THE IMPACT OF INCLUSIVE PROCUREMENT PRACTICES ON SMALL AND MEDIUM-SIZED ENTERPRISES OPERATING WITHIN THE SOUTH AFRICAN MINING SECTOR

by

NKANYEZI NQOBILE LUTHULI

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DECLARATION

Name: **Nkanyezi Nqobile Luthuli**

Student number: **35591536**

Degree: **Master of Commerce in Business Management (Supply chain management – purchasing) (98582 – SUP)**

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DEDICATION

I dedicate this dissertation to my parents, Henry and Khanyisile Sithole

ABSTRACT

This study explores the impact of inclusive procurement practices on small and medium enterprises (SMEs) within South Africa's mining sector. Inclusive procurement, defined as the deliberate integration of diverse and marginalised suppliers into supply chains, has emerged as a strategic mechanism for advancing socio-economic development, equity, and sustainability. In the mining industry, procurement policies are central to shaping opportunities for local enterprises and host communities, making this an important area of inquiry.

A survey was conducted with SMEs participating in mining supply chains to evaluate their experiences, challenges, and perceived benefits of inclusive procurement initiatives. Quantitative methods, including descriptive statistics and correlation analysis, were applied to examine the relationship between procurement practices and business outcomes such as growth, competitiveness, and community development. Results indicate that inclusive procurement contributes positively to SME empowerment by expanding market access, strengthening capacity, and encouraging innovation. However, significant barriers remain, including limited supplier readiness, compliance burdens, and inconsistent enforcement of policies.

The study concludes that inclusive procurement is both a developmental imperative and a strategic enabler for SMEs in the mining sector. It recommends strengthening policy implementation, enhancing supplier development programs, and fostering collaborative partnerships between mining companies, government, and communities. By addressing existing challenges, inclusive procurement can unlock greater opportunities for SMEs, drive sustainable growth, and promote resilience. Collectively, the research highlights the transformative potential of inclusive procurement in advancing equity and socio-economic progress within South Africa's mining economy.

Key terms: Inclusive procurement, supplier diversity, procurement practices, Small and Medium-sized Enterprises (SMEs), mining sector, mining charter, host communities, socio-economic development

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LIST OF ABBREVIATIONS

B-BBEE	Broad-Based Black Economic Empowerment
B4IG	Business for inclusive growth
CIPS	Chartered Institute of Procurement and Supply
CSR	Corporate Social Responsibility
DMRE	Department of Mineral Resources and Energy
DTI	Department of Trade and Industry
EME	Exempted Micro Enterprise
ESD	Enterprise and Supplier Development
ESG	Environmental, Social, and Governance
DEG	Deutsche Investitions- und Entwicklungsgesellschaft which translates as German Investment and Development Corporation
HDP	Historically Disadvantaged Person
ICMM	International Council on Mining and Metals
LCR	Local content requirement
LPRM	Local Procurement Reporting Mechanism
MPRDA	Mineral Petroleum Resources Development Act
OECD	Organisation for Economic Co-operation and Development
OEM	Original Equipment Manufacturer
QSE	Qualifying Small Enterprises
RBV	Resource-Based View
RFI	Request for information
RFP	Request for proposal
RFQ	Request for quote
SCM	Supply Chain Management
SCOR	Supply Chain Operations Reference Model
SDG	Sustainable Development Goal
SEDA	Small Enterprise Development Agency
SME	Small and Medium-sized Enterprise
UK	United Kingdom
UN	United Nations
US	United States of America

DEFINITION OF KEY TERMS

Host community	In mining, a “host community” refers to cities, towns, and villages directly influenced by large-scale mining operations, where the presence of mines shapes local economies, infrastructure, and social dynamics (Cole & Broadbent, 2020).
Inclusive procurement	Inclusive procurement is the practice of engaging diverse suppliers to foster economic equity, innovation, and stronger communities by ensuring marginalized groups have access to procurement opportunities (Fairchild, Rose & Tell, 2018).
Mining sector	The mining sector comprises activities related to the extraction of minerals and metals, which are critical inputs for infrastructure, energy, and manufacturing industries (World Bank, 2019).
Mining charter	The Mining Charter, as defined by South Africa’s Department of Mineral Resources and Energy (DMRE), is the Broad-Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry. It is a policy instrument designed to promote transformation, ensure equitable access to the country’s mineral resources, and empower Historically Disadvantaged South Africans (HDSAs).
Procurement practice	Procurement practices are defined as the structured methods, strategies, and processes organisations use to acquire goods and services efficiently, ethically, and strategically, with emphasis on cost savings, value creation, and sustainability.
Small and Medium-sized Enterprise	According to the National Small Business Amendment Act, an SME is an independent business entity with its own assets, turnover, and employees, typically employing fewer than 200 people and generating turnover below set thresholds depending on size.
Socio-economic development	The South African Department of Trade, Industry and Competition (the dtic) defines socio-economic development (SED) within the framework of Broad-Based Black Economic Empowerment (B-BBEE) as initiatives that enhance access for disadvantaged communities to the mainstream economy

	through income-generating activities, education, skills development, and social upliftment.
Supplier diversity	Supplier diversity, according to the Chartered Institute of Procurement & Supply (CIPS), refers to actively including businesses that are at least 51% owned and operated by individuals from under-represented or under-served groups (such as women, ethnic minorities, Indigenous people, veterans, LGBTQ+ individuals, and people with disabilities) in an organisation's supply chain.
Supplier development	*Supplier development* as the proactive process by which buying organisations work with suppliers to improve their performance, capabilities, and competitiveness, ensuring that they can meet current and future procurement needs (Lysons & Farrington, 2020).

CHAPTER 1: INTRODUCTION TO THE STUDY

1.1 INTRODUCTION

Procurement has evolved over time from a back-office administrative purchasing function into a strategic discipline that exerts a direct influence on the competitiveness and financial performance of an organisation (Mena et al., 2018). The business case for how procurement is structured and managed rests on its ability to organise and coordinate external spending more effectively, enhance bargaining power in contracting and negotiations, and maintain a well-managed supplier base (Mena et al., 2021, p.26). Procurement represents the largest expenditure across the lifecycle of mining projects, it serves as a critical mechanism through which policymakers can advance local content objectives (Korinek & De Sa, 2023). Small and medium-sized enterprises (SMEs) play a vital role in this landscape, as they provide essential goods and services to the market and form a key structural foundation of the economy (Eniola et al., 2023, p.18).

The Organisation for Economic Co-operation and Development (OECD, 2018) emphasise the responsibility of multinational corporations to establish sustainable and inclusive supply chains, underscoring their duty to exercise due diligence in ways that support SMEs in host countries. The OECD (2018) further notes that SMEs constitute approximately 90% of private sector firms in most industrialised economies and account for nearly 70% of employment. Nevertheless, Shalizi (2022, p.10) contends that SME participation in global supply chains does not necessarily translate into equitable agreements or mutually advantageous negotiations. Governments across the globe acknowledge the pivotal role of SMEs in socio-economic development and have increasingly adopted inclusive procurement policies to strengthen their participation (Pircher, 2020). In South African, the Preferential Procurement Policy Framework Act (PPPFA) Act No. 5 of 2000 established the legislative basis for public sector initiatives aimed at economic transformation and the advancement of SMEs, particularly those owned by historically disadvantaged groups (Setino, 2018). Building upon the principles underpinning preferential procurement policy, the Broad-Based Black Economic Empowerment (B-BBEE) Act No. 53 of 2003, together with its associated Codes of Good

Practice, has functioned as a critical mechanism through which the private sector advances local economic development (Setino, 2018). Within the mining sector, the Broad-Based Socio-Economic Empowerment Charter, promulgated by the Department of Mineral Resources and Energy (DMRE), serves as a policy instrument aimed at addressing historical inequities through the promotion of socio-economic empowerment. The Charter further seeks to stimulate the growth of local mining inputs by strategically leveraging procurement expenditure within the sector (DMRE, 2018a). Crucially, it establishes explicit targets for enterprises owned and controlled by historically disadvantaged persons (HDPs), women, and youth, as well as for companies compliant with Black Economic Empowerment (BEE) requirements (DMRE, 2018a).

Despite policies being in place, it is often not easy for SMEs to enter the mining value chain as mining companies are large global firms and mostly foreign (Marin et al., 2021, p.21). Procurement of medium- to high-technology products used in mining is generally governed by international contracts with global equipment manufacturers (Östensson, 2017). Marin et al. (2021, p.21) further observe that mining companies tend to source complex goods and services through established global contracts with reputable multinational providers, with whom they maintain long-term relationships. This practice frequently excludes local SMEs from meaningful participation.

Within this contextual framework, the present research endeavours to critically examine the influence of inclusive procurement practices on the development of small enterprises operating in South Africa's mining sector. By undertaking this analysis, the study seeks to advance scholarly discourse through both a theoretical exploration of inclusive procurement and an evaluation of its practical application within the mining industry.

1.2 CONCEPTUALISATION OF THE STUDY

This section provides an overview of inclusive procurement practices in the mining sector, and the challenges faced by SMEs in accessing procurement opportunities.

1.2.1 Defining inclusive procurement

According to the Chartered Institute of Procurement and Supply (CIPS, 2020), inclusive procurement also referred to as supply diversity constitutes a proactive initiative by contracting authorities to ensure that all relevant potential suppliers are afforded a fair and equal opportunity to compete within the supply chain. More recently, emphasis has shifted toward supporting and developing local sources of supply and awarding contracts to qualified minority-owned enterprises (Monczka, 2021, p.96). This approach involves diversifying procurement practices to incorporate previously disadvantaged enterprises, including SMEs, local vendors, and businesses predominantly owned by minority groups such as women, youth, and persons with disabilities (Shah, Ward & Picari, 2019).

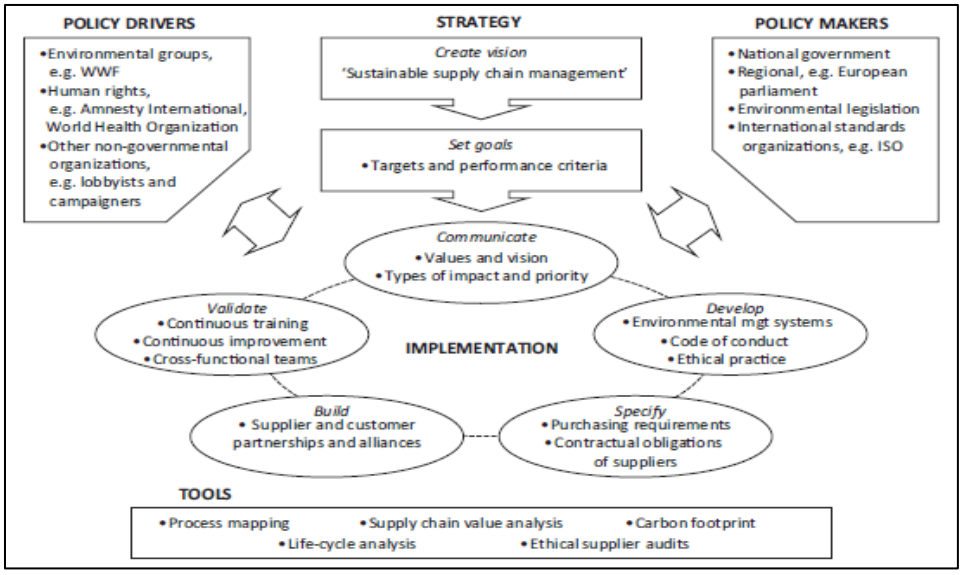
Inclusive procurement strategies often result in specific policies that enable the participation of less competitive bidders who might otherwise be excluded from open market competition (Cravero, 2018, p.10). The emphasis should be on a business strategy that fosters a diverse supply base within the procurement framework (Porter, 2019). Such participation is frequently facilitated through preferential or set-aside programmes, whereby large businesses are restricted from bidding on certain contracts that are reserved exclusively for smaller or less competitive enterprises (Cravero, 2018). Another key element is supplier development programmes, which builds and creates a competitive local supplier base (Handfield & Linton, 2017).

1.2.2 Strategies for implementing inclusive procurement

Procurement serves as the bridge between corporate strategy and daily operations, steering the supply base to deliver a competitive edge (Mena et al., 2021). Aligning procurement with corporate priorities makes it a strategic, goal-oriented function ensuring suppliers meet quality, cost, and delivery standards (Biazzin, 2019). An organisation formulates its corporate strategy to align internal resources with a changing external environment, especially market conditions, customer demand and other stakeholder expectations (Johnsen et al., 2019). External policy drivers and policymakers further influence the organisation’s strategic direction and sustainability aspirations (Johnsen et al., 2019). Inclusive procurement is shaped by government and societal pressures, as it

has the potential to stimulate employment and domestic industrial development, when combined with local content requirements, ensures that specific goods and services are sourced locally (Ramdoo, 2017). Mapping tools, such as the one illustrated in Figure 1.1, enable firms to cultivate a comprehensive understanding of organizational processes, information flows, and inter-organizational activities, while also accounting for the influence of policymakers from the external environment (Johnsen et al., 2019).

Figure 1: Framework linking sustainable supply chain management strategy to policy



Source : Johnsen et al. (2019, p.318)

According to Sánchez-Flores et al. (2020), sustainable supply chain management requires integrating environmental, social, and economic dimensions to balance internal corporate priorities with external market dynamics, particularly in emerging economies where these pressures are intensifying. These tools allow mining companies to identify where diverse suppliers (SMEs, women-owned firms, local enterprises) can be integrated into the supply chain. Rooted in contingency theory, strategic alignment assessing how well procurement choices fit overall organisational goals (Plantinga et al., 2021). Inclusive procurement necessitates that organisations adopt sourcing strategies which are explicitly aligned with their supplier diversity objectives, and ensure diverse suppliers are included in the procurement process from the onset (Porter, 2019). Mapping forms the

foundation of strategic planning and facilitates sustainable supply chain integration through a cycle of continuous improvement as external factors evolve (Johnsen et al., 2019).

When this model is applies, it provides a systematic lens to study inclusive procurement in mining connecting external drivers (policy, advocacy) with internal company strategies, implementation practices, and measurable tools. It helps you trace the pathway from policy intent to SME impact as following:

- **Strategy** – Mining firms set supplier diversity goals and measurable targets for SME participation.
- **Policy Makers** – National government, legislation (Mining Charter, B-BBEE Act), and regulatory bodies enforce inclusive procurement rules.
- **Implementation** – Training, communication, supplier development, and contractual obligations embed inclusivity into procurement practices.
- **Tools** – Audits, value chain mapping, and life-cycle analysis measure whether SMEs benefit and remain competitive

1.2.3 Inclusive procurement in the South African mining sector

The South African mining sector is ranked the fifth largest globally and holding approximately 88% of the world's known reserves of platinum-group metals (PGMs) (Minerals Council South Africa, 2019). In 2024 mining contributed approximately 6% to South Africa's gross domestic product (GDP), directly employed over 470,000 people, and accounted over 25% of total export earnings (Minerals Council South Africa, 2025a). Beyond its sheer economic weight, mining is uniquely positioned to drive socio-economic transformation due to its extensive procurement budgets (Geipel, 2020), strong linkages with upstream and downstream industries (Nkholise, 2022), and geographic concentration in historically disadvantaged regions (Stats SA, 2022). These characteristics make the sector a critical arena for advancing inclusive procurement, as even modest shifts in spending patterns can generate significant multiplier effects in local economies (Minerals Council South Africa, 2021).

In the aftermath of apartheid, the African National Congress (ANC)-led government introduced the Broad-Based Black Economic Empowerment Act as a fundamental tool for advancing socio-economic transformation and rectifying historical racial inequities. Each major sector of the economy was required to establish methodologies and guidelines for measuring B-BBEE, with key focus areas including black ownership, skills development, and enterprise and supplier development (DMRE, 2018a). Within the mining industry, this framework is implemented through the Broad-Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry, commonly known as the Mining Charter (DMRE, 2018a). First issued in 2004 and subsequently revised twice, the latest iteration Mining Charter III was promulgated on 27 September 2018 and is aligned with the B-BBEE Act. It adopts a scorecard methodology encompassing six developmental targets: ownership; mine community development; employment equity; human resource development; inclusive procurement, supplier and enterprise development; and housing and living conditions (DMRE, 2018a). This study focuses on the inclusive procurement element, which aims to stimulate local economic growth by supporting SMEs and suppliers of mining goods and services.

Inclusive procurement in mining is not only about compliance but about achieving strategic objectives that extend far beyond the sector itself. These objectives include:

- **Economic diversification**: reducing reliance on raw mineral exports by fostering local supplier industries and downstream beneficiation (Blass et al., 2017).
- **Community empowerment**: SME development is vital to socio-economic growth in mining communities, fostering local businesses and economic resilience after mining ends (Minerals Council South Africa, 2025b).
- **Equity and representation**: increasing participation of historically disadvantaged persons, women, and youth in supply chains, thereby dismantling structural barriers to entry (Nkholise, 2022).
- **Innovation and competitiveness**: stimulating competition and technology transfer to enhance efficiency and resilience in supply chains (Mintek, 2024).
- **Social licence to operate** strengthening trust between mining companies and communities while ensuring regulatory compliance (Komnitsas, 2020).

- **Sustainability and local content**: aligning procurement practices with environmental and social sustainability goals, ensuring that local content requirements translate into genuine industrial growth (Geipel, 2020).

The performance of mining companies in relation to inclusive procurement is assessed using the scorecard targets presented in Table 1.1 below.

Table 1.1: Scorecard for inclusive procurement, supplier and enterprise development

Mining Goods				Services		
Spend Category	**Compliance Target**	**Target Points**		**Spend Category**	**Compliance Target**	**Target Points**
BEE compliant companies	44%	5		BEE compliant companies	10%	5
Historically Disadvantaged Persons owned and controlled companies.	21%	5		Historically Disadvantaged Persons owned and controlled companies.	50%	5
Women owned OR Youth owned companies	5%	5		Women owned companies	15%	5
				Youth owned companies	5%	5
Compliance Target	**70%**	**15**		**Compliance Target**	**80%**	**20**
Up to 30% of the total procurement budget on mining goods may be offset against supplier development.				Up to 10% of the total procurement budget on services maybe offset against supplier and enterprise development.		
Research and Development spend on South African based entities					**70%**	**2.5**
Sample analysis spend on South African based companies / facilities					**100%**	**2.5**

Source: Adapted from DMRE (2018 a)

The According to the Department of Mineral Resources and Energy (DMRE, 2018a), inclusive procurement requires equal treatment of all suppliers, including women and youth owned enterprises. The policy further stipulates that 70 per cent of mining goods (excluding non-discretionary items) must be sourced from South African-manufactured products with at least 60 per cent local content, while 80 per cent of service expenditure must be directed to South African-based companies (DMRE, 2018a). The percentages in

the Mining Charter's inclusive procurement scorecard as demonstrated above are derived from the proportion of a mining company's total annual discretionary procurement spend that goes to specific categories of suppliers (e.g., Black-owned, women-owned, youth-owned, BEE-compliant). Each category has a set compliance target, and the actual spend is measured against these targets to calculate points on the scorecard.

Consequently, mining companies are required to establish procurement policies that enable market access for enterprises owned and controlled by historically disadvantaged persons, women, youth, and entities compliant with Black Economic Empowerment (BEE) regulations (DMRE, 2018a). Korinek and Ramdoo (2017) describe inclusive procurement in South Africa as a local-content strategy aimed at: (i) strengthening domestic supplier networks; (ii) enhancing skills through local employment and training; (iii) facilitating technology transfer to SMEs and public institutions; (iv) promoting shared asset ownership; (v) and advancing downstream value addition of raw materials. Mining companies are obliged to comply with both mandatory and voluntary reporting requirements, alongside legal obligations pertaining to Environmental, Social, and Governance (ESG) procedures and standards (Olsen et al., 2021). Initiatives relating to local content and host community development are typically disclosed under the social dimension of ESG (Geipel, 2020). Within the framework of the Mining Charter, mining companies are required to submit annual progress reports for each mining right holder to the Department of Mineral Resources and Energy by 31 March of each year. Failure to adopt inclusive procurement practices exposes companies to the risk of entrenched and inefficient supply chains, increased operational costs, reactive rather than strategic responses, reduced competition and innovation, and, ultimately, the jeopardisation of their licences to operate (Nkholise, 2022).

1.2.4 Mining Charter policy to Challenges in the implementation of inclusive procurement policy

In recent years, the South African mining industry has experienced a decline due to lower commodity prices, rising input costs, and infrastructure challenges, which have compelled mining companies to focus on reducing operating expenses (Zulu, Pretorius & van der

Lingen, 2021). Inclusive procurement and local content may entail cost implications, as products sourced from local SMEs may not be as competitive as those obtained from global suppliers (Kaziboni & Stern, 2020). According to Lodhia (2018, p. 107), the participation of local SMEs in the mining sector depends, firstly, on the types of suppliers present in the upstream segment of the value chain and, secondly, on the way mining projects are financed during the early stages of mine development. The barriers for SMEs to participate in mining supply chain can be summarised as follows:

- **Policy misalignment:** Supplier selection within the mining sector is driven predominantly by internal corporate policies, with local legislation exerting only limited influence (Östensson, 2017). Valiani (2018, p.113) notes that misaligned business processes, poor materials planning, inability to supply directly, and ineffective implementation of enterprise resource planning systems further exacerbate the problem. Moreover, many countries establish local supply targets in legislation without adequately assessing mining companies' procurement needs, supply capacity, or the associated economic trade-offs (Korinek & De Sa, 2023).

- **Lack of product identification system:** A significant impediment to the effective implementation of the 2018 Mining Charter is the absence of a standardized product identification system. In the absence of such a system, it is not possible to accurately identify and categorize goods or to formulate a coherent local manufacturing strategy, as industry-wide standards for product naming, numbering, and classification are lacking (Smeiman, 2019). This deficiency has resulted in a substantial prevalence of "unidentified" or "free-text" expenditure, accounting for up to 40% of all transactions and more than 65% of total expenditure value (Smeiman, 2019). Without a uniform product identification framework, small enterprises are unable to compete effectively with established firms and are confronted with heightened uncertainty and administrative complexity when attempting to supply goods and services to the mining sector.

- **Limited access to finance:** Small enterprises often lack the capital required to meet the high upfront costs associated with mining supply contracts. Sustaining competitiveness and long-term viability demands significant financial resources, which many SMEs struggle to secure (Monczka et al., 2021, p.97). Moreover, SMEs are frequently ill-equipped to access global supply chains (Korinek & De Sa, 2023). The 2018 Mining Charter stipulates that mining companies must procure South African–manufactured goods containing at least 60% local content value creation (DMRE, 2018 a). Nevertheless, few companies demonstrate a willingness to subject their products to local content verification, as the process requires assessment at the item-by-item level and incurs prohibitive costs. Verification is charged at R1,290.00 per hour per resource (SABS, 2020).

- **Technological and capacity constraints:** SMEs often struggle to meet the technical specifications and quality standards required by mining companies due to limited local capacity for complex, large-scale projects (Pedro et al., 2017). Their restricted operational and manufacturing capabilities, combined with policy inconsistencies that disadvantage local producers, further undermine competitiveness (Shalizi, 2022; Ramdoo, 2018). Many SMEs also lack the advanced technological competencies, entrepreneurial skills, and business management expertise necessary to meet the stringent demands of multinational extractive industries (Fessehaie & Rustomjee, 2018; Thrassou et al., 2020; Korinek & De Sa, 2023).

- **Information asymmetry**: Limited access to market information and procurement opportunities restricts SMEs from effectively competing. Mining companies often lack knowledge of locally available suppliers, while SMEs themselves may be unaware of the specific requirements of mining firms (Fessehaie & Rustomjee, 2018). Conflicting interests and power imbalances between mining companies and stakeholders involved in community projects further constrain local procurement opportunities (Pedro et al., 2017).

- **Preference for established suppliers:** Mining companies frequently rely on long-term relationships with large, reputable global firms, thereby excluding new entrants. Large organisations tend to optimise their supplier base, often becoming overly reliant on established suppliers (Monczka et al., 2021, p.97). In South Africa, the mining industry is characterised by a decentralised management structure in which mine managers and engineers exercise considerable autonomy in procurement, typically restricting choices to a limited number of familiar suppliers (Valiani, 2018).

- **Power asymmetries**: Companies in dominant positions within concentrated markets often set prices and standards, employing anticompetitive practices to maintain control (Marin et al., 2021). In many cases, global original equipment manufacturers (OEMs) wield greater power than mining companies themselves. OEMs frequently embed restrictive aftermarket clauses that void warranties when parts are procured from alternative suppliers or repairs are conducted by uncertified providers, typically located in the OEMs' home countries (Korinek, 2020, p.21).

- **Lack of commitment to supplier development:** There is a persistent lack of resources and consensus regarding responsibility for building the capacity of local SMEs (Nickerson et al., 2017). In sectors supplying goods and services to mining companies, the preconditions for effective localisation programs are often absent (Kaziboni & Stern, 2020).

1.3 PROBLEM STATEMENT

In South Africa, mine host communities comprise over 5.4 million people approximately 10% of the national population living near coal, gold, platinum, and diamond mines (Cole & Broadhurst, 2020). The mining sector remains a cornerstone of the national economy, contributing substantially to GDP, export earnings, and employment, while simultaneously operating in regions characterised by poverty, inequality, and limited industrial diversification (Nkholise, 2022). This dual economic and social significance

makes procurement practices within the sector particularly consequential, with the potential to shape supplier development and broader socio-economic outcomes.

Inclusive procurement refers to deliberate purchasing strategies that prioritise historically disadvantaged groups, small and medium-sized enterprises (SMEs), and local suppliers, ensuring that economic opportunities are distributed more equitably across society (Minerals Council South Africa, 2025b). In South Africa, this approach is embedded in policy frameworks such as the Mining Charter III (2018), which requires mining companies to align supply chain strategies with inclusive procurement and enterprise development objectives. The Department of Mineral Resources and Energy (2018 a, p.19) indicates that the purpose for implementing inclusive procurement, supplier and enterprise development in South African mining is:

- *"To strengthen local procurement to help build South Africa's industrial base in critical sectors of production and value-adding manufacturing, which are largely labour-intensive industries;"*
- *"To increase local procurement through capacity building, achieved by incentivising appropriate local supplier development programmes by businesses supplying imported goods and services;"* and,
- *"To actively support procurement from black-owned Qualifying Small Enterprises (QSEs) and Exempted Micro Enterprises (EMEs) by identifying opportunities to increase procurement from local suppliers to support employment creation."*

The socio-economic implications of inclusive procurement are central to this study. They encompass employment generation, poverty reduction, industrial diversification, and empowerment of historically disadvantaged groups through SME participation in mining supply chains (Nkholise, 2022). SMEs are widely recognised as engines of socio-economic development, driving innovation, job creation, and localised growth (OECD, 2018; Korinek & De Sa, 2023). Yet, despite policy emphasis, SMEs face persistent barriers such as limited access to finance, skills gaps, and exclusion from procurement opportunities (Hilson & Osei, 2021). This raises critical questions about whether inclusive procurement policies translate into tangible socio-economic benefits for host communities

and SME development. Existing research has predominantly examined broader local content policies and preferential procurement mechanisms (Kaziboni & Stern, 2020), leaving a gap in understanding how inclusive procurement specifically influences SME participation and sustainability in the mining sector. Moreover, the formulation and implementation of Local Content Requirements (LCRs) continue to pose challenges, with risks of inefficiency and protectionism undermining industrial development and economic diversification (Korinek & De Sa, 2023). Given the strategic role of mining in South Africa's economy, its policy-driven emphasis on inclusive procurement, and the critical contribution of SMEs to socio-economic development, this study seeks to address the central question: *To what extent do inclusive procurement practices influence the development of SMEs operating in the South African mining sector?*

To address this overarching question, the study is further informed by the following secondary research questions:

i. What procurement practices are employed by mining companies?
ii. Which policies and regulations on inclusive procurement promote the development of SMEs?
iii. How do inclusive procurement practices contribute towards the development of SMEs?
iv. Which challenges limit the effective participation of SMEs in inclusive procurement in the mining sector?
v. How do mining inclusive procurement strategies improve access to procurement opportunities for SMEs?
vi. How does the relationship between procurement practices, policy and regulatory frameworks, enablers of procurement access, and inclusive procurement strategies influence the development of SMEs within the South African mining sector?

1.4 RESEARCH AIM AND OBJECTIVES

The aim of the study is to investigate the impact of inclusive procurement practices to SMEs operating in the South African mining sector.

To achieve the aim, the **objectives of the study are as follows**:

i. To identify key procurement practices employed by mining companies.
ii. To examine the policies and regulations on inclusive procurement that promote the development of SMEs.
iii. To assess the extent to which inclusive procurement strategies contribute towards the development of SMEs.
iv. To determine the challenges that hinder SMEs from effectively participating in inclusive procurement within the mining sector.
v. To evaluate the extent that inclusive procurement strategies employed by mining companies improve access to procurement opportunities for SMEs.
vi. To examine how procurement practices, policy and regulatory frameworks, enablers of procurement access, and inclusive procurement strategies collectively influence the development of SMEs within the South African mining sector.

To answer the objectives the following hypotheses as listed below in Table 1.2 was formulated:

Table 1.2: Hypotheses

No	Null Hypothesis	No	Positive Hypothesis
Ho1	Procurement practices have no positive and significant effect on inclusive procurement practices.	H1	Procurement practices have a positive and significant effect on inclusive procurement strategies.
Ho2	Procurement practices do not positively influence enablers that support access to procurement opportunities.	H2	Procurement practices positively influence enablers that support access to procurement opportunities.
Ho3	Enablers to access procurement opportunities do not positively mediate the relationship between inclusive procurement strategies and the impact on SME development.	H3	Enablers to procurement opportunities positively mediate the relationship between inclusive procurement strategies and the impact on SME development.

No	Null Hypothesis	No	Positive Hypothesis
Ho4	Inclusive procurement strategies by mining companies do not have a direct positive effect on SME development.	H4	Inclusive procurement strategies by mining companies have a direct positive effect on SME development.
Ho5	Policies and regulations on inclusive procurement do not positively moderate the relationship between procurement practices and SME development.	H5	Policies and regulations positively moderate the relationship between inclusive procurement strategies and SME development.
Ho6	Barriers do not negatively influence the effect of enablers on access to procurement opportunities.	H6	Barriers that negatively influence the effect of enablers on access to procurement opportunities.

Source: Researcher's own compilation

1.5 THEORIES SUPPORTING INCLUSIVE PROCUREMENT

To achieve inclusive procurement, each mine site (each mining right holder) needs to identify all goods and services that will be required in its operations and to adopt practices that drive inclusive procurement. The following theoretical perspectives were considered for this study, which are Resource-based view; Contingency theory; and Stakeholder theory.

1.5.1 Resource-based view

The Resource-Based View (RBV) conceptualises competitive advantage as deriving from an organisation's unique internal resources and capabilities (Henry, 2018). Rather than focusing primarily on external market conditions, it adopts an inside-out perspective in which the organisation's internal environment serves as the foundational point of analysis (Henry, 2018, p. 95). The procurement function itself can be a source of competitive advantage, as it contributes to the organisational resources, mainly through knowledge of the supply market and skills which can be considered scarce to attain (Mena et al., 2018, p. 6). Procurement policies and strategies are pivotal in directing the procurement process, exerting a strong influence on organizational performance and overall competitiveness (Maniatis, 2024). Barney and Hesterly (2019, p. 71) explain that

decisions on which suppliers to use for products and services within an organisation's value chain can be regarded as valuable resources, as they are a source of competitive advantage. In mining, RBV highlights strategic resources that generate downward linkages (inputs, services, equipment) and upward linkages (processing, manufacturing), supporting industrialisation and small business growth (Fessehaie & Rustomjee, 2018). The Resource-Based View (RBV) aligns with the first secondary objective, as procurement practices constitute internal resources and capabilities that can differentiate mining companies within the industry. Furthermore, RBV is directly relevant to the fifth secondary objective, since inclusive procurement strategies represent organisational resources that may be strategically leveraged to achieve both competitive advantage and broader social impact. In this context, mining companies' procurement practices and inclusive strategies are conceptualised as resources and capabilities that not only contribute to sustained competitive advantage but also facilitate the development and growth of small enterprises, thereby reinforcing the dual economic and social value of such practices.

1.5.2 Contingency theory

Fiedler's Contingency Theory, first introduced in the 1960s, emphasises that leadership effectiveness depends on the match between a leader's fixed style and the situation, rather than adaptation (Reams, 2023). Contingency theory frames organisational effectiveness as a matter of situational alignment rather than rigid adherence to a single model (El Yahyaoui, 2021; Reams, 2023). When determining a procurement strategy using contingency theory, two variables need to be considered: purchase importance *(impact on productivity and profitability)* and supply risk *(dependency on suppliers) (*Ates, Wynstra, & Raaij, 2021). Contingency theory is closely aligned with the second secondary objective, as it provides an explanatory lens for understanding how mining companies adapt procurement practices in response to external regulatory frameworks. Furthermore, it is directly relevant to the fourth secondary objective, which emphasises situational constraints; contingency theory underscores that organizational effectiveness is contingent upon contextual factors and the challenges encountered. Finally, the theory is central to the sixth secondary objective, as it highlights the necessity of achieving

congruence among multiple interacting variables, thereby reinforcing the importance of fit between organizational practices and environmental conditions.

1.5.3 Stakeholder Theory

Stakeholder theory explores how diverse stakeholders such as customers, suppliers, employees, financiers, communities, and management collaborate to create value (Valentinov & Roth, 2024). Stakeholder theory underpins environmental, social, and governance (ESG) frameworks, aligning corporate strategies with societal expectations (Scherer & Voegtlin, 2020). Scherer and Voegtlin (2020) further state that stakeholder theory extends beyond ethical conduct, relying on stakeholders' knowledge, competence, willingness to contribute assets, and governance mechanisms that transform these factors into innovations supporting sustainable development. In the mining sector, stakeholder theory frames the social license to operate (SLO) as an informal social contract that ensures community and stakeholder acceptance (Komnitsas, 2020). It does so by aligning diverse perspectives and integrating industry practices with social, political, technological, and legal expectations (Komnitsas, 2020). Stakeholder involvement and communication are vital to procurement success, as early engagement and collaboration enhance policy formulation, address challenges, and yield practical recommendations for improved outcomes (Maniatis, 2024). Stakeholder theory applies to the third secondary objective, as inclusive procurement demonstrates responsiveness to stakeholder needs, particularly those of SMEs and local communities. Secondly, it is relevant to the fifth secondary objective, since it underscores fairness and accountability towards external stakeholders. Lastly, it also pertains to the sixth secondary objective, adding the perspective that such practices must balance diverse stakeholder interests.

1.6 THE STUDY JUSTIFICATION

The mining sector continues to underpin South Africa's economy, yet its procurement practices have historically been exclusionary, limiting opportunities for small and medium enterprises (SMEs) and local communities. This study is justified by the need to critically examine how inclusive procurement can serve as a mechanism for socioeconomic transformation. By focusing on SME development within mining supply chains, the

research addresses a pressing gap in understanding the extent to which procurement frameworks can broaden participation, enhance competitiveness, and stimulate local economic growth. The justification for this study is articulated as follows:

- **Addressing Exclusionary Practices:**
  Mining procurement has traditionally marginalised SMEs and local communities. Inclusive procurement offers a pathway to redress historical imbalances and foster equitable participation.

- **Promoting SME Development:**
  Strengthening SME participation in mining supply chains enhances competitiveness. SMEs gain resilience and integration into broader economic networks, contributing to sustainable industrial growth.

- **Driving Socioeconomic Transformation**:
  Procurement can be leveraged to stimulate local economic growth. Inclusive frameworks foster supplier diversity, job creation, and community upliftment, thereby advancing social equity.

- **Providing Evidence-Based Insights**:
  Empirical findings will guide policymakers and mining companies. Practical recommendations will support strategies for SME integration and inform future procurement reforms.

- **Aligning with National Objectives:**
  The study supports South Africa's goals of poverty reduction, employment generation, and equitable wealth distribution. It reinforces mining's role in sustainable national development.

- **Reframing Procurement as Strategic:**
  The research moves beyond compliance to position procurement as a driver of inclusive growth. It establishes procurement as a tool for long-term economic transformation and strategic value creation.

1.7 RESEARCH METHODOLOGY

Research is fundamentally concerned with acquiring knowledge and developing a deeper understanding of the phenomenon under investigation. This section outlines the research design employed, the target population and sampling strategy, the data collection procedures and instruments utilized, as well as the methods of data analysis.

1.7.1 Research approach

Research can adopt either an inductive or a deductive orientation. The inductive approach is typically associated with qualitative methods, as it emphasises phenomena occurring in the “real” world and is exploratory in nature, building theory from observed patterns (Leedy & Ormrod, 2021). By contrast, the deductive approach begins with assumptions or established theories, which are then articulated as hypotheses to be tested empirically (Leedy & Ormrod, 2021). This study adopts a mixed methods design to enhance methodological rigour, explicitly situated within objectivist and positivist paradigms. The inductive strand reflects an objectivist orientation, privileging the emergence of theory from observable practices through systematic document analysis of annual reports and other publicly available mining company records. This process yields secondary data on formally adopted procurement policies and strategies, thereby grounding theoretical development in verifiable institutional realities. In parallel, the deductive strand is informed by positivist principles, subjecting these emergent practices to empirical scrutiny against established frameworks and hypotheses. This is operationalised through the collection of primary data via a structured survey administered to SMEs located within mine host communities. The integration of inductive and deductive logics is thus justified as it enables the generation of context-specific theoretical insights while simultaneously ensuring their empirical validation and alignment with broader theoretical models. By synthesising objectivist and positivist commitments, the study strengthens its epistemological credibility, ensuring that findings are both anchored in observable social phenomena and subjected to rigorous scientific testing.

1.7.2 Research strategy

This study adopted a survey method administered to SMEs (SMEs) located in mine host communities across the provinces of Mpumalanga, North West, and Limpopo. Survey research is widely recognised as a descriptive approach that enables the identification of general patterns or trends within a population by systematically tabulating responses to structured questions (Leedy & Ormrod, 2021). Its strength lies in its ability to generate data from many participants within a relatively short timeframe, thereby enhancing efficiency and breadth of coverage (Aidley, 2019). In practice, the survey method involves presenting a series of questions to consenting participants drawn from the target population, coding and summarising their responses, and subsequently extrapolating conclusions about the broader population.

1.7.3 Population and sampling

The study population for the first phase consisted of the eleven leading mining companies in South Africa which included Valterra Platinum (previously Anglo-American Platinum), Kumba Iron Ore, Impala Platinum, Sibanye-Stillwater, Gold Fields, Harmony Gold, Exxaro Resources, Glencore, and African Rainbow Minerals, South32 and Northam Platinum. The second phase consisted of SMEs operating within the South African mining sector. In 2022, approximately 2365 SMEs were active in this sector (SEDA, 2023, p.20). From this broader population, 1015 companies received survey, however only 488 SMEs owned and controlled by historically disadvantaged persons in mining host communities across Mpumalanga, North West, and Limpopo responded. Purposive sampling was employed to determine the sample size, thereby enhancing precision and enabling generalisation to the wider population. As Kothari and Garg (2019) emphasise, larger sample sizes reduce sampling error and increase the reliability of findings.

1.7.4 Data collection and instrument

Data collection is a structured task of gathering information about a situation, person, problem, or phenomenon (Kumar, 2019, p.215). Secondary data, consisting of annual reports as well as ESG and sustainability reports, were collected from the official websites of the eleven companies included in the sample. Primary data, collected directly by the

researcher, may take the form of observations, interviews, questionnaires, or schedules (Kothari & Garg, 2019, p.91). For this study, a structured online questionnaire was distributed to SMEs through local Business Forums. A five-point Likert scale, ranging from 1 (“strongly disagree”) to 5 (“strongly agree”), facilitates the systematic measurement of perceptions and experiences (Kothari & Garg, 2019).

1.7.5 Data analysis

Content analysis was used to examine the secondary data collected from mining companies’ websites and annual reports. Statistical techniques were used describe and interpret data for the quantitative data analysis. As this study employed a mixed-methods approach, the analysis was guided by descriptive statistics, content analysis, and inferential statistical techniques. Two main types of statistics were applied: descriptive statistics, which summarise data through measures such as averages, variability, and associations, and inferential statistics, which enable researchers to generalise findings from a sample to a wider population (Aidley, 2019). In this study, Pearson’s correlation coefficient was applied to evaluate the magnitude and direction of linear associations between the dependent variable (impact of inclusive procurement) and the independent variables (inclusive procurement practices, policies, and regulations). Additionally, multiple linear regression analysis was employed to determine the extent of these relationships and to examine the predictive power of inclusive procurement practices on SME development outcomes. To ensure validity, statistical tests were aligned with the research objectives and theoretical framework, while correlation and regression analyses were tested prior to interpretation. To ensure reliability, standardised coding procedures were applied, and statistical outputs were cross-checked to confirm consistency. For the qualitative strand, content analysis was conducted systematically by categorising responses into themes, thereby complementing the quantitative findings and providing richer contextual insights

1.8 SCOPE OF THE STUDY

The study investigates the impact of inclusive procurement practices on SMEs in the South African mining sector. The scope was restricted to SMEs operating primarily in

North West, Limpopo, and Mpumalanga, with some extending into Gauteng. These enterprises are embedded in the mining value chain, particularly within the Bushveld Igneous Complex. Secondary data were drawn from reports, sustainability disclosures, and procurement policies of leading mining companies with a national footprint. All such companies are members of the Minerals Council South Africa, the industry body that represents mining interests and communicates policy positions to government (Minerals Council South Africa, 2021). By integrating SME-level evidence with insights from major mining corporations, the study evaluates how inclusive procurement frameworks influence SME growth, competitiveness, and participation in the mining value chain, while identifying systemic gaps and opportunities for policy and practice reform.

