



Beyond Compliance: Embedding Sustainability as a Market-Driven Value Proposition in the Diamond Mining Sector

Silchy de Almeida

Dissertation written under the supervision of Professor Nuno
Moreira da Cruz

Dissertation submitted in partial fulfilment of requirements for the
MSc in Management with a specialization in Strategic Marketing, at
the Universidade Católica Portuguesa, 02/01/2026.

Abstract

The diamond mining sector has long operated in an environment marked by conflict diamonds, weak governance, and strong scrutiny from stakeholders. Growing demands for sustainability from investors, consumers, and communities have created tension between an industry focused on regulatory compliance and the pressure to adopt market-driven strategic practices.

This dissertation examines how sustainability can evolve from a compliance requirement into a strategic asset. Using an exploratory qualitative design, based on semi-structured interviews and the analysis of sustainability reports and governance frameworks, the study identifies five central dimensions: (1) compliance frameworks such as the KPCS and RJC provide legitimacy but not differentiation; (2) sustainability has become a strategic imperative shaped by market and investor expectations; (3) stakeholder (*partes interessadas*) trust depends on ethical sourcing, transparency, and community engagement; (4) sustainability supports long-term value creation through efficiency, innovation, and risk reduction; and (5) structural barriers, including weak governance, limited enforcement, and reliance on voluntary mechanisms, continue to constrain integration.

The study contributes to understanding how and why sustainability is emerging as a market-driven strategic asset, while highlighting the gap between corporate rhetoric and practical impact. Future research could incorporate community perspectives, explore other mineral sectors, or assess the financial outcomes of ESG performance.

Title: Beyond Compliance: Embedding Sustainability as a Market-Driven Value Proposition in the Diamond Mining Sector.

Author: Silchy De Almeida

Keywords: Sustainability; Market-driven value; Corporate social responsibility; Stakeholder legitimacy

Resumo

O setor de exploração diamantífera tem operado num contexto marcado por diamantes de conflito, fraca governação e forte escrutínio das partes interessadas (stakeholders). A crescente exigência de sustentabilidade por investidores, consumidores e comunidades gera tensão entre uma lógica de mera conformidade e a necessidade de práticas estratégicas orientadas pelo mercado.

Esta dissertação examina como a sustentabilidade pode evoluir de requisito de conformidade para ativo estratégico. A investigação qualitativa, baseada em entrevistas semiestruturadas e análise de relatórios e quadros de governação, identifica cinco dimensões centrais: (1) a conformidade confere legitimidade mas não diferenciação; (2) a sustentabilidade emerge como imperativo estratégico; (3) a confiança das partes interessadas (stakeholders) depende de aprovisionamento ético, transparência e envolvimento comunitário; (4) a sustentabilidade apoia a criação de valor a longo prazo; e (5) barreiras estruturais, como fraca governação e mecanismos voluntários, limitam a integração estratégica.

O estudo contribui para compreender como e por que razão a sustentabilidade se afirma como ativo estratégico orientado pelo mercado, evidenciando o desfasamento entre retórica corporativa e impacto prático. Futuras investigações poderão integrar perspetivas comunitárias, outros setores minerais ou analisar os resultados financeiros do desempenho ESG.

Título: Para além da Conformidade: Incorporar a Sustentabilidade como uma Proposta de Valor Orientada para o Mercado no Setor Diamantífero.

Autor: Silchy De Almeida

Palavras chaves: Mineração de diamantes; Sustentabilidade; Valor orientado pelo mercado; Responsabilidade social corporativa; Legitimidade dos stakeholders

Acknowledgements

I would like to express my deepest gratitude to my parents and brothers, whose unconditional support, encouragement, and belief in me have been fundamental throughout this journey. Their guidance and values have shaped both my personal and academic growth. I am equally grateful to my close friends, who provided constant motivation, balance, and reassurance during the most demanding stages of this dissertation.

My sincere thanks go to my dissertation supervisor, Professor Nuno, for his valuable guidance, constructive feedback, and continuous direction. His expertise and availability were essential in helping me navigate the research process and refine the academic quality of this work.

I would also like to acknowledge that, throughout this dissertation, I made limited use of AI tools strictly for structural organisation and grammatical clarity. All ideas, analyses, interpretations, and arguments presented in this dissertation are entirely my own. No AI system was used to generate academic content, theoretical discussion, or empirical analysis.

This dissertation reflects months of careful study, persistent effort, and genuine dedication. The journey was not always easy, but it strengthened my ability to think independently, engage deeply with complex issues, and stay focused on the purpose behind the work.

Finally, I am grateful to God, whose strength and guidance have sustained me in moments of uncertainty and helped me persevere with purpose and gratitude.

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Introduction

1 Global Context and Sector Problem

The extractive sector has long faced significant governance challenges, particularly in regions characterised by political fragility, weak regulatory capacity, and historical links to conflict. The diamond mining industry, in particular, has operated in governance-sensitive contexts marked by conflict diamonds, institutional weaknesses, and persistent reputational risks. As Le Billon and Levin (2009) observe, weak state oversight and entrenched conflict dynamics have allowed diamonds to fuel instability rather than development, highlighting the limitations of compliance-based frameworks such as the Kimberley Process. These structural vulnerabilities created an environment in which legitimacy depended heavily on certification rather than strategic sustainability.

In recent years, expectations from investors, consumers, and civil society have intensified sharply. Global markets increasingly demand transparency, ethical sourcing, and measurable ESG performance, placing mining firms under pressure to move beyond minimum compliance. The United Nations (2025) positions sustainability as central to global development, emphasising climate action, inequality reduction, and socio-economic resilience as urgent priorities rather than optional commitments. As a result, the diamond sector finds itself navigating a tension between traditional compliance-driven governance and emerging pressures to embed sustainability in core strategy.

2 Research Gap and Academic Relevance

Although the literature extensively examines conflict prevention and compliance mechanisms, most notably the Kimberley Process Certification Scheme and the Responsible Jewellery Council, there is limited research exploring sustainability as a market-driven value proposition within the diamond mining industry. Studies tend to focus on regulatory compliance, legitimacy crises, or ethical sourcing requirements, but rarely analyse how sustainability shapes competitive advantage, investor confidence, and strategic differentiation.

This gap is significant. Contemporary strategic management scholarship highlights that sustainability can drive value creation through innovation, efficiency, stakeholder trust, and market positioning (Porter & Kramer, 2011; Freeman, 2010; Carroll, 1999). Larry Fink (2018) reinforces this shift by arguing that long-term profitability increasingly depends on corporate purpose and ESG alignment. Yet there is insufficient empirical insight into how

these theoretical perspectives manifest within diamond mining, a sector where governance constraints and geopolitical complexities make sustainability both crucial and contested.

This dissertation addresses this gap by empirically examining how industry participants interpret, apply, and experience sustainability beyond compliance frameworks.

3 Research Aim, Research Question, and Objectives

This dissertation aims to examine how sustainability shifts from a compliance obligation to a market-driven strategic asset within the diamond mining sector.

Research Question:

How is sustainability evolving from compliance to a market-driven value proposition in the diamond mining industry?

Objectives:

1. To explore how SMEs and non-SMEs interpret and experience sustainability within the diamond mining context.
2. To analyse how sustainability is operationalised through industry frameworks and corporate practices.
3. To evaluate whether sustainability is becoming a source of strategic differentiation and long-term value creation.

4 Methodological Overview

To address the research question effectively, this dissertation adopts an exploratory qualitative design, supported by semi-structured interviews and secondary document analysis. This approach aligns with an interpretivist paradigm, which prioritises understanding participant perspectives and contextual meaning rather than testing predetermined hypotheses

(White & Rayner, 2002).

Primary data consisted of semi-structured interviews with SMEs and non-SMEs, while secondary data included sustainability reports and governance frameworks such as the KPCS and RJC. An inductive thematic analysis was conducted to identify recurring patterns and interpret how sustainability is embedded in practice.

5 Contribution and Structure of the Dissertation

This dissertation contributes to academic and industry debates by demonstrating how and why sustainability is becoming strategically embedded in diamond mining and by revealing the persistent gap between corporate rhetoric and actual impact. The study provides grounded insights into stakeholder legitimacy, shared value creation, and market-driven ESG dynamics, areas that remain underexplored in extractive sector research.

The dissertation is structured as follows:

Chapter 2 reviews the theoretical foundations and existing literature.

Chapter 3 analyses the extractive industries, diamond sector dynamics, and regulatory frameworks.

Chapter 4 outlines the methodology.

Chapter 5 presents the findings and analysis.

Chapter 6 concludes with reflections, limitations, and directions for future research.

Literature Review

1 Introduction to Literature Review

Near the end of the 20th century, sustainability entered the diamond mining sector through the Kimberley Process (KPCS), established to stop the trade in conflict and ensure government legitimacy (Kimberley Process, 2003; Haufler, 2010). The framework played a critical role in conflict prevention, but its scope remained narrow and its enforcement weak (Le Billon & Levin, 2009). In the early 21st century, the Responsible Jewellery Council (RJC) was created to promote ethical behaviour across the jewellery supply chain, addressing labour, human rights, environmental performance, and product integrity (Responsible Jewellery Council, 2019). While the RJC reflects a broader ESG focus, its implementation has often been inconsistent (Hilson, 2014). Together, these frameworks illustrate how sustainability in the diamond sector has historically been approached as a matter of regulatory compliance and legitimacy, rather than being embedded as a strategic driver of long-term value creation and competitive advantage.

The Kimberley Process Certification Scheme (KPCS) is an important commitment designed to stop the trade in conflict diamonds by promoting transparency across the diamond supply chain (Haufler, 2010; Kimberley Process, 2003). It does so by requiring accurate and timely statistical data on diamond production and trade to ensure compliance with its standards, with the goal of securing supply chain legitimacy. The Responsible Jewellery Council (RJC) expanded this approach by embedding ESG standards across the jewellery industry, aiming to promote responsible business practices that address environmental and social challenges through transparency and partnerships (Responsible Jewellery Council, 2019). However, academic literature highlights several flaws in these frameworks. Hilson (2014) argued that CSR in the extractive industries remains largely reactive and compliance driven. Le Billon and Levin (2009) observed that while the KPCS improved conflict regulation, it did little to address broader development or security concerns. Similarly, Haufler (2010) noted that while the Kimberley Process was innovative in governance, its scope is narrow and its enforcement limited. Taken together, these frameworks provide essential guardrails but fall short of positioning sustainability as a market-driven strategic asset.

