ABSTRACT

The DR Congo is one of the African countries rich in minerals ranged from amblygonite to Zinc. However, only three African countries namely Botswana, Namibia and South Africa are known as mineral-dependent economies which do not suffer from “the curse of minerals”. In 2006 Atalli predicted the collapse of the DR Congo owing to various reasons including large scale corruption in the coltan supply chain. Thus, the 2010 Dodd-Frank Act requiring any company that might be using conflict minerals to register with the US Securities and Exchange Commission and then disclose its supply chain was introduced. As such, the Act curbed the fate of the “curse of minerals in the DR Congo”. However, the problem is that president Trump’s executive order to review the Dodd-Frank Act in effort to allow US companies to profit from armed-conflicts minerals threatens existing due diligence framework in coltan supply chain. That review has the potentials to fuel armed-conflicts, creates opportunism, erode relational norms, trust; thus undermines the country’s 2020 nation branding vision as emerging business destination. The study objective is to evaluate the impact of Trump’s Dodd-Frank Act revision in the coltan supply chain in the DR Congo and the country’s 2020 nation banding vision. The study focused only on the implications of Trump’s threats in coltan supply chain in the DR Congo; thus alternatively excludes other type of minerals. Hence, it contributes to the body of knowledge by providing new insights into nation branding theory and Congolese coltan supply. The study adopted a case study approach which was grounded in the theoretical framework of nation branding. The nature of study dictated qualitative and quantitative methodologies combined. Survey questionnaire and focus group techniques were used. The sample size N=74 respondents from coltan buying organisations was used. Non-probability purposive sampling method was employed.
1. INTRODUCTION AND BACKGROUND TO THE PROBLEM

Coltan (Columbite-tantalite) is a metallic ore found in the DR Congo; and when transformed, its power becomes a heat-resistant component that can hold a high electrical charge. As such, the component becomes a vital element in creating capacitors, which in return are used to manufacture smart phones, laptops, pagers and many other electronic devices (ABC News, 2016). However, various authors revealed that Multinational Corporation (MNC) depending on politically motivated armed-conflict Congolese coltan includes Ulba (Kazakhstan) and Masingiro (Germany) (Reuters, 2017).

Arguably, the implications of coltan conflict in the global supply chain fueled human rights abuses and insecurity in the DR Congo. The Dodd-Frank Wall Street Reform and Consumer Protection Act, passed by the US Congress in July 2010, aimed at preventing the national army and rebel groups in the DR Congo from illegally using profits from the minerals trade to fund their fight was introduced. The Dodd-Frank section 1502 is a disclosure requirement that calls on companies to ensure supply chain due diligence avoiding Congolese minerals to enter global supply chain (Global Witness, 2017). In its essence, the Dodd Frank 1502 was a disclosure requirement only and placed no ban or penalty on the use of conflict minerals. However, companies discovered have been sourcing conflict minerals from the DR Congo or neighbouring countries must report to the Security Exchange Commission.

Currently, the Dodd-Frank Wall Street Reform and Consumer Protection Act has positive impact in the Congolese coltan supply chain. The Act along with related reforms has improved the transparency of corporate supply chain; hence more than 70% of the world’s smelters have passed conflict-free audits. Further, the Act enabled the establishment of mineral certification scheme by creating two-tier market whereby the price for non-traceable coltan is much lower than the price for conflict-free traced coltan. The Act improved the lives and working conditions of the miners as 79% of coltan miners work in humanized conditions (Enough, 2017).

However, the problem is that president Trump’s executive order to review the Dodd-Frank Act in effort to allow US companies to profit from armed-conflicts minerals threatens existing due diligence framework in coltan supply chain. Such review has the potentials to fuel armed-conflicts, creates opportunism, erode relational norms, trust; thus undermines the country’s 2020 nation branding vision as emerging business destination. The study objective is to evaluate the impact of Trump’s Dodd-Frank Act revision in the coltan supply chain in the DR Congo and the country’s 2020 nation banding vision. The study focused only on the implications of Trump’s threats in coltan supply chain in the DR Congo; thus alternatively excludes other type of minerals. Hence, it contributes to the body of knowledge by providing new insights into nation branding theory and Congolese coltan supply. The study adopted a case study approach which was grounded in the theoretical framework of nation branding. The nature of study dictated qualitative and quantitative methodologies combined. Survey questionnaire and focus group techniques were used.
The sample size $N = 74$ respondents from coltan buying organisations was used. Non-probability purposive sampling method was employed.

