



# **Gordon Institute of Business Science**

University of Pretoria

## **The Influence of entrepreneurial competence in accessing procurement opportunities**

**From Multinational Mining Companies by host communities**

By

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A research project submitted to the Gordon Institute of Business Science, University  
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## Abstract

**Research Purpose:** The aim and purpose of this study was to investigate and explore the extent to which entrepreneurial competence contributes towards accessing procurement opportunities from Multinational Mining Companies by host communities. The researcher adopted a qualitative research methodology by using explanatory and exploratory research approaches to explore how entrepreneurial competence plays an influential role in accessing procurement opportunities from mining companies operating in host communities. The conceptual framework of the study adopted was from the entrepreneurial competence concept, and elements such as opportunity competencies, relationship competencies, conceptual competencies, organisational competencies, strategic competencies and commitment competencies were discussed comprehensively in the literature review.

**Research design, Methodology and Approach:** The researcher used a cross-chapteral qualitative research methodology to explore and investigate how entrepreneurial competence plays an influential role in accessing procurement opportunities from Multinational Mining Companies by host communities. Primary research data was collected from semi-structured interviews conducted with six selected Emalahleni entrepreneurs that operate businesses engaging in procurement opportunities from the Multinational Mining Companies in their host communities. Secondly research data was collected from unstructured interviews conducted with two experts from the multinational mining companies. Furthermore, secondary data was accessed from various research platforms that included, scholarly journal articles, mining websites, published articles, government reports and other various research sources of interest. The researcher also applied an explanatory and exploratory study approach in the analysis, results discussions and literature review.

**Research Findings:** Study data and research findings indicated that entrepreneurial competence plays an influential role in favouring host communities entrepreneurs to access procurement opportunities from mining companies. Also, research findings established that entrepreneurs who lacked core entrepreneurial competencies found it extremely hard to access procurement opportunities from the mining companies. Furthermore, entrepreneurial competence elements such as conceptual, strategy,



opportunity and relationship competencies were among the highest recommended aspects to accessing more procurement opportunities from the mining companies.

**Research limitations and study implications:** The research findings from the study were limited to only a small study sample taken from six entrepreneurs operating in Emalahleni, hence the views and responses from the respondents are subjected to their circumstances only and can not be used or applied across the whole fraternity of host communities that seek procurement opportunities from Multinational Mining Companies in the country. Two experts were also engaged and their expertise and insights are subject to their experiences . Furthermore, the global and national restrictions caused by Covid made it extremely hard to access a bigger study sample, as many entrepreneurs from the target population could not afford the time to participate in the study. However, the research findings from the study can be used by interested entrepreneurs seeking to access procurement opportunities from mining companies in host communities. Furthermore, the study can be used by future researchers to form a basis for future studies in other host communities.

**Practical implications from the study:** Research findings contribute to a comprehensive understanding of how entrepreneurial competence plays an important role in accessing procurement opportunities. The study data also indicated that entrepreneurs with clear strategic competencies, conceptual competencies, relationship competencies and opportunistic competencies acquire more procurement opportunities from mining companies in comparison to their counterparts.

**Keywords:** Entrepreneurial competencies, Multinational mining companies, Host communities

**Declaration**

I Cavin Mogale declare that this research project is my work. It is submitted as partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institution of Business Science, University of Pretoria. It has not been submitted for any degree or examination in any other university. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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## CHAPTER1: INTRODUCTION

Entrepreneurial activities and the development of small businesses play an important role in growing the economy and GDP of the country. Entrepreneurs are regarded as the pioneers for socio-economic development and poverty alleviation in developing countries. Over the years the concept of entrepreneurial competence has gained momentum due to the challenges and hardships that entrepreneurs across the globe encounter. Not only has entrepreneurial competence become important in assisting small business owners to be competitive and survive the stiff competition and volatile business environment but empower and capacitate them to acquire the necessary instruments that can enable them to access procurement opportunities in various industries especially from Multinational Mining Companies that operate from host communities.

On the other hand, the mining sector in South Africa contributes immensely towards economic growth, job creation, community development and the development of the Gross domestic product. It is the government's position that Multinational Mining Companies operating in host communities need to actively engage with local entrepreneurs and small businesses (SMEs) to contribute to poverty alleviation, employment opportunities and community development within the local economy the Multinational Mining Companies operate in (Global Entrepreneurship monitor, 2019).

Multinational Mining Companies are critical for local economic growth and bringing direct foreign investment into the country. South Africa is a host for some of the world biggest mining conglomerates and these mining giants have been lauded for bringing much needed economic growth and employment opportunity for local communities. However, research conducted by Stats SA (2020), published that most Multinational Mining Companies find themselves at loggerhead and in conflicts with host communities because of various factors such as procurement opportunities for local entrepreneurs, environmental damage and labour issues. Furthermore, local entrepreneurs and small business owners have been reported striking against lack of procurement opportunities and other business opportunities that derive from local operating mining companies.

Besides, the importance of entrepreneurial competence in accessing procurement



opportunities from Multinational Mining Companies in host communities, the development and growth of local procurement opportunities for host community entrepreneurs is critical for both the mining companies and the communities as a means of local economic growth and shared wealth. Entrepreneurial competence in host communities assists local entrepreneurs in easily accessing procurement opportunities to supply mining companies with goods and services that benefit both parties. By accessing procurement opportunities from mining companies in host communities, entrepreneurs become an important player in the value chain of the community. Increased local procurement opportunities in the host community mean more employment opportunities, shared wealth, more money, skills development, poverty alleviation and GDP growth (GEM, 2018).

However, the access and availability of local procurement opportunities from mining companies in host communities remain fairly limited with an ever increase in use of imported goods and services from other places (Mugenda, 2011 p124-245). The situation has worsened in recent years, despite efforts from the government encouraging mining firms operating in host communities to add value to local businesses (Stats SA, 2020). Furthermore, the South Africa government has increased its effort in pushing multinational businesses operating in host communities to work with local entrepreneurs in forming mutual beneficial synergies that involve business partnerships, procurement opportunities, training and development, community development initiatives and job creation as part of their social responsibility programs. It is against this background that this research project aimed to study. With little information and lack of verified data published or conducted about the influence of entrepreneurial competence in accessing procurement opportunities from Multinational Mining Companies by hosting communities, it was the aim of this study to explore and establish the relationship between the two important variables underpinned in this phenomenon.

The purpose of this study was to identify ways to address this gap in knowledge and other major issues in the influence of entrepreneurial competence in accessing procurement opportunities from Multinational Mining Companies in host communities. With this objective and mandate, the researcher used the conceptual framework for entrepreneurial competencies guided by literature and primary data from respondents as well as secondary data accessible on the mining companies

and other scholarly journal articles and published papers. The research abstract or executive summary reviews the study findings of the research, highlighting critical issues identified by respondents and summarizes the gap in knowledge or research problem. The researcher applied a qualitative research methodology guided by an explanatory and exploratory study design. Participants of the study were selected from entrepreneurs operating in Emalahleni and are in various business industries. Primary data was collected from in-depth interviews with the respondents and the study findings indicated that important elements of entrepreneurial competence such as relationships, conceptual, strategy, and opportunism among others played a critical role in accessing more procurement opportunities in comparison to entrepreneurs without them. The research recommended that entrepreneurs need to forge strategic partnerships and relationships with mining companies in host communities to be in the database for potential local supplier opportunities. Also, it was recommended by the study that basic organizational business skills and the ability to recognize opportunities were critical to access procurement opportunities in these host communities. This study was limited to a small study sample and research findings from the respondents are subjective to their responses and operating circumstance, hence results cannot be applied across other host communities universally. This research is of great importance for local entrepreneurs who wish to understand how entrepreneurial competence can assist them to access procurement opportunities from Multinational Mining Companies in host communities.

The study will contribute to the entrepreneurial competence framework that has shown that the development of entrepreneurial competence is a far more fundamentally pressing imperative than providing resources nor a conducive environment to the entrepreneur (Lau et al,2002). Applying Entrepreneurial competence theory (Lau et al,2002), the research will assess the Entrepreneurial competence of Host communities. Secondly given the competence, assess that benefits on accessing benefits. Lastly, the research will attempt to improve research into host community unrest and conflict using Entrepreneurial competence beyond the stakeholder framework lense.

## **1.1 Background and Statement to the Research Problem**

A comprehensive analysis of many communities indicates that thermal coal is needed for electricity generation, the electronics are made possible by copper, and the actual construction of the home owes itself to a large part to the iron ore that made the steel (James,2018). Our lives are thus centered around the products generated from mining and without consumption of mine products quality of life and living standards would deteriorate. Strained relationships however continue unabated (Hodge,2014). The strained relationships are caused by communities feeling disempowered in their relationships with the multinational mining companies, communities feeling that processes are conducted unfairly to their detriment, communities feeling that the Multinational Mining Companies compete with their needs for resources i.e. water,land,air communities feeling that the expected benefits enjoyed by the Multinational Mining Companies are not being shared (Fraser,2018).

Host communities feel that they are being excluded from the economic value generated by Multinational Mining Companies (Fraser,2018). Multinational Mining Companies do avail procurement benefits through their supplier development programmes, enterprise development programmes, specially designated goods and services (Stoddard,2021). On the one hand, communities are causing unrest due to not sharing the economic value generated and on the other hand feel they are not availing opportunities. With little to no studies conducted on the influence of entrepreneurial competence in accessing procurement opportunities from Multinational Mining Companies in host communities, it was the aim of the study to explore and determine the following research objectives.

## **1.3 Research Objectives**

The research aims to explore and establish:

- a) How entrepreneurial competence influences Hosts communities in accessing procurement benefits.
- b) Which Entrepreneurial competence in the pursuit of accessing procurement benefits are Host communities most adept and lacking at.
- c) How Entrepreneurial competence motivates Host communities to search and identify procurement benefits.



- d) The role Entrepreneurial competence can play to reduce conflict and unrest in Host communities.

#### **1.4 Contribution of the study**

The study aims to contribute to Entrepreneurial competence research. The research aims to explore and determine the influence of Entrepreneurial competence on the Host community abilities to access procurement benefits from Multinational mining companies.

This study aimed to explore and establish the influence of entrepreneurial competence to understand how local entrepreneurs can better access available procurement opportunities from Multinational Mining Companies in their host communities. Furthermore, the study aimed to assist alleviating mining conflict and unrest that abound between Host communities and Multinational mining companies. Stakeholder framework (Freeman, 2010) in research is ordinarily the panacea for mining conflict and unrest. Amongst other reasons for the conflict, the share of benefits is one of the well-documented drivers, the benefits are there however host communities are not accessing it. The research propositions that entrepreneurial competence is the driver of not accessing the benefits. The research further propositions that accessing the benefits by displaying competence would assist in alleviating conflict.

The findings of the study aimed to assess the entrepreneurial competence of host communities in accessing the procurement benefits from multinational mining companies. The resulting conflict and unrest to an extent could be alleviated by developing entrepreneurial competence.

In summary, the findings will contribute to the development of entrepreneurial competence in host communities such that they access the procurement benefits offered by multinational mining companies. The entrepreneurial competence will then ensure the success, profitability and longevity of the business ventures reducing the motivation for conflict arising from this driver. Secondly, the research adds to the arsenal beyond stakeholder frameworks to resolve conflict and unrest in host communities.



## 1.5 Structure of the study

**Chapter 1 Introduction to the research problem:** This chapter introduced the study and the need for this kind of research. The introduction briefly states the drivers of conflict and how the application of entrepreneurial competence could contribute to alleviating said unrest. The background chapter of the chapter will introduce the research problem and Entrepreneurial competence theory.

**Chapter 2 Literature review:** This chapter looked at the most relevant and up to date literature review of peer-reviewed journals on the topics related to entrepreneurship, entrepreneurial competence and linking it to mining conflict and unrest. This will be followed by breaking down the constructs of the research question into themes along with the six competencies that make up the framework and theory.

**Chapter 3 Research questions:** This chapter looked at the research questions for the study.

**Chapter 4 Research Methodology:** This chapter addressed and presented the design and methodology elements of the research that was used to answer the research question given the data that has been collected. This chapter will provide details of the research design, inclusive of the philosophy, approach, method, and strategy components of design. The methodology detailed the population, unit of analysis, sampling method, measurement instrument used to gather the data. How was it analysed, quality controlled and conclude with the limitations of the study?

**Chapter 5 Study results:** This chapter presented the research results as narrated by participants engaged during the data collection and the analysis thereof.

**Chapter 6 Discussion of Results:** This chapter discussed the findings of the results presented in the previous chapter. Findings will be discussed in terms of the research questions asked in chapter 3. Also, the chapter reflected on chapter 2 and is aligned with the results of the literature review, in line with the problem being explored. Any new insights will be highlighted.

**Chapter 7 Conclusion and recommendations:** This chapter formed the conclusion of the research that reflected on the research questions, objectives, and findings. Furthermore, chapter seven contains recommendations from the study.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter outlined the review of literature based on research studies previously conducted as a basis for this research proposal. Primarily the research is anchored on entrepreneurship and entrepreneurial competence theory. Entrepreneurial competence is being applied to an area of research that has traditionally been attempted through the lens of stakeholder theory, conflict and unrest between host communities and multinational mining companies, the further research aims to contribute to the alleviation of conflict by attempting to address one of the root causes of conflict, the share of benefits, by closing the gap between skills required and opportunities available.

### **2.2 Theoretical Framework**

Shane & McClelland (2000) defined entrepreneurship as how, by whom the discovery, evaluation, of opportunities to create future goods and services are exploited. The definition makes a distinction between the actor (individual) and the environment (exploitable available opportunities). The ability of the actor is thus an important aspect of entrepreneurship. Availability of entrepreneurial opportunities thus needs a competent individual who is skilled at executing the entrepreneurial task (Shane et al. 2000).

#### **2.2.1 Entrepreneurial Competence**

Sserwanga & Rooks (2013) established a classification of whom such a competent entrepreneur may be, between survival and growth entrepreneurs. As the name suggests these entrepreneurs are concerned about the hierarchy of needs term basic needs. Their motivation for entrepreneurship is a way to have a roof over their heads and bring food to the table. Similarly, the growth entrepreneur is concerned about the self-actualisation of the business meaning they are motivated, skilful and driven individuals who intend to make a success of the entrepreneurial venture. Sserwanga et al. (2013) identified three core traits in their operational definition of



growth entrepreneurs (a) the ability to spot opportunities, (b) the ability to plan, (c) and the ability to innovate.

The attributes that result in the successful execution of the entrepreneurial task are defined as entrepreneurial competence (Lau & Shaun, 2002). These traits encompass personality, skills and knowledge. Furthermore, Lau et al. (2002) argued that the development of entrepreneurial competence is a far more fundamentally pressing imperative than providing resources nor a conducive environment to the entrepreneur. Six competencies are defined namely (Lau et al. 2002):

- a) Opportunity competencies – Competencies of recognizing and developing market opportunities;
- b) Relationship competencies – Competencies in human interactions that build the context of trust, cooperation, contacts and connections, persuasive ability, communication and interpersonal skill;
- c) Conceptual Competencies – Competencies in the different conceptual abilities reflected in the behaviour of entrepreneur around decision skills, absorbing and understanding complex information, innovativeness, risk-taking;
- d) Organizing competencies – Competencies of organizing different internal and external human, physical, financial, technological resources;
- e) Strategic competencies – Competencies of setting, evaluating and implementing strategies of the firm;
- f) Commitment competencies – Competencies that drive an entrepreneur to move ahead with the business.

