I dedicate this paper to my beloved parents and remarkable siblings. Thank you for being the beautiful gems in my life.

Abstract

Corporate Social Responsibility (CSR) has gained much momentum as a topical and thriving debate. As a result, the role that business plays in society has been altered due to pressures from nation states, multinational institutions and non-governmental organisations, whereby emphasis on the inherent integrity of business has increased. Thus companies have been directly and indirectly pressured to go beyond the legal requirements of their operations and voluntarily act in a manner that is environmentally sensitive and assists the development and progression of society. Gemfields Plc, an AIM listed company, is confident that it facilitates its Zambian emerald extracting operations responsibly. This operation is called Kagem Mining Limited and is situated in the Kafubu Emerald District, Copperbelt Province. These operations exist under favourable conditions for CSR implementation due to the Zambian post-independence economic and political legacies Zambia which have contributed to the creation of stable and conflict free conditions. This paper sets out to empirically appraise Gemfields’ operations and illustrate the positive contribution it has made, since acquiring the Kagem mine site, to the communities surrounding the operation as well as for the company staff. Additionally, this paper will consider activities that slightly undermine the CSR successes, however
these are negligible and often out of the company’s control. Finally, it can be concluded that Gemfields deserves appraisal as a concrete case study for a business organisation which undertakes genuinely responsible and positive behaviour, contributing to the common good of society.

Chapter One: Introduction

Sitting alongside three farm workers at Kagem’s community CSR projects, Blessings Farm, I am surrounded by the green leaves of twelve flourishing farming allotments. Blessings Farm was the first project I visited and this unique initiative has been greatly successful. The community has welcomed Kagem’s efforts because finally Kagem have ‘ploughed profits back into the community and are investing in the country and in the people’ (Ntambila, interview 05.06.2011). As the Farm Chairman’s wife proudly states ‘there never used to be any contribution from the mining companies at all but now because of Kagem, we no longer being left in the dust’ (ibid.). The mineral wealth of the Kafubu Emerald District appears to finally be returning to the hands, and mouths, of the surrounding communities because Kagem’s actions have gone beyond what is legally required. In jest I suggest that her name should now be changed from Dusmary to just Mary as she is no longer in the dust. This joke was welcomed with a full-bodied laugh from the jovial farmers.

Kagem Mining Limited (‘Kagem’) is an operational mine that extracts emeralds in the underdeveloped Kafubu Emerald District in the Republic of Zambia – an area in Zambia’s famous Copperbelt Province. Kagem is 25% owned by the Government of the Republic of Zambia (GRZ) and 75% owned by Gemfields Plc (‘Gemfields’), an Alternative Investment Market (AIM) listed entity that has operational responsibility of the mine. Gemfields has attempted to implement an inward-looking and outward-looking strategy for Kagem which it has labelled their ‘repositioning strategy’. Upon Gemfields’ acquisition of the mine, there was a limited, in some cases non-existent, contribution of the mine’s profits to the development of the surrounding communities. Thus, the main intention of the strategy is to convince investors, customers and other stakeholders that it has relocated in the market, as a world leading coloured gemstone company that is a ‘supplier of ethically-produced Zambian emeralds that can be traced directly from mine to market’ (Gemfields, 2011, n.p.). Gemfields have accomplished this by upholding ‘fair-trade practices while remaining in accordance with the highest level of environmental, social and safety standards’ (ibid.). The main focus of this study therefore is to analyse its attempts and determine to what extent its efforts, which are unique to the area in which it operates, offers new insight into the CSR literature? Numerous subsidiary questions have relevance in this context but mainly: What constitutes CSR and what aspects relate to the study? What are the circumstances under which the Gemfields’ CSR strategy is being implemented at Kagem? What constraints have hindered their repositioning strategy’s implementation attempts? Have Gemfields’ attempts developed a new shade of green which demonstrate business activities that genuinely contribution to the common good?

In response to these questions, I will analyse the growth of the CSR theory and how it has been defined especially in the mineral extraction and gemstone sector in Chapter
Two. Chapter Three will explore the various aspects that have influenced operational conditions at Kagem such as Zambia’s political and economic transformations, changes to mining legislation and the subsequent social changes. The analyses of the CSR initiatives, comprising of the internal-looking and external-looking CSR strategies, that exist in reality will be described in Chapter Four. Finally whilst bearing in mind the operational conditions, Chapter Five, will discuss what new or different insights the case study of Kagem’s new shade of green? contributes to the CSR literature.

Chapter Two: Theoretical Framework

The multi-faceted Corporate Social Responsibility (CSR) theory has recently gained momentum, propelling its growth and dispersing its influence in academia, business, nation states and multinational corporations. This has led some to argue that ‘CSR is one of, if not the most important issue of our time’ (Hopkins et al, 2005: 1). Thus business’s role in society has undergone various transformations and been moulded by a range of pressures and in retaliation to past endeavours. Overall, business has been required to adopt a more ethical approach with regards to their involvement in society and impact on the environment. Some authors maintain that business is ‘the most powerful institution on the planet’ (Corten, 1996: 12), more powerful than the United Nations and certain Nation States (Hopkins et al, 2005) and has increasing dominance to be ‘part of the solution to creating a more stable, healthy and prosperous world’ (WBC, 2000: 2). Using prominent secondary data, I shall develop this theoretical framework in a manner that highlights the factors relevant to Gemfields’ CSR strategy implementation attempts. The growth and development, as well as what defines and constitutes CSR with a specific focus on the mineral extraction sector in Africa, are considered in this chapter.

2.1 The Growth of Corporate Social Responsibility

The theory of Corporate Social Responsibility with which we are currently familiar, has amassed much prominence since its birth when businesses began to adopt a vested interest in society. Historically, abundant attention from nation-states’ governments (Moon, 2004; Albereda et al, 2008), business (McWilliams and Seigel, 2002; Zadek, 2001) and society alike, has been placed on the manner in which companies’ profits contributed to improving society as a whole. For example, socially aware industrialist-philanthropists, operating, in the early nineteenth century, aimed to improve the standard of living for factory workers (Cowen and Shenton, 1996) and as early as the 1950s, the philanthropic act of donating profits to a charitable foundations have both influenced development thinking and the concept of CSR today. Whilst these were respected, the increasing profitability of business meant a mere donation was no longer considered sufficient.