1.2. Coltan supply chain due diligence in the Congo

Small Scale Coltan Mining (SSCM) is the major source of coltan in the DR Congo. Figure 1 indicates that the geological reserve of the mineral is evaluated at 450,000,000 Tones.

![Figure 1. Geological reserve of minerals in the DR Congo](image)

Arguably, the DR Congo’s coltan geological reserve is potentially sufficient to cover the world’s industrial demand of the mineral for the next 500 years (Sivaramakrishnan, 2011:12). To that extent, supply chain members including the Congolese department of the mines have to adhere to the Dodd-Frank Wall Street Reform and Consumer Protection Act’s due diligence for green coltan supply chain in the Congo. The Act’s due diligence stances advocate even wealth distribution among supply chain members in order to re-brand the country in the areas of innovation, infrastructure, good governance, and for ease of doing business.

It is agreeable that the DR Congo would be branded as business destination streamlining the mining industry in general, coltan supply chain in particular. Porter (2001) argues that a country would be branded as such when its core industry’s competitive advantage stem from activities performed in the production process (Porter, 2001). The Congo’s economy is based
on minerals from which coltan dealers’ operations include business registration, product design, production and marketing constitute cost position strategy (Porter, *ibid*). Figure 2 illustrates cost advantage that would derive from coltan supply chain in a stable environment enforcing the Dodd-Frank Act.

![Figure 2. Coltan due diligence supply chain](image)

The application of the Dodd-Frank Act in primary and support activities in coltan supply chain holds great potential for generating margin to the chain members, economic growth and political stability. However, owing to president Trump’s threat for reviewing the Act, a significant share of coltan margin would fuel armed-conflicts and creates political uncertainty threatening Congolese democratic process. Thus, Trump’s executive order aimed at reviewing the Act poses threats to the DR Congo’s 2020 nation branding vision.

Arguably, good governance reconciled with the Dodd-Frank Act throughout the Congolese coltan supply chain from miners, local exporters, and mineral processors to the manufacturing of brand names from Apple to ZTE can tease out the challenges of 2020 nation branding vision. Currently, president Trump signed a legislation which scraps anti-corruption measure that requires oil and mining companies to disclose their payments to foreign governments. According to president Trump, “*the purpose is to bring back jobs in USA in plant and mine levels*” (USA today, 2017). Reportedly, Trump signed the legislation after meeting with Brian Krzanich, Intel CEO who promised to open $USA 7 billion plant in Arizona (The Intercept, 2017).

However, human right activist Oboth posits that “*any executive action suspending the U.S. conflict minerals rule would be a gift to predatory armed groups seeking to profit from Congo’s minerals as well as a gift to companies wanting to do business with the criminal*
and the corrupt. It is an abuse of power that the Trump administration is claiming that the law should be suspended through a national security exemption intended for emergency purposes. Suspending this provision could actually undermine U.S. national security” (Reuters, 2017).

There are various implications of the executive order far beyond the USA. The move could have major implications for the Consumer Financial Protection Bureau (CFPB), which was established under the Dodd-Frank Act, to oversee automotive and other lenders including automaker's captive finance companies and banks. For example, new-car dealers' practice of setting interest rates on vehicle loans, and the fees they collect for arranging financing, has been a frequent target of the bureau. In the DR Congo, the legislation is a call for corrupt networks “to chew” coltan profits which in return would create “tragedy of the commons” in the nation branding strategy (Carey & Lawson, 2011:152-154; Hardin, 1968:1244), fuelling social unrest, with outcry of human rights violation (Reuters, 2017).