A competency is defined by Boyatzis & McClelland (2008) as a capability or ability (Boyatzis, 1982, 2008; McClelland, 1973, 1985). According to Oxford (2020) competency is the ability to do something well. Competence theory is built on the seminal work of Harvard Psychology Professor David McClelland “Testing for Competence Rather than Intelligence” (Vazirani, 2010). McClelland opined that intelligence aptitude tests though good at predicting academic outcomes, the same could not be said that good intelligence aptitude scores meant excellent job performance, he’s argument was that personal characters which he defined as competencies were the main contributor to excellent on the job performance



(Vazirani,2010). By extension, the personal character of the entrepreneur is what leads to excellent entrepreneurial pursuit.

The commercialization of the term to business was because of Boyatzis (1982) in his writings from the book “Competent Manager”. The underlying character of a person which makes them effective and delivers consistently good on the job performance is thus competency.

The building blocks of competency can be said to be underpinned by the following five key constructs (Vazirani,2010):

- a) Knowledge – The cumulative experience, education and information vesting in a person;
- b) Skill – The prowess in which a task is executed;
- c) Self-concepts and values – Beliefs and ideals one holds of themselves i.e. self-esteem, self-image, values;
- d) Traits – Habitual patterns of behaviour, thought and emotion situationally;
- e) Motives – Reason for being which will direct action.

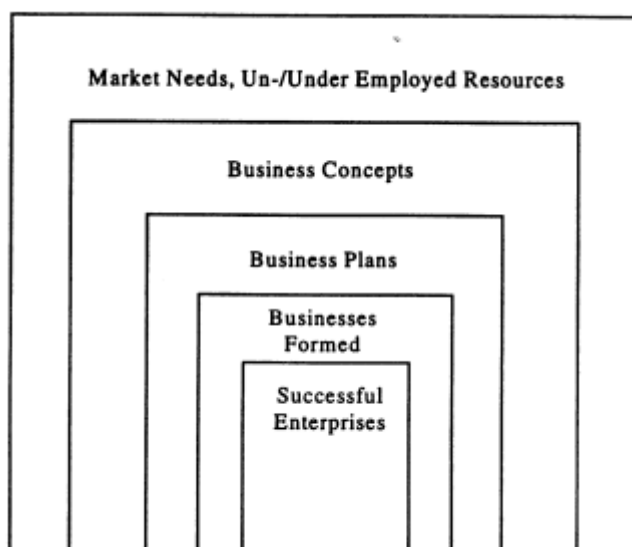
Literature makes the point that knowledge and skills are easy to develop in comparison to personal competencies of self-concept, traits and motives. The implication is that selection for jobs or tasks should be leaning more towards personal competency whilst knowledge and skills can be easily attained. The entrepreneur likely to succeed and grow is thus the person more endowed with personal competence. In technical work where minimum criteria would be an educational qualification, all people in those roles would possess that necessary intelligence. What would distinguish the best from the rest would be the motivation, traits and self-concepts ((Vazirani,2010). The difference between Medical Doctors according to theory would be the interpersonal skills and the desire to provide the best care always to patients as an example. Similarly, the success of the entrepreneurial journey would be more premised on the drive, motivation and relationships inherent and core to the entrepreneur. Entrepreneurial competence can be seen as the competency model for the entrepreneur.

### 2.2.2 Opportunity competence

Opportunity in its elementary form is the ability to meet a market need (Ardichvili, Cardoso & Ray 2003). This need manifests itself in different forms and its simplest form is the ability to serve market needs superior to everybody else thus creating value. This value would be appropriated to the entrepreneur, the shareholders, the broader community and various other stakeholders i.e. governments. For the market need to be met scholars refer to entrepreneurial alertness (EA) (Ardichvili et al. 2003). This means the ability to recognise that such a need exists and to act on it. This EA to a large extent is premised on information asymmetry. In life, this often explains why some entrepreneurs can conjure amazing products or services that are so simple that people wonder why they did not think of them. Literature informs us that it is simply due to their level of EA or lack thereof on others (Ardichvili et al. 2003).

Following the opportunity identification, a process of refinement then follows which leads to a business. Similar to project management what started as a concept, designed into something that can be tested for feasibility and ultimately executed. The opportunity develops into a business concept > business model > business plan and ultimately a business. The following figure illustrates the point:

**Figure 1 Opportunity competence**



**Source: (Ardichvili et al, 2003).**

As observed the entrepreneurial process is a creative process and as such the entrepreneur can be seen as creative. Similar to how a beautiful symphony is created by a composer so is a business. Entrepreneurship is thus a creative process and the entrepreneur a creative (Ardichvili et al, 2003). The creative ability of the entrepreneur is shown to be fundamental to opportunity competence.

Opportunity competence evolves from the dream to business formulation, where value sought and capability of value creation meet.

**Figure 2 Value creation**

		VALUE SOUGHT	
		Unidentified	Identified
VALUE CREATION CAPABILITY	Undefined	"Dreams" I	Problem solving II
	Defined	Technology Transfer III	Business Formation IV

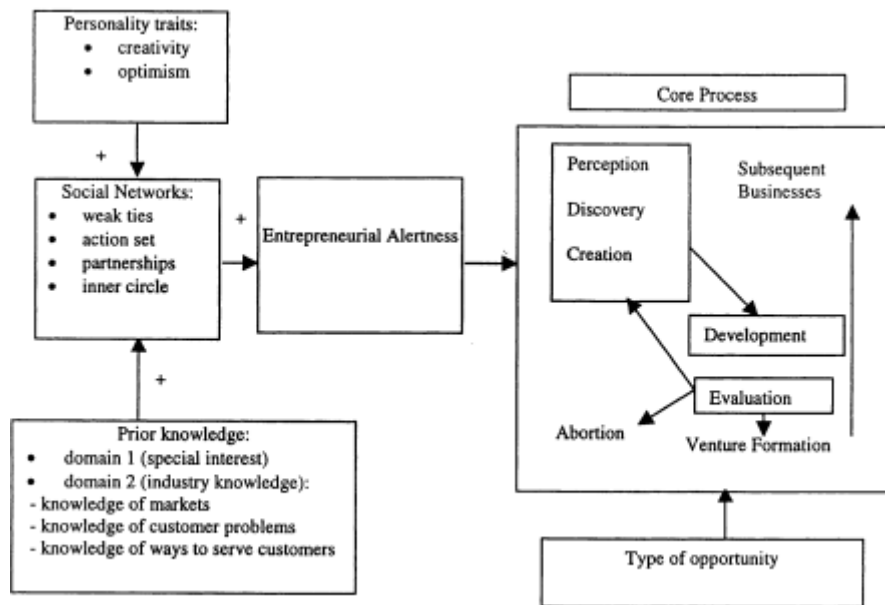
**Source: (Ardichvili et al, 2003).**

The alertness could be informed by knowledge or purely coincidental. Both pendulums however have some form of knowledge as a base. Entrepreneurs prior knowledge is an important ingredient in the opportunity. Over-confidence and narcissism also assist the opportunity competence. The need to prove themselves and reassert their abilities hinges on identifying an opportunity that can be exploited (Ardichvili et al, 2003).

Ayyagari, Demircuc-Kunt & Marksimovic (2014) state that the high potential entrepreneur should be promoted as they possess the requisite competency of growing the SMEs by continually recognizing and exploiting the market opportunities. This is further supported by Sserwanga et al. (2013) who found that the high-potential entrepreneur could be said to possess the opportunity competence required for the entrepreneurial task. The alertness, knowledge, creativity, self-efficacy and knowledge are possessed by the high potential entrepreneur and thus they can identify opportunities and exploit them.

### 2.2.3 Opportunity development and identification framework

**Figure 3 Opportunity development and identification framework**



**Source: (Ardichvili et al. 2003).**

This is supported by Ardichvili et al. (2003) in their seminal work of entrepreneurial opportunity identification who then propositioned the following:

- Proposition 1: Entrepreneurial alertness (EA) levels are key to the recognition and development of opportunity;
- Proposition 2: The use of one's social network leads to successful opportunity identification;
- Proposition 3: Existence of knowledge be it, industry, markets & customers lends well to opportunity identification;
- Proposition 4: Creativity and optimism are results of EA;
- Proposition 5: Successful identification builds the entrepreneurs knowledge and improves EA which will be in good stead to identify future opportunities.

### 2.2.4 Relationship competence

Relationship competence refers to the actual or potential resources an entrepreneur through their relationship network can access (Stam, Arzlanian & Elfring, 2014;



Portes, 1998). These relationships are a pathway for the entrepreneur to realise the privileged intellectual, financial and cultural resources that will stead them well in their entrepreneurial journey (Stam et al 2014). Social capital has shown to be critical in the success especially of the small firm in allowing the entrepreneur to spot opportunities to exploit, ability to mobilize resources and ultimately build goodwill for their ventures. By being part of a network or being able to tap into networks provides an advantage for the entrepreneur. Literature is however uncertain on which traits exactly of social capital enhance performance albeit there is consensus that having social capital does lead an entrepreneur to have an advantage. Further, it is suggested that as opposed to tunnel vision on social capital traits, entrepreneurs should be flexible as these traits evolve given the firm age, emerging vs established economies and industry.

Social capital lends itself to sociological theory. Its premise is that no man is an island and there is value in groups. Pierre Bourdieu introduced this lexicon of social capital into sociology discourse (Portes, 1998). Its foundation is centred around two aspects, the social aspects of being able to tap into others and the quality of those others one is tapping into. It is a non-monetary asset. Amongst other benefits of social capital according to Portes (1998), it is also a source of benefits through extrafamilial networks. After, Pierre other scholars have evolved it like Coleman with the theory of networks.

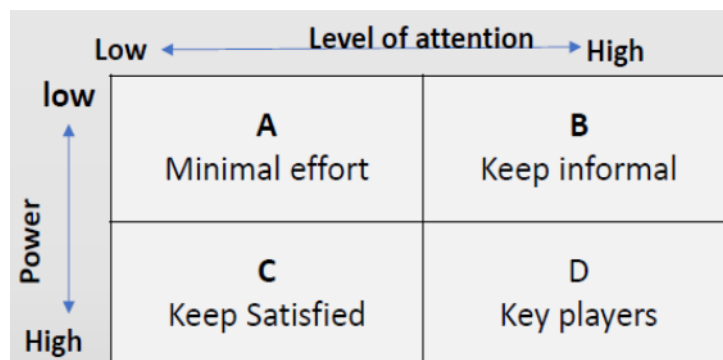
Simply put this is about the connections an entrepreneur has. Having the connections is one thing but the quality of those connections equally matters in furthering the entrepreneurial venture. Whilst having connections is positive, mindfulness should also be applied as there are also negative consequences and how then the entrepreneur navigates is equally important. A typical example is the tight-knit Afrikaner community, an outsider would be hard-pressed to easily access those networks in the furtherance of their goals and business objectives.

When starting the entrepreneur needs funding (typically family or friends sourced) as the banks would not have the trust to loan the upstart. The mature business would also need to have maintained the relationship with the banks or early funders to be able to access capital for growth. Sourcing business is also typically from former employer or employer whom there is a family or friend relationship. New opportunities might be discovered through loose acquaintance relationships. Weak ties (Ardichvili

et al.2003) have been found to provide even more benefits than the strong familial ties and endeavoured to be harnessed and further developed by the entrepreneur as part of their social capital artillery. This would also be beneficial as to break away from the groupthink that is limiting the variety of thought, opportunity and access from the common networks.

The familial networks and weak ties of the entrepreneur have to be equally supported by the relationship and mindfulness of the existence of other parties whom Freeman (2010) refers to as stakeholders. These stakeholders are important as they have power, legitimacy and some need to be responded to with urgency.

**Table 1 Stakeholder mapping inputs**



Stakeholder Mapping inputs	Power	Attention	Outcome
<b>Customers:</b> Is the value proposition being delivered?	High	High	D: Key Players
<b>Suppliers:</b> Do they supply inputs that meet the value proposition offered? Are their accounts in line with payment terms for uninterrupted supply?	High	High	D: Key Players
<b>Employees:</b> Do they feel they work for a just organization where performance equates to reward?	High	High	C: Key Players
<b>Lenders:</b> Are the covenants being met?	High	High	D: Key Players
<b>Government institutions:</b> Is the venture meeting its regulatory requirements?	High	High	E: Key Players

**Source: Researchers own constructed adapted from Freeman (2010).**



The entrepreneur from the mapping has a lot of other stakeholders whom they need to navigate for the benefit of the business. These stakeholders have a significant benefits not only on existence but survival and growth.

No man is an island and nowhere is this truer than for the entrepreneur.

### **2.2.5 Conceptual competence**

Early management studies have established that the founder's human capital is a crucial determinant of business success (Maliranta & Nurmi, 2019; Unger, Rauch, Frese & Rosenbusch, 2011). Human capital can be defined as "the skills and knowledge that individuals acquire through investments in schooling, on the job training and other types of experience" (Unger et al. 2011). The human capital theory has been adapted to entrepreneurial research from its initial roots of understanding the relationship between employee income and investment in human capital. The adaptation in entrepreneurship is to understand entrepreneurial success and growth concerning the entrepreneurs' human capital.

The entrepreneur's ability to discover and evaluate opportunities to create future goods and services is enhanced by their human capital. Human capital further equips the entrepreneur with other competence such as financial capital and enables the accumulation of new knowledge abilities (Unger et al. 2011). This bodes well for the entrepreneur given the knowledge economy the world is in now as they would be equipped to gather the appropriate information and analyze it such that it becomes knowledge from which strategic decisions and operational decisions can be made. Attributes of human capital are (a) education, (b) experience, (c) knowledge and (d) skills, (e) start-up experience, (f) and (g) parents background (Unger et al 2011). Other scholars compartmentalize human capital into (a) general human capital, (b) management know-how, (c) financial capital and (d) Industry-specific know-how (Cooper, Gimeno-Gascon, & Woo, 1994).

### **2.2.6 General Human Capital**

General human capital is a function of the education level and prior work experience specifically in a high performing employee. To attain an educational qualification at the core means one was able to solve the problems presented to them. The higher one goes with education i.e. Masters level means a consistent pattern of being able

to make decisions, process complex information, be innovative in your study approach and take some risks where one for instance skips a certain chapter of the study material over six years. This is indicative of conceptual and strategic competence, albeit education is not the panacea for firm growth, it is important especially when combined with other competencies for firm growth beyond just surviving and escaping failure

### **2.2.7 Management and Industry know-how**

The mobility from a high performing employee to entrepreneurship means the entrepreneur can harness the experience gained to be able to (a) make good business decisions, (b) process and understand complex information, (c) be able to innovate and (d) take risks. They are skilled at executing the strategic imperative of the business. This competence is gained from the past experiences in employment supported by their education as that is what would have been the reason for their existence to their employer. A further positive correlation is that the mobility is contagious and can extend this competence to their employees who as a result execute their tasks more effectively and efficiently under the stewardship of a former experienced professional. There is a resultant human capital skill spillover. This is important as the employees tend to not be as educated and experienced. The suggestion is then that the blind lead the blind which is detrimental to the entrepreneurial venture and its success and or growth.

Literature finds that entrepreneurs with multiple prior founding experiences focus on the upside potential rather than on the risk of downside loss whilst entrepreneurs that worked a long time in a single startup might be aware of the struggle and risks involved in launching a new venture and hence consider more the downside risk as they start again. Concerning is that literature finds that lack of prior startup experience of entrepreneur's results in cognitive biases by overestimating the upside potential while not being aware of the risks of launching a new venture.

In their study of business owners, employees and firm performance the following conclusions were drawn (Maliranta et al. 2019), (a) there is a positive correlation between the firm's performance and the prior work experience of the entrepreneur, (b) career mobility from high performing employ extends to the newly founded firm, (c) the more educated the entrepreneur is the better the firm performs.

