

South African

# labour bulletin

Volume 41 Number 1

February/March 2017

**Develop artisanal  
and small-scale  
mining**  
*Don't ghetto-ise*

**National minimum  
wage in SA**  
Some  
recommendations

**Paying incentives  
to those who work  
during a strike is  
unlawful**

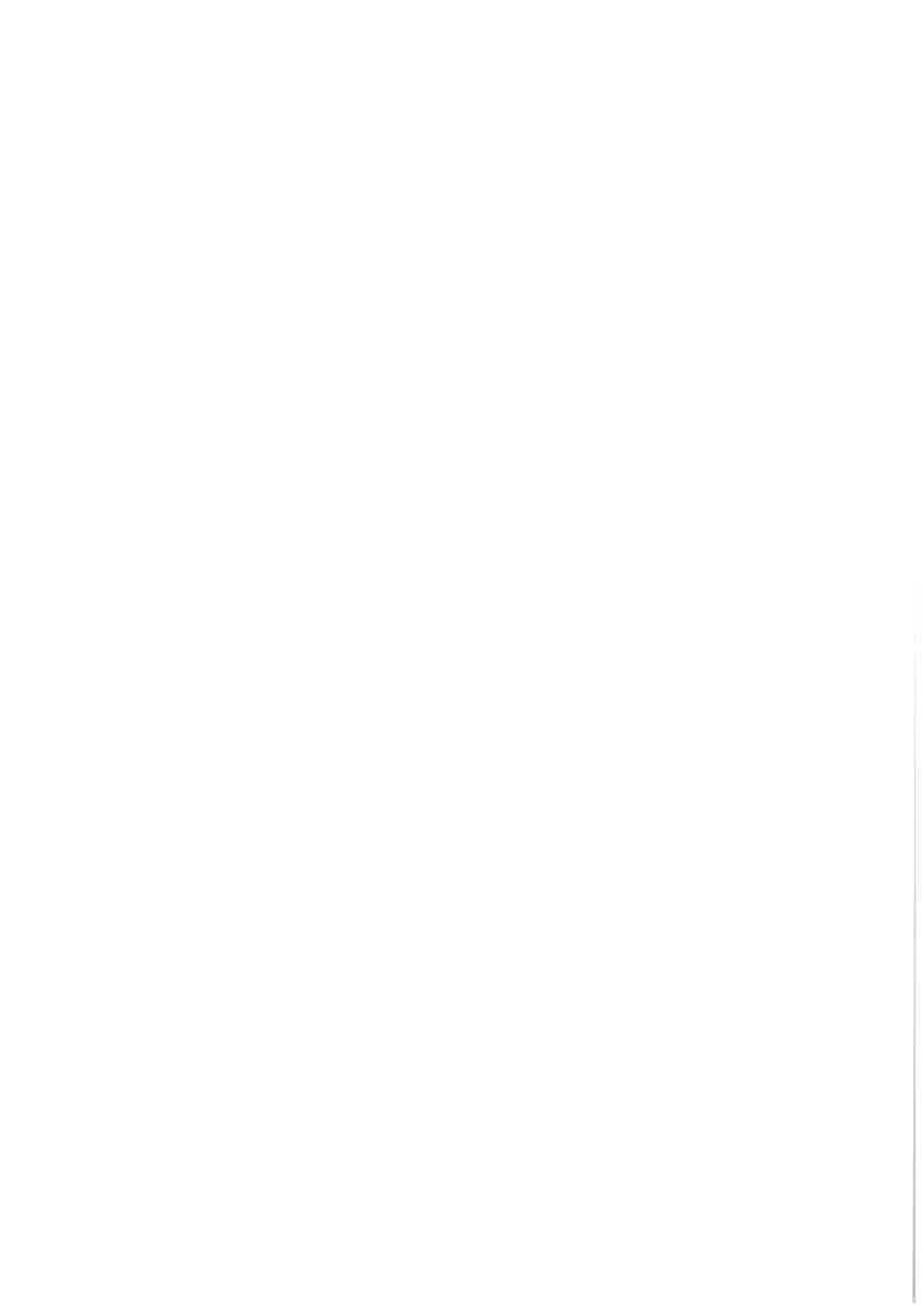
**Is SA at a turning  
point?**  
Strikes and class  
struggle



## **Low wages, conflict and violence**

As apartheid business profit model fails

Bringing you critical labour analysis since 1974



# Low wages, conflict and violence

Moodle HIV and AIDS module with updated information in collaboration with the Research Chair in HIV and AIDS Education and the HIV and AIDS Unit, whereas Cipset will facilitate the CoP process with the TVET colleges and NMMU faculties/departments in three discipline areas, namely, maths and science, arts and culture, and renewable energy. All four partners, working with a project manager, will collaborate to achieve a common goal of integrating HIV and AIDS into the curriculum more firmly, to addressing stigma.