1. 3. Re-branding Congo for 2020 vision

Branding as marketing concept is not new and etymologically came from the Swedish word for fire: “brand”. Branding means to bum a mark on a product. Similarly, branding refers to the act branding cattle with a hot iron (Nilson, 1999:57). From the Egyptians pyramids (Travis, 2000:23) to the ancient Romans and Greeks, branding was used as trade mark. Centuries ago, Egyptians engraved business names on the bricks used for paving pyramid floors; hence the Romans and Greeks put manufacturer’s marks on selected products (Ellwood, 2001:12).

Currently, branding is regarded as a promise of quality service delivery for distinctive product or service, thus any nation on earth can be viewed as a brand (O’Shaughnessy & O’Shaughnessy (2000:56). Nation brand can been developed by default, formed from a myriad of different sources such as the way the country organise peaceful election, how the sitting president handover the power, word of mouth, education, culture and music, mass media, travel, product purchases and dealings with stakeholders (Vatahov, 2006). Arguably, potential government’s willingness to enforce business ethics in coltan supply chain could be perceived as brand identity in the Congolese mining sector.

Arguably, the principles of marketing and branding utilised to market a product can also be applied to brand a country. Country branding is a relatively new type of marketing that governments utilise to promote their goods and services and to enhance awareness about their country, promote tourism, increase trade and attract direct foreign investment (FDI) (Vatahov, 2006). Nations brand themselves through their mythology, anthems, flags, currency, victories of wars and names. Arguably, nation branding encompasses activities from country naming through to all the collected activities such as ease of doing business enabling competitive reputation of a nation, brand image and brand equity (Msele, 2007). Cromwell (2008) argues that various countries namely EU state members, USA, China, India, New Zealand and South Africa have promoted their image as investment destination by advocating business ethics in the supply chain.

In the area of mining, South Africa initiated the Kimberley Process Certification Scheme (KPCS) aimed to prevent "conflict diamonds" from entering the mainstream rough diamond market. The KPCS is successful in South Africa owing to the fact that South African government reconciled political will with external support from the United Nations (Kimberly Process, 2016).
In the area of landscaping and blood transfusion, a study conducted by the Centre of Excellence for Public Sector Marketing (2009) in Canada about public sector branding reveals that Parks Canada employees and the Canadian Blood Services employees were much involved in branding Canada as wellbeing destination.

Parks Canada implemented a strategy to motivate employees, which aligned rewards systems, level of involvement in the brand building process, hiring and training practices according to brand promise. Similarly, nation culture and citizens’ mindset status have the potentials to challenge nation branding strategy. In the military, USA is well-established brand as nation winning wars in the 21st century by leading military interventions in Yougoslavia, Irak and Yemen (Vatahov, 2006). In trade, under Trump’s motto of “America First”, Zhang supports the views of Chinese president who posits that “if anyone were to say China is playing a leadership role in the world, I would say it’s not China rushing to the front; but rather the front-runners have stepped back leaving the place to China” (Dicktatortrump.com, 2017).

Nation branding aims to measure, build and manage the reputation of countries. Similarly, the efforts to re-brand Congo should focus on reversing the current trends where young Congolese should refrain from fleeing their home country because of slow economic development. Congo re-branding efforts should continue on the path of the Dodd-Frank Act emphasising on “the green supply chain” instead of reviewing the Act; hence its revision might favour predatory systems which in return might fuel the flow of Congolese refugees. That is the tragedy caused by the curse of minerals in the DR Congo. The curse of minerals in the Congo brands the country “as scar in the conscience of humanity”. Revising the Dodd-Frank Act might be one step toward the collapse of the DR Congo that was predicted by Atalli in 2006 owing to high level of corruption and mismanagement. Lumumba (2016) posits that “corruption created the tragedy of the commons in coltan supply chain in Congo but the irony is that supply chain members who engage in corruption, love it. The level of tolerance of corruption in coltan supply chain is high. The Dodd-Frank Act revision is Trump’s attempt to vilify small thieves and canonise the great ones. Such practice hinders the country’s rebranding strategy and its 2020 vision”.