### 2.2.8 Organizing competence

In a circus setting the entertainment is provided by varied acts ranging from the common clown, acrobatics, trapeze acts, magicians and jugglers to mention a few. The juggler is tasked with entertaining the crowds via toss juggling commonly with balls. The juggler's entertainment value is the ability to toss juggle the multiples of balls without dropping a ball for the duration of the act. Besides the actual act of juggling the juggler has to contend with the crowd reaction, the actual circus environment and their preparedness to pull off the act. Similarly, entrepreneurship is akin to the juggler's task. The entrepreneurial competence is like the balls, the entrepreneur has to balance and not let any fall. This is what is referred to as organizing competence.

Traditional organization theory opines that there is order and certainty in the world. The world and entrepreneurship are anything but orderly and certain. Complexity is what rules the world and the entrepreneur's ability to deal with complexity is a key entrepreneurial competence. Entrepreneurs are encouraged to go beyond traditional organization theory in their tasks and aim to be competent in complexity.

Snowden & Boone (2007) to this end have developed a leadership framework for decision making which when adapted could assist the entrepreneur in organizing. Organizing is after all quality decision making that does not drop the ball, the whole system working in tandem harmoniously. Dilemmas that the leader will face are constructed into five contexts namely (Snowden et al. 2007):

- a) Simple;
- b) Complicated;
- c) Complex;
- d) Chaotic and
- e) Disorder

This framework is called the Cynefin framework (Snowden et al. 2007). The premise is for leaders to act contextually given the prevailing context.

Simple context requires the leader to act according to best practice which is a past practice that worked well effectively. These would be areas of the business not



subject to change i.e. order fulfilment, or invoice processing. Everybody knows what to do and here the role is merely to monitor. This is a context of known knowns.

Complicated context means there are multiple answers to a question or task and the appropriate answer is not known. The known unknown. Analyses and or investigation is what is required in this context. Whereas simple contexts require the tried and tested, complex requires a bit of innovation. When faced with complex situations brainstorming with the team or calling in experts would be the appropriate reaction.

Complex contexts are where the environments are continually changing and evolving. Unknown unknowns. The correct answer is not obvious and will have to be churned out. Legislation governing mining in South Africa could be termed complex as the government for instance has continually changed its mind and took a relatively long time to land on the generation capacity allowed by private players. This context allows for some patience to let the pattern evolve and respond accordingly. This borders on crucible moments (Thomas, 2008).

Chaotic context is where there is no answer. The centre is not holding, the house is on fire. Cause and effect are elusive. This context requires the leader to stop the bleeding and slap a bandage and stabilize the situation. It requires a cool head to move the organization from the chaotic to the complex and slowly works its way to a simple context. September 11 is a classic example and the knee jerk to action, the consequences of which are there for all to see.

Being organized means there is a default response that restores or maintains order. The varied dilemmas and issues that are to face the entrepreneur are to be handled methodologically if the order is to be maintained. The cynefin framework albeit answering a leadership question offers key insights into how by understanding a context first, the response is then able to be appropriate and calling on the entrepreneur to exercise which skills. The entrepreneur can organize the business and juggle the competing objectives by using a set of tools to assist in creating the calm with which employees, customers, lenders and varied other stakeholders would see as a tight well-run ship. This could also be evidenced by the policies and procedures the entrepreneur has in place in the business. A lack of such would evidence lack of organization.

## 2.2.9 Leaders decision-making framework

**Figure 4 Leadership decision making framework**

	THE CONTEXT'S CHARACTERISTICS	THE LEADER'S JOB	DANGER SIGNALS	RESPONSE TO DANGER SIGNALS
<b>SIMPLE</b>	Repeating patterns and consistent events Clear cause-and-effect relationships evident to everyone; right answer exists Known knowns Fact-based management	Sense, categorize, respond Ensure that proper processes are in place Delegate Use best practices Communicate in clear, direct ways Understand that extensive interactive communication may not be necessary	Complacency and comfort Desire to make complex problems simple Entrained thinking No challenge of received wisdom Overreliance on best practice if context shifts	Create communication channels to challenge orthodoxy Stay connected without micromanaging Don't assume things are simple Recognize both the value and the limitations of best practice
<b>COMPLICATED</b>	Expert diagnosis required Cause-and-effect relationships discoverable but not immediately apparent to everyone; more than one right answer possible Known unknowns Fact-based management	Sense, analyze, respond Create panels of experts Listen to conflicting advice	Experts overconfident in their own solutions or in the efficacy of past solutions Analysis paralysis Expert panels Viewpoints of nonexperts excluded	Encourage external and internal stakeholders to challenge expert opinions to combat entrained thinking Use experiments and games to force people to think outside the familiar
<b>COMPLEX</b>	Flux and unpredictability No right answers; emergent instructive patterns Unknown unknowns Many competing ideas A need for creative and innovative approaches Pattern-based leadership	Probe, sense, respond Create environments and experiments that allow patterns to emerge Increase levels of interaction and communication Use methods that can help generate ideas: Open up discussion (as through large group methods); set barriers; stimulate attractors; encourage dissent and diversity; and manage starting conditions and monitor for emergence	Temptation to fall back into habitual, command-and-control mode Temptation to look for facts rather than allowing patterns to emerge Desire for accelerated resolution of problems or exploitation of opportunities	Be patient and allow time for reflection Use approaches that encourage interaction so patterns can emerge
<b>CHAOTIC</b>	High turbulence No clear cause-and-effect relationships, so no point in looking for right answers Unknownables Many decisions to make and no time to think High tension Pattern-based leadership	Act, sense, respond Look for what works instead of seeking right answers Take immediate action to reestablish order (command and control) Provide clear, direct communication	Applying a command-and-control approach longer than needed "Cult of the leader" Missed opportunity for innovation Chaos unabated	Set up mechanisms (such as parallel teams) to take advantage of opportunities afforded by a chaotic environment Encourage advisers to challenge your point of view once the crisis has abated Work to shift the context from chaotic to complex

**Source: (Snowden et al. 2007).**

## 2.2.10 Strategic competence

According to Andrews (1987) strategy can be defined as “ the pattern of decisions in a company that determines and reveals its objectives, purpose, goals, produces the principal policies and plans for achieving those goals and defines the range of business the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and non-economic contributions it intends to make to its shareholders, employees, customers and communities”. Andrews (1987) makes a further distinction between business strategy and corporate



strategy. The business strategy is how the business will offer a unique value proposition and position itself among competitors. Corporate strategy defines the businesses in which a company will compete. This is expressed in the company strategy statement (Birtch, 2021).

The entrepreneur has a lot of strategic choices to make (a) what business am I in? (b) what business am I not in? , (c) what purpose does the business exist for? , (d) what will make the business different and deliver a unique mix of value,(e) how will value be delivered to the different stakeholders etc. These decisions albeit are before the fact, are also decisions that need to be continually made in the entrepreneurial context. The true north needs to be established by the entrepreneur and continually be reaffirmed by their pattern of decisions. This true north through the pattern of decisions speaks to the strategic competence of the entrepreneur. The entrepreneur lacking in this competence would be conducting business on a lucky streak without the strategic processes that accompany the entrepreneurial venture. To grow, to succeed beyond just survival and avoiding failure requires an entrepreneur who knows the true north of their business.

Markowska, Grichnik, Brinckmann & Kapsa (2019) make the point that strategy development is frequently considered a concern of managers in established and large organizations and research is finding that a new view on strategic orientation for entrepreneurs would be beneficial, entrepreneurs should be aware that their thinking is influenced by their strategic orientations.

Performance measurement is also an important aspect of strategic competence to align the strategy to execution, where the day to day activities are carried out with a view of how they assist the business to achieve the strategy. The strategy and the execution are therefore not mutually exclusive but should always be in tandem. A strategy statement is but one side of the coin and the entrepreneur would do well to implement strategy measurement tools. The strategy statement and the performance measure are key attributes of strategic competence.

Martin (2010) elaborates further and says that “a distinction between strategy and execution almost leads to failure”. Strategy execution theory espouses that the formulation and execution are distinct when they are interrelated (Martin, 2010). The measurements of the strategy (execution) should thus be interrelated with the





strategy. Put differently the objectives, targets, measures and initiatives of the entrepreneur should be in line with their stated strategy of the business. Failure to do that will lead to the execution trap (Martin, 2010).

Kaplan & Norton (1992) designed the balanced scorecard (BSC) with this aim in mind to align the strategy with key measures across four areas of execution (a) operational objectives, (b) shareholder value, (c) employee objectives and (d) competencies and aspirations. These four measures are seen through the lenses of (a) financial, (b) internal business, (c) customer and (d) innovation and learning (Kaplan et al. 2001). Financial measures are aimed at answering the shareholder question of “how do we look to shareholders and investors?”. Customers, “how well are we meeting customer needs?” Internal business “how efficiently and effectively we meet the customer’s needs?” Lastly innovation and learning “how innovative is the business against the environment?” BSC directs attention to the levers that have the most benefits on achieving the strategic imperative, that being at a management level whilst operationally staff can contribute to assist the organization in achieving its goals.

The seminal work in 1992, has evolved into a new framework dubbed “BSC Strategy map”. Kaplan et al. (2001) describe the strategy map as “the logical and comprehensive architecture for describing strategy”. “By translating the strategy into the logical architecture of a strategy map and BSC, organizations create a common and understandable point of reference for all organizational units and employees” (Kaplan et al, 2001).

Strategy competence is not only the purview of big corporates, entrepreneurs wanting to succeed and grow should be able to set, evaluate and implement strategies of the firm. “Entrepreneurial judgment benefitss entrepreneurial performance and success” This judgement is realized through the decision making of the entrepreneur through their strategic orientation (Markowska et al, 2019).

### **2.2.11 Commitment competence**

Host communities operate what could be termed small family firms. Their performance depends on the entrepreneur’s ability to act resiliently and also the

ability to transfer that attitude to employees (Santoro, Messeni-Petruzzelli, Del Giudice, 2020). Santoro et al. (2020) define resilience as the “ability of the entrepreneur to face business circumstances”. To build resilience three aspects are required namely (a) cognitive, (b) behavioural and (c) contextual (Santoro et al, 2020). Cognitive resilience is centred on a strong sense of purpose, values, vision and deliberate use of language. Behavioural dimension refers to traits of resourcefulness, counterintuitive agility juxtaposed with useful positive habits. Lastly, the contextual dimension relies on the relationships within and outside the firm to navigate the environmental complexities and execute the entrepreneurial task.

The entrepreneurial journey is by no means an easy one. Over-confidence and narcissism are consistently present in entrepreneurs and that belief in one’s abilities (over-confidence) to succeed if only to reinforce ego (narcissism) fuels the commitment to succeed (Navis & Ozbek, 2016).

Individuals with a high sense of self, overconfidence, tend to lead them to entrepreneurship. overconfidence provides a cognitive explanation for the pursuit of opportunities and relative prominence of overconfidence among entrepreneurs. The narcissism and overconfidence that entrepreneurs’ possess will lead them to find the opportunities, exploit them, overcome the barriers to success and see it through. This is because their sense of self will not allow them to not succeed (Navis et al. 2016). Thus, traits of narcissism and overconfidence are necessary ingredients to commit to the entrepreneurial journey.

Educational accomplishments also evidence commitment, in that the time it takes to accomplish a qualification speaks to the ability to start on a course and complete it.

### **2.2.12 Conclusion**

The entrepreneurial competence framework outlined in this chapter was used to contextualize the competencies that entrepreneurs should possess to make a success of the entrepreneurial venture. The entrepreneurial competence literature seeks to explain what makes for a successful entrepreneur. The theory was broken into the six key constructs namely (a) opportunity, (b) relationship, (c) conceptual, (d) organizing, (e) strategic and (f) commitment.

Regarding unrest and conflict in host communities, scholars are mainly researching the main that a better stakeholder framework (Freeman, 2010) is required as a way to alleviate the tensions. There is limited research that aims to understand the benefits of the host community entrepreneurial competence as a way to address the unrest and conflict given that competence is a requirement for a successful venture that is profitable long term. The competence of the host communities is thus an important ingredient to sharing in the wealth generated by the Multinational Mining Companies and research in that regard would benefit the unrest and conflict in host communities.

Applying entrepreneurial competence theory (Lau et al. 2002), the research will assess the entrepreneurial competence of host communities. Secondly given the assessment of the competence assess that benefits on accessing benefits. Lastly, the research will attempt to improve research into host community unrest and conflict using entrepreneurial competence beyond the stakeholder framework (Freeman, 2010) lens.

The research is attempting to reduce mining conflict and unrest in host communities by assessing firstly and recommending ways to improve competence using entrepreneurial competence theory as a means of how host communities can share in the benefits generated by mining. Mining is an important contributor in the world in terms of gross domestic product, employment, taxes and social benefit to mention a few. The conflict is deterring investment of a great industry in developing countries in the main.

Anchored on the literature review, the focal questions which this research aims to address will follow.

## CHAPTER 3: RESEARCH QUESTIONS

### 3.1 Introduction

Following the review of entrepreneurial competence and accessing procurement opportunities from Multinational Mining Companies by host communities, this chapter presents the research questions formulated from the missing gaps in the existing literature and previous studies and it highlighted what the research project intends to accomplish.

### 3.2 Research Questions

**Research Question 1:** Does the lack of entrepreneurial competence of the host communities prevent them from accessing the procurement benefits offered by multinational mining companies?

This question sought to determine and understand if lack of entrepreneurial competence in the host communities limited their chances of accessing procurement opportunities and benefits from multinational mining companies.

**Research Question 2:** Would developing entrepreneurial competence in host communities assist them in accessing procurement benefits?

This question sought to establish if the development of entrepreneurial competence in host communities would empower and assist the chances for host communities to access procurement opportunities and benefits from multinational mining companies.

**Research Question 3:** Would competent host communities accessing procurement benefits reduce the spate of unrest and conflict in host communities?

This question sought to determine if accessing procurements benefits and opportunities by host communities would play a significant role in reducing conflict and unrest between Multinational Mining Companies and the community

### **3.4 Conclusion**

The purpose of this chapter was to address the research questions that were formulated to address the missing gap in the literature and previous studies. Also, this chapter highlighted the research questions that the study sought to address and form conclusions and recommendations.

## **CHAPTER 4: RESEARCH METHODOLOGY**

### **4.1 Introduction**

The research methodology can be defined as the “systematic process of collecting data in the most appropriate way possible given the research problem” (Chipp, 2019). This chapter will outline the design of the study and the research methodology. The design will address the research questions raised whilst the methodology will articulate population, unit of analysis that makes up the sampling method and size of the research, the measurement instruments used and how data will be collected. Lastly, the chapter presents how quality will be controlled through the validation and reliability of collected data. The chapter will conclude with the limitations of the research.

### **4.2 Research Design**

An exploratory design is appropriate where there are very few studies and no past study data (Saunders & Lewis 2018). Exploratory studies in this research were formally structured and non-statistical in their data collection and analysis. The aim was to develop an initial understanding which could be further researched (Saunders et al. 2018).

The research is exploratory as the researcher has found no past data which seeks to understand the underlying reasons and motivations of host communities not accessing the economic benefits offered by Multinational Mining Companies through the lens of entrepreneurial competence.



The narrative strategy according to (Creswell, Hanson & Clark, 2007) is used when there is a need to add to our understanding of the experiences of people's lives by conducting interviews which could include observations. The research will thus adopt a narrative strategy as it's seeking to understand the host community entrepreneurial competence concerning the procurement benefits. This understanding will be conducted with a cross-chapteral time horizon as the duration of the MBA does not allow for a longitudinal time horizon.