1.9 ETHICAL CONSIDERATIONS

This study adhered to strict ethical standards and complied with UNISA's ethical review processes, ensuring that the research design minimised potential risks to participants. Participation was strictly voluntary with informed consent obtained prior the completion of survey. Participants received clear instructions, and the purpose of the study was explicitly communicated, outlining their role in the research as well as their right to withdraw at any stage without penalty. Confidentiality was rigorously upheld by ensuring that no identifying information was disclosed in the presentation or reporting of the findings. Data were anonymised during coding and analysis to protect the privacy of respondents. Access to raw data was restricted to the researcher, and all electronic records were securely stored. Care was taken to avoid coercion, and questions were framed to respect the dignity and autonomy of SMEs operating in mining host communities.

1.10 CHAPTER OUTLINE

The research is presented in the form of a dissertation. The research document consists of six chapters, as follows:

- **Chapter 1: Introduction to the study**

This chapter introduces the study by providing the background context, articulating the problem statement, and outlining the research objectives. It further offers an overview of the research methodology and presents the structure of the dissertation.

- **Chapter 2: Theoretical and conceptual foundations of inclusive procurement**

Chapter 2 explores the theories supporting the study, discusses the historical development of inclusive procurement and related concepts. In addition, it highlights objectives, drivers and benefits of inclusive procurement to the development of SMEs and socio-economic growth.

- **Chapter 3: Inclusive procurement practices in the mining sector**

This chapter critically reviews literature relevant to the research problem. Procurement practices in the mining sector are discussed in detail. Inclusive procurement practices and policy frameworks are benchmarked internationally to assess their contribution to equitable participation of underrepresented groups in the mining value chain. Finally, the chapter explores challenges, enabling factors, and instruments used to evaluate the impact of inclusive procurement.

- **Chapter 4: Research design and methodology**

This chapter sets out the rationale for the selected research methodology and details the procedures undertaken in conducting the study. It explains the criteria for sample selection, outlines the data collection methods employed, and describes the analytical techniques applied. Collectively, these components establish the methodological framework that underpins the credibility and reliability of the study's findings.

- **Chapter 5: Data analysis and interpretation**

This chapter explains how the analysed data is interpreted in relation to the stated research objectives. The findings are presented in a systematic manner and discussed in detail, with attention to emerging patterns, relationships, and their broader implications. The discussion further situates the results within existing literature and theoretical

frameworks, thereby demonstrating the study's contribution to both scholarly knowledge and practical application in the field.

- **Chapter 6: Conclusions and recommendations**

This chapter concludes the dissertation by summarising the research objectives and presenting the key findings derived from the study. It synthesises the results in relation to the stated aims, highlighting the extent to which the study objectives have been met. In addition, the chapter offers recommendations for future research, identifying areas where further investigation could extend or refine the insights generated. Together, these elements provide closure to the study while pointing toward opportunities for continued scholarly inquiry.

CHAPTER 2: THEORETICAL AND CONCEPTUAL FOUNDATIONS OF INCLUSIVE PROCUREMENT

2.1 INTRODUCTION

Chapter 1 outlined the scope of the study, articulated the problem statement, and presented both the primary and secondary research objectives, together with the methodology to be employed. It also provided contextual background on inclusive procurement and examined the legislative framework of the South African Mining Charter as it relates to procurement requirements. The chapter concluded with an overview of the structure of the dissertation.

This chapter examines the theoretical perspectives that underpin inclusive procurement and establishes its conceptual foundation. It reviews inclusive procurement practices within a broader context, explores organisational best practices, and illustrating how inclusive approaches can strengthen supplier diversity and SME development.

2.2 THEORIES SUPPORTING INCLUSIVE PROCUREMENT

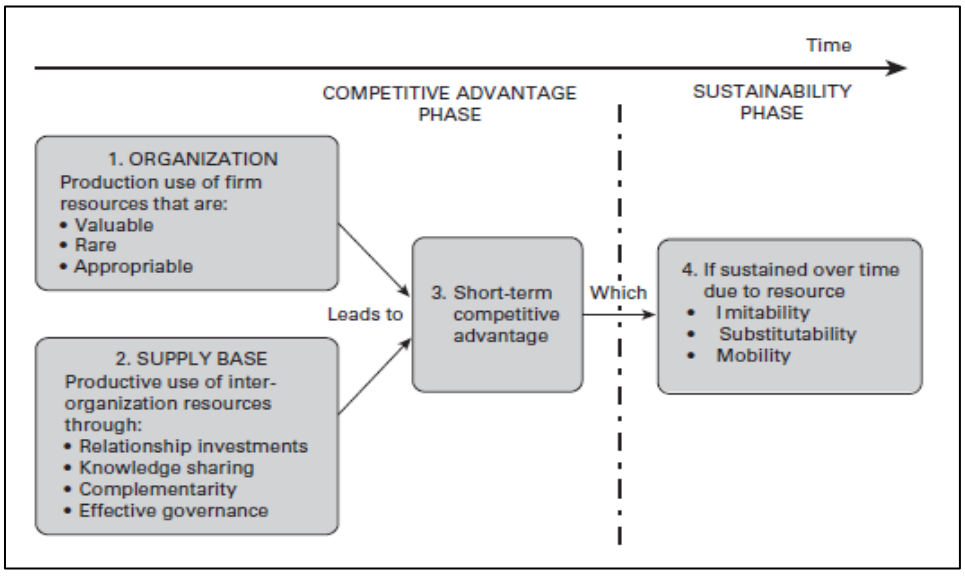
This section explores the theories that support inclusive procurement practices. According to Zijm et al. (2019) theories provide guidance at every stage of the procurement cycle, from supplier selection, sourcing strategy, contracting and supplier relationship management. The following theoretical perspectives are considered for this study, Resource-based view, Contingency theory and Stakeholder theory.

2.2.1 Resource-based view

The Resource-based view (RBV) provides a framework to conceptualise how organisations achieve and sustain competitive advantage through distinctive resources and capabilities (Louw & Venter, 2019, p. 23). RBV rests on two assumptions: resource heterogeneity firms possess combination of unique and non-transferable resource capabilities; and resource immobility certain resources are costly and enduring, making them difficult to replicate. These resources are protected by causal ambiguity and social complexity, which hinder imitation (Barney & Hesterly, 2019, p.106). Strategic procurement creates value only when aligned with broader business objectives (Van

Weele, 2018). Effective procurement policies and strategies are critical to organizational success, as their careful formulation enhances the quality of goods and services procured, reduces costs, and improves overall efficiency (Maniatis, 2024). Procurement has evolved from purchasing to managing supplier partnerships, now driving growth through innovation and co-creation with key suppliers (Schupp & Wöhner, 2020, p.120). Supplier development and complementary resources further drive innovation and new business solutions (Mena et al., 2021). Organisations can thus leverage unique capabilities to implement non-replicable strategies while addressing social and environmental challenges (Louw & Venter, 2019, p.23). The inclusion of SMEs in supply bases strengthens competitiveness and fosters their development. SMEs enhance economic resilience by promoting sustainability, innovation, and domestic supply (Eniola et al., 2023, p.117). Mena et al. (2021, p 5), depicts in Figure 2.1 on the how the process starts with organisation use of its own internal resources and then combine these with external resources from the supply base to gain short-term competitive advantage and over time if relationship is sustained the combine resources become imitable that competitors are unable to replicate.

Figure 2.1: Procurement and sustainable competitive advantage



Source: Mena, Hoek & Christopher (2021, p. 6)

2.2.2 Contingency theory

According to Ates et al. (2021), contingency theory implies that there is no universal or optimal approach to manage an organisation. Contingency theory posits that an organisation's internal and external context shapes its structure and actor behaviour, which in turn affects overall efficiency (Dzedek, 2018, p.136). Organisational performance improves when structures fit environmental conditions, technology, and size (Burnes, 2017, p.104). Because both organisations and environments evolve, firms must continually reassess complexity and adapt responses (Schneider et al., 2017). The theory implies multiple structural options, requiring flexibility to adjust to changing circumstances (Adegbite et al., 2018, p.29). Rooted in contingency theory, strategic alignment evaluates how procurement strategies fit organisational goals (Plantinga et al., 2021). Procurement strategies must be flexible and adaptable, regularly checked against changing market conditions (Weigel & Ruecker, 2017). This demands organisational learning and supplier development to enhance competitiveness (Burnes, 2017). Contingency theory also addresses innovation and resilience, emphasising swift contingency plans to stabilise supply chains during disruptions (Ivanov et al., 2019, p. 466). Leveraging supplier bases fosters innovation and product development (Schupp & Wöhner, 2020), with small diverse suppliers offering agility and flexibility (Johnson, 2019, p. 2). OEMs, for example, can partner with small firms for aftermarket services, building technical skills (Fessehaie, 2017). Contingency also involves the unbundling of large contracts to facilitate the participation of multiple small and medium-sized enterprises, thereby securing multiple sources of supply in the event of disruptions (Korinek & De Sa, 2023). Where diverse SMEs are limited, companies may invest in supplier development strategies to build capacity (Porter, 2019). Overall, contingency theory supports inclusive procurement by emphasising adaptation to contextual factors such as organisational goals, stakeholder demands, regulatory pressures, and socio-economic sustainability. Nkholise (2022) applies contingency theory to argue that the integration of Mining Charter III into procurement and enterprise development must be context-specific, flexible, and responsive to the unique conditions of South Africa's mining sector. In addition, an inclusive supply base can reduce supply chain risk, ensure adaptability and contribute to corporate brand image (Sordi et al., 2022).

2.2.3 Stakeholder theory

Stakeholder theory argues that companies should create value for all stakeholders, not only shareholders (Mugova & Sachs, 2019, p. 53). Businesses operate within broader ecosystems and must consider customers, suppliers, employees, regulators, advocacy groups, and the media (Bouchery et al., 2017, p. 259). Stakeholders influence organisational objectives, making responsiveness essential for sustainability-oriented models (Wunder, 2019, p.221). Stakeholder theory highlights the importance of involving cross-functional teams including suppliers in the execution of organisational strategy (Biazzin, 2019). Multinationals entering emerging markets must build strong ties with local suppliers, customers, and institutions, as local partners often provide tacit, co-specialised knowledge and resources (Dzedek, 2018). Competitiveness requires supply chains embedded in local ecosystems (Handfield & Linton, 2017, p. 99). Stakeholder Theory suggests that community-focused initiatives encourage organizations to act ethically in line with societal expectations (Freeman, Harrison & Zyglidopoulos, 2021). Stakeholder theory aligns with the concept of having a *"Social License to Operate*". A social licence reflects ongoing acceptance from host communities and other stakeholders, to address conflicts that arise when the benefits of mining are perceived as being disproportionately concentrated within companies rather than in the affected host communities (Lodhia, 2018). A social licence to operate seeks to bridge the gap between the perspectives of key stakeholders engaged in mining activities and those of the broader public, beginning at the project design phase before any major decisions are undertaken (Komnitsas, 2020). In mining communities, initiatives like job creation, infrastructure upgrades, and educational programs generate accountability pressures for ethical behaviour (Freeman et al., 2021). In resource-rich economies, mining can drive structural transformation through employment, local procurement, downstream utilisation, and shared infrastructure (Pedro et al., 2017). Achieving sustainability further demands stakeholder participation, supportive legislation, and policy alignment to foster technological capabilities and vocational skills (Fessehaie & Rustomjee, 2018). Community development agreements between mining firms and local communities institutionalise stakeholder interests, extending opportunities to SMEs (Nickerson & Geipel, 2019). Effective stakeholder engagement in South Africa's mining sector is essential for reducing

community conflict, advancing equitable development, and safeguarding the long-term sustainability of mining enterprises (Dlamini & Dubihlela, 2025). Nkholise (2022) argues that stakeholder engagement is not merely supportive but constitutes the backbone of Mining Charter III integration, thereby shaping the legitimacy and effectiveness of regulatory compliance within the industry. Thus, stakeholder theory provides a valuable lens for examining mining governance, emphasising inclusive procurement and policies that promote equitable and sustainable development.

2.2.4 Mapping theories to study objectives

The theories discussed in detail above, and their relevance to the study, can be summarised as follows:

- **Resource-base:** This theory considers a company's internal practices and procurement strategies as resources to gain a competitive advantage.
- **Contingency theory:** This perspective examines how organisations adapt to fit the external environment. Policies, regulations, and contextual challenges shape how resources are deployed.
- **Stakeholder Theory:** This theory addresses social legitimacy by ensuring that strategies align with broader stakeholder expectations, particularly in relation to SME development.

Table 2.1: Mapping of study objectives to relevant theory

Study Objectives	Theory	Motivation
i. To identify key procurement practices employed by mining companies.	RBV	Practices are internal resources/capabilities
ii. To examine the policies and regulations on inclusive procurement that promote the development of SMEs.	Contingency Theory	Fit with external environment/regulations

Study Objectives	Theory	Motivation
iii. To assess the extent to which inclusive procurement strategies contribute towards the development of SMEs.	Stakeholder Theory	Addresses stakeholder needs and social responsibility
iv. To determine the challenges that hinder SMEs from effectively participating in inclusive procurement within the mining sector.	Contingency Theory	Contextual constraints affect effectiveness
v. To evaluate the extent that inclusive procurement strategies employed by mining companies improve access to procurement opportunities for SMEs.	RBV + Contingency Theory	Strategies as resources + stakeholder fairness
vi. To examine how procurement practices, policy and regulatory frameworks, enablers of procurement access, and inclusive procurement strategies collectively influence the development of SMEs within the South African mining sector.	Contingency Theory + Stakeholder Theory	Fit across factors + balancing stakeholder interests

Source: Researcher's own compilation

2.3 BACKGROUND AND RELATED CONCEPTS OF INCLUSIVE PROCUREMENT

This section provides background, historical developments, and related concepts of inclusive procurement.

2.3.1 Definition of inclusive procurement

Inclusive procurement, often referred to as supplier diversity, originated in the United States during the civil rights movement of the 1950s and 1960s and was later institutionalised under Public Law 95-507 (Bateman et al., 2020). It evolved into global practices that enables organisations to reflect the demographics of the communities in which they operate (MSDUK & CIPS, 2023). Supplier diversity has since been broadened

to include Micro-, Small-, and Medium-Sized Enterprises from economically disadvantaged populations, as well as other diverse groups defined across global contexts (Sordi et al., 2022). Definitions of inclusive procurement are summarised in Table 2.2 below.

Table 2.2: Definitions of inclusive procurement

Definition of inclusive procurement	Author(s)
Inclusive procurement is the process of diversifying a company's supply chain through the procurement of goods and services from traditionally excluded or underrepresented groups such as businesses owned by marginalised persons, minority, women, locally owned and LGBT suppliers.	Minority Supplier Development UK (MSDUK) (2023)
Procurement practices that intentionally include underrepresented suppliers such as women-owned, minority-owned, and SMEs to promote equity and economic participation.	OECD (2021)
Inclusive procurement is a part of social procurement and consists of leveraging supply chain procurement decisions and activities to give people in vulnerable situations access to decent work and foster inclusion of disadvantaged suppliers, while enhancing economic performance of the company.	Business for Inclusive Growth (B4IG) (2022, p.1)
Inclusive procurement is a purposeful strategy employed by governments and private corporations to purchase goods and services from organisations owned and controlled by Historically Disadvantaged Persons (HDPs), thereby enhancing socio-economic development.	Vorley and Thorpe (2014) as cited in Nkholise (2022)
Inclusive procurement is the ability to manage social inclusion criteria in the purchasing process.	Silva and Ruel (2022)

Source: Researcher's own compilation

2.3.2 History of inclusive procurement

This section outlines the global historical development of inclusive procurement (*supplier diversity*) over the past six decades.

- **United States federal law:** The United States advanced minority business policy through a series of legislative and executive actions. The Small Business Act Section 8(a) (1958) supported disadvantaged firms, followed by Kennedy's affirmative action order (1961), Johnson's Civil Rights Act (1964), and stricter compliance measures under Executive Order 11246 (1965) (Fairchild et al., 2018). Nixon's Executive Order 11458 (1969) created the Office of Minority Business Enterprise—later the Minority Business Development Agency—laying the foundation for the SBA's 8(a) Program (Porter, 2019). Executive Order 11625 (1971) further promoted private initiatives, including the National Minority Supplier Development Council (NMSDC), founded in 1972 to expand opportunities for minority-owned businesses. Together with Public Law 95-507, these measures broadened access to federal contracting for minority-, women-, and disadvantaged-owned firms (Porter, 2019).

- **Early corporate programs:** Following the 1968 Detroit race riots, General Motors launched one of the first supplier diversity programs, soon adopted by other automakers and IBM (Bateman, Barrington & Date, 2020).

- **Diversity organisations:** In 1988, Harriet Michel shifted NMSDC funding to corporate sponsorship. Later, the Women's Business Enterprise National Council (WBENC) in 1997 and the Billion Dollar Roundtable (BDR) in 2001 institutionalised supplier diversity as a driver of innovation (Porter, 2019).

- **United Kingdom policy:** The UK framework includes the SME Agenda (government procurement targets), the Equality Act 2010 (public sector equality duty), and the Social Value Act 2012 (consideration of social and environmental benefits) (Shah et al., 2019).

- **European Union legislation:** Directive 2014/24/EU improved SME access by dividing contracts into smaller lots, strengthening national procurement practices, and favouring local suppliers (Johnsen, Howard & Miemczyk, 2019; Morlino, 2019).

- **Global sustainability and ESG:** The UN Principles for Responsible Investment (2006) introduced ESG integration, later reinforced by the Sustainable Development Goals (2015), which encourage responsible supply chains (van den Brink, 2019; Olsen et al., 2021). ESG disclosure has since surged, with 85% of Fortune 500 firms reporting supplier diversity initiatives by 2022 (KPMG, 2023, cited in Asokan, Smith & Huq, 2025).

2.3.3 Concepts related to inclusive procurement

Inclusive procurement represents a practical extension of Diversity, Equity, and Inclusion (DEI) principles within supply chain management. It broadens the supplier base by supporting minority-owned businesses (Bodrožić & Gold, 2024). Integrating sustainability into procurement and supply chain practices enables organizations to mitigate risks while advancing environmental, social, and economic development. (Lysons & Farrington, 2020). The following subsections discuss concepts related to inclusive procurement.

2.3.3.1 Procurement

Procurement is often used interchangeably with “purchasing,” though the two terms are not synonymous. At a broad level, both refer to the acquisition of goods or services to meet demand; however, procurement also encompasses supplier selection, policy development, and performance evaluation (Scott, Lundgren & Thompson, 2018, p. 4).

Purchasing, as a procurement concept, can be categorized into three dimensions: operational activities involving routine supplier engagement and order processing; strategic, long-term planning aligned with organizational goals; and project-related initiatives supporting product development and specialized programs (Weigel & Ruecker, 2017, p. 2). According to the UK Chartered Institute of Procurement and Supply (CIPS) (as cited in Johnsen, Howard & Miemczyk, 2019, p.8), procurement involves developing

and executing strategies to manage expenditure in ways that support organisational objectives and optimise value or minimise total cost of ownership. It also plays a critical role in advancing sustainability and diversity by channelling organisational expenditure towards ethical and inclusive suppliers (Mena, Hoek & Christopher, 2021, p.241). Supplier diversity programmes aim to integrate underrepresented groups into procurement strategies, thereby fostering inclusion across the supply chain (Klocek et al., 2014, as cited in Sordi et al., 2022).

2.3.3.2 Supply chain management

Supply chain management (SCM) is the coordination of goods, services, and processes that transform raw materials into final products, streamlining supply-side activities to maximize customer value and secure competitive advantage (Lysons & Farrington, 2020). Sánchez-Flores et al. (2020) argue that SCM enables firms to deliver products and services that customers perceive as equal or superior to those of competitors, by integrating sustainability into procurement and logistics decisions. Supply chain management integrates supply and demand in the coordination and collaboration of channel partners, including suppliers, intermediaries, third parties, and customers (Blanchard, 2021). Activities in supply chain management comprise the implementation of strategic supplier relationships, including supplier development and participation in cross-functional teams, while leveraging the supply network to achieve organisational objectives (Johnson, 2019). Leading organisations design supply chain structures with flexibility and adaptability, particularly in emerging economies, so that firms can respond to local requirements, regulatory contexts, and market conditions while still maintaining competitiveness (Sánchez-Flores et al., 2020).

2.3.3.3 Sustainable supply chain management

Sustainable supply chain management integrates three dimensions of sustainable performance: social (people), environmental (planet), and economic (profit) responsibility (Zijm et al., 2019, p.193). Carter and Rogers (as cited in Zijm et al., 2019, p.193) define sustainable supply chain management as the strategic and transparent integration of social, environmental, and economic goals into coordinated inter-organisational

processes to enhance long-term economic performance for both firms and their supply chains. This approach promotes governance across all stages of product and service lifecycles to reduce waste, support long-term viability, and enhance environmental and social value for stakeholders (Smith, 2017). ESG standards provide authoritative guidelines for supply chain strategies, positioning sustainability not only as a prerequisite for long-term profitability but also as a critical mechanism for fulfilling environmental and social responsibilities (Akkucuk, 2018). Moreover, adherence to these standards enhances corporate legitimacy by appealing to a broad spectrum of stakeholders whose interests increasingly shape organisational success (Akkucuk, 2018). Bouchery et al. (2017, p. 264) further argue that sustainable supply chain strategies should incorporate sustainability indicators into supplier selection, thereby assessing current performance, avoiding the exclusion of small and diverse local businesses, and recognising the value of local sourcing.

2.3.3.4 Sustainable procurement

Sustainable procurement integrates environmental, social, and governance (ESG) factors into purchasing and supply processes to advance sustainable development goals (Walker & Brammer, 2009, as cited in Mangla et al., 2019). It encompasses diversity, environmental protection, human rights, philanthropy, and safety considerations (Murphy & Knemeyer, 2018). Sustainable purchasing involves designing and implementing procedures and guidelines often based on external standards aimed at fostering sustainable supplier relationships (Klaaren, 2023). According to the International Organization for Standardization (ISO, 2017), organisations should align procurement strategies with sustainability objectives. The sustainable procurement process must balance value for money with environmental and social considerations (Lysons & Farrington, 2020). Ultimately, sustainable procurement promotes ethical purchasing, environmental stewardship, economic viability, and high business standards (Ortega Carrasco, Iannone, Ferrón Vílchez & Testa, 2024).

2.3.3.5 Responsible sourcing

Responsible sourcing, also referred to as supply chain responsibility, is a voluntary corporate commitment to incorporate social and environmental considerations into supplier relationships (OECD, 2016). It initially emerged in industries outsourcing to developing countries, where suppliers were frequently associated with child labour, unsafe working conditions, and human rights violations (Marshall, McCarthy & McGrath, 2017). Companies are now held accountable for ensuring ethical practices across their supply chains, regardless of geographic distance (Marshall et al., 2017). In recent years, responsible sourcing has focused on conflict minerals, which have been linked to funding armed groups in the Democratic Republic of the Congo (van den Brink et al., 2019). The concept has since expanded to encompass broader sustainability efforts aimed at preventing human rights abuses and environmental harm throughout the mineral supply chain. Ethical procurement enhances transparency, while sustainable sourcing benefits both organisations and society (Mangla et al., 2019).

2.4 OVERVIEW OF INCLUSIVE PROCUREMENT PRACTICES

Inclusive procurement aims at developing procurement strategies that meet business performance while addressing social impact goals (Business for Inclusive Growth, 2021, p. 5). This section discusses the objectives, drivers and benefits of inclusive procurement.

2.4.1 Objectives of inclusive procurement

Traditional procurement has historically privileged from cost minimization and supplier reliability, inclusive procurement insists that buying locally and engaging small suppliers are not peripheral concerns but central strategies for advancing equity and sustainability (Islam, Turki & Karim, 2017). This shift challenges the traditional diversity classifications, instead moves towards more substantive commitment to entrepreneurship and the economic development of disadvantaged communities (Sordi et al., 2022). The objectives of inclusive procurement are deeply interconnected, each reinforcing the argument that procurement can be a driver of equity, development, and ethical governance.

Advance economic inclusion and social equity is the first imperative. By embedding supplier diversity programmes into procurement strategies that reduce inequalities and cultivate more inclusive relationships with diverse and underrepresented supplier populations, thereby generating both economic and social impact (Sordi et al., 2022). In effect, inclusive procurement challenges the concentration of opportunity and redistributes it more equitably across society.

Equally compelling is the integration of local content. Local content is dedicated to promoting the development of infrastructure for local communities, subcontracts with local businesses for services and supplies, and the preferential training and employment of locals and nationals (Schubert, Engel & Macamo, 2018, p. 8). In addition, it also grows national industries by encouraging the procurement of goods and services from domestic suppliers (Nickerson & Geipel, 2019, p. 4).

Supplier development becomes an essential mechanism for bridging gaps, advancing strategic partnerships, and facilitating market entry (Weigel & Ruecker, 2017). Supply-side policies by governments focus on enhancing local supplier capacity and skills to meet global standards of price, quality, and reliability through initiatives ranging from supplier development programs to public–private partnerships (Korinek & Da Sa, 2023). According to Porter (2019, p.18) supplier development increases diverse spending and reduces the amount of time spent seeking new suppliers. In addition, can help diverse suppliers strengthen their business and profit margins, enabling them to become certified and be recognised as trusted partners within the organisation's supply chain (Porter, 2019, p. 27). Supplier development is therefore both an economic necessity and a moral obligation.

Finally, promote transparency to prevent biases and build trust. Supplier diversity programmes should include dimensions of ethics, equity, transparency and inclusion (Miguel & Tonelli, 2022). The procurement processes should ensure that suppliers engage in transactions based on principles of openness, fairness, and transparency, supported by simple and easy-to-understand procedures (Lysons & Farrington, 2020,

p.61). Furthermore, it is essential to apply fair contract prices and terms while upholding ethical standards, human rights, and employment practices (Lysons & Farrington, 2020, p. 452). Without transparency, the other objectives risk being undermined.

Taken together, these objectives argue forcefully that inclusive procurement is not a marginal concern but a transformative policy instrument. It advances equity, strengthens local economies, develops supplier capacity, and promotes transparency, therefore each reinforcing the other to create a procurement system that is efficient, just, and socially responsive.

2.4.2 Drivers of inclusive procurement practices

Organisations worldwide must adopt sustainable, socially responsible policies across their entire value chain, including strategic procurement of goods, services, capabilities, and knowledge essential to operating and supporting their activities under the most sustainable conditions (Bouchery et al., 2017, p. 258). The drivers of inclusive procurement are therefore not isolated influences but interdependent forces that collectively determine competitiveness and sustainability.

Government regulation provides the first and most coercive driver. Governments worldwide have strengthened regulations on organizations to address social, environmental, and ethical challenges in global supply chains (Bouchery et al., 2017). To comply with these regulations, firms are expected to create investment opportunities that support SME development and to generate benefits for local communities by fostering business participation within their supply chains (World Bank, 2019). Yet regulation alone cannot guarantee inclusion. It requires leadership commitment to translate compliance into meaningful organisational practice.

Leadership commitment is thus decisive to ensure inclusivity is endorsed in the organisation’s strategy. The commitment to supplier diversity and inclusive procurement comes from top management and this is communicated through the organisation strategy and policies (Johnson, 2019, p.3). According to Sordi et al. (2022), C-level commitment

can overcome resistance to inclusion and drive procurement strategies that expand and diversify the supplier base. Leadership vision must be reinforced by organisational commitment at multiple levels to ensure inclusivity is not fragmented but systemic.

Organisational commitment in turn, ensures that this is extended beyond just the policy statement. According to Shalizi (2022), an organization demonstrates its commitment through policies to support SMEs using indicators such as business forecasts, intangible assets, and social performance. According to Van Weele and Van Tubergen (2017, p.264), collaboration and integration across multiple organisational levels throughout the supply chain is essential for achieving coherent sustainability strategies and enhancing overall performance. This internal coherence strengthens external perceptions of the organisation, linking inclusive procurement directly to brand image and CSR imperatives.

Brand image and CSR further elevate inclusive procurement from operational necessity to reputational advantage. According to CIPS (2019), inclusive procurement has become a growing priority in specific categories of procurement, particularly among large national and multinational organisations with Corporate Social Responsibility (CSR) mandates that emphasise support for minority-owned suppliers. Business for Inclusive Growth (2021, p. 29) suggests that setting targets for inclusive procurement is highly relevant and impactful for key stakeholders and can contribute to a positive brand image. A company can satisfy moral and legal obligation, while growing brand, improving supply chain performance and rewards for compliance (Scott et al., 2018, p.17). Yet reputational gains are not merely local; they are reinforced by adherence to international standards that elevate inclusive procurement to a global expectation.

International standards such as the OECD Guidelines for Multinational Enterprises (MNEs) are government-endorsed recommendations on responsible business conduct, aimed at fostering the positive contributions that multinational enterprises can make to sustainable development (Cravero, 2018). Multinational companies have an incentive to transfer knowledge and skills to local suppliers to enhance the quality of their products, reduce input cost and improve the competitive position of their subsidiaries (Ghebrihiwet,

2019). Firms that ignore these standards risk exclusion from global markets, while those that adopt them strengthen both subsidiaries and legitimacy. Still, compliance with international norms must be complemented by responsiveness to social obligations, as community unrest and polarisation increasingly shape corporate legitimacy.

Social obligations represent another critical driver. Community unrest and rising social polarisation have compelled corporations to implement both internal and external initiatives to promote diversity and inclusion (Stengel (2020) as cited in Sordi et al. (2022)). According to Eniola et al. (2023) a company's societal accountability obligation implies that its resources may be used to address various issues, including environmental contamination, poverty, ethnic perceptions, consumerism, and other social challenges. Inclusive procurement thus becomes a proactive strategy to mitigate instability and reinforce social cohesion. Beyond social stability, however, inclusive procurement also delivers tangible competitive advantages, making the business case for supplier diversity undeniable.

The business case for competitiveness is therefore clear. A diverse supplier base can reduce risk, boost brand reputation, and enhance innovation and agility (Sordi et al., 2022). Engaging with SMEs can lead to greater supply chain flexibility, as SMEs are more agile than large firms, with faster decisions, greater risk-taking, and market adaptability (Thrassou et al., 2020, p.3). To dismiss inclusive procurement as altruism is to ignore its role in sustaining competitiveness in volatile markets.

In sum, inclusive procurement is a multidimensional driver of organisational legitimacy and performance. Regulatory frameworks, leadership and organisational commitment, CSR imperatives, international standards, social obligations, and competitiveness pressures converge to make inclusivity indispensable. Organisations that resist these forces risk regulatory sanction, reputational decline, social backlash, and market stagnation. Those that embrace them secure resilience, innovation, and legitimacy in the global economy.

2.4.3 Inclusive procurement best practices

The business case on how procurement is managed and structured within an organisation is determined by how best spend is managed, covered by negotiated contracts, and consolidating a diverse supply base (Mena et al., 2021). Best in class organisations have adopted an inclusive procurement approach which incorporates supplier development as a strategic imperative rather than just a means of achieving compliance (Johnson, 2019). This section argues that inclusive procurement is indispensable to modern supply chain management, and it advances this claim by critically examining best practices that operationalise inclusion.

2.4.3.1 Strategic alignment through policy integration

The company's business strategy and intended market position determine the direction of the procurement strategy and its contribution to achieving competitive advantage and value creation (Weigel & Ruecker, 2017). According to Nakano (2020), the strategy will be integrated into the company's core policies, structures and operational processes for each function. Organisational goals dictate how tasks are delegated across the various business functions and, within the supply-chain context, can extend to external partners such as suppliers (Nakano, 2020). Promoting inclusion and supplier diversity in procurement requires a well-defined policy framework that sets clear priorities and outlines implementation mechanisms, including robust monitoring systems (Cravero, 2018, p. 4). This includes incorporating the goals and objectives supplier diversity program into both supply chain management strategies and associated job functions (Monczka et al., 2021).

2.4.3.2 Category management to build efficiencies

Category management is a strategic approach to procurement which involves grouping an organisation spend into distinct product and service categories based on their function (O'Brien, 2019, p. 6). Organisations should analyse diversity spend by procurement category and identify opportunities to expand with existing diverse suppliers (Porter, 2019, p.65). Porter (2019) adds that this includes a 'limited competition' process for categories with many qualified diverse suppliers (e.g., printing, trucking, janitorial),

selecting only diverse firms to bid**.** According to Johnsen, Howard and Miemczyk (2019, p. 92), while categories management segments similar products or services, it's also vital to assess cost, value, and supply market risk and complexity. When selecting a procurement category for inclusive sourcing, prioritise one that matters to key stakeholders and enhances brand reputation (BI4G, 2021, p. 29). Thus, category management demonstrates that efficiency and inclusion are not mutually exclusive but mutually reinforcing.

2.4.3.3 Supplier management and development as structural interventions

Supplier management is the procurement function focused on streamlining the supplier base, selecting and coordinating suppliers, evaluating their performance, developing their capabilities, and fostering long-term partnerships (Lysons & Farrington, 2020, p.8). According to Porter (2019, p.17), supplier management is critical for fostering inclusive procurement, and a strong supplier diversity programme provides the foundation for a strong supplier relationship management (SRM) programme. Initiate annual record keeping and establish a database for diverse SMEs and especially women-owned SMEs (Shalizi, 2022, p.154). Supplier development involves actively guiding suppliers to identify, analyse, and solve problems, aiming to build a strong and reliable supplier base (Ivanov, Tsipoulanidis & Schönberger, 2019, p. 132). Supplier development programmes can be either ***results-oriented***, focusing on short-term, buyer-driven technical improvements in costs, quality, and delivery, or ***process-oriented***, emphasizing long-term supplier learning, problem-solving, and continuous improvement capabilities (Lysons & Farrington, 2020).

2.4.3.4 Leverage on technology to remove barriers

The claim that inclusive procurement distorts competition collapses under scrutiny. Bouchery et al. (2017) show that sustainable indicators prevent exclusion and strengthen local economies. Porter (2019) and Monczka et al. (2021) argue for measurable targets and buyer training, demonstrating that inclusion enhances rather than undermines competition. Moreover, Johnson (2019) illustrates that technology streamlines inclusive procurement, making diversity measurable, transparent, and scalable. Far from being

administratively burdensome, e-procurement systems democratise access and institutionalise accountability (Johnson, 2019).

2.4.3.5 Culture and partnership as enablers to inclusion

Culture is often dismissed as intangible, yet Monczka et al. (2021) demonstrate that corporate supplier diversity committees institutionalise accountability, while embedding diversity targets into performance indicators operationalises inclusion. Shalizi (2022) adds that sharing best practices accelerates qualification of diverse suppliers. Furthermore, partnerships with Tier 1 suppliers and external organisations dismantle structural barriers by mandating inclusive obligations and financing SMEs (Monczka et al., 2021; Shalizi, 2022; Sordi et al., 2022). The counterclaim that SMEs lack capacity ignores the structural disadvantages that partnerships and ecosystems are designed to correct.

Taken together, these practices demonstrate that inclusive procurement is not a discretionary add-on but a strategic necessity. Policy integration secures coherence; category management counters efficiency critiques; supplier development fosters resilience; technology enhances accountability; and culture with partnerships dismantles structural barriers. Institutionalised through best practice, inclusive procurement reconfigures procurement from a transactional process into a strategic lever for competitiveness, innovation, and social legitimacy. Neglecting inclusion is not neutrality but exclusion.

2.4.4 Benefits of inclusive procurement

The argument that organisations should integrate social and economic considerations into procurement is not merely normative but strategic. As Eniola et al. (2023) contend, profitability alone is insufficient in contemporary markets; procurement must be reconceptualised as a lever for systemic transformation. Indeed, Mena et al. (2021) argue procurement exerts greater influence on economic, environmental, and social outcomes than almost any other organisational activity. Yet, while the literature overwhelmingly

highlights benefits, the critical question is whether these outcomes are consistently realised or remain aspirational.

Innovation and supplier performance are often presented as automatic outcomes of supplier diversity programmes (Johnson, 2019; Porter, 2019). However, this assumption risks oversimplification. Innovation is not guaranteed by diversity alone; it requires deliberate structures of collaboration, mentoring, and joint product development. Mining companies' initiatives (Ramdoo, 2018) illustrate this point: without intentional investment, SMEs may be marginalised rather than empowered. Thus, inclusive procurement must be understood as a catalyst for innovation only when accompanied by governance mechanisms that prevent tokenistic inclusion.

Similarly, claims about **supply chain resilience and agility** (Lee, 2021; Weigel & Ruecker, 2017) warrant scrutiny. While local SMEs offer flexibility and proximity advantages (Marin et al., 2021), they may lack the scale or resources to withstand systemic shocks. The literature tends to romanticise SME agility without acknowledging vulnerabilities such as limited capital reserves or dependence on single buyers. Therefore, resilience through inclusivity is contingent, not inherent.

The promise of **cost savings and competitiveness** (Islam et al., 2017; Porter, 2019) also requires critical engagement. Early supplier involvement can indeed reduce costs, but collaboration with SMEs often entails higher transaction costs in training, certification, and capacity building. The paradox is that short-term costs may rise even as long-term competitiveness improves. This tension underscores the need to evaluate inclusive procurement not through immediate financial metrics but through strategic horizons.

On **customer satisfaction**, local sourcing is frequently linked to shorter lead times and cultural alignment (Mangla et al., 2019; Sordi et al., 2022). Yet this benefit is double-edged: while local products may resonate with communities, they may lack the global quality standards demanded by multinational buyers. The literature rarely interrogates

this trade-off, but it is crucial for organisations balancing local responsiveness with global competitiveness.

The broader **governance and structural implications** (Sordi et al., 2022) highlight how inclusive procurement reshapes organisational accountability. Diversity initiatives are not merely operational but tied to ESG reporting and reputational legitimacy. However, governance structures can be performative if they prioritise reporting over substantive supplier empowerment.

At the macro level, **economic growth and backward linkages** (Porter, 2019; Minerals Council South Africa, 2022; Ghebrihiwet, 2019) demonstrate procurement's transformative potential. Yet, here too, critical nuance is needed: local value addition is more impactful than ownership, as Ghebrihiwet (2019) notes, but ownership models continue to dominate policy discourse. This suggests a misalignment between policy rhetoric and developmental outcomes.

The literature on **collaboration, networking, and access to finance** (Mangla et al., 2019; Johnson, 2019; Lampadarios & Kyriakidou, 2020) reinforces the idea that SMEs cannot thrive without systemic support. However, reliance on large firms or government partnerships risks creating dependency rather than autonomy. Inclusive procurement must therefore be interrogated as a developmental tool that can either empower SMEs or entrench hierarchical supply chain structures.

Finally, the social dimensions—**community development, job creation, and skills transfer** (Schubert et al., 2018; Sibiya et al., 2023; Ramdoo, 2018) are often framed as unequivocal positives. Yet the pursuit of a "social licence to operate" (Nickerson & Geipel, 2019) raises questions about whether community benefits are genuine or instrumentalised to secure legitimacy. Organisations may engage in local development not out of altruism but as a risk management strategy (Oncioiu et al., 2021).

While the literature presents a wide range of benefits associated with inclusive procurement, these advantages are not uniform and must be critically assessed in terms of their strategic implications. Table 2.3 provides a consolidated summary of the key benefits identified, highlighting both their potential contributions to organisational performance and the conditions under which they are most effectively realised.

Table 2.3 Summary of benefits of inclusive procurement

Category	Benefit of inclusive procurement	Sources
Business and operational benefits	• Innovation and improved supplier performance • Supply chain resilience and agility • Cost savings and competitiveness • Customer satisfaction • Governance and Structure	Weigel & Reeker (2017), Ramdoo (2018), Johnson (2019), Porter (2019), Lee (2021), Marin et al. (2021), Sordi et al. (2022).
Economic benefits	• Economic growth • Backward linkages: • Collaboration and Networking • Access to Finance: • Strategic partnerships	Geipel (2017), Addison & Roe (2018), DEG (2018), Östensson (2017), Porter (2019), Ghebrihiwet, (2019), Lampadarios & Kyriakidou (2020), Lysons & Farrington (2020), Shalizi (2022).
Social benefits	• Local community development • Job creation and Skills development • Strengthen community relationships	Hodge (2018), Östensson (2018), Ramdoo (2018), Schubert et al. (2018), Sordi et al. (2022), Korinek & Da Sa (2023), Sibiya, van der Westhuizen & Sibiya (2023).

Source: Researcher's own compilation

2.5 CONCLUSION

In this chapter, theories relevant to the research topic were examined, alongside the historical development of inclusive procurement and related concepts. The discussion also highlighted the objectives, best practices, and benefits of inclusive procurement strategies for SME development and socio-economic growth. The following chapter therefore considers inclusive procurement practices in the mining sector, the barriers faced by SMEs, and measures to enhance inclusivity in procurement within the industry.