Sustainability should be regarded as a core business strategy rather than a matter of compliance, as it can provide organisations with a competitive advantage across industries, particularly in mining. This study draws on four key theoretical perspectives, each offering a

distinct angle for understanding why sustainability must move beyond compliance and into strategy. The first is Carroll's CSR Evolution, which traces the development of corporate responsibility from a compliance-based approach to a more strategic orientation (Carroll, 1999). Carroll's CSR pyramid identifies four layers: economic, legal, ethical, and philanthropic responsibilities, demonstrating that organisations can achieve strong economic performance while also contributing meaningfully to society. Applied to diamond mining, this suggests that CSR should not stop at legal compliance but expand toward strategic responsibility.

The second perspective is Freeman's Stakeholder Theory, which argues that firms must balance the interests of multiple stakeholders, such as communities near mining sites, employees, and investors (Freeman, 2010). By aligning sustainability with long-term stakeholder value, Freeman reinforces that sustainability is not simply a regulatory obligation but a market-driven imperative. The third contribution is Porter and Kramer's Creating Shared Value, which distinguishes between "responsive CSR," which is reactive, and "strategic CSR," which embeds responsibility into the value chain (Porter & Kramer, 2011). For diamond mining companies, competitiveness can be strengthened by linking economic success to solving social and environmental challenges. Finally, Larry Fink's "A Sense of Purpose" highlights the investor perspective, emphasising that long-term value and purpose must be central to corporate strategy (Fink, 2018). Fink underscores that embedded sustainability enhances legitimacy and trust in global markets.

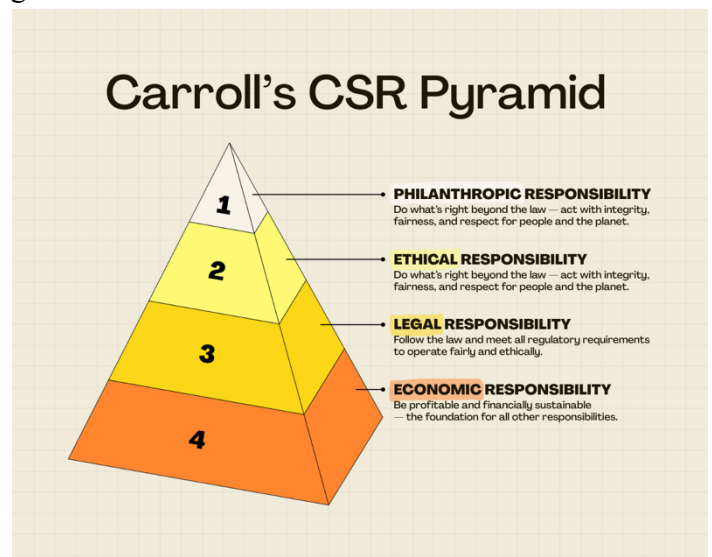
Taken together, these four perspectives provide the conceptual lens for this dissertation. They collectively support the view that while compliance frameworks offer necessary guardrails, true sustainability in the diamond sector requires embedding responsibility as a market-driven strategic asset.

2 Theoretical foundations

- *Carroll's CSR Evolution (1999)*

Carroll (1999) formalised the concept of corporate social responsibility (CSR) through his well-known pyramid, which identifies four layers of responsibility: economic, legal, ethical, and philanthropic. The model builds on Bowen's (1953) early definition of CSR as the obligation of business to pursue policies and actions desirable in terms of societal objectives and values. This idea was further developed by Keith Davis in the 1960s, who argued that social responsibility could generate long-term economic gains (Carroll, 1999). By the 1980s, Drucker (1984) reinforced this strategic turn, suggesting that companies should "convert" social duties into economic opportunities. Carroll's work consolidated these perspectives, highlighting that CSR had evolved from a compliance- and philanthropy-oriented obligation to a more strategic and integrated component of business practice.

Academic debate has emphasised both the strengths and limitations of this framework. Carroll's pyramid illustrates that companies can achieve profitability while simultaneously meeting ethical and social expectations. However, critics note that many firms remain at the lower levels of the pyramid, prioritising economic and legal responsibilities while neglecting the ethical and philanthropic dimensions (Carroll, 1999). This highlights a persistent gap between compliance-based CSR and its potential as a driver of strategic advantage.



In the diamond mining sector, CSR has largely operated within the economic and legal layers, particularly through compliance with the Kimberley Process and the Responsible Jewellery Council. Yet genuine sustainability requires engaging with the ethical and philanthropic dimensions, such as community development, human rights, and environmental stewardship. Carroll's framework suggests that by embedding these responsibilities strategically, diamond companies can strengthen legitimacy and competitiveness in global markets.

- *Freeman's Stakeholder Theory (2010)*

Stakeholder theory was first proposed by Freeman (1984) and later developed to include Carroll's (1999) work on corporate social responsibility. Since then, the concept has evolved greatly and remains fundamental to debates about sustainability and corporate governance. The updated paradigm offered by Freeman, Harrison, and Zyglidopoulos (2021) will be the focus of this research, as it provides a modern way to analyse how enterprises in the diamond mining sector connect with a diverse variety of stakeholders. These include regulators, investors, NGOs, and consumers, and the framework demonstrates how involvement should go beyond compliance systems like the Kimberley Process and the Responsible Jewellery Council.

Stakeholder theory is widely applied by managers to improve business performance, as firms must not only secure access to resources from their stakeholders but also integrate the information and insights they provide. This makes the framework a central tool for strategy and governance (Freeman et al., 2010). According to Freeman and colleagues, managers must perform highly interconnected activities, including creating value in dynamic markets such as diamond mining, fostering innovation, engaging inclusively with diverse groups, and addressing ethical concerns (Freeman et al., 2010). Building on this foundation, Freeman, Harrison and Zyglidopoulos (2021) recognise the difficulty of operationalising stakeholder theory in practice, particularly when managers encounter conflicting stakeholder interests. Nonetheless, this challenge aligns with Carroll's (1999) argument that responsibility must extend beyond compliance, as both frameworks emphasise the importance of addressing wider stakeholder expectations through strategic responsibility.

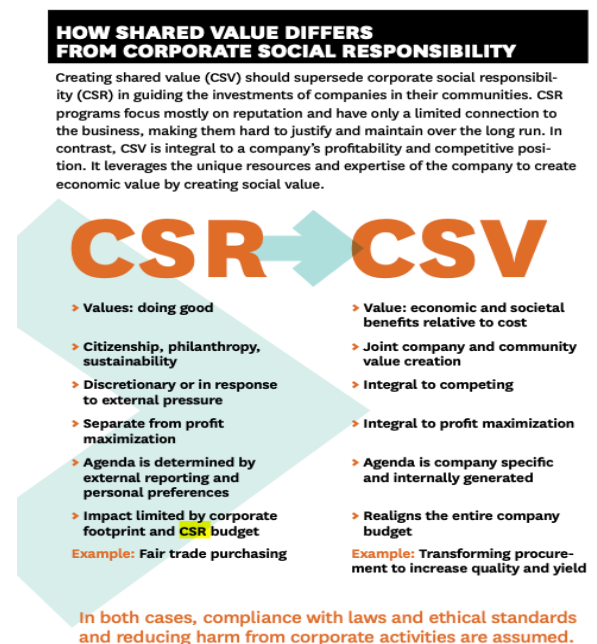
In the diamond mining industry, key stakeholders include local communities near mining sites, employees and contractors, governments and regulators, NGOs focused on environmental and human rights issues, and investors and consumers in the jewellery market. This study acknowledges the existence of frameworks such as the Kimberley Process Certification Scheme and the Responsible Jewellery Council, but these primarily provide regulatory legitimacy and baseline compliance (Kimberley Process, 2003; Responsible Jewellery Council, 2019; Haufler, 2010). Broader stakeholder expectations extend further, requiring firms to address labour practices, environmental protection, community development, and transparency (Hilson, 2014; Le Billon & Levin, 2009). These pressures are reinforced by the increasing demand from long-term investors for sustainability integration (Fink, 2018). Taken together, this supports the view that sustainability in diamond mining is

shaped not only by political regulation but also by stakeholder trust and market legitimacy, demonstrating that it should be understood as a market-driven strategic asset (Porter & Kramer, 2011; Carroll, 1999).

- **Porter & Kramer - Creating Shared Value (CSV) (2011)**

The concept of shared value refers to strategies and practices that enhance a company's competitiveness while simultaneously improving the social and economic conditions of the communities in which it operates. The central objective of creating shared value is to identify and strengthen the connection between business success and societal progress (Porter & Kramer, 2011). According to the authors, the concept is grounded in the belief that value creation must apply to both social and economic outcomes, and that value is not merely about benefits but about benefits relative to costs. Porter and Kramer (2011) distinguish between corporate social responsibility (CSR), which they describe as reactive and compliance-driven, and strategic CSR, which is proactive and integrated. Shared value thus reframes sustainability as a core component of the business model rather than as an act of philanthropy.

Porter and Kramer (2011) argue that in recent years, business has often been viewed as a major contributor to social, environmental, and economic challenges. Many critics contend that companies prosper at the expense of the broader community and that even corporate responsibility initiatives have done little to change this perception. The authors critique the absence of a coherent framework to guide such efforts, noting that most firms remain locked in a "social responsibility" mindset in which societal issues are treated as peripheral to strategy. As a response, they propose the implementation of the shared value principle, which adds economic value by simultaneously creating social value through addressing societal needs and challenges. This approach aligns closely with Carroll's (1999) concept of strategic responsibility and Freeman's (2010) stakeholder theory, both of which highlight the integration of societal and business objectives (Porter & Kramer, 2011; Carroll, 1999; Freeman et al., 2010).



Porter and Kramer (2011) identify three main ways in which businesses can create shared value: reconceiving products and markets, redefining productivity in the value chain, and enabling local cluster development. In the context of diamond mining, this framework allows companies to generate economic and social value simultaneously. Mining firms can strengthen brand trust and achieve market differentiation through sustainability initiatives that improve local livelihoods, such as skills training, healthcare support, and infrastructure investment. Shared value can also be created by supporting community development near mining areas and fostering collaboration with indigenous populations. Furthermore, companies can enhance transparency and ethical integrity by adhering to standards such as the Responsible Jewellery Council and the Kimberley Process (Hilson, 2014; Responsible Jewellery Council, 2019; Kimberley Process, 2003). Overall, the concept of shared value reinforces the argument that sustainability in the diamond sector represents not only a regulatory obligation but also a market-driven strategic advantage that contributes to long-term competitiveness.