Increasingly, ‘business ethics’ writers required companies to respect the virtues of trust and integrity and ‘regarded the responsibility of a business company to its local, and the world, community’ (Thomas, 2005: 32), international reporting amassed evidence highlighting that large corporations were disregarding these virtues and non-governmental organisations (NGOs) and watchdogs, began publicising major corporations’ atrocities. Resultantly, this became public knowledge and pressures led to
'a period of considerable hostility to business' (Vogel, 2005: 27). The hostility ballooned with the internationalisation of business resulting from the widely adopted neo-liberalism approach. As Walsh and Lowry highlight, the economy bubble was finally pierced in the early 2000s ‘due to the abuses at Enron, Tyco, Global Crossing, Adelphia and WorldCom in the US, and at Ahold, Parmalat, Equitable and Shell in Europe’ (2005: 38), which severely impacted ‘investor confidence in the integrity of those charged with the supervision and management of our larger companies’ (ibid.). The severe stock market losses highlighted the effects of inadequate corporate governance and confirmed the magnitude of how vital it was adopt moral business ethics. Unprecedented landmark cases influencing CSR’s growth were tantamount to the important researching and reporting of NGOs. Successful examples include The Scorched Earth: Oil and Water in Sudan (Christian Aid: 2001) highlighting the human rights abuses around oil fields and Fuelling Poverty: Oil, War and Corruption (Christian Aid: 2003) which highlighted the curse of the abundance of oil on communities in resource rich countries. Global Witness reports were successful in impacting the mining of cobalt in the Congo (Global Witness, 2011) and diamond mining in Angola (Global Witness, 1999). Finally, it was obvious that mere philanthropic donations were no longer a sufficient contribution from business to society, leading many corporations to alter their modus operandi and improve the face of business. This led to increased politicisation giving rise to civil regulations, spearheaded primarily by NGOs, including ‘voluntary codes of conduct, social audits, public interest proxy resolutions, social investment funds, assessments and rankings of corporate social and environmental performance, and more generally the use of corporations as sites for political activity’ (Vogel, 2005: 6). With the onset of institutionalisation the power relations and dynamics between the state, civil society and business were altered, with business playing a much bigger role in development. Expectations of companies were now heightened and they were expected to adopt responsible behaviour and redistribute their wealth in a sustainable manner.

In addition to the pressures of NGOs, CSR’s growth has also been influenced by the substantial attention received from governments, multinational agencies and business itself. Some believe the birth of modern CSR was at the 1992 Rio de Janeiro Earth Summit (Christian Aid, 2007), when UN-sponsored regulated recommendations were rejected in favour of a manifesto for voluntary self-regulation, suggested by the World Business Council for Sustainable Development (WBCSD). The concept, however, only gathered genuine momentum later in the decade and as De Neve et al suggests ‘post-Washington consensus is perhaps the only point at which hard line neo-liberalism has been mitigated by the promise of more human-centred vision of development and socially responsible forms of capitalism’ (2008: 4). Additionally, the UN Global Compact, which now has approximately 8700 members, was established as a strategic policy initiative for businesses who are ‘committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption’ (UN Global Compact, 2000) and the European Commission’s drafting of the European Parliament White Paper (European Commission, 2002) ‘represents the most comprehensive attempt of any government body to describe the role of CSR in modern industrial society’ (Martin, 2005: 77). In conjunction with the governmental and multinational efforts, business has taken responsibility itself to propel the growth of CSR through the various mechanisms. These include economic bodies, catering specifically for investments by socially responsible firms (the Domini 400 Social Index, FTSE4GOOD and Dow Jones Sustainability Index (DJSI)) as well as transparency and responsible trading initiatives (Publish What You Pay, Extractive Industries...
Transparency Initiative, Mining Minerals and Sustainable Development Project, Ethical Trading Initiative and Bank Track). Resultantly, ‘eighty-six percent of investors now believe that social and environmental risk-management improves a company’s market value in the long term.’ (UK Social Investment Forum, 2009) and the socially responsible investment sector is one of the fastest growing industries in Europe.

Whilst these changes have been positive and have led to trends suggesting an improved economic performance by responsible firms, academic literature argues that this has resulted in ‘counterfeit’ CSR companies merely ‘legitimating capitalism’ (Salmon, 2010: 166). Some of these theories include ‘smoke screen firms’ (Wright, 2009: 16), ‘reactionary firms,’ (Vogel, 2005: 71) or ‘highly risk-averse’ (Henderson, 2001: 73) firms. These critics of CSR purport that firms have adopted half-hearted measures which are undesirable for their own sake but ‘necessary or prudent adaptations to a new and more demanding situation’ (ibid.: 32). It is imperative to consider these arguments when discussing CSR as these cases do still exist in business, given the evidence from the empirical study of Gemfields’ Kagem mine site however, the company cannot be labelled as such. As has been shown, throughout the past decade, ‘significant resources have been devoted to developing comprehensive CSR policy […] concerned with the role of corporations as vehicles for sustainable development’ (Rajak, 2008: 298). The historical influences of NGOs, governments, multinationals and business have contributed to the development of CSR and although some argue it is still in its infancy because many aspects remain undefined (Mullerat, 2005) it has progressed enormously into the theory as we know it today.

2.2 What Constitutes Corporate Social Responsibility?

Endeavours to meticulously define and determine what constitutes CSR have led to both straightforward and simple definitions. Simple ones neglect the complicated peripheries of their definition’s subsidiary aspects, whereas more complicated ones attempt to consider the entire range of CSR’s terminology. Considering the theory encompasses a variety of multi-faceted ethical and sustainable actions (Salmon, 2010) this section will initially consider the simple definitions of CSR, then the extended terminology and finally attempt to decipher what exactly constitutes CSR.

Merely going ‘above and beyond what companies are legally required to do’ (Vogel, 2005: 2) and ensuring that ‘responsibilities do not lie purely in making profits’ (Hopkins, 2007: 10) but focus on ‘how profits are made’ (ibid., author’s emphasis), are attempted definitions of CSR. Furthermore, as long as a company ‘is keen to promote (and enhance) the human face of capitalism as it exists today’ (De Neve et al, 2008: 24) and if it is ‘more than just for-profit seeking entity and also have an obligation to benefit society’ (Wether and Chandler, 2005: 5), a company can be declared as responsible firm. Irrespective of Corporate Governance, which encompasses ‘binding and enforceable law’ (Mullerat, 2005: 4), CSR firms extend their legal requirements and incorporate voluntary and sustainable activities into their strategies. In turn, respect for legalities that govern the company such as adequate health and safety standards, working conditions, human rights and wage requirements, coupled with social improvement projects, will ensure higher rewards for its stakeholders. Ultimately, in its simplest form, CSR is an entirely voluntary, corporate-led initiative to promote self-regulation as a substitute for regulation at either national or international level’ (Christian Aid, 2007: 5) and it promotes,
through sustainable initiatives, the benefit for its stakeholders and shareholders. These definitions paint an uncomplicated picture of the concept of CSR but further consideration reveals the parameters of CSR and highlights fundamental theoretical questions such like to what extent companies are required to incorporate CSR into their policies, who exactly constitutes stakeholders and shareholders and what defines sustainable development?