CHAPTER 3: INCLUSIVE PROCUREMENT PRACTICES IN THE MINING SECTOR

3.1 INTRODUCTION

Chapter 2 provided context on procurement and highlighted its critical role in ensuring value creation within organisations. The most common procurement strategies and best practices were examined. This chapter provides an overview of the South African mining sector, with particular attention to supply chain and procurement practices within the industry. It further examines the policies and regulatory frameworks that underpin inclusive procurement, benchmarking these against comparable measures adopted in other mineral resource–rich countries as well as relevant international frameworks. Finally, the chapter considers both the challenges and enabling factors associated with inclusive procurement, alongside the instruments employed to evaluate compliance.

3.2 OVERVIEW OF THE MINING SECTOR IN SOUTH AFRICA

This section presents a contextual review of the mining sector in South Africa and its contribution to the economy.

3.2.1 South African mining sector

Mining refers to the extraction of raw minerals from the earth's crust, encompassing the entire life cycle from exploration and production through to closure, with due consideration for post-mining land use (Wincewicz-Bosy et al., 2021). The minerals extracted serve as essential raw materials across various sectors of the economy, and global demand for these resources has increased significantly in the twenty-first century due to urbanization, industrialization, population growth, and technological advances (Nalule, 2020, p. 9).

The Minerals Council South Africa (2025a), in its 2024 sector performance report, underscores the enduring significance of the mining sector, emphasising both its contribution to national economic output and its wider developmental role. The figures reported by the Minerals Council South Africa are presented below:

Table 3.1: Mining contribution to the South African economy in 2024

Description	2024	2023
Industry turnover	R1 trillion	R1.1 trillion
Direct GDP contribution	R432.7 billion	R 444.2 billion
% Contribution to GDP	6%	6.3%
Total primary sales	R800.9 billion	R794.2 billion
Minerals exports	R774.3 billion	R779.8 billion
Employment	474,876	479,228
Employee earnings	R195.3 billion	R191.1 billion
PAYE by mining employees	R36.1 billion	R34.4 billion
VAT payments	R21.5 billion	R28.3 billion
Corporate income tax paid by the mining sector	R42.6 billion	R85.5 billion
Royalties paid	R16 billion	R25.3 billion

Source: Minerals Council South Africa (2025a)

3.2.2 Socio-economic issues in mine-host communities

The 1886 discovery of gold on the Witwatersrand marked a turning point in South Africa's economic development, establishing its financial foundations and fostering a manufacturing base through mining-financed industrial policies (World Bank, 2018). In recent decades, however, mining activity has increasingly shifted from Gauteng to economically marginalised rural provinces such as North West, Mpumalanga, Limpopo, and the Northern Cape. The platinum boom of the late 1990s attracted large numbers of migrant workers from across southern Africa, intensifying demand for social services and generating complex social tensions with host communities (Schubert et al., 2018, p. 115). This geographic shift carries major socio-economic implications, redistributing jobs and investment to underdeveloped regions while exposing them to resource dependence and uneven development. Statistics South Africa (2019) reported that more than half of adults in these provinces live below the poverty line—Limpopo (67.5%), North West (59.6%), Mpumalanga (54.6%), and Northern Cape (54.3%). Educational attainment is similarly constrained, with fewer than 40% of residents holding a matric qualification and only about 10% possessing higher education credentials (Stats SA, 2019). These structural

deficits persist, as evidenced by the 2024 expanded unemployment figures: North West (52.8%), Mpumalanga (47.2%), Limpopo (46.5%), and Northern Cape (39.7%) (Stats SA, 2025).

Such conditions perpetuate inequality and exacerbate conflict, thereby undermining efforts to secure a sustainable social licence to operate (Schubert et al., 2018, p. 124). Tensions are further exacerbated by governance practices in which mining companies negotiate directly with traditional leaders, who often benefit personally from community BEE equity deals at the expense of broader community welfare (Schubert et al., 2018, p. 118). This dynamic not only entrenches elite capture but also places additional pressure on mining firms to deliver employment opportunities to local “doorstep” communities or integrate them into the mine’s supply chain. The result is a cycle of dependency and contestation, where mining revenues fail to translate into meaningful socio-economic transformation, thereby reinforcing structural inequality in resource-rich but impoverished regions.

3.2.3 Drivers for inclusive procurement in the South African mining sector

Mining can drive economic growth and infrastructure development, but also causes environmental damage, community displacement, and unequal wealth distribution throughout its life cycle (Lodhia, 2018, p. 20). Drivers to inclusive procurement in the South African mining sector are as follows:

- **Government mandates:** Policies promoting participation in oil, gas, and mining aim to empower local businesses and indigenous communities within the mining value chain, thereby fostering inclusive economic growth (Olawuyi, 2018, p. 235). In South Africa, the B-BBEE framework and the Mining Charter require mining companies to procure a specified proportion of goods and services from historically disadvantaged suppliers, including Black-owned, women-owned, youth-owned, and local enterprises (DMPR, 2018; DTI, 2019).

- **International standards:** According to the Minerals Council South Africa (2021), the mining industry plays a vital role in advancing the United Nations Sustainable Development Goals (UN SDGs). The International Council on Mining and Metals (ICMM), established in 2001, promotes sustainable mining through principles aligned with the UN SDGs, seeking to benefit communities while mitigating industry impacts (ICMM, 2022). Mining companies are also subject to mandatory and voluntary reporting requirements, as well as legal obligations relating to environmental, social, and governance (ESG) procedures and standards (Olsen et al., 2021).

- **Local Content requirements:** Local content requirements (LCRs) are government policies that oblige companies to utilise domestically produced goods and services in order to operate within an economy, with the primary objective of promoting local economic development (OECD, 2021). By 2013, an estimated 90% of resource-rich countries—both developed and developing—had adopted local content policies in the mining sector (Nickerson & Geipel, 2019). The core objective of LCRs is to stimulate domestic economic growth by fostering investment, employment, SME development, and local participation in higher value-added activities (Flaig and Stone, 2023). LCRs compel multinational extractive firms and their contractors to source locally while fostering training and technology transfer (Östensson, 2018).

- **Long-term economic diversification:** Sustainable development and the attainment of a social licence to operate can be reinforced through supplier diversification, as locally incorporated mining companies embed wealth within host communities and foster resilience (Parker & Cox, 2018). Host-country governments can further enhance technology transfer by incentivising foreign firms to train local workers, support domestic suppliers and downstream industries, and promote local research and development (Ghebrihiwet, 2019). Collectively, these measures build local capacity, embed skills and innovation, and contribute to the long-term sustainability of mining-dependent economies.

- **Social license to operate:** Securing a social license to operate largely depends on how host communities and countries perceive the benefits of mining, especially through local procurement and employment (World Bank, 2019, p.12). Effective engagement has become central to most mining laws and regulations and is a prerequisite for achieving a social license to operate (Hodge, 2018, p.381). Compliance with government regulations or investment agreements that incorporate local content requirements facilitates companies' ability to obtain and retain their licences to operate (World Bank, 2019, p.64).

- **Poverty and inequality reduction:** Mining companies must collaborate with civil society to reduce income inequality and ensure a fairer distribution of benefits (Hodges, 2018, p. 389). As a capital-intensive industry, mining generates strong backward linkages in areas such as metal fabrication and component manufacturing, creating opportunities for SMEs and supporting aftermarket services through local agents of global OEMs. These linkages foster technical skill development and, if strategically leveraged, can help address poverty, unemployment, and inequality in communities surrounding mine sites (Fessehaie, 2017).

- **Stakeholder pressure:** Multiple stakeholders with vested interest are increasingly attentive to the economic, environmental, and social implications of corporate activities (Oncioiu et al., 2021). Civil society organisations encourage governments to move beyond reliance on revenue payments and to adopt alternative mechanisms for development (Nickerson & Geipel, 2019). To remain competitive, firms must accommodate diverse stakeholder expectations by embedding the three dimensions of sustainability, economic, environmental, and social into supplier selection processes (Mangla et al., 2019, p. 131). In recognition of these pressures, organisations are increasingly compelled to integrate sustainability into their core business practices (Oncioiu et al., 2021, p. 135).

- **Sustainable supply chain:** The mining industry faces persistent challenges—including price volatility, fraud, regulatory uncertainty, geopolitical instability, technological change, resource constraints, worker safety, and skills shortages—that directly affect supply chains and demand innovative stakeholder engagement (Blass et al., 2017, p. 96). Effective supply chain design seeks to reduce costs, ease congestion, improve customer satisfaction, and lower emissions by linking suppliers, producers, distributors, and customers (Zeng et al., 2021, p. 14). SMEs contribute through technological and design innovation, while domestic sourcing enhances security compared to imports vulnerable to geopolitical risks and protectionist policies (Blass et al., 2017, pp. 98, 113).

3.3 SUPPLY CHAIN MANAGEMENT IN THE MINING SECTOR

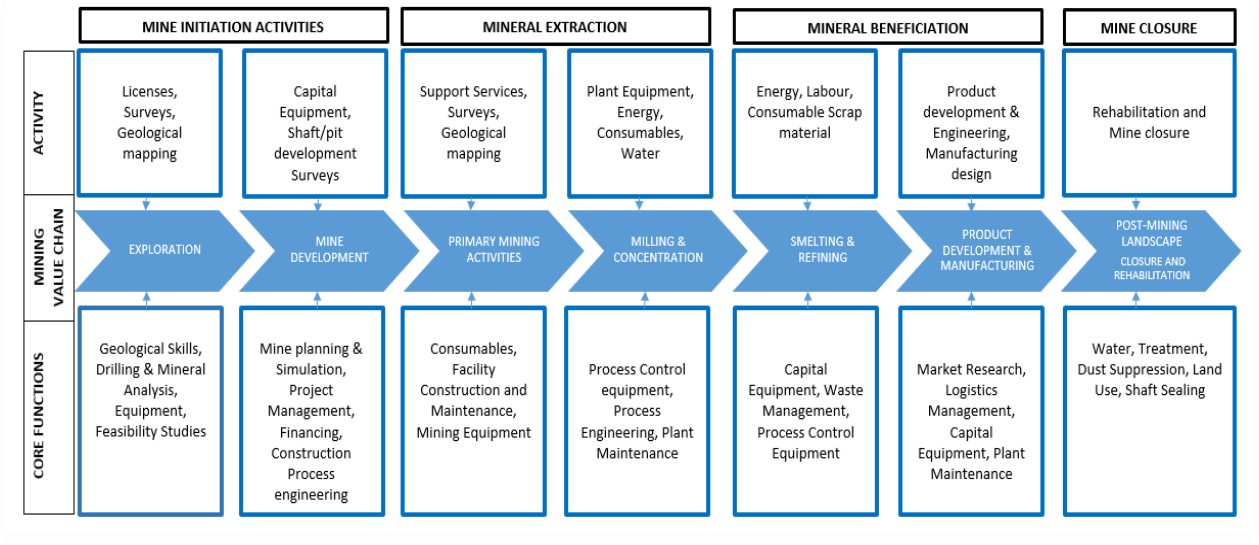
This section contextualises the mining value chain and its application to supply chain management. In addition, the pillars guiding procurement in the mining sector are discussed.

3.3.1 Mining value chain

The mining value chain forms the backbone of the industry and underpins supply chain design (Wincewicz-Bosy et al., 2021, p. 208). Originating from Porter's (1985) concept of value creation through primary and support activities, the mine value chain spans exploration and development, extraction, beneficiation, and closure (Singh, 2017). Inputs are required at each stage of this life cycle, and value chain analysis has been applied to mineral resource supply chains to enhance competitiveness and promote equity in local economic development (Humphrey, as cited in Simatupang et al., 2017). The mining industry relies on a wide range of services throughout the life cycle of mines, many of which are not specific to the sector itself (Korinek, 2020). Among its strongest backward linkages is the services sector, as services constitute substantial inputs into mining operations. Because these services are generally provided domestically, demand for them in mineral-rich countries establishes a strong connection with the broader economy and presents significant opportunities for development (Korinek, 2020). Mining comprises

four fundamental stages, each of which drives demand for the procurement of goods and services, which are depicted in the value chain diagram in Figure 3.1.

Figure 3.1: A generic mining value chain



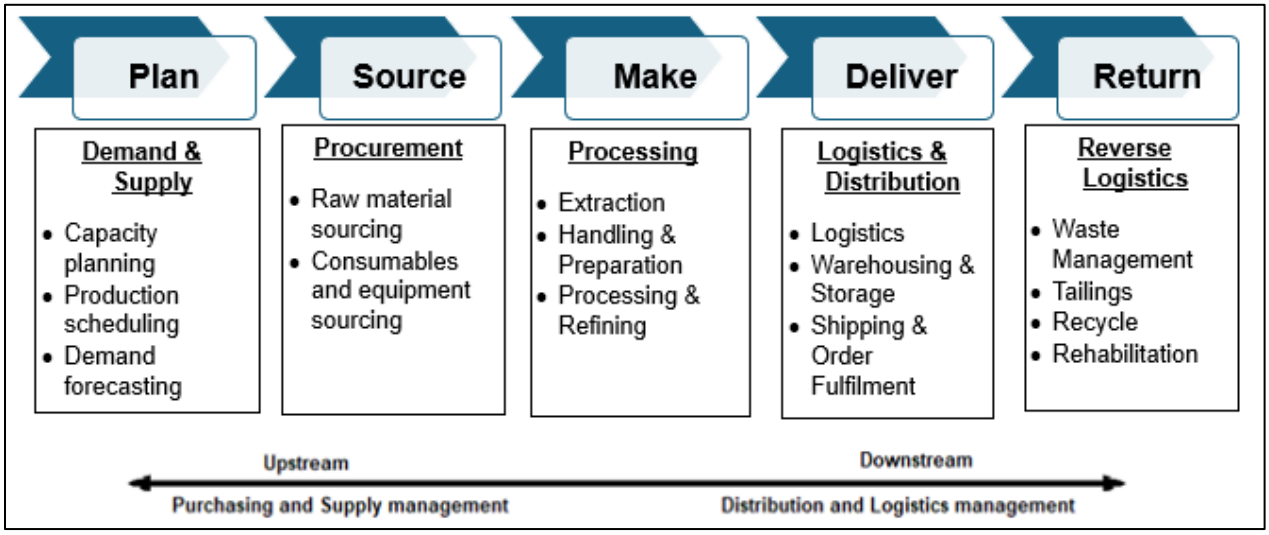
Source: Singh (2017)

3.3.2 Supply chain management in mining

According to Castillo-Villagra et al. (2023), supply chain management in mining follows the fundamental principles outlined in the Supply Chain Operations Reference (SCOR) model, developed by the Supply Chain Council, which comprises the processes of planning, sourcing, making, delivering, and returning. The SCOR processes define the activities a supply chain must execute to fulfil customer requirements (APICS, 2017, p. 2). Upstream activities—such as planning and sourcing raw materials—include purchasing and supply management, while downstream activities—focused on value creation and product delivery—encompass distribution and logistics (APICS, 2017, p. 2). Applied to mining, SCOR principles extend from the discovery of mineral districts, ore extraction, and transformation into mineral commodities (upstream) to their use in end applications (downstream) (Castillo-Villagra et al., 2023). Mine supply chain management encompasses estimating, planning, and scheduling across strategic, tactical, and operational levels, covering activities such as site selection, operations, beneficiation,

inventory, distribution, waste management, after-sales service, recycling, closure, and environmental mitigation (Zeng et al., 2021).

Figure 3.2 SCOR Model applied to mining supply chain



Adapted from: Castillo-Villagra et al. (2023),

Leading mining companies strengthen their market influence through outsourcing, offshoring, and control of strategic assets at key supply chain points (Parker et al., 2017). Diversification of mining production and supply enhances sustainability and resilience (Zeng et al., 2021). The production phase presents the greatest scope for upstream linkages and local content development, as companies typically incur between 75% and 90% of their total expenditure during this stage (McKinsey, as cited in Korinek & Ramdoo, 2017). Inclusive procurement in mining supply chains, guided by SCOR principles, fosters opportunities for SMEs by integrating them into upstream sourcing and local content development, thereby strengthening their growth and resilience. This ensures procurement delivers both economic value to the mine and social value to stakeholders.

3.3.3 Pillars guiding procurement practices in the mining sector

Lysons and Farrington (2020, p. 470) contend that procurement fulfils strategic, policy-making, and operational roles in advancing sustainability and socially responsible practices. In the mining industry procurement is facilitated through the procurement

governance model which is a framework used to determine requirements for goods and services, the identification of suppliers, bid solicitation and awarding, and managing contracts (Milanzi and Bond-Barnard, 2017, p.3). The governance model is articulated by each mining company's own internal policies and procedures. Below are the pillars guiding procurement in the mining sector:

3.3.3.1 Transparency and accountability

Handfield and Linton (2017) state that transparency in procurement is characterised by the bilateral exchange of quantitative data and qualitative insights, thereby providing a comprehensive view of prevailing issues, existing conditions, and anticipated future developments. Such openness facilitates more rapid decision-making and enhances organisational resilience. Handfield and Linton (2017) add that the concept of accountability in procurement is adopted from generally accepted accounting principles (GAAP) but has now also been extended to shareholder accountability. According to Handfield and Linton (2017, p.122) transparency also helps drive financial accountability.

3.3.3.2 Efficiency and value for money

The understanding of cost drivers within the mining supply chain is critical as demand for raw material is determined by global economic growth, commodity prices and changes in industrial structure (Nalule, 2020, p.11). Mining is inherently capital-intensive and exposed to volatile commodity markets, making it a high-risk industry (Parker, Cox and Thompson, 2017). This places pressure on mining companies to deliver consistent returns to shareholders, which in turn drives a strong focus on cost control and disciplined investment strategies to safeguard earnings and maintain investor confidence (Parker et al., 2017). Total Cost of Ownership and efficiency evaluations aim to boost production, cut operational costs, increase revenue, enhance competitiveness, and expand market opportunities (Zeng et al., 2021, p.14).

3.3.3.3 Ethics and integrity

This principle ensures that all procurement transactions are conducted transparently and free from corruption, bribery, and fraud (Handfield & Linton, 2017). Monczka et al. (2021)

outline three key rules of ethical procurement: (1) avoid accepting gifts, favours, or financial arrangements with suppliers that violate organisational ethics policies; (2) treat all suppliers professionally and with respect; and (3) uphold the ethical standards established by both the organisation and the purchasing profession.

3.3.3.4 Fairness and competitiveness

Suppliers should be treated fairly and with decency, and confidentiality should be maintained throughout the bidding process (Monczka et al., 2021). In procurement competitive bidding is used when pricing is a dominant criterion, and it can also be used to shortlist for further negotiations (Monczka et al., 2021). All suppliers must be given an equal opportunity to participate, with decisions determined by merit rather than personal bias. An evaluation indicator is formulated for each tender, and the award decision is made based on the evaluation outcome (Weigel and Ruecker, 2017).

3.3.3.5 Sustainability and ESG

Sustainability accountability and reporting have emerged in response to the increasing significance of social and environmental concerns and the expectations of diverse stakeholders (Lodhia, 2018, p. 160). In procurement, sustainability encompasses economic, legal, ethical, and socially responsible dimensions in supplier relationships (van Weele & van Tubergen, 2017, p. 258). Ineffective management of sustainability risks can lead to adverse outcomes, including higher costs, production disruptions, financial losses, and labour strikes (Oncioiu et al., 2021, p. 135).

3.4 PROCUREMENT PRACTICES IN THE MINING SECTOR

This section provides an overview of the procurement practices in the mining sector, and the criteria used in supplier selection.

3.4.1 Procurement practices in mining

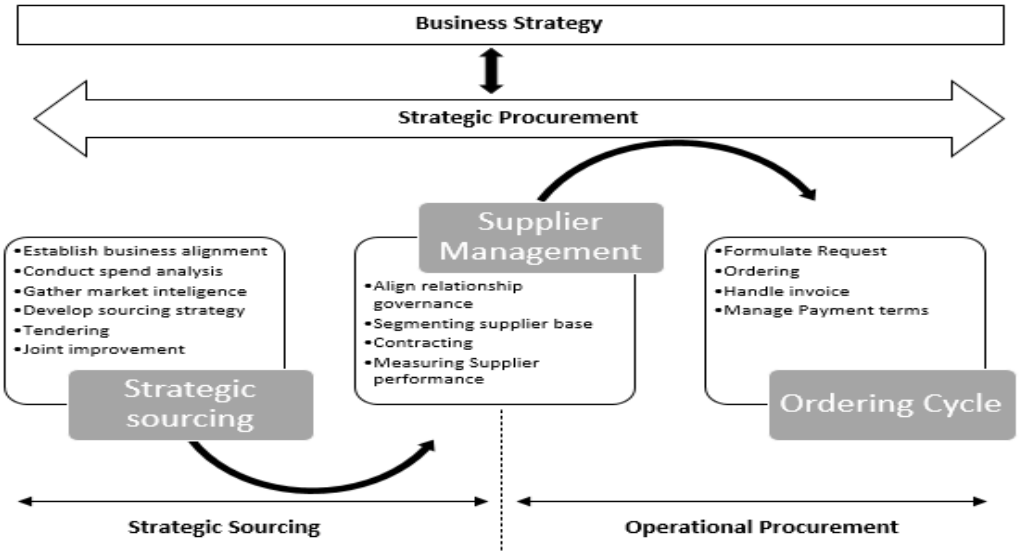
Procurement represents a major expense in mining operations, making its effective management essential for reducing costs, minimising delays and risks, and improving coordination (Milanzi & Bond-Bard, 2018). It is the process through which the resources

required as inputs for primary supply chain activities are acquired (Louw & Venter, 2019, p. 225). The procurement management function establishes procedures that serve as operating instructions, detailing functional responsibilities in purchasing and the development of legal contracts (Monczka et al., 2021). In the section below some of the common procurement practices in mining are discussed:

3.4.1.1 Strategic sourcing

Strategic sourcing involves planning supply, selecting and contracting suppliers to secure potential sources of input (Zijm et al., 2019). Decisions are influenced by factors such as buyer–supplier relationships, country of origin, item categorization, and collection methods (Plantinga et al., 2021). By aligning purchasing with corporate strategy, strategic sourcing enhances global competitiveness, matches demand to market capacity, mitigates risks, and ensures compliance with quality and sustainability standards (Biazzin, 2019). Figure 3.3 depicts high-level strategic procurement process.

Figure 3.3 Strategic procurement process



Source: adapted from Mena et al. (2021)

At a high level, it comprises two activities: (i) selecting suppliers and establishing contracts, and (ii) managing supplier relationships over varying timeframes (Scott et al.,

2018, p. 43). Given the uncertainty and risk inherent in mining, strategic sourcing of key commodities is essential for profitability (Zeng et al., 2021). Procurement strategies in private mining companies vary, often balancing direct imports with local sourcing shaped by government policy (Fessehaie & Rustomjee, 2018).

3.4.1.2 Centralised procurement

In a centralised procurement strategic direction, principal policies, overarching frameworks, and major decisions are determined at company headquarters, though in certain instances authority may rest at regional or divisional levels (Lysons & Farrington, 2020, p. 146). Leading multinational mining companies have adopted centralised procurement structures to advance value-based management and cost minimization (Parker et al., 2017). This approach supports a global supplier strategy by reducing local biases, enforcing standardised criteria, and leveraging international competition. It also minimises duplication, secures bulk discounts, streamlines processes, and enhances transparency and control (Weigel & Ruecker, 2017).

3.4.1.3 Solicitation and selection

Sourcing comprises the business processes required to purchase goods and services, linking supply with demand and involving the establishment and management of supplier relationships within the supply chain (Ivanov et al., 2019). It operates according to strategies and plans designed to achieve organisational objectives (Nicoletti, 2018, p. 8). Common sourcing methods used to solicit bids and select suppliers include Requests for Quotation (RFQ), Invitations to Tender (ITT), and Requests for Proposal (RFP) which standardise supplier data collection to ensure consistency and comparability (Scott et al., 2018). These methods test the market, identify and compare suppliers, and create price pressure for negotiations (Weigel & Ruecker, 2017). The value of goods or services being sourced influences the methodology, including the minimum number of quotations or tenders required (Lysons & Farrington, 2020). In mining, RFQs and tenders are frequently used, with enquiries often directed to suppliers with whom companies have prior relationships (Östensson, 2017).

3.4.1.4 Electronic procurement

Electronic procurement or e-procurement is the digitalization of procurement processes, electronically linking buyers and suppliers (Zijm et al., 2019, p. 61). It enables faster, more cost-efficient, and transparent operations (Weigel & Ruecker, 2017, p. 179). Over the past decade, mining companies have increasingly digitalised their operations to enhance competitiveness, reduce risks and costs, improve performance, and transform practices across the value chain (Lazarenko et al., 2021). Using enterprise resource planning (ERP) systems, e-procurement automates operational activities such as ordering, receiving, and invoicing (procure-to-pay) (Mena et al., 2021, p. 18). According to Ramdoo et al. (2021), in mining, e-procurement systems facilitate strategic sourcing, automate procure-to-pay activities, enhancing competitiveness and efficiency but also posing challenges for smaller local suppliers with limited digital capacity.

3.4.1.5 Supplier management

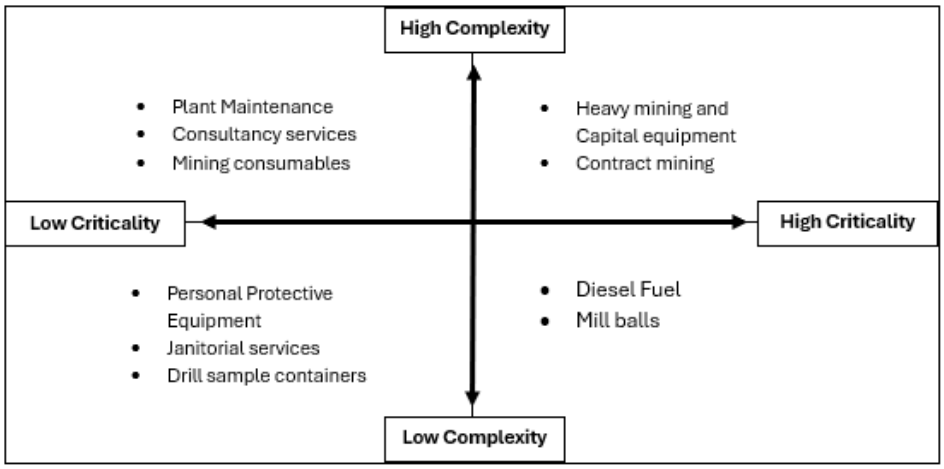
Supplier management, defined as the rationalization, coordination, appraisal, and development of suppliers, is a cross-functional process that fosters collaboration across procurement, engineering, and quality assurance (Lysons & Farrington, 2020; Monczka et al., 2021). In multinational mining companies, hierarchical governance dominates supply chains, emphasising cost reduction and risk minimization through tiered supplier networks. These range from Tier 1 EPCMs and OEMs contracting directly with resource firms, to Tier 4 local suppliers with limited capacity, often subcontracting through certified intermediaries (Statsenko, Gorod & Ireland, 2018; Wincewicz-Bosy et al., 2021).

3.4.1.6 Category management

Category management is a strategic procurement practice in which products and services are organised into related groups to facilitate more effective sourcing and supplier management (Scott et al., 2018, p. 48). By analysing stakeholder needs, benchmarking against industry intelligence, and assessing supply capabilities and risks, category management develops strategies that align internal organisational requirements with external market conditions (Monczka et al., 2021). In mining, procurement is divided into core (production-specific) and non-core (support services), with categories further

structured by criticality and complexity using supplier matrices to guide sourcing strategies (Östensson, 2017). This structured approach not only enhances transparency and efficiency but also strengthens resilience by ensuring that procurement strategies are tailored to the varying importance and risk profiles of different categories within the mining value chain.

Figure 3.4: Supplier Matrix



Source: Mjimba as cited in Östensson (2018)

The supplier matrix is a framework for structuring and segmenting the supply base, classifying suppliers into four categories (Monczka et al., 2021):

- High Criticality (Strategic) – Production critical and drive competitive advantage.
- Low Criticality (Routine) – Low cost, readily available and many alternative suppliers in the market.
- Low Complexity (Leverage) – Alternatives exist in the market but high price sensitive items.
- High Complexity (Bottleneck) - Limited supply options and intricate specifications.

The matrix helps procurement teams in the mining sector to identify which categories are most suitable for SME inclusion (Routine and Leverage) versus where capacity-building is needed (Strategic and Bottleneck) (Östensson, 2018).

3.4.1.7 Outsourcing

The increasing complexity of mining supply chains has prompted companies to outsource non-core functions and adopt more decentralised, flexible structures (Statsenko, Gorod & Ireland, 2018). These functions include mining equipment, processing plants, and power and water infrastructure (Seeger, 2019, p. 12). Outsourced processes are typically defined within tendered scopes of work, with contractors appointed under specific contractual arrangements (Seeger, 2019, p. 34). n South Africa, contractor management in the mining sector is governed by the Mine Health and Safety Act No. 29 of 1996 (MHSA), which assigns primary responsibility to the employer—whether mine owner or operator—for safeguarding the health and safety of employees and contractors (Mine Health and Safety Council (MHSC), 2019). Compliance requires comprehensive risk management and the implementation of mandatory Codes of Practice (COPs) (DMRP, 2023). Additionally, contractors must enter into written agreements, be formally registered, and provide proof of adequate compensation and insurance. Employers are also required to ensure that contractors receive appropriate training and are fully aware of mine safety procedures (MHSC, 2019).

3.4.2 Key criteria used in the procurement process of mining companies

Miguel and Tonelli (2023) argue that effective supplier diversity programmes should integrate selection, development, and community impact, while embedding ethics, equity, transparency, and inclusion. Mining companies generally evaluate suppliers and purchasing decisions against several key criteria.

- **Value for money:** Supplier selection goes beyond initial price, focusing on product quality, performance, aftermarket support, and innovation to reduce long-term costs (Fessehaie, 2017). Mining procurement decisions prioritise total cost of ownership factoring in capital, maintenance, and operational expenses (Fessehaie, 2017).

- **Quality and reliability:** The consistent delivery of high-quality products, achieved with efficiency, accuracy, and cost-effectiveness (Scott et al., 2018). Maintaining

quality throughout the mining supply chain is critical to delivering high-grade commodity products to end customers (Castillo-Villagra et al., 2023). In the SCOR model “Source” quality products / raw materials procured will influence the “Make” value-add process and ultimately product “Delivered” to final customer.

- **Delivery time and logistics:** Timely supply of quality products at competitive prices is essential (Weigel & Ruecker, 2017, p. 15). Logistics in mining aims to meet demand, ease congestion, reduce transport costs, optimise inventory, and lower emissions (Zeng et al., 2021). Proximity of suppliers to mining operations further reduces shipping costs and delivery lead times (Geipel, 2017).

- **Supplier performance and financial stability:** Evaluation requires reviewing past performance and determining a supplier’s capacity to meet demand. Suppliers must demonstrate both operational competence and financial stability (Scott et al., 2018). According to Scott et al. (2018), six levers underpin supply chain performance: demand, supply, lead times, information, product quality, and throughput efficiency.

- **Risk management:** Given the long timespans and uncertainties in mining supply chains, risk analysis and control are critical. Measures include reducing supplier dependency, ensuring portfolio stability, and mitigating risks such as corruption or political instability (Weigel & Ruecker, 2017, p. 21; Zeng et al., 2021).

- **Sustainability: Supplier** selection increasingly considers ESG performance and compliance with corporate sustainability policies. This includes sourcing from local, small, and diverse businesses to strengthen community impact (Van Weele & Van Tubergen, 2017, p. 264).

- **Compliance, health, and safety requirements:** Suppliers are required to comply with national legislation, including labour and environmental regulations, and, where applicable, international principles that extend beyond local law (OECD,

2016). In South Africa, workplace health and safety is governed by the Occupational Health and Safety Act (OHS Act) No. 85 of 1993 and, in the mining sector specifically, by the Mine Health and Safety Act (MHSA) No. 29 of 1996.

- **Flexibility and responsiveness:** Flexibility and responsiveness require companies to react swiftly to market shifts (Weigel and Ruecker, 2017, p. 13). Suppliers located near mining operations benefit from short lead times, close collaboration on technical issues, and enhanced knowledge flows and clustering effects (Fessehaie, 2021).

- **Supplier due diligence:** Supplier due diligence is a risk assessment process undertaken to qualify new suppliers, minimise or mitigate risk exposure, and evaluate the financial health of existing suppliers prior to selection or the award of long-term contracts (Monczka et al., 2021). In the mining sector, due diligence has been introduced to promote responsible sourcing in conflict-affected and high-risk regions, strongly influenced by the OECD Due Diligence Guidance for Responsible Supply Chains (van den Brink et al., 2019). The OECD (2016) frames due diligence as a continuous process requiring mining firms to embed supplier oversight into management systems, thereby safeguarding human rights and strengthening accountability across supply chains.

3.5 INCLUSIVE PROCUREMENT PRACTICES IN THE MINING SECTOR

In South Africa's mining industry, inclusive procurement is mandated by the Mining Charter, requiring the sourcing of goods and services from enterprises owned by historically disadvantaged persons, women, and youth (DMPR, 2018a). The section below discusses inclusive procurement strategies and international best practices in mining.

3.5.1 Inclusive procurement strategies in the mining industry

An inclusive procurement strategy broadens the pool of potential suppliers and fosters competition within the supplier base (Bateman et al., 2020). It facilitates the participation

of diverse suppliers in an organisation's supply chain (Cravero, 2018, p. 3). Furthermore, large suppliers within the supply base are encouraged to initiate their own supplier diversity programmes (Porter, 2019, p. 65). Mining companies implement inclusive procurement through several practical strategies:

- **Integration into business strategy:** Dedicated procurement policies are established to incorporate social responsibility criteria aligned with broader ESG goals (Miguel & Tonelli, 2023). In South Africa, mining companies have adopted preferential procurement policies consistent with B-BBEE legislation and the Mining Charter (Harmony Gold, 2022; ARM, 2022; Anglo American, 2023).

- **Set-asides / Ring-fencing:** These programmes reserve specific contracts or categories of goods exclusively for SMEs or historically disadvantaged groups (Cravero, 2018). Large companies are excluded from bidding for such contracts, thereby ensuring opportunities for smaller enterprises (Cravero, 2018).

- **Unbundling contracts:** Large contracts are divided into smaller, more manageable scopes of work, enabling greater participation by SMEs (Esteve et al., 2013, as cited in Östensson, 2018; Ramdoo, 2018; Cravero, 2018). This approach also distributes supply risk across multiple suppliers, providing backup options when primary suppliers are unavailable.

- **Supplier development programmes:** Mining companies implement initiatives to build supplier capacity, assist with registration, ensure compliance with standards, and provide management training to support sustainability (Ramdoo, 2018). These programmes range from informal, on-the-job training to highly structured, standardised initiatives across operations (Östensson, 2018, p. 514). Supplier development enhances quality and ensures compliance with required standards (Weigel & Ruecker, 2017, p. 13).

- **Sub-contracting and joint ventures:** Partnerships between SMEs and large companies enable SMEs to access major contracts while focusing on core competencies and reducing risk (Lampadarios & Kyriakidou, 2020, p. 170). Vertical relationships between multinational corporations and SMEs can improve first-tier supplier performance in mining supply chains (Zeng et al., 2021). Requirements may also stipulate subcontracting or joint ventures with local suppliers (Korinek & De Sa, 2023). Mining companies can facilitate joint ventures between SMEs and OEMs, supporting technological development and product quality upgrades (Ramdoo, 2018).

- **Preferential treatment:** Procurement strategies are aligned with B-BBEE regulations by assigning higher preference weightings to local businesses in competitive bidding (Esteve et al., 2013, as cited in Östensson, 2018, p. 514). Companies must incorporate sustainability criteria into tender evaluation matrices (Lysons & Farrington, 2020). Transparent, non-discriminatory tendering processes should reward suppliers with higher local value-addition (De Weerdt & Geipel, 2020). Extended bidding timeframes for local SMEs further enhance their competitiveness (Korinek & De Sa, 2023).

- **Local content / Inclusive procurement:** Supplier selection criteria may include social responsibility commitments to local industry or SME support (Lysons & Farrington, 2020). Nickerson and Geipel (2019, p. 4) identify three dimensions of "local" in mining supply chains: geography, value addition, and ownership. In South Africa, B-BBEE status and geographic location are key supplier selection criteria.

- **Partnership and collaboration:** Mining companies collaborate with major suppliers and stakeholders to initiate development programmes (Lysons & Farrington, 2020). Partnerships with Tier 1 contractors often involve mentoring local suppliers in health and safety, accounting, and finance, as part of contractual obligations (Östensson, 2018, p. 513). Third-party organisations also facilitate supplier development and maintain databases of minority or disadvantaged

suppliers (Johnson, 2019; Miguel & Tonelli, 2023). The Mining Charter further encourages localisation of manufacturing by OEMs to strengthen domestic supply chains (DMRE, 2018).

3.5.2 International best practices

Mining companies typically operate on a global scale and are therefore required to comply with international standards while maintaining mechanisms to report on their Environmental, Social, and Governance (ESG) performance. Lodhia (2018, p. 160) distinguishes two core dimensions of sustainability reporting: *sustainability management*, which addresses internal governance and oversight of social and environmental issues, and *sustainability reporting*, which involves disclosing such information to a broad range of external stakeholders. Key international standards and best practices are discussed below:

3.5.2.1 International Council on Mining and Metals (ICMM) principles for sustainable development and sustainable development goals (SDGs)

In 2003, the ICMM introduced Ten Principles for Sustainable Development as a benchmark for ethical performance and accountability (ICMM, 2022). These principles highlight ethical conduct, integration of sustainability into decision-making, respect for human rights, effective risk management, health and safety, environmental stewardship, community engagement, and continuous improvement. The ICMM has endorsed the United Nations Sustainable Development Goals (SDGs) and applies its Mining Principles to advance progress towards these targets (Minerals Council South Africa, 2019). Collectively, the principles establish good practice requirements across ESG dimensions, aiming to maximise benefits to host communities while minimising adverse impacts. A distinctive feature of the framework is the obligation for members to report publicly on sustainability performance in line with the Global Reporting Initiative (GRI) Standards (minimum Core option) and to undergo annual independent assurance, thereby strengthening transparency, comparability, and accountability (ICMM, 2021).

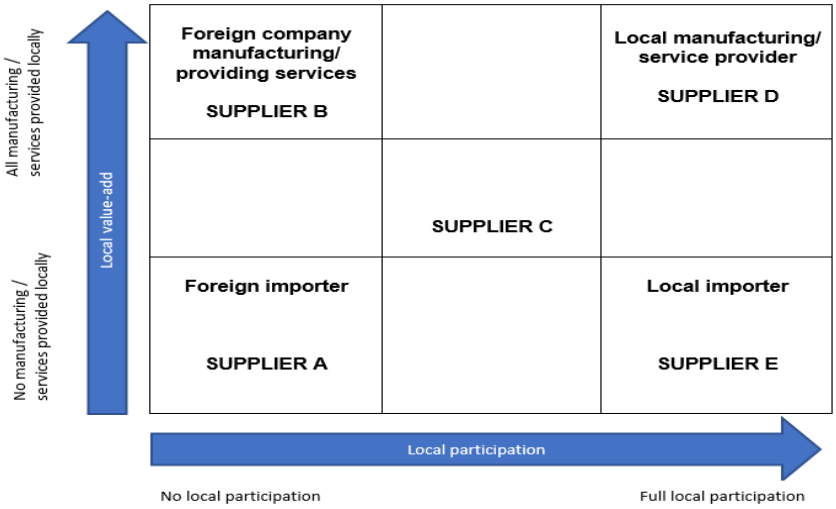
3.5.2.2 Environmental, social and governance (ESG)

ESG has gained prominence in the mining sector as host governments increasingly mandate mining-specific disclosures to support mineral development while safeguarding investors (Olsen et al., 2021). These disclosures typically address environmental and sustainability performance, worker health and safety, community engagement, and government relations. Leading ESG reporting frameworks include the Carbon Disclosure Project (CDP), Climate Disclosure Standards Board (CDSB), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), and Sustainability Accounting Standards Board (SASB) (Olsen et al., 2021). Since 2008, sustainability report assurance has been a core component of ICMM's procedures, with validation of the ICMM Principles Performance Expectations at corporate and asset levels introduced in 2020 (ICMM, 2021). Most major mining companies in Africa use GRI standards, including Disclosure EC9 and Disclosure 204-1, which require reporting on the proportion of procurement spending directed to local suppliers, alongside definitions of "local" and "significant locations of operation" (Geipel, 2020).

3.5.2.3 World Bank: Practical guide to increasing mining local procurement

In 2015, the World Bank released the *Practical Guide to Increasing Mining Local Procurement*, initially designed for West Africa but subsequently adopted in other mineral-rich regions. The guide supports governments and mining companies in implementing local content policies aimed at maximising domestic economic benefits (Nickerson & Geipel, 2019). Ramdoo (2018, p. 2) defines "local" in terms of nationality or citizenship, business registration and ownership, and value addition. The guide is structured into eight modules covering approaches to local procurement, definitions and estimation, opportunity identification, supplier capacity building, policy and regulation, company procurement plans, institutional coordination, and monitoring and evaluation (World Bank, 2015). To identify opportunities for local procurement companies must analyse their current supplier base and categorise suppliers by local participation and value addition in accordance with the framework provided below (Nickerson and Geipel, 2019).