- ***Larry Fink – A Sense of Purpose (2018)***

Larry Fink's 2018 Letter to CEOs emphasises the importance of advancing sustainability and long-term client objectives while addressing the most immediate challenges faced by BlackRock and the broader financial sector. In his message, Fink underscores that the purpose of a company extends beyond financial success to include its social impact and contribution to society. He asserts that profit is dependent on purpose, and that long-term profitability is driven by a clear sense of purpose rather than the pursuit of short-term gains (Fink, 2018). This perspective aligns closely with the environmental, social, and governance (ESG) movement, reflecting investors' growing preference for companies that proactively address sustainability-related challenges (Fink, 2018).

Fink's perspective revives the argument that businesses, across both public and private sectors, must respond more actively to wider social concerns and demonstrate a clear social purpose. He highlights that governments increasingly struggle to meet essential needs such as pensions, infrastructure, automation, and workforce training, which places greater responsibility on corporations to contribute to societal progress (Fink, 2018). Fink warns that companies which fail to define and communicate their long-term strategies and social objectives risk facing pressure from activist investors and stakeholders pursuing narrow or short-term goals. This reinforces the view that firms must clearly articulate how their strategies create long-term value for both shareholders and society (Fink, 2018).

Fink's letter supports the "beyond compliance" argument developed in this paper, as his notion of purpose-driven leadership represents a more strategic form of corporate social responsibility and shared value, as articulated by Carroll (1999) and Porter and Kramer (2011). He positions purpose as the guiding principle for a company's engagement with stakeholders, echoing Freeman's (2010) stakeholder theory. Fink further emphasises that sustainability should be treated as a business imperative shaped by investor expectations, a view that has since gained substantial influence in the corporate world. Within the diamond mining industry, this perspective connects corporate profitability with ethical sourcing, environmental stewardship, and community empowerment, an especially relevant approach in a historically controversial sector (Fink, 2018).

When combined, these theories provide the framework for examining how sustainability in the diamond mining industry might advance beyond legal requirements and become a strategy driven by the market and purpose in a historically extractive business.

3 Extractive Industries & Diamonds

- ***3.1 Sustainability in the Extractive Industries: From Compliance to Strategy***

To begin, it is essential to define what the extractive industries encompass. The World Bank (2020) defines extractive industries as activities that involve the extraction of raw materials from the earth, such as mining, oil, and gas. These industries have significant potential to generate income and employment for host countries, yet they frequently face challenges such as corruption, poverty, conflict, and environmental degradation due to weak governance. Hilson (2014) reinforces that these sectors are crucial for global economic growth and national development, particularly in resource-dependent economies. However, they are also associated with environmental damage, human rights risks, and unequal wealth distribution; phenomena often described as the "resource curse" (Auty, 1993, cited in Hilson, 2014).

Hilson (2014) observes that sustainability in mining initially emerged as compliance with regulation, where environmental impact assessments, pollution control, and safety were the primary areas of focus. Although his analysis is rooted in the Global South, this critique applies broadly across the global extractives sector. This perspective supports the argument of this thesis that the diamond industry, regardless of geography, must move beyond compliance frameworks and treat sustainability as a source of competitive advantage. In recent years, sustainability has gradually evolved from a compliance-driven obligation to a more strategic and value-oriented approach. It is now increasingly linked to competitiveness and investor

expectations, as firms recognise that integrating sustainability into core strategy can enhance long-term performance and market legitimacy (Fink, 2018).

The shift from compliance to strategy is reflected in several foundational theories. Carroll's (1999) CSR pyramid illustrates this evolution, showing that while many businesses remain focused on the economic and legal layers of responsibility, true strategic sustainability lies in advancing towards the ethical and philanthropic dimensions. Similarly, Freeman (2010) highlights that firms can enhance both their economic outcomes and long-term sustainability by effectively managing the often-conflicting interests of diverse stakeholders. This capacity to balance stakeholder expectations forms the core of a strategic approach to creating shared value, where business success is achieved alongside social and environmental progress.

- **3.2 *The Political Economy of Diamonds***

The economy of resource-rich countries like Botswana and Russia, for example, are greatly impacted by the global diamond industry, which includes both extraction and trading (Kimberley Process, 2025; UN DESA, 2025). The extraction of diamonds, which are regarded as a key material, significantly boosts export earnings and national development. Monopolies like De Beers have historically influenced the sector's governance by controlling pricing and supply, demonstrating how economic domination frequently translates into political clout. Diamond profits were also used to fund armed conflict in several African contexts, especially in the 1990s, connecting the resource to instability and violations of human rights. Although mechanisms like the Kimberley Process Certification Scheme were put in place to stop the trade in conflict diamonds and regain legitimacy, Le Billon and Levin (2009) point out that their emphasis on conflict prevention left more general concerns about sustainability and development unaddressed.

The exploitation of diamonds to fund armed conflicts, most notably across Africa, prompted the creation of the Kimberley Process Certification Scheme (KPCS). This initiative requires participating nations to certify that their rough diamond exports are conflict-free, aiming to block illicit diamonds from entering legitimate markets (Kimberley Process, 2025). In 2005, the Responsible Jewellery Council (RJC) was established to promote ethical standards on labour, human rights, and environmental practices across the jewellery supply chain (Responsible Jewellery Council, 2025).

Despite their progress, both frameworks have significant limitations. The KPCS remains restricted to rough diamonds and overlooks abuses involving state actors, while the RJC's

reliance on voluntary compliance and third-party audits leads to inconsistent enforcement (Responsible Jewellery Council, 2025). Scholars such as Haufler (2010) and Le Billon and Levin (2009) argue that these schemes focus more on compliance and legitimacy than on advancing long-term sustainability or value creation. Although these frameworks improve oversight, they have not yet succeeded in embedding sustainability as a strategic, market-driven priority, a shift that Fink (2018) describes as essential for lasting corporate success.

The contemporary diamond industry works within a complicated equilibrium between changing market forces and conventional regulation. Although frameworks like the Responsible Jewellery Council and the Kimberley Process are still essential to legitimacy, investor and consumer expectations have evolved above compliance. Sustainability is closely linked to long-term value and image of a company, and stakeholders are calling for more transparency, sourcing that is ethical, and tangible social impacts (Fink, 2018). This change has been amplified by the popularity of lab-grown diamonds, which forces mining companies to compete on ethical standards rather than just price (Hilson, 2014). These advancements support Porter and Kramer's (2011) claim that social value creation boosts competitiveness, Freeman's (2010) emphasis on stakeholder engagement, and Carroll's (1999) concept of strategic responsibility. In general, the sector is moving away from a model centred on compliance and towards one motivated by goals and consumer demands.

- **3.3 Contemporary Challenges in the Diamond Sector**

Although frameworks like the Kimberley Process (KPCS) and the Responsible Jewellery Council (RJC) have strengthened transparency and legitimacy in recent years, notable gaps remain in enforcement, inclusivity, and governance. As Hilson (2014) argues, *“mining companies have secured access to mineral resources by paying relatively low taxes, rather than investing in the development of local skills and capacities.”* This observation underscores the sector’s failure to translate compliance into long-term social investment. Le Billon and Levin (2009) similarly highlight that while these frameworks have provided guardrails for peace and transparency, they have not delivered sustainability, development, or justice for local communities. Haufler (2010) identifies this as a recurring weakness, noting that despite its intent, the Kimberley Process has often been undermined by corruption, smuggling, and political capture in countries such as the DRC, Angola, and Zimbabwe. Even when clear evidence of human rights abuses surfaced, the KP frequently failed to act decisively.

Fink (2018) reinforces that, across all industries, firms now face growing reputational risk as ESG-conscious investors and consumers demand greater accountability. He argues that companies unable to create shared value or demonstrate positive social impact will struggle to remain competitive. In the diamond sector, transparency and traceability, such as blockchain-enabled supply chains, have evolved from voluntary initiatives into baseline market expectations.

4 Frameworks & Standards

- ***4.1 Kimberley Process Certification Scheme (KPCS)***

The Kimberly Process Certification is a scheme that was established in 2003 with the aim to stop conflict diamonds from financing wars, the Kimberly process enforces all the nations to participate in it to reinforce legitimacy the supply chain and contribute effectively to the scheme (Kimberly Process, 2025). This is achieved by issuing a national certification of rough diamonds exports; government controls; and data reporting to those countries that strictly follow the policies of the scheme. Haufler frames the KPCS as a unique global governance mechanism: “an innovation in global governance that combines a voluntary industry-led certification system with an inter-state import/export control regime” (Haufler, 2010, p. 404).

The Kimberley Process (KP) requires all member nations to comply with strict certification procedures and monitoring mechanisms to prevent conflict diamonds from entering the global market. It has made a significant contribution to improving legitimacy and traceability within the international diamond trade by creating a framework for tracking the origin and cross-border movement of rough diamonds (Kimberley Process, 2025). This system also strengthened shared governance and accountability across the supply chain by fostering cooperation between producer and trading governments (Haufler, 2010).

According to governance literature, the KPCS reduced the overt trade in conflict-linked diamonds and limited the use of diamond revenues to fund rebel movements. It also enhanced transparency in high-risk regions, though illicit trade and governance weaknesses persist (Haufler, 2010; Kimberley Process, 2025).

The Kimberly Process's argument supports this thesis by reaffirming that, despite providing crucial guarantees for legitimacy and transparency, it is still primarily a compliance mechanism rather than a catalyst for the strategic, market-based sustainability that companies in the diamond mining sector ought to embrace.

- **4.2 Responsible Jewellery Council (RJC)**

One of the world's leading industry-led standards for the jewellery and watch sectors is the Responsible Jewellery Council (RJC). Founded in 2005, the organisation promotes ethical business practices through its Code of Practices (COP), which covers labour standards, human rights, environmental impact, and product integrity. Membership is open to companies of all sizes, with compliance verified through independent third-party audits. Certified members are expected to align their operations with the UN Sustainable Development Goals, reinforcing transparency, ethical sourcing, and continuous improvement throughout the supply chain (Responsible Jewellery Council, 2025).

Compared to the Kimberley Process, the RJC offers broader ESG coverage, extending beyond conflict-free trade to include supplier engagement, public disclosure, and full supply chain due diligence. This approach fosters brand trust and meets increasing investor and consumer expectations for responsible sourcing and sustainability performance (Responsible Jewellery Council, 2025).