Interviews and observations are the chosen methodology as they will allow an in-depth understanding of the community experiences and their competence juxtaposed with experts experiences on the influence drivers around access to procurement benefits. Given that the research is exploratory in seeking to understand, the method is found suitable.

The research is not attempting to test entrepreneurial competence theory but to use the theory to apply and understand the influence it plays in host communities accessing benefits. The approach will thus be inductive (Saunders et al. 2018) as it seeks to collect data to understand and contribute to problem resolution.

#### **4.2.1 Nature of study**

A qualitative approach was used for this study.

Not much is known of the benefits of entrepreneurial competence on host communities accessing the procurement benefits by multinational mining companies. The research seeks to understand the underlying reasons and motivations of host communities not accessing the economic benefits offered by Multinational Mining Companies through the lens of entrepreneurial competence.

### **4.3 Research Methodology**

#### **4.3.1 Population**

Entrepreneurs coming from the mining communities that host the Multinational Mining Companies in the province of Mpumalanga, which have a history of road blockage, burning & destroying Multinational Mining Companies property, cutting off road access to mines and demanding employment from the hosted multinational mining companies. Research is particularly interested in the successful



entrepreneurs (high potential) and the not so successful (low potential) from the host communities.

#### ***4.3.2 Unit of analysis***

Unit of analysis will be the entrepreneurs from the host communities accessing or aiming to access the Multinational Mining Companies procurement benefits.

#### ***4.3.3 Sampling method and size***

Emalahleni as the name suggests is the majority source of coal in the country. The community unrest flagged by literature has not escaped it. The Emalahleni entrepreneurs conducting and wishing to conduct business with Multinational Mining Companies is my sample.

Host community members engaged or wanting to engage in business with Multinational Mining Companies as a way to share the benefits of mining is the sample that the research is interested in for furtherance of the research problem. Therefore purposive sampling is appropriate as these host communities members are the relevant Unicorns to the research problem. Other host communities members could simply be interested in employment as a means of sharing the benefits and would not suit the purpose as they are interested in employment and not entrepreneurship.

Due to the above mentioned , purposive sampling was chosen as the sampling method . Purposive sampling is a a non probability sampling technique where judgement is exercised in order to help answer the research questions (Saunders et al. 2018). The judgement was around in the host community whom are high potential entrepreneurs or not and their experiences in accessing procurement benefits. As these entrepreneurs experiences are what the research is interested in . Purposive sampling is used when selecting a small sample for qualitative data and was found to be the most appropriate for this research (Saunders et al. 2018).

Succinctly the sample consisted of six host communities entrepreneurs. Three was relatively established sample and three were still growing. This small number was found to be consistent with purposive sampling .





Expert interviews were also conducted . The purpose of the expert interviews was to offer insights and expertise around research question 2 and 3 .

#### ***4.3.4 Measurement Instrument***

Host communities feel that they are being excluded from the benefits or economic value generated by Multinational Mining Companies (Fraser, 2018). Multinational Mining Companies do avail procurement benefits through their supplier development programmes, enterprise development programmes, specially designated goods and services (Stoddard, 2021). On the one hand, communities are causing unrest due to not sharing in the economic value generated and on the other hand, Multinational Mining Companies feel they are availing opportunities. The research propositions that these benefits might not be accessed as the host communities do not have the entrepreneurial competence required to exploit them. The interchapter of Multinational Mining Companies benefits and unrest thus requires a little more in-depth understanding.

Semi-structured and unstructured interviews were used to explore the topic in more depth. Interviews were thus conducted with the sample group. Observations were also supposed to be part of the instruments for collecting data , however due to Covid it was not feasible .

#### ***4.3.5 Data gathering approach***

I am fortunate to be working in the mining industry and for the largest coal exporting mining company in the country. Supply chain and Corporate affairs are the functions tasked with host communities benefits and understanding host community issues as well as having and maintaining the host communities relationship between Multinational Mining Companies and host communities.

The function heads were engaged to identify the relevantly appropriate sample. Interview questions were be drafted using the entrepreneurship, entrepreneurial competence as well as mining conflict and unrest literature. Preference was face to face meetings however interviews were be conducted on Microsoft Teams.



Intention was also to observe the process a Multinational mining company undergoes for the awarding of tenders to host communities, to gain an understanding of the criteria used to evaluate, adjudicate and award.

#### **4.3.6 Analysis approach**

The research analysis approach was categorical (Saunders et al, 2018) to describe the entrepreneurial competence benefits on accessing benefits. The interviews assisted in exploring the entrepreneurial competencies possessed by host communities. The exploration of the competencies assisted in establishing which competence had an benefits or no benefits on the accessing of benefits.

Non-text was obtained via teams together with a transcript which is text . The non-text data was then converted into text via notes on each participant . Data was presented via a table as a summary of the themes from the interviews . The data analysis approach was manual and no software was used . In transcribing the non text , mindfulness was paid to anonymity , clear distinctions of themes and questions . The key themes coming also assisted in determining keywords.

#### **4.3.7 Quality control**

Source diversity is a way to ensure internal validity. The interviewees consisted of two group's namely established and growing entrepreneurs. Each group further differed via age, gender and race. This was evidenced in the profiles of the interviewees.

The study focused on the coal mining industry in the developing world. The industry being mining might affect the external validity as it would not be able to be replicated across industries. Secondly, the issues arising from communities between the developed and developing world are very different and that would also benefits the external validity of the developed world. This study however is particulalaly focused on the realities of the communities in South Africa , the intent is not to thus generalise the research .

Saunders et al, (2018) define reliability of data gathered as the ability to replicate consistently the measurement. This was done through the research by having a clear interview structure, adherence to the interview structure as well as adherence to data



analysis method of qualitative analysis . To improve reliability interview questions will not be shared before the interviews. Respondents were a thorough walkthrough and explanation of the purpose and scope of the research.

The findings were further discussed and incorporated into the expert interviews to ensure reliability of the findings .

My supervisor who is busy concluding PhD in entrepreneurship through the supervision process was able to further direct the findings .

#### **4.4 Limitation**

The study due to its cross-chapteral nature is conducted on the coal mining industry. A primary limitation would be related to the industry in that it may not be able to be extended to other industries.

A secondary limitation is that developed countries and developing countries reasons for unrest are fundamentally different. Developed countries are more concerned about environmental-related issues whilst developing countries are concerned about how they can share in the benefits of the multinational mining companies. The study might not be transferable to the West.

## **CHAPTER 5: RESULTS**

### **5.1 Introduction**

In-depth, semi structured and unstructured interviews were conducted to respond to the research questions in Chapter 3. The data analysis approach followed a qualitative analysis method of non-text and text via a systematic three-step process of (a) listening to a recording from the interviews, (b) comparing and lastly (c) interpreting the data. The interviews were conducted via teams, recorded with the permission and consent of the participants together with a transcript from teams. Listening was to enable a good understanding of the vantage points of the participants concerning the research, the comparing of the data was to enable quotes

and or themes that would be similar or different across the participants to emerge. The final stage of interpretation was conducted to uncover meaning and whether patterns emerge in the data which support the research questions. The findings are without bias and interpreted as they were gathered and narrated by participants.

## 5.2 Sample description

This explorative study interviewed six entrepreneurs conducting business in the coalfields of Mpumalanga. The six entrepreneurs however possessed a broader understanding beyond the coalfields as they also conduct business with Multinational Mining Companies as far as the Sekhukhune district municipality in what is known as Steelpoort and beyond. The initial sample was eight entrepreneurs however two were non-responsive. The sourcing of the entrepreneurs was with the assistance of the Corporate Affairs and Supply Chain Departments at my employer which is a multinational mining company. The criteria were to interview high potential entrepreneurs as defined by Sserwanga et al (2013) who regularly conduct business with Multinational Mining Companies and would be able to offer insights into the research.

Interviews with two experts from a multinational mining company were also held . The experts insights and experiences were conducted to assist in exploring research question 2 and 3. The experts were from two areas namely Supply Chain and Corporate Affairs. These two functions in a multinational mining company are ordinarily tasked with responsibility around host community and procurement issues . The insights of these responsible functions in a multinational are thus key in sharing the experiences of the multinationals and also insights on host community entrepreneurs.

Of the six entrepreneurs, one was a black female with the rest being males across the colour line (two white and three black). The entrepreneurs' businesses were all in existence for periods longer than five years and could be said to be either established or growing. The entrepreneurs operated across different Multinational Mining Companies namely (a) Thungela, (b) Exxaro,(c) Glencore, (d) Seriti thus offering depth of experience across Multinational Mining Companies and host communities in South Africa. Interestingly State-Owned Enterprises (SOE's) albeit a

couple did business with SOE, it was not seen in any positive light rather a revenue contributor with risks outweighing benefits. As such exposure to SOE's would be minimal if not nonexistent in the medium term driven primarily by ethical and working capital risk. The experiences of host communities entrepreneurs accessing procurement benefits with SOE's was not the scope of this research .

**Table 2 Summary of Participants**

Identifier	Gender	Race	Education	Business Description	Revenues	Phase
Participant 1	Male	White	BSC Industrial Engineering	Opencast mining services, tailings & discard management	R300m	Established
Participant 2	Male	White	BSC Mining Engineering	Contract Mining	R150m	Established
Participant 3	Male	Black	Matric, supplier development programmes	Civil & construction services	R34m	Growing
Participant 4	Male	Black	Bcom Accounting	Events & General business supply	R5.4m	Growing
Participant 5	Male	Black	MSC environmental sciences	Environmental, Water & Waste consulting	R9m	Growing
Participant 6	Female	Black	MBA	Contract Mining	R500m	Established

Due to Covid pandemic observation of meetings between the Multinational Mining Companies and host communities was unfortunately not feasible.

Identifier	Gender	Race	Expertise	Position
Participant 7	Female	Black	Corporate Affairs	Executive Head of Corporate Affairs
Participant 8	Female	White	Supply Chain	Head of Supply Chain

### 5.3 Results of the Research question

#### 5.3.1 Results of Research Question 1

**Research Question 1: Does the lack of entrepreneurial competence of the host communities prevent them from accessing the procurement benefits offered by multinational mining companies?**

Research Question 1 aimed to ascertain whether the entrepreneurs in the host communities possess entrepreneurial competence which has assisted or prevented them from accessing the procurement benefits offered by multinational mining companies. The entrepreneurs through semi-structured interviews were interviewed testing the traits that should be displayed per competence with their benefits on their businesses accessing procurement

benefits from multinational mining companies. Themes were constructed per entrepreneurial competence shown in the table below:

**Table 3 Results of question 1**

<b>Entrepreneurial Competence</b>	<b>Theme</b>	<b>Quote</b>
<i>Opportunity</i>	Legislative requirement	Compliance presenting opportunities.
	Competence exploitation	Possessing skills required by industry results in a natural fit.
<i>Relationship</i>	Strong ties	Networking through industry bodies & former corporate colleagues.
	Weak ties	Service, quality & professionalism in execution results in word of mouth opportunities.

<i>Conceptual</i>	Family & Personal History of entrepreneurship	Natural path in life results in entrepreneurial orientation.
	Corporate experience & qualifications	Skills training ground and skills honing.
<i>Organising</i>	The concentration of power & decision making.	Top-down decision making
	Policies & Procedures	Structures in place allowing for a tight ship operation.
<i>Strategy</i>	Medium and Long term	True north results in sustainability & direction.
	Fluid	Quick decision making (Phone call).
<i>Commitment</i>	The Y?	Reason for being (purpose).

### 5.3.1.1 Legislative requirement

The advent of BEE legislation presented an opportunity for enterprising professionals in the mining industry. The Multinational Mining Companies as part of their license to operate is required to comply with BEE legislation in the procurement of goods and services. As responsible stakeholders, the Multinational Mining Companies wanted to comply and as such do business with companies that are meeting the BEE requirements. The goods and services were procured from the same companies which presented





compliance risk. The participants presented a solution to such a conundrum by establishing a business that could supply goods and services to multinational mining companies.

*“I knew how to mine as I was a Mining Manager at a multinational mining company. I was continuously frustrated by always having to do business with the same unempowered companies. I decided to be the solution to this problem and formed a contract mining company.” Participant 6.*

*“We knew that for our long term sustainability we had to be BEE compliant. The black managers running the collieries presented growth & sustainability opportunities to our companies. We thus poached them to our business away from the multinational mining companies.” Participant 1&2.*

#### **5.3.1.2 Competence exploitation**

The entrepreneurs are highly qualified people who held senior roles in multinational mining companies:

- a) Participant 6 – Possessed an MBA (GIBS), BSc. Resigned as a Mining Manager;
- b) Participant 5 – Possessed an MSC. Resigned as Environmental Manager;
- c) Participant 4 – Possessed a Bcom. Resigned as Finance Manager;
- d) Participant 3 – Completed supplier development programmes. Resigned as Construction Manager.

They thus felt that the opportunities present within Multinational Mining Companies are opportunities matching their skills set and would thus be a natural fit to conduct business in streams matching their skills set.

#### **5.3.1.3 Strong ties**

The participants being qualified people belonged to several industry bodies. These industry bodies were used to tap into the contacts in furtherance of business growth namely:

- a) South African Colliery Administrative & Financial Managers Association (SACAFMA);
- b) Engineering Council of South Africa (ECSA);



c) South African Colliery Environment Practitioners Association (SACEPA).

The participants also on average had worked for more than 10 years in Multinational Mining Companies and as such had made good on mine contacts which were further exploited in furtherance of business growth.

#### **5.3.1.4 Weak ties**

Participants 1 & 2 valued services, quality and professionalism as key values whilst executing work for multinational mining companies. As a result of the relentless pursuit of this value, word spread around amongst the senior Multinational Mining Companies managers. This has resulted in a lot of unsolicited businesses spread by word of mouth.

#### **5.3.1.5 Family and Personal history of entrepreneurship**

The participants felt that their earlier entrepreneurial pursuits coupled with family business experience was their nurturing ground. Skills of opportunity, organisation, relationships and strategy were introduced from their experiences or from family in business. These early experiences endowed the participants for what was to come.

*“I used to sell sweets when I was in grade 4. I have had numerous other businesses before. This is what I do. I am an entrepreneur at heart. It is in my blood.” Participant 3.*

*“During school holidays I used to work at my grandfathers' general dealer. I always used to organize parties for my friends. When someone needed a party they knew I was the guy to contact. My mothers' graduation party was my first real foray into events. I remember having to catch taxis to organize her graduation whilst I was in matric. That is when I pivoted.” Participant 4.*

*“My father used to run a farm supplying sugar to now TSB formerly Selati. He was one of the first few to leave TSB as an employee to become a supplier. He has passed now and my older brother still runs the farm. We are all*



*entrepreneurs out of six kids, except my sister who works for the government.” Participant 5.*

*“My mother was an entrepreneur. I grew up in that. I just never thought I would be one too. I guess life happened to me or the apple does not fall far from the tree. “ Participant 6.*

*“ I worked for one year. After that year, I told myself that this is it. I can’t do corporate. “I’m just not cut out for it”. Participant 1. Similar sentiment expressed by Participant 2.*

### **5.3..1.6 Policies and procedures**

The ability to run a tight ship was expressed by participants. Participants generally felt that having policies and procedures was evidence of a good business. They felt that one could not be considered a good businessman without having things as simple as policies. The sense was that this is a very low water mark in business.