Figure 3.5: Framework for categorising suppliers by local participation and value addition



Adapted: World Bank (2015) as cited in Nickerson and Geipel (2019)

3.5.2.4 Mining local procurement reporting mechanism (LPRM)

Geipel et al. (2017) describe the Mining Local Procurement Reporting Mechanism (LPRM) as a global framework that standardises mine-site procurement disclosures, complementing systems such as the GRI. Its aims are to strengthen mining companies' social licence to operate, provide suppliers and stakeholders with practical information for collaboration, and enhance transparency to deter practices such as corruption (Geipel et al., 2017, p. 7). Disclosure categories are summarised in Table 3.2 below.

Table 3.2: The disclosure categories of the mining LPRM

Category	Disclosure
Required:	
LPRM 100: Context for local procurement disclosures *These disclosures provide context to understand subsequent disclosures.*	• Disclosure 101: Context (Name, Site, Reporting period, Stage of asset, Life of mine and average workers
LPRM 200: Procurement systems *These disclosures focus on local procurement processes and require*	• Disclosure 201: Policy on local suppliers • Disclosure 202: Accountability on local suppliers

Category	Disclosure
companies to report policies and systems supporting local suppliers.	• Disclosure 203: Major contractors and local suppliers • Disclosure 204: Procurement process
LPRM 300: Local procurement spending by category *These disclosures enable companies to track and compare local procurement spending across reporting periods.*	• Disclosure 301: Categorising suppliers • Disclosure 302: Breakdown of procurement spend
LPRM 400: Local procurement due diligence *These disclosures aim to ensure mine sites establish systems that prevent support for corruption, child labour, forced labour, or human rights abuses among suppliers.*	• Disclosure 401: Due diligence processes • Disclosure 402: Anti-corruption policy • Disclosure 403: Training and guidance for suppliers
Encouraged:	
LPRM 500: Methods to incentivise local procurement *These disclosures outline supplier support methods, though not all are suitable in every context.*	• Disclosure 501: Commitments • Disclosure 502: Preference in scoring of bids • Disclosure 503: Preference in scoring of bids for significant local contributions • Disclosure 504: Non-scoring methods to incentivise local purchasing • Disclosure 505: Supporting suppliers to understand the tender process
LPRM 600: External commitments and obligations *Mine sites with local procurement obligations should disclose information to enhance transparency and demonstrate procurement efforts to suppliers and stakeholders.*	• Disclosure 601: Regulations • Disclosure 602: Other agreements and contracts

Source : Geipel et al. (2017, p. 20)

3.5.2.5 African Union: Africa Mining Vision

In Africa, local content policies were introduced in response to the mismanagement of natural resources, disputes over revenue sharing between communities and governments, political and economic instability, and widespread corruption among

stakeholders (Chege, 2020). Adopted by the African Union in 2009, the Africa Mining Vision (AMV) seeks transparent, equitable, and optimal exploitation of mineral resources to drive broad-based sustainable growth and socio-economic development. Its core principles emphasise maximising knowledge and benefits from finite resources, harnessing small-scale mining for livelihoods, promoting environmentally and socially responsible practices, building institutional and human capacity, fostering a diversified and globally competitive mineral industry, ensuring transparency and accountability in resource governance, and strengthening community participation to secure equitable distribution of benefits (African Union Commission (2009), as cited in Hilson, 2020).

According to Olawuyi (2018, p. 243), in several African countries the term *local* refers to nationals and companies owned or majority-controlled by nationals. A summary of key variations in the implementation of Local Content Requirements in the minerals and resources sector in Africa is provided below.

Table 3.3 Local content requirements in Minerals and Resources Sector in Africa

Country	Local Content Requirements			
	Ownership	Employment	Procurement	LCRs Mine Agreements
Angola	•	•	•	
Botswana	•	•	•	
Burkina Faso	•	•	•	
Cameroon	•	•	•	•
Democratic Republic of Congo	•	•	•	•
Ghana	•	•	•	
Guinea	•	•	•	•
Ivory Coast	•	•	•	
Liberia			•	
Libya			•	•
Mali		•	•	
Mozambique	•	•	•	•
Namibia		•	•	•
Niger	•	•	•	•

Country	Local Content Requirements			
	Ownership	Employment	Procurement	LCRs Mine Agreements
Nigeria		•	•	•
Sierra Leone	•	•	•	•
Tanzania	•		•	•
Zambia	•	•	•	•
Zimbabwe	•			

Sources: Adapted from Olawuyi (2018) and (Fofaria, 2020)

3.5.2.6 Alignment of global frameworks to mining charter

Global frameworks such as the ICMM Principles, UN SDGs, ESG reporting standards, GRI disclosures, World Bank procurement guides, and the AU's Africa Mining Vision all reinforce and complement South Africa's Mining Charter by embedding sustainability, transparency, and socio-economic development into mining governance. They provide international benchmarks that align with the Charter's goals of transformation, local procurement, community development, and equitable participation.

Table 3.4 Comparison of Global Frameworks to Mining Charter

Framework	Core Focus	Mining Charter Alignment	Impact on SME Development
ICMM Principles	Responsible and ethical mining practices, human rights, environment	Principle 9 promotes socio-economic contribution through local procurement	Encourages responsible supply chains and fair treatment of local SMEs
SDGs (UN Sustainable Development Goals)	Global development agenda	SDG 8 (Decent Work), SDG 9 (Industry & Innovation), SDG 10 (Reduced Inequalities) directly align with inclusive procurement	SMEs gain opportunities to innovate, expand, and reduce inequality in mining communities
ESG (Environmental, Social, Governance)	Sustainability, ethics, and accountability	Social pillar emphasizes supplier diversity, equity, and community upliftment	Drives investor pressure for SME participation in procurement and community projects

Framework	Core Focus	Mining Charter Alignment	Impact on SME Development
GRI (Global Reporting Initiative)	Transparency and accountability in reporting	Requires disclosure of procurement spend on local suppliers	Provides visibility into SME participation, holding mining firms accountable for inclusive practices
World Bank Guide	SME capacity, local sourcing	Procurement & enterprise development	Offers practical tools to build SME competitiveness and integrate them into mining supply chains
Mining Local Procurement Reporting Mechanism	Standardized measurement of local procurement	Distinguishes genuine local sourcing from imports or “fronting”	Ensures SMEs benefit meaningfully, preventing tokenistic inclusion and strengthening real local economies
AU Africa Mining Vision	Continental development, beneficiation	Transformation, local beneficiation, equity	Advocates for SMEs as engines of local industrialisation and value addition

Source: Researcher’s own compilation

3.6 POLICIES AND REGULATIONS INFLUENCING INCLUSIVE PROCUREMENT PRACTICE IN SOUTH AFRICAN MINING SECTORS

This section examines the policy framework and regulations that shape inclusive procurement in South Africa. Korinek and Ramdoo (2017, p. 8) note that South Africa has one of the continent’s most detailed local content and procurement frameworks, deliberately designed to expand the participation of historically disadvantaged persons in mining and to redress structural imbalances from apartheid.

3.6.1 Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 Of 2002) in South Africa

The Mineral and Petroleum Resources Development Act (MPRDA), enacted in 2002 and later amended, established the legislative foundation for equitable access, sustainable development, and socio-economic transformation, underpinning the Mining Charter’s role

in integrating historically disadvantaged South Africans into the industry. The Charter must set out, amongst others, how the objects referred to in section 2*(c)*, *(d)*, *(e)*, *(f)* and *(i)* of the Act can be achieved (DMRE, 2004: 86). The Mining Charter's inclusive procurement requirements align to the following objectives of MPRDA as stated in section 2:

(c) promote equitable access to the nation's mineral and petroleum resources to all the people of South Africa;

(d) substantially and meaningfully expand opportunities for historically disadvantaged persons, including women, and communities, to enter into and actively participate in the mineral and petroleum industries and to benefit from the exploitation of the nation's mineral and petroleum resources;

(e) promote economic growth and mineral and petroleum resources development in the Republic, particularly development of downstream industries through provision of feedstock, and development of mining and petroleum inputs industries;

(f) promote employment and advance the social and economic welfare of all South Africans;

(i) ensure that holders of mining and production rights contribute towards the socio-economic development of the areas in which they are operating.

3.6.2 Mineral And Petroleum Resources Development Regulations

Following the promulgation of the MPRDA, regulations introduced on 23 April 2004 required mining companies to submit Social and Labour Plans (SLPs) when applying for mining rights, setting out legally binding commitments to workers and communities with specified actions, timelines, and responsibilities over a five-year period. Section 41 articulates the objectives of the social and labour plans of which sub-sections (b) and (c) align to requirements for inclusive procurement targeted at host communities:

(b) contribute to the transformation of the mining industry; and

(c) ensure that holders of mining rights contribute towards the socio-economic development of the areas in which they are operating as well as labour sending areas as amended by GN R420 of 27 March 2020.

The provision for procurement and reporting guidelines to Mine Right Holders are further covered in Section 46 (c) (vi), *"the procurement progression plan and its implementation for HDSA companies in terms of capital goods, services and consumables and the breakdown of the procurement which must be completed in the form of Form T contained in Annexure II of the regulations"*.

3.6.3 Broad-Based Black Economic Empowerment (B-BBEE) Act 53 of 2003

The Broad-Based Black Economic Empowerment (B-BBEE) Act 53 of 2003 establishes South Africa's principal legislative framework for advancing Black participation in the economy. Compliance is measured through a scorecard system comprising five elements: Ownership, Management Control, Skills Development, Enterprise and Supplier Development, and Socio-Economic Development. Companies are allocated one of eight status levels, ranging from Level Eight (lowest) to Level One (highest), which directly affects their ability to secure contracts with government and major corporations. A Level One rating provides substantial procurement advantages, allowing companies to claim 135% of expenditure against Enterprise and Supplier Development targets, thereby enhancing overall B-BBEE performance outcomes.

3.6.4 Broad-Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry

The Broad-Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry (Mining Charter), first introduced in 2004 and revised in 2010 and 2018, serves as a key instrument of transformation in South Africa's mining sector. The 2018 Charter focuses on six elements—ownership, mine community development, employment equity, human resource development, inclusive procurement and enterprise development, and housing and living conditions—while aligning with the Department of Trade, Industry and Competition's Broad-Based Black Economic Empowerment (B-BBEE) Codes of Good Practice. Ownership and Mine Community Development are ring-fenced for full compliance, while the B-BBEE Codes designate Ownership, Skills Development, and Enterprise and Supplier Development as priority elements requiring a 40% sub-minimum. Through preferential and inclusive procurement, the Charter promotes economic growth,

job creation, and market access, particularly for small and medium enterprises owned by historically disadvantaged persons, women, and youth. Table 3.5 below provides are comparison between Mining Charter Inclusive procurement and B-BBEE Preferential procurement.

Table 3.5: Comparison between Inclusive Procurement and Preferential Procurement

PREFERENTIAL PROCUREMENT				INCLUSIVE PROCUREMENT				
Criteria	**Compliance Target**	**Target Points**		**Criteria**	**Compliance Target**	**Target Points**	**Compliance Target**	**Target Points**
PROCUREMENT SPEND FROM EMPOWERING SUPPLIERS					**MINING GOODS (70%)**		**SERVICES (80%)**	
B-BBEE Empowered (Level 1 – 8)	80%	5		BEE Compliant (26% BO and Level 1 – 4)	44%	5	10%	5
BO ≥51%	50%	11		HDPO ≥ 51%	21%	5	50%	5
QS%	15%	3						
EME	15%	4						
BWO ≥30%	12%	4		WO ≥51%			15%	5
Designated Group	2%	2		WO and YO ≥51%	5%	5		
				YO ≥51%			5%	5
SD (min. 3-year contract)	2% of NPAT	10		ESD	Up to 30% may be offset against SD (min. 5-year contract)		Up to 10% may be offset against ESD	
ED	1% of NPAT	5						
BONUS-POINT Graduation one or more ED to SD		1		Research and Development	A minimum of 70% of the total R&D budget must be spent on South African Companies			2.5
BONUS-POINT Creating one or more jobs directly from SD		1		Sample analysis	South African-based facilities or companies must be utilised for the analysis of 100% of all mineral samples across the mining value chain.			2.5
TOTAL SCORE (40% SUBMINIMUM FOR COMPLIANCE)		**42 (Plus 4 bonus points)**		**TOTAL SCORE (50% SUBMINIMUM FOR COMPLIANCE)**				**40**

Abbreviations: Qualifying Small Enterprises (QSE), Exempted Micro-Enterprises (EME), Black-owned (BO), Historically disadvantaged Persons-owned (HDPO), Black Women-owned (BWO), Women- owned (WO), Youth-owned (YO), Supplier Development (SD), Enterprise Development (ED)

Sources: Researcher's own compilation

3.6.5 2018 Mining Charter Implementation Guidelines reporting requirements

Implementation guidelines for the Mining Charter, 2018 were released on 19 December 2018 to outline processes, procedures, forms, and templates for compliance (Department of Mineral Resources and Energy, 2018b). Mining companies are required annually, by 31 March, to submit progress reports for each mining right holder to the Department of Mineral Resources and Energy. The report templates as per below must provide a detailed spend for Mining Goods (Table H), Mining Services (Table I), Enterprise and Supplier Development (Table J), Supplier Development through OEM (Table K) Research and Development (Table l), and Sample Analysis (Table M) (DMRE, 2018 b).

Figure 3.6: 2018 Mining Charter Implementation Guidelines reporting template

- **Tables (H and I) :**

Company	Ownership columns for claification and percentages			B-BBEE level	Standardised product ID[1]	Goods procured[2]	Amount spent (R)	Contract duration	
	HDP	Women	Youth					Start date	End date
Total									

- **Tables (J and K) :**

Company	Ownership (%)			B-BBEE level	Development type[2]	Development activity[3]	Amount spent on development activity (R)	Development duration	
	HDPs	Women	Youth					Start date	End date
Total									

- **Table L Research and Development Annual Reporting Template:**

Entity	Research and development undertaken	SA based?	Amount spent (R)	Total spend on SA based (R)
Total Research and Development Spent *			-	-

- **Table M - Sample Analysis Annual Reporting Template**

Entity	Location of Entity	Analysis undertaken	Amount spent (R)	Amount spent in SA (R)
Total			0	0

Source: DMRE (2018b)

3.7 PERFORMANCE OF SOUTH AFRICAN MINING SECTOR ON INCLUSIVE PROCUREMENT PRACTICES

3.7.1 Inclusive procurement practices by mining companies

This section provides an analysis of disclosures made by leading mining companies in South Africa within their annual, ESG, and sustainability reports. Specifically, it examines the measures these companies have instituted to advance inclusive procurement and enterprise supplier development (ESD) programmes. Such programmes are designed to

integrate Historically Disadvantaged South African (HDSA) entities, Black-owned businesses, and local small and medium-sized enterprises (SMEs) into corporate supply chains. The following findings were derived from a review of the companies' annual reports:

- **Anglo American** (Anglo, 2022)**:** Anglo American has an inclusive procurement policy that is focused on increasing the spend from HDP, women and youth-owned companies. Anglo American has adopted an inclusive procurement strategy that leverages digitalisation and supplier development initiatives, enhancing technical capacity and promoting manufacturing beneficiation to strengthen local economic participation. Through its Zimele enterprise development programme, Anglo American provides assistance and market access to local community businesses located near its operations.

- **Exxaro** (Exxaro, 2022): Exxaro integrates ESG into its source-to-pay process through master data codification, green procurement, and a digital platform. Its ESD strategy enables SME participation via procurement and enterprise development, creating local jobs. Non-financial support includes a Contractor Development Programme (GIBS) and Financial Excellence Programme (SAICA ED). All SMEs benefit from early payment terms, invoices are settled within 14 days.

- **African Rainbow Minerals** (ARM, 2022): ARM's strategy centres on progressively enhancing preferential procurement through supplier and enterprise development initiatives. By providing training, mentoring, coaching, and financial support to Black-owned businesses, including SMEs, ARM promotes local economic development and job creation. Where viable, these enterprises are integrated into the mining supply chain via the ARM Ferrous procurement system.

- **Northam Platinum** (Northam, 2023): Northam advances local procurement by partnering with enterprise development organisations and supporting

community-based “doorstep” suppliers through internal expertise. Key initiatives include fast-tracked payments to SMEs, systematic identification of procurement opportunities, regular community open days, entrepreneur incubation and skills development, and mentorship and coaching programmes.

- **Harmony Gold** (Harmony, 2023): Harmony embeds preferential procurement in supply chain management (SCM) through an annual plan that identifies SME opportunities. SMEs are matched to supplier value chains and subcontracting prospects. The ESD incubation hub builds a pipeline of SMEs, focusing on women and youth, for mining and engineering services. The strategy promotes partnerships and joint ventures for skills transfer, while supporting local procurement in agriculture, infrastructure, and sustainable energy projects.

- **Glencore** (Glencore, 2024)**:** Enterprise and Supplier Development (ESD) hubs situated near operational sites support the growth of SMEs by providing training in business skills, delivered in collaboration with the Gordon Institute of Business Science (GIBS). In addition, qualifying SMEs receive access to ESD funding and sponsorship.

- **Impala Platinum Mine** (Implats, 2024)**:** Implats prioritises procurement from local communities, businesses owned by historically disadvantaged people of colour (HPOC) and indigenous enterprises through weighted tender scoring. Opportunities are shared via the Implats website, support centres, forums, events, and publications. An ESD fund provides financial support to SMEs, while a set-aside programme matches community SME capabilities to procurement opportunities. Implats established an Economic Inclusion Centre (EIC), also known as a small business development hub, in Rustenburg.

- **South32** (South32, 2024): South32 has implemented economic development plans across its operations to foster local and regional growth through employment, procurement, and business development. Local procurement refers

to the direct acquisition of goods and services within host communities, with suppliers categorised according to their proximity to administrative boundaries. Through supplier development programmes, SMEs receive business support and funding to enhance their capacity and competitiveness.

- **Gold Fields** (Gold Fields, 2024)**:** Gold Fields prioritises both in-country and host community procurement, while simultaneously investing in enterprise and supplier development to expand opportunities for women, Indigenous Peoples, and historically disadvantaged groups. Over 40% of annual expenditure is directed to host community businesses, with 794 enterprises supported in 2024 through training and procurement initiatives. The Enterprise and Supplier Development Fund provide financial assistance to strengthen these businesses, complemented by partnerships with the Centre for Supplier and Enterprise Development and other strategic collaborators.

- **Sibanye Still Waters** (Sibanye, 2024)**:** In 2024, Sibanye launched ESD initiatives to support Black women- and youth-owned suppliers, incubating potential businesses and ring-fencing commodities for historically disadvantaged South Africans. Its ESD fund provides grants or loans for assets and transactions to SMEs and emerging community suppliers across mining areas.

Table: 3.6 Content analysis findings on inclusive procurement practices by mining companies and their impact on SMEs.

Company Name	Inclusive Procurement Focus	Supplier Development Initiatives	Local Supplier Spend / Numbers	Impact on SME Development
Valterra Platinum (formerly Anglo American Platinum)	Strong focus on BEE and local procurement; R39.3bn spent with HDSA businesses	Zimele enterprise development, seed funding, supplier clusters, mentoring	R5.3bn procurement from host communities (2021)	500% increase in local procurement (2016–2021); contracts awarded to 10 community trucking firms worth R1.2bn
Kumba Iron Ore	71.4% spend with HDSA-	Supplier Development	R4.4bn spent in host	Supported 160+ local businesses;

Company Name	Inclusive Procurement Focus	Supplier Development Initiatives	Local Supplier Spend / Numbers	Impact on SME Development
	owned businesses	Programme, mentorship, chamber of commerce partnerships	communities (2021); 309 community suppliers	R1.6bn contracts to black-owned JVs; KELE Mining revenue grew 3000% (2018 - 2019)
Impala Platinum	Prioritises black-owned, women- and youth-led SMEs	Impala Peo ESD Fund (R50m over 5 years) with low-interest loans	Targets Rustenburg & Bafokeng communities	Provides financing (R50k–R5m loans), market access, infrastructure; boosts women/youth entrepreneurship
Sibanye-Stillwater	Treats local suppliers as partners, not beneficiaries	Enterprise Development Centre, purchase-order financing, mentorship	Thousands of jobs created; millions in loans disbursed	Over 1,000 individuals trained; supports SMEs like Lekau Group to expand operations
Gold Fields	Integrates BEE principles; uses B1SA supplier network	Enterprise & Supplier Development, training, mentorship	R1.9bn procurement (2020), 88% BEE compliant; 24% host community spend	Supports host community firms; strong focus on youth/women-owned suppliers
Harmony Gold	Preferential procurement strategy aligned with Mining Charter	Mentorship, vendor application support, gap analyses	R19.9bn discretionary spend (FY25), R16.3bn preferential procurement	Success stories include women-owned firms (Tailor Made Trading, Glorificar Trading); 30+ SMEs engaged in Kareerand project
Exxaro Resources	Strong B-BBEE compliance; R5.31bn local procurement (2019–2023)	Business hubs, incubation, loans & grants, equity funding	Supported 760 black-owned SMEs; R180m funding to 24 enterprises	Achieved BBBEE Level 2 contributor; supports agriculture, water, renewable energy enterprises
Glencore SA	Prioritises local black-owned suppliers	ESD Hubs in Witbank and Steelpoort; skills, infrastructure, funding	Focused on doorstep communities	Enhances competitiveness of local SMEs; supports black women/youth-owned enterprises

Company Name	Inclusive Procurement Focus	Supplier Development Initiatives	Local Supplier Spend / Numbers	Impact on SME Development
African Rainbow Minerals	Preferential procurement from HDSA, women, youth-owned firm	Enterprise & Supplier Development aligned with Mining Charter	R750m invested in communities; R1.6bn in training	BEE verification annually; bursaries and community development projects
South32	23.4% procurement with local suppliers (FY25)	ESD Centres (e.g., Hillside Aluminium), mentorship, training	US$10m spent on ESD in SA (FY25)	Strengthens SMEs via mentoring, governance, and procurement readiness
Northam Platinum	Focus on HDP and BEE suppliers	Responsible sourcing standards, vendor governance	R10bn procurement with HDP suppliers (2022), 77% of discretionary spend	200% increase in HDP procurement (2018–2022); supports rural community enterprises

Source: Researcher's own compilation

3.7.2 Progress on Mining Charter 2018 procurement scorecard

In April 2025, the Minerals Council South Africa (MCSA) reported on the mining industry's progress towards the inclusive procurement targets of the 2018 Mining Charter for the 2023/24 financial year. The results are presented below:

Table 3.7: Mining industry performance against MC2018 targets of procurement scorecard

R271.5bn Total Procurement Spend								
MINING GOODS R121.7bn (45% of Total Spend)					SERVICES R149.8bn (55% of Total Spend)			
	Target	Achieved	Points			Target	Achieved	Points
BEE compliant	44.00%	68.6%	5.00		BEE compliant	10.00%	61.6%	5.00
HDP	21.00%	46.8%	5.00		HDP	50.00%	54.3%	5.00
WO / YO	5.00%	10.9%	5.00		WO	15.00%	14.5%	4.84
					YO	5.00%	6.3%	5.00
	70.00%	15 Compliance Target	15 Achieved			**80.00%**	20 Compliance Target	19.84 Not Achieved

Source: Mining Industry Inclusive procurement progress report 2023/24 (MCSA, 2025b)

Table 3.8: MC2018 Procurement scorecard: Target achievement per commodity

MINING GOODS: COMPLIANCE TARGET - 15				SERVICES: COMPLIANCE TARGET - 20			
Targets Met		*Targets Missed*		Targets Met		Targets Missed	
Commodity	Score	Commodity	Score	Commodity	Score	Commodity	Score
PGM	15	Iron Ore	***14.9***	Manganese	20	Coal	19.85
Coal	15	Other	***11.79***	Iron Ore	20	Gold	19.61
Gold	15					Chrome	18.56
Diamonds	15					PGM	17.86
Manganese	15					Other	17.69
Chrome	15					Diamonds	12.82

Source: Mining Industry Inclusive procurement progress report 2023/24 (MCSA, 2025b)

Based on data from 29 member companies collectively holding 85 mining rights, the assessment highlighted substantial procurement expenditure and examined compliance with Charter requirements on inclusive procurement and supplier development. Table 3.5 shows that the target was reached for mining goods, however the service target was not reached and was impacted by women-owned companies. Table 3.6, shows that the target for mining goods was not reached by Iron Ore, and for services it was only reached by Manganese and Iron Ore.

3.8 CHALLENGES ENCOUNTERED IN THE IMPLEMENTATION OF INCLUSIVE PROCUREMENT IN THE MINING SECTORS

The mining industry, shaped by geological endowments, often compels resource-rich countries to seek multinational investment due to limited domestic capacity (Korinek & Ramdoo, 2017). According to Seeger (2019, p. 25), mining projects in developing or remote areas often lack adequate infrastructure, requiring companies to install or upgrade facilities to ensure efficient operations. Korinek and Ramdoo (2017), further argue that mineral resources bring a level of investment that the host country lacks the capacity to absorb and even to regulate.

In this section we will examine the challenges to implement inclusive procurement in the mining sector. Inclusive procurement is constrained by two interrelated sets of factors:

those articulated by mining companies and those experienced by SME. Mining companies typically emphasise cost considerations, competitiveness, and policy inconsistencies, whereas SMEs highlight structural disadvantages such as limited capacity, financial constraints, and technological gaps. The comparative framework presented in the table below illustrates that these challenges are not discrete but mutually reinforcing, reflecting systemic tensions between globalised mining operations and local supplier development.

Table 3.9: Comparative framework of challenges by Mining Companies vs. SMEs

Challenge/Barrier	Mining Companies' Perspective	SMEs' Perspective
Cost implications / Financial constraints	Local content requirements raise production costs (up to 10%), especially where industrial bases are weak and specialised equipment is limited (Östensson, 2018; Kaziboni & Stern, 2020).	SMEs face restricted access to funding, collateral requirements, and weak financial management systems, making them vulnerable and less competitive (Thrassou et al., 2020; Eniola et al., 2023).
Global competition vs. Localisation	Mining companies outsource supply categories to global providers due to lower costs, liberalised trade policies, and lean capital models, reducing reliance on local procurement (Fessehaie & Rustomjee, 2018; Östensson, 2017; Seeger, 2019; Ramdoo, 2018).	SMEs struggle to achieve economies of scale due to inadequate capital and production capacity; imported goods often outperform local products in quality and cost (Korinek, 2020; Nkholise, 2022; Östensson, 2018).
Policy inconsistencies / Non-compliance	Policies often ignore local supplier capacity, leading to inflated costs and reduced	SMEs struggle to meet global standards and stringent technical safety

Challenge/Barrier	Mining Companies' Perspective	SMEs' Perspective
	competitiveness due to inferior technology and limited industrial capacity (Ramdoo, 2018).	requirements, particularly minority suppliers facing structural inequalities (Chen & Liu, 2019; Miguel & Tonelli, 2023).
Tokenism / Lack of transparency	Inclusive procurement departments sometimes exist symbolically, without influence over actual buying decisions (Bateman et al., 2020; Fairchild et al., 2018).	Procurement information is often inaccessible, with mining companies favouring established suppliers, creating barriers for new entrants (Ramdoo, 2018; Östensson, 2018; Miguel & Tonelli, 2023).
Market access barriers	Mining companies lack awareness of disadvantaged suppliers' capabilities; without accredited databases, trust and prior track records dominate procurement decisions (Miguel & Tonelli, 2023; Marin et al., 2021; Östensson, 2017).	SMEs face shortages of skilled labour and limited knowledge of mining requirements, making them less competitive and unable to handle large, complex contracts (Ramdoo, 2018; Marin et al., 2021; Östensson, 2018).
Supply chain complexity	Mining companies rely on international supply chains and mobile skilled labour, reducing incentives to train locals and complicating inclusive procurement (Östensson, 2018; Gudyanga, 2020).	SMEs struggle to keep up with rapid digitalisation and the Fourth Industrial Revolution, lacking skills and resources to compete with global suppliers (Thrassou et

Challenge/Barrier	Mining Companies' Perspective	SMEs' Perspective
		al., 2020; Lazarenko et al., 2021; Östensson, 2018).
Capacity and skills gaps	Large inter-company transactions (machinery, financing, services, mineral sales) complicate inclusive procurement efforts (Östensson, 2018; Gudyanga, 2020).	SMEs often lack resources, management skills, and workforce retention capacity, limiting productivity and growth (Eniola et al., 2023; Sibiya et al., 2023).

Source: Researcher's own compilation

Mining companies and SMEs face interconnected challenges in inclusive procurement, rooted in weak industrial capacity, financial constraints, and policy misalignment. For mining firms, localisation policies raise costs and reduce competitiveness (Östensson, 2018; Kaziboni & Stern, 2020), while global competition and inconsistent policies complicate supply strategies (Ramdoo, 2018; Fessehaie & Rustomjee, 2018). SMEs, meanwhile, struggle with limited resources, technological adaptation, and compliance with global standards (Chen & Liu, 2019; Thrassou et al., 2020; Miguel & Tonelli, 2023). Both groups encounter transparency and trust barriers—mining companies lack awareness of disadvantaged suppliers (Östensson, 2017; Miguel & Tonelli, 2023), while SMEs face inaccessible procurement information (Ramdoo, 2018; Östensson, 2018). These shared issues of cost, capacity, and credibility underscore the need for coordinated interventions to strengthen industrial bases, enhance supplier development, and align policy with practical realities (Gudyanga, 2020; Marin et al., 2021).

3.9 MEASUREMENTS FOR IMPROVING INCLUSIVE PROCUREMENT IN THE MINING SECTOR

This section outlines the instruments shaping inclusive procurement in the mining sector, examining practices, approaches, regulatory frameworks, implementation challenges, and measures for improvement. Demand-side policies encourage companies to source

goods and services locally, while supply-side measures strengthen the capacity of local suppliers to compete effectively on price, quality, volume, and reliability (Geipel & De Weerdt, 2020).

3.9.1 Demand-side procurement practices in mining companies

Procurement is a proactive strategic corporate function that mitigates supply chain risks through the effective negotiation of contracts, cost models, quality standards, and other essential supply characteristic (Lysons and Farrington, 2020, p.4). Procurement practices in mining are summarised in Table 3.10 below:

Table 3.10: Procurement practices in mining companies:

Procurement Practices	Sources
Strategic sourcing/Sourcing	Seeger (2019), Zijm, et al. (2019), Biazzin, (2019), Plantinga et al. (2021), Zeng et al. (2021)
Centralised procurement	Parker et al. (2017), Weigel and Ruecker (2017), Korinek (2020), Gudyanga (2020).
Solicitation and selection/Selection	Östensson (2017), Weigel and Ruecker (2017), Scott et al. (2018), Lysons and Farrington, (2020).
Supplier management	Statsenko, Gorod and Ireland (2018), Lysons and Farrington (2020), Monczka et al. (2021), Wincewicz-Bosy et al. (2021).
Category management	Östensson (2017), Scott et al. (2018), Östensson, (2018)
Electronic procurement	Weigel and Ruecker (2017) Zijm et al. (2019), Lazarenko et al. (2021), Mena et al. (2021), Ramdoo et al. (2021)
Outsourcing	Östensson (2017), Fessehaie and Rustomjee (2018), Seeger (2019), DMRP (2023)

Source: Researcher's own compilation

3.9.2 Supply-side support for local and SMEs

Procurement constitutes a core competency within the mining sector rather than charity initiatives; consequently, it represents the locus of significant opportunity for fostering local economic development through the advancement and support of small enterprises (Geipel, 2017). Inclusive procurement strategies that support SME development are summarised in Table 3:11 below:

Table 3.11: Inclusive procurement strategies in mining companies:

Inclusive procurement strategies	Sources
Integrate into business strategy	Miguel & Tonelli (2023), Anglo (2022), Exxaro (2022), ARM (2022), Harmony (2023).
Set asides / Ring-fencing	Cravero (2018), Harmony (2023), Implats (2024), Sibanye (2025).
Unbundling contracts	(Esteve et al. (2013)) as cited in Östensson), (2018), Ramdoo (2018), Cravero (2018), Harmony (2023).
Supplier development programs	Östensson (2018), Ramdoo (2018), Anglo (2022), ARM (2022), Northam (2023), Harmony (2023), Implats (2024), South32 (2024), Gold Field (2024), Glencore (2024), Sibanye (2025).
Sub-contracting and Joint ventures	Lampadarios & Kyriakidou (2020), Harmony (2023).
Inclusive procurement targets	Östensson, (2018), Geipel & De Weerdt (2020), Lysons & Farrington (2020), Implats (2024).
Local content selection criteria /Selection Criteria	Nickerson & Geipel (2019), Implats (2024), South32 (2024).
Partnership and collaboration	Östensson, (2018), Johnson, 2019; Miguel and Tonelli (2023), Exxaro (2022), Harmony (2023), Glencore (2024).
Access to funding/Funding	Implats (2024), Glencore (2024), Sibanye (2025).

Inclusive procurement strategies	Sources
Immediate early payment terms/Early Payment Terms	Exxaro (2022), Northam (2023).

Source: Researcher's own compilation

3.9.3 International best practices in inclusive procurement

There are several policy frameworks that have been implemented by minerals-rich resource countries to encourage mining companies to support initiatives towards local economic development and promote inclusive procurement. The global best practices are summarised Table 3.12 below.

Table 3.12: Global best practices in inclusive procurement:

Standards	Global Inclusive procurement practices	Source
Local content policy	Local content policies focus on: • Geographic location - Businesses operating near the production site, or within the province/region of activity, qualify as "local" suppliers. • Local ownership emphasises the participation of nationals or citizens in providing goods and services. • Value addition is the process of enhancing a product or service's worth through successive production stages. • A mandated proportion of goods and services must be sourced from domestic businesses. • Enterprise and Supplier Development programmes. • Facilitating partnerships between local companies and industries. • A specified list identifies categories of goods and services that are required to be sourced locally. • Preferential procurement status. • Procurement plans and reporting targets.	Ramdoo, (2017) Östensson (2017) Olawuyi (2018), Nickerson and Geipel (2019)

Standards	Global Inclusive procurement practices	Source
Sustainable economic and social development	• Africa Mining Vision • Backward Linkages • Industrialisation • Procurement opportunities for host communities • Research and Development • Local Enterprise and Supplier Development	Nickerson, Geipel and James (2017), Leeuw and Mtegha (2018), Nickerson and Geipel (2019), Hilson (2020).
Social license to operate	• Benefits to host communities from mining, especially via local procurement and employment • Diversification of the supplier base	Parker and Cox (2018), World Bank (2019)
ICMM Principles for sustainable development	• 10 Principles for sustainable development. • Social performance entails advancing socio-economic and institutional development within host countries and communities. • Transparent reporting and the independent verification of progress and performance.	ICMM (2022)
Sustainable Development Goals (SDGs)	• Decent work and economic growth • Industrialisation, Innovation and Infrastructure • Reduces inequality • Sustainable cities and communities	UN (2021)
Environmental, Social and Governance (ESG)	• Mandatory and/or voluntary reporting on progress on environment, socio-economic development and governance • Managing risks and opportunities involves addressing ESG considerations. • Social Impact • Responsible Sourcing • Opportunities to local community • Stakeholder engagement	Lodhia, 2018 (Akkucuk, 2018) Olsen, Awuah-Offei and Bumblauskas, (2021), Shalizi (2022)

Standards	Global Inclusive procurement practices	Source
Global Reporting Initiative (GRI) for mining companies	Disclosure 204-1 reporting requirements: • Percentage of procurement expenditure at key operational sites directed to local suppliers of goods and services. • The organisation's geographical definition of 'local'. • The definition applied to 'significant locations of operation'	Geipel (2020)
Mining Local Procurement Reporting Mechanism (LPRM)	Standardise reporting for mining sector globally and address current reporting frameworks (such as GRI) and sustainability systems: • LPRM 100: Context for local procurement disclosures. • LPRM 200: Procurement systems – Disclosures on policies and processes supporting local supplier procurement. • LPRM 300: Local procurement spending by category. • LPRM 400: Local procurement due diligence. • LPRM 500: Methods to incentivise local procurement. • LPRM 600: External commitments and obligations.	Geipel et al. (2017)

Source: Researcher's own compilation

3.9.4 Policies and regulations guiding inclusive procurement in mining sector

According to Korinek and Ramdoo (2017, p.8), South Africa has among the most detailed and complex local content and procurement legislation and frameworks. The legislative framework has been used to increase the participation of historically disadvantaged persons in the mining industry and address imbalances of the past due to apartheid (Korinek and Ramdoo, 2017, p.8). Inclusive procurement legislative frameworks are summarised in Table 3.13 below.

Table 3.13: Inclusive procurement legislative framework and regulations:

Legislative Framework / Regulations	Inclusive Procurement Practices	Source
MPRDA (Act No. 28 Of 2002)	Mining Charter inclusive procurement objectives (MPRDA, section 2): • Ensure fair and equitable access. • Broaden opportunities for historically disadvantaged groups. • Stimulate economic growth. • Promote the socio-economic advancement of mining communities.	DMRE, 2002
MPRDA Regulations, 2004	• Preferential Procurement Obligations • Social and labour plans (SLPs) • Supplier Development • Local procurement • Alignment with Transformation Goals • Reporting and compliance	DMRE, 2018
Mining Charter, 2018	The Charter sets quantitative targets to ensure procurement spend supports transformation and inclusivity in the mining sector: • B-BBEE Compliant Suppliers. • Historically disadvantaged persons-owned suppliers. • Women-owned suppliers. • Youth-owned suppliers. • Community and SME participation. • Supplier and enterprise development.	DMRE, 2018
B-BBEE Codes of Good Practice	The Amended Code Series 400 provides measures for: • Preferential procurement. • Supplier development. • Enterprise development.	DTI, 2019

Legislative Framework / Regulations	Inclusive Procurement Practices	Source
Mining Charter, 2018 Implementation Guidelines	The guidelines provide processes, procedures, forms and templates to facilitate compliance with the requirements for inclusive procurement.	DMRE, 2018

Source: Researcher's own compilation

3.9.5 Measures for improving inclusive procurement in the mining sector

The Minerals Council South Africa (2021) highlights that regular, transparent reporting fosters trust, accountability, and investment. Korinek and Ramdoo (2017) emphasise that public–private partnerships between governments, mining companies, and local SMEs are vital for effective local content policy implementation. Adopted from Korinek and Ramdoo (2017) are policy requirements which are enablers for local (inclusive) supplier participation in the mining supply chain. Measures for improving inclusive procurement in mining sector are summarised Table 3.14 below:

Table 3.14: Measures taken to build capacity by Mining Companies, Government and Regulators to achieve inclusive procurement

Enablers	Government and Regulators	Required from Mining Companies
Access to procurement opportunities	• Establish supplier–mining networks and forums for local engagement	• Transparency • Supplier Networks • Internal capacity building • Awareness campaigns
Suppliers development	• Programme incentives • SME-Industry collaboration • Business and procurement process training	• Commitment and Collaboration • Supplier Networks and Engagement • Transparency and Awareness • Supplier Development and Incentives • Capacity Building • Financial Support

Enablers	Government and Regulators	Required from Mining Companies
Access to and transfer of technology R&D and innovation	• Research and Development Incentives • Technology Infrastructure • Supplier Development Programmes	• Invest in or finance R&D and innovation with local SMEs • Work with local research and academic institutions
Maintain competitive edge of suppliers and local mining operations	• Research and development support • Financial incentives • Global Integration • Regulatory efficiency	• Encourage global supplier to create joint venture with local partners
Increase local- owned companies	Offer incentives to domestic firms for reduced-rate credit access.	

Source: Adopted Korinek and Ramdoo (2017)

3.10 CONCLUSION

This chapter examined the impact of inclusive procurement practices on SMEs in the mining sector, reviewed relevant literature on mining company procurement, and highlighted challenges in implementation. SMEs are key drivers of economic growth, foster innovation, competitiveness, employment, and long-term development (Thrassou et al., 2020). Understanding the evolving opportunities and challenges they face is crucial for sustainability (Thrassou et al., 2020). Greater collaboration within the mining sector is essential to stimulate innovation and strengthen local content across supply chains (Valiani, 2018, Mintek, 2024). The following chapter outlines the research design and methodology.

CHAPTER 4: RESEARCH DESIGN AND METHODOLOGY

4.1 INTRODUCTION

Chapter 3 provided a comprehensive account of the contextual background and theoretical foundations underpinning inclusive procurement practices within the mining sector. This review of existing literature and theoretical perspectives established the conceptual framework upon which the present study is constructed. By critically engaging with prior scholarship, the study identified key dimensions of inclusive procurement in the mining sector. Building on this foundation, the primary aim of the present chapter is to outline the research methodology employed to investigate the impact of inclusive procurement practices on SMEs operating within the South African mining industry.

This chapter discusses the research design and methodology, which is guided by the following research objectives:

i. To identify key procurement practices employed by mining companies.
ii. To examine the policies and regulations on inclusive procurement that promote the development of SMEs.
iii. To assess the extent to which inclusive procurement strategies contribute towards the development of SMEs.
iv. To determine the challenges that hinder SMEs from effectively participating in inclusive procurement within the mining sector.
v. To evaluate the extent that inclusive procurement strategies employed by mining companies improve access to procurement opportunities for SMEs.
vi. To examine how procurement practices, policy and regulatory frameworks, enablers of procurement access, and inclusive procurement strategies collectively influence the development of SMEs within the South African mining sector.