However, despite its market-led structure, the RJC remains constrained by its voluntary nature. Many industry participants operate outside its framework, limiting its overall reach. The quality and consistency of third-party audits vary, creating uneven accountability, while non-compliant behaviour can persist without binding enforcement mechanisms. Scholars such as Hilson (2014) and Le Billon and Levin (2009) note that voluntary initiatives like the RJC often strengthen legitimacy but fall short of systemic transformation. Within the diamond sector, this reinforces the argument that frameworks alone do not embed sustainability as a strategic, market-driven asset. As this paper argues, genuine progress requires firms to move beyond certification; to integrate sustainability within core value creation, as outlined by Carroll (1999), Porter and Kramer (2011), and Fink (2018).

- **4.3 OECD Due Diligence Guidance and United Nations Sustainable Development Goals (SDGs)**

The Organisation for Economic Co-operation and Development (OECD)

The OECD Due Diligence Guidance is widely recognised as a global standard for responsible supply chains in conflict-affected and high-risk areas, with a central focus on risk assessment, transparency, and human rights (OECD, 2025). It outlines a five-step framework that includes establishing strong company management systems, identifying and assessing risks, developing and implementing risk response strategies, conducting independent third-party

audits, and publicly reporting on due diligence efforts. These measures are designed to strengthen accountability and transparency in sourcing practices, particularly in high-risk regions. Hilson (2014) notes that the OECD framework reinforces good governance by embedding ethical sourcing practices into company systems. It also complements other instruments such as the Kimberley Process and the Responsible Jewellery Council, previously discussed in this thesis, contributing to a broader responsible sourcing agenda beyond diamonds.

However, the scope of the framework remains constrained by its voluntary nature. Implementation depends heavily on corporate commitment and capacity, which vary widely across industries and regions. Le Billon and Levin (2009) argue that governance tools risk becoming symbolic in weak states when not backed by effective legal enforcement. Similarly, Hilson (2014) observes that structural challenges within extractive governance are often left unaddressed by voluntary measures. These limitations underline the need to embed sustainability as a strategic priority that transforms corporate models rather than simply meeting reporting obligations.

Integrating mineral supply chains with the Sustainable Development Goals, particularly those related to decent work, responsible consumption, and institutional integrity; Represents a critical step in this transformation. These global objectives offer a framework to guide the diamond industry from compliance-focused approaches toward more transformative, market-driven sustainability.

The United Nations Sustainable Development Goals (SDGs)

The United Nations Sustainable Development Goals (SDGs), adopted by all UN member states in 2015, provide a shared global framework to promote peace and prosperity for both present and future generations (United Nations, 2025). The 17 SDGs represent a collective call to action for countries at all stages of development, aiming to address interconnected challenges through international cooperation. These goals target issues such as climate change, environmental protection, poverty reduction, health, education, inequality, and inclusive economic growth.

Within the diamond mining industry, several SDGs are particularly relevant, including SDG 8 (decent work and economic growth), SDG 12 (responsible consumption and production), and SDG 16 (peace, justice and strong institutions). In the context of this research, these goals are

not legal requirements or compliance mechanisms but act as strategic reference points to guide sustainable business practices. They complement existing frameworks such as the Kimberley Process Certification Scheme and the Responsible Jewellery Council by expanding the focus beyond compliance toward broader sustainability outcomes.

As Carroll (1999), Freeman (2010) and Porter and Kramer (2011) previously argued, adopting strategic responsibility and shared value creation principles can drive companies toward more integrated and impactful sustainability strategies. In this way, the SDGs offer businesses a strategic orientation that encourages embedding sustainability at the core of operations rather than treating it as an external or secondary activity (United Nations, 2025).

It is important to note, however, that the SDGs are voluntary, which means their practical impact varies depending on the governance context and corporate commitment. In resource-rich but institutionally weak settings, Le Billon and Levin (2009) highlight that voluntary governance mechanisms often struggle to address deep structural issues linked to inequality, limited state capacity, and environmental harm. Hilson (2014) similarly observes that sustainability efforts in extractive industries face uneven enforcement across regions. This reinforces the argument of this thesis that while SDGs can guide strategic sustainability, their effectiveness in the diamond mining sector ultimately depends on companies moving beyond compliance and embedding these principles as market-driven imperatives.

5 Market-Driven Sustainability

Following the arguments developed throughout this paper, it is crucial to clarify the concept of *market-driven sustainability*. In this context, it refers to the integration of environmental and social responsibility into a company's core business model, driven primarily by market forces such as investor expectations and stakeholder trust, rather than solely by political or regulatory pressures. This integration is essential for firms seeking to maintain competitiveness and secure long-term advantage. Fink (2018) underlines this shift by stating that "long-term profitability is dependent on purpose," highlighting that investors increasingly reward companies that strategically integrate sustainability into their business strategies. Porter and Kramer (2011) further argue that competitiveness and societal progress are closely interconnected, with economic value being generated by addressing social and environmental issues. While frameworks such as the Kimberley Process Certification Scheme (KPCS) and the Responsible Jewellery Council (RJC) provide minimum compliance standards, market forces increasingly create incentives for companies to exceed these requirements. Within this

research, market-driven sustainability is positioned as a central argument for embedding sustainability into corporate strategy rather than treating it as a reporting obligation.

Investor pressure is one of the key mechanisms driving this transition. Fink (2018) emphasises the growing demand from investors for purpose-driven leadership, ESG transparency, and long-term strategic vision. In the diamond mining industry, this translates into firms gaining both financial capital and market legitimacy when they can demonstrate responsible sourcing and meaningful community investment. At the same time, consumer expectations have shifted toward traceability and ethical sourcing. Hilson (2014) notes that the entrance of lab-grown diamonds has forced traditional mining companies to compete not only on price but also on values. This pressure extends to brand reputation: Carroll (1999) illustrates that trust is built at the ethical and philanthropic layers of the CSR pyramid, while Freeman (2010) reinforces that market legitimacy depends on trust across multiple stakeholder groups, including communities, investors, consumers, and NGOs. Together, these factors explain why firms voluntarily move beyond compliance, because market forces actively reward this behaviour.

However, market-driven approaches are not without their limitations. Le Billon and Levin (2009) highlight that voluntary or market-driven initiatives often prove less effective in contexts of weak governance and high political risk, such as Angola and the Democratic Republic of Congo. Similarly, Hilson (2014) points out that extractive industries frequently face structural challenges, including weak regulatory enforcement, which can undermine the transformative potential of voluntary sustainability measures. These observations indicate that while market forces can accelerate sustainable practices, they can also reproduce existing inequalities and governance gaps if not paired with stronger institutional frameworks.

6 Summary of Literature

The study's examination of the literature reveals a clear shift from compliance-based approaches to strategic models of sustainability. Carroll's (1999) CSR pyramid established the foundation by linking social responsibility to strategic business objectives, extending corporate responsibility beyond legal and economic duties to include ethical and philanthropic dimensions. This development was reinforced by Freeman's (2010) stakeholder theory, which placed stakeholder engagement at the centre of strategic governance and highlighted the importance of addressing diverse interests to build legitimacy and trust. Porter and Kramer (2011) advanced this strategic transition through the concept of shared value, demonstrating

how social and economic progress can reinforce one another when sustainability is embedded in the core business model. Fink (2018) complemented these perspectives by emphasising the growing role of investors in driving sustainable business transformation, asserting that long-term profitability depends on purpose. Collectively, these frameworks provide a strong theoretical foundation for understanding how sustainability can evolve from a compliance obligation into a market-driven strategic asset.

The tension between compliance and strategic integration identified in the wider literature is reflected in the governance systems of the diamond industry. The Kimberley Process Certification Scheme (Kimberley Process, 2025) and the Responsible Jewellery Council (Responsible Jewellery Council, 2025) have been instrumental in establishing minimum standards for legitimacy, conflict prevention, and ethical sourcing. However, as Le Billon and Levin (2009) and Haufler (2010) note, their focus remains largely compliance-oriented, with limited capacity to address deeper structural challenges such as weak governance, poor enforcement, and broader development goals. Hilson (2014) further supports this critique, observing that extractive governance often prioritises regulatory box-ticking over transformative action. Although these frameworks provide essential guardrails for responsible business conduct, they fall short of embedding sustainability as a strategic imperative. This persistent gap between normative commitments and practical outcomes highlights the need for approaches that extend beyond compliance to create genuine value for communities, markets, and investors.

Market forces are now increasingly shaping the direction of sustainability in the diamond sector, often more powerfully than regulation alone. As Fink (2018) observes, investor expectations are rooted in ESG transparency, long-term value creation, and purpose-driven leadership. This perspective aligns with Porter and Kramer's (2011) shared value proposition, which positions competitiveness as inseparable from social and environmental progress. Similarly, Freeman's (2010) stakeholder theory emphasises that legitimacy and trust depend on meaningful engagement with multiple groups, including communities, consumers, and NGOs. In this context, sustainability becomes a strategic asset that enhances brand value, attracts investment, and secures the social licence to operate. However, as Hilson (2014) and Le Billon and Levin (2009) caution, voluntary and market-led approaches remain less effective in weak governance contexts, where structural limitations hinder transformative outcomes. This tension between market incentives, governance constraints, and compliance

underscores a key area for research: how sustainability can be strategically embedded in diamond mining to deliver long-term value beyond regulatory minimums.

Methodology

1 Introduction to Methodology

This dissertation investigates how sustainability can be embedded as a market-driven value proposition in the diamond mining sector. The chosen methodology underpins how the research objectives are addressed, moving beyond compliance to understand strategic behaviours and stakeholder dynamics. The study adopts an exploratory qualitative approach, which is appropriate because it seeks to explore *how and why* sustainability strategies emerge in this sector rather than to test hypotheses or measure variables.

An interpretivist paradigm guides this research, allowing participants' experiences, interpretations, and perceptions to be captured in their own words. This approach focuses on understanding contextual meanings rather than generating universal laws and supports the exploration of the different theoretical perspectives connected to the research objectives.

The data collection strategy combines primary data, gathered through semi-structured interviews, with secondary data, including industry frameworks, peer-reviewed academic literature, and sustainability reports. This mixed qualitative strategy enhances analytical depth, strengthens credibility through triangulation, and aligns with established research practices in business and management (White and Rayner, 2002). Overall, this methodology is well suited to uncovering nuanced, context-specific insights into how strategic sustainability is developed and implemented in the diamond mining sector.

