini ezinhlelweni nasekusabalisweni kwezentuthuko? Chaza kabanzi

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8. Ngokubona kwakho ngabe bukhona yini ubudlelwane phakathi kukaMasipala wendawo, nenkampani ezimele (MNCs) ekuthuthukiseni umphakathi? Sekela impendulo yakho

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9. Ngabe unalo yini olunye ulwazi yini olunye ulwazi ongasicobelela lona mayelana noMasipala wendawo, izinkampani ezizimele kanye nentuthuko endaweni

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APPENDIX G

OBSERVATION CHECKLIST FOR EXPLORING COMMUNITY DEVELOPMENT PARTNERSHIP AMONGST HOST COMMUNITIES, SELECTED MNCs AND THE LOCAL MUNICIPALITY

OBSERVATION CHECKLIST THAT WERE CONDUCTED IN HOST COUNTRIES

OBSERVATION	PRESENCE OF A COMMUNITY DEV. ACTIVITY		DO ALL MEMBERS BENEFIT		TYPE OF COMMUNITY ACTIVITY(S)	COMMUNITY ENGAGEMENT IN THE PROJECT			ADD..NOTES
	YES	NO	YES	NO	NAME(S)	GOOD	BAD	FAIR	
Community 1									
Community 2									
Community 3									
Community 4									

LETTER REQUESTING PERMISSION TO CONDUCT RESEARCH

University of Zululand
P.O Box X1001
Kwa-Dlangezwa
3886
11/06/2015

The Municipal Manager
UMhlathuze Local Municipality
P.O.BOX
Richards bay
3950

Dear Sir/Madam

REQUEST FOR PERMISSION TO CONDUCT RESEARCH

I am a registered Master's student in the Department of Anthropology and Development Studies at the University of Zululand under the supersvision of Dr. P.T Sabela

The proposed topic of my research reads thus: "***Exploring community development partnerships amongst the local municipality, selected MNCs and the host communities"***. The objectives of the study are as follows:

I. To identify the existence of community development partnerships amongst the local municipality, selected MNCs and host communities

II. To assess the type of community development partnerships between the municipality and multinational companies in community development activities.

III. To determine the nature and effectiveness of partnerships between the local municipality and MNCs in community development activities.

I hereby seek your approval towards conducting research within the jurisdiction of the municipality, particularly with UMhlathuze municipality, selected MNCs and host communities. The research is mainly for academic growth and development and is of no commercial value of some sort. I firmly believe that the completion of this study may contribute massively on the knowledge bank of community development partnership specifically at local government sphere.

With this letter I have attached the research questionnaires or rather instrument that will be used to saturate the objectives and aim to this research project.

Should you require any further information, please do not hesitate to contact me or my supervisors. Our contact details are as follows:

Mr. H Mnguni (my contacts)   hlangs50@gmail.com   078 539 6636
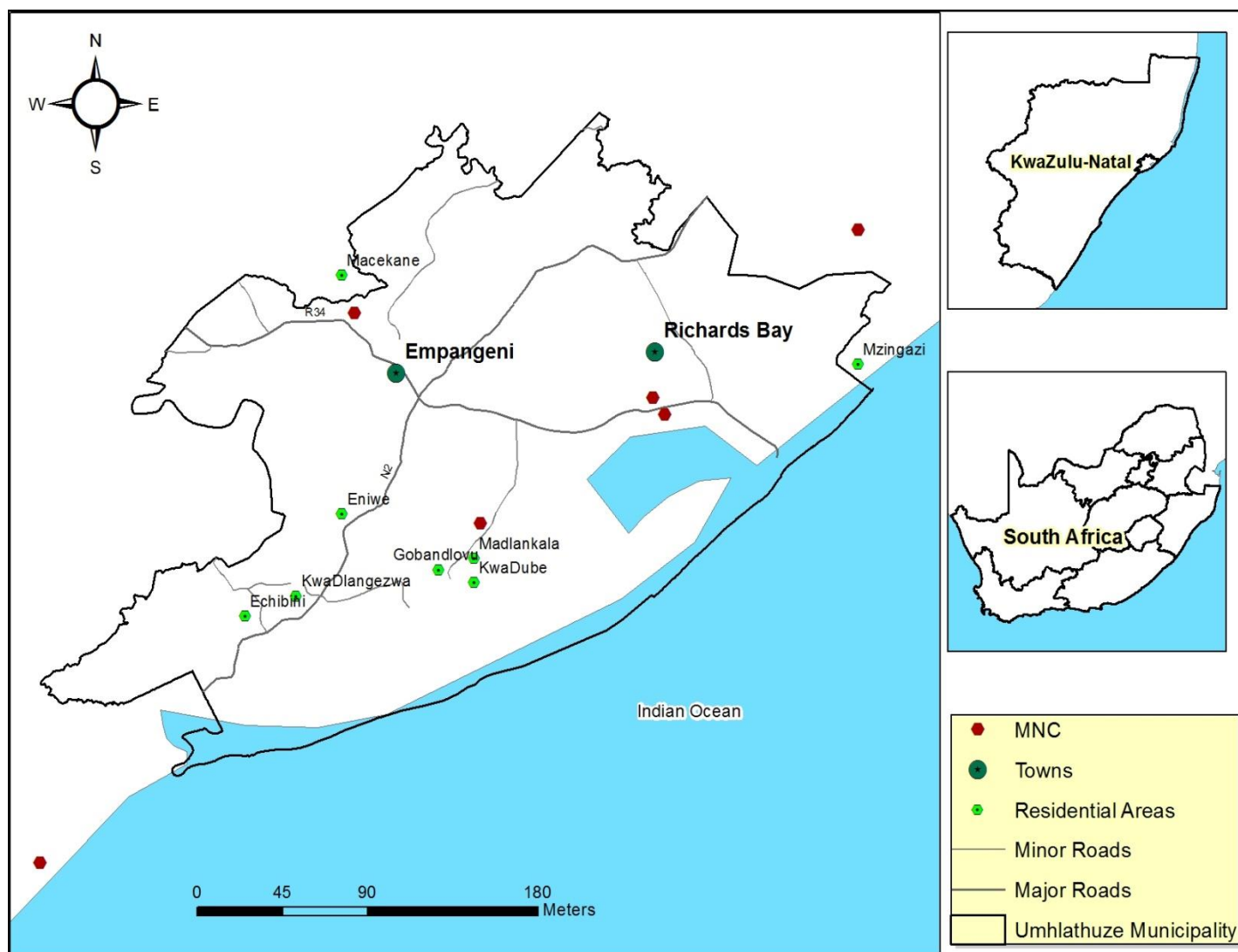
Dr. P.T Sabela   SabelaP@unizulu.ac.za 082 358 1172

Upon completion of the study, I obligate to provide you with a bound soft copy of the dissertation. Your permission to conduct this study will be greatly appreciated.
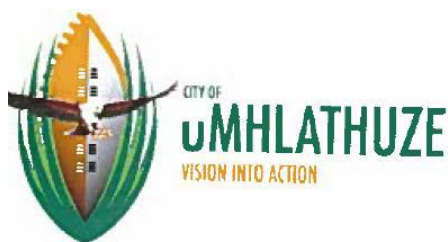

Yours sincerely,

Hlanganani Mnguni

Signature: …………………………

APPENDIX I

APPENDIX J

CITY OF uMHLATHUZE
VISION INTO ACTION

Your ref: N P Mdluli - Manager IDP	**Our file ref:**	
Contact: 045 9075062	**In response to DMS No:**	Original
	Date:	30 October 2015

TO WHOM IT MAY CONCERN

GRANTING PERMISSION TO CONDUCT RESEARCH

This letter serves to confirm that a student named Hlanganani Mnguni was granted permission to conduct research at uMhlathuze Municipality. The topic on which the research was conducted was *"Exploring Community Development Partnerships amongst uMhlathuze Local Municipality, Selected Multinational Corporations and the hosts Communities".*

All necessary information was shared with the student on the research topic. The approach followed included one on one interviews. We hope that the information given will add value to the student's research project.

uMhlathuze is always committed to providing quality information to students. For enquiries you may contact the IDP Manager, Mrs NP Mdluli at MdluliNP@umhlathuze.gov.za with office number 0359075062.

Regards,

NP MDLULI
MANAGER IDP

ALL CORRESPONDENCE MUST BE ADDRESSED TO THE MUNICIPAL MANAGER

APPENDIX K

**UNIVERSITY OF ZULULAND
RESEARCH ETHICS COMMITTEE**
(Reg No: UZREC 171110-030)

RESEARCH & INNOVATION
Website: http://www.unizulu.ac.za
Private Bag X1001
KwaDlangezwa 3886
Tel: 035 902 6887
Fax: 035 902 6222
Email: ManqeleS@unizulu.ac.za

ETHICAL CLEARANCE CERTIFICATE

Certificate Number	UZREC 171110-030 PGM 2015/242							
Project Title	Effectiveness of partnerships between uMhlathuze Local Municipality and selected multinational corporations in community development activities							
Principal Researcher/ Investigator	H Mnguni							
Supervisor and Co-supervisor	Dr PT Sabela				Dr NR Ngcobo			
Department	Anthropology & Development Studies							
Nature of Project	Honours/4th Year		Master's	x	Doctoral		Departmental	

The University of Zululand's Research Ethics Committee (UZREC) hereby gives ethical approval in respect of the undertakings contained in the above-mentioned project proposal and the documents listed on page 2 of this Certificate.