The actors involved in a firm’s CSR framework have the propensity to exponentially grow into an unmanageable and exceptionally extensive network which makes it challenging to determine how far this definition extends. Hopkins simply argues that ‘CSR is concerned with treating the stakeholders of the firm ethically or in a responsible manner [...] to create higher standards of living, while preserving the profitability of the corporation, for peoples both within and outside the corporation’ (2007: 16). This has led the likes of Gibbon and Ponte (2005) to rightly question whether it should include both internal (such as company employed individuals and board of directors) as well as external (such as suppliers, shareholders, customers, trade unions, natural environment)? Walsh and Lowry suggest that firms are required to ‘source their raw materials from companies that also follow sound labour and environmental practices and they otherwise act ethically in their dealings with the outside world’ (2005: 39). Challengingly, this would entail firms to consider the source of all their supplies, from the electrical equipment they utilise to the milk they consume in their canteen? Ultimately, the literature has failed to determine the parameters of sustainability. A CSR firm is required to carry out their activities in a sustainable fashion obliging firms to ‘meet the needs of the present without compromising the ability of future generations to meet their own needs’ (Hopkins, 2007: 20). The notion of the ‘triple bottom line’, which broadens firms’ bottom line from merely economic to also include environmental and social aspects, is one that has gained a wealth of attention as the backbone of CSR and ensures ‘businesses can meet society’s expectations and earn from ‘society’ their informal ‘license to operate’ (Henderson, 2001: 15). Considering that every firm operates in a unique environment and each supply chain differs, it becomes nearly impossible to define the parameters of the definition of CSR and challenging to determine where to draw the line.

Thus CSR is more complicated than simply going above and beyond the legal requirements and corporations should in fact ‘be held accountable for any of its actions that affect people, their communities, and their environment’ (Post et al, 1999: 58). Ultimately, CSR aims to ensure that companies are ‘complying with the minimum requirements of the law, they conduct their activities in an environmentally sensitive manner, they pay their taxes in full and on time, they respect their employees and pay and treat them fairly wherever they may be based’ (Walsh and Lowry, 2005: 39). For companies operating in the mineral extraction sector, these requirements become more challenging due to the inherent nature of operations.

2.3 Corporate Social Responsibility and the Mineral Extraction Sector in Africa

The mineral extraction sector and mining companies, especially in Africa, have presented valuable case studies for analyses with regards to the execution of effective and successful CSR. The inherent qualities of the sector refer to the fact that there is inevitably an extreme environmental impact from operations, the gemstone sector specifically as it requires large scale operations, and this places sustainability of the
natural environment is in jeopardy. Furthermore, the socio-political dynamics of the industry are often complicated because, as discussed in the next chapter, the region used to be small scale and artisanal mining prior to the privatisations of mining companies.

Empirical studies conducted confirm that countries predominantly economically reliant on the export of primary commodities, like Zambia, are at a higher risk of poor economic growth, political instability and armed conflict (Ross, 1999; Collier, 2000; Humphreys et al, 2007). In turn the abundance of mineral resources could actually be a curse (Sachs and Warner, 1995). Private firms are in a position to counteract this curse by providing much needed developmental assistance. As Allen highlights ‘extensive violence and warfare became seemingly commonplace in Africa in the late 1980s and 1990s,’ (1999: 368) often centred on the control of the extraction and trade of resources (ibid.) by separatist and factionist movements as well as warlords and rebel militia (Timura, 2001). Furthermore, a resource-fuelled conflict ridden state may be an ‘ideal situation for foreign markets and international investors’ (Reno, 2001: 21) because they are only required to ‘control a fairly limited piece of ground to secure access to the relevant external market’ (ibid.). In turn, their interactions with the surrounding communities may be diminished. Such scenarios have been discussed by Ferguson (2006), Duffield (1998) and Marques (2004) who have analysed ‘enclaved mineral-rich patches efficiently exploited by flexible private firms’ (Ferguson, 2006: 204), ‘parallel and shadow transborder activities’ (Duffield, 1998: 67) and the negative impact of Angola’s diamonds or Stones of Death (Marques, 2004). These conditions are not universal to mineral extraction companies in Africa but are extreme examples offering insight into the challenging realities of implementing a CSR strategy within the sector. In addition to these socio-political aspects hindering CSR, the environmental impacts caused by mining companies, as well as their impact on sustainability because they will inevitably cause environmental degradation, has stemmed a great deal of debate (Warhurst and Insor, 1996; Auty, 1998; Cowell et al., 1999).

Another factor that requires consideration is the role of artisanal and illegal miners and the artisanal and small-scale mining (ASM) sector. The nature of gemstones means they are easily accessible and transportable and can be extracted using artisanal and low mechanised methods, means foreign mining companies have ‘reduced access to, and the quality of, natural resources that are important to sustain livelihoods’ (Barnett and Adger, 2007: 639). The mining methods adopted by both small-scale and artisanal are characterized by a lack of safety and social security (ILO, 1999, Hentschel et al, 2002 and Hilson, 2009). Gemfields’ presence and improvement of safety standards and job security have ensured improved working standards, as will be discussed further later in this paper, however it needs to be noted that there is a large number of ASM miners who still attempt to operate within the peripheries of Kagem’s land which, contrary to the freedoms of extraction they previously held, criminalised their activities (Banchirigah, 2006; Dreschler, 2001).

The environmental impacts, in conjunction with the discussed socio-political aspects, highlight the complicated nature of implementing a CSR strategy within the mineral extraction sector especially in Africa. Overall, the legacies of political changes have resulted in the development of exceptionally complex realities.
2.4 Conclusion

As is evident, there is a variety of opinions surrounding the concept of CSR and it is gaining momentum as a popular rhetoric in academia, governmental institutions and business. Essentially, it entails voluntary but strategic choices by firms and considering that the consumer market is focusing on fair-trade and ethical products, they would be sensible to integrate some form of CSR policy, whether it is due to a reactionary response or inherent in the firm’s company strategy. Although, unhelpfully, some aspects of the theory remain opaque, it lacks a unanimously accepted definition and thus assessing CSR success is challenging, however the theory is continually gaining impetus in all walks of life. As illustrated however, the mineral extraction sector in Africa challenges what is considered to be the perfect implementation of CSR due to the nature of the industry and the socio-political complexities. This theoretical review has focused on the most pertinent aspects relevant to the case study of this paper, Gemfields’ Kagem Mine in the Kafubu Emerald District of Zambia.

Chapter Three: Background Study

Given the thorough analysis of CSR, illustrating the aspects relevant to the case of Kagem Mine, this chapter shall determine the operational situation in which Gemfields’ CSR strategy is being implemented. The regional development has been impacted by the legacies of Zambia’s political and economic post-independence history. Most importantly, this includes the nationalisation and privatisation of major sectors in the economy, which subsequently altered mining governance and shall be taken into consideration in this study. Considering these aspects is pertinent to situating the social and political setting of the mining operations.