This chapter delineates the research methodology employed in the study, providing a comprehensive account of the adopted approach, methods, and overarching strategy. It further explicates the target population and sampling procedures, as well as the processes undertaken for data collection, and the analytical techniques applied. Attention

is given to the design and use of research instruments, ensuring methodological rigor and coherence. The chapter concludes with a critical examination of the ethical considerations pertinent to the research and an acknowledgment of its inherent limitations.

4.2 RESEARCH PARADIGM

A research paradigm, is a research philosophy, constitutes the overarching framework that guides scholarly inquiry and shapes the identification of research problems (Hammond & Wellington, 2020, p. 141). It represents a worldview or a set of shared assumptions among researchers regarding the fundamental structure of existence, how knowledge is acquired, and the appropriate methods of investigation. Paradigmatic beliefs, shaped by disciplinary orientations, scholarly communities, mentors, and prior research, guide the researcher's methodological choice by providing the philosophical lens for inquiry (Creswell & Creswell, 2018). Paradigms are commonly expressed through three dimensions: ontology (reality), epistemology (knowledge), and methodology (research processes and strategies) (Creswell & Creswell, 2018). The paradigms will be expanded further in the section below.

4.2.1 Ontology

Ontology is the question of "*being"* or *"what is, it is the study of the* world, reality, and its existence *(*Acharyya & Bhattacharya ,2019, p. 58). The different types of ontology which presenting polar views of reality are discussed below:

- **Objectivism** posits that social reality exists independently of individuals and researchers, reflecting universal and enduring phenomena (Hammond & Wellington, 2020). Rooted in natural science assumptions, it seeks to uncover truth through observable, measurable facts, enabling law-like generalizations about the social world (Saunders et al.,2019).

- **Constructionism** regards reality, as perceived, is fundamentally a human creation that enables the identification of subjective meanings within collected data (Leedy & Ormrod, 2021, p. 31). Constructivist inquiry is directed toward individuals'

perceptions and interpretations of phenomena such as behaviours, group processes, and cultural practices (Leedy & Ormrod, 2021, p. 21). This paradigm, typically aligned with qualitative research, emphasises participants' perspectives in shaping understanding (Creswell & Creswell, 2018). The researcher interprets the meanings individuals assign to their experiences and inductively develops theories or patterns from these interpretations (Creswell & Creswell, 2018, p. 45).

- **Subjectivism** suggests that reality can be viewed in a personal, subjective manner, while acknowledging constraints on human consciousness (Hammond & Wellington, 2020). This is stemming from arts and humanities, holds that social reality is constructed through the perceptions, language, and actions of social actors, reflecting a nominalist ontology (Saunders et al., 2019).

The research aligns more closely with an objectivist paradigm, as respondents in the study are positioned as detached from their personal values and beliefs. Instead, the inclusive procurement practices designed to support SME development are determined by the organisational strategies and policies of mining companies. The underlying assumption is that mining companies operate in a broadly similar manner. When this perspective is extended to affected participants, such as SMEs, they are treated as external to the research process, with their experiences and outcomes shaped primarily by organisational policies rather than by their own subjective interpretations. Within an objectivist framework, SMEs are therefore regarded as units of analysis whose development is determined by the observable and measurable practices of mining companies, rather than by the individual perceptions or values of the businesses themselves.

In contrast, a constructivist paradigm views SMEs not as passive entities shaped solely by mining companies' policies, but as active agents whose realities are co-constructed through values, beliefs, and social interactions. Inclusive procurement practices are understood through participants' interpretations and cultural contexts, shifting the focus

from universal generalisations to context-specific insights into how SMEs experience and respond to these practices.

4.2.2 Epistemology

Epistemology is the study of knowledge, including its nature, scope, and the criteria that determine what constitutes it (Acharyya and Bhattacharya, 2019, p. 57). It concerns the processes through which we come to know and understand the world (Hammond and Wellington, 2020, p. 69). The types include the following:

- **Positivism** reflects the philosophical stance underpinning the natural sciences, characterised by engagement with observable social reality and the pursuit of law-like generalisations (Saunders et al., 2019, p.144). This position maintains that social scientists should strive to understand the world by following the methodological procedures established within the natural sciences (Hammond & Wellington, 2020, p. 69). According to Leedy and Ormrod (2021, p. 30), positivists contend that, with appropriate measurement tools, researchers can objectively uncover absolute truths regarding cause-and-effect relationships within both the physical and social domains. Hammond and Wellington (2020, p.70) further explain that, under a positivist approach, researchers pose questions aimed at identifying causal relationships and external factors that explain behaviour. Consequently, positivist research often addresses large-scale cases, employing deductive reasoning and experimental testing of formulated hypotheses. Within this paradigm, researchers also evaluate the reliability, validity, and potential bias of their studies to ensure scientific rigor (Hammond and Wellington, 2020, p.70).

- **Interpretivism** holds that humans differ from physical phenomena because they actively construct meaning; thus, social worlds cannot be studied in the same way as natural phenomena. Consequently, social science research must be distinguished from natural science inquiry (Saunders et al., 2019, p. 148). Interpretivism seeks to uncover meanings in social activity, emphasising human agency and relationships, and typically employs qualitative methods such as

ethnography or case studies, judged by trustworthiness rather than validity and reliability (Hammond & Wellington, 2020).

This study is guided by the principles of positivism, resting on the premise that social reality is objective and measurable through observable phenomena. Accordingly, the research design adopts a mixed approach, combining secondary data on the practices of mining companies with primary data gathered through questionnaires administered to SMEs operating within the mining sector. The study begins with established theories of procurement and SME development, which are then tested against empirical evidence drawn from the mining industry. The methodology emphasises large-scale data collection and the use of structured instruments to ensure reliability and validity. Hypotheses were formulated to examine the relationship between inclusive procurement strategies and SME developmental outcomes, and these were subjected to systematic testing. In line with the positivist tradition, the study seeks to generate law-like generalisations capable of explaining and predicting the broader impact of inclusive procurement practices across comparable organisational contexts.

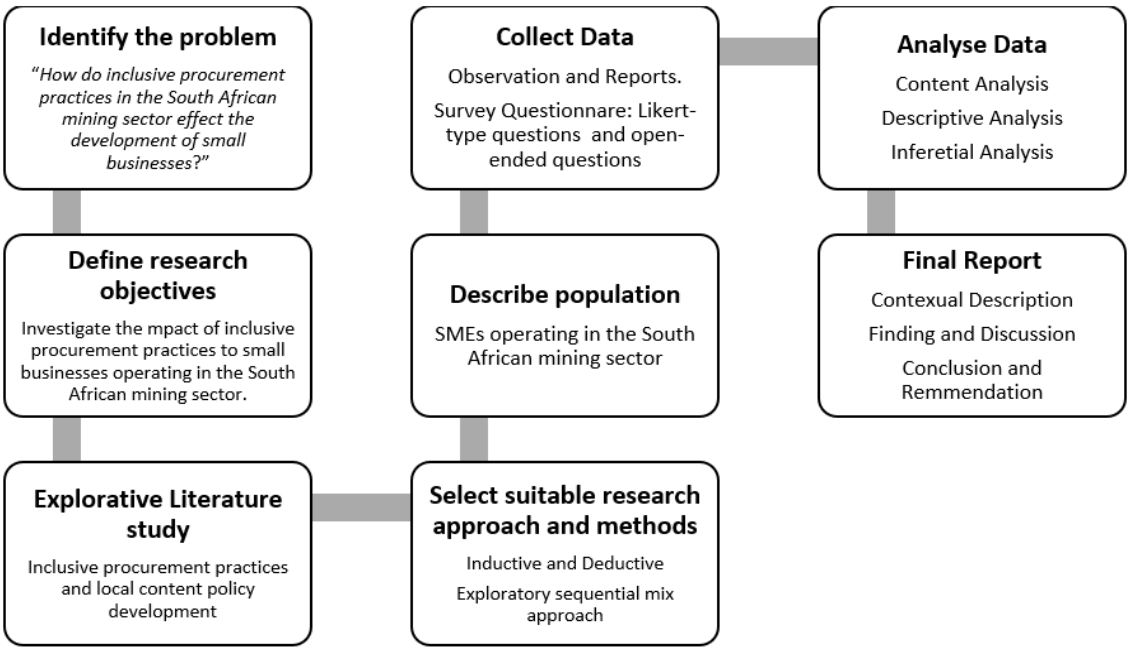
While this study adopts a positivist perspective, an interpretivist approach would place emphasis on the subjective meanings that SME owners attach to procurement practices. Rather than testing hypotheses to produce generalisable laws, interpretivism would prioritise participants' lived experiences, exploring how they interpret and respond to mining companies' strategies within their specific social and cultural contexts. Such an approach would seek to uncover nuanced understandings of behaviour and meaning, highlighting diversity in perspectives rather than aiming for universal explanations.

4.3 RESEARCH DESIGN

Research design serves as the overarching framework that structures the inquiry, ensuring coherence between the research questions, objectives, and methods. As Leedy and Ormrod (2021, p. 105) note, a design provides the blueprint for the procedures undertaken, the data collected, and the analyses conducted. This view is consistent with that of Saunders et al. (2019, p. 173), that research design must articulate clear objectives

derived from the central research questions, specify the sources of data, and outline the methods of data collection and analysis. By situating the study within this structured design, the research ensures methodological rigor, transparency, and alignment between its philosophical stance, objectives, and anticipated contributions. Figure 4.1 below illustrates, the process to be adopted in this study:

Figure 4.1: Research Process for this study



Source: Researcher's own compilation

4.4 RESEARCH APPROACH

Research is concerned with testing or building theory, and the choice of research approach, either deductive or inductive, determines the direction of this process (Saunders et al., 2019). The deductive process begins with one or more assumptions that the researcher accepts as true (Leedy and Ormrod, 2021, p. 20). A deductive approach is used when a theory is established first and then tested with data, making the study theory-driven (Saunders et al., 2019). For a theory to be tested, it must be expressed in the form of a hypothesis, which can then be confirmed or refuted (Walliman, 2018, p. 20). This approach aligns with quantitative research methods, which examine phenomena that can be expressed numerically (Kothari & Garg, 2019, p. 3). Its aims to generate

explanations and predictions that may be generalised to the wider population (Leedy & Ormrod, 2021, p.89).

In contrast, the inductive approach develops patterns, categories, and themes from the bottom up by organising data into progressively abstract units of information (Creswell & Creswell, 2018, p. 257). Induction is commonly associated with qualitative research, as it explores phenomena occurring in the "real" world and relies on observations to construct theory from the ground up (Leedy & Ormrod, 2021, p. 89). Induction explores topics and develops theory from data, making research data-driven (Saunders et al., 2019).

Table 4.1 Comparison between Deductive and Inductive research approaches

Aspect	Deductive	Inductive
Logic	Begins with existing theory or hypothesis	Begins with observations or data collected from the field
Reasoning	Top-down: from general theory to specific finding	Bottom-up: from specific findings to general theory
Nature of inquiry	Theory-driven; seeks to confirm or refute established propositions.	Data-driven; seeks to generate new theoretical insights.
Data use	Tests hypotheses by collecting and analysing data	Derives patterns, categories, and themes from data
Research method	Quantitative	Qualitative

Adapted: *Saunders et al. (2019)*

According to Leedy and Ormrod (2021, p. 114), researchers employ both inductive and deductive reasoning. Quantitative studies may begin with inductive reasoning, observing situations to build preliminary theory, before testing the resulting hypotheses. Similarly, qualitative research often identifies themes inductively, then applies deduction to verify or refine them. Creswell and Creswell (2018, p. 257) emphasise that induction requires moving iteratively between themes and the database until a comprehensive set is

established. Thereafter, researchers employ a deductive process, revisiting their data to evaluate whether each theme is supported by further evidence or requires additional information. This study employed both deductive and inductive approaches. The deductive strand enabled theory-driven testing of established concepts on inclusive procurement and SME development, while the inductive strand allowed new themes to emerge directly from the data. Combining the two strengthened the study by balancing hypothesis testing with theory building, ensuring that findings were contextually grounded.

4.5 RESEARCH METHODS

There are three main research methods which are: qualitative, quantitative, and mixed methods (Creswell & Creswell, 2018, p.41). Qualitative methods involve collecting, analysing, and presenting participants' narratives, often elicited through open-ended questions (Tashakkori et al., 2021). According to Kumar (2019, p.17), qualitative research follows an unstructured approach to inquiry, aiming to explore diversity and placing less emphasis on generalization. In such studies, recurring concepts and themes are identified in the data to draw conclusions about the phenomenon under investigation (Patten and Newhart, 2018, p.22). By contrast, quantitative methods involve statistical and computational techniques used to solve problems, particularly those in business and industry (Dubey et al., 2017, p.2). Quantitative research employs structured and predetermined procedures to examine phenomena, with the aim of quantifying variation and producing generalizable conclusions (Kumar, 2019, p.17). Mixed methods research integrates the strengths of qualitative and quantitative approaches by combining multiple techniques to collect and analyse data (Kumar, 2019, p. 16). The quantitative strand measures the extent of a problem, while the qualitative strand explores variation and attitudes toward it (Kumar, 2019, p. 257).

Table 4.2 Comparison between Qualitative, Quantitative and Mix methods

Aspect	Qualitative	Quantitative	Mix Methods
Research design types	Narrative research, Phenomenology,	Experimental design,	Sequential or concurrent use of

Aspect	Qualitative	Quantitative	Mix Methods
	Grounded theory, Ethnographies, and Case study	Nonexperimental (e.g. Surveys), and Longitudinal design	qualitative and quantitative techniques
Approach	Inductive, flexible, context-specific	Deductive, structured, generalisable	Combines inductive exploration with deductive testing
Instrument	Open-ended questions	Closed questions	Both open- and closed-ended questions
Data type	Narrative, observation, document and audio-visual data	Numeric, attitude, observational data and census data	Multiple forms of data drawing on all possibilities
Analysis	Themes, patterns interpretation	Statistical analysis	Combination based on data type
Outcome	Rich, contextual insights and theory building	Generalisable findings and theory testing	Balanced findings that are rigorous and contextually grounded

Source: Creswell and Creswell (2018, p.53)

This study adopted a mixed methods approach, and data was collected in two phases. First phase involved document analysis of annual reports and other publicly available mining company records, providing secondary data on formally adopted procurement policies and strategies. This established the institutional framework within which procurement decisions are made. Findings from the first phase informed the second phase, whereby primary data was collected through a survey issued to SMEs from mine host communities. Designed around insights from the document analysis, the survey ensured relevance to the practices reported by mining companies. Combining secondary and primary data enabled a comprehensive understanding of how inclusive procurement policies translate into practice at the enterprise level.

4.6 RESEARCH STRATEGY

The survey strategy was selected as the most appropriate method for this study, as it enables the collection of standardised data from numerous SMEs from mine host communities. Leedy and Ormrod (2021, p. 420) define survey research collects responses from many individuals to identify population trends. Surveys provide a cost-effective way to gather data that can be statistically representative when probability sampling is used, thereby enhancing the reliability and validity of the findings (Saunders et al., 2019, p.194). In survey research, researchers pose questions to a sample population, code and summarise responses, and draw conclusions about the wider population (Leedy & Ormrod, 2021). In this study, the survey was designed to assess the progress made in implementing inclusive procurement targets, identify challenges faced by SMEs from mine host communities, and enable comparison with publicly available data from mining companies.

4.7 POPULATION AND SAMPLING

This section outlines the study population and describes the sampling procedure employed to select participants.

4.7.1 Population of the study

The research population depends on the study's focus and scope, as it represents the entire group from which the sample is drawn (Hammond & Wellington, 2020, p. 213). In this study, the population comprises Small, and Medium-sized Enterprises (SMEs) owned by host communities in areas where mining activity occurs. To refine the scope, the population is further limited to South Africa's most economically significant mineral region, the Bushveld Igneous Complex. The Bushveld Igneous Complex is divided into two main limbs: the western limb, which spans the North West and parts of Gauteng provinces, and the eastern limb, which covers sections of Limpopo and Mpumalanga provinces (DMR, 2021). As of 1 November 2021, a total of 1,856 mining operations were registered in South Africa, with approximately 757 located in the North West, Limpopo, and Mpumalanga provinces. This indicates that there are sufficient mining companies within host communities where SMEs operate.

Table 4.3: Mining operations in South Africa including mines, quarries and mineral processing plants

Province	Platinum Group Metals	Coal	Iron Ore	Gold	Manganese	Chrome	Diamonds	Industrial Minerals	Other Minerals	Total Mining Operations
Western Cape					1		18	175	4	198
Eastern Cape		1						178		179
Northern Cape			12		22		192	62	28	316
Free State		2		5			18	53		78
KwaZulu-Natal		14			1			118	7	140
North West	29		2	9	2	26	203	99	4	374
Gauteng	2	9		29	1		5	138	4	188
Mpumalanga	7	126		12	4	18		64	4	235
Limpopo	16	6	5			4	5	96	16	148
Total Mining Operations	54	158	19	55	31	48	441	983	67	1856

Note: Industrial Minerals include: Non-Metallic & Chemicals, Limestone & Lime, Aggregate & Sand, Special Clays, Dimension Stones, Brick making material, Shale for Cement, Salt
Other Minerals Include: Vanadium, Titanium, Uranium, Copper, Cobalt, Nickel, Silicon, Zinc, Semi-Precious Stones

Source: Adapted from Department of Mineral Resources and Energy (2021)

According to Small Enterprise development Agency (SEDA) (2023), the estimated number of SMEs in South Africa the third quarter of 2022 was 2.9 million, with approximately 638,000 located in the North West, Limpopo, and Mpumalanga provinces, as shown in Table 4.4.

Table 4.4: Small and Medium-sized Enterprises (SMEs) by Province

Province	2021Q3		2022Q2		2022Q3		Quarterly change		Yearly change	
	Number	Distrib.	Number	Distrib.	Number	Distrib.	Number	%	Number	%
Western Cape	260 207	10.8%	261 274	10.3%	312 269	11.6%	50 995	19.5%	52 062	20.0%
Eastern Cape	172 333	7.2%	184 322	7.3%	196 136	7.3%	11 815	6.4%	23 803	13.8%
Northern Cape	19 129	0.8%	23 980	0.9%	30 761	1.1%	6 782	28.3%	11 632	60.8%
Free State	123 269	5.1%	128 095	5.1%	125 152	4.7%	-2 944	-2.3%	1 882	1.5%
KwaZulu-Natal	392 283	16.3%	344 681	13.6%	375 209	14.0%	30 528	8.9%	-17 074	-4.4%
North West	125 790	5.2%	140 285	5.5%	129 513	4.8%	-10 772	-7.7%	3 723	3.0%
Gauteng	917 043	38.1%	985 864	38.9%	1 005 288	37.5%	19 424	2.0%	88 245	9.6%
Mpumalanga	194 831	8.1%	190 588	7.5%	225 368	8.4%	34 780	18.2%	30 537	15.7%
Limpopo	199 680	8.3%	276 150	10.9%	283 907	10.6%	7 756	2.8%	84 227	42.2%
Total	**2 404 564**	**100.0%**	**2 535 239**	**100.0%**	**2 683 602**	**100.0%**	**148 364**	**5.9%**	**279 038**	**11.6%**

Source: Quartely Labour Force Statistics Q3:2022 (Stats SA (2022) as cited in Seda (2023, p .19).

In the third quarter of 2022, it was estimated that 2,365 SMEs were operating in the South African mining sector (Stats SA, 2022, as cited in SEDA, 2023). The data is depicted in Table 4.5 below.

Table 4.5: Small and Medium-sized Enterprises (SMEs) by Industry

Industry	2021Q3		2022Q2		2022Q3		Quarterly change		Yearly change	
	Number	Distrib.	Number	Distrib.	Number	Distrib.	Number	%	Number	%
Agriculture	63 888	2.7%	56 990	2.2%	71 824	2.7%	14 834	26.0%	7 936	12.4%
Mining	0	0.0%	2 233	0.1%	2 365	0.1%	132	5.9%	2 365	n/a
Manufacturing	198 274	8.2%	218 136	8.6%	216 255	8.1%	-1 882	-0.9%	17 981	9.1%
Electricity, gas & water	2 353	0.1%	4 480	0.2%	1 961	0.1%	-2 519	-56.2%	-392	-16.6%
Construction	315 909	13.1%	365 186	14.4%	386 910	14.4%	21 724	5.9%	71 001	22.5%
Trade & accommodation	917 240	38.1%	1 002 491	39.5%	1 050 996	39.2%	48 505	4.8%	133 755	14.6%
Transport & communication	177 332	7.4%	175 020	6.9%	206 162	7.7%	31 142	17.8%	28 830	16.3%
Finance & bus. services	385 111	16.0%	349 855	13.8%	325 771	12.1%	-24 084	-6.9%	-59 340	-15.4%
Community services	323 426	13.5%	341 316	13.5%	392 701	14.6%	51 386	15.1%	69 275	21.4%
Other	21 032	0.9%	19 532	0.8%	28 658	1.1%	9 126	46.7%	7 626	36.3%
Total	**2 404 564**	**100.0%**	**2 535 238**	**100.0%**	**2 683 602**	**100.0%**	**148 364**	**5.9%**	**279 038**	**11.6%**

Source: Quartely Labour Force Statistics Q3:2022 (Stats SA (2022) as cited in Seda (2023, p.18))

4.7.2 Sampling of the study

Sampling refers to the selection of a subset of a population for study (Kothari & Garg, 2019). It enables researcher enable researchers to analyse a smaller group and draw inferences about the wider population (Patten & Newhart, 2018). It can be divided into probability methods, which rely on random selection, and non-probability methods, which depend on researcher judgment (Walliman, 2018). Table 4.6 provides summary below of the different types sampling methods:

Table 4.6 Sampling methods

Probability sampling	Non-probability sampling
• Simple random sampling - *every member of the population has an equal chance of selection.* • Stratfied sampling - *samples equally from each of the subgroups in the overall population.* • Cluster sampling – the *population is divided into clusters and entire*	• Convenience sampling - *participants are selected based on readily availability.* • Quota sampling - p*articipants are chosen to meet predefined quotas for certain characteristics (e.g., age, gender).*

Probability sampling	Non-probability sampling
clusters are randomly selected for study. • Systematic sampling - *choosing individuals or clusters according to a predetermined sequence*.	• Purposive sampling - *researcher selects participants who are most relevant to the study's objectives.* • Snowball sampling – *existing participants recruit future participants who also have knowledge/ experience on study.*

Source: Leedy and Ormrod (2021, pp. 202 – 206)

This study employed purposive sampling to target SMEs most relevant to the research questions. Purposive sampling targets specific cases that can contribute meaningfully to the study, increasing the likelihood of selecting respondents able to address the research questions (Flick, 2018a).

For the first phase of data collection, eleven mining companies were selected, collectively operating having a national footprint in South Africa. According to Sasu (2025), the top ten leading mining companies in South Africa based on market capitalization for 2023/24 were Valterra Platinum (previously Anglo-American Platinum), Kumba Iron Ore, Impala Platinum, Sibanye-Stillwater, Gold Fields, Harmony Gold, Exxaro Resources, Glencore, and African Rainbow Minerals. AngloGold Ashanti was removed as it exited South Africa in 2020 but retain its listing on the Johannesburg Stock Exchange. South32 was added to the sample because Anglo American Platinum and Kumba Iron Ore were part of the Anglo-American group and therefore shared the same policies. Northam Platinum was also included as a major platinum producer in the Bushveld Complex.

Table 4.7: Mining Companies minerals and geographic footprint in South Africa

Company Name	Minerals	South African Provinces Active
Valterra Platinum	PGM	North West and Limpopo
Kumba Iron Ore	Iron Ore	Limpopo and Northen Cape
Impala Platinum	PGM / Nickel	North West and Limpopo

Company Name	Minerals	South African Provinces Active
Sibanye-Stillwater	PGM / Gold / Copper	Free State, Gauteng, and North West
Gold Fields	Gold	Gauteng
Harmony Gold	Gold / Silver	Free State, Gauteng and North West
Exxaro Resources	Coal	Mpumalanga
Glencore	Chrome / Vanadium / Coal	North West, Limpopo and Mpumalanga
African Rainbow Minerals	PGM / Gold / Copper / Coal / Iron	Mpumalanga, North West, Limpopo, Northen Cape and KwaZulu Natal
Northam Platinum	PGM	Mpumalanga, North West and Limpopo
South32	Manganese / Aluminium	Northern Cape and KwaZulu Natal

Source: Researcher's own compilation

The second phase of the study sample comprised SMEs registered with business forums located within host communities in the North West, Limpopo, and Mpumalanga provinces. The questionnaire was distributed to 1,015 SMEs; however, only 488 responses were received which was approximately 48.08% of the sample.

4.8 METHOD OF DATA COLLECTION

According to Creswell and Creswell (2018), data collection involves defining study boundaries through sampling and recruitment, gathering information via observations and interviews, analysing documents and visual materials, and establishing recording protocols. Primary data refers to information collected directly by the researcher through methods such as observations, interviews, questionnaires, and schedules (Kothari & Garg, 2019, p. 91). By contrast, secondary data consists of information previously gathered and analysed by others, derived from published sources including journals, books, public records, and reports, as well as unpublished materials such as diaries, letters, and organisational records (Kothari & Garg, 2019, p. 107).

This study collected both primary and secondary sources of data to enhance the validity and depth of the findings. Primary data, obtained through surveys administered to SMEs, offered direct insights into the experiences and challenges faced by enterprises in mining host communities. Secondary data, drawn from mining company annual reports, policy documents, articles on inclusive procurement practices, and progress reports from the Minerals Council South Africa and the Department of Mineral and Petroleum Resources (DMPR), offered contextual and comparative information. Integrating these two sources allowed for triangulation, ensuring that the results were grounded in direct evidence while also supported by broader industry trends and official records.

Business forums in mining host communities were engaged to obtain consent for member participation. These forums provided databases that enabled the researcher to contact SMEs directly and secure consent prior to distributing the online survey via Microsoft Forms. The survey link was shared by email and mobile phone, followed by telephone requests to encourage responses. In addition, printed copies of the survey were distributed to participants who lacked internet access or preferred hard copies. The manually completed questionnaires were subsequently entered into Microsoft Forms to ensure that all responses were consolidated within a single database. This process ensured ethical compliance and promoted broad participation across host communities.

4.9 RESEARCH INSTRUMENT AND MEASUREMENT

4.9.1 Research Instruments tools

Research instrument is any technique or tool used by a researcher, such as a questionnaire, interview schedule, or observation framework (Hammond & Wellington, 2020, p.209). Saunders et al. (2018, p. 519) distinguish between open-ended questions, which allow respondents to answer in their own words, and closed-ended questions, which require selection from predetermined options such as lists, categories, rankings, ratings, quantities, matrices, or scales designed to measure constructs. In this study, data was collected using a questionnaire distributed to SMEs. The survey questionnaire that was issued was based on the following constructs as per Table 4.8 below:

Table 4.8 Questionnaire Structure to SMEs

Sections	Construct
SECTION A: Demographic Characteristics	• General Information (8 Items) – category questions • Products / Services to the Mining Industry – 1 open-ended
SECTION B: Standard procurement practices	• Mine Procurement practices (14 items) - 5-point Likert-scale • Enablers to procurement - selection criteria (12 Items) - 5-point Likert-scale
SECTION C: Mining Inclusive procurement practices	• Inclusive Procurement strategies (14 items) - 5-point Likert-scale • Participation in Enterprise and supplier development programme - category question • Policies and regulations on inclusive procurement (12 Items) - 5-point Likert-scale • Barriers to inclusive procurement (13 Items) - 5-point Likert-scale • Development of SME (8 Items) - 5-point Likert-scale

Source: Researcher's own compilation

4.9.2 Measurement Scales

Measurement is the assignment of numbers to variables according to established rules, ensuring they accurately reflect the characteristics of the phenomenon being studied (Hair, Page, & Brunsveld, 2020, p. 237). There are four types of measurement scales as follows:

- ***Nominal scale:*** Uses numbers as labels to classify objects, individuals, or events (Hair et al., 2020, p.239). The mode is typically used as an indicator of the most frequently occurring category in the dataset (Leedy & Ormrod, 2021, p.124).

- ***Ordinal scale***: Compares data in terms of relative quantity, placing values in a definite order or rank (Saunders et al., 2019). It assigns objects to ordered categories based on criteria such as preference, age, income group, or importance (Hair et al., 2020, p.241).
- ***Interval scale***: It is characterised by two features: equal units of measurement and an arbitrarily established zero point. (Leedy and Ormrod, 2021, p.124). Scale intervals allow meaningful interpretation and comparison of differences between points (Hair et al., 2020, p.242).
- ***Ratio scale***: Provides the highest level of measurement, characterised by a true zero point that enables meaningful computation of ratios between values. (Hair et al., 2020, p.244).

Table 4.9 Questionnaire Measurement Scale

Measurement Scale	Questionnaire to Mine Host Community SMEs
Nominal	• Section A – Demographic Characteristics • Section B – Mining procurement Practices
Ordinal	• Section C – Inclusive Procurement Practices

Source: Researcher's own compilation

4.9.3 Pilot testing of the research instrument

Pilot testing is crucial for establishing an instrument's content validity, offering an initial assessment of item consistency, and refining its questions, format, and instructions (Creswell & Creswell, 2018, p.216). A preliminary analysis of pilot test data is conducted to assess whether the information gathered is sufficient to address the research question (Saunders et al., 2019, p.810). Hair et al. (2020, p. 276) outline the key steps in pilot testing a questionnaire, including collecting data from a comparable sample, determining pre-test size based on the number of questions, assessing reliability and validity, refining the instrument, and repeating steps if necessary. A pilot study was undertaken with four Business Forum leaders and ten small enterprises five from each region (Limpopo and North West) to evaluate the reliability and validity of the research questionnaire. The

feedback derived from this exercise was constructive, enabling the researcher to refine and condense the instrument by eliminating predominantly open-ended questions and reducing the use of complex academic terminology that was unfamiliar to respondents. Consequently, several items were either removed or rephrased to enhance clarity and brevity. Moreover, questions relating to the mine's procurement policies and supplier development practices were deemed irrelevant by participants, who emphasised that such issues necessitated input from the mining companies themselves rather than from SMEs.

4.10 DATA ANALYSIS

Data analysis aims to measure, compare, relate, theorise, and explain phenomena (Walliman, 2019, p.130). Flick (2018b) notes that the main activities involve identifying relevant pieces of data and analysing them through comparison, naming, and classification. Different phases of the study employ distinct methods of data analysis, after which the data must be assessed for validity and reliability. Creswell and Creswell (2018, p. 301) describe data analysis in a convergent mixed methods design as a three-phase process: (1) coding qualitative data into broad themes, (2) analysing quantitative data statistically, and (3) integrating both databases for comprehensive interpretation.

This study employed two types of data analysis: deductive *(qualitative)*, which systematically organises and examines data to reach logical conclusions, and inductive *(quantitative)*, which identifies patterns and relationships during the investigation as outlined below.

4.10.1 Qualitative data analysis

According to Flick (2018a, p. 420) qualitative data analysis involves classifying and interpreting linguistic or visual material to uncover both explicit and implicit dimensions of meaning-making. Saunders et al. (2019, p.175) note that qualitative procedures, such as categorising data, generate or utilise non-numerical information. Kumar (2019, p.402) explains that qualitative analysis focuses on identifying themes that emerge during data collection, assigning codes to these themes, and examining their frequency across the

dataset. Leedy and Ormrod (2021, p.235) further describe content analysis as a systematic examination of material to uncover patterns, themes, or biases. This process involves preparing and organising data, coding it into predetermined categories, constructing descriptions and themes, tabulating frequencies, and applying descriptive statistics to address the research questions (Leedy and Ormrod, 2021, p.237). In this study, secondary data were initially analysed by assessing their relevance and quality, then prepared and incorporated into the literature review, and finally interpreted within their original context.

Content analysis was specifically applied examining mining companies' annual reports, ESG (Environmental, Social, Governance) disclosures, and sustainability reports, specifically focusing on procurement and Enterprise & Supplier Development (ESD). The researcher developed a coding scheme to categorise the information as presented in Table 4.10 below.

Table 4.10 Content Analysis Framework

Category	Indicators / Codes	Examples of Data Extracted	Analysis Approach
Procurement Practices	• Local vs. Global sourcing • Preferential Procurement • Supplier diversity (e.g., women-owned, youth, SMEs) • Transparency in tendering and contracts • Electronic / Online procurement • Supplier Risk Management	% of procurement spend on local suppliers; mention of inclusive procurement programs; procurement policy statements	Frequency counts of keywords; thematic analysis of procurement narrative

Category	Indicators / Codes	Examples of Data Extracted	Analysis Approach
Inclusive procurement practices	• Training and capacity-building programs • Financial support (grants, loans, preferential payment terms) • Partnerships with SMEs and community enterprises • Preferential Treatment and ring-fence opportunities in tender process	Number of SMEs supported; description of mentorship programs; case studies of supplier partnerships	Coding for presence/absence of initiatives; qualitative assessment of program depth
Sustainability Integration	• Alignment with ESG standards (GRI, ICMM, UN SDGs) • Social impact reporting (job creation, skills transfer) • Social labour plans (SLP) projects	Statements on socio-economic development, Mining Charter, inclusive procurement, SLP or host community projects	Keyword analysis; benchmarking against ESG frameworks; thematic clustering
Commitment & Impact	Does the company merely state compliance, or does it provide measurable targets and outcomes? • Clear targets vs. vague commitments • Measurable outcomes • Long-term vs. short-term initiatives	Procurement targets (% spend on local SMEs); annual progress updates; impact metrics (jobs created)	Comparative analysis across companies/years; evaluation of specificity vs. generality

Category	Indicators / Codes	Examples of Data Extracted	Analysis Approach
Reporting Transparency	• Level of detail in disclosures • Use of quantitative vs. qualitative data • Independent verification	Audited procurement figures; narrative-only statements; third-party assurance reports	Assessing credibility; coding for presence of measurable vs. narrative-only reporting

Each indicator is scored 0–2 based on presence and detail:

- 0 = Not mentioned
- 1 = Mentioned but vague
- 2 = Detailed with metrics or evidence

The systematically code and interpret disclosures assisted researcher to identify trends, gaps, and best practices in how mining companies report on procurement and ESD within their ESG and sustainability frameworks. The results are summaries in section 3.7.1 and incorporated with the literature review.

4.10.2 Quantitative data analysis

Aidley (2019, p.156) notes that the basic method of describing a dataset is to count how often individual values occur. Quantitative data analysis procedures, such as graphs and statistical techniques, generate or utilise numerical data (Saunders et al., 2019, p.175). Two main types of statistics are employed: descriptive and inferential. Descriptive statistics summarise data to make it easily understood, showing averages, variability within datasets, associations between characteristics, ranges, distributions, and common responses (Patten & Newhart, 2018; Leedy & Ormrod, 2021). By contrast, inferential statistics enable researchers to generalise findings from a sample to the wider population and make informed decisions (Leedy & Ormrod, 2021).

Descriptive statistics was employed to analyse variables relating to inclusive procurement practices, policies and regulations, progress in inclusive procurement, and associated challenges. The analysis used measures of distribution (frequency, normality, skewness), central tendency (mean), and variability (standard deviation) (Patten and Newhart, 2018). Pearson's correlation coefficient was used to examine the relationship between the dependent variable (development of SMEs) and the independent variables (inclusive procurement practices and policies/regulations). Correlation coefficients indicate the strength and direction of linear relationships (Walliman, 2018, p.139).

Multiple linear regression was further conducted to determine the extent of relationships between the independent and dependent variables. The analysis was conducted using Jamovi (v. 2.2.17.0) and IBM SPSS Statistics (v. 28.0.1.0), incorporating descriptive statistics, exploratory factor analysis (EFA), and regression modelling to identify key barriers and contributing factors. Data suitability for factor analysis was evaluated with the Kaiser-Meyer-Olkin (KMO) measure and Bartlett's test of sphericity.

4.10.3 Validity and reliability of the study

The measurement instruments were evaluated for trustworthiness through validity and reliability checks. Validity is the degree to which an instrument measures its intended construct (Kothari and Garg, 2019). It encompasses content, predictive/concurrent, and construct validity (Creswell & Creswell, 2018), while internal and external validity further assess causal support and generalizability (Walliman, 2018).

Reliability, by contrast, refers to the consistency of measurement. Although reliability contributes to validity, a reliable instrument is not necessarily valid (Leedy and Ormrod, 2021). Reliability is enhanced through standardised conditions, clear instructions, and Cronbach's alpha consistency checks (Aidley, 2019).

4.11 ETHICAL CONSIDERATIONS

The certificate of ethical clearance has been attached as Appendix A. Due consideration was given to the following ethical issues:

- Permission was first obtained from the local Business Forums / Chamber of Commerce to approach their members to participate in the study.
- All SMEs were informed of the study's purpose and participation requirements, and each was given equal opportunity to take part.
- From the selected sample, the SMEs were given a consent form to sign before the study commenced.
- Confidentiality was guaranteed, and participation remained voluntary.
- Participants were reminded that at any time they wished to withdraw, they will be able to do so; and
- Lastly, participants were informed that the results would form part of a larger study and that results would not be reported on an individual level.

4.12 LIMITATIONS AND DELIMITATIONS

This study encountered several limitations that influenced both the research design and the interpretation of findings. The researcher initially intended to collect data from both mining companies and SMEs to obtain a comprehensive perspective on the research problem. Two sets of questionnaires were prepared; accordingly, however, mining companies declined to participate, citing compliance with the Protection of Personal Information Act (POPI Act). As a result, the researcher relied on secondary data sources such as Annual Reports, Environmental Social Governance (ESG) disclosures, and Sustainability reports. While these sources provided valuable insights, they may not fully capture the internal dynamics of procurement practices.

Additional challenges arose from internet connectivity issues in certain areas, which necessitated the manual distribution of questionnaires through business forums. The researcher relied on data capturers to input responses into the online system, introducing the possibility of transcription errors. Moreover, the legal environment surrounding inclusive procurement created uncertainty. The High Court judgment of 21 September 2021 set aside clause 2.2 of the Mining Charter (2018), which had required reporting on inclusive procurement, supplier, and enterprise development. Consequently, mining companies were not obligated to provide data on these aspects, reducing the ability to

measure compliance. Furthermore, the evolving policy landscape, with ongoing discussions between the Department of Mineral Resources and Petroleum and the mining sector, suggests that targets may be revised in the future. This fluidity constrains the stability of conclusions, as procurement practices may shift in response to new guidelines.

The delimitations of the study were intentionally defined to ensure focus and manageability. Although the mining companies included in the secondary data analysis operate across multiple provinces in South Africa and maintain a wide national footprint, the primary data collection from small and medium enterprises (SMEs) was confined to Mpumalanga, Limpopo, and North West, with particular emphasis on the Bushveld Igneous Complex. This geological formation is notable for its platinum group metals, copper, nickel, cobalt, chromium, and vanadium deposits, as well as industrial minerals such as fluorspar and andalusite. The Bushveld Igneous Complex represents the most economically significant mining region in South Africa, containing the world's largest repository of PGMs and serving as a major source of chrome and vanadium. Areas with high concentrations of mining activities present considerable opportunities for SMEs to participate in and benefit from the mining supply chain. The researcher's prior professional experience in the Bushveld region, spanning more than a decade, facilitated access to stakeholders and local business forums, thereby easing the process of data collection. However, this positionality also means that findings are context-specific and may not be generalisable to other mining regions. Accordingly, the study does not attempt to evaluate mining operations outside the Bushveld Igneous Complex through primary data, nor does it address broader socio-economic or environmental impacts of mining. Its focus remains on inclusive procurement, supplier development, and SME participation within the mining supply chains of the selected provinces, while acknowledging that mining companies themselves operate nationally and thus provide a broader contextual backdrop through secondary data.

4.13 THE RESEARCH PROCESS FOLLOWED IN THE STUDY

The research process followed is summarised below:

Table 4.11: Summary of the research design and methodology

Description	Detail
The purpose of the study	To investigate the impact of inclusive procurement practices to SMEs operating in the South African mining sector.
The research paradigm	Objectivism and positivist
The research approach	Both deductive and inductive; quantitative and quantitative approach (mixed methods).
Research strategy	Survey conducted with SMEs operating in mining sector.
Population	The population consists of 2,365 SMEs operating in mining sector.
Sample selection	A simple purposive sampling technique was employed in this study. 488 SMEs participated in the study.
Data collection	Literature review and published reports. Online questionnaire using Likert scale
Data analysis	Descriptive and inferential statistics and content analysis.
Research ethics	Informed consent, confidentiality, Letters from Business Forums, and UNISA ethics approval
Results	Generalisable findings and Relationships between the variables
Final report	This study produced a contextual report, grounded in a literature review, to situate the research within the mining sector. Complementing this, statistical analyses including correlations, mean comparisons, and regression, provided empirical rigor and revealed key relationships among variables.

Source: Researcher's own compilation

4.14 CONCLUSION

This chapter has outlined the research design and methodological framework adopted in the study. A mixed methods approach was employed, with data collected through a questionnaire administered to SMEs in the mining sector. Quantitative analysis was conducted using Jamovi (v. 2.2.17.0), incorporating descriptive statistics, exploratory factor analysis (EFA), and inferential techniques, while issues of validity and reliability were carefully addressed to ensure research quality.

The methodological choices presented here provide a rigorous foundation for the subsequent analysis. By integrating qualitative and quantitative approaches, the study ensures that findings are both empirically robust and contextually meaningful. The next chapter builds upon this foundation by presenting the results of the data analysis, highlighting key patterns, relationships, and insights that directly address the research questions.