2 Research Strategy

The focus of this research is to understand processes and perceptions rather than to test any hypothesis, which makes a qualitative and exploratory strategy the most suitable. This strategy aims to address the research objectives by exploring the tension between compliance and market-driven sustainability in the diamond mining sector. An exploratory approach is important because this is still an evolving area where there is not much empirical evidence available. It also allows the researcher to capture stakeholder perspectives and strategic dynamics that are not easy to measure.

With this strategy, the research will (1) examine how companies interpret compliance frameworks such as the Kimberley Process Certification Scheme (KPCS) and the Responsible Jewellery Council (RJC); (2) understand how different stakeholders perceive the role of sustainability as a strategic asset; and (3) explore how market forces, investor expectations,

and stakeholder trust influence sustainability, based on the work of Fink (2018), Porter and Kramer (2011), Freeman (2010), and Carroll (1999).

The strategy combines primary and secondary data. Primary data will be collected through semi-structured interviews with subject matter experts (SMEs) and non-SMEs. These interviews are appropriate because they allow the collection of personal experiences from people working in the mining sector in general and in the diamond industry in particular. Secondary data will include policy frameworks, sustainability reports, and peer-reviewed academic literature to give broader context and support triangulation.

This approach follows what White and Rayner (2002) recommend in business and management research. An exploratory qualitative strategy is particularly useful when the researcher aims to understand complex issues and context rather than measure fixed variables.

3 Research Design

This research uses a qualitative and exploratory design, focusing on understanding how sustainability is strategically embedded rather than testing cause–effect relationships. The design allows flexibility to investigate perceptions, strategies, and experiences related to the research topic (White & Rayner, 2002), in this case sustainability in the diamond sector. It aligns with the overall objectives of going beyond compliance and examining strategic behaviour in this industry.

An exploratory qualitative design is well suited to uncover complex and context-specific insights. Unlike methods that rely on predefined variables, this approach enables the researcher to understand meanings, perceptions, and lived experiences. As White and Rayner (2002) note, when there are no standardised metrics or established frameworks, qualitative research allows themes to emerge naturally from participant experiences.

Quantitative and mixed methods were not selected because they depend on statistical generalisation and structured tools, which may overlook subjective and nuanced dimensions of the topic. Qualitative inquiry, by contrast, allows for more depth and adaptability in areas where research is still limited.

This design also supports the use of semi-structured interviews and document analysis. Semi-structured interviews give respondents the freedom to express their views and allow the researcher to explore new topics as they emerge. Document analysis adds triangulation and context, strengthening the reliability of findings. The flexibility of this design is particularly

important in exploratory studies, as it allows the researcher to adjust focus during data collection and capture richer, more meaningful insights (White & Rayner, 2002).

4 Sampling Strategy

The sampling technique used for this research is purposive (judgemental) sampling, a non-probability technique commonly applied in qualitative research where participants are selected based on specific characteristics, knowledge, or experience relevant to the research (White & Rayner, 2002). This method is most suitable because it prioritises depth and relevance over numbers.

Participants are divided into two groups: SMEs (those with direct experience in diamond mining or sustainability) and non-SMEs (such as investors, mining experts, and regulators). The selection criteria are based on professional experience and knowledge of mining and sustainability, which enables participants to provide both strategic and operational perspectives.

Flexibility is built into the process, as the sample size may be adjusted if necessary to achieve data saturation, the point at which no new insights emerge. As White and Rayner (2002) explain, purposive sampling is appropriate when the objective is to gain insight rather than to produce generalisable findings.

5 Data Collection

- ***Primary data***

To better understand perceptions and strategic dynamics in the diamond and wider mining sectors, the primary data collection method consists of semi-structured interviews, each lasting approximately 30–50 minutes. The researcher ensures to send the interview guide to participants ahead of the scheduled dates to allow them to prepare. Due to the geographical spread of participants, interviews are ideally conducted online, and all sessions are voice recorded with consent and later transcribed for analysis.

The semi-structured format relies on open-ended questions, enabling participants to share their experiences and perspectives in their own words, while giving the researcher flexibility to probe emerging issues in greater depth. Online semi-structured interviews offer flexibility, cost efficiency, and broader access to participants. They allow respondents to engage from familiar settings, encouraging openness and richer responses. This approach also simplifies

scheduling and data management, making it especially suitable for student research (White & Rayner, 2002).

- ***Secondary data***

Secondary data includes policy frameworks, sustainability reports, and peer-reviewed academic articles. Selection criteria focus on credibility and alignment with the research objectives. These sources provide contextual grounding, facilitate triangulation, and support the interpretation of primary data.

Together, these data collection methods strengthen the exploratory qualitative strategy by enhancing validity, analytical depth, and the overall robustness of the findings.

6 Data Analysis

This study's exploratory qualitative approach aligns with inductive thematic analysis, aiming to identify recurring themes, patterns, and meanings across both primary and secondary data. This approach supports a deeper understanding of how sustainability operates as a market-driven value proposition within the diamond mining sector (White & Rayner, 2002).

Primary data from semi-structured interviews will be analysed through manual thematic coding. Transcripts will be read multiple times to familiarise the researcher with the content; key ideas will then be highlighted, grouped into categories, and developed into broader themes aligned with Carroll's (1999), Freeman's (2010), Porter and Kramer's (2011), and Fink's (2018) frameworks. Interviews were audio-recorded and transcribed.

To enhance readability and maintain confidentiality, this dissertation presents concise analytical summaries for each interview in Appendix B, organised by principal topics (sustainability understanding, compliance vs strategy, stakeholder influence, competitive advantage, and future viewpoints). Fully anonymised transcripts are securely stored by the researcher and can be made available to examiners upon request.

Secondary data, including sustainability reports and policy documents, will undergo content analysis, focusing on language, framing, and patterns linked to compliance, transparency, and strategic sustainability. Finally, the triangulation of primary and secondary data will strengthen the validity of the findings, ensuring that interpretations are grounded in multiple sources of evidence.

7 Research Quality (validity, reliability, reflexivity, ethics)

Dimension	Application in this Research	Key Practices
Validity:	reinforced by combining primary interviews with secondary materials. Analysis is guided and believability is increased by theoretical frameworks (Carroll, 1999; Freeman, 2010; Porter & Kramer, 2011; Fink, 2018; White & Rayner, 2002).	Triangulation, theoretical anchoring, multiple data sources.
Reliability:	guaranteed by a methodical and open interview, transcribing, and analysis procedure. Clear documentation and a semi-structured interview guide promote uniformity and reduce researcher bias (White & Rayner, 2002).	Interview guide, transcription, structured notetaking, clear analytical steps.
Reflexivity:	Throughout the study, the researcher remained critically aware of themselves, considering positionality and presumptions to reduce interpretative bias and increase the reliability of the results (White & Rayner, 2002).	Reflexive notetaking, self-assessment, interpretive awareness.
Ethics:	Anonymity and confidentiality for participants are assured. Data was safely maintained in accordance with academic ethical norms, informed consent was acquired, and voluntary participation was guaranteed (White & Rayner, 2002).	Informed consent, anonymisation, secure storage, ethical compliance.

8 Limitations

- *Sampling and Scoping*

The researcher acknowledges the small and purposive sample size, which is characteristic of exploratory qualitative design. White and Rayner (2002) warn that such sampling may restrict the range of perspectives and limit the broader applicability of the findings. In this study, depth is prioritised over breadth, meaning that generalisability is limited. Additionally, access to subject matter experts (SMEs) in the diamond mining sector was constrained. This limitation is mitigated by including non-subject matter experts (non-SMEs) to broaden the range of perspectives.

- ***Data Collection Constraints***

The researcher recognises the reliance on self-reported data from semi-structured interviews. According to White and Rayner (2002), subjectivity and recall bias are common limitations in qualitative research. Additional risks include selective disclosure and social desirability bias. To address these issues, triangulation with secondary data sources is applied to increase credibility and strengthen the robustness of the analysis.

- ***Secondary Data and Frameworks***

The researcher acknowledges that policy frameworks and sustainability reports may reflect aspirational claims rather than actual practices. There may also be a lack of full transparency or effective enforcement in these documents. To address this, data interpretation is approached critically to minimise overreliance on potentially selective narratives.

- ***Time and Researcher Position***

The researcher recognises that their interpretation and positionality may influence the analysis. To address this, transparency and reflexivity are applied throughout the process. This involves critically evaluating personal biases and documenting interpretative decisions during analysis to enhance the study's credibility and dependability (White & Rayner, 2002).

Findings & Analysis

1. Overview and Purpose

This section presents the discussion of findings and analysis derived from both the primary and secondary research. It is a critical part of the study because it examines the reasoning behind the research outcomes and directly addresses the central research question. As previously established, this dissertation aims to explore how sustainability evolves from a compliance-based obligation to a market-driven value proposition within the diamond mining sector.

To contextualise this analysis, the discussion builds on the theoretical frameworks developed by Carroll (1999), Freeman (2010), Porter and Kramer (2011), and Fink (2018). These theories provide the conceptual foundation through which the empirical data are interpreted and tested. The analysis draws on primary data, collected through semi-structured interviews with subject-matter experts (SMEs) and non-SMEs, and secondary data, including international governance frameworks and corporate sustainability reports from leading diamond mining firms.

Together, these data sources are used to examine participants' perceptions and the alignment (or divergence) between practice and theory. The purpose of this section is to identify patterns, tensions, and strategic dynamics that illustrate how sustainability is progressively being integrated as a driver of competitiveness, stakeholder trust, and long-term value creation in the diamond mining industry.

2. Analytical Approach

To ensure consistency throughout the study, an inductive thematic analysis was employed, as it aligns with the qualitative and exploratory research design (White & Rayner, 2002). The purpose of this analysis was to allow recurring patterns and meanings to emerge naturally from the data rather than to test pre-defined hypotheses. Both primary data (semi-structured interviews) and secondary data (policy frameworks and sustainability reports) were examined together to identify areas of convergence and divergence between lived experiences and institutional or corporate narratives.

The interview transcripts were manually reviewed, with recurring concepts highlighted and organised into categories that evolved into broader themes through inductive coding. The use of open-ended questions further enabled the researcher to uncover nuanced insights and

unanticipated issues. The emerging themes were then interpreted through the theoretical lenses introduced in the literature review namely, Carroll's (1999) CSR framework, Freeman's (2010) stakeholder theory, Porter and Kramer's (2011) shared value concept, and Fink's (2018) notion of purpose-driven leadership.

Finally, triangulation across the interviews, frameworks, and sustainability reports enhanced the study's credibility and validity. This analytical process produced the major themes that are discussed in the following sections.