3.1 Political and Economic Legacies: The Non-Performance of Mining

Post-independence (1964), there were high expectations and optimism for the prosperous development of the Republic of Zambia. Much of this confidence was justified by the remarkably successful mining sector and at independence as Zambia had ‘one of the highest GDP’s in Africa, three times that of Kenya, twice that of Egypt, and higher than Brazil, Malaysia, Turkey and South Korea’ (Fraser and Lunga, 2006: 7). The new President, Mr Kenneth D. Kaunda of the United National Independence Party (UNIP), spearheaded Zambian Humanism, the political philosophy he believed would ensure the development of a thriving state. This philosophy called for the nationalisation of major sectors and ‘aimed to direct the profits of newly nationalised mines towards building hospitals, schools and universities and providing subsidies to state-owned manufacturing companies and suppliers’ (ibid.). This approach seemed justified considering the ‘copper prices allowed Zambia to achieve fiscal revenues of 25% of GDP which, in turn, allowed the government to invest heavily in economic and social infrastructure’ (Potts, 2005: 585). The main principles aimed to institutionalise ideas such as communalism, co-operative effort, inclusiveness (egalitarianism), patriotism and respect for authority. Zambian Humanism had numerous social development successes however the economy gradually declined and numerous external shocks like the 1974
copper price crash, were not absorbed by the economy or counteracted by fiscal policy. As the hub of fiscal income and its abundance of diverse mineral wealth, the Copperbelt region and its communities were significantly impacted by the governmental changes and especially the nationalisation of the mining sector.

In response to the economic decline, disgruntled Zambians elected the opposing and free market capitalist supporting party, Chiluba’s Movement for Multiparty Democracy (MMD), into power in 1991. The failure of *Zambian Humanism* and the fact that ‘during the period of 1974-1992 per-capita income declined by 50 percent’ (Ferguson, 1999: 25) resulting in Zambia’s downgrading to the twenty-fifth poorest country in the world (ibid.) meant the nation wanted change. This motivated the Privatisation Act in 1992, intending to decrease the fiscal budget and promote growth led development envisioned to be financed by foreign direct investment (FDI). Privatisation had remarkable consequences for the Copperbelt as companies failed to continue UNIP’s social development programmes and it ‘generated mass unemployment’ (Fraser and Lungu, 2006: 21) which declined from 13.5 percent in 1990 to 33.2 percent in 2000 (CSO, 2004). In turn, flourishing ‘informal’ and ‘illegal’ markets emerged and a study done, on the Copperbelt town of Ndola, suggests that ‘with the burgeoning informal sector, urban cultivation was estimated to involve approximately 86 percent of the impoverished people in Ndola by the end of the 1990s’ (Hampwaye and Rogerson, 2010: 394). A complex situation arose whereby individuals entered into the ‘informal’ market, often undermining the new privatised economy, as they were previously reliant on the state for provision of basic necessities, which were not provided by the new mining companies. Privatisation has, like nationalisation, somehow failed to harness the potential of the country and although there has not been a large amount of violent conflict, the basic standard of life is poor.

Although UNIP’s nationalisation and MMD’s privatisation policies failed to harness economic and social development by relying on mining profits, a heavy dependence still remains on the mining sector. These changes impacted the governance of the mining sector as well as the social dynamics of the Copperbelt and the communities enveloping mines.

### 3.2 Governance of the Mining Sector

The high reliance on mining makes the governance of mineral extraction a noteworthy aspect and by considering the various legislative changes, the influences on Kagem shall become apparent.

In line with *Zambian Humanism*, Dr.Kaunda declared in 1969 that the mining rights of ownership and partial ownership of minerals were to revert to the state and requested that 51% of company shares to be given to the state (Potts, 2005). In 1971, Dr. Kaunda became chairman of the board of the newly formed large parastatal, Zambia Industrial and Mining Cooperation (ZIMCO), and in 1982 the powerful state run Zambian Consolidated Copper Mining Ltd (ZCCM) was finally created. A powerful player on the Copperbelt, the ZCCM paternalistically ‘provided almost everything that held society together [...] jobs, hospitals, schools, housing, and a wide-range of social services including HIV-AIDS and Malaria awareness and prevention programmes’ (Fraser and Lunga, 2006: 4). This social development assistance, however, was substantially diminished with institution of the MMD’s privatisation initiatives which ‘called for the
competitive management and development of the mining sector by private entrepreneurship’ (Lungu and Mulenga, 2006: 42) resulting in the sale of most of ZCCM operations and shareholdings to private companies. To gain new prospecting rights private companies were required to initially approach the traditional leader (Chief Nkana in Kagem’s case) to obtain a letter acting as ‘social license to operate’ (Swatz, interview 02.06.2011) and subsequently formal permission from the Ministry of Mines and Minerals Development. The new mining contracts had influences on the social dynamics and environmental sustainability of the region.

Lungu purports that these contracts were ‘signed with the mining companies at the expense of the Copperbelt communities’ (ibid. 543). The contracts are opaque and have allowed privatised companies to dedicate unequal amounts of social assistance and varied working conditions. This stands to cause tension between mining companies’ employees and the communities surrounding the various mines in the region because monthly wages vary drastically. In 2007 for example wages ‘ranged from K336 000 at Ndola Lime to K5 million at Mopani Copper Mine’ (ibid.: 556). They also neglected placing satisfactory emphasis on the environmental sustainability and considering that most individuals in the region are reliant on sustainable subsistence farming, many families were required to move off of their fertile land to make way for mining exploration. As Hampwaye and Rogerson highlight ‘analysis of satellite images for 1990 and 2000 show considerable vegetation changes over this period in which 53 percent of the vegetation cover in Ndola District was lost due to human activity’ (2010: 398). It was intended that the private companies would now be the driving force behind the operations of privatised firms, however the newly draft mining contracts, between private firms and government, failed to appropriately transfer the social development responsibility from government to private companies and conditions on the Copperbelt were inevitably severely altered.

Ultimately, the legislative changes under Dr. Kaunda’s rule ensured that social development in the regions surrounding the Kagem mine were facilitated by the government, driven by government owned companies. Privatisation resulted in increased unemployment and the new mining contracts failed to ensure that privatised firms conducted the equivalent amount of social development in the region. As a result, a large gap ensued on the Copperbelt with a lack of social development provision and a sense of confusion as it was unclear who held the responsibility to undertake these tasks. Considering that the region offers the second largest emerald reserves in the world, only second to Colombia (Cross et al., 2010) it supports a large amount of individuals. Whilst there has been a high rate of unemployment the positives of formalisation are impressive. The sector has ‘increased reliability of production and ensured increased respectability in a more receptive and reliable market’ (Adrian) due to production that is reliably delivered. Resultantly, this creates higher profit margins and more growth and in turn this generates increased formal employment, which has been the case at Kagem. Lungu and Mulenga rightly argue, the ‘emerald and semi-precious mining sector can only be described as being in its infancy,’ (2006: 71) and provides hope for the development of the region in the future. It is only through these measures that the market price increases and this is reiterated by the reality that ‘it was only when the foreigners came that the Zambians knew the worth of the stones’ (Chilambwe, interview 05.06.2011) and simple economics denotes that ‘it is only the demand for the stone that makes it valuable and securing a reliable market will ensure that value soars’ (Adrian). The onus for development has now fallen on the private companies and as shall be highlighted in the next chapter,
Gemfields is one of the only companies that have noticed and responded to the region’s needs.

