

# Counting the costs of conflict in SA's mining sector

Issued by [UCT Graduate School of Business](#)

5 Sep 2016

*With security in the mining sector in South Africa running into the multi-million bracket each month, industry experts say tensions between business and local stakeholders need to be better managed to foster sustainable business and economic growth.*

Thousands of security officers report for duty every day at about 290 mines in South Africa, while private security companies with military and para-military arms are deployed at mines in many African countries to manage conflict between mining companies, workers, communities, governments and activists.

The size of protection services in mining is not known, but industry specialists estimate the monthly spend on security to be R180m in South Africa, with the possible deployment of up to 23,000 security officers at about 290 mines,” Dolf Scheepers, Managing Director of Thorburn Security Solutions told [News24](#).

“The cost of socio-political conflict for those doing business in Africa can no longer be denied,” says Professor Brian Ganson, Director of the Africa Centre for Dispute Settlement and course convenor of the Advanced Company-Community Mediation programme at the UCT Graduate School of Business (GSB). But, he adds, providing security is just one aspect of the problem many corporations face when doing business on the African continent.

“Costly confrontations between companies, communities, labour unions and governments in Africa are growing in number and intensity,” says Ganson.

South Africa is currently facing another strike in the platinum industry, while the country’s Anglo Gold Ashanti confronts violence and mine shutdowns at its Obuasi mine in Ghana. Meanwhile in the Eastern Cape, a community leader’s death has been linked to protest action over proposed titanium mining on the pristine Wild Coast.

Ganson says many companies still operate under old-fashioned notions that they have little control over conflicts with local communities, labour or government.

He stresses the importance of mediators – not only when conflicts arise, but to help focus the sector on analysing and mapping local environments, as well as looking at how communications should be structured between all stakeholders.

“It can’t be the company’s process and it can’t be the government’s process – they’re parties to the conflict. It has to be a process conducive for analysis, planning and conflict resolution that is set up by everyone and is considered fair by all parties,” he says. This almost always requires professional, neutral assistance.

Conflict between companies and communities is especially of concern in fragile states, of which most exist on the African continent. A review of the lowest-ranking 100 countries on the Fragile States Index shows that virtually all have confronted significant and often deadly, conflict in connection with large-scale business.

Together with Dr. Achim Wennmann, Ganson co-authored the book *Business and Conflict in Fragile States: The Case for Pragmatic Solutions*, in which they argue that it is possible to achieve security, justice and jobs to mitigate conflict and ultimately reduce fragility.

The book shows that the increase in destructive conflict related to large-scale business operations can be explained by a number of dynamics. Apart from a lack of stakeholder consultation, one of the chief contributors to the problem is a tendency by corporations to lean on administrative authorisation as enough of a green light to start operations. But

establishing good relationships with local communities is as important as getting the paperwork right.

“The social costs of business and conflict are enormous. When business causes exacerbates or is drawn into conflicts, peace building and development opportunities are lost, the dynamics of instability are reinforced and there is little prospect for the poor to rise out of poverty,” Ganson says.

He points out that: “What may be surprising to those focused more narrowly on private-sector actors and approaches is that solutions exist. These are well enough established in the realms of peacebuilding, conflict prevention and violence reduction to be considered mainstream.”

Ganson says both sustainable business and inclusive growth require stability, underpinned by broadly legitimate institutions, the effective recognition of human rights, an enabling environment for human enterprise and the rule of law.

“Africa has many growth opportunity for companies but these cannot be embarked upon without sufficient consensus amongst all the stakeholders.”

▪ **UCT GSB'S Executive MBA ranked Top 5 globally for gender diversity** 19 Oct 2023

▪ **African startups take centre stage in local accelerator programmes** 17 Jul 2023

▪ **Inaugural Africa Impact Summit to showcase how impact investing can transform the continent** 5 Apr 2023

▪ **Take your startup to the next level! Join the e-Track programme** 1 Mar 2023

▪ **UCT GSB conference to share insights on how to do business in Africa** 6 Dec 2022

#### [UCT Graduate School of Business](#)



The University of Cape Town Graduate School of Business (GSB) is recognised as one of the best business schools in the world. Its innovative approaches to teaching and learning and commitment to relevance and social impact set it apart from most.

[Profile](#) | [News](#) | [Contact](#) | [Twitter](#) | [Facebook](#) | [RSS Feed](#)

For more, visit: <https://www.bizcommunity.com>