*“ We are not running a spaza shop here. It is important everyone knows what is expected, when it is expected and how to conduct themselves. When I get to CCMA and I have dismissed a worker for absconding the whole week after payday, how will I defend myself without an HR policy? “ Participant 2.*

*“ I am on my third and final year now at Raizcorp. It is one of the first things they do. In my first year we compiled a working capital policy on when to pay suppliers, when I should receive payment, how long must I keep inventory”. Participant 4.*

*“ What I have observed is that not being organized, comes back to bite you. A typical lack of organizing skills is where people have no distinction between personal and company accounts. Once there is no distinction you are in trouble. People use company money for personal reasons and do not stick to a salary. There is then no stock. The business is dead” Participant 5.*

The overwhelming feeling was that policies and procedures are in place and should be in place, it is imperative in running a professional business.

#### **5.3.1.7 Decision-making ability**

The poignant theme coming across was that the owners know how to make decisions and they had a high sense of belief in their abilities to make good decisions. They believed that having been in corporate, endowed them the skills to manage as they have managed and successfully so. Coupled with their experience and qualifications, they were the most qualified and experienced in the business. Thus decision making was centralised with the owners as to whom best to decide.

*“I know when to be firm, I know when to give hugs, I know when to give a sales pitch to senior industry peers.” Participant 2.*

*“ I have worked with all sorts of characters. You know how mining is. I have learnt to read a room” Participant 4.*

*“ I have earned my stripes, I can smell a good deal and a bad deal. This morning (interview morning), a mine needed a dozer. I called Caterpillar, the machine is on its way to the mine. I did not need a fancy spreadsheet with NPV’s to make a decision. It was not a hunch, it’s my years of experience” Participant 1.*

#### **5.3.1.8 True North**

*“ We are in mining and know how to mine. We know how to mine different commodities. That is what we do. We mine. Opportunities in mining are where we play. You won’t see me pitching for business at a bank. It is not what we do. “ Participant 2.*

*“ I am into niches. Once something is not a niche, I get out. We are the only Unicorns supplying sanitisers to a certain multinational mining company together with another company. Once I see that market is being flooded, I will get out. I do events yes, however, I also supply niche general goods to multinational mining companies. I have tried to get into other areas and the*



*Multinational Mining Companies know me as someone who specializes in certain supplies. I am not having any traction. "Participant 4.*

*" You have to have focus and know your strengths. I am an environmental scientist who knows environment as well as waste and water management". Participant 5.*

The participants were very clear about their strengths and competence. They were equally crystal clear about being entrepreneurs in the mining space. They knew their true north.

### **5.3.10 Phone call**

Mining by nature is very cyclical and events driven. Whilst there is a long term outlook, the participants shared that they prefer being fluid in their strategy execution given their true north.

A typical example given is that the CEO of a mine after a fatal incident would engage in a safety drive in the next couple of days. All sorts of goods and services would be required for that safety drive where tendering and sourcing of goods is on the whim. Phone calls are normally the order of the day for such incidents where speed is essential lest you lose out. They strategise quickly and a phone call is typically all that is required for execution and not board meetings with approval frameworks to be considered.

Commodity prices are also very cyclical, with cost pressure on the participants. The phone calls make it easy to respond to any macro issues.

### **5.3.11The Y**

Simon Sinek (2009) coined the phrase start with the Y. The Y means what is your purpose in the main. The participants expressed that the reason they can get up every day even when they are beaten down is driven by the fact that entrepreneurship fulfils their reason of being. It gives them purpose, meaning and fulfilment to be an entrepreneur. That is what drives them. The driver is living and breathing their purpose. This manifests in varied ways.

*" It is who I am". Participant 3.*



“ It is satisfying”. Participant 1.

“ I take pride in knowing that a mother and a father can fulfil their purpose to their children and families as a result of me”. Participant 6.

“ My life has been preparing me for entrepreneurship”. Participant 4.

### **Participant 7**

The overwhelming sense from expert participant 7 was that lack of entrepreneurial competence definitely prevents host communities from accessing procurement benefits .

Participant 7 narrated that due to lack of job opportunities, host communities then gravitate to entrepreneurship . Secondly the proximity of the mining operations to the host communities results in a belief in the host communities that they are entitled to entrepreneurial opportunities from the multi nationals. Since the advent of the unfortunate Marikana incident, host communities have become radical by seemingly believing that they now have power to halt mining operations. Participant 7 narrated a couple of incidents that have made her nail her colours to the mast with such surety. She recalls incidents where host communities protest and cause unrest. A dialogue in Mpumalanga via a call from the political actors (Ministers, Mec’s, Councillors) was held. A lady spoke passionately about the lack of female entrepreneurial support. After the dialogue, participant 7 approached the passionate lady and proceeded to encourage her to make contact. Details of participant were supplied. To this day she never made contact .

Another incident with roughly 50 people also occurred. On engagement with the actors to plead to have a structured intervention as opposed to protest it was agreed that they will supply their company profiles with details to advance opportunities. To the surprise of the participant none of the actors had registered companies, nor profile. They had no appreciation of a commercial relationship. No competence, no organising, no skills to offer. They merely felt entitled with no entrepreneurial competence . This has been the experience of the participant. She alludes further to the fact that out of a



group of said 50, one would be lucky to walk away with 4-5 potentials. This pattern is repetitive with other examples. There seems to just reign a mob mentality of entitlement with no appreciation of commerce. “Cavin , you just engaging with a group of hustlers”.

What she has seen to have an benefits is after this combing through the hustlers and they are lucky to find the unicorn, to pair them up with an experienced player whom they can subcontract too and encourage them to employ the local people.

### **Participant 8**

Entrepreneurial competence has a positive role to play . Due to mining being technical and legislated, the one competence that is very important is the conceptual competence. Entrepreneurs having mining discipline related skills and qualifactions can do well. The opportunities in mining procurement are related to qualifications, it is almost a sure order qualifier. This conceptual competence also allows the entrepreneur to benefit from the general business ecosystem around mining, which results due to mining activity. If the entrepreneur as well is then not able to benefit from this ecosystem, then one is not really an entrepreneur.

Strategy is also very important as entrepreneurs tend to want to be “Jan alle man”.They are not focused and want to compete on every available opportunity. Which raises legitimacy questions around the entrepreneur as expertise need to be honed specifically. “You cannot supply bottled water today and the next day want to do road building”. This strategy needsto be clearly articulable , where did you get your experience , which projects have you completed, what is the future of your business, where would you like to go with your business?.

Nurturing under an existing player tends to show the most positive results in building the competence. Once this is built over a three year horizon, the entrepreneur is then well paced to fly on their own. This nurturing should extend to a three period at a minimum as a shorter period does not yield any results. Entrepreneurs are then able to directly contract with mining

companies after this incubation period. This has been the experience from the skills development programs instituted via supply and enterprise programs. These development programs were focused on finance and general business administration capacitation.

The approach has changed where opportunities within a mine are identified. Designation between specialist work and non specialist work is done with a view of determining how the work can be directed to a host community supplier.

### 5.3.12 Conclusion of Research Question 1

The research concludes that entrepreneurial competence is key to being a successful entrepreneur. Successful entrepreneurs possess entrepreneurial competence. It is a vital ingredient on this road less travelled. The combination of entrepreneurial competence in a person bodes well for their entrepreneurial journeys.

The participants have demonstrated entrepreneurial competence. They believe that the combination of all these traits has had a significant benefits on the success of their ventures. This is also inline with the experts, where they extend the conclusion to say a three period of incubation is necessary and conceptual as well as strategic orientation per participant 8 is important . Participant 7's experience has been such that whilst in support on the research question, her feeling is generally all competencies are lacking.

**Table 4 Additional quotes**

Theme	Quote
<i>Religion</i>	I believe that this is what God called me to do on this earth. When I experience challenges, I know my God would not lead me to a path that he has not



*I was born and being prepared for this*

prepared me for. I also believe with him behind me I will not fail.

This is who I am. I am an entrepreneur. My corporate life was preparing me for my ultimate path as an entrepreneur.

#### 5.4 Results of Research Question 2

##### Research Question 2: Would developing entrepreneurial competence in host communities assist them in accessing procurement benefits?

Research Question 2 aimed to ascertain whether the development of entrepreneurial competence in host communities would assist them in accessing procurement benefits. The participants reside, employ and empower host communities through various initiatives in their businesses. They have their finger on the pulse of host communities and their sense of the benefits entrepreneurial competence development would have on host communities was embarked on. Themes were constructed :

**Table 5 Results of question 2**

Theme	Quote
<i>EC</i>	The person and their competence.
<i>Politics</i>	Trojan horse where protest is a means to secure business.
<i>Multination mining companies</i>	Approach requires better planning, support

inclusive procurement strategy	and designation to provide procurement benefits.
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### 5.3.2.1 The person and competence

*“There is a mistake being made around entrepreneurship. Entrepreneurship is not just one of the options on the table. It is something that has to be in you. Not everyone can be one. If it is in you, you will have the patience for the journey.” In the early 2000s, Anglo advertised supplier development to groom 30 companies. I was one of them. I was given the necessary support and here I am now. What was interesting about that 1-year programme is that the focus was on the person. Participant 3.*

*“People are rushing to entrepreneurship as a solution to the social problems of unemployment, hunger and poverty. I don’t believe that that is the appropriate motivation.” Participant 1.*

*“We are dealing with people who are hungry, who need to eat. They are not real entrepreneurs. They are just trying to survive. They are survival entrepreneurs. Mining is capital intensive, where are you going to get capital from if your immediate need is food and keeping the wolves from your door?. These people need jobs and education more than entrepreneurship. We are wasting time trying to develop people who just need employment and education. They just don’t have it.” Participant 6.*

*“Entrepreneurship is like being a baby who steadily grows up nicely in a nurturing environment. Multinational Mining Companies are not patient on this development, without that where will they get the competence from. Our backgrounds are also mostly about going to school and getting a good job. We don’t have that training or background of going to school to learn the skill and come apply in the family business .” Participant 4.*

*“ Opportunity is a key challenge. We develop them and then what?. They need the opportunities to be availed. The opportunities are very close. The issue is more*

*closed tenders now where only certain companies can apply. It is not open. The work then goes to the same companies. If you look at Emalahleni, there is an abundance of engineers. You can throw a stone and you will hit an engineer. The opportunities to be exploited?. Participant 5.*

The participants felt that in the main a socio-economic problems exists where the country due to lack of growth has resulted in there being no employment opportunities and as a result, poverty and hunger exacerbated. The response of the host communities is to then source business from the Multinational Mining Companies as a way to survive. No real regard is paid by the communities as to whether they are fit for purpose to embark on entrepreneurship. When they do, the driving motivator is survival and as such the business does not grow and the cycle repeats itself.

The host communities are not composed of high potential entrepreneurs. They are survival entrepreneurs if entrepreneurs at all. There was a strong sense that the communities need employment and education more than procurement benefits.

Participant 2 provided a really interesting case. He is someone whose business has grown and benefitted from a concerted effort by Multinational Mining Companies availing the opportunities, upskilling, security of a contract. Equally, he is someone who has the competence and his persona and history are of an entrepreneur. Participant 2 is thus the poster company of how developing competence does result in accessing benefits. The tar hits the road in sifting through the host communities and finding the likes of Participant 2.

Participant 6 is also an interesting case. This participant was in high employ and merged with an established player. This resonates with the points raised by the experts. This participant is now the CEO of the merged company.

Participant 4 also made mention of the support received prior. The supplier funding programme for a multinational was able to provide working capital funding before on order. Multinational supplier&enterprise program would advance the funds to execute the order and the entrepreneur would have to cede their bank account. On completion, program would be paid back and the profit remaining with the business. The requirement was an order. They subsequently merged with a banking institution which brought a layer of complexity typical with banking institutions (credit checks,

audited financial statements). This took the wind out of the sails of the budding entrepreneurs.

Interestingly, there seems to have existed an environment before which the entrepreneurs are clarion calling for which is now not the case. This change is an area of interest.

### **5.3.2.2 Protest as a means to secure business**

The participants also referred to political entrepreneurship. There was an overwhelming sense that some protests are hijacked by political actors for their selfish ends by using the host communities. This resonates with the point made above about lacking entrepreneurial competence, where people motives are not aligned to the business of business and as such ineligible actors masquerade as entrepreneurs. Multinational Mining Companies would reluctantly concede opportunities to host communities that have no business in business as they lack entrepreneurial competence. The quorum of the business forums is also problematic. It is in South African lexicon a space for cadres. The deployment of cadres in SOE's has shown that cadres are not really concerned about the business of business given the SOE performance.

### **5.3.2.3 Planning, support and designation by multinational mining companies**

*“ If the mines were planned and designated better I think it would help. Look at them. They knew for three years they going to demerge from global multinationals. There is a lot of work that goes with establishing a new company. You need new branding and signage for instance. Why in their demerger plans did they not designate some of this work to us?. We could have supplied all that branding work. What they did was as if they did not have three years and did a closed the tender and given to preferred suppliers. “ Participant 4.*

*“ I had just resigned as a construction manager. There was an advert put out by Anglo for supplier development of 30 companies. There was 1500 of us who applied. I was one of the fortunate Unicorns. This was early 2000. Look at me now. “ Participant 3.*

*“ Multinational Mining Companies box this and apply a textbook solution. Host communities are different, people are different. What this one needs is different to what the other needs. We provide educational opportunities in one host community, we provide funding in another. Mining is capital intensive, where are you going to get the money?. Typical example, host communities do not have the equipment when we advertise needing equipment. What do they do, they go rent it at the original equipment manufacture. They then charge a markup. This is counterproductive. We are also in business, I won't rent a machine for extra when I know the cost purely cause host communities must be supported. I'm running a business. What we would do is that in those instances, we call the person in and interview them. If the person is credible, we will finance the machine cost. In the end, that person has a machine. They needed funding + opportunity. Multinational Mining Companies advertising work is a zero-sum game as they will be priced out due to lacking funding. Funding + opportunity + person is key .” Participant 6.*

Multinational Mining Companies according to participants do not have the proper strategy & planning to enable host community entrepreneurship. They have a textbook corporate approach that is not tailored to the realities on the ground. They could also do better with designating spending. A participant made the point that there are budgets yearly. Can the procurement benefit not be planned according to the budget in advance?.

A participant did however contrast to say, Multinational Mining Companies are very respectful of the prevailing laws of the country and they want to comply. The fact that they do designate spending and have policies is proof. The challenge is the competing business needs vs. host communities development. Multinational Mining Companies then choose themselves.

Participant 7&8, have indicated that they are aware of this challenge. Their companies have thus adopted a different approach which they believe will bear fruit long term.

### **Participant 7**

Participant 7 believes that opportunity is the key enabler for the high potential group. It leads to a zero sum game where she would put entrepreneurs through supplier development programmes and there is then no opportunity thereafter.

Participant also relayed the point that Multinationals have a big responsibility on creation of opportunities. She juxtaposed several companies and where there was a difference was where the CEO included in the General Managers and fellow Heads of Departments as part of their performance metrics a measure of local procurement. This metric encouraged opportunity availment to high potential host community entrepreneurs. Another company relying on the benevolence of the HOD's results in the opportunities not being availed as lack of experience and stick to the known prevails.

The intent should be supported by policy . The industry needs an appreciation of this opportunity availment as one key way to access procurement benefits.

Participant also made mention of why there is a corporatisation of the funding models. Her experience has been that the entrepreneurs see the funding as a grant and not a commercial obligation. Multinationals can therefore not continue funding without the rigour of process. Her salient point is that if you are an entrepreneur you should be able to go through the muster as you would be competent. If you then cant, it means you were just a hustler and this process assist as a funnel to direct funding to the most able as a result. She would rather they change 5 entrepreneurs lives than having to entertain unsavoury entrepreneurs (survival entrepreneurs).