3.3 Conclusion

The aforementioned historical influences have impacted the Copperbelt and the Kafubu Emerald District, altered the operational conditions of Kagem as well as shaped their CSR strategy. As a result of post-independence nationalisation and subsequently privatisation, there have been infinite influences on the Kafubu Emerald District with regards to economic, social and environmental factors and these that have been dictated by the general failure of governments to harness the potential of the state. Thus, Kagem’s operations are situated amongst a population that has been disappointed by these state failures and have remained dependent on external forces for developmental assistance. The individuals on the Copperbelt have not forgotten ‘sacrifices they made to build up the mining industry and the gains that are possible for all when the industry is running successfully’ (Fraser and Lunga, 2006: 5), however many of these individuals are now living in poverty. This assistance has not been delivered by the government nor private firms and thus the population has misdirected high expectations, unaware of who they should hold accountable to ensure that they reap the rewards of the wealth of their nation. On the positive front, formalisation and privatisation of the sector has generated popularity for Zambian emeralds and there is an air of optimism. People believe that there is hope for the potential development of the Kafubu District and one informant claimed that ‘we think, in this community, that the emeralds will still bring great things for us and our children’ (Mondo, interview 01.06.2011). This chapter has shed light on the setting in which Kagem is operating and attempting to implement their CSR policy. Numerous complexities are evidently present and the region and the historical legacies have generated an obvious gap that is still waiting to be filled.

Chapter Four: The Reality of the Repositioning Strategy

When Gemfields incorporated Kagem it inherited numerous challenges and the need for vast improvements was immediately obvious. Thus, the multi-faceted restructuring strategy aimed to improve conditions on site, as well as invest in relations and development in the surrounding communities. Considering these attempts and the success they have had, Kagem can most definitely be considered as a company with a conscious (Vogel, 2005) as it has inherently entrenched its CSR policy into the overall company strategy. It upholds its promise of providing ‘responsibly sourced emeralds that have followed a certified, transparent and ethical route to market – coloured gemstones with a conscience’ (Gemfields, 2009). This chapter will outline the inward-looking and outward-looking strategies and how they have positively contributed to society as well as the negligible factors undermining their success. The most pertinent internal aspects analysed include the general mine conditions, including safety standards and working conditions for the staff. The most significant external attributes of the strategy analysed are the sustainable community CSR projects as well as Kagem’s reputation in the community. Internal factors hindering the holistic implementation are the role of foreign labour and mine site’s security operations and relations and external factors include the influence of interactions with illegal miners which will both be considered. The general
manager declared that investment to the tune of US$ 67 million was injected to ensure the success of this strategy (Suresh, interview 04.06.2011), but has this been worth it and is the grass greener on the other side?

4.1 Inward-Looking Corporate Social Responsibility

Upon inheriting the Kagem Mine there was a heavy load to shift in order to make way for the new strategy. Radical changes were needed to improve the conditions of the mine and for the workers on the mine which resulted in the introduction of foreign labour and a total revamp of the security system.

4.1.1 Conditions of the Mine and on the Mine

Given the conditions of the mine the new management were faced with low productivity and deflated morale (Suresh, interview 04.06.2011). An immense backlog of mine rubble sporadically littering the mine site and rock handling capacity, which was a poor 125,000 tonnes per month (ibid.) was not helped by the inefficiency of their dated heavy duty equipment. Once the backlog had been adequately dealt with, through filling in old pits and developing designated dumping sites, old mining methods were improved or replaced by new techniques. Resultantly, substantial improvements ensued; rock handling capacity improved to 350,000 tonnes per month, the ore mining rate improved to 100,000 tonnes per annum (ibid.) and mining expanded underground which has delivered some impressive production. Inevitably, an increase in production resulted and net income rose substantially. The main efforts included improving the treatment plant capacity, advancing the sorting house’s grading system, purchasing its own fleet of mining equipment (which was previously rented) including a brand new excavator to assist with the removal of rubble valued at US$ 210 000 (1 billion Zambian Kwatcha), as well as acquiring a 33 kilovolt electrification line connecting Kagem to the national grid. Further infrastructural improvements include renovating the mineworkers’ accommodation quarters, the mine site clinic and the development of recreational facilities such as the gym, a popular football field and well utilised cricket pitch. During my visit I supported the hotly contested Inter-Departmental Football Tournament which involved all levels of employees and is just one of the onsite initiatives aimed to promote relationships between mineworkers and management. Although these improvements have impressively increased production capacity and inflated profits, the negative environmental impacts are prominent. Acquiring the electricity line has left a scar on the landscape and the improved mining equipment has ensured that extraction has gone deeper than ever before in their current operational Fwaya-Fwaya pit. To counteract this Gemfields has implemented a regeneration strategy.

Over and above the improvements made to the mine site, mine site working conditions have also improved. As a result of formal contracts, job security was offered and safe working conditions were guaranteed. Given the risks and dangers relating to mineral extraction and life as a mineworker, especially in the new underground operations, these security measures are necessary. Job security was further heightened by the Collective Agreements, between the Mineworkers Union Zambia (MUZ) and Kagem, whereby US$1.2million was invested to ensure successful unionisation of 385 employees, as
opposed to nineteen in the past. Furthermore, Kagem employees, are now required to ‘constantly familiarise themselves with the road map for the company, which compromises all of [its] aims and objectives’ (Sure sh, interview 04.06.2011). The new contracts and institution of a continuous appraisal system (a company-wide incentive whereby all employees are financially rewarded for high production) has bolstered morale. The final showcase of commitment to the promise of genuine CSR implementation was the employment of a Safety-Health-Environment Manager, the first emerald mine in the country to hire such a person.