CHAPTER 5: DATA ANALYSIS AND INTERPRETATION

5.1 INTRODUCTION

The preceding chapter outlined the research methodology, including the research approach, sampling design, data collection techniques, and analytical procedures. This chapter presents the analysis and interpretation of data from 488 respondents representing SMEs in host communities within mining areas, particularly the Bushveld Igneous Complex (BIC), obtained through a structured questionnaire: (a) demographic characteristics of respondents, (b) procurement practices of mining companies, and (c) inclusive procurement practices. The findings are presented in both graphical and tabular formats.

The analysis examined procurement practices, inclusive procurement strategies, policies and regulations, barriers and enablers of procurement opportunities, and the dependent variable, development of SMEs. Statistical procedures, conducted in Jamovi (v. 2.2.17.0) and IBM SPSS Statistics (v. 28.0.1.0), included descriptive statistics, exploratory factor analysis with principal axis extraction and oblimin rotation, regression modelling, and tests of data suitability using the Kaiser-Meyer-Olkin (KMO) measure and Bartlett's test of sphericity.

5.2 SECTION A: DEMOGRAPHIC PROFILE

This section presents the demographic profiles of the respondents, corresponding to Section A of the questionnaire. These profiles provide essential contextual information, enabling a clearer understanding of the sample characteristics and supporting the interpretation of subsequent findings. The key considerations for the demographic profiles were as follows:

- The type of enterprise
- The ownership status of the enterprise.
- The BBBEE status of the enterprise.
- The province(s) which the enterprise operates in
- Mining industry experience base on minerals

- Number of years operating in the mining industry
- The type of products or services provided to mining companies

5.2.1 Type of enterprise

According to the B-BBEE Codes of Good Practice (DTI, 2019), enterprises are classified by annual turnover as EMEs (R50 million). The respondents were asked to indicate the type of enterprise their business is classified. This question ensured that the survey was targeted at the correct population group. Table 5.1 below indicates the distribution of the participants per enterprise type.

Table 5.1 Distribution of respondents per enterprise type (N = 488)

Type of enterprise	Counts	% of Total	Cumulative %
Exempt Micro Enterprises (EME) annual turnover less than R10 million	480	98.4%	98.4%
Qualifying Small Enterprises (QSE) annual turnover of between R10 million and R50 million	7	1.4%	99.8%
Large / Generic Enterprise annual turnover greater than R50 million	1	0.2%	100.0%

Source: Research data (2025)

5.2.2 Ownership status of enterprise

The Mining Charter sets clear targets for inclusion of companies owned by historically disadvantaged persons, women, and youth, as well as for enterprises that are BEE-compliant, in the mine supply chain (DMRE, 2018a). Respondents were asked to indicate the ownership status of their enterprises to determine its distribution among those participating in the survey, as presented in Table 5.2. The results reveal that over 52% of businesses were black-owned, 29.3% were women-owned, and 18.4% were youth-owned. There were no participants that had a black ownership of less than 51% or white owned.

Table 5.2: Distribution of respondents per ownership status of the enterprise type (N = 488)

Ownership status of enterprise	Counts	% of Total	Cumulative %
Historically Disadvantaged Persons (Black) owned and controlled organisation (51% and more)	255	52.3%	52.3%
Women owned and controlled organisation (51% and more)	143	29.3%	81.6%
Youth owned and controlled organisation (51% and more)	90	18.4%	100.0%
BEE compliant organisation (Level 4 BEE status and more than 26% black owned but less than 51%)	0	0	100.0%
White owned	0	0	100.0%

Source: Research data (2025)

5.2.3 The BBBEE status of the enterprise

In terms of the Mining Charter (DMR, 2018a), a B-BBEE-compliant entity must hold at least Level 4 status and a minimum of 25% + 1 vote ownership by Historically Disadvantaged Persons; entities below Level 4 are deemed non-compliant. Respondents were therefore asked to indicate the B-BBEE level of their enterprises to establish compliance status, as presented in Table 5.3. The results reveal that an overwhelming 99.6% reported Level 1 B-BBEE compliance. This confirmed that correct target audience participated in the survey.

Table 5.3: Distribution of B-BBEE status of the enterprises type (N = 488)

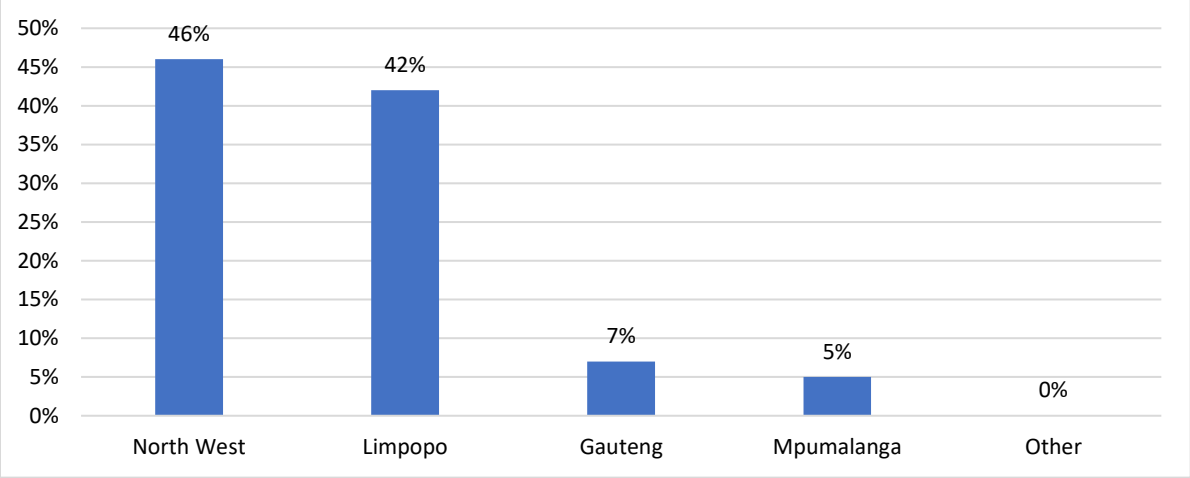
BBBEE Level:	Counts	% of Total	Cumulative %
Level 1	486	99.6%	99.6%
Level 2	1	0.2%	99.8%
Level 3	1	0.2%	100.0%
Level 4	0	0	100.0%
Level 5 and below	0	0	100.0%

Source: Research data (2025)

5.2.4 The province(s) which the enterprise operates in

The respondents were requested to indicate the provinces which their businesses operated in, this was to ensure that respondents operated in the Bushveld Igneous Complex (BIC) which spans across North West, Limpopo, Mpumalanga and Gauteng (North of Pretoria) provinces in South Africa (DMRE, 2022). The results as depicted in Figure 5.1 showed that 46% of the businesses operated in North West, 42% in Limpopo, 7% in Gauteng and 5% in Mpumalanga. The results showed businesses were largely concentrated in Limpopo and North West provinces.

Figure 5.1: Percentage distribution of business operating per province

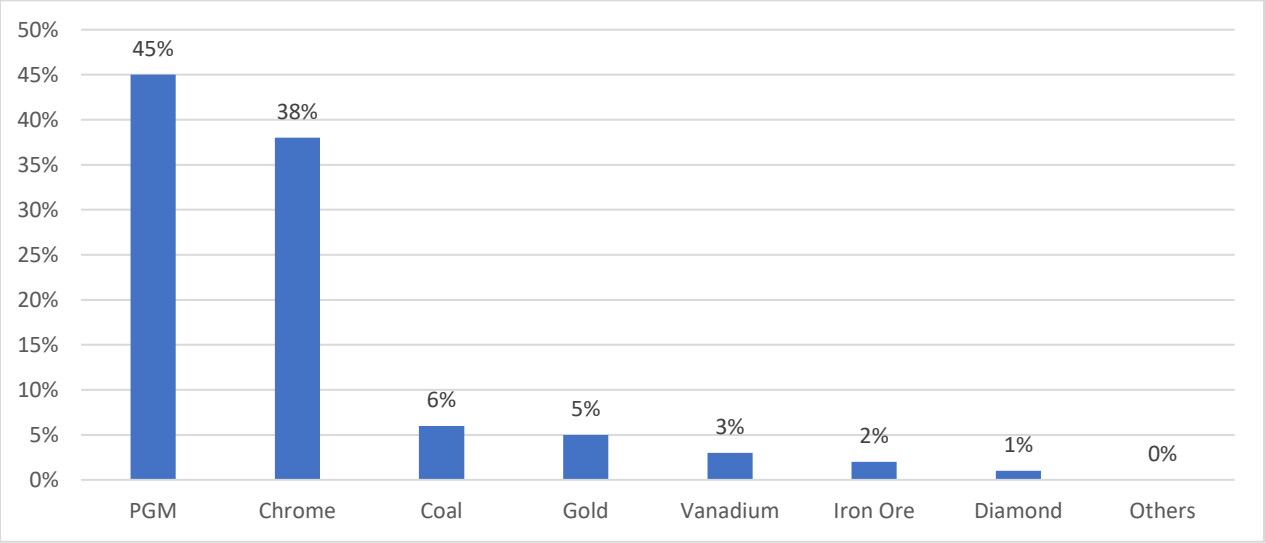


Source: Research data (2025)

5.2.5 Mining industry experience based on minerals

Figure 5.2 below shows that respondents are indeed doing business with companies that mine the minerals found in BIC as 45% of the business operate at PGM mines and 38% at Chrome mines, other minerals also noted are Coal, Gold, Vanadium, Iron and Diamond.

Figure 5.2: Percentage Distribution of Mining Industry experience based on minerals



Source: Research data (2025)

5.2.6 Number of years operating in the mining industry

The respondents were required to indicate the number of years that the enterprise has been an active supplier to the mining industry. The results below as depicted in Table 5.4 indicate that 53.7% of businesses had more than 5 years of experience supplying the mining industry, 45,1% have less than 5 years, and about 1.2% are startups. The results suggest that most of the SMEs that participated in the survey have more than 5 years' active in the mining industry as such they have been exposed to how mining companies treat SMEs.

Table 5.4: Number of years operating in the mining industry

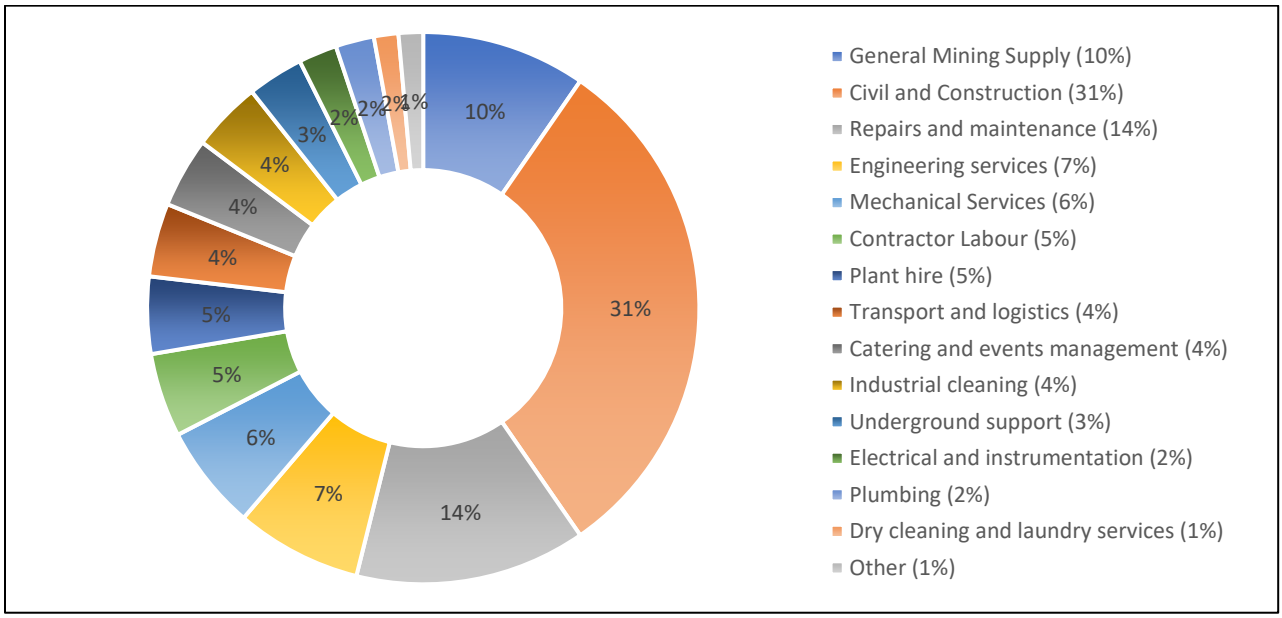
Number of years active in mining industry	Counts	% of Total	Cumulative %
More than 5 years	262	53.7%	53.7%
Less than 5 years	220	45.1%	98.8%
Startup as first year in business	6	1.2%	100.0%

Source: Research data (2025)

5.2.7 The type of products or services provided to mining companies

The respondents were requested to indicate what mining companies procured from them; the results are depicted in Figure 5.3 below. An overwhelming majority of 90% of businesses provided services, with key offerings including civil and construction, and repair and maintenance; and 10% indicated that they provided general mining supply.

Figure 5.3: Percentage Distribution of Product/Services



Source: Research data (2025)

5.3 PROCUREMENT PRACTICES BY MINING COMPANIES

This section was to investigate the procurement practices and inclusive procurement strategies by mining companies observed by the respondent's when doing business as a supplier in the mining sector.

Respondents were asked to indicate the extent of their agreement with the statements using a five-point Likert scale (5 = strongly agree, 4 = agree, 3 = neutral, 2 = disagree, 1 = strongly disagree). For analysis, the following abbreviations were applied: SA (strongly agree), A (agree), N (neutral), D (disagree), and SDA (strongly disagree). Descriptive statistics (mean and standard deviation) were used for normally distributed ratio and interval data, while the median and range were reported for non-normal data. Mean

scores were interpreted as follows: 0–1.50 = strongly disagree, 1.51–2.50 = disagree, 2.51–3.50 = neutral, 3.51–4.50 = agree, and above 4.50 = strongly agree. The findings provided insights in the following:

- Procurement practices
- Inclusive procurement strategies
- Policies and Regulations on inclusive procurement that promote SME development
- Barriers faced by small business to access of procurement opportunities in the mining sector
- Enablers to procurement opportunities
- Development of SMEs

5.3.1 Procurement Practices

Procurement practices involve structured methods and strategies that organisations use to acquire goods and services. Guided by clear policies and supported by technology, these practices aim to secure the best value for money while ensuring transparency, accountability, and efficiency (Weigel and Ruecker, 2017). The respondents were requested to indicate which procurement practices they had observed were of importance when doing business with Mining companies. The following procurement practices were measured and analysed in this study. Table 5.5 shows responses in percentage, mean and standard deviation count out of 488 respondents:

- Supplier Management,
- Leverage on consolidated volumes
- Local procurement
- Procure to pay (P2P) process
- Strategic Sourcing
- Category Management
- Centralised procurement
- Tender process
- Electronic / Online procurement

Table 5.5: Perception of respondents on procurement practices (N=488)

Procurement Practices	SDA	D	N	A	SA	Mean	SD
Supplier Management	0%	0%	0.8%	93.4%	5.7%	4.05	0.252
Leverage on consolidated volumes	0%	0.6%	1.4%	90.2%	7.8%	4.05	0.338
Procure to Pay (P2P) process	0%	0.8%	0.6%	92.4%	6.1%	4.04	0.315
Local procurement	0%	0.2%	1.8%	93.2%	4.7%	4.02	0.271
Strategic Sourcing	0.6%	2.3%	78.1%	14.8%	4.3%	3.20	0.573
Category Management	0.4%	34%	45.3%	16.8%	3.5%	2.89	0.808
Centralised procurement	0.6%	59.2%	6.6%	32.4%	1.2%	2.74	0.962
Tender process	0%	1.2%	2.5%	19.5%	76.8%	2.28	0.571
Electronic / Online procurement	0%	1.8%	1.2%	16.2%	80.7%	2.24	0.565

Source: Research data (2025)

An overwhelming majority of respondents (over 90%) agreed on the importance of procurement practices such as supplier management, consolidated volume leverage, the Procure-to-Pay process, local procurement, the tender process, and online procurement. Strategic sourcing was considered somewhat important, while category management and centralised procurement were regarded as less important. Mean scores confirmed these rankings, with supplier management (M = 4.05, SD = 0.252), consolidated volumes (M = 4.05, SD = 0.338), and the Procure-to-Pay process (M = 4.04, SD = 0.315) rated highest, followed by local procurement (M = 4.02, SD = 0.271). Strategic sourcing (M = 3.20, SD = 0.573) was rated moderately important, while category management (M = 2.89, SD = 0.808), centralised procurement (M = 2.27, SD = 0.962), tender process (M = 2.28, SD = 0.571), and online procurement (M = 2.24, SD = 0.565) were rated lowest.

5.3.2 Inclusive procurement strategies

Inclusive procurement is a business and government strategy of intentionally engaging and supporting suppliers from underrepresented or marginalised groups (historically disadvantage) within an organisation's supply chain and create a more equitable business environment. This represents a strategic management approach, guided by policy frameworks, that ensures suppliers are granted equitable opportunities to participate in

organisational procurement processes (Monczka et al., 2021). This section analysis the findings about the level of agreement to responses to questions relating to inclusive procurement strategies by mining companies. Table 5.6 presents the results in percentages, mean score and standard deviation.

Table 5.6 Statements on inclusive procurement strategies by mining companies

Statement	Mean	SD
Mining companies have processes to support local black owned SMEs	3.14	1.017
Preferential treatment is given to SMEs to participate in procurement processes	3.14	0.990
Sub-contracting opportunities with large companies are being provided to SMEs	3.13	0.999
Mining companies facilitate networking opportunities with more established companies	3.11	1.035
There are community development agreements with provisions on local procurement	3.06	1.019
There are supplier development programmes for SMEs	3.03	1.002
There is purchase order funding to assist SMEs to fulfil order to mine	2.89	1.035
Early settlement payment terms are given SMEs (less than 14 days)	2.87	1.039
Technical enablement and manufacturing incubation for local SMEs	2.78	1.014

Source: Research data (2025)

The analysis examined inclusive procurement strategies adopted by mining companies to support SME development in the sector. The highest mean scores were recorded for processes supporting black-owned SMEs (M = 3.14, SD = 1.017), preferential treatment in procurement participation (M = 3.14, SD = 0.990), and subcontracting opportunities with large companies (M = 3.13, SD = 0.999). These were followed by networking facilitation (M = 3.11, SD = 1.035), community development agreements with local procurement provisions (M = 3.06, SD = 1.019), and supplier development programmes (M = 3.03, SD = 1.002). Lower scores were observed for purchase order funding (M =

2.89, SD = 1.035), early settlement payment terms (M = 2.87, SD = 1.039), and technical enablement or manufacturing incubation (M = 2.78, SD = 1.014).

Table 5.7: Frequencies of business currently beneficiary of any of the following initiatives provided by mining companies

Initiative	Counts	% of Total	Cumulative %
Enterprise Development	11	2.3%	2.3%
Supplier Development	40	8.2%	10.5%
None of the above	437	89.5%	100.0%

Source: Research data (2025)

Respondents were asked whether they had benefited from initiatives provided by mining companies. As shown in Table 5.7, only 10.5% of the SMEs surveyed reported participation in enterprise and supplier development programmes.

5.3.3 Policies and Regulations on inclusive procurement that promote SME development

This section consisted of statements that referred to Policies and Regulations on inclusive procurement that promote SME development in the mining sector. The analysis assessed both local and global policies and regulations on inclusive procurement that support SME development in the local communities where mining operations take place. The respondents were asked to indicate the level of agreement to the statements.

Table 5.8: Policies and regulations on inclusive procurement that promote SME development

Policies / Regulations	Mean	SD
Broad-Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry, 2018	4.35	0.518
Economic, Social and Governance (ESG) Reporting	4.30	0.520
Global Reporting Initiative (GRI) disclosure requirements for Mining Local Procurement Reporting Mechanism	4.27	0.528
Broad-Based Black Economic Empowerment Act 53 of 2003	4.22	0.447

Policies / Regulations	Mean	SD
Requirements on Social Labour Plans (SLP) procurement provisions for mining sector	4.05	0.316
Mineral and Petroleum Resources Development Act No. 28 of 2002	4.04	0.284
Local content policies by South African government on designated sectors of the economy	4.04	0.228
International Council on Mining and Metals (ICMM) Principles for Sustainable Development Goals	3.36	0.534
Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains	3.33	0.561

*Reverse scaled item Source: Research data (2025)

The analysis ranked responses according to mean scores. The highest score was recorded for the Broad-Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry, 2018 (M = 4.35, SD = 0.518), followed by Economic, Social and Governance (ESG) reporting (M = 4.30, SD = 0.520) and Global Reporting Initiative (GRI) disclosure requirements for the Mining Local Procurement Reporting Mechanism (M = 4.27, SD = 0.528). Subsequent scores were observed for the Broad-Based Black Economic Empowerment Act 53 of 2003 (M = 4.22, SD = 0.447), Social and Labour Plan (SLP) procurement provisions (M = 4.05, SD = 0.316), the Mineral and Petroleum Resources Development Act No. 28 of 2002 (M = 4.04, SD = 0.284), and local content policies by the South African government (M = 4.04, SD = 0.228). Lower scores were reported for the International Council on Mining and Metals (ICMM) Principles for Sustainable Development Goals (M = 3.36, SD = 0.534) and the OECD Due Diligence Guidance for Responsible Supply Chains (M = 3.33, SD = 0.561).

5.3.4 Barriers to inclusive procurement in mining sector

This section addresses barriers faced by SMEs in accessing procurement opportunities within the mining sector. Respondents indicated their level of agreement with the statements using a five-point Likert scale (5 = strongly agree, 4 = agree, 3 = neutral, 2 = disagree, 1 = strongly disagree), with the following abbreviations applied: SA (strongly agree), A (agree), N (neutral), D (disagree), and SD (strongly disagree). Mean scores

were interpreted as follows: 0–1.50 = strongly disagree, 1.51–2.50 = disagree, 2.51–3.50 = neutral, 3.51–4.50 = agree, and above 4.50 = strongly agree.

Table 5.9: Barriers to inclusive procurement in mining sector

Statement	Mean	SD
Mining procurement practices focus on cost saving initiatives	4.74	0.561
There is too much administrative tape to prevent SMEs from registering in mine vendor database.	4.74	0.519
Most procurement opportunities are given to large established companies	4.72	0.539
Mine procurement policies do not support local SMEs	4.71	0.612
Procurement opportunities are locked by evergreen contracts	4.71	0.555
There are limited supplier development programmes	4.69	0.607
Mining Companies have standardised on certain products / equipment with little opportunity for local suppliers	4.68	0.588
Access to funding for SMEs is a problem	4.67	0.612
Long lead times for payments	4.64	0.772
Electronic system implemented by mining companies prevent access to procurement opportunities.	4.06	0.442
SMEs do not have the capacity to support requirements of mining contracts	3.47	0.751
There is no database for mines to find local SMEs	2.79	1.028
Local SMEs do not have the technical skills provide products / services required by mines	2.15	1.572

Source: Research data (2025)

The analysis examined barriers to SME participation in mining procurement, with responses ranked by mean score. The highest scores were recorded for statements that procurement practices focus on cost-saving initiatives (M = 4.74, SD = 0.561), excessive administrative requirements hinder vendor registration (M = 4.74, SD = 0.519), and most opportunities are awarded to large established companies (M = 4.72, SD = 0.539). Other highly ranked barriers included procurement policies that do not support local SMEs (M

= 4.71, SD = 0.612), evergreen contracts restricting access (M = 4.71, SD = 0.555), limited supplier development programmes (M = 4.69, SD = 0.607), product standardisation reducing opportunities for local suppliers (M = 4.68, SD = 0.588), lack of funding access (M = 4.67, SD = 0.612), and long payment lead times (M = 4.64, SD = 0.772). Lower scores were reported for barriers such as electronic procurement systems limiting access (M = 4.06, SD = 0.442), insufficient capacity to meet mining contract requirements (M = 3.47, SD = 0.751), absence of databases to identify local suppliers (M = 2.79, SD = 1.028), and inadequate technical skills among SMEs (M = 2.15, SD = 1.572).

Inclusive procurement practices in the mining sector can be perceived as ineffective due to challenges in implementation and enforcement, despite the potential benefits. While these practices are intended to promote fairness and economic development through the inclusion of diverse suppliers, particularly local and SMEs, they are often constrained by barriers such as limited transparency, restricted access to information, and insufficient support for emerging enterprises.

5.3.5 Enablers to procurement opportunities

The respondents were asked to indicate how SMEs gain access to procurement opportunities from mining companies. The results are analysed and depicted below.

Table 5.10: Statements on enablers to procurement opportunities by SMEs

Statement	SDA	D	N	A	SA	Mean	SD
B-BBEE status	0.2%	0%	1.4%	17.4%	80.9%	4.79	0.469
Proximity to mine site / plant	0%	0.4%	2.3%	28.1%	69.3%	4.66	0.542
Past experience on quality of service / product	0.6%	0.8%	2.0%	25.8%	70.7%	4.65	0.626
Having existing contract with a mining company	0.4%	0.4%	4.1%	25%	69.5%	4.63	0.624
Reputation in the market based on positive references from other customers	0.2%	1.4%	2.9%	26.4%	69.1%	4.63	0.635
Delivery lead times	0%	2.3%	3.1%	27.0%	67.6%	4.60	0.661

Source: Research data (2025)

Responses were ranked by mean score, with percentages for “agree” and “strongly agree” combined to reflect overall agreement among the 488 respondents. The highest mean score was recorded for B-BBEE status (M = 4.79, SD = 0.469), with 98.3% agreement. This was followed by proximity to mine sites (M = 4.66, SD = 0.542; 97.4%), past experience with service or product quality (M = 4.65, SD = 0.626; 96.5%), existing contracts with mining companies (M = 4.63, SD = 0.624; 94.5%), market reputation based on positive references (M = 4.63, SD = 0.635; 95.5%), and delivery lead times (M = 4.60, SD = 0.661; 94.6%). All mean scores exceeded 4.50, indicating that respondents strongly agreed these factors were important in accessing procurement opportunities. Standard deviations ranged between 0.5 and 1.0, suggesting a moderate degree of variability in the dataset.

5.3.6 Development of SMEs

Respondents were asked to indicate their level of agreement, based on personal experience, regarding the contribution of inclusive procurement practices to the development of SMEs in the mining sector. Agreement was measured using a five-point Likert scale (5 = strongly agree, 4 = agree, 3 = neutral, 2 = disagree, 1 = strongly disagree). Table 5.11 results of the analyses are represented in percentage format based on responses received:

Table 5.11: Statements on the development of SMEs

Statement	SDA	D	N	A	SA	Mean	SD
Create more diversity in supply base	0.4%	0.4%	2.9%	23.4%	73.0%	4.68	0.590
Access to procurement opportunities in the mining value chain	1.2%	0%	1.4%	33.0%	64.3%	4.59	0.649
Foster an equitable business climate	0%	0.6%	9.0%	83.6%	6.8%	3.96	0.425
SMEs have created jobs for people in the communities close to the mine.	0.4%	1.0%	7.0%	87.1%	4.5%	3.94	0.435
Facilitate networking opportunities with more established companies	0%	1.2%	61.1%	34.6%	3.1%	3.40	0.571

Statement	SDA	D	N	A	SA	Mean	SD
SMEs are seeing sustainable growth	1.2%	4.7%	74.0%	17.8%	2.3%	3.15	0.585
Supplier development programmes enhance capability and performance of SMEs	0.6%	55.5%	8.4%	32.2%	3.3%	2.82	1.001
Large mining contracts are being unbundled to create more opportunities for SMEs	53.5%	3.1%	13.5%	25.8%	4.1%	2.24	1.421

Source: Research data (2025)

Responses were ranked according to mean scores, with percentages for "agree" and "strongly agree" combined to reflect overall agreement. The highest score was recorded for the statement *"Create more diversity in the supply base"* (M = 4.68, SD = 0.590), with 96.4% agreement (A = 23.4%, SA = 73%). This was followed by *"Access to procurement opportunities in the mining value chain"* (M = 4.59, SD = 0.649; 97.3%), *"Foster an equitable business climate"* (M = 3.96, SD = 0.425; 90.4%), and *"SMEs have created jobs for people in communities close to the mine"* (M = 3.94, SD = 0.435; 91.6%). Lower scores were observed for *"Facilitate networking opportunities with more established companies"* (M = 3.40, SD = 0.571; 61.1% neutral), *"SMEs are seeing sustainable growth"* (M = 3.40, SD = 0.571; 74% neutral), and *"Supplier development programmes enhance capability and performance of SMEs"* (M = 3.40, SD = 0.571; 56.1% disagreed). The lowest score was recorded for *"Large mining contracts are being unbundled to create more opportunities for SMEs"* (M = 4.60, SD = 0.661; 56.6% disagreed).

Mean scores were interpreted as follows: 1.51–2.50 = disagree, 2.51–3.50 = neutral, 3.51–4.50 = agree, and above 4.50 = strongly agree. As noted by Kankaraš and Capecchi (2024), respondents who have not directly experienced the situation described in a Likert-scale survey question are more likely to select the neutral option when available.

5.4 EVALUATION OF THE MEASUREMENT MODEL

The measurement model was assessed using exploratory factor analysis, complemented by evaluations of construct reliability and validity. The subsections that follow present the

results of each analytical procedure undertaken to establish the robustness and validity of the measurement model employed in this study.

5.4.1 Exploratory Factor Analysis

Factor analysis was employed as a data reduction technique, condensing a set of observed variables into a smaller number of underlying factors by extracting their shared variance. The suitability of the dataset for factor analysis was assessed using the Kaiser–Meyer–Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity, both of which are standard procedures for determining whether the data are appropriate for factor extraction. According to Kaiser's classification, values between 0.70 and 0.80 are considered "good," indicating that the sampling adequacy of this dataset was acceptable for reliable factor extraction. The summary of results was as follows:

- **Construct 1 – Procurement practices**: The KMO measure yielded a value of 0.733, exceeding the recommended threshold of 0.60 and thereby confirming the adequacy of the data for factor analysis. Bartlett's test of sphericity was statistically significant (χ^2 (36) = 1502, $p < 0.05$), further indicating that the correlation matrix was suitable for factor extraction. All communalities exceeded the minimum threshold of 0.30, demonstrating that each variable shared sufficient variance with the extracted factors. Two factors were retained, which together explained approximately 49% of the total variance. This indicates that the items are measuring two different but related concepts/constructs, therefore two factors were extracted for procurement practices see Table 5.12

Table 5.12: Procurement Practices – Factor Loaded

Factor 1: Construct Items	Cronbach's α If item dropped	Factor 2: Construct Items	Cronbach's α If item dropped
Strategic Sourcing	0.734	Supplier Management	0.717
Category Management	0.706	Leverage on consolidated volumes	0.741

Centralised procurement	0.738	Procure to Pay (P2P) process	0.765
Tender process	0.719*	Local procurement	0.769
Electronic procurement	0.746*		

*Reverse scaled item Source: Research data (2025)

In order to determine which factor remained correlation analysis was conducted to test which procurement practices construct influenced inclusive procurement strategies. A strong and highly significant correlation was evidenced between procurement practices in “Construct 1” and inclusive procurement strategies ($r = 0.708$; large effect; $p < .001$), however a weak correlation in “Construct 2” ($r = 0.108$; small effect; $p < .05$). Therefore, “Construct 2” was removed from further analysis with just one construct remaining for ‘Procurement Practices’.

- **Construct 2 – Inclusive procurement strategies**: The KMO value was 0.931, well above the recommended threshold of 0.60, confirming that the dataset was highly suitable for factor analysis. Bartlett’s test of sphericity was statistically significant (χ^2 (36) = 6624, $p < 0.05$), further indicating that the correlation matrix was appropriate for factor extraction. All the commonalities are above 0.30. This resulted in one factor loading, and 9 items remained out of 14, with the rest removed. A single dominant factor explained 79.4% of the variance.

Table 5.13: Inclusive procurement strategies – Factors Loaded

Construct Items	Cronbach's α If item dropped
Mining companies have processes to support local black owned SMEs	0.966
Preferential treatment is given to SMEs to participate in procurement processes	0.967
Sub-contracting opportunities with large companies are being provided to SMEs	0.966
Mining companies facilitate networking opportunities with more established companies	0.967

Construct Items	Cronbach's α If item dropped
There are community development agreements with provisions on local procurement	0.966
There are supplier development programmes for SMEs	0.966
There is purchase order funding to assist SMEs to fulfil order to mine	0.968
Early settlement payment terms are given SMEs (less than 14 days)	0.970
Technical enablement and manufacturing incubation for local SMEs	0.973
Mine companies buy from youth owned businesses	Removed
Mine companies buy from women owned businesses	Removed
Certain procurement opportunities set aside for local SMEs	Removed
There are vendor open days for SMEs	Removed
There are specific categories of spend targeted as SMEs	Removed

Source: Research data (2025)

- **Construct 3 - Policies and Regulations on inclusive procurement**: The KMO value was 0.779, exceeding the recommended threshold of 0.60 and confirming the adequacy of the data for factor analysis. Bartlett's test of sphericity was statistically significant (χ^2 (36) = 2641, $p < 0.05$), further indicating that the correlation matrix was appropriate for factor extraction. All communalities were above 0.30, demonstrating that each variable shared sufficient variance with the extracted factors. Two factors were retained, which together accounted for 62.1% of the total variance.

Table 5.14: Policies and regulations – Factor Loaded

Factor 1: Construct Items	Cronbach's α If item dropped	Factor 2: Construct Items	Cronbach's α If item dropped
Broad-Based Socio-Economic Empowerment	0.845	Requirements on Social Labour Plans (SLP)	0.795

Factor 1: Construct Items	Cronbach's α If item dropped	Factor 2: Construct Items	Cronbach's α If item dropped
Charter for the Mining and Minerals Industry, 2018		procurement provisions for mining sector	
Economic, Social and Governance (ESG) Reporting	0.840	Mineral and Petroleum Resources Development Act No. 28 of 2002	0.631
Global Reporting Initiative (GRI) disclosure requirements for Mining Local Procurement Reporting Mechanism	0.855	Local content policies by South African government on designated sectors of the economy	0.812
Broad-Based Black Economic Empowerment Act 53 of 2003	0.882		
International Council on Mining and Metals (ICMM) Principles for Sustainable Development Goals	0.871*		
Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains	0.870*		

*Reverse scaled item Source: Research data (2025)

To determine which factor remained, correlation analysis was conducted to test which “Policies and Regulation” construct influenced “Inclusive procurement strategies”. A strong and highly significant correlation was evidenced between

procurement practices in “Construct 1” and inclusive procurement strategies (r = 0.682; large effect; p < .001), however a weak correlation in “Construct 2” (r = 0.124; small effect; p < .01). Therefore, “Construct 2” was removed from further analysis with just one construct remaining for ‘Policies and Regulation’.

- **Construct 4 – Barriers to inclusive procurement**: value was 0.923, exceeding the recommended threshold of 0.60 and confirming the adequacy of the dataset for factor analysis. Bartlett’s test of sphericity was statistically significant (χ^2 (36) = 3442, p < 0.05), further indicating that the correlation matrix was appropriate for factor extraction. All communalities were above 0.30, demonstrating that each variable shared sufficient variance with the extracted factors. Two factors were retained, which together accounted for 60.6% of the total variance. The items were retained together as conceptually similar and measured the same construct.

Table 5.15: Barriers to inclusive procurement– Factor Loaded

Factor 1: Construct Items	Cronbach's α If item dropped	Factor 2: Construct Items	Cronbach's α If item dropped
There is too much administrative tape to prevent SMEs from registering in mine vendor database.	0.925	Electronic system implemented by mining companies prevent access to procurement opportunities.	0.779
Mining procurement practices focus on cost saving initiatives	0.93	SMEs do not have the capacity to support requirements of mining contracts	0.597
Most procurement opportunities are given to large established companies	0.925	There is no database for mines to find local SMEs	0.582
Procurement opportunities are locked by evergreen contracts	0.919	Local SMEs do not have the technical skills provide products / services required by mines	0.648

Factor 1: Construct Items	Cronbach's α If item dropped
Mine procurement policies do not support local SMEs	0.925
There are limited supplier development programmes	0.921
Mining Companies have standardised on certain products / equipment with little opportunity for local suppliers	0.922
Access to funding for SMEs is a problem	0.922
Long lead times for payments	0.937

Factor 2: Construct Items	Cronbach's α If item dropped

Source: Research data (2025)

- **Construct 5 – Enablers to procurement opportunities**: The KMO value was 0.883, exceeding the recommended threshold of 0.60 and confirming the adequacy of the dataset for factor analysis. Bartlett's test of sphericity was statistically significant (χ^2 (28) = 2431, $p < 0.05$), further indicating that the correlation matrix was appropriate for factor extraction. All communalities were above 0.30, demonstrating that each variable shared sufficient variance with the extracted factors. This resulted in one factor loading and 6 items remained illustrated in Table 5.16. A strong single factor explained 66.7% of the variance.

Table 5.16: Enablers to procurement opportunities – Factors Loaded

Construct Items	Cronbach's α If item dropped
B-BBEE status	0.931
Proximity to mine site / plant	0.900
Past experience on quality of service / product	0.897
Having existing contract with a mining company	0.893

Construct Items	Cronbach's α If item dropped
Reputation in the market based on positive references from other customers	0.897
Delivery lead times	0.907

Source: Research data (2025)

- **Construct 6 – Development of SMEs**: The KMO value was 0.709, exceeding the recommended threshold of 0.60 and confirming the adequacy of the dataset for factor analysis. Bartlett's test of sphericity was statistically significant (χ^2 (3) = 1059, $p < 0.05$), further indicating that the correlation matrix was appropriate for factor extraction. All the commonalities are above 0.30. This resulted in one factor loading and 3 items out of 8 remained, these had a direct impact to SME development.

Table 5.17: Development of SMEs – Factors Loaded

Construct Items	Cronbach's α If item dropped
Facilitate networking opportunities with more established companies	0.904
Supplier development programmes enhance capability and performance of SMEs	0.642
Large mining contracts are being unbundled to create more opportunities for SMEs	0.754

Source: Research data (2025)

5.4.2 Reliability Analysis

Cronbach's alpha was employed to assess the reliability and internal consistency of the questionnaire items, ensuring that they measured the same underlying construct. Internal consistency is expressed as a Cronbach's alpha (α) coefficient ranging from 0 to 1, with values between 0.70 and 0.90 generally considered optimal (Creswell & Creswell, 2018, p. 215). A coefficient of 0.70 or higher is regarded as acceptable, indicating satisfactory internal consistency (Saunders et al., 2019, p. 801).

In addition, the mean scores were interpreted according to the following scale: values between 0 and 1.50 indicated strong disagreement; scores between 1.51 and 2.50 reflected disagreement; scores between 2.51 and 3.50 represented neutrality (neither agree nor disagree); scores between 3.51 and 4.50 indicated agreement; and scores above 4.50 reflected strong agreement. This interpretive framework ensured consistency in analysing respondents' perceptions and allowed for clear differentiation between varying levels of agreement.

Table 5.18: Descriptive Scale

						Shapiro-Wilk	
Variables	**Cronbach's α**	**Mean**	**SD**	**Min**	**Max**	**W**	**p**
Procurement Practices	0.771	2.67	0.516	1.80	4.60	0.838	<.001
Inclusive Procurement strategies	0.971	3.02	0.917	1.44	5.00	0.782	<.001
Policy and regulations on inclusive procurement	0.882	3.97	0.411	3.17	4.67	0.753	<.001
Barriers to inclusive procurement*	0.933	1.30	0.484	1.00	3.67	0.663	<.001
Enablers to procurement opportunities	0.920	4.66	0.504	2.33	5.00	0.703	<.001
Development of SMEs	0.852	2.82	0.928	2.00	5.00	0.759	<.001

*Reverse scaled items Source: Research data (2025)

The Cronbach's alpha (α) values obtained were all above 0.70, which is generally regarded as the minimum acceptable threshold for internal consistency. This indicates that the questionnaire items demonstrated good reliability and were indeed measuring the same underlying construct or concept. According to Kaiser's classification, values between 0.70 and 0.90 are considered optimal, reflecting strong internal consistency without redundancy among items.

5.5 RELATIONSHIP BETWEEN THE DEPENDENT AND INDEPENDENT VARIABLES

This section examines the relationship identified in the study between the independent variables—procurement practices, procurement strategies, inclusive procurement policies, and reporting frameworks—and the dependent variable, namely the impact on SME development. The Pearson product–moment correlation (Pearson's *r*) was employed to measure the strength and direction of the linear relationship between two numerical or ranked variables (Leedy & Ormrod, 2021, p. 358). The correlation coefficient ranges from –1 to +1, with the sign indicating the direction of the relationship: a positive *r* denotes a direct relationship (as one variable increases, the other also increases), whereas a negative *r* signifies an inverse relationship (as one variable increases, the other decreases). The magnitude of the coefficient reflects the strength of the association, with values closer to +1 or –1 indicating a stronger linear relationship.