What she is implementing is a focused program of about 20 high potentials. They will be put through the supplier development program and paired up to be a sub contractor with a major supplier. Opportunities will be availed for a period of three years to said entrepreneurs. Employment of locals will also be a condition.

### **Participant 8**

Participant 8 contribution to the research question was in tandem with participant 7.

### 5.3.2.4 Conclusion of Research Question 2

Multinational Mining Companies strategy for inclusive procurement is heavily criticized by participants. The criticism is centred around the lack of planning and the box approach. Further Multinational Mining Companies have no patience now in comparison to what Multinational Mining Companies did for the likes of Participant 2. Something has changed in the Multinational Mining Companies approach away from what participants deem workable. There is however a feeling that Multinational Mining Companies have the willingness to do what is right. They also want to do what is right. There is a disconnect between ambition and execution, however. Participant 6 also presented a case study of what multinationals are doing and would like to embed by partnering high potentials with established players as sub contractors. The key theme was the correct person to give these opportunities too (survival vs high potential). This correct person identification is the key to unlocking access to benefits from multinational mining companies. The majority of the host communities are survival and use Multinational Mining Companies as a way to address their socio-economic problems of poverty, hunger and unemployment. The panacea to these socio-economic needs would be better served by employment and education per the participants. Political actors too out of self-interest are muddying the waters by exploiting the desperation of host communities.

**Table 6 Additional quotes**

Theme	Quote
<i>They don't have it</i>	Host communities in the majority do not have what it takes. They are people who just really want jobs and that is what should be considered. The granular few can be considered.

*Unicorns*

We need to carefully identify the Unicorns.  
 These definitely would succeed. Not just anyone.

### 5.3.2 Results of Research Question 3

**Research Question 3: Would competent host communities accessing procurement benefits reduce the spate of unrest and conflict in host communities?.**

**Table 7 Results of research question 3**

Theme	Quote
<i>Gauteng procurement prevalence</i>	Benefit flow by local host communities procurement benefitted.
<i>Host communities empowerment</i>	Sharing of procurement benefits with host communities.
<i>Public relations</i>	Communication of benefits conferred.
<i>EC possessing entrepreneur</i>	Growth and sustainability via conveyor belt of benefits flowing.

#### 5.3.2.1 Benefit flow local





*“ There is a lot of skill in the area which is lacking the opportunity. Predominantly business is done with outside the area companies of Gauteng. This results in a benefit leakage. I do understand that expert suppliers are necessary. However, something should be done to increase the proportion of local procurement to reduce the leakage of benefits” Participant 5.*

Participant 5 highlighted that proportion of spending should as a goal be more local than any specific expertise. The participant accepts that some services are specialized however that is an exception and not a norm. The norm should be for the procurement benefits to be favoured by locals. This will ensure that there is no leakage of benefits.

### **5.3.2.2 Sharing of procurement benefits**

*“We ensure that we employ local people in our company. We further provide ancillary benefits like bursaries and feeding the local community for instance during Easter and Christmas. “ Participant 3.*

*We look out for what the community needs. Some community members we provide employment, some we provide funding. What is needed is what guides us to share what we have accumulated. We employ locally as well. Participant 6.*

The entrepreneurs are aware of the plight of the communities. They as a result do their bit to share with the communities via employment, funding and general social responsibilities.

### **5.3.4.3 Communication of benefits conferred**

Multinational Mining Companies do not show and tell the good they do for the country. This should be shouted from the rooftops. A lot is being done by mining companies which the feeling was that the host community does not appreciate. Beyond legislative requirements, Multinational Mining Companies also support infrastructure & education in host communities. The social labour plans and corporate social responsibilities set out by Multinational Mining Companies ensure that infrastructure is created in host communities. Government officials are always being invited to an opening of a school or clinic at the Multinational Mining Companies expense. The facilities service the host communities. Multinational



Mining Companies also provide a host of bursaries to host communities. Multinational Mining Companies also contribute to Municipality capacity building by funding programmes to upskill host community municipalities to provide better services. Multinational Mining Companies have also come to government aid by rolling out vaccination programs.

The feeling amongst participants is that Multinational Mining Companies provide a lot of benefits beyond procurement per legislation and beyond. Multinational Mining Companies would do well to do a show and tell of how benefits beyond procurement are flowing to host communities. This is believed as a measure that would alleviate the unrest by providing better understanding.

#### **5.3.4.4 Conveyor belt of procurement benefits**

The appropriate identification with support to host communities entrepreneurs that can grow and sustain their businesses will provide a conveyor belt of procurement benefits. "If people feel they are sharing in the benefits, who would then protest? Was a sentiment expressed. Even those who protest will be called to order by the communities. This would be done by entrepreneurs who are walking in their purpose and entrepreneurship is not a means to put food on the table but rather a vocation and or call. They will grow & sustain their businesses with the associated benefit flow through to host communities. They will work with the host communities.

Multinational Mining Companies want to do right. For Multinational Mining Companies to do right they need the fit for purpose person whom they can partner with. This fit for purpose person is not the survival entrepreneur commonly found in host communities, a deeper search to unearth the diamonds in the rough is required. Multinational Mining Companies need a way mechanism to sniff out these diamonds.

The host communities forums are not properly constituted. There is a lot of political manipulation on whom gets to represent the host communities. These political overtures are to attain selfish ends which do not give back to the host communities. The Multinational Mining Companies negotiate with these forums assumed as a true representation of the community and lets procurement benefits flow. However, the Y always comes back to bite the multinational mining companies.

*The socio-economic environment is such that growth that fuels employment opportunity has reversed. The host communities thus set their sights on Multinational Mining Companies on their doorstep. “ People want to work and provide for their families. People want to eat the sweat of their tears contrary to popular belief. They have pride. It is against their pride to be a begging bowl. “Participant 2”.*

The immediate need is to absorb as much of local communities for employment as possible. This should be a joint venture between Multinational Mining Companies and companies enjoying procurement benefits. Benefits are not ring-fenced to procurement. Employment is also a form of benefit. If the majority of the host community is working, who would protest asked one participant?

**Table 8 Additional quotes**

Theme	Quote
<i>Who would protest</i>	There would be no one left to protest as people would be busy in their jobs.
<i>Self-correction</i>	The unrest would self-correct and albeit.
<i>Education</i>	Funding beyond mining disciplines for capable students.

#### 5.3.4.5 Education

Multinational Mining Companies provide educational support for disciplines aligned to mining. As such the industry conveyor belt is churning. However, there is a world outside of mining which as good stakeholder companies should consider. A barter to social responsibilities promulgated in the mining act for expanded education opportunities outside of mining could assist. The country is in desperate need of maths and science. Those pupils in host communities should be sponsored to study disciplines outside of Multinational Mining Companies requirements. Areas such as Actuarial Science, Medicine are not normally the fields of study that Multinational Mining Companies sponsor. However, there is a need in the general country, which



could be sponsored for host communities which would mean host communities benefit due to the flow-through benefit.

### **Participant 7**

Accessing procurement benefits will not assist in stemming unrest and conflict . Participant shared that it is such a multifaceted issue that it is difficult to pin one mitigator . It needs all actors from society to put hands on deck.

The “Unicorns who make it” due to social mobility then move out of host communities and are not willing to be profiled for learnings to be shared. The cycle as a result keeps churning. Opportunities availed are generally short term and the communities come back after exhausting the benefit to protest again. Vicious cycle.

The community forums are heavily politicised and start with good intentions but morph into general selfishness and no longer about the community . The political actors know that the forums have legitimacy with Multinational Mining Companies and thus use the forums as an extraction tool for procurement benefits . The quorums of the forums are also very problematic as a result and constituted by host community members and political actors who really have no entrepreneurial competence to access the procurement benefits on offer .They have no business in business.

### **Participant 8**

A resounding yes , that it could go someway to alleviate the unrest and conflict. An important point however is that infighting in the community is rife. Once an entrepreneur is developed and supported , the host community starts being resentful and there is then a sense that the same people get the procurement benefits. This is a difficult issue as Multinational Mining Companies would want to continue with the developed entrepreneur and not reinvent the wheel. The community is against this and there is a sense of an ever continuing conveyor belt of opportunities that should always be availed to the next host community person irrespective of competence . This affects the sustainability as the Unicorns who are now sustainable fall off the ladder and become unsustainable .

#### **5.3.4.6 Conclusion of Research Question 3**

Yes, host communities benefitting would reduce unrestis the overwhelming sense. Host communities benefitting would mean there is no one to protest in the host communities. The fundamental reasons for the protest are centred on socio-economic issues which are being placed at the Multinational Mining Companies door. Procurement benefits to the unicorns can assist with the flow-through.

However, host communities do not possess the entrepreneurial competence to access the benefits. The small minority as is the case for people who are entrepreneurs would do well to recruit in the host communities. Employment would be a better solution than entrepreneurship due to the lack of entrepreneurial competence. Education sponsor should also be extended to skills required by the country at large with barter for exemption on other social responsibilities.

The above is in stark contrast to participant 7. Participant 7 sense is that this will not help. The issue is too multifaceted to have a single strong mitigator. This is aligned as well to participant 6. They are more in favour of overall country reforms and a multi stakeholder approach.

#### **5.3.4.7 Unexpected findings from Research questions**

Religion as a commitment competence was unexpected. Religion as narrated by Participant 3 was what fueled their commitment competence. Religion also had a role to play in an ethical approach to business which could be said to be an organising competency. Religion also has ancilliary benefits of relationships and opportunity via religious affiliation.

The benefits term concerning protest was extended to include all measures by host communities entrepreneurs and multinational mining companies. The feeling was that there is more than just procurement benefits that are already being accessed by host communities. The host communities were felt to have no appreciation of this.



Selfishness and entitlement was found to rein in the host communities. The Multinational Mining Companies would also do well to shout and sell the benefits they provide.

Education was seen as a great lever to bettering the host communities lot. Multinational Mining Companies sponsor fields in which they have the interest to serve their businesses. Areas of Engineering and Finance are sponsored. Areas of Medicine, Actuarial science, Marketing, Information technology and areas of Corporate social affairs are not readily sponsored. This was felt to rob the country of other areas to develop. The feeling was that Multinational Mining Companies should barter with Government on areas beyond their scope as a social benefit for which credit could be gained. This would redirect Multinational Mining Companies legislative spending and benefit the whole country. Host communities would benefit as well as the host community sponsorship would alleviate the community feeling left out and reduce unrest.

Research question 3 eventually led the researcher to believe that it is a research topic on its own. This research study is mainly concerned around entrepreneurial competence. The unrest and conflict is then an ancilliary issue. The researcher concedes to having assumed correlation to cause, in that it would then follow that accessing procurement benefits would alleviate unrest. Whilst there is a correlation, the researcher opines that this is an area of study that could be well explored further.

#### **5.3.4.8 Conclusion to Research questions**

This chapter demonstrated the narration of the participants as interviewed via the semi-structured and unstructured interviews. The semi-structured interview questions were constructed to answer the research questions, supported by expert unstructured interviews especially around research question 2 and 3. Codes emerging from the research questions by the participants were demonstrated. Whilst guided by the interview schedule new insights from the engagement with the participants also emerged. These new insights further aided the research question of the benefits on entrepreneurial competence in accessing procurement opportunities from Multinational Mining Companies by host communities.

The next chapter juxtaposes and layers the narration of the participants against literature to support or dispute the findings in this chapter.

## CHAPTER 6: RESEARCH DISCUSSION

### 6.1 Introduction

The previous chapter narrated results from the participants given the research questions. This chapter aims to pit the findings from the participants against literature in furtherance of the research questions namely “ The benefits of entrepreneurial competence in accessing procurement opportunities from Multinational Mining Companies by host communities.”

### 6.2 Research question 1 - Does the lack of entrepreneurial competence of the host communities prevent them from accessing the procurement benefits offered by multinational mining companies’;

Research question 1 aimed at ascertaining the entrepreneurial competence of the host community entrepreneurs and its benefits on accessing procurement benefits. The conclusion of research question 1 was that the participants possessed entrepreneurial competence. This possession of entrepreneurial competence enabled them to identify opportunities thereby starting businesses. Through their relationships, conceptual, strategic and organizing abilities they were able to grow and sustain their business. The commitment to their business was the wind beneath their sails to weather the entrepreneurial storm and not only continue to be in business but to succeed in business.

These attributes that result in the successful execution of the entrepreneurial task are defined as entrepreneurial competence (Lau et al. 2002). Shane et al. (2000) makes a further point that the opportunity of entrepreneurship can only be executed by an individual who is skilled at the entrepreneurial task. Sserwanga et al. (2013) identified three core traits in their successful entrepreneur (a) the ability to spot opportunities, (b) the ability to plan, (c) and the ability to innovate. These core traits could be argued to be entrepreneurial competence.

The research concludes that entrepreneurial competence is key to being a successful entrepreneur. Successful entrepreneurs possess entrepreneurial competence. It is a vital ingredient on this road less travelled. The combination of entrepreneurial competence in a person bodes well for their entrepreneurial journeys. The participants have demonstrated entrepreneurial competence. They



believe that the combination of all these traits has had a significant benefits on the success of their ventures.

### **6.2.1 Opportunity**

Short, Ketchen, Shook & Ireland (2010) define opportunity as an idea or dream that is discovered or created by an entrepreneurial entity and that is revealed through analysis over time to be potentially lucrative. Discovery, creation, entrepreneurial entity (actor) and evaluation are thus key building blocks of opportunity identification.

Davidsson (2015) further supports this view and adds that that discovery or creation is ordinarily through external enablers or new venture ideas. External enablers are characterized by regulatory changes, technological breakthroughs and demographic shifts. New ventures are characterized by the imagined futures. Davidsson (2015) makes another point that in the opportunity the confidence of that opportunity evidenced by the entrepreneurs' subjective evaluation of its attractiveness is the final consideration before the leap to entrepreneurship. Differently put, the entrepreneur has to have evaluated the opportunity and deemed it worthy to exploit.

Alertness adds another layer of how new opportunities are initiated and pursued beyond the eureka moment. Entrepreneurs possess a higher level of alertness and explain why seemingly simple and great ideas that the general public often wonder why they did not think of them come to being (Tang, Kacmar & Busenitz, 2012). Tang et al.(2012) define alertness as borrowed from Kirzner (1997) as an individual's ability to identify opportunities that are overlooked by others. Opportunities do exist, the entrepreneurs are the few alerted to their discovery or existence.

Scholars also opine that the person to execute this is equally important and they should be fit for purpose.

I would argue that external enablers have played a bigger role in the participants' opportunity competence. No new venture ideas have been created as mining is mining. Participants did not discover mining ala, Harry Oppenheimer. They merely play in an existing space. I would argue further that participants opportunity competence is premised on regulatory and demographic shifts. The advent of BEE has resulted in a regulatory change favouring a particular demographic. This has favoured participants 3 – 6 in the main. Participants 1 & 2 have also been able to



sustain and grow their business due to alertness of these regulatory and demographic shifts by ensuring they are BEE compliant.

Literature findings on the fit person finding is equally apt. The participants through their family history, personal history, education, Multinational Mining Companies experience were also able to take advantage of the opportunities as they were fit people for entrepreneurship in mining.

The confidence of the participants in the ventures is equally evident in their use of their pension funds and leaving the comfort of salary employ in the main to pursue their entrepreneurial ventures.

The alertness to the external enabler supported by subjective confidence was the key driver to the identification and pursuit of the opportunities for the entrepreneurs.