4.1.2 Undermining Success? The Role of Foreign Labour and Security Relations

Attempts for profit maximisation have led to employment of some non-Zambians in the workforce. Whilst the majority of the workforce is Zambian, foreign labour, imported primarily from India, occupy a large percentage of middle-management positions in departments such as geology, finance and general mine management. It appears to be a commonly held belief by senior management that the ‘foreign labour is hard working and possess high levels of integrity’ (Herbst, interview 02.06.2011). The setback of foreign labour some informants argue, however, are that they have not entirely integrated into the Zambian way of life and this has caused an air of unease. These opinions are justified by the fact that ‘they eat dhal instead of Nshima, they speak their native tongue when we cannot understand it and some have even been here for up to three years and cannot speak one word of Bemba’ (Anonymous interview). It is undoubtedly more financially practical to employ cheaper labour if they are more experienced but their lack of effort to integrate into society is noteworthy. A working environment that is plagued by continuously nagging discrepancies between the local and foreign labour force could be a sticking point for the Kagem in the future.

Foreign labour has also been employed in the restructured security system which also raises concern with regards to internal relations. In combination with the internal security and due to the Zambian Government’s 25% shareholding of Kagem, the GRZ provide a Zambian Police (ZP) Platoon to protect its interests and maintain a friendly relationship. Theoretically speaking this is a healthy and positive relationship which is evident in the decline of theft of production from an ‘estimated 25-30 percent to roughly 10-15 percent’ (Herbst, interview 29.05.2011). Upon conducting interviews with in-house Security Manager, Troy Herbst, and the ZP Platoon Commander, Edwin Shiaka, light was shed on the complexities within the relationship. It emerged that there was mistrust between the two factions and discontent with the role of foreign labour as well as the hierarchical structure. Troy facilitates all security operations with support from a contingent of junior Zambian security guards and a group of ex-pat security guards who are predominantly ex-Ghurkhas and mainly from India as well as Nepal and Singapore. The two entities (in-house security and government forces) work together to achieve their main aim of ensuring that the ‘multifaceted aspects of security are dealt with adequately on the mine to prevent the theft of gems, diesel, man power and cash flow’ (ibid.) because they are ‘responsible to protect all people and property and prevent and detect crime’ (Shiaka, interview 30.05.2011). The intricacies of this relationship are deep-rooted in scepticism from the in-house security team of the ZP’s role in syndicate crimes on the one hand and the fact that the ZP platoon is unhappy with the menial roles and tasks they are allocated, under the authority of ex-pat in-house security staff, on the other. Overall, however, the relationship is mutually beneficial because ZP’s presence at the mine ensures that
Kagem’s security is ‘bolstered by the assistance from the hand of the law, which entails the quick arrest of trespassing and illegal miners. The government is also able to monitor and protect the safety of their 25% of investments’ (ibid.). This relationship highlights that behind what may appear to be an amicable facade, lay some underlying tensions but overall the two factions have improved reliability of production and thus improved job security for workers.

The internally focused restructuring strategy has demonstrated that Kagem are genuinely invested in implementing a CSR strategy. The elevated profit margin has resulted from improved working conditions and rights, investment in foreign labour and increased security. The advantages of this responsible investment approach means that ‘profits made are re-invested in the country through the purchasing of equipment, employment, paying incentives bonuses and development.’ (Suresh, interview 04.06.2011) The few negligible factors discussed could possibly be a hindrance on successes in the future if they are not ironed out, however currently they do not counteracting nor undermine the CSR initiatives.

4.2 Outward-Looking Corporate Social Responsibility

In conjunction with the internal-looking strategies, Kagem have invested generously in the surrounding communities with the intention of improving their relationship with the individuals in these communities. They declare that ‘every time we take from the land, we need to give back’ (Gemfields, 2011b) and thus are ‘committed to [our] position as a socially responsible, fully integrated gemstone company’ (ibid.). Investment is directed towards sustainable environmental projects, social development projects in the surrounding region including schools, clinics and gentrification of chief Nkana’s Palace. Furthermore, it supports international causes to improve its worldwide reputation.

4.2.1 Social Development Projects

The central point of the externally focused repositioning strategy is undoubtedly the community projects and after interviewing the authorities at most of these initiatives, it was obvious that Kagem’s ubiquitous input has been well received. Grizzly Mining appear to be the only other noticeable mining actor administering social development projects in the region but are less invested (Grizzly Mining, 2011). Much of the advancements can be attributed to the Kagem’s employment of a fully fledged Community Project Coordinator, Joseph Chilambwe, who administers the CSR projects. In line with the CSR strategy he facilitates multi-faceted projects and avoids merely acting in a philanthropic manner by giving donations to community individuals. Thus the strategy aims to work in conjunction with numerous actors to ensure sustainability and increased appreciation and respect. The most successful projects to date include the sustainable environmental Blessings Farm Project, the Febolele Fishing Project and the Zero-Carbon Footprint initiatives as well as the Chapula Basic School, Kapila Community School, Nkana Clinic and Pilala Clinic. The evaluation of these projects is crucial to determine if the repositioning strategy offers a new shade of environmental and social green?
4.2.1.1 Environmentally Green?

Blessings Farm Project, approximately five kilometres from Kagem, was initiated by a motivated co-operative of six local individuals. Impressed by their initiative, Kagem came on board in 2008 and assisted by initially injecting investment to purchase basic farming necessities such as equipment, sprays and fertilisers and the plants. Subsequently, they ‘facilitated technical support from the government’s environmental officers and the co-operative now manages an impressive twelve individual farming allotments’ (Chilambwe, interview 05.06.2011). The farm and co-operative manager, Charles Ntambila, proudly explains that all farmers work together, sharing farming techniques and knowledge to ensure that if one allotment fails to produce an adequate supply, their peers in the surrounding allotments support them (Ntambila, interview 05.06.2011). The farms remarkable production has led to a flourishing symbiotic relationship whereby Kagem purchase the fresh fruit and vegetable supplies from the farmers, at market price, to service the mine site’s kitchens. To continue its growth, there are plans to construct a water reservoir, assisted by Kagem and government officials, which will combat water shortages in the dry season. Once this is constructed they hope to also potentially facilitate ‘livestock rearing, such as pigs and chickens, in the next few years, so the farm can be sustainable into the future’ (ibid.). The uniqueness of this project is confirmed by Dusmary who declares that they have ‘never heard of a farming project like this one in our community ever before and we are too grateful for the support given by Kagem mining’ (Ntambila, interview 05.06.2011). As highlighted in the introduction she no longer feels that the community are being left in the ‘dust’.