3. Key Themes Emerging from the Data

The thematic analysis revealed a set of recurring and interrelated themes that illustrate how sustainability is interpreted and operationalised within the diamond mining sector. Derived from both SME and non-SME perspectives, these themes demonstrate the industry's gradual transition from compliance-based behaviour to strategic integration. The findings draw on interviews and secondary data, including policy frameworks and sustainability reports, which were triangulated to ensure analytical depth and consistency. Collectively, these themes capture how sustainability is perceived, applied, and strategically embedded across different stakeholder levels, reflecting the sector's evolution from compliance to strategy in alignment with the theoretical foundations discussed earlier in this study.

The thematic analysis of both the interviews and the secondary data revealed five major themes that encapsulate how sustainability is understood and enacted in the diamond mining sector. Collectively, these findings confirm the sector's shift from compliance-based approaches to market-driven sustainability, consistent with the exploratory qualitative strategy and interpretivist paradigm outlined in the methodology. In this section, the researcher introduces these five core themes before each is explored in depth.

The first theme, *Compliance as Foundation but Not Differentiator*, reinforces that while frameworks such as the Kimberley Process and the Responsible Jewellery Council provide legitimacy and traceability, they do not create strategic differentiation or long-term competitiveness within the industry. The second theme, *Sustainability as a Strategic Imperative*, shows that sustainability has become a core business requirement rather than a voluntary choice, as stakeholder trust, investor expectations, and consumer preferences increasingly depend on ESG performance, supporting Fink's (2018) claim that long-term profitability is driven by purpose. The third theme, *Stakeholder Trust and Market Legitimacy*, highlights that transparency, ethical sourcing, and engagement with local

communities are central to maintaining legitimacy and reputation, echoing Freeman's (2010) stakeholder theory on the importance of inclusive and credible engagement. The fourth theme, *Sustainability as a Source of Long-Term Value Creation*, aligns with Porter and Kramer's (2011) argument that addressing social and environmental challenges generates competitive advantage and shared value by reducing operational costs, increasing efficiency, and fostering innovation. Finally, the fifth theme, *Barriers to Strategic Integration*, examines how governance weaknesses, limited enforcement, and the voluntary nature of existing frameworks constrain the full incorporation of sustainability into business strategy, reflecting the critiques of Hilson (2014) and Le Billon and Levin (2009).

Together, these themes illustrate the evolving understanding of sustainability as both a moral responsibility and a market-driven necessity. The following sections analyse each theme in depth, integrating insights from the interviews, policy frameworks, and sustainability reports with the theoretical perspectives established in the literature review.

- ***Theme 1: Compliance as Foundation but Not Differentiator***

Both SME and non-SME respondents recognised that compliance frameworks such as the Kimberley Process Certification Scheme (KPCS) and the Responsible Jewellery Council (RJC) provide legitimacy and ethical assurance for the diamond mining industry. These frameworks were repeatedly acknowledged as essential guardrails that shape how the sector defines responsibility and traceability, aligning with the literature that identifies them as the backbone of extractive-sector governance (Haufler, 2010; Le Billon & Levin, 2009).

Across interviews, participants consistently viewed compliance as necessary but not strategically differentiating. As one SME respondent explained, *“Frameworks like the Kimberley Process and RJC are good for establishing credibility and control, but they don't necessarily make a company sustainable or innovative. Everyone in the industry must comply, so it doesn't set anyone apart.”* This perception was echoed by a non-SME respondent who noted that *“some companies still see these certifications mainly as something to have for reputation; it doesn't necessarily mean they follow through on real sustainability.”* This reinforces the idea that compliance is often treated as a reputational exercise rather than a driver of strategic differentiation.

This sentiment reflects a shared understanding that compliance ensures legitimacy but does not confer competitive advantage, echoing Carroll's (1999) view that CSR only evolves when firms move beyond legal and economic responsibilities toward ethical and strategic ones.

Respondents further emphasised that the Kimberley Process focuses mainly on conflict prevention, while the RJC's voluntary nature results in inconsistent enforcement.

A review of secondary data reinforces these perceptions. De Beers' 2025 Sustainability Report, for instance, highlights compliance achievements, such as adherence to Anglo American technical standards, safety policies, and external certifications, but rarely articulates how these measures contribute to long-term strategic value (De Beers Group Sustainability Committee, 2025). Even where stakeholder engagement is mentioned, it remains framed in procedural rather than strategic terms, supporting Hilson's (2014) and Haufler's (2010) argument that compliance remains a "baseline" rather than a transformative force.

This theme aligns with Carroll's (1999) assertion that most firms remain at the lower levels of the CSR pyramid, economic and legal, without advancing toward ethical and philanthropic responsibility. It also connects with Freeman's (2010) stakeholder theory, which holds that genuine differentiation arises when firms engage meaningfully with stakeholders rather than merely satisfying regulatory expectations.

In conclusion, while compliance frameworks remain foundational for legitimacy and traceability, they are insufficient for achieving sustainability leadership. This sets the stage for the next theme, which explores how sustainability has evolved into a strategic imperative shaped by investor expectations and stakeholder trust.

- ***Theme 2: Sustainability as a Strategic Imperative***

Both SME and non-SME respondents emphasised that sustainability is no longer optional but a core business requirement in the diamond mining sector. Throughout the interviews, participants consistently linked sustainability to strategic positioning, risk management, and investor expectations, rather than viewing it purely as a compliance exercise. This reflects the broader shift identified in the literature from sustainability as responsibility to sustainability as strategy, echoing the transition described by Fink (2018) and Porter and Kramer (2011).

Across interviews, respondents articulated that integrating sustainability enables firms to build legitimacy, investor confidence, and long-term profitability. As one non-SME respondent noted, "*Sustainability isn't something companies can choose to ignore anymore. Investors and consumers are looking at ESG performance, and if you're not transparent or forward-looking, you'll lose market trust.*" Another non-SME respondent reinforced this point, stating that "*companies that fail to adapt will simply lose relevance in the next*

decade.” This reflects a growing awareness that proactive sustainability integration strengthens competitiveness and resilience.

Most respondents viewed sustainability as interlinked with financial performance, recognising that although it requires initial investment, it drives efficiency gains, risk reduction, and stronger stakeholder relationships. An SME respondent also highlighted the operational dimension, explaining that *“sustainability saves money in the long run; Energy efficiency, better planning, fewer disruptions.”* This aligns with Fink’s (2018) argument that long-term profitability depends on purpose and with Porter and Kramer’s (2011) view that addressing social and environmental challenges creates shared value.

Secondary data from the Rio Tinto (2024) Annual Report supports these findings, as the company highlights its commitment to “embedding sustainability considerations into every stage of our business – from exploration to closure.” This framing reinforces that sustainability is no longer peripheral but strategically central to competitiveness and future resilience. Together, these insights demonstrate that sustainability has evolved into a strategic imperative, driving value creation, stakeholder trust, and long-term market relevance.

- ***Theme 3: Stakeholder Trust and Market Legitimacy***

One of the most prominent themes that emerged from the interviews with both SMEs and non-SMEs is stakeholder trust and legitimacy. Most respondents perceive transparency, ethical sourcing, and local community engagement as fundamental for maintaining legitimacy within the diamond mining sector. The findings suggest that long-term success depends on addressing multiple stakeholder interests, aligning with Freeman’s (2010) Stakeholder Theory, which emphasises inclusive engagement as a foundation for sustainable business practices. Furthermore, the findings echo Carroll’s (1999) ethical responsibility layer in Corporate Social Responsibility, reinforcing the moral and public accountability aspects of sustainability.

Insights from SME respondents reveal that engaging with communities and local governments has become integral to operational continuity. Non-SME perspectives further highlight that transparency, ethical sourcing, and ESG disclosure are now essential to maintain investor and consumer confidence. As one SME respondent noted, *“Communities and consumers expect traceability and social contribution; without that, there is no credibility.”* Another SME interviewee emphasised the centrality of listening, explaining that *“You really have to collaborate with communities and understand their needs... you need*

to hear them, otherwise you will not build legitimacy.” Non-SMEs shared similar views, with one respondent stating, *“Stakeholders want proof, not promises. If companies don’t show real impact, the trust disappears.”* These perspectives reinforce the shift from compliance toward relationship-based legitimacy.

The analysis of the De Beers (2024) Sustainability Report supports this interpretation, particularly through its “Building Forever” strategy and emphasis on stakeholder dialogue. The report states that *“open and honest engagement with our stakeholders is critical in gaining and maintaining our social and regulatory licences to operate”* (De Beers, 2024). This demonstrates how companies are beginning to operationalise stakeholder theory by embedding ethical responsibility and co-creation of value into their governance practices (Freeman, 2010; Carroll, 1999).

While both interview and secondary data indicate substantial progress in transparency and engagement, there remains uncertainty over whether these interactions reflect genuine partnership or corporate narrative management. Hilson (2014) and Le Billon & Levin (2009) caution that extractive industries often underdeliver on empowerment despite strong public commitments. Trust, however, cannot be declared; it must be earned through inclusion, equity, and consistent delivery. Stakeholder legitimacy, therefore, functions simultaneously as a moral imperative and a strategic differentiator.

Ultimately, this theme shows that stakeholder trust is both an ethical duty and a market necessity. The next theme explores how this legitimacy translates into long-term value creation, where sustainability moves beyond reputation to generate measurable performance and competitive advantage.

- ***Theme 4: Sustainability as a source of Long-Term Value Creation***

This theme closely connects to the previous one, as both emphasise the importance of stakeholder trust and the shift toward sustainability as a strategic lever for long-term value creation. Findings suggest that sustainability is evolving from a reputational tool into a driver of operational efficiency, innovation, and competitiveness. As most interview respondents noted, sustainability represents the future of the diamond mining sector. Porter and Kramer (2011) explain that by addressing societal and environmental challenges, companies can simultaneously enhance economic performance and generate shared value. Similarly, Fink (2018) argues that long-term profitability is inherently tied to purpose and ESG alignment.

The respondents' perspectives strongly support these arguments. SME participants highlighted that sustainability could reduce operational costs, improve risk management, and build resilience. One SME respondent explained that adopting low-emission technologies such as electric haul trucks could substantially reduce long-term operational costs while cutting carbon emissions. The respondent further noted that these innovations *“require higher upfront investment but lead to lower fuel costs and fewer maintenance issues in the long run,”* illustrating how sustainability can directly enhance efficiency and profitability. Another SME added that *“renewable energy and modern equipment reduce downtime and lower operational risks,”* reinforcing the long-term efficiency benefits of sustainable practices.