## CONCLUSION

The purpose of this project is the integration of HIV and AIDS content into the curriculum of both the university and colleges with the aim of doing away with the prevalence of stigma that continues to linger in our society. HIV and AIDS-related stigma refers to the negative attitudes and unfair treatment directed at people living with HIV and AIDS. This includes, for example, being rejected by other people, corrosion of human rights in healthcare, social and education settings, and many other situations. As socially conscious researchers we are required to respond to the needs of communities and the issues affecting communities we serve, through teaching, research and engagement that speaks directly to the problems faced by people. ■

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## As apartheid business profit model fails

South Africa's apartheid-era business or profit model, which has been unchanged in the democratic dispensation, has been one of the main reasons for conflict, poor productivity, and violence in the country's labour market in the post-1994 democratic dispensation, writes **William Gumede**.

**D**uring colonialism and apartheid, the business or profit model – and the competitiveness – of many South African companies were based on cheap black labour, almost slave-like working conditions and very few benefits or job security.

This apartheid-era business model, which dominates, more than two decades since the end of apartheid, is increasingly being violently challenged by ordinary workers. The model itself is now under stress.

For example, the violence at Lonmin's Marikana mine in 2012 is mostly to do with the failure of the apartheid business model – and the worker rebellion against it. Unless this model is transformed, there will be many more Marikana-like violent labour disputes ahead.

In many labour disputes, workers are increasingly demanding 'dignity' as part of their demands. 'Dignity' often means to be treated as human beings, not as faceless 'workers', but with the appropriate respect,

and not to be daily subjected to racism, discriminatory practices, and institutional racism.

Demanding 'dignity' also refers collectively to the indignity of not receiving decent wages, job and financial insecurity, and few prospects of meaningful advancement. Unless the apartheid-era corporate business model is transformed, SA will continue to have a strife-torn, racially-charged labour market, with large-scale inefficiencies.

### SA DOMINANT BUSINESS MODEL

SA's dominant business model essentially has five key aspects. One which is no different than in many other countries, with the dominant corporate management culture being top-down, hierarchical, with decisions made by top management and employees required to execute at lower end.

South African businesses are mostly run top-down; the executives decide and the workers

are expected to implement unquestioningly. SA's workplaces are among the least participative when it comes to decision-making by ordinary employees. In fact, for large swathes of South African corporates just the idea that ordinary employees should be involved in decision-making is an oxymoron.

But apartheid has left a second aspect to SA's management approach, with blacks not only mostly the employees that have to follow instructions, receive low wages, and have few rights, but management and ownership is mostly white. This is still mostly the case in SA's workplaces.

The third aspect of the apartheid business model is that profit-making is generally based on low wages, minimal skills transfer, and minimal rights. Basic benefits such as housing, skills upgrades and medical aid are hard to come by. In contrast, mainly white executives receive huge remuneration, profit-shares, and benefits.

The fourth aspect of the business model is that corporates are infused with racial prejudice. Many South African companies, particularly those predating 1994 are steeped in entrenched institutional racism, which are 'disguised in standard operating procedures', policies and organisational culture, whether criteria for appointment or promotion or measuring 'competency' or undervaluing black ideas.

Given that racist practices have been outlawed, there is either informal or subtle racism against blacks, and or the phenomenon of 'whiteness' or 'white privilege' where white employees are automatically seen as competent because of their white skin colour; and 'blackness', where black employees are automatically perceived to be less competent and prone to corruption or have to prove themselves harder before they receive recognition.

During apartheid, there was a racial hierarchy which reserved professional jobs and skills, top management, and boardrooms for whites. The workplaces were segregated from having separate toilets and eating places for whites to lower salaries, less or no benefits and pensions for blacks. Up until 1994 some skills were reserved for whites only; some residential and business property were closed to blacks.

Official apartheid has formally ended, and with it segregation of facilities, job reservation and enforced racial management hierarchies. Nevertheless, the racial arrangement of the organisational structures of companies, workplaces and management has remained almost intact.

Continuing racism is one reason why mostly white managers and owners would not do more to empower black workers in the workplace - as a legacy of centuries of colonialism and apartheid - many simply cannot see black workers as equal human beings.

*Remembering the dead miners at Marikana. Workers gather at Wonderkop.*

Fifth, the version of capitalism subscribed to by many South African corporates is a very narrow one, based on the Margaret Thatcher and Ronald Reagan variant, which argues for unregulated markets, or a very limited role for government and which is often hostile to trade unions or employee representation in decision-making.

Other varieties of capitalism, whether the northern European one, whether in Germany or Sweden or the southeast Asian one, in South Korea or Japan, are much more stakeholder and partnership orientated, embracing employee participation, partnerships with trade unions and government.