The Febolele Fishing project, as well as the environmental degradation reversal initiatives, is situated on Kagem’s mine site. Considering that environmental sustainability is a core pillar of a CSR with specific relevance in the mineral extraction sector, Kagem attempt to ensure community sustainability and aim to guarantee that ‘mining operations do not leave a scar on the landscape’ (Harebottle, interview 28.05.2011). Like their Blessings Project, the Febolele Fishing Project aims to empower the community by supplying a sustainable supply of fish. A dormant water-filled ex-excavation pit houses the project and assistance from expert consultants determined the adequate fish requirements. The local community fishermen utilise it on a daily subsistence basis to provide food for their family. Joseph explains that this ‘is a new project and has not been tried before but we hope it will work out and then we can carry on doing the same with all the pits in the future’ (Chilambwe, interview 05.06.2011). The success of Febolele will ensure that their current extraction pit, the mammoth Fwaya-Fwaya, will undergo the same process. Kagem have also successfully water-filled other previous pits including Kanchule, Libwente and Dwabisawhich and they have the potential to provide picturesque, peaceful and prosperous tourist settings in the future or following Febolele’s lead, sustainable subsistence fishing. In accordance with the Zero-Carbon Footprint Project numerous trees have been planted which were prominently evident on old mine dumps and open areas. It cannot be denied that the nature of open-pit emerald extraction is environmentally unfriendly; however given the relatively small scale of Kagem’s impact in comparison to the extensive copper mining in the Copperbelt Province, their efforts are valiant. Their unique Blessings and Febolele projects as well as their degradation reversal projects have ensured Kagem is the vanguard of sustainable CSR projects in the region.
4.2.1.2 Socially Green?

In addition to the environmental repositioning strategy Kagem have invested in community schools, clinics and Chief Nkana’s Palace, which has even adopted an international social agenda. Two school projects in the nearby area include Chapula Basic School and Kapila Community School and Kagem plans to assist the development of Fipokolo and Lwamisamba Community Schools, in the neighbouring Chiefdom in the Lufwanyama District, in the future. The clinics include the Nkana Clinic and Pilala Clinic which are less developed than the environmental and school projects but still noteworthy. Through analysis of these community development initiatives insight shall be gained on the validity and uniqueness of Kagem’s CSR strategy. Furthermore, the relevant social dynamics and relationships in the area between Kagem and other mining companies as well as the Chief, are pertinent to be socially green.

The Chapula Basic School and Kapila Community School are at different phases of development. The bigger Chapula is predominantly supported by the GRZ, whereas the small community school relies primarily on the community. Kagem’s assistance to the schools sets out ‘to ensure that the community’s youth is directed through education and that the pupils are prepared to attend high school’ (Chilambwe, interview 05.06.2011). Chapula has a total of 877 scholars aged 7-16 and a total of 29 teachers who reside in the surrounding communities (Thanzala, interview 30.05.2011) whereas Kapila only has 186 scholars aged 7-14 and a total of 3 teachers who reside in the surrounding community. Initially Kagem assisted with basic educational (i.e. books, pens, pencils and chalkboards). More recently it has administered the building of classrooms, at both schools, by renovating dilapidated thatch structures. Provision of the builders’ wages, as well as the wages for a local physically impaired individual who tends the gardens at Chapula was supplied by Kagem and the community facilitated the overall transformation. Both headmasters reported a positive change in the opinion the community members held of Kagem. Headmaster Thanazala, reports that ‘very good bonds have been built with the community and the community unconditionally protect and respect their school property and infrastructure’ (30.05.2011) and is ‘proud to be a successful school in the area’ (ibid.). Mr Mondo of Kapila declares that the assistance gave a ‘boost of enthusiasm to the community’ (01.06.2011) and is ‘greatly ambitious for the future and to maybe grow Kapila into a high school’ (ibid.). There is still great potential to develop the schools in the future and Kagem have committed further support.

The clinics have not received as much focus as the schools or environmental CSR projects, but Kagem has assisted in the development of Nkana Clinic and Pilala Clinic, which are integral in the community. The healthcare sector poses more challenges to sustainability as there is more dependency on continuous unremitting financial assistance which is not aligned with Kagem’s policy. The efforts at Nkana Clinic, a government funded primary healthcare institution, included an initial provision of basic amenities such as mosquito nets, condoms and paint for the internal rooms and upon becoming more familiar with the clinics requirements, Kagem supported the construction of two ablution blocks, a store room and extension of the maternity wing. It also ‘appealed to the government to increase the number of nurses at this clinic’ (Chilambwe, interview 05.06.2011) and due to their ideal location, they could ‘increase their catchment area which feeds patients into St Joseph’s Hospital or Kitwe’s Hospital’ (ibid.). Currently there are three nurses employed and Rose, the head nurse, reports that they consult ‘more than 45 patients per day and there are more patients than staffing can look after’
(Kunda, interview 30.05.2011). Rose is ‘very happy with the provided assistance from Kagem’. The second clinic Kagem supports is the primary healthcare Pilala Clinic, due to open in early 2012. In accordance with what appears to be the trend, Kagem have genuinely lived up to what it is they claim they are doing. The final main social investment of Kagem has been the assistance provided to the development of the local Chief’s Palace whereby they are in the process of building a guest wing and ablution block. This extension ensures that, unlike before, traditional customs can be upheld whereby visiting chiefs reside in a house that is not attached to the main residence. Kagem’s investment has improved relations with the Chief, which constitutes a crucial part of undertaking mining operations in this region.

Given the social development projects’ successes, the mine’s reputation in the community has improved. The successes have also channelled and materialised downstream to the consumer market. In turn, celebrities have endorsed the status of the ethical Zambian emerald. Kagem’s emeralds were used in two high quality pieces of jewellery worn at the 2011 Academy Awards including a $2 million necklace and pair of prestigious earrings and the celebrities were ‘proud to use ethical emeralds’ (Suresh, interview 04.06.2011). The high profile World Land Trust ‘Emeralds for Elephants’ Project, which is well known for raising ‘awareness of the plight of the Asian elephant’ (World Land Trust, 2011) also utilised ethical emeralds. As a result of the increased popularity, the recent July 2011 Singapore Auction generated record ‘revenues of US$ 31.6 Million’ (Gemfields Auction, 2011a) which is a ‘63% increase in quality-for-quality per carat prices since December 2010’ (Gemfields Auction, 2011). All of these achievements can be attributed to the improved mine and working conditions, the impact of the sustainable environmental projects, the school and clinic projects and the improved relationship with the Chief. Ultimately, Gemfields has lived up to their promises of environmental and social CSR implementation.

4.3 The Alternative Green Market: Artisanal (or Illegal) Emerald Miners and Traders

As discussed privatisation and formalisation have drastically altered operations. Artisanal miners were omnipresent in the region and prior to the introduction of the privatised companies, they ‘operated with relative ease as the government was not very strict with them’ (Swatz, interview 02.06.2011). Individuals travelled from all regions of Zambia and beyond, in an attempt to find wealth but upon privatisation, firms only managed to absorb some of these artisanal miners. Many still remained in the region and continued following the path to the gems because it proved more lucrative than other job prospects. High unemployment and resulting omnipresent illegal miners is not something that Gemfields can counteract, however they have attempted to improve the situation through various CSR strategy initiatives.