2. METHODOLOGY AND RESULTS

Research is a means through which researchers attempt to find answers to questions or provide solutions to a problem (Bryman & Bell, 2011:78-79). Brynard and Hanekom (2006:3) suggest that research is a procedure by which an enquiry is made in order to obtain answers to questions and to solve problems in a systematic manner with the support of variable facts. The nature of research dictated quantitative and qualitative methodologies combined (Bryman & Bell, 2011:58).

2. 1. Research design and methodology

Quantitative method is a systematic and objective process that investigates a particular problem by using numerical data (Babbie & Mouton, 2001: 130). For the study purposes, self-administered survey questionnaire technique was utilised, and respondents were given two weeks to respond. The designed questionnaire was divided into two sections: demographic information section (1); and content-based questions in section (2).
The section one included the demographic variables relating to firm and individual respondents’ characteristics namely standard industrial classification (SIC) categories, average respondent age and managerial position; whereas the section two focused on variables such as nation branding, business ethics in coltan supply chain and the DR Congo 2020 vision; and five Likert scale measures of construct ranged from strongly disagreed (1) to strongly agree (5) were used. The survey questionnaire was mailed to respondents. It is acknowledged that mail surveys are often associated with low response rates; however, a number of procedures including liaisons between the researcher and sales representative was established to maximise response rates.

Qualitative research studies involve considering human actions from an “emic” perspective (Babbie & Mouton, 2001: 217). This method refers to a range of interpretive techniques, which seek to describe, decode, and translate terms that occur in a social situation (Welman, Kruger & Mitchell, 2006). The main strength of the qualitative method is that it allows one to gain an in-depth understanding of the research problem (Babbie & Mouton, 2001: 309), while it interprets results easily and discovers new ideas. However, a disadvantage of qualitative research is that the research results are dependent on the interpretation of the researcher and thus makes it prone to biases, which make the results more subjective, and this makes it difficult for findings to be generalised (Babbie & Mouton, 2001: 309). For the study purposes, focus group and observation techniques were utilised. The focus group technique was used in this study as Brace (2004:5) argues that respondents may have useful information that is not excised by the questions in a questionnaire, therefore increasing the level of validity and ability to compare findings. Selected in alphabetical order, five managers from coltan selling organisation and five managers from coltan buying organisations were invited for focus group discussions in order to gain a broader understanding of the research problem that was identified.

However observation technique was done in the form of shadowing. The researcher observed how supply chain members the Dodd-Frank Act recommendations in the coltan supply chain. The target population included respondents from coltan trading organisations operating in the eastern DR Congo, where the data was collected. Respondents were purposely selected from the general database of mining companies managed by the mining cadastre office. According to Struwing and Stead (2001:122), purposeful sampling is concerned with choosing participants that manifest certain characteristics that the researcher is interested in. This sample frame used a non-probability purposive sampling method because of the known numbers of coltan traders. Therefore, a sample size of N = 74 respondents was used. A letter of consent was sent to respondents ensuring anonymity and confidentiality.

2.2. Discussions and research findings

Currently, coltan supply chain in the Congo is governed by political uncertainty owing to Trump’s threats of reviewing the Act (Tsai and Ghoshal, 1998:466). Initially, compliance with due diligence requirements has the potential to undermine uncertainties of demand and supply (Villena, Revilla and Choi, 2011:561). The contention of uncertainties around coltan due diligence based on the conceptual model illustrated in Figure 2 should reflect on the four “Ps” of marketing mix namely Product, Price, Place and Promotion. Table 1 indicates scope that each “P” of the marketing mix would influence Congo branding; whose strategic objective is to establish a compelling brand image for the country and to position it favourably in order to attract trade, tourism and investment.
Table 1. Positive attributes for Congo 2020 branding vision

<table>
<thead>
<tr>
<th>Coltan</th>
<th>Congo branding positive attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Increased GDP</td>
</tr>
<tr>
<td>Product</td>
<td>√</td>
</tr>
<tr>
<td>Price</td>
<td></td>
</tr>
<tr>
<td>Place</td>
<td></td>
</tr>
<tr>
<td>Promotion</td>
<td></td>
</tr>
<tr>
<td>N = 74</td>
<td>64%</td>
</tr>
</tbody>
</table>

Table 1 represents the argument model of discussion that was tested. The argument is centred on the premises that 64% of respondents agreed that the application of Dodd-Frank Act in coltan supply chain would increase the country’s Gross Domestic Product (GDP). However, 51% believe that due diligence in the coltan industry would raise the country’s Ease of Doing Business rating, yet 60% argue that due diligence is innovative. However, infrastructure, good governance and reliable energy supply scored 65%, 68% and 70% respectively.