### **6.2.2 Relationships**

Stam, Arzlanian & Elfring (2014) agree that social capital is critical for firm performance. This social capital enables the entrepreneur to identify new business opportunities, obtain resources below market price and secure legitimacy from external stakeholders (Stam et al. 2014). Weak & strong ties, as well as network diversity, were found to have a strong benefits on firm performance.

Relationship competence entails the actual and potential resources accessible through an actor's network of relationships (Stam et al. 2014). "Social capital creates value by endowing well-connected actors with privileged access to intellectual, financial, and cultural resources" (Stam et al, 2014).

Participants in the study were well connected. The participants had an array of previous colleagues in Multinational Mining Companies and Professional association networks. This created an arsenal of weak and strong ties to draw upon. Participant 1 also indicated that their strategy of service and performance excellence grew their weak tie network substantially to the point where they are being headhunted for work.

Participant 6 made mention of the fact that though she did not have access to financial capital through her multinational mining company experience she was



availed the opportunity to merge with an established contract mining player.

Participant 4 stated that in scenario's where the working capital commitment was beyond his venture to execute. He together with other host communities entrepreneurs crowdsource funding for each other to win an order and execute it.

Literature also posits that the type of social capital differs according to firm age, industry type, emerging or established economies. Entrepreneurs are cautioned to continually develop these relationships given their particular circumstances as the social capital of a new emerging firm to an established firm differs. The social capital relied on for instance family savings to start is not the same social capital to list for instance. Relying on old capital without nurturing new capital would be to their detriment.

Whilst their current levels of social capital were sufficient for their current states enabling them to start and sustainably grow, looking into the future given their strategies requires new thinking on social capital.

### **6.2.3 Conceptual and Organising**

Conceptual and organising competence to the researcher alludes to leadership ability and capability. To this end, McCleskey (2014) defines it as the characteristic ability of an extraordinary individual. This is premised on the great man theory by Thomas Carlyle. This has subsequently evolved from the all-knowing man after the disastrous leadership consequences of supposed great men of our time (Hitler, Napoleon) to be broader and consider that leadership is really what is required contextually. This context means a leader should be able to demonstrate and shift between different abilities. These abilities are aptly presented by the (a) situational leader, (b) transformational and (c) transactional leader (McCleskey, 2014). Literatures posits that at times leadership is one or both in a combination of. An entrepreneur would display great leadership with nuance display of these.

### **6.2.4 Situational**

Situational leadership theory proposes that effective leadership requires a rational understanding of the situation and appropriate response, the continuum represented the extent that the leader focuses on the required tasks or focuses on their relations with their followers. This supports its inclusion as a behavioural approach to leadership ( McCleskey, 2014; Nawaz & Khan, 2016)

### **6.2.5 Transformational**

A transformational leader is “one who raises the followers’ level of consciousness about the importance and value of desired outcomes and the methods of reaching those outcomes”. The transformational leader convinced his followers to transcend their self-interest for the sake of the organization while elevating “the followers’ level of need on Maslow’s hierarchy from lower-level concerns for safety and security to higher-level needs for achievement and self-actualization” leadership ( McCleskey, 2014; Nawaz et al. 2016).

Task-oriented leaders define the roles for followers, give definite instructions, create organizational patterns, and establish formal communication channels ( McCleskey, 2014; Nawaz et al.2016)

### **6.2.6 Transactional**

Transactional leadership involves exchanges between leaders and followers designed to provide benefits to both via a series of exchanges designed to maximise organizational and individual gains (McCleskey, 2014; Nawaz et al. 2016). These exchanges allow leaders to accomplish their performance objectives, complete required tasks, maintain the current organizational situation, motivate followers through contractual agreement, direct the behaviour of followers toward the achievement of established goals, emphasize extrinsic rewards, avoid unnecessary risks and focus on improving organizational efficiency. In turn, transactional leadership allows followers to fulfil their self-interest, minimize workplace anxiety, and concentrate on clear organizational objectives such as increased quality, customer service, reduced costs, and increased production (McCleskey, 2014; Nawaz et al. 2016).

### **6.2.7 Charisma**

Literature also makes mention of charismatic leadership where a leader has a large following and can direct to their ends. This is however a subset of either transformational or transactional leadership and less a construct of leadership in itself.

All participants mentioned their corporate high employ as the seed with which the ability to do what is required was developed. Four of the participants were high ranking well-qualified managers. That managerial experience endowed them with



the organising and human capital. Due to that endowment, they are thus able to offer a hug when it is needed, shout when it is needed or inspire when it is needed.

Another glaring observation was the family and personal history of entrepreneurship. They were not new at this. They had previously done it or seen it been done or trained to do it. They felt they had the grounding for the entrepreneurial task, this grounding is supported by literature in that those who possess it are more likely to succeed.

### **6.2.8 Commitment**

Sinek (2020) starts the TED talk with the question “how do you explain when things don’t go as you assume?”. The purpose of the talk was to explain how come some people or organizations are successful and others are not. The Unicorns that are successful what is at the core of their success?.

He narrates this point by comparing the race to fly with the Wright brothers and Samuel Pierpoint Langley. Samuel was given \$50k by the war department of the United States of America to figure out this flying machine. He held a seat at Harvard, was well connected and knew the best minds of the day. He hired the best minds. In Ohio, the Wright brothers had none of what can be considered the recipe for success. They had no money and were not college-educated including their whole team. They paid for their dream from the proceeds of their bicycle shop.

The difference was that the Wright brothers were driven by a cause and purpose. They believed that if they could figure out this flying machine they can change the course of the world. Samuel was different in that he wanted to be rich and famous. He was in pursuit of the result, he was in pursuit of the riches. The people who believed in the Wright brothers worked for them in blood sweat and tears. Samuel’s team just worked for the paycheck. Everyone was rooting for Samuel with the New York times following his every move, no one took notice of the Wright Brothers. Eventually, on December 17th 1903, the Wright brother took flight. No one was even there to share the moment. Further proof that Samuel was motivated by the wrong thing, he quit after the Wright brother success. He did not initiate contact to even say that is amazing, I can improve on your technology. He didn’t get rich nor famous so he quit. The motivation was wrong.

The participants when the question was posed as to what keeps them going. No one mentioned wealth nor fame. The consistent theme was around purpose and how being an entrepreneur enabled them to serve and live their calling. When times got hard as they do with entrepreneurship their clarion call was how will I continue to live my purpose and make a difference if not through entrepreneurship. That walking in their purpose has always enabled them to pull themselves by their bootstraps and continue. This innate ability is what Sinek (2020) calls starting with the why and being purposeful. The participant's commitments to their businesses was driven in the main by the fact that they are living their purpose and this enabled them to push through the pain similar to the Wright brothers.

### **6.2.9 Strategy**

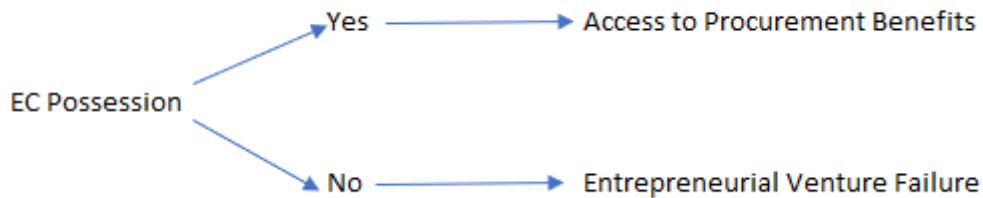
Literature makes the point that strategic competence is important and not just the purview of large corporates, the entrepreneurs equally understood the importance of this competence (Markowska et al.2019). Disappointingly, I found that this is probably the chink in the armour. Participants were not able to clearly articulate their medium-term and long term strategies. The general feeling was that, we will be around as long as mining is around. No one participant could clearly articulate their strategy statement.

The participants did make the point that their strategies are generally fluid with ease of decision making (phone call) influenced by prevailing market conditions. There was also the clarity of what they are not, which could be said to be the strategy. They are not entrepreneurs in other industries but mining and will explore to exploit mining opportunities as they come. This however was also double-edged as I got the sense that everything goes as long as it is in mining. This might be to their disadvantage as they would not be playing to their value proposition and competitive advantage whilst considering trends. A point made by the expert participant 8.

Researcher was left with the feeling that a more formal approach to strategy design, conceptualization, feasibility and execution is pressing.

The above discussion supported by research and as narrated by participants leads the study to the following proposition.

**6.2.10 Proposition 1: Possession of entrepreneurial competence by host communities enables them to access procurement benefits offered by multinational mining companies.**



**6.3 Research Question 2:** Would developing entrepreneurial competence in host communities assist them in accessing procurement benefits?.

This research question concluded that yes developing competence would assist host communities in accessing procurement benefits. There however was a condition. The condition was this could be done only by the entrepreneur with entrepreneurial competence termed the high potential entrepreneur. The concept of the unicorn is thus key to research question 2 discussion. Without the unicorn, research question 2 cannot be fulfilled. Other points were made however the salient point is Unicorn.

These unicorns Ayyagari et al. (2014) stated that they should be promoted as they possess the requisite competency of growing the SMEs. This is further supported by Sserwanga et al.(2013). Developing entrepreneurial competence should thus be limited to high potential.

The survival and or necessity entrepreneurs should be identified as such and not be developed as their orientation is around servicing their basic needs via entrepreneurship and not to starting a business that will grow and flourish. Developing them would not yield the anticipated result and would be an inefficient and misdirected use of scarce resources which could be deployed on the few high potential entrepreneurs.

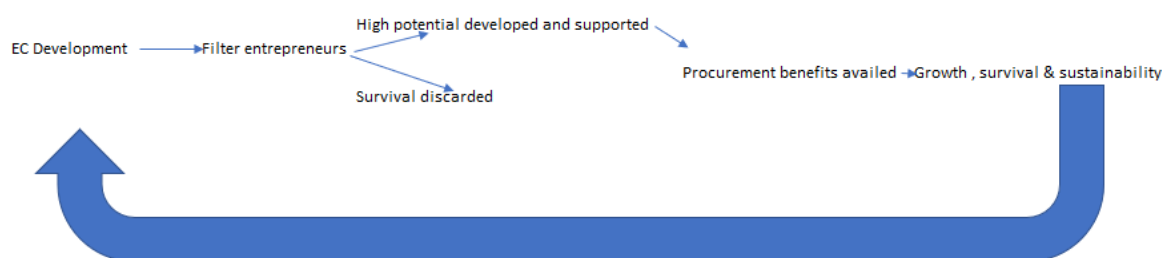
Shane (2009) makes the point more succinctly by stating that policymakers make the mistake of thinking that encouraging entrepreneurship start-ups will transform an economic lot of depressed economies and generate jobs. He posits that it is because

typically start-ups lack innovation, a trickle of jobs are created and little wealth is generated. These low probability startups should be eliminated and consequently, average performance will increase as the economy will be left with those with high potential. Unemployed people will perform worse than people who quit high employ to start a business, this is due to the low hurdle for the unemployed, whereas a person quitting quality high employ would only do so when the envisioned business is worth it and as such a quality business will be created otherwise they would stay employed (Shane,2009). The idea of a policy encouraging entrepreneurship tends to disproportionately attract the worst lot of entrepreneurs.

Billing & Downing (2003), are even more direct and conclude that time is wasted by attempting to make survivalist enterprises grow.

The participants not only do access procurement benefits but they also further assist the host communities via bursaries, jobs, supplier development and other social responsibility programs they have undertaken in their companies. They have done this consistently through the years and will continue. As supported by literature it is because they are high potential and they can access the procurement benefits and from those benefits endow the host communities with other benefits.

### **6.3.1 Proposition 2: Developing entrepreneurial competence in host communities can assist in accessing procurement benefits with high potential entrepreneurs only.**



### **6.4 Research Question 3: Would competent host communities accessing procurement benefits reduce the spate of unrest and conflict in host communities.**

As we know it, developing countries do not share the same socio-economic, cultural and geopolitical realities that underpin CSR in developed countries (Blowfield and Frynas, 2005; Dobers & Halme, 2009; Visser, 2008). Visser notes, for example, that



“CSR in developing countries draws strongly on deep-rooted indigenous cultural traditions of philanthropy, business ethics, and community embeddedness” (Visser, 2008, p. 481). This suggests that in empirical settings characterized by weak institutions and poor governance, developing countries often expect Multinational mining companies, through their CSR practices, to act as “a vehicle for development” (Matten and Moon, 2008, p. 418).

However, limited use is made of local labour in the communities where the Multinational Mining Companies operate, as mining by its technical nature, requires a certain level of expertise, which most residents lack, because of low levels of education. The Multinational Mining Companies largely employ a highly trained and skilled workforce (both locals and expatriates), which does little to support local communities and or foster the development of a secondary economy in the mining communities (Garvin et al. 2009). In the face of unemployment and poverty, the host communities have high expectations that the Multinational Mining Companies should drive employment and developmental priorities in the local communities in which they operate (Andrews, 2016, p. 10; Essah and Andrews, 2016).

According to legitimacy theory, a company achieves legitimacy when it behaves in line with the norms and expectations that underlie the society in which it operates. This suggests that by practising CSR, companies stand a chance to gain, manage or repair their legitimacy with stakeholder groups (Deegan, 2002; Dowling and Pfeffer, 1975; Suchman, 1995). For a company to be seen as socially responsible, therefore, its CSR practices should be rendered visible to stakeholder groups (Maignan et al. 1999). This view is consistent with what Prior et al. (2008) described as a “managerial entrenchment strategy to gain support from stakeholders”; which suggests that a company is seen as a multilateral set of relationships among stakeholder groups (Prior et al. 2008, p. 174).

However, mining activities have led to rising conflicts and violence resulting from frustration by locals not benefiting from huge profits of the companies, deterioration of living conditions, poor communication and the fear that mining may contaminate local land and water resources. The study recommends the government focus more on implementing strict policies and regulations as well as focusing on information disclosure on project costs and benefits to local communities while ensuring that mining companies obtain informed consent from communities before their activities.

In our research context, we define conflict broadly to include any form of dispute, misunderstanding, protest, demonstration or aggression that has occurred in mining communities because of the mining activity. Thus, cases of youth rioting and counter violent reactions from mining companies, demonstrations and agitations constitute conflict in mining communities (Aragon, Chuhan-Pole, & Land 2015). Also, any form of resistance (Erb, 2016), demonstration and protest (Bebbington et al. 2008), encroachment, violence and human rights abuse (Abuya 2016; Holden 2005; Patel et al. 2016) resulting from mining among stakeholders such as chiefs, community members, SSM, MNCs, local and national governments constitute a conflict.

The results indicate that the likelihood of a conflict occurring in a mining area is high, about 56.7%. Researcher concludes that the village community (Village effect) that the mining activity takes place in significantly influences conflict. An improvement in the strength of institutions and the primary education of community members, employment of members within the ages of 25 and 50 (inclusive) reduces the likelihood of conflict occurring in the community. Furthermore, those whose primary occupations are in manufacturing and services, increased average monthly expenditure and increased levels of pollution are predictors of increasing conflicts in mining communities. Additionally, employed community members and the presence of forum members in a community increase the likelihood of conflict in that community.

**6.4.1 Proposition 3: High potential entrepreneurs accessing procurement benefits can share the benefits with host communities and reduce the unrest.**

## CHAPTER 7: CONCLUSION AND RECOMMENDATIONS

### 7.1 Introduction

This chapter aimed at relaying the conclusions resulting from the data gathered in chapter 6. The chapter starts with conclusions on the research questions of the study as well as the contribution that the study will make to research drawn from the data gathered, discussed and analysed supported by the literature. The research limitations for the study are also presented. Lastly, implications for stakeholders are presented and concluded with recommendations for future research.