An interview with an illegal gem trader, Mwamba Chulu, clarified the complicated supply chain network and downstream activities. Operating in Kitwe, a hub for illegal trading, for the last twenty years, he is a well respected trader. Ironically, he feels the operational capacity for the illegal sector could be improved if it was more formalised. Majority of illegal miners and traders exist as part of organised syndicates whereby ‘illegal miners sell the produce to the gem traders and the traders sell the gems on to a variety of individuals mostly for export’ (ibid.). The continuation of this market results in illegal miners’ constant presence on Kagem’s mine site in search of quality emeralds. The
company’s response to the challenges, facing them and the hardships of the illegal traders, has been the establishment of a Kitwe Based trading office which began operation in December 2011. The role of the office is to purchase ‘desirable grades of emeralds’ (Banks, interview 01.06.2011) and ‘Gemfields will offer this product at future auctions’ (ibid.). The office offers a reliable price depending on the grade of the emerald, in accordance with their advanced grading system. This exact call from illegal traders has been responded to by Kagem and this stands to further improve relations with the community. Mwamba suggested that it would be ‘beneficial if there was a location where black market emeralds can be transferred into the formal market as there is a lack of a reliable purchasing source, emeralds could then be graded, weighed and effectively priced which will eradicate the biggest challenges for us illegal traders’ (Chulu, interview 31.05.2011). The challenges include traders not receiving the rightful price products resulting in conflict between sellers and purchasers, the infiltration of fake gems into circulation and the negative reputation of illegal traders. The formalisation of this market ‘improves the reliability of the grading of emeralds on the world market as they are filtered into the Kagem grading system as opposed to being incorrectly marketed by illegal traders’ (Banks, interview 01.06.2011). The new Kitwe trading office is commendable for its uniqueness in the emerald sector and fulfilling the desired and required gap in the market. Inevitably, the income for illegal miners will increase and the grading system will ensure regularity on the world market. Following the lead of the diamond market leader, De Beers, and Tanzanite miners, Tanzanite One, Gemfields are attempting to gain control of the Zambian emerald supply chain to ‘supply consistently graded gems’ (Banks, interview 01.06.2011).

4.4 Conclusion

In this chapter I have addressed the various attempts of Kagem to institute and implement its repositioning strategy as well as the constraints it faces. The restructuring of the internal operations to improve the conditions of the mine and on the mine has dramatically bolstered profit margins. The outward-looking strategy that focuses on community development projects and improving relationships in the community has shown Gemfields’ commitment to their CSR strategy. The environmental projects are unique and deserve praise, the schools and clinics are not specifically authentic but in conjunction with assisting Chief Nkana, its reputation has drastically improved. Considering these strategies, Kagem has emerged in a superior position in the market which is confirmed by their heightened reputation and profitable emerald auctions.

Chapter Five: A New Shade of Green?

Gemfields has courageously endeavoured to emerge as a holistically ethical and responsible firm and has inherently entrenched and genuinely secured an inward-looking and outward-looking CSR strategy. Operating in an environment that is ideal for these initiatives, Gemfields has definitely enhanced the human face of capitalism (De Neve et al., 2008), in a sustainable manner (Hopkins, 2007) and gone well beyond legal requirements (Mullerat, 2004). As highlighted, its attempts have been multi-faceted with some particularly unique aspects from which competitor companies can be educated and inspired. There have been certain aspects that have raised small concern with regards to...
their changes however these have been negligible and overall developed a new shade of green.

5.1 Conclusion

This paper has determined what currently constitutes the concept of CSR and how the mineral extraction sector, in an environment hosting artisanal (or illegal) gemstone miners, influences implementation of an effective CSR policy. Furthermore, it considered the political and economic legacies in post-independent Zambia that altered mining legislation which, in turn, failed to harness potential and develop the mineral rich Copperbelt region. Ultimately, these legacies determined the operational conditions for Kagem. The circumstances encouraged Gemfields to develop a repositioning strategy based on CSR policies. It argues that it has been implemented successfully and it has emerged as a market leader in the ethical production of emeralds.

Besides a few negligible challenges, it has largely been successful in implementing the CSR projects promised which have been proven by the inward-looking and outward-looking initiatives. Its environmental sustainability projects have given the green light to competitors to follow suit. As is apparent from the improved reputation, the international market have welcomed and respected the repositioning strategy. Resultantly, substantial profit increases have occurred, leaving Gemfields’ competitors green with envy. In conclusion, Gemfields has provided of new insight into mineral extraction companies’ attempts to implement a CSR strategy in an area with abundance of artisanal miners. The utmost praise should be bestowed upon them for the courage they have had in trying new ideas and allowing CSR to be inherently entrenched in the company strategy and ethos. Ultimately, they claim that they are the market leaders in the ethical production of emeralds and this can be confirmed given the supportive strong evidence. It can be concluded that they have developed an impressive new shade of green.

Bibliography


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**Emerald District: The Case of Gemfields.**

Georgina JAMIESON, Dunira Strategy, UNITED KINGDOM


World Land Trust (2011)*Emeralds for Elephants*  


**List of Interviewees**

Anonymous Informant, low ranking employee at Kagem, Kagem football pitch, 02.06.2011 at 13:00

Banks, A., Production and Trading Manager, Kagem Sorting House, 01.06.2011 at 10:45

Chilambwe, J., Community Project Coordinator, Mr Chilambwe’s Office at Kagem Mine Site, 05.06.2011 at 09:00

Chulu, M., Illegal Gem Trader, Hotel Edinburgh Coffee Shop in Kitwe, 31.05.2011 at 15:00

Harebottle, I., CEO of Gemfields Plc, Mr Harebottle’s Office at Kagem Mine Site, 28.05.2011 at 10:30

Herbst, T., Security Manager, Kagem Canteen, 29.05.2011 at 08:00

Kapindula, G., Self proclaimed discoverer of emeralds, Gibsons residence in Nkana Village, 06.06.2011 at 13:50

Kunda, R., Head Nurse at Nkana Clinic, 30.05.2011 at 09:30

Mobika, C., Kapila Community Teacher, Kapila School, 01.06.2011 at 12:40

Mondo, C., Kapila Community School Headmaster, 01.06.2011 at 11:50

Ntambila, Charles., Blessing Farm Project's Chairman, Blessings Farm, 05.06.2011 at 15:30

Ntambila, D., Blessings Farm Project's Chairman's wife, Blessings Farm, 05.06.2011 at 14:30

Shiaka, E., Zambian Police Platoon Commander, Kagem Mine Site Boardroom, 30.05.2011 at 12:00

Suresh, C., Mr Suresh’s Office at the Kagem Mine Site, 04.06.2011 at 10:00

Swartz, R., Head Geologist, Mr Swartz’s Office at Kagem Mine Site, 02.06.2011 at 16:00

Thanzala, F., Headmaster of Chapula Basic School, 30.05.2011 at 16:00