Special conditions: (1) The Principal Researcher must report to the UZREC in the prescribed format, where applicable, annually and at the end of the project, in respect of ethical compliance.
(2) Documents marked "To be submitted" (see page 2) must be presented for ethical clearance before any data collection can commence.

The Researcher may therefore commence with the research as from the date of this Certificate, using the reference number indicated above, but may not conduct any data collection using research instruments that are yet to be approved.

Please note that the UZREC must be informed immediately of

- Any material change in the conditions or undertakings mentioned in the documents that were presented to the UZREC
- Any material breaches of ethical undertakings or events that impact upon the ethical conduct of the research

H Mnguni   - PGM 2015/242

Page 1 of 2

132

Classification:

Data collection	Animals	Human Health	Children	Vulnerable pp.	Other
X					
Low Risk		Medium Risk		High Risk	
		X			

The table below indicates which documents the UZREC considered in granting this Certificate and which documents, if any, still require ethical clearance. (Please note that this is not a closed list and should new instruments be developed, these would require approval.)

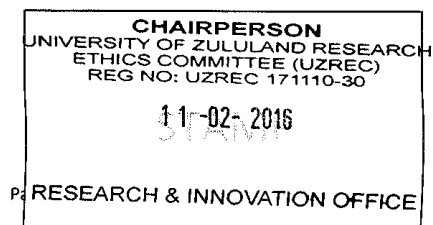| Documents	Considered	To be submitted	Not required
Faculty Research Ethics Committee recommendation	X		
Animal Research Ethics Committee recommendation	X		
Health Research Ethics Committee recommendation			X
Ethical clearance application form	X		
Project registration proposal	X		
Informed consent from participants	X		
Informed consent from parent/guardian			X
Permission for access to sites/information/participants	X		
Permission to use documents/copyright clearance			X
Data collection/survey instrument/questionnaire	X		
Data collection instrument in appropriate language		Only if necessary	
Other data collection instruments		Only if used	

The UZREC retains the right to

- Withdraw or amend this Certificate if
    - Any unethical principles or practices are revealed or suspected
    - Relevant information has been withheld or misrepresented
    - Regulatory changes of whatsoever nature so require
    - The conditions contained in this Certificate have not been adhered to

- Request access to any information or data at any time during the course or after completion of the project

The UZREC wishes the researcher well in conducting the research

Professor Nokuthula Kunene
Chairperson: University Research Ethics Committee
11 February 2016
H Mnguni   - PGM 2015/242

CHAIRPERSON
UNIVERSITY OF ZULULAND RESEARCH
ETHICS COMMITTEE (UZREC)
REG NO: UZREC 171110-30

1 1 -02- 2016

P RESEARCH & INNOVATION OFFICE

APPENDIX L

Professional EDITORS' Group | An association of editors in educational, academic and general publishing

"Services provided by a professional editor

A professional editor may only provide the student with copyediting and/or proofreading services.

Copyediting services include editing to achieve the following:

- clarity of expression
- accuracy of grammar, spelling and punctuation
- appropriate use of style and tone
- appropriate use of technical, specialised or foreign material
- appropriate, accurate and consistent use of illustrations, diagrams and the like.

"Proofreading services include checking the document to ensure that all document elements are complete and consistent. This includes verifying and correcting, as necessary, the following:

- the integrity of all parts of the publication
- consistency in use of style, terminology, etc.
- grammar, punctuation and spelling
- referencing
- illustrations and tables
- format and layout."

To whom it may concern

This serves to confirm that the document whose details appear below has been expertly proofread and edited.

Title: "EXPLORING COMMUNITY DEVELOPMENT PARTNERSHIP AMONGST UMHLATHUZE LOCAL MUNICIPALITY, SELECTED MULTINATIONAL CORPORATIONS AND THE HOST COMMUNITIES".

Author: H. Mnguni

Date: 2018/01/12

Professional EDITORS' Guild

X _____
Dr Berrington Ntombela
Proofreader/Editor