The influence of entrepreneurial competence in accessing procurement opportunities from Multinational Mining Companies by host communities was the aim of the research. The below objectives are what the research aimed to explore in answering the research questions :

- a) How entrepreneurial competence affected host communities in accessing procurement benefits;
- b) Which entrepreneurial competence in the pursuit of accessing procurement benefits are host communities most adept and lacking at;
- c) How entrepreneurial competence motivates host communities to search and identify procurement benefits;
- d) The role entrepreneurial competence can play to reduce conflict and unrest in host communities.

The conceptual framework Entrepreneurial competence was used to explore the entrepreneurs in the host communities. Chapter 2 presented literature on entrepreneurship and entrepreneurial competence. The six concepts were presented and explored in their relation to how they influence entrepreneurial success. What entrepreneurship is and who can be classified as a high potential or survival entrepreneur was also discussed. This exploration of entrepreneurial competence informed the research questions and the choice of qualitative methodology. This qualitative methodology choice is discussed and argued as to its applicability in Chapter 4. Chapters 5 and 6 presented the data gathering. Chapter 5 presented the participant's responses as narrated by them to the research questions. Chapter 6 discussed the findings supported by the literature. Chapter 7 is the final chapter of

the study. Where the research questions are concluded, the expected contribution of the study is discussed, limitations of the research are presented, implications for stakeholders explored and recommendations for future research are advised.

## **7.2 Conclusion to research questions**

7.2.1 A summary of the key findings on the research questions are presented. The study acknowledges that research question 3 is probably a better fit as a research topic on its own. Research question 3 detracts from the entrepreneurship theme of the study to include unrest. Albeit important and presenting a correlation to the research it is best suited as a topic on its own. However, the findings are in line with research on what makes for successful entrepreneurship venturing. The study presents another lens of host communities and Multinational Mining Companies beyond the stakeholder theory approach. The findings give an understanding of what it takes to conduct business with Multinational Mining Companies by host community entrepreneurs to access said procurement benefits.

## **7.3 Research question 1**

**Does the lack of entrepreneurial competence of the host communities prevent them from accessing the procurement benefits offered by multinational mining companies?.**

This question aimed to ascertain the level of entrepreneurial competence of host community entrepreneurs. This question aimed to explore the influence entrepreneurial competence has played or not played in accessing procurement benefits from multinational mining companies.

### **7.3.1 Key Findings**

The participants all displayed traits of entrepreneurial competence. The opportunity is the main result of legislative requirements with the entrepreneurs' subjective evaluation of said opportunity. The participants were found to possess weak and strong ties through their previous high employ, professional associations and value proposition. The majority had a previous history of entrepreneurship through family and their ventures



throughout their lives. The participants were also highly qualified and experienced professionals who were able to leverage this managerial skill into their business. Awareness and presence of policies and procedures in their business as well as confidence in their human capital to make decisions was displayed. Strategy was more a fluid process with a phone call being the *modus operandi*. However, the researcher did notice that the albeit fluid and agile and knowing their true north, not much emphasis was taken to formalise such strategy and filter it down to the workforce. This was an area that the participants should pay more heed too. The commitment was premised on answering the why question. The commitment came from the entrepreneurs' sense of what gives them purpose in their lives. This purpose was seen to be lived through entrepreneurial exploits. When the going gets tough, the entrepreneurs draw on their purpose that this is what they are (entrepreneurs) and so too it shall pass as there is no other way for them to live their lives outside this purpose. Participants confirmed literature findings that possession of entrepreneurial competence bodes well for the entrepreneurial venture. Converse also being true that lack of such competence lends one to survival entrepreneurship and not a high potential entrepreneur, who has the skills, drive and commitment to establish, grow and sustain a valuable entrepreneurship enterprise that can flow through acquired procurement benefits all-around via employment, social responsibility and for the greater good. This was also confirmed with the experts.

#### **7.4 Research question 2**

**Would developing entrepreneurial competence in host communities assist them in accessing procurement benefits?.**

Research question 2 had a dependency on Research question 1. The dependency is that if host communities entrepreneurs do not have the competence to access procurement benefits would developing those competence assists or if they have what learnings can then be applied to assist the those not possessing them to develop them.

### 7.4.1 Key Findings

The finding is that those who possess entrepreneurial competence are accessing the procurement benefits. The researcher then developed the question of what is it about them that lead to accessing the procurement benefits. The researcher then was led to the fact that we are looking for high potential entrepreneurs as they would possess those competencies. To the research question then yes, there is a need to sift out the high potential from the survival using the competencies as a gauge. Those that are deemed survival should effectively be discarded and not developed. Those who are high potential can then be developed as their development will in turn lead them to access such benefits.

The researcher concludes question 2 with the finding that only high potential entrepreneurs should be developed to access procurement benefits. There is thus a big onus on sifting through the entrepreneurs to correctly determine who are surviving and who are high potential.

### 7.5 Research question 3

**Would competent host communities accessing procurement benefits reduce the spate of unrest and conflict in host communities?.**

Through the research process, the researcher has found that this question should not belong in this study. The researcher has found that the question detracts from the key entrepreneurial theme of the study by introducing unrest. Whilst unrest as research has shown is premised on the host community inability to access benefits and the procurement benefits do address this root cause somewhat, it is not for this study to explore that. However, the question did give some insights into the incremental benefits that do result as a consequence of Research 1&2.

#### 7.5.1 Key Findings

The host community entrepreneurs possessing entrepreneurial competence can access procurement benefits. The development of only high potential entrepreneurs would further assist them in accessing benefits. This accessing of benefits would have a flow-through effect on the host



communities via employment, social responsibility and other associated benefits of an increased tax base through the government.

The participants have demonstrated that when they are accessing procurement benefits they can share their lot and even develop the host communities themselves. This benefit flow in abundance would result in host communities sharing the benefits that flow from hosting Multinational Mining Companies in their communities. This would have positive benefits in the host communities and over time lead to there being few who are not accessing benefits and thus no reason to then protest and cause unrest due to the shared value accruing.

However, the procurement benefits are but a feature in the discussion of the benefits. The overall finding was that host communities need more employment and education benefits for the greater good than the small entrepreneurial pie whom the majority would not be able to access in any event. Education benefit was seen as very closed in that only what is necessary to the multinationals is sponsored. The view was that this should be expanded for the greater country good into other areas of medicinal science, actuary and social disciplines.

## **7.6 Contribution of the study**

Host community and Multi-National Mining Companies are ordinarily analysed through the stakeholder theory by Freeman. The findings are generally centred around how to make better neighbours. This study gives a new perspective to the host community and multinationals question. The new eyes of the study are proposing that developing and supporting high potential host community entrepreneurs will result in them being able to access more of the procurement benefits. Accessing these benefits means that Multinationals can better comply with the legislative requirements of host companies and thus secure their social licence to operate sustainably. In turn, the entrepreneurs are also able to help alleviate the host community concerns through the flow-through of these procurement benefits via employment and social responsibilities. This collaboration between Multi-Nationals and high



potential entrepreneurs is then better able to share in the benefits accrued by mining to the benefit of host communities.

## **7.7 Research Limitations**

The study is conducted on the Coal mining industry. A primary limitation would be related to the industry in that it may not be able to be extended to other industries. Notwithstanding the coal industry, the host communities issues extend across all mining operations and are thus applicable to any other mined mineral beyond coal.

A secondary limitation is that developed countries and developing countries reasons for entrepreneurship are fundamentally different. The developed country threshold for entrepreneurship is higher due to the social security infrastructure and higher educational levels. They are less prone to have to deal with the survival entrepreneur as is the case for developing countries. There is thus a greater burden on developing countries to sift through the two to better allocate resources to their development and sustainability.

The last limitation is that developed country research around mining is more concerned with environmental related issues whilst developing countries are concerned with sharing in the benefits generated by the Multi-National Mining companies due to their socio-economic circumstances. The study might not be transferable to the West.

## **7.8 Stakeholder Implications**

### **7.8.1 Policy Makers**

Policymakers in general advocate for entrepreneurship as a panacea to the employment and growth challenges. The advocacy of entrepreneurship should be limited to high potential entrepreneurs only. There is thus a need to be able to decide what is a survival and high potential entrepreneur. This determination should be based on the entrepreneurial competence of an entrepreneur with the possession of entrepreneurial competence as a tick to gauge high potential. Funding, support, opportunities should thus be funnelled to only the high potential group. This misdiagnosis of survival vs high potential will lead to a misdirection of resources and





effort. It will subsequently lead to not achieving developmental goals as espoused by the national development plan in the case of South Africa.

The community forums are also seen as another cadre deployment instrument. The South African experience has shown that cadre deployment is antithesis to any development. There is thus a need to depoliticise the forums.

### **7.8.2 Multi-National Mining Companies**

Mining companies are subject to budgets that set out the financial plan for a three to five year period. In this planning, the designation of certain spending should be considered as a planned and deliberate budget outcome. This planning would greatly assist Mining Companies in their pursuit to comply with the laws of the country. It would also remove the off the cuff purchasing which disadvantages host community entrepreneurs.

The practice of closed tenders should be better considered to bring more host community entrepreneurs into the fold. The closed tendering alludes also to the seemingly closed funding model adopted. The corporatisation of funding with banking companies closes opportunities. The model of cessation of bank accounts against an order leads to better success via opportunity access.

Supplier development programs should only be availed to high potential entrepreneurs as they will grow and sustain their companies for the betterment of every stakeholder. This should be done for a three period.

A key policy change would be that senior management in multinational mining companies should have as part of their performance a designation off local entrepreneurial spend.

Entrepreneurs are encouraged to develop entrepreneurial competencies. These competencies will not only allow them to access procurement benefits but ensure they build sustainable businesses. They are further encouraged to give back to the host communities by employing them in the majority and conferring other social benefits as they can afford. The fate of the host community entrepreneurs is eventually tied to the fate of the Mining companies. Any business disruption caused by the community affects them simultaneously.

## **7.9 Recommendations for future research**

This research topic was centred around entrepreneurship in host communities. Research question 3 had as its aim the influence that entrepreneurial competence can make on reducing conflict and unrest. The benefits and or influence of how procurement benefits are being accessed is a research area that could be fully explored.

The question of how to quell unrest and conflict in host communities is a broad one. Research illustrates that the root cause is due to not sharing benefits. How then and what benefits can be shared to alleviate the unrest and conflict is a future area of interest.

## 8:References

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## APPENDICES

### A: Research Plan

Task Name	Start	Finish
<b>Ethics Approval</b>		
Draft research proposal	Fri 14/05/21	Thu 27/05/21
Supervisor feedback	Thu 27/05/21	Sat 29/05/21
Submit research proposal	Mon 31/05/21	Mon 31/05/21
Draft ethical approval	Thu 17/06/21	Sat 19/05/21
Supervisor to peruse research proposal	Sat 19/05/21	Tue 22/05/21
Supervisor to approve and provide feedback	Tue 22/05/21	Tue 22/05/21
Submission of research methodology to supervisor	Mon 05/06/21	Mon 05/06/21
MREC review and approval of submission	Tue 06/07/21	Fri 09/07/21
Feedback by MREC	Monday 12/07/21	Monday 12/07/21
<b>Electives</b>	<b>Start</b>	<b>Finish</b>
Lecture Prep Emerging Technologies & the future of Business	Thu 24/06/21	Fri 25/06/21
Lecture Emerging Technologies & the future of Business	Fri 25/06/21	Sun 27/06/21
Assignment Emerging Technologies & the future of Business	Mon 28/06/21	Wed 30/06/21
Lecture Prep strategic foresight	Thu 01/07/21	Thu 01/07/21
Lecture Mastering strategic foresight	Fri 02/07/21	Sun 04/07/21
Assignment Mastering strategic foresight	Mon 05/07/21	Wed 07/07/21
Lecture Prep Investment Finance	Thu 08/07/21	Fri 09/07/21
Lecture Investment Finance	Fri 09/07/21	Sun 11/07/21
Assignment Investment Finance	Mon 12/07/21	Wed 14/07/21
Lecture Prep Business valuations and deal structures	Wed 28/07/21	Thu 29/07/21
Lecture Business valuations and deal structures	Fri 30/07/21	Sun 01/08/21
Assignment Business valuations and deal structures	Mon 02/08/21	Wed 04/08/21
Lecture Prep Turnaround Management	Mon 13/09/21	Tue 14/09/21
Lecture Turnaround Management	Tue 14/09/21	Thu 16/09/21
Assignment Turnaround Management	Fri 17/09/21	Fri 19/09/21
<b>Global Module</b>	<b>Start</b>	<b>Finish</b>
Global Module	Tue 19/10/21	Thu 21/10/21
<b>Literature review</b>	<b>Start</b>	<b>Finish</b>
Literature review	Mon 07/06/21	Mon 05/07/21
<b>Data Gathering</b>	<b>Start</b>	<b>Finish</b>
Data gathering	Tue 13/07/21	Thu 28/10/21
<b>Report write up</b>	<b>Start</b>	<b>Finish</b>
Drafting of the research report	Mon 13/09/21	Fri 29/10/21
Supervisor review and feedback	Fri 29/10/21	Mon 01/11/21
Incorporation of feedback and final write up	Mon 01/11/21	Sat 30/10/21
<b>Submission of research report</b>	Tue 02/11/21	Tue 02/11/21

## **C Appendix: Sample of the interview schedule**

The influence of entrepreneurial competence in accessing procurement opportunities from Multinational Mining Companies in host communities

The questions below were used during the in-depth interview for data collection.

### **10.1 Introductory remarks**

Background of interviewee

- a) Please introduce yourself and your business

The role of Opportunity on Entrepreneurial competence

- a) How did you identify this business opportunity
- b) How do you exploit this identified opportunity
- c) What do you think has played a role in you being able or not able to conduct business

The role of Relationships and Commitment on Entrepreneurial competence

- a) How did you build the relationship with the MULTINATIONAL MINING COMPANIES
- b) How would you rate your communication skills
- c) Which relationships do you think have played a role in you being able to conduct business
- d) What keeps you going and motivated about the business

The role of Strategy and Conceptual ability on Entrepreneurial competence

- a) How would you describe the strategy of your business
- b) Do you think the strategy is important for a business like yours
- c) How do you make decisions in your business
- d) Do you keep up to date with the industry trends, PEST factors
- e) What keeps you going and motivated about the business

Contributing factors to unrest

- a) What do you believe drives the unrest in the community
- b) Do you think if the community accessed the benefits, it would reduce unrest





- c) What do you think needs to be done to give the community access to the benefits
- d) Do you think the skills exist to take up and execute the offered opportunities

Thank you



## B Appendix: Ethical clearance

### GIBS ETHICAL CLEARANCE APPLICATION FORM 2021/22

#### G. APPROVALS FOR/OF THIS APPLICATION

When the applicant is a student of GIBS, the applicant must please ensure that the supervisor and co-supervisor (where relevant) has signed the form before submission

#### **STUDENT RESEARCHER/APPLICANT:**

29. I affirm that all relevant information has been provided in this form and its attachments and that all statements made are correct.

Student Researcher's Name in capital letters:	CAVIN MOGALE
Date:	08 Jul 2021
Supervisor Name in capital letters:	RHYS JOHNSTONE
Date:	08 Jul 2021
Co-supervisor Name in capital letters:	
Date:	08 Jul 2021

**Note:** GIBS shall do everything in its power to protect the personal information supplied herein, in accordance to its company privacy policies as well the Protection of Personal Information Act, 2013. Access to all of the above provided personal information is restricted, only employees who need the information to perform a specific job are granted access to this information.

#### **Decision:**

Approved

#### **REC comments:**

Date: 21 Jul 2021