For interpretation, the following guidelines were applied: $r = 0$ indicates no linear correlation; $0 < r < 0.35$ reflects a weak correlation; $0.35 \leq r < 0.60$ denotes a moderate correlation; and $r \geq 0.60$ indicates a strong correlation (Saunders et al., 2019, p. 616). The correlation analysis was conducted to examine the relationships between the independent variables and the dependent variable, with the results presented in Table 5.19.

Table 5.19: Correlation Matrix

No	Variables	1	2	3	4	5	6
1	Procurement practices	—					
2	Inclusive procurement strategies	0.708***	-				
3	Policy and regulations on inclusive procurement	0.342***	0.682***	-			
4	Barriers to inclusive procurement	0.572***	0.386***	-0.063	-		
5	Enablers to procurement opportunities	-0.624***	-0.401***	0.033	0.790***	-	
6	Development of SMEs	0.597***	0.551***	0.280***	-0.695***	-0.737***	-

Note. * p < .05, ** p < .01, *** p < .001 Source: Research data (2025)

5.5.1 Relationship between procurement practices and inclusive procurement strategies

A strong and highly significant correlation was evidenced between inclusive procurement strategies and procurement practices ($r = 0.708$; large effect; $p < .001$), showing better procurement practices are closely linked to more inclusive practices. The commitment to supplier diversity and inclusive procurement comes from top management and this is communicated through the organisation strategy and policies (Johnson, 2019, p.3). The procurement strategy aligns with the business strategy and directly influences the procurement practices to be deployed, including identifying which products and services to procure, defining the supplier selection process, and establishing contractual relationships (Biazzin, 2019, p.167).

5.5.2 Relationship between procurement practices and impact on the development of SMEs

A moderate positive correlation was established between procurement practices and the impact on the development of SMEs ($r = 0.597$; medium effect; $p < .001$). The commitment to supplier diversity and inclusive procurement comes from top management and this is communicated through the organisation strategy and policies (Johnson, 2019, p.3). The business strategy and directly influences the procurement practices to be deployed, including identifying which products and services to procure, defining the supplier selection process, and establishing contractual relationships (Biazzin, 2019, p.167).

5.5.3 Relationship between procurement practices and enablers to access procurement opportunities

A substantial negative relationship was observed between procurement practices and enablers to access procurement opportunities ($r = -0.624$; medium effect; $p < .001$). May imply that stronger formal practices are associated with fewer perceived "grassroots" enablers—or a possible framing difference. Mining companies with operations across multiple countries often adopt a global approach to supplier relations, prioritising cost minimization by fostering competition among suppliers worldwide. This approach reduces the influence of social relationships between local mine-site managers and local

suppliers, while emphasising standardised procurement processes and evaluation criteria (Parker et al., 2017). Blomberg, as cited in Milanzi and Bond-Barnard (2017), contends that organisations frequently gravitate toward centralised procurement, as it enables them to leverage economies of scale, strengthen purchasing power, consolidate decision-making, streamline processes, and enforce governance structures. These practices will often have negative impact for SMEs to access opportunities in mining sector.

5.5.4 Relationship between inclusive procurement strategies and the development of SMEs

A positive correlation was observed between Inclusive procurement strategies and the development of SMEs (r = 0. 0.551; medium effect; p < .001). This view is supported by Lee (2021, p.1) Inclusion of SMEs in supply chain strategies is critical to the economic development of a country and further contributes to the sustainability of SMEs (Lee, 2021, p.1). An organisation will profile and prioritise current or prospective relationships in terms of supplier development potential, availability of resources, and readiness to collaborate (Schuh et al., 2017, p.183).

5.5.5 Relationship between policies and regulations on inclusive procurement, with the development of SMEs

The results indicate a weak correlation between policies and regulations on inclusive procurement, with the development of SMEs (r = 0.280; small effect; p < .001). This finding aligns with Geipel (2020), who observed that many government regulations primarily impose requirements on local procurement of goods and services rather than directly fostering SME development. Moreover, few companies provide detailed breakdowns of their local procurement expenditures, limiting host countries' ability to identify and support the most beneficial supplier opportunities. Similarly, Ramdoo (2018) argues that government policies and regulations often lack clear objectives and practical guidelines, rendering them counterproductive. Such shortcomings can negatively affect project execution and, in the long term, undermine broader goals of industrial development and job creation.

5.5.6 Relationship between barrier to inclusive procurement and the development of SMEs

A substantial negative relationship was observed between procurement strategies and enablers to access procurement opportunities ($r = -0.695$; medium effect; $p < .001$). Smeiman (2019) has cited that there are several challenges that need to be addressed first by the mining sector before inclusive procurement targets can be met. The findings suggest that a greater number of barriers are strongly associated with a lower perceived impact on SMEs. Local small enterprises often face significant challenges in entering the mining value chain, as the first tier of suppliers is typically dominated by a small number of large global firms many of which are even more powerful than the mining companies themselves (Marin et al., 2021, p. 21). Lodhia (2018, p. 107) emphasises that community participation in the mining sector depends, first, on the types of suppliers that occupy the upstream segment of the value chain and, second, on the financing mechanisms employed during the early stages of mine development. Furthermore, Marin et al. (2021, p. 22) argue that firms holding dominant positions in concentrated markets often dictate prices and standards and may engage in anticompetitive practices to maintain their advantage. Poor data quality and weak supply chain planning seen in the high levels of “free-text” unidentified spend undermines strategies for local and inclusive procurement (Smeiman, 2019).

5.5.7 Relationship between enablers to procurement opportunities and the development of SMEs

A strong negative relationship was found between enablers to procurement opportunities and the development of SMEs ($r = -0.737$; large effect; $p < .001$). The more enablers perceived, the less impact SMEs are seen as receiving (might reflect differing perceptions or misalignment in policy/practice). According to Ramdoo (2018), access to procurement information is often limited, and when available, contracts may be too large for smaller firms to compete effectively. Local SMEs frequently lack awareness of the specific needs and requirements of mining companies (Marin et al., 2021, p. 26). Haglund, as cited in Addison and Roe (2018, p. 510), notes that when awarding smaller contracts, mining companies typically send inquiries to only a select group of previously successful

suppliers, thereby creating barriers to entry for other, potentially more capable firms. Marin et al. (2021, p. 26) further argue that in the absence of established mechanisms—such as supplier development programs—to facilitate connections between suppliers and mining companies, local suppliers are often required to take the initiative themselves to engage with mining companies and make their presence known.

5.6 TESTING OF HYPOTHESIS

Inferential statistics were employed to test hypotheses and draw conclusions about the broader population based on the study sample. The techniques applied included hypothesis testing (e.g., Z-tests, t-tests, and ANOVA) and regression analysis (both linear and logistic). Hypothesis testing is commonly used to assess the statistical significance of relationships and differences between variables (Saunders et al., 2019, p. 607), while regression analysis measures the linear relationships between two or more variables (Hair, Page, & Brunsveld, 2020, p. 395). Linearity refers to the extent to which changes in the dependent variable correspond to changes in the independent variables (Saunders et al., 2019, p. 620).

Within regression models, variables are classified as either independent (predictor or antecedent variables) or dependent (response or outcome variables), with the former used to explain or predict changes in the latter (Creswell & Creswell, 2018, p. 93). A mediating variable (mediator or intervening variable) transmits the effect of an independent variable onto a dependent variable, thereby explaining how or why the relationship occurs (e.g., Independent Variable (X) → Mediator (M) → Dependent Variable (Y)). Mediation is typically tested using statistical mediation analyses (Creswell & Creswell, 2018, p. 94). In contrast, moderating variables influence the strength and/or direction of the relationship between independent and dependent variables. Moderators identify boundary conditions of an effect, making the relationship stronger, weaker, or even null (Thompson, as cited in Creswell & Creswell, 2018, p. 94).

The t-test and F-test were used to determine the probability that the relationships identified in regression analysis—or more extreme outcomes—occurred by chance

(Saunders et al., 2019, p. 621). Statistical significance was assessed using p-values to decide whether to reject the null hypothesis (H_0) that no relationship exists (e.g., H_0: $\beta_1 = 0$) in favour of the alternative hypothesis (H_1) that a significant relationship does exist (e.g., H_1: $\beta_1 \neq 0$). Finally, ANOVA (Analysis of Variance) was employed to examine differences among three or more group means by comparing variances both within and across groups (Leedy & Ormrod, 2021, p. 368).

Table 5.20: Research Hypothesis

Code	Hypothesis
H1	Procurement practices have a positive and significant effect on inclusive procurement strategies.
H2	Procurement practices positively influence enablers that support access to procurement opportunities.
H3	Enablers to procurement opportunities positively mediate the relationship between inclusive procurement strategies and the impact on SME development.
H4	Inclusive Procurement strategies by mining companies have a direct positive effect on SME development.
H5	Policies and Regulations positively moderate the relationship between inclusive procurement strategies and SME development.
H6	Barriers that negatively influence the effect of enablers on access to procurement opportunities.

5.6.1 Regression Analysis

Regression analysis was performed to determine the factors hindering SMEs from effective inclusive procurement in the mining sector. First, the assumptions were tested, including normality of the covariance, homogeneity of residual variances, and multicollinearity. Most of the assumptions were not met, except for non-multicollinearity. To address these violations, bootstrapping was applied, and confidence intervals (CIs) along with robust standard errors were estimated using the heteroskedasticity-consistent standard error estimator (HC3).

Table 5.21: Assumption Checks

Description	Test	Statistics	p
Test for Homogeneity of Residual Variance	Breusch-Pagan Test	74.1	<.001
Test for Normality of residuals	Kolmogorov-Smirnov	0.171	<.001
	Shapiro-Wilk	0.904	<.001

Table 5.22: Collinearity statistics

Term	VIF	Tolerance
Procurement Practices	1.91	0.524
Policy and regulations on inclusive procurement	1.35	0.740
Barriers to inclusive procurement	3.04	0.329
Enablers to procurement opportunities	2.91	0.344
Development of SMEs	5.08	0.197

Most predictors are within the acceptable limits, VIF (Variance Inflation Factor), > 10 the higher it is, the more collinearity. Tolerance = 1 / VIF values < 0.2 or < 0.1 suggest multicollinearity. Lower tolerance = higher collinearity.

Table 5.23 Model Results

Model Fit					
R^2	Adj. R^2	df	df (res)	F	p
0.806	0.803	5	476	248	<.001

ANOVA Omnibus tests					
Absorption	SS	df	F	p	η^2p
Model	328.286	5	247.771	<.001	0.806
Residual	78.835	476			
Total	407.121	484			

Parameter Estimates (Coefficients)

			95% Confidence Intervals					
Names	Estimate	SE	Lower	Upper	β	df	t	p
(Intercept)	3.013	0.019	2.976	3.049	0	476	158.964	<.001
Procurement Practices	0.438	0.062	0.329	0.564	0.247	476	7.055	<.001
Policy and regulations on inclusive procurement	1.369	0.058	1.262	1.486	0.615	476	23.415	<.001
Barriers to inclusive procurement	-0.338	0.094	-0.529	-0.157	-0.179	476	-3.588	<.001

Names	Estimate	SE	Lower	Upper	β	df	t	p
Enablers to procurement opportunities	0.022	0.101	-0.177	0.194	0.012	476	0.224	0.823
Development of SMEs	0.310	0.069	0.168	0.429	0.313	476	4.52	<.001

Note. Inferential tests and p-values are adjusted for heteroscedasticity

Source: Research data (2025)

- Procurement practices (0.438, $p < .001$) is significant with positive effects. Good procurement practices are associated with more inclusive procurement strategies. The correlations result provided supportive evidence for the research hypothesis H1: Procurement practices have a positive and significant effect on inclusive procurement strategies.
- Policies and regulation on inclusive procurement (1.369, $p < 0.001$) significant positive association. Geipel (2020) highlights that reporting frameworks such as the Mining Local Procurement Reporting Mechanism (LPRM) provide a robust foundation for progressively gathering more detailed information and enhancing internal management practices within mining companies. Such frameworks not only contribute to generating greater benefits for host countries but also play a critical role in strengthening mining companies' social licence to operate.
- Barriers hindering access (-0.338, $p < 0.001$) have a significant negative association. More barriers experienced correlate with less inclusive procurement. Monczka et al. (2021, p. 97) identify several barriers that hinder SMEs from entering supply chains, including limited access to capital, large firms' efforts to optimise and consolidate their supplier bases, and an overreliance on established large suppliers. Fessehaie (2017, p. 30) notes further barriers, including limited experience, lack of economies of scale, high capital demands, weak R&D, restricted access to distribution networks and global supply chains, and difficulties in meeting international standards and adopting world-class manufacturing practices.
- Enablers to procurement opportunities (0.022, $p = 0.823$), Not significant. Suggests little to no measurable impact of enablers on inclusive practices in this model.

- The development of SMEs (0.310, p < 0.001) is significant. Suggests that perceptions of positive impact on the development SMEs are strongly linked to more inclusive practices.

5.6.2 H1 Linear regression analysis

For H1, the results are presented in Table 5.24. The linear regression model predicting inclusive procurement strategies indicated a moderate fit (R = 0.597, R^2 = 0.356), with 35.6% of the variance explained by the predictors. The omnibus ANOVA confirmed that the model was statistically significant, F (1, 145.211) = 268, p < .001. Further analysis showed that procurement practices (β = 1.060, SE = 0.065, t = 16.36, p < .001) were a significant predictor.

Table 5.24: H1 Model summary, Omnibus ANOVA test and Model Coefficients

Model Fit Measures					
Model	**R**			**R^2**	
1	0.597			0.356	
Omnibus ANOVA Test					
	Sum of Squares	**df**	**Mean Square**	**F**	**p**
Procurement Practices	145	1	145.112	268	<.001
Residuals	262	483	0.542		
Model Coefficients - Inclusive procurement Strategies					
Predictor	**Estimate**	**SE**	**t**	**p**	
Intercept	0.185	0.1761	1.05	0.294	
Procurement Practices	1.060	0.0648	16.36	<.001	

Source: Research data (2025)

5.6.3 H2, H6 Linear regression analysis

For H2 and H6, the regression analyses presented in Table 5.25 revealed that enablers of access to procurement opportunities were significantly influenced by procurement practices and barriers to inclusive procurement. The model demonstrated strong explanatory power (R = 0.765, R^2 = 0.585), accounting for 58.5% of the variance in enablers. The coefficients indicated that procurement strategies exerted a significant

negative effect (β = –0.239, SE = 0.034, t = –6.99, p < .001), while barriers had a strong positive effect (β = 0.544, SE = 0.037, t = –17.23, p < .001).

Table 5.25: H2, H6 Model summary, Omnibus ANOVA test and Model Coefficients

Model Fit Measures

Model	R	R^2
1	0.765	0.585

Omnibus ANOVA Test

	Sum of Squares	df	Mean Square	F	p
Procurement Practices	5.17	1	5.171	48.9	<.001
Barriers to inclusive procurement	31.43	1	31.433	297.0	<.001
Residuals	51.02	482	0.106		

Model Coefficients - Enablers to access Procurement Opportunities

Predictor	Estimate	SE	t	p	Stand. Estimate
Intercept	6.111	0.0778	78.51	<.001	
Procurement Practices	-0.239	0.0341	-6.99	<.001	-0.245
Barriers to inclusive procurement	-0.626	0.0363	-17.23	<.001	-0.603

Source: Research data (2025)

Table 5.26 below shows the outcome to examine the collinearity between the procurement practices, and barriers to inclusive procurement constructs, as constructs in predicting enablers to access procurement opportunities. Hair et al. (2020) suggest that a tolerance value of 0.10 or below, or a VIF of 10 or above, indicates high collinearity. The VIF value of 1.42 confirmed that multicollinearity was not a concern.

Table 5.26: Collinearity Statistics - Enablers to access Procurement Opportunities

	VIF	Tolerance
Procurement Practices	1.42	0.703
Barriers to inclusive procurement	1.42	0.703

Source: Research data (2025)

5.6.4 H4 Linear analysis

For H4, the regression analysis further supported the role of inclusive procurement strategies, indicating that they were a positive and significant predictor of SME development (β = 0.617, SE = 0.0364, t = 16.96, p < .001). The model demonstrated a moderate fit (R = 0.611, R^2 = 0.373), with procurement practices explaining 37.3% of the variance in SME development.

Table 5.27: H4 Model summary and Omnibus ANOVA test

Model Fit Measures					
Model	**R**		**R^2**		
1	0.611		0.373		
Omnibus ANOVA Test					
	Sum of Squares	**df**	**Mean Square**	**F**	**p**
Inclusive procurement strategies	155	1	154.892	287	<.001
Residuals	260	483	0.539		
Model Coefficients - Impact of inclusive procurement strategies to the development of SMEs					
Predictor	**Estimate**	**SE**	**t**	**p**	
Intercept	0.959	0.1145	8.37	<.001	
Inclusive procurement Strategies	0.617	0.0364	16.96	<.001	

Source: Research data (2025)

5.6.5 H3 Mediation analysis

For H3, the mediation analysis indicated that inclusive procurement strategies exerted both direct and indirect effects on SME development. Parameters were estimated using the Maximum Likelihood (ML) technique, which identifies values that maximise the likelihood function for the observed data. The direct effect was positive and significant (β = 0.438, SE = 0.031, z = 14.18, p < .001), while the indirect effect via enablers was also significant (β = 0.173, SE = 0.021, z = 8.31, p < .001), suggesting a suppressor effect.

The total effect remained strong and significant (β = 0.611, SE = 0.028, z = 21.46, p < .001), underscoring the substantive role of procurement practices.

Path coefficients, which are standardised regression coefficients used in path analysis and structural modelling, quantify the strength and direction of causal effects between variables (Hair et al., 2020). Constructs with arrows pointing to them are endogenous variables, which may act as both independent and dependent variables, whereas constructs with only arrows pointing from them are exogenous variables and are always independent (Hair et al., 2020, p. 160). The path coefficients revealed that procurement practices negatively predicted enablers (β = –0.372, SE = 0.039, z = –9.50, p < .001), and enablers in turn negatively predicted SME development (β = –0.465, SE = 0.031, z = –15.25, p < .001).

Table 5.28: H3 Parameter Estimates and Path Coefficients

Parameter estimates					95% Confidence Interval	
Construct	**Std. estimate**	**Std. error**	**z-value**	**p**	**Lower**	**Upper**
Direct Effects						
Inclusive procurement Strategies -> Development of SMEs	0.438	0.031	14.181	< .001	0.377	0.498
Indirect Effects						
Inclusive procurement Strategies -> Enablers to procurement opportunities -> Development of SMEs	0.173	0.021	8.311	< .001	0.132	0.214
Total Effects						
Inclusive procurement Strategies -> Development of SMEs	0.611	0.028	21.459	< .001	0.555	0.667

Path Coefficients					95% Confidence Interval	
Construct	**Std. estimate**	**Std. error**	**z-value**	**p**	**Lower**	**Upper**

Enablers to procurement opportunities -> Impact on SME development	-0.465	0.031	-15.254	< .001	-0.525	-0.406
Inclusive procurement Strategies -> Development to SMEs	0.438	0.031	14.181	< .001	0.377	0.498
Inclusive procurement Strategies -> Enablers to procurement opportunities	-0.372	0.039	-9.502	< .001	-0.449	-0.295

Source: Research data (2025)

The mediation analysis demonstrated that inclusive procurement strategies had both direct and indirect effects on SME development. The direct effect was positive and significant, while the indirect effect via enablers also reached significance, indicating a suppressor effect. Overall, the total effect remained strong, underscoring the importance of procurement practices. Path coefficients revealed that procurement practices negatively predicted enablers, which in turn negatively predicted SME development, highlighting the complex and sometimes contradictory role of enabling mechanisms within procurement systems.

5.6.6 H5 Moderation analysis

For H5, the general linear model (Table 5.29) demonstrated strong explanatory power (R^2 = 0.513, adjusted R^2 = 0.510), with the omnibus test confirming overall adequacy ($F(3,485) = 169$, $p < .001$). Policies and regulations on inclusive procurement ($\beta = 0.402$, SE = 0.075, $t = 5.386$, $p < .001$) and procurement strategies ($\beta = 0.693$, SE = 0.059, $t = 11.79$, $p < .001$) emerged as significant predictors. Importantly, the model revealed a significant interaction effect between policies and regulations and procurement practices ($\beta = –2.374$, SE = 0.145, $t = –16.322$, $p < .001$). Collectively, the predictors accounted for 51.3% of the variance in SME development, underscoring both the direct and interactive influence of policies, regulations, and procurement strategies.

Table 5.29: Model Results

Model Fit					
R^2	**Adj. R^2**	**df**	**df (res)**	**F**	**p**
0.513	0.510	3	485	169	<.001

ANOVA Omnibus tests

Construct	SS	df	F	p	η^2p
Model	213.158	3	169.219	<.001	0.513
Policies and Regulations on inclusive procurement	12.179	1	29.006	<.001	0.057
Procurement Practices	58.325	1	138.906	<.001	0.224
Policies and Regulations on inclusive procurement **X** Procurement Practices	111.861	1	266.407	<.001	0.356
Residuals	201.966	481			
Total	415.123	484			

Table 5.30: Parameter Estimates (Coefficients)

			95% Confidence Intervals					
Names	**Estimate**	**SE**	**Lower**	**Upper**	**β**	**df**	**t**	**p**
(Intercept)	2.907	0.030	2.848	2.965	0.097	481	97.116	<.001
Policies and Regulations on inclusive procurement	0.402	0.075	0.255	0.549	0.179	481	5.386	<.001
Procurement Practices	0.693	0.059	0.578	0.809	0.387	481	11.786	<.001
Policies and Regulations on inclusive procurement **X** Procurement Practices	-2.374	0.145	-2.660	-2.089	-0.546	481	-16.322	<.001

The moderation analysis (H5) underscores the critical role of institutional frameworks in SME development. Policies and regulations, together with procurement strategies, were significant predictors, while the strong interaction effect revealed that regulatory environments can either enhance or constrain inclusive procurement. With 51.3% of the variance explained, the findings highlight that outcomes depend not only on procurement strategies but also on their alignment with broader policy structures, reinforcing the need for coherence between institutional frameworks and procurement practices.

5.6.7 Hypothesis Testing

Table 5.31 summarises the hypotheses and presents the analysis of the path coefficients, t-statistics, and p-values for the hypothesised paths.

Table 5.31: Summary of hypotheses

No	Hypothesis	p	Decision (rejected or accepted?)
H1	Procurement practices (Construct 1) have a positive and significant effect on inclusive procurement strategies (Construct 2). ***Regression***	*b=1.060, p<0.001*	Accepted
H2	Procurement practices (Construct 1) positively influence enablers that support access to procurement opportunities (Construct 5). ***Regression***	*b=-0.239, p<0.001*	Rejected
H3	Enablers to access procurement opportunities (Construct 5) positively mediate the relationship between inclusive procurement strategies (Construct 2) and the impact on SME development (Construct 6). ***Mediation***	*b=0.173, p<0.001*	Accepted (Indirect effect)
H4	Inclusive Procurement strategies (Construct 2) have a direct positive effect on SME development. (Construct 6) ***Regression***	*b=0.617, p<0.001*	Accepted
H5	Policies and regulations (Construct 4) positively moderate the relationship between inclusive procurement strategies (Construct 2) and SME development. (Construct 6) ***Moderation***	b=-2.374, p<0.001	Rejected
H6	Barriers (Construct 4) negatively influence the effect of enablers on access to procurement opportunities. (Construct 5)	*b=-0.626, p<0.001*	Accepted

Based on the analyses (Table 5.31), the findings indicate that 'Procurement Practices' positively influence 'Inclusive Procurement Strategies' (β = 1.060, p < .001), thereby supporting H1. 'Procurement Practices' negatively affect 'Enablers to Procurement Opportunities' (β = –0.239, p < .001), leading to the acceptance of H2. 'Enablers to Access Procurement Opportunities' exert an indirect effect on both 'Inclusive Procurement Strategies' and 'SME Development' (β = 0.173, p < .001), thus supporting H3. 'Inclusive Procurement Practices' directly and positively influence 'SME Development' (β = 0.617, p < .001), confirming H4. In contrast, 'Policies and Regulations' negatively moderate the relationship between 'Procurement Practices' and 'SME Development' (β = –2.374, p < .001), resulting in the rejection of H5. Finally, 'Barriers'

negatively influence ‘Enablers to Access Procurement Opportunities’ (β = –0.626, p < .001), thereby supporting H6. The results when taken back to the original hypothesis show the following outcome:

Table 5.32: Hypothesis Outcome

No	Hypothesis	Outcome
H1	Procurement practices have a positive and significant effect on inclusive procurement strategies.	Accepted
H2	Procurement practices positively influence enablers that support access to procurement opportunities.	Rejected
H3	Enablers to access procurement opportunities positively mediate the relationship between inclusive procurement strategies and the impact on SME development.	Accepted
H4	Inclusive Procurement strategies by mining companies have a direct positive effect on SME development.	Accepted
H5	Policies and Regulations positively moderate the relationship between inclusive procurement strategies and SME development.	Rejected
H6	Barriers that negatively influence the effect of enablers on access to procurement opportunities.	Accepted

The rejected hypotheses highlight gaps in the implementation of inclusive procurement policy, particularly when government initiatives are pursued without sufficient consideration of industry requirements and challenges. Flaig and Stone (2023) observe that, in adopting Local Content Requirements (LCRs), policymakers often fail to anticipate and address practical constraints that undermine efficiency and effectiveness. The success of any LCR policy is contingent upon several interrelated factors, including the political relationship between government and industry, the capacity of local small and medium-sized enterprises (SMEs), and the strategies employed by multinational corporations (Flaig & Stone, 2023).

5.7 SUMMARY OF FINDING

The study findings demonstrates that inclusive procurement practices within the South African mining sector hold significant potential to transform the landscape for small and medium-sized enterprises (SMEs). However, their impact is conditional and shaped by the interplay between enabling mechanisms and persistent barriers. Procurement practices emerge as both gatekeepers and facilitators: they can either entrench exclusion through rigid requirements or open pathways by reducing entry barriers and fostering inclusivity.

The findings highlight that inclusive procurement is not merely a compliance exercise but a developmental strategy. When implemented effectively, it enhances transparency, promotes fair competition, and strengthens SME capacity to integrate into mining supply chains. Yet, the gap between policy frameworks and actual procurement practices remains a critical challenge. Regulations alone do not guarantee SME-friendly procurement systems; meaningful change requires alignment between legislative intent and operational realities.

Barriers such as high compliance costs, limited access to finance, and entrenched supplier networks continue to undermine the effectiveness of enablers. Addressing these systemic obstacles is essential if inclusive procurement is to deliver on its promise of SME development.

Ultimately, the impact of inclusive procurement in the mining sector depends on a deliberate shift from policy rhetoric to practical implementation. Mining companies must embed inclusivity into procurement systems, dismantle structural barriers, and actively support SME participation. Only then can inclusive procurement evolve from a theoretical commitment into a tangible driver of economic empowerment, fostering sustainable growth and resilience among SMEs in South Africa’s mining industry.

5.8 CONCLUSION

This chapter has presented the statistical findings derived from the collected data. Descriptive statistics were employed to report means, standard deviations, and Cronbach's alpha values for all study variables. Inferential techniques included hypothesis testing (Z-tests, t-tests, and ANOVA) and regression analyses (linear and logistic).

Findings collectively demonstrate that inclusive procurement in the South African mining sector is not automatically transformative for SMEs. Its impact depends on how procurement practices are operationalised: whether they genuinely reduce barriers and foster fair competition, or whether entrenched systems continue to limit SME access. In other words, inclusive procurement has conditional impact, powerful when barriers are addressed but limited when policy remains disconnected from practice. The significant findings of the chapter are as follows:

- Procurement practices shape the inclusive procurement strategies adopted by mining companies. However, they currently function as barriers, substantially reducing the effectiveness of enablers in improving SMEs' access to procurement opportunities within the mining sector.
- Procurement practices act as enablers of procurement opportunities for SMEs by fostering access to supply chains, reducing entry barriers, and promoting inclusivity within procurement systems.
- Inclusive procurement strategies directly impact SME development. When effectively implemented, such practices can enhance transparency, create fairer competition, and strengthen the capacity of small enterprises to participate in and benefit from procurement opportunities.
- Policies and regulations on inclusive procurement do not necessary lead to procurement practices that support SME development.
- Barriers negatively influence the effect of enablers on access to procurement opportunities.

The following chapter integrates the study's objectives with the empirical findings, drawing conclusions that situate the results within the broader theoretical framework. It further highlights the practical implications for policy and industry, and provides recommendations designed to address identified gaps, strengthen inclusive procurement practices, and support sustainable SME development.

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

This chapter presents the study's key findings, conclusions, and recommendations regarding the impact of inclusive procurement practices on the development of SMEs operating within the South African mining sector. It begins by revisiting the research questions and objectives outlined in Chapter 1, thereby reinforcing the alignment between the study's initial aims and its empirical outcomes. The chapter then offers a detailed discussion of the findings, followed by a synthesis of the results and the conclusions drawn from them. Furthermore, it outlines the study's contributions to existing knowledge, acknowledges its methodological and contextual limitations, and proposes practical recommendations for policy and practice. Finally, it identifies areas for future research, thereby positioning the study within the broader discourse on inclusive procurement and SME development.

6.2 REVISIT RESEARCH QUESTIONS AND OBJECTIVES

The main research question that is stated in Chapter 1 is the following: "*To what extent do inclusive procurement practices influence the development SMEs operating in the South African mining sector?"*

The overarching secondary research questions in response to the above were stated as:

i. What procurement practices are employed by mining companies?
ii. Which policies and regulations on inclusive procurement promote the development of SMEs?
iii. How do inclusive procurement practices contribute towards the development of SMEs?
iv. Which challenges limit the effective participation of SMEs in inclusive procurement in the mining sector?
v. How do mining inclusive procurement strategies improve access to procurement opportunities for SMEs?

vi. How does the relationship between procurement practices, policy and regulatory frameworks, enablers of procurement access, and inclusive procurement strategies influence the development of SMEs within the South African mining sector?

The primary aim of this study is to examine the extent to which inclusive procurement practices influence the development of SMEs operating within the South African mining sector.

To achieve the main aim, the following **research objectives** needed to be achieved:

vii. Identifying key procurement practices employed by mining companies.
viii. Examining the policies and regulations on inclusive procurement that promote the development of SMEs.
ix. Assessing the extent to which inclusive procurement strategies contribute towards the development of SMEs.
x. Determining the challenges that hinder SMEs from effectively participating in inclusive procurement within the mining sector.
xi. Evaluating to what extent inclusive procurement strategies employed by mining companies improve access to procurement opportunities for SMEs.
xii. Examining how procurement practices, policy and regulatory frameworks, enablers of procurement access, and inclusive procurement strategies collectively influence the development of SMEs within the South African mining sector.

To answer the research objectives the following hypotheses were formulated:

Table 6.1: Hypotheses

No	Null Hypotheses	No	Positive Hypotheses
Ho1	Procurement practices have no positive and significant effect on inclusive procurement strategies.	H1	Procurement practices have a positive and significant effect on inclusive procurement strategies.

No	Null Hypotheses	No	Positive Hypotheses
Ho2	Procurement practices do not positively influence enablers that support access to procurement opportunities.	H2	Procurement practices positively influence enablers that support access to procurement opportunities.
Ho3	Enablers to access procurement opportunities do not positively mediate the relationship between inclusive procurement practices and the impact on SME development.	H3	Enablers to procurement opportunities positively mediate the relationship between inclusive procurement strategies and the impact on SME development.
Ho4	Inclusive procurement practices by mining companies do not have a direct positive effect on SME development.	H4	Inclusive procurement strategies by mining companies have a direct positive effect on SME development.
Ho5	Policies and Regulations on inclusive procurement do not positively moderate the relationship between procurement practices and SME development.	H5	Policies and Regulations positively moderate the relationship between inclusive procurement strategies and SME development.
Ho6	Barriers do not negatively influence the effect of enablers on access to procurement opportunities.	H6	Barriers negatively influence the effect of enablers on access to procurement opportunities.

6.3 DISCUSSION OF RESEARCH FINDINGS

This section discusses the research findings described in detail in Chapter 5. The data was collected to provide evidence in response to the main research question as presented in Chapter 1: *To what extent do inclusive procurement practices impact SMEs operating in the South African mining sector?*

6.3.1 Secondary research question 1

What procurement practices are employed by mining companies?

The question was asked to determine the procurement practices deployed by mining companies. A literature review was conducted in Chapter 3, where Section 3.3 examined mining procurement practices. In (3.3.1) the mine value chain, in which procurement demand is generated in value-adding activities across exploration, extraction, processing, and delivery. In (3.3.2) the application of the SCOR model in mining which provides a

structured framework to standardise, measure, and improve procurement and supply chain processes. The procurement practices are then discussed in Section 3.4.1, which includes strategic sourcing, centralised procurement, solicitation and selection, supplier management, category management, electronic procurement, and outsourcing. Section 3.4.2 addresses the key criteria used to select suppliers in the procurement process, which includes value for money, quality and reliability, delivery time and logistics, supplier performance and financial stability, risk management, sustainability, and supplier due diligence.

The survey results in Section 5.3.1 reveals in an overwhelming response (>90%) that supplier management, leverage of consolidated volumes, Procure-to-Pay (P2P) process, local procurement, tender process, and online procurement are important practices. Strategic sourcing somewhat important, and that category management, and centralised procurement are regarded as less important practices. This suggests that mine procurement is driven more by operational needs than strategic segmentation.

These findings highlight a divergence between theoretical procurement frameworks and the practical priorities of mining companies, suggesting that while academic models emphasise strategic sourcing and category management, industry practice places greater value on operational efficiency, supplier relationships, and local procurement initiatives that directly support SME development.

6.3.2 Secondary research question 2

Which policies and regulations on inclusive procurement promote the development of SMEs?

This question was aimed at determining the policies and regulations on inclusive procurement that promote the development of SMEs. In Section 3.5.2, international best practices were discussed, focusing on global policies and sustainability frameworks that have been implemented to support inclusive procurement and facilitate reporting on progress made. These include:

i. ICMM Principles for Sustainable Development;

ii. UN Sustainable Development Goals;
iii. ESG Reporting Framework;
iv. Global Reporting Initiative (GRI) disclosure requirements for the Mining Local Procurement Reporting Mechanism (LPRM);
v. World Bank Practical Guide to Increase Mining Local Procurement; and
vi. African Union: Africa Mining Vision.

Global sustainability frameworks actively support SME development by embedding inclusive procurement into mining and supply chains, ensuring local businesses benefit from resource projects. They promote transparency, capacity-building, and fair participation of SMEs in procurement, linking local economic growth to global sustainability goals.

Furthermore, Section 3.6 explores the policies and regulations influencing inclusive procurement within the South African mining sector. The following are identified as central instruments: the Mineral and Petroleum Resources Development Act (MPRDA), Social and Labour Plans (SLPs), Broad-Based Black Economic Empowerment (B-BBEE), and Mining Charter III. Collectively, these frameworks and regulations establish both the global and national foundations for promoting inclusive procurement, thereby contributing to the sustainable development of SMEs in the mining industry. This alignment between international best practices and national regulatory frameworks underscores the strategic importance of inclusive procurement as a driver of socio-economic transformation, positioning SMEs as key agents in advancing sustainable development within South Africa's mining sector.

The survey results presented in Section 5.3.3 assessed both local and global policies and regulations on inclusive procurement that support SME development in the local communities where mining operations take place. The findings show that:

- National and sector-specific policies (Mining Charter, B-BBEE Act, SLPs, local content policies) are seen as the most effective in promoting SME development. They provide

binding obligations and measurable targets that directly influence procurement practices.

- International frameworks (ICMM Principles, OECD Guidance**)** are valued less, likely because they are voluntary, broad, and less enforceable in the South African mining context.
- Reporting mechanisms (ESG, GRI) are highly regarded, showing that transparency and disclosure are critical in ensuring that inclusive procurement is not just policy, but practice.

These findings highlight the importance of aligning international reporting frameworks with national regulatory instruments to ensure that inclusive procurement practices not only strengthen compliance but also deliver tangible socio-economic benefits to SMEs operating within mining communities.

6.3.3 Secondary research question 3

What is the extent that inclusive procurement strategies contribute towards the development of SMEs?

The aim of the question was to determine the impact of inclusive procurement practices on the development of SMEs. To answer this question hypothesis H4 was formulated as follows:

Ho4: Inclusive Procurement practices by mining companies do not have a direct positive effect on SME development.

H4: Inclusive Procurement strategies by mining companies have a direct positive effect on SME development.

The study investigated the relationship between inclusive procurement strategies and the development of SMEs. The results indicated a moderate positive relationship between inclusive procurement strategies and the development of SMEs ($r = 0.\ 0.551$; medium effect; $p < .001$). The medium effect showed that inclusive procurement explains a

meaningful portion of SME development outcomes. The relationship is statistically significant.

Therefore, the **Null Hypothesis (Ho4)** is rejected, and **alternative hypothesis (H4)** is accepted. This supports the idea that policies encouraging supplier diversity, access to procurement opportunities, and equitable participation in the mining value chain are effective tools for fostering SME development. This aligns with prior literature discussed in Section 2.4.4 which emphasised that supplier diversity and equitable access to procurement contracts contribute to SME growth, job creation, and community development. The medium effect size further suggests that while inclusive procurement is a significant driver, complementary factors such as access to finance, skills development, and supportive regulatory frameworks also play critical roles in sustaining SME growth.

6.3.4 Secondary research question 4

Which challenges limit the effective participation of SMEs in inclusive procurement in the mining sector?

This question aims to identify the challenges and barriers in the mining industry that prevent effective inclusive procurement for SMEs. Section 3.8 of the literature review discussed the challenges encountered in implementing inclusive procurement in the mining sector. Section 3.8 highlights that inclusive procurement in the mining sector is characterised by a dual set of constraints: those articulated by mining companies and those experienced by SMEs. While mining companies emphasise cost, competitiveness, and policy inconsistencies, SMEs highlight structural disadvantages such as limited capacity, financial constraints, and technological gaps.

The outcome of the survey results presented in Section 5.3.4 identified the following:

- **Barriers imposed by mining companies dominate:** Cost-saving priorities, administrative red tape, and preference for large companies are the most significant barriers. Evergreen contracts and weak SME-focused policies further restrict access. Limited supplier development programmes highlight a lack of structured support for

SME growth These reflect systemic procurement practices that inherently disadvantage SMEs.

- **Financial and operational barriers:** Access to funding and long payment cycles are critical challenges that affect SME sustainability. These barriers are practical and directly impact cash flow and growth potential.

Perceived SME limitations are less significant as respondents largely disagreed that SMEs lack technical skills or capacity. This suggests that the problem lies more with mining company practices and policies than with SME capabilities.

Lastly, the following hypothesis was formulated to examine if barriers had a negative effect on the enablers to access procurement opportunities at the mine.

Ho6: Barriers do not negatively influence the effect of enablers on access to procurement opportunities.
H6: Barriers negatively influence the effect of enablers on access to procurement opportunities.

The correlation between barriers to inclusive procurement and enablers to access procurement opportunities was strong and significant ($r=0.790$; $p<.001$). This indicates that the more barriers exist, the less effective enablers to procurement opportunities for SMEs are. Therefore, the **Null Hypothesis (Ho6)** is rejected, and **alternative hypothesis (H6)** is accepted.

6.3.5 Secondary research question 5

How mining inclusive procurement strategies improve access to procurement opportunities for SMEs?

This question has been intended to investigate the inclusive procurement strategies implemented by mining companies to ensure the participation of SMEs in the mine supply chain. Chapter 2, Section 2.4.3 highlights inclusive procurement best practices, which

include: (i) strategic alignment through policy integration; (ii) category management to build efficiencies; (iii) supplier management and development as structural interventions; (iv) establishing supplier development programmes; (v) leveraging on technology; (vi) culture and partnership as enablers of inclusion. Chapter 3 expands on these strategies by examining those implemented by mining companies. Table 3.11 provides a summary of inclusive procurement strategies in mining companies, which include integration into business strategy; ring-fencing; unbundling contracts; subcontracting and joint ventures; inclusive procurement targets; local content selection criteria; immediate early payment terms; and access to funding.

Section 5.3.2 presents survey results on inclusive procurement strategies as observed by the SMEs that participated. The mean scores ranged from 2.78 to 3.14, indicating that respondents generally adopted a position of “neither agree nor disagree” or expressed indifference toward the statements on inclusive procurement strategies by mining companies. This suggests that SMEs had a low perception of the effectiveness of these strategies, likely because they had not directly experienced their implementation in practice. The summary results indicate the following:

- **Policy-driven strategies are stronger:** Mining companies are perceived to comply with empowerment policies, especially those supporting black-owned SMEs and preferential treatment in procurement. These strategies align with national frameworks like the Mining Charter and B-BBEE Act.

- **Indirect access through subcontracting:** Subcontracting opportunities with large firms are moderately effective, allowing SMEs to participate indirectly in the mining value chain. However, this does not guarantee long-term sustainability or independence for SMEs.

- **Capacity-building strategies are weak:** Supplier development programmes, purchase order funding, and early payment terms scored lower, showing limited

support for SMEs' operational challenges. Technical enablement and incubation scored the lowest, highlighting a major gap in innovation and skills transfer.

- **Networking and community agreements are moderately effective:** Networking opportunities and community procurement provisions are acknowledged but not strongly embedded. This suggests mining companies may engage in these practices sporadically rather than systematically.