Arguably, the study tested whether correlations between the above 6 positive attributes and Trump’s Dodd-Frank Act revision in line with marketing mix have the potentials to rebrand Congo as trade, tourism and investment destination.

Figure 3. Negative attributes hindering Congo 2020 branding vision
From Figure 1, it is argued that Trump’s Dodd-Frank Act revision has the potentials to destabilise political environment and become major hindrance in the Congo’s 2020 branding strategy (Inkpen and Tsang, 2005: 146).

However, considering the closeness of the relationship between political instability and armed-conflict in the Congo (Cicala, Smith and Bush, 2012:78); which limits the ability of supply chain members to build relational value in coltan trade, it is agreeable that the above are positively related to high level of corruption in the coltan supply chain.

3. CONCLUSIONS

Coltan (Columbite-tantalite) is a metallic ore found in the DR Congo; and when transformed, its power becomes a heat-resistant component that can hold a high electrical charge. As such, the component becomes a vital element in creating capacitors, which in return are used to manufacture smart phones, laptops, pagers and many other electronic devices. However, various authors revealed that Multinational Corporation (MNC) depending politically motivated armed-conflict Congolese coltan Congo includes Ulba (Kazahkstan) and Masingiro (Germany) and Intel (USA).

The problem is that president Trump’s executive order to review the Dodd-Frank Act in effort to allow US companies to profit from armed-conflicts minerals threatens existing due diligence framework in coltan supply chain. Such review has the potentials to fuel armed-conflicts, creates opportunism, erode relational norms, trust; thus undermines the country’s 2020 nation branding vision as emerging business destination. The study objective is to evaluate the impact of Trump’s Dodd-Frank Act revision in the coltan supply chain in the DR Congo and the country’s 2020 nation banding vision. The study adopted a case study approach which was grounded in the theoretical framework of nation branding. The nature of study dictated qualitative and quantitative methodologies combined. Survey questionnaire and focus group techniques were used. The sample size N=74 respondents from coltan buying organisations was used. Non-probability purposive sampling method was employed.

Arguably, the implications of coltan conflict in the global supply chain fuelled human rights abuses and insecurity in the DR Congo. The Dodd-Frank Wall Street Reform and Consumer Protection Act, passed by the US Congress in July 2010, aimed at preventing the national army and rebel groups in the DR Congo from illegally using profits from the minerals trade to fund insurgency. Finding reveal that Trump’s Dodd-Frank Act revision goes against 64 % of respondents who believe that the application of the Act in coltan supply chain increases the DR Congo’s GDP.

The application of the Dodd-Frank Act in primary and support activities in coltan supply chain holds great potential for generating margin to the chain members, economic growth and political stability. The survey indicates that 51 % of respondents believe that due diligence in the coltan industry would raise the country’s Ease of Doing Business rating, yet 60 % argue that due diligence is innovative. President Trump’s threat on reviewing the Act means that significant share of coltan margin would fuel armed-conflicts and creates political uncertainty threatening Congolese democratic process.

Currently, president Trump signed a legislation which scraps anti-corruption measure that requires oil and mining companies to disclose their payments to foreign governments. According to President Trump, “the purpose is to bring back jobs in USA in plant and mine
levels”. Reportedly, Trump signed the legislation after meeting with Brian Krzanich, Intel CEO who promised to open $USA 7 billion plant in Arizona.

Conclusively, under Trump’s motto of “America First”, Zhang supports the views of Chinese president who posits that “if anyone were to say China is playing a leadership role in the world, I would say it’s not China rushing to the front; but rather the front-runners have stepped back leaving the place to China”

References


(Received 27 February 2017; accepted 15 March 2017)