Non-SME respondents similarly emphasised that sustainability fosters investor confidence, cost savings, and innovation. One non-SME participant stated that *“sustainability brings a better return on investment in the long term because the market rewards companies that think ahead,”* reinforcing the view that sustainability is now essential for long-term survival. Together, these insights support the idea that companies that invest early are positioned to lead the extractive industries of the future.

Secondary data supports this interpretation. Evidence from Rio Tinto's 2024 Annual Report underscores that the company's strategy for profitable growth includes maintaining strong ESG credentials, *“aligning our priorities with society's expectations and considering safety and sustainability in every decision”* (Rio Tinto, 2024). This reinforces that sustainability is increasingly operationalised as a productivity driver rather than a purely reputational concern.

While the evidence confirms that sustainability creates long-term value, the benefits are not immediate and depend on effective governance and consistent strategic implementation. As Hilson (2014) and Le Billon and Levin (2009) note, weak governance can undermine even well-intentioned sustainability initiatives. Thus, although sustainability has an overall positive impact, its success relies on transparent governance and long-term vision.

Overall, the findings affirm that sustainability generates tangible long-term value through efficiency, innovation, and trust. However, as the following theme discusses, systemic barriers such as weak enforcement and the voluntary nature of compliance frameworks continue to constrain this strategic potential.

- ***Theme 5: Barriers to Strategic Integration***

To ensure a rigorous interpretation of the findings, this theme provides a critical counterpoint to the previous themes. Although sustainability is widely recognised as strategically valuable, significant systemic barriers continue to hinder its full integration in the diamond mining sector. These challenges are well documented in the literature, particularly by Hilson (2014) and Le Billon and Levin (2009), who highlight how weak governance structures and voluntary frameworks often limit the transformative potential of sustainability initiatives. The perspectives of both SME and non-SME respondents reflect this reality: they frequently referenced regulatory weaknesses, inconsistent enforcement, and the absence of incentives as major obstacles to effective implementation. In line with Hilson's (2014) critique of mining governance in the Global South, the primary data shows that political instability and limited government oversight in some diamond-producing regions undermine the strategic adoption of sustainability practices.

Respondents also stressed that many companies pursue sustainability mainly for reputational or compliance-driven reasons rather than genuine long-term transformation. Cost-related constraints were repeatedly mentioned, with sustainability technologies described as expensive and difficult to implement without clear economic incentives. One SME respondent noted that "*in places where governance is weak, companies only do the minimum because no one is really checking,*" highlighting how institutional fragility reduces accountability. This is reinforced by a non-SME respondent who explained that "*many companies comply on paper but not in practice; without strong enforcement, certification loses its meaning*". Together, these perspectives underline how voluntary commitments can lead to symbolic compliance rather than substantive sustainability performance.

Frameworks such as the KPCS and RJC exemplify this limitation. Their reliance on voluntary participation and third-party audits frequently results in uneven application and variable enforcement (Haufler, 2010). Analysis of secondary data also supports this finding. For instance, De Beers' *Building Forever* framework outlines ambitious commitments to ethical sourcing and community engagement; however, public reporting often emphasises processes and initiatives rather than independently verified long-term outcomes (De Beers, 2024). This pattern aligns with critiques by Le Billon and Levin (2009) and Hilson (2014), who argue that extractive-sector governance commonly prioritises compliance narratives over measurable development impacts.

Collectively, these findings indicate that while sustainability holds strong strategic potential, its full realisation is constrained by structural, institutional, and economic barriers, setting the stage for the concluding discussion on how firms can move beyond compliance toward more transformative, market-driven sustainability strategies.

Limitations

- ***Sampling & Scope Limitations***

It is important to acknowledge that qualitative research carries inherent limitations, although these do not undermine the credibility of the study. Exploratory qualitative designs prioritise depth over breadth, meaning findings produce rich insight rather than statistically generalisable conclusions (White & Rayner, 2002). The purposive/judgemental sampling strategy used in this research is appropriate for capturing the perceptions of individuals with relevant knowledge, yet it naturally limits scalability, particularly in a specialised and geographically dispersed sector such as diamond mining. Access to SMEs within the industry proved challenging due to commercial sensitivity and geographic constraints; this limitation was partially mitigated through the inclusion of non-SMEs who provided valuable complementary perspectives. Ultimately, while the sample cannot represent all producing regions or stakeholder groups, it remains suitable for an exploratory study aimed at understanding meanings, interpretations, and strategic dynamics.

- ***Data Collection & Interview Limitations***

The researcher recognises that semi-structured interviews are subject to bias. As a self-reported data method, they may involve recall bias, selective disclosure, and social desirability bias. Conducting interviews online, while essential for practical reasons, also limits access to non-verbal cues that may otherwise enrich interpretation. Some respondents may also hold industry-aligned incentives that shape how they present information, whether positively or critically. To mitigate these constraints, interviews were designed with open-ended questions to minimise researcher influence and encourage authentic expression, supported by reflexive awareness as recommended by White & Rayner (2002). Triangulation with secondary data strengthens credibility, although it cannot fully eliminate subjectivity. These considerations underscore the importance of treating interview insights as interpretive rather than definitive.

- ***Secondary Data & Structural Limitations***

The researcher recognises that secondary sources, particularly sustainability reports, policy documents, and corporate disclosures; May reflect institutional biases, often highlighting commitments and processes rather than independently verified outcomes. These limitations are reinforced by gaps in external assurance, which restrict the ability to assess the true impact of ethical sourcing or community initiatives. Governance frameworks such as the KPCS and

the RJC also rely heavily on voluntary commitments and self-reporting, leading to inconsistent implementation across jurisdictions. This aligns with critiques by Hilson (2014) and Le Billon & Levin (2009), who argue that voluntary governance mechanisms risk becoming symbolic in the absence of strong enforcement structures.

Additionally, a proportion of the academic literature used in this dissertation, particularly Hilson (2014), Haufler (2010), and Le Billon & Levin (2009) is not recent. However, these works continue to be the most authoritative and widely cited analyses of extractive-sector governance, conflict minerals, and voluntary standards. Given the limited availability of more contemporary theoretical literature addressing these specific governance challenges, using these sources remains appropriate and necessary. Their relevance is further supported by persistent governance issues observed in current industry practice.

Recognising these limitations ensures that the findings presented in this study are interpreted transparently and remain grounded in the methodological and structural constraints inherent to the topic.

Conclusion

This dissertation set out to examine how sustainability can move from a compliance-based requirement to a market-driven value proposition in the diamond mining sector. Using an exploratory qualitative design, supported by semi-structured interviews and analysis of policy frameworks and sustainability reports, the study aimed to understand how industry actors interpret, apply, and operationalise sustainability within a shifting governance and market context. This research is particularly relevant at a time when the sector is under growing scrutiny and when global expectations for ESG performance have become central to market access and legitimacy.

The findings show that while compliance frameworks such as the Kimberley Process Certification Scheme and the Responsible Jewellery Council remain essential for legitimacy, they do not provide strategic differentiation. Respondents consistently described sustainability as a core business requirement shaped by investor expectations, stakeholder trust, and long-term value considerations. As one interviewee stated, “Compliance builds credibility, but it no longer builds competitiveness,” reflecting the widespread perception that companies must move beyond minimum requirements to remain relevant. These insights support theoretical arguments from Carroll (1999), Freeman (2010), Porter and Kramer (2011) and Fink (2018), who explain the evolution of CSR from legal responsibility to strategic integration. The data also revealed that sustainability can create long-term value through efficiency, innovation, and stakeholder relationships, but its transformative potential is restricted by governance weaknesses, voluntary frameworks and inconsistent enforcement.

This research contributes to existing literature by demonstrating how strategic sustainability is understood by actors within the diamond mining sector. It confirms key theoretical ideas about shared value, stakeholder legitimacy and purpose-driven strategy, while also highlighting gaps between corporate commitments and practice. Importantly, the study offers empirical evidence on how sustainability is being operationalised on the ground, an area that has received limited academic attention in the context of diamonds.

There are also practical implications. For firms, the findings suggest that sustainability needs to be fully integrated into strategic decision-making rather than treated as a compliance function. Companies that invest early in ethical sourcing, transparency, technology and community partnerships are better positioned to retain investor confidence and secure operational continuity. For policymakers and industry bodies, the findings reinforce the need

for stronger oversight and more consistent enforcement if sustainability commitments are to deliver meaningful outcomes.

Future research could build on this study by exploring sustainability integration in other mining sectors, examining the financial impact of ESG practices through quantitative designs, or incorporating community perspectives to understand how local stakeholders experience sustainability initiatives. Such work is important for expanding empirical understanding of how sustainability reshapes value creation and risk management across extractive industries.

Overall, the research demonstrates that sustainability can function as a market-driven value proposition, but only when companies move beyond minimal compliance and when governance systems support transparent and accountable practice. If these conditions are met, sustainability has the potential to reshape competitiveness, legitimacy and long-term value creation in the diamond mining industry.

Practical Suggestions for the Diamond Mining Sector

This dissertation's findings indicate that although sustainability is increasingly acknowledged as strategically essential, its complete potential is hindered by governance shortcomings, inconsistent enforcement, and the voluntary characteristics of current frameworks. To facilitate the sector's shift from compliance-oriented practices to market-driven sustainability, the subsequent proposals outline actionable measures for enterprises and policymakers.

- ***Strengthen Enforcement and Verification Across Frameworks***

While compliance frameworks like the KPCS and RJC confer vital credibility, their voluntary status frequently leads to inconsistent application. To amplify their influence, companies and industry organisations should broaden independent third-party verification and standardise reporting processes across jurisdictions. Improved auditing procedures, along with more explicit penalties for non-compliance, would alleviate the "on-paper compliance" noted by respondents and address issues identified in the literature concerning inadequate enforcement (Hilson, 2014; Le Billon & Levin, 2009).

- ***Incorporate Sustainability into Core Strategic Planning***

Organisations must transcend the perception of sustainability as merely a reporting obligation and integrate ESG factors into their strategic decision-making processes. This includes the incorporation of sustainability into capital allocation, supply chain management, and operational risk evaluations. Interviewees emphasised that sustainability contributes to

competitiveness, with one noting that “sustainability saves money in the long run.” Incorporating ESG factors into planning enhances investor confidence, fortifies long-term resilience, and ensures alignment with market expectations

(Fink, 2018; Porter & Kramer, 2011).