Access to procurement opportunities was further shown to depend on supplier selection criteria. The survey results presented in Section 5.3.5 revealed that the following were considered of high importance: Broad-Based Black Economic Empowerment (B-BBEE) status, proximity to the mine site, experience, possession of existing contracts, reputation in the market based on positive references, and delivery lead times.

Taken together, these findings highlight a critical gap between the inclusive procurement strategies articulated by mining companies and the actual experiences of SMEs. While companies report adopting a range of inclusive practices, SMEs perceive limited implementation, with access largely determined by stringent supplier selection criteria. This underscores the need for mining companies to move beyond policy statements and ensure that inclusive procurement strategies are operationalised in ways that tangibly benefit SMEs and local communities.

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6.3.6 Secondary research question 6

What is the impact of the relationship between procurement practices, policies and regulations, enablers to procurement opportunities, and inclusive procurement strategies on the development of SMEs in the South African mining sector?

The research question sought to determine the impact of procurement practices, policies and regulations, enablers to procurement opportunities, and inclusive procurement strategies on the development of SMEs in the South African mining sector.

To answer the sub-research, question the following hypothesis was formulated:

- ***What is the relationship between procurement practices and inclusive procurement strategies in mining?***

The following hypothesis has been formulated to assess the relationship between procurement practices and procurement strategies in mining.

Ho1: Procurement practices have no positive and significant effect on inclusive procurement strategies.
H1: Procurement practices have a positive and significant effect on inclusive procurement strategies.

To establish the relationship between procurement practices and inclusive procurement strategies in mining, the correlation coefficient was used. The outcome ($r=0.790$; $p<.001$) indicates a significant, strong positive relationship, suggesting that there is an alignment between procurement practices and inclusive procurement strategies in mining. Therefore, the **Null Hypothesis (Ho1)** is rejected, and **alternative hypothesis (H1)** is accepted. This confirms that procurement practices directly reinforce inclusive procurement strategies, making them critical levers for advancing SME development in the mining sector.

- ***What is the relationship between procurement practices and enablers to access procurement opportunities for SMEs?***

The following hypothesis was formulated to assess the relationship between procurement practices and enablers to access procurement opportunities for SMEs.

Ho2: Procurement practices do not positively influence enablers that support access to procurement opportunities.
H2: Procurement practices positively influence enablers that support access to procurement opportunities.

To establish the relationship between procurement practices and enablers to access procurement opportunities the correlation coefficient was used. The outcome ($r=-0.624$;

p<.001) indicates a strong negative relationship between procurement practices and enablers to access procurement opportunities. Therefore, the **Null Hypothesis (Ho2)** is accepted, and **alternative hypothesis (H2)** is rejected. This indicates that mining companies may be implementing enablers ("on paper") but their procurement practices are not aligned, weakening outcomes. The statistically significant negative correlation confirms that procurement practices currently act as barriers, strongly diminishing the effectiveness of enablers in improving access to procurement opportunities for SMEs in the mining sector.

- ***Do enablers to procurement opportunities positively mediate the relationship between inclusive procurement strategies and the impact on SME development in the mining sector?***

The following hypothesis was formulated to evaluate how enablers to procurement opportunities influence the relationship between inclusive procurement strategies and SME development.

Ho3: Enablers to access procurement opportunities do not positively mediate the relationship between inclusive procurement practices and the impact on SME development.
H3: Enablers to procurement opportunities positively mediate the relationship between inclusive procurement strategies and the impact on SME development.

Mediation analysis was conducted, and the outcome ($\beta = 0.173$, $SE = 0.021$, $z = 8.31$, $p < .001$) confirms that enablers to procurement opportunities positively mediate the relationship between inclusive procurement strategies and SME development. This means that inclusive procurement strategies translate into stronger small business development outcomes when enablers are present. Without enablers, the effect of strategies on SME development would be weaker. Therefore, the **Null Hypothesis (Ho3)** is rejected, and **alternative hypothesis (H3)** is accepted.

- ***Do policies and regulations positively moderate the relationship between inclusive procurement strategies and SME development?***

The following hypothesis was formulated to evaluate how policies and regulations influence the relationship between inclusive procurement strategies and SME development.

Ho5: Policies and Regulations on inclusive procurement do not positively moderate the relationship between procurement practices and SME development.
H5: Policies and Regulations positively moderate the relationship between inclusive procurement strategies and SME development.

Moderation analysis was conducted, and the outcome ($\beta = -2.374$, SE = 0.145, $t = -16.322$, $p < .001$). Regression coefficient ($\beta = -2.374$) indicates a negative moderation effect of policies and regulations on the relationship between inclusive procurement strategies and SME development. This implies that the current regulatory frameworks may not be fully aligned with the operational realities of SMEs, limiting the effectiveness of inclusive procurement strategies.

Therefore, the **Null Hypothesis (Ho5)** is accepted, and **alternative hypothesis (H5)** is rejected. The moderation analysis confirms that policies and regulations negatively moderate the relationship between inclusive procurement strategies and SME development. This means that reforms are needed to ensure policies act as enablers rather than constraints, allowing inclusive procurement strategies to fully deliver on their developmental objectives.

6.4 CONCLUSIONS AND RECOMMENDATIONS BASED ON THE RESEARCH FINDINGS

6.4.1 Summary of the research study

This section summarises the previous chapters of the study and proposes recommendations for overcoming the identified shortcomings in the mining industry.

Chapter 1: This chapter lays the groundwork for the study by outlining its background and scope, positioning the research within a broader academic and practical context. It articulates the problem statement and outlines the primary objective, supported by clearly defined theoretical and empirical objectives that guide the inquiry. The chapter also introduces the research question, which serves as the central focus of the investigation. Finally, it provides a structured outline of the entire study.

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Chapter 2: This chapter examines the theories related to the study. Then explores the concept of inclusive procurement, outlining its definition, historical development, and connection to broader ideas such as supplier diversity and sustainable procurement. It highlights practical approaches such as supplier development programmes, policy frameworks, and partnerships. Overall, the chapter positions inclusive procurement as both a social imperative and a strategic tool for advancing equity, innovation, and sustainability.

Chapter 3: This chapter examines inclusive procurement within the South African mining sector, beginning with an overview of the industry and the socio-economic difficulties experienced communities where mining operations are hosted. It identifies the drivers of inclusive procurement, including government mandates, corporate responsibility, and community development needs, and situated these within broader supply chain and procurement practices. The chapter highlights both local initiatives and international best practices, while analysing the role of policies and regulations such as the Mining Charter. It evaluates the sector's performance on inclusive procurement, acknowledges key implementation challenges, and proposes measures for improvement such as supplier development, stronger enforcement, and collaborative partnerships.

Chapter 4: This chapter details the methodological approach adopted to fulfil the study's objectives and provides an overview of the research design. Explaining the rationale for the chosen approach, while also detailing the population and sampling strategy to ensure representativeness and reliability. The chapter further describes the data collection

methods and analysis techniques, showing how data was interpreted to address the research question. Ethical considerations and methodological limitations are also discussed, reinforcing the study's credibility and transparency.

Chapter 5: This chapter presents the quantitative data analysis and interpretation undertaken in the study. It describes the statistical methods used to analyse the data, including the application of descriptive statistics to summarise patterns and correlation analysis to investigate associations between variables. The chapter highlights significant associations, such as the link between procurement practices and socio-economic outcomes in mine-host communities, thereby providing evidence of how different factors interact. Graphs, tables, and statistical outputs are employed to illustrate the findings clearly, while the interpretation connects the results back to the research objectives and the theoretical framework.

Chapter 6: This chapter concludes the dissertation by synthesising the study's findings and reaffirming how the research objectives and questions were addressed. The conclusion highlights key insights into inclusive procurement within the South African mining sector, emphasising its socio-economic impact, regulatory influences, and the critical importance of supplier development. The chapter also acknowledges limitations, such as contextual constraints and methodological boundaries, ensuring transparency in interpreting results. Finally, it provides recommendations for practice and policy, including stronger enforcement, supplier capacity-building, improved monitoring, and collaborative partnerships, while suggesting areas for future research.

6.4.2 Conclusion relating to the research objectives

The main aim of the study, the secondary objectives and their contribution to the main objective of the study are discussed below.

6.4.2.1 Secondary research objective1

- ***To identify key procurement practices employed by mining companies.***

The survey results show that core procurement practices for mining companies include supplier management, consolidated volumes, P2P and local procurement. This shows that mining procurement is strongly oriented toward efficiency, accountability, and local inclusion, while more strategic or centralised approaches are perceived as less relevant. Respondents value practices that directly impact operational effectiveness and community empowerment, but express scepticism about tendering and online systems, possibly due to administrative burdens or exclusionary effects.

Based on these results, the research objective 1 was confirmed as follows: Mining companies in South Africa primarily employ operationally focused procurement practices that emphasise supplier management, efficiency, and local inclusion, while placing less importance on strategic and centralised approaches.

6.4.2.2 Secondary research objective 2

- ***To examine the policies and regulations on inclusive procurement that promote the development of SMEs.***

The study findings show that inclusive procurement policies and regulations are most effective when they are sector-specific, enforceable, and tied to measurable empowerment goals. The Mining Charter and ESG/GRI reporting frameworks stand out as the strongest drivers of SME development in the mining sector. Broader international guidelines, while important for global alignment, are perceived as less impactful locally.

Based on these results, the research objective 2 was confirmed as follows: Local regulatory frameworks are the dominant drivers of inclusive procurement in the South African mining sector, while global standards play a secondary, supportive role.

6.4.2.3 Secondary research objective 3

- ***To assess the extent to which inclusive procurement strategies contribute to the development of SMEs.***

The study findings reveal that inclusive procurement strategies do contribute positively, but their impact is partial and uneven. They are strongest in promoting diversity, access, and social equity, yet weakest in enabling long-term sustainability, capacity- building, and structural reforms (like contract unbundling). This suggests that mining companies must

move beyond compliance-driven approaches and invest in enablers that ensure inclusive procurement translating into lasting SME development.

Based on these results, the research objective 3 was confirmed as follows: Inclusive procurement contributes positively to SME development, but its effectiveness is limited by weak implementation of supplier development and structural reforms.

6.4.2.4 Secondary research objective 4

- ***To determine the challenges that hinder SMEs from effectively participating in inclusive procurement within the mining sector.***

The survey results show that barriers to inclusive procurement in mining are primarily systemic and policy-driven rather than SME-driven. Mining companies' focus on cost savings, administrative complexity, and preference for established suppliers create the greatest obstacles. While funding and payment delays exacerbate challenges, respondents do not view SME skills or capacity as major barriers. This implies that reforming procurement policies, reducing bureaucracy, and creating fairer access mechanisms would have a greater impact on SME development than focusing solely on SME capacity-building.

Based on these results, the research objective 4 was confirmed as follows: Mining companies and policymakers must remove systemic barriers, enhance financial and developmental enablers, and reform regulatory frameworks to ensure inclusive procurement truly drives SME growth in the sector.

6.4.2.5 Secondary research objective 5

- ***To evaluate the extent that inclusive procurement strategies employed by mining companies improve access to procurement opportunities for SMEs.***

The survey results revealed that inclusive procurement strategies in mining are more compliance-oriented than developmental. Mining companies are perceived to prioritise black-owned businesses and provide preferential access, but practical enablers such as funding, early payments, supplier development, and technical incubation remain weak.

This indicates that while mining companies are meeting policy obligations, they are not fully leveraging procurement as a tool for sustainable SME growth and innovation. Strengthening capacity-building initiatives and financial support mechanisms would significantly enhance the developmental impact of inclusive procurement.

Based on these results, research objective 5 was confirmed as follows: Inclusive procurement strategies employed by mining companies improve SME access to procurement opportunities, but their impact is limited without stronger enablers and supportive practices.

6.4.2.6 Secondary research objective 6

- ***To examine how procurement practices, policy and regulatory frameworks, enablers of procurement access, and inclusive procurement strategies collectively influence the development of SMEs within the South African mining sector.***

The results of the study demonstrated that inclusive procurement strategies can positively impact SME development in the mining sector, but only when supported by strong enablers and aligned procurement practices. Restrictive procurement practices and burdensome policies diminish this impact, highlighting the need for reforms that simplify regulatory frameworks and restructure procurement practices to complement enablers.

Based on these results it can be concluded that research objective 6 is achieved. It can be concluded that inclusive procurement strategies can drive SME development in South Africa's mining sector, but their impact is constrained by restrictive practices, weak enablers, and burdensome policies.

6.4.2.7 Main research objective

To investigate the impact of inclusive procurement practices in the mining sector on the development of SMEs in South Africa.

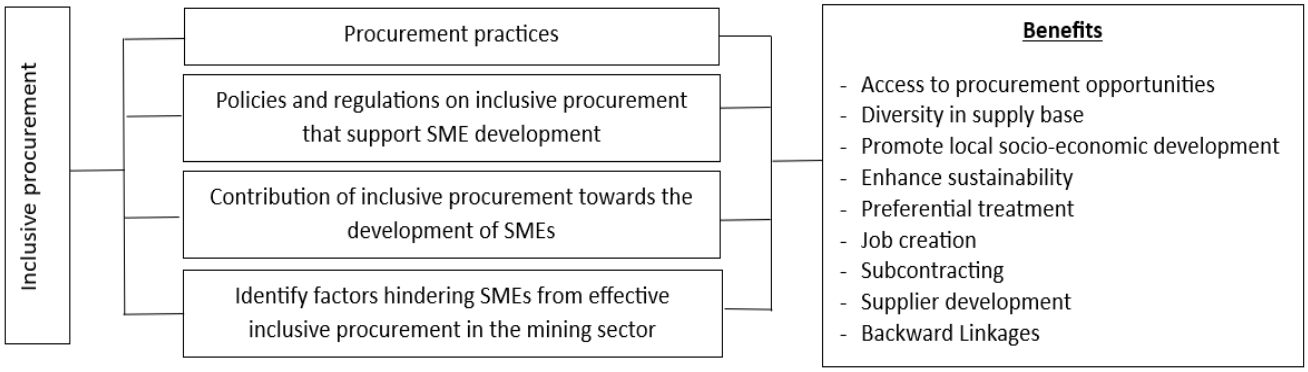
The main research objective is confirmed: Inclusive procurement practices in the South African mining sector do drive SME development, but their full impact depends on strong

enablers, supportive procurement practices, and simplified regulatory frameworks. Their impact is mediated by enablers such as supplier development programmes, financing support, and early payment terms — without these, inclusive strategies remain largely compliance-driven. However, restrictive procurement practices and burdensome policies/regulations weaken the effectiveness of inclusive procurement, limiting SMEs' ability to achieve sustainable growth. Overall, inclusive procurement has a significant but uneven impact, it succeeds in creating opportunities but falls short in ensuring long-term sustainability and competitiveness for SMEs.

6.5 RECOMMENDATIONS

Inclusive procurement is not merely a compliance requirement but a strategic tool for socio-economic transformation. By bridging the gap between policy and practice, mining companies can ensure that inclusive procurement strategies deliver tangible benefits to SMEs and local communities. Effective implementation will position the mining sector as a catalyst for sustainable development, fostering resilience, competitiveness, and equity in South Africa's economy. Figure 6.1 presents a recommended framework in implementation of inclusive procurement in the South African mining sector.

Figure 6.1: Framework in implementation of inclusive procurement in the mining sector



Source: Researcher's own compilation

6.5.1 Inclusive procurement practices

According to Monczka et al. (2021), the best practice for inclusive procurement is that it must be incorporated into an organisation's policies and procedures. Table 6.2 provides a summary of inclusive procurement practices.

Table 6.2: Inclusive procurement practices

Inclusive procurement practices	Author (s)
Preferential treatment is implemented by assigning higher preference weightings within competitive bidding processes.	Östensson (2017), Monczka et al. (2021), Geipel & De Weerdt (2021), Korinek & De Sa (2023)
Set aside arrangements.	Östensson (2017), Porter (2019)
Open tender ensuring the inclusion of underrepresented group suppliers in all RFQs, without exception.	Monczka et al. (2021)
Leveraging technology by publishing all contracts, tender opportunities, and bidding instructions on local supplier portals can significantly enhance transparency and improve accessibility for domestic firms.	Ramdoo et al. (2021), Korinek & De Sa (2023)
Unbundling large contracts to allow participation of SMEs.	Östensson (2017), Ramdoo, 2018, Porter (2019)
Facilitate networking between Tier 1 and Tier 2 suppliers with SMEs.	Östensson (2017), Porter (2019), Monczka et al. (2021)
Supplier development and training programmes.	Schuh et al. (2017), Porter (2019), Monczka et al. (2021), (Korinek and De Sa, 2023).
Reporting and tracking of diversity spend / underrepresented group suppliers, to increases visibility and compliance.	Monczka et al. (2021), Ramdoo (2018)

Inclusive procurement practices	Author (s)
Providing subcontracting and joint venture opportunities for SMEs.	Östensson (2017), (Bateman, 2020)

Source: Researcher's own compilation

6.5.2 Recommended strategies to implement inclusive procurement

Mining companies and policymakers must remove systemic barriers, strengthen enablers, and reform regulations so that inclusive procurement becomes a genuine driver of sustainable SME development in South Africa's mining sector. Based on the combination of the literature and the findings of this study, several practical recommendations are proposed for mining companies, policymakers, and SME as illustrated below:

Table 6.3: Recommendations for implementing inclusive procurement in mining companies

Inclusive strategies	Recommendations
Organisational strategic alignment and clear targets	• Move beyond policy statements and develop an inclusive procurement framework that prioritises SME participation in supply chains. • Set specific measurable targets for inclusive procurement within the organisation. • Establish monitoring and evaluation mechanisms to track the effectiveness of inclusive procurement initiatives. • Implement regular assessments and reporting systems as continuous feedback loops will allow for adaptive improvements.
Simplify procurement processes	• Introduce transparent procurement platforms that allow SMEs to compete fairly. • Streamline tendering requirements and reduce administrative burdens to make access easier for SMEs.

Inclusive strategies	Recommendations
	• Break down large, evergreen contracts into smaller packages to widen participation. • Mining companies must leverage digital platforms given the connectivity challenges in rural areas. Mining firms should invest in hybrid procurement systems that combine online platforms with offline support.
Align supplier selection criteria with inclusivity goals	• Balance traditional criteria (experience, delivery times) with inclusivity objectives such as local participation and SME empowerment. • Introduce weighted scoring systems that prioritise SME involvement without compromising quality.
Strengthen supplier development	• Invest in training, mentorship, and incubation programmes tailored to SME needs. • Provide technical support to enhance capacity and performance.
Improve financial support	• Introduce purchase order financing and guarantee faster payment cycles. • Partner with financial institutions to offer affordable credit facilities for SMEs.
Facilitate networking and partnerships	• Create platforms for SMEs to connect with established mining suppliers. • Encourage joint ventures and subcontracting opportunities to integrate SMEs into the value chain. • Mining companies should actively engage with local chambers of commerce and business forums to identify potential suppliers, share opportunities, and foster trust between large corporations and small enterprises.

Inclusive strategies	Recommendations
	• Partnerships with government and private stakeholders should be pursued to reduce barriers for SMEs to participate in the mining sector.

Source: Researcher's own compilation

. **Recommendations for Policymakers and Regulators**

- **Strengthen enforcement mechanisms**: Ensure that inclusive procurement policies are not only legislated but actively monitored and enforced within mining companies. Shift from compliance-driven frameworks to supportive, enabling policies that foster sustainable growth.
- **Policy alignment to reality:** Align compliance requirements (Mining Charter, B-BBEE, local content policies) with SME realities.
- **Simplify compliance requirements**: Streamline regulatory processes to reduce administrative burdens that disproportionately affect SMEs.
- **Provide targeted support programs**: Offer financial incentives, training, and capacity-building initiatives to help SMEs meet procurement standards.
- **Facilitate access to finance**: Partner with financial institutions to create tailored funding instruments that enable SMEs to participate in mining supply chains.

Recommendations for SMEs

- **Build capacity and readiness**: Invest in skills development, compliance systems, and quality assurance to meet procurement requirements.
- **Leverage partnerships**: Form alliances or cooperatives with other SMEs to pool resources, share expertise, and strengthen bargaining power.
- **Engage proactively with mining companies**: Participate in supplier forums, networking events, and industry platforms to increase visibility and access to opportunities.
- **Seek external support**: Utilise government programs, industry associations, and financial institutions to overcome barriers such as limited capital or technical expertise.

6.6 LIMITATIONS

The limitations of the study were mainly related to the research sample, which consisted of SMEs operating in the mining sector. The research covered a large area across three provinces, requiring the researcher to travel and engage with several business forums. Since most mining operations are in rural areas, connectivity was often poor when distributing the online survey. Although there was an overwhelming willingness to participate in the study, internet connectivity issues in some areas meant that the survey questionnaire had to be printed and distributed through the business forums. The researcher therefore relied on the assistance of data capturers to ensure that all manual survey responses were captured transmitted to the online form.

The refusal of mining companies to participate in the survey questionnaire, citing compliance with the Protection of Personal Information Act (POPI Act), represented a methodological limitation. The absence of primary data from these stakeholders constrained the researcher's ability to capture direct perspectives and experiences, thereby reducing the richness and authenticity of the findings. Reliance on secondary sources, such as Annual Reports, Environmental, Social, and Governance (ESG) disclosures, and Sustainability reports, introduced potential bias, as these documents are often prepared for external audiences and may emphasise favourable narratives while omitting critical or sensitive information. Furthermore, the lack of standardised reporting across companies limited comparability and analytical depth. Consequently, the validity and generalizability of the study's conclusions were affected, as the data did not fully reflect the lived realities or operational challenges within the mining sector.

The mining sector lodged court papers against the Department of Mineral Resources, contesting a number of clauses in the Mining Charter, 2018, including the provisions for inclusive procurement. The High Court judgment on 21 September 2021 ruled that the charter is plainly not intended to be an instrument of subordinate legislation or a binding law, but a guideline. The entire provisions of clause 2.2 of the charter, which relate to "inclusive procurement, supplier and enterprise development", have been set aside. As such, the mining sector does not need to report on this.

6.7 SUGGESTED FUTURE RESEARCH

The findings of this study highlight several important avenues for future research. First, longitudinal studies are required to assess the long-term impacts of inclusive procurement strategies on SME development, competitiveness, and sustainability. Such research would provide deeper insights into whether procurement practices evolve over time to reduce barriers or whether structural challenges remain entrenched. Second, comparative studies across emerging and developed economies could illuminate differences in how inclusive procurement is implemented within the mining sector and reveal lessons that may be transferable across contexts. This line of inquiry would help clarify whether economic maturity influences the balance between barriers and enablers in procurement systems.

Third, further exploration of the role of digitalisation in enabling inclusive procurement is warranted. Digital procurement platforms, blockchain technologies, and AI-driven supplier matching have the potential to reduce entry barriers, enhance transparency, and strengthen SME participation in supply chains. Investigating the effectiveness of these tools could provide practical pathways for improving inclusivity. In addition, future research could compare inclusive procurement practices in mining with those in other sectors such as construction, energy, or manufacturing, to determine whether the challenges identified are unique to mining or reflect broader systemic issues.

Another critical area of inquiry lies in the policy–practice gap. While inclusive procurement policies are often well-intentioned, they do not consistently translate into practices that support SME development. Research should therefore explore the organisational, cultural, and enforcement factors that shape this disconnect. More targeted studies, such as case studies focusing on specific provinces or smaller groups of SMEs, could provide nuanced insights into localised challenges and opportunities. The current study revealed that very few companies in the sample participate in enterprise and development programmes offered by mining companies, with only 55 of the 488 respondents identified as beneficiaries. In-depth case studies of SMEs that have successfully integrated into

mining supply chains could therefore provide practical lessons and best practices, highlighting enablers of success and strategies to overcome barriers.

Finally, studies evaluating the effectiveness of capacity-building interventions, such as training, mentorship, and financial support programmes, would help determine whether these initiatives amplify the positive impact of enablers and mitigate the influence of barriers. Incorporating stakeholder perspectives, particularly those of SMEs, procurement officers, and policymakers, will be essential to ensure that future strategies align with both policy objectives and practical realities.

6.8 CONCLUSION

This chapter has provided a comprehensive synthesis of the study's findings, conclusions, and limitations, while also outlining recommendations for future research. The research questions and objectives were revisited, with the outcomes substantiated through the literature review and the data analysis presented in the preceding chapters on inclusive procurement practices and their influence on SME development. The conclusions were drawn directly from the findings, offering evidence-based recommendations on the role of inclusive procurement in advancing the growth of SMEs within the mining sector. In addition, directions for future research were proposed to build upon the insights generated by this study and to further strengthen understanding of inclusive procurement as a driver of sustainable SME development.

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APPENDIX A

ETHICAL CLEARANCE CERTIFICATION

College of Economic and Management Sciences_ERC Applied Management

NHREC Registration # : (if applicable)
Ref #: 1926
Name: Mrs Nkanyezi Luthuli
Student #: 35591536
Staff #:

Date: 15/04/2024

Dear: Mrs Nkanyezi Luthuli

Decision: Ethics Approval from April 2024 to April 2027 (specify the time period relevant to the approval)

Researcher: Mrs Nkanyezi Luthuli

15 Maluti Close, Azalea Park Rustenburg

Rustenburg

35591536@mylife.unisa.ac.za 0724051378

Supervisor: Professor Intaher Marcus Ambe marcusambe@gmail.com

Co-Supervisor:

Co-Researcher(s):

Email address:

THE IMPACT OF INCLUSIVE PROCUREMENT PRACTICES TO SMALL BUSINESSES OPERATING WITHIN THE SOUTH AFRICAN MINING SECTOR

Qualification: MCom Business Management (98582)

Thank you for the application for research ethics clearance by the College of Economic and Management Sciences_ERC Applied Management for the above mentioned research study Ethics approval is granted for three years.

The **low risk application** was **reviewed** by College of Economic and Management Sciences_ERC Applied Management in March 2024 in compliance with the Unisa Policy on Research Ethics and the Standard Operating Procedure on Research Ethics Risk Assessment.

The proposed research may now commence with the provisions that:

1. The researcher(s) will ensure that the research project adheres to the values and principles expressed in the UNISA Policy on Research Ethics.
2. Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study should be communicated in writing to the College of Economic and Management Sciences_ERC Applied Management .
3. The researcher(s) will conduct the study according to the methods and procedures set out in the approved application.
4. Any changes that can affect the study-related risks for the research participants, particularly in terms of assurances made with regards to the protection of participants' privacy and the confidentiality of the data, should be reported to the Committee in writing, accompanied by a progress report.

5. The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study. Adherence to the following South African legislation is important, if applicable: Protection of Personal Information Act, no 4 of 2013; Children's act no 38 of 2005 and the National Health Act, no 61 of 2003.

6. Only de-identified research data may be used for secondary research purposes in future on condition that the research objectives are similar to those of the original research. Secondary use of identifiable human research data requires additional ethics clearance.

7. No field work activities may continue after the expiry date (April 2027). Submission of a completed research ethics progress report will constitute an application for renewal, for Ethics Research Committee approval.

Additional Conditions

1. Disclosure of data to third parties is prohibited without explicit consent from Unisa.
2. De-identified data must be safely stored on password protected PCs.
3. Care should be taken by the researcher when publishing the results to protect the confidentiality and privacy of the university.
4. Adherence to the National Statement on Ethical Research and Publication practices, principle 7 referring to Social awareness, must be ensured: "Researchers and institutions must be sensitive to the potential impact of their research on society, marginal groups or individuals, and must consider these when weighing the benefits of the research against any harmful effects, with a view to minimising or avoiding the latter where possible." Unisa will not be liable for any failure to comply with this principle.

Note

The reference number 1926 should be clearly indicated on all forms of communication with the intended research participants, as well as with the Committee.

Kind regards,

Mrs Mandi Nieuwoudt
Chair of College of Economic and Management Sciences_ERC Applied Management
E-mail: badeba@unisa.ac.za

Professor MC Mulaudzi
Executive Dean / By delegation from the Executive Dean of College of Economic and Management Sciences_ERC Applied Management
E-mail: tshilmc@unisa.ac.za

APPENDIX B
PERMISSION LETTER

Non-Profit Company . Registration Number : 2022/681972/08
. **Tax number:** 9812481183

Ms NN Luthuli

UNISA

PERMISSION TO CONDUCT RESEARCH WITH COMPANIES THAT ARE MEMBERS OF THE GREATER KROONDAL COMMUNOITY BUSINESS CLUSTER

Dear Nkanyezi

Thank you for your interest in our organisation.

This letter serves as a confirmation that Greater Kroondal Community Business Cluster has granted you authorisation, Ms Nkanyezi Luthuli, a master's student at the University of South Africa to conduct research with members of Greater Kroondal Community Business Cluster. The title for my research study is ***"The state of compliance by mining companies in South Africa with inclusive procurement practices."***

The primary contacts for Greater Kroondal Community Business Cluster, will be myself as the Chairperson on +27 60 423 3447 or our secretary Mr Stephen Ramokhula on +27 73 672 4192 or e-mail wardgkcbc@gmail.com. We will assist you with the necessary details to engage with our members. Please ensure that all information that you obtain is treated with confidentiality and is not used for any other purpose except for the research mentioned above.

Yours Sincerely

(Signature)

Mr SM Zwane

The President: Greater Kroondal Community Business Cluster

Limpopo United Business Forum

LUBF

32 Juno Avenue
Sterpark
Polokwane
0699
Polokwane

Office Contacts
President: 078 714 0983
Secretary General: 073 426 2218
Email Addresses
tshepo83@icloud.com
lubfreception@gmail.com

Miss NN Luthuli
UNISA

PERMISSION TO CONDUCT RESEARCH WITH COMPANIES THAT ARE MEMBERS OF THE LIMPOPO UNITED BUSINESS FORUM

Dear Nkanyezi

Thank you for your interest in our organization.
Limpopo United Business Forum (LUBF) is an overarching organization that represents Business and Professional associations in the Province of Limpopo with approximately about 5000 members. The primary purpose of LUBF is to pursue unity and collaboration in growing the economy of Limpopo through meaningful participation of business.

This letter serves as a confirmation that Limpopo United Business Forum (LUBF) has granted you authorization, Ms Nkanyezi Luthuli, a master's student at the University of South Africa to conduct research with members of LUBF. The title for my research study is ***"The state of compliance by mining companies in South Africa with inclusive procurement practices."***

The primary contact for LUBF, is Mr Abram Luruli, he can be contacted on +27 60 965 3927 or e-mail lubfreception@gmail.com. Mr Abram Luruli will assist you with the necessary details to engage with our members. Please ensure that all information that you obtain is treated with confidentiality and is not used for any other purpose except for the research mentioned above.

Yours Sincerely

MS TSHEPO MATHABATHA: PRESIDENT

17 July 2023

Dear Nkanyezi

RE: Request for permission to conduct research with companies that are members of the Women in Mining Business South Africa

Thank you for your interest in our organisation.

Women in Mining Business South Africa will be able to assist you to distribute your questionnaire to our members on the Madmimi platform. We use Madmimi as a tool that enables us to simultaneously send a message/document to our members.

Our Marketing and Communications Department will send your request; however, we do not guarantee that all members will respond, however, we can follow up with two reminders.

We will encourage the members to respond directly to you.

I will brief the team and they will be liaising with you.

Yours Sincerely

Ms. Makhosazana Sibisi

Executive Chairperson: **Women in Mining Business South Africa**

APPENDIX C

SURVEY QUESTIONNAIRE TO SMES

RESEARCH TOPIC:
THE IMPACT OF INCLUSIVE PROCUREMENT PRACTICES TO SMES OPERATING WITHIN THE SOUTH AFRICAN MINING SECTOR

Dear Respondent

The main objective of this study is to investigate the impact of inclusive procurement to the development of SMEs operating within the South African mining sector.
The questionnaire is intended to identify inclusive procurement practices that have been implemented by mining companies, and their contribution towards the advancement of SMEs.

OUTLINE OF THE QUESTIONNARE:
This questionnaire comprises of three sections:
Section A – Demographic Characteristics
Section B – Procurement Practices by Mining Companies
Section C – Inclusive Procurement Practices

INSTRUCTIONS TO COMPLETE THE QUESTIONNAIRE

Use the following guidelines to complete a questionnaire.

i. Respondent must please tick (x) which represents their response or answer in the sections required.
ii. Certain questions offer a 5-point Likert scale from which the Respondent must select a response. Response ranges from one extreme point to another, such as: (1) “strongly disagree” to (5) “strongly agree”, or (1) “to no extent” to (5) “to a very great extent”.
iii. Open ended questions are included to allow respondents to explain or freely express themselves.
iv. If at any point the respondent is unsure of what is required, clarifications and explanations will be provided where and when necessary.

SECTION A – DEMOGRAPHIC CHARACTERISTICS

This section relates to characteristics of your organisation as a local community supplier to Mining Company(s)

Please tick (x) in the relevant square (s) and provide written response where applicable.

1. What age category does your organisation as a participant to the study, belong to?

No.	Age Category:	Response:
1.	Age 18 – 35 years	
2.	Above 35 – 60 years	
3.	Above 60 years	

2. What type of enterprise is your company?

No.	Type of Enterprise:	Response:
1.	Large / Generic Enterprise annual turnover greater than R50 million	
2.	Qualifying Small Enterprises (QSE) annual turnover of between R10 million and R50 million	
3.	Exempt Micro Enterprises (EME) annual turnover less than R10 million	

3. What is the ownership status of your organisation (you can select more than one answer)?

Ownership	**Response**
BEE compliant company *(Level 4 BEE status and more than 26% black owned but less than 51%)*	
Historically Disadvantaged Persons *(Black)* owned and controlled company *(51% and more)*	

Women owned and controlled company *(51% and more)*	
Youth owned and controlled company *(51% and more)*	

4. What is the current B-BBEE status of your organisation?

No.	BBBEE Level:	Response:
1.	Level 1	
2.	Level 2	
3.	Level 3	
4.	Level 4	
5.	Level 5 and Below	

5. In which province does your business operate (you may select more than one answer)? Note. Does not relate to the premises of your organisation's registered offices.

No.	Name of Province:	Response:
1.	North West	
2.	Mpumalanga	
3.	Limpopo	
4.	All the above	

6. Which minerals does the mining companies you serve as a business, mine (you may select more than one answer)?

No.	Mining Commodity:	Response:
1.	Platinum Group Metals	
2.	Iron Ore	
3.	Gold	
4.	Silver	
5.	Chrome	
6.	Vanadium	
7.	Coal	

No.	Mining Commodity:	Response:
8.	Manganese	
9.	Diamond	
10.	If other, please state	

7. How long has your business been an active supplier to the mining industry?

No.	**Number of years:**	**Response:**
1.	Startup as first year in business	
2.	Less than 5 years	
3.	More than 5 years	

8. What do mining companies procure from your business?

No.	What is procured:	Response:
1.	Mining goods	
2.	Services	
3.	Both	

9. What type of product (s) / service (s) does your company supply?

SECTION B – PROCUREMENT PRACTICES BY MINING COMPANIES

10. Based on you own experience when doing business with Mining companies, which procurement practices have you observed. Rank them according to their order of importance.

1	2	3	4	5
Not important at all	Off Little importance	Somewhat important	Very important	Extremely important

	Selection Factor	1	2	3	4	5
11.1	Centralised procurement					
11.2	Outsource non-core capabilities					
11.3	Leverage on consolidated volumes					
11.4	Local procurement					

11.5	Supplier Management					
11.6	Procure to Pay (P2P) process					
11.7	Cost management with focus on low price					
11.8	Electronic / Online procurement					
11.9	Global sourcing strategy					
11.10	Category Management					
11.11	Strategic Sourcing					
11.12	Supplier Risk Management					
11.13	Tender process					
11.14	Preference to buy from OEM					

11. Evaluate the Key Criteria tabled below to how SMEs gain accesses procurement opportunities from mining companies? Rank according to the following scale.

1	2	3	4	5
Strongly Disagree	Disagree	Neither agree or disagree	Agree	Strongly agree

	Key criteria used					
		1	2	3	4	5
12.1	Being a vendor on company database					
12.2	Invitations from Mine Company through RFQ, RFPs ect.					
12.3	Adverts in local newspaper					
12.4	Mining Company Supplier Portal					
12.5	Having existing contract with a mining company					
12.6	Past experience on quality of service / product					
12.7	Reputation in the market based on positive references from other customers					
12.8	Financial stability of my company					
12.9	Proximity to mine site / plant					
12.10	Delivery lead times					
12.11	Having locally manufactured products					
12.12	B-BBEE status					

SECTION C – MINING INCLUSIVE PROCUREMENT PRACTICES

12. Indicate the level of agreement on the following inclusive procurement strategies by mining companies?

1	2	3	4	5
Strongly Disagree	Disagree	Neither agree or disagree	Agree	Strongly agree

	Selection Factor				
		1	2	3	4
13.1	Mining companies have processes to support local black owned SMEs				
13.2	Certain procurement opportunities set aside for local SMEs				
13.3	Early settlement payment terms are given SMEs (less than 14 days)				
13.4	There is purchase order funding to assist SMEs to fulfil order to mine				
13.5	There are community development agreements with provisions on local procurement				
13.6	There are vendor open days for SMEs				
13.7	Preferential treatment is given to SMEs to participate in procurement processes				
13.8	There are supplier development programmes for SMEs				
13.9	Sub-contracting opportunities with large companies are being provided to SMEs				
13.10	Mining companies facilitate networking opportunities with more established companies				
13.11	There are specific categories of spend targeted as SMEs				
13.12	Technical enablement and manufacturing incubation for local SMEs				
13.13	Mine companies buy from women owned businesses				
13.14	Mine companies buy from youth owned businesses				

13. Is your business currently a beneficiary of any of the following initiatives provided by mining companies?

No.	Categories	Response:
1.	Supplier Development	
2.	Enterprise Development	
3.	None of the above	

14. The following statements refer to the Policies and reporting framework on inclusive procurement that support the advancement of SMEs. Rank them according to their order of importance.

1	2	3	4	5
Not important at all	Off Little importance	Somewhat important	Very important	Extremely important

	Policies and Reporting framework influencing inclusive procurement practices					
		1	2	3	4	5
14.1	Local content policies by government departments					
14.2	Mineral and Petroleum Resources Development Act No. 28 of 2002.					
14.3	Requirements on Social Labour Plans (SLP) procurement provisions for mining sector					
14.4	Broad-Based Black Economic Empowerment Act 53 of 2003					
14.5	Broad-Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry, 2018					
14.6	Global Reporting Initiative (GRI) disclosure requirements for Mining Local Procurement Reporting Mechanism					
14.7	Economic, Social and Governance (ESG) Reporting					
14.8	International Council on Mining and Metals (ICMM) Principles for Sustainable Development Goals					
14.9	Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains					
14.10 How do you think policies and regulations contribute to the advancement of SMEs in the mining sector						

15. Based on you own experience how do inclusive procurement practices mining companies contribute towards development of SMEs (suppliers)

1	2	3	4	5

Strongly Disagree	Disagree	Neither agree or disagree	Agree	Strongly agree

		Level of Agreement				
		1	2	3	4	5
15.1	Access to procurement opportunities in the mining value chain					
15.2	Facilitate networking opportunities with more established companies					
15.3	SMEs are seeing sustainable growth					
15.4	SMEs have created jobs for people in the communities close to the mine.					
15.5	Large mining contracts are being unbundled to increase opportunities for SMEs					
15.6	Supplier development programmes enhance capability and performance of SMEs					
15.7	Foster equitable business climate					
15.8	Create more diversity in supply base					

16. The following statements relate to typical barriers and challenges faced by SMEs in accessing procurement opportunities in mining sector. Based on your understanding or experience, indicate your level of agreement to what extent your believe these statements to be accurate. Rank according to the following scale.

1	2	3	4	5
Strongly Disagree	Disagree	Neither agree or disagree	Agree	Strongly agree

	Barriers and challenges faced by SMEs in accessing procurement opportunities in mining	Level of Agreement				
		1	2	3	4	5
16.1	There is too much administrative tape to prevent SMEs from registering in mine vendor database.					
16.2	Mine procurement policies do not support local SMEs					
16.3	Long lead times for payments					
16.4	Local SMEs do not have the technical skills provide products / services required by mines					
16.5	Electronic system implemented by mining companies prevent access to procurement opportunities.					

16.6	SMEs do not have the capacity to support requirements of mining contracts					
16.7	Most procurement opportunities are given to large established companies					
16.8	There are limited supplier development programmes					
16.9	Procurement opportunities are locked by evergreen contracts					
16.10	Mining Companies have standardised on certain products / equipment with little opportunity for local suppliers					
16.11	Access to funding for SMEs is a problem					
16.12	There is no database for mines to find local SMEs					
16.13	Mining procurement practices focus on cost saving initiatives					

APPENDIX D

DECLARATION OF ENGLISH LANGUAGE EDITING

DECLARATION OF ENGLISH LANGUAGE EDITING

I hereby confirm that I edited and proofread the language and style of the following Master of commerce dissertation.

Title:

Impact of inclusive procurement practices to small businesses operating in the South African mining sector

Author:

Nkanyezi Nqobile Luthuli

The edited work referenced herein may not correspond exactly to the version originally submitted. The author retains exclusive discretion to accept, reject, or revise any amendments proposed by the editor prior to submission.

Dr Phakamisa Siyothula
Doctor of Philosophy – International Relations and Affairs
Diplomat, Researcher and Freelance editor
siyothulap@gmail.com/0765509498

13 December 2025