- ***Enhance Community Collaborations and Shared Value Creation***

Enduring legitimacy depends on authentic, rather than merely procedural, interaction with communities. Organisations ought to implement participatory methodologies that engage local stakeholders in the planning, monitoring, and benefit-sharing processes. One SME respondent underscored, “Collaboration with communities and comprehension of their needs is essential; otherwise, legitimacy will not be established.” Strengthening discussion forums and facilitating local development activities would actualise the ethical aspect of CSR (Carroll, 1999) and reinforce stakeholder trust as articulated by Freeman (2010).

- ***Accelerate Investment in Low-Carbon and Efficiency-Enhancing Technologies***

The sector must prioritise technology that diminish emissions, improve energy efficiency, and reduce long-term operational expenses. SME respondents stated that the implementation of electric haul trucks or renewable energy systems can substantially decrease maintenance expenses and fuel expenditures over time. These investments support environmental goals and operational efficiency, establishing sustainability as a catalyst for innovation and production. Instances from Rio Tinto’s (2024) shift towards integrated low-carbon planning offer tangible proof of this progression.

- ***Transition to Outcome-Oriented ESG Reporting***

To mitigate concerns that sustainability reporting frequently emphasises actions over quantifiable outcomes, companies ought to implement outcome-oriented reporting frameworks focused on validated impact. Investors and communities are increasingly seeking tangible evidence of change instead of simple pledges, as one respondent observed: “Stakeholders desire proof, not promises.” Integrating effect metrics, such as community benefit indicators, emissions reduction data, and traceability performance, would enhance transparency, promote stakeholder trust, and distinguish leading enterprises from those only involved in symbolic compliance.

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Appendix

A) Appendix A - Interview Materials

Interview Guide / Semi-Structured Interview Questions

Interview Guide for SMEs

Purpose This interview is part of a Master's dissertation titled "Beyond Compliance: Embedding Sustainability as a Market-Driven Value Proposition in the Diamond Mining Sector." The objective is to explore how mining companies, particularly in the diamond sector, are evolving from compliance-driven CSR toward strategic sustainability.

Warm-Up

Describe your professional background and experience in the diamond mining sector.

How is sustainability currently understood and practiced in diamond mining?

Compliance vs. Strategy

How effective have frameworks such as the Kimberley Process or the Responsible Jewellery Council been in driving sustainability in the diamond industry?

Are companies moving beyond compliance toward embedding sustainability strategically?

Where have you seen sustainability create competitive advantage (pricing power, access to finance, improved reputation, market differentiation)?

Stakeholders & Value Creation

Which stakeholders influence sustainability practices most?

Example of stakeholder expectations shaping a company's sustainability approach.

How is sustainability used in branding/marketing strategies for diamonds?

What indicators convince you sustainability efforts are genuine?

Tensions & Future

Main tensions between short-term profitability and long-term sustainability.

Will sustainability remain compliance-driven or become more market-driven? Why?

Interview Guide for Non-SMEs

Purpose Interview supporting the dissertation on how the mining sector is shifting from compliance-driven CSR to strategic sustainability.

Warm-Up

Describe your professional background and experience in mining or extractives.

How is sustainability currently understood and practiced in mining?

Compliance vs. Strategy

How effective are certification schemes, voluntary standards, or compliance frameworks?

Are mining companies moving beyond compliance toward strategic sustainability?

Have sustainability initiatives improved competitiveness (investment access, reputation, operational efficiency)?

Stakeholders & Value Creation

Most influential stakeholders.

Example of stakeholder expectations influencing a mining company.

How sustainability becomes competitive advantage.

Indicators that sustainability efforts are genuine.

Tensions & Future

Main tensions between short-term profitability and long-term sustainability.

Whether sustainability will remain compliance-driven or become more market-driven.

B) Appendix B - Interview Data

Full Interview Transcripts (Anonymised)

- **SME1 - (Diamond Trade Expert)**

Context: ~45 min interview; diamond trade/business owner.

Themes: sustainability–profit link, artificial diamonds, limited impact of compliance, traceability as competitive advantage.

Sustainability Understanding: Views sustainability as directly tied to profitability: “No profit equals less sustainability.” Emphasises reinvestment capacity as key to sustainability. Artificial diamonds seen as non-sustainable and harmful to employment.

Compliance vs Strategy: Compliance frameworks seen as weak: “There are many ways around compliance... small companies can avoid it.” Believes market-driven sustainability will dominate when buyers demand traceability.

Stakeholders: Consumers and end-buyers are key; many lack awareness: “People don’t know or care where diamonds come from.”

Competitive Advantage: Strong emphasis on traceability: “People want the story when they buy diamonds.” Traceability differentiates companies and drives value.

Tensions & Future: Short-term profit cycles conflict with sustainability, but long-term ESG will be strategic: “You must apply long-term sustainability as strategy.”

- **SME2 - (Angola Diamond Operator)**

Context: ~60–70 min; semi-industrial miner in Angola.

Themes: greenwashing, weak environmental controls, lack of genuine sustainability, strategic potential via vertical integration.

Sustainability Understanding: Describes sustainability in Angola as “for the English to see” ,compliance exists only on paper; environmental duties rarely executed.

Compliance vs Strategy: Strong critique of government–industry arrangements: “This is worse than greenwashing... it’s just to stay within the law.” Only vertically integrated companies (e.g., jewellery houses) truly care.

Stakeholders: Jewellery brands influence sustainability more than miners; communities often become dependent on mines without real development.

Competitive Advantage: ESG and traceability becoming essential for high-end jewellers: “They will pay more for diamonds with real sustainability proof.”

Tensions & Future: Sector volatility and weak governance inhibit long-term sustainability planning. Market-driven demand will eventually push sustainability.

- **Non-SME1 - Pedro (Former Rio Tinto CFO)**

Context: ~75 min; global mining experience (Mozambique, London HQ).

Themes: investor pressure, compliance foundations, sustainability–efficiency link, community relations.

Sustainability Understanding: Saw sustainability evolve during his tenure: “Efficiency drives sustainability.” Notes shift from legal compliance to strategic concern.

Compliance vs Strategy: Certifications drive competition: “If one major takes sustainability seriously, others can’t be left behind.” Mandatory frameworks establish a level playing field.

Stakeholders: Investors most influential: “Without investor pressure, nothing moves.” NGOs shape public and legislative pressure.

Competitive Advantage: Examples of ESG improving reputation and reducing operational disruptions. Community relocation handled with high standards improved Rio’s standing.

Tensions & Future: Sustainability investments often require upfront capital but deliver long-term value; mining cycles complicate strategic ESG adoption.

- **Non-SME2 - Abdoulaye (Mining Communications, West Africa)**

Context: ~50 min; communications and external relations in mining sector.

Themes: increasing adoption of sustainability as culture, frameworks (EITI, KP), community integration, governance constraints.

Sustainability Understanding: Shift from requirement to organisational mindset: “It used to be a requirement... today it is an attitude.”

Compliance vs Strategy: KP and EITI improved transparency but companies must go beyond: “You need voluntary action to support communities beyond the minimum.”

Stakeholders: Communities are primary stakeholders: “If you are not in peace with the community, you cannot operate.” Government and NGOs follow.

Competitive Advantage: Better internal conditions (e.g., worker welfare) improve loyalty and performance. ESG boosts reputation.

Tensions & Future: Short-term pressures still strong, but long-term ESG increasingly necessary; believes market expectations will push companies forward.

- **Non-SME3 - Joseph (Mechanical Engineer Intern, Catoca)**

Context: ~40 min; operational experience in large Angolan mine.

Themes: operational sustainability, ISO standards, investor influence, emissions/waste metrics.

Sustainability Understanding: Sustainability equals responsible extraction balancing profit and environmental care: land rehabilitation, waste recycling, emissions reduction.

Compliance vs Strategy: Certifications (ISO, ICMM principles) seen as effective if companies “genuinely commit.”

Stakeholders: Investors most influential: “Without capital, there is no project.” ESG performance now a financing criterion.

Competitive Advantage: Catoca uses organic waste conversion and rehabilitation to build credibility. ESG reduces risk and increases investor confidence.

Tensions & Future: Main tension is upfront costs vs delayed benefits: “Sustainability requires capital that only pays off over time.” Future trend: more market-driven ESG.

Participant Code	Category	Interview Length	Context	Key Points
SME1	SME	~45 min	Diamond trade/value chain	Traceability, market-driven sustainability, compliance limits
SME2	SME	~60 min	Diamond mining (Angola)	Greenwashing, regulatory gaps, vertical integration, strategic ESG
NSME1	Non-SME	~75 min	Mining (Rio Tinto)	Investor pressure, compliance vs strategy, community, efficiency
NSME2	Non-SME	~50 min	NGO/Mining comms	Reporting, KP/EITI, culture shift, community engagement
NSME3	Non-SME	~40 min	Catoca operations	ISO metrics, emissions, competitive advantage, stakeholder influence

C) Appendix C - Data Analysis Documentation

Thematic Coding Framework

Initial Codes → Categories → Final Themes

Initial Codes:

- Compliance minimums; limited enforcement
- Traceability importance
- Community dependency
- Investor influence
- Operational efficiency
- Greenwashing
- Certification impacts
- Vertical integration
- Sustainability as culture vs requirement
- Market-driven value
- Competitive advantage

Categories:

- Compliance limitations
- Strategic sustainability adoption
- Stakeholder pressure
- ESG as competitive advantage
- Community relations & social impact
- Environmental management

Final Themes:

Theme 1 : Compliance vs. Authentic Sustainability

- Compliance frameworks widely seen as insufficient.
- Weak implementation creates reputational and operational risks.

Theme 2 : Sustainability as a Strategic Market Lever

- ESG drives pricing power and differentiation.
- Vertical integration strengthens authenticity and accountability.

Theme 3 : Stakeholder Power Dynamics

- Investors most influential.
- NGOs and communities shape legitimacy and operational continuity.

Theme 4 : Community Relations & Social Sustainability

- Social licence to operate depends on meaningful impact, not cosmetic projects.

Theme 5 : Traceability as the Core of Future Competitiveness

- Strong consensus: traceability underpins ESG credibility and market acceptance.

Explanation of Theme Development

Themes emerged through repeated patterns across SME and non-SME transcripts. Similar phrasing around “beyond compliance,” “traceability,” “investors,” and “community” appeared consistently.

Analytical Notes / Reflexivity

- Noted strong bias from SMEs operating in Angola toward scepticism of compliance.
- Non-SMEs emphasised global frameworks more positively.
- Researcher positionality: familiarity with Angolan context requires care to avoid overemphasising local governance issues.