#### TRANSFORMATION HAS LARGELY FAILED

The African National Congress (ANC) government since 1994 introduced a number of key measures to try and transform the apartheid-era business model of corporate South Africa. It introduced labour legislation, such as the Basic Conditions of Employment Act in 1997, to give ordinary workers, the 'working class', some kind of basic protection against retrenchment, and compel employers to give them better wages, conditions and benefits.

The government legislated the Employment Equity Act in 1998 to compel companies to introduce employment equity in the workplace. The policy of affirmative action is intended to ensure professional and educated blacks are given work opportunities deliberately denied them during the segregation of colonialism and apartheid. The government has tried to diversify the ownership of private companies through the policy of black economic empowerment (BEE), encouraging private white companies to give ownership stakes to black companies.

Affirmative action in the private sector has disappointed. The 2015 report (the most recent) of the Commission for Employment Equity showed that the racial profile of SA's corporate top management remains overwhelmingly white and male. Commission chairperson Tabea Kabinde said the slow pace of change was 'disconcerting'.

The report showed that whites represented 68.9% of executive management, and African representation was 14.3%. In senior management whites consisted of 58.1%, and Africans 21.2%. A separate survey by Jack Hammer, the human resources agency, reported that the number of black CEOs declined from 15% in 2012 to 10% in 2015.

Labour minister Mildred Oliphant said 20 years since apartheid, the workplace remained steeped in apartheid. 'It may be nuanced differently than the crude characterisation at the height of apartheid. It may be expressed in clever words like lack of experience and other such terms, but in the end those at the coalface feel the racism and exclusion they thought the country got rid of when the new dispensation was agreed on.'

The current BEE model does not distribute wealth widely or sustainably. It appears that for many companies, affirmative action at the senior management and board level, is perceived to be appointing politically connected ANC cadres to senior management positions, either bringing the company access to government contracts, tenders, and ANC leaders, or just as protection against criticisms that the companies are too white.

Many established (white) companies often hand over minority shares to politically-connected blacks and appoint black ANC politicians turned businessmen to their boards as a shield against pressure to empower

black employees and surrounding communities more meaningfully through mass skills transfers and development of communities surrounding these mines.

The white owned company expects the BEE political capitalist partners not only to keep the ANC and government on board, but also the trade unions, workers, and local community. Marikana, for example, happened as a direct result of the failure of BEE as a policy to broadly empower blacks. The current BEE strategy in mining and other companies is to partner with senior ANC leaders and trade unionists - as happened at Lonmin's Marikana mine - as insurance against transformation pressure.

#### IMPACT OF THE APARTHEID BUSINESS MODEL

Blacks are still predominantly low-skilled, low-wage and dominate manual positions - with whites occupying the high-skilled, high-paid, and managerial positions - as it were during apartheid. Perceptions of blacks as inferior by choice in many workplaces still continues.

This means millions of black employees' experience nothing but alienation in the workplace every day. Employees do not have a sense of ownership in or allegiance to firms, beyond their pay cheque. The low status of ordinary employees means they suffer from lack of dignity, low sense of worth and low morale.

Alienated employees are unlikely to enthusiastically implement company strategy, participate in organisational change and lift their performance. Productivity suffers. Alienation, discrimination, and assaults on their dignity at the workplace also undermine employees' health, cause anxiety and poison the affected employees' personal relations outside their jobs too.

With their dignity crushed by humiliating daily racism, lack of

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meaning in their jobs and low pay, and no stake in the company – and the perceived comparable comfort of their white managers – it is not surprising that some black employees turn violent, burning down the factory or stealing its assets, even if it may harm themselves (employees), as it could lead to their unemployment.

Figures from the Council for Conciliation Mediation and Arbitration (CCMA) show that many of the labour market conflicts which appear inexplicable are often reactions to racism, although couched in one or other industrial issue. Employees respond to continuous belittling, demeaning tones, and attitudes by managers – and strike for what appears too often an unrelated issue.

Continued racial-based deprivations and resentments at company level – with most black employees perceived to be doing relatively worse-off compared to their white peers, combined with the delivery failure of a black government, have kept the apartheid-era distrust between black labour and white management and owners in the labour market. Such racial distrust and resentments undermine growth not only at company, but also at national economic level.

#### WORKPLACE DEMOCRACY FOR TRANSFORMATION

SA's social democratic Constitution, with its socio-economic rights, envisaged not only the democratic participation of citizens in government, but in corollary also the democratic participation of citizens at corporate level. Greater workplace democracy in South Africa's companies is both a moral and ethical issue.

Increasing workplace democracy has the potential to transform the apartheid business model. What would be the elements of workplace democracy? Employees must be treated and valued as human beings. This means that individual racism, whether overt or subtle, and institutional racism in companies should be genuinely tackled. As a start, companies should introduce diversity awareness training to their staff. Companies should conduct surveys to measure the extent of racism in the workplace.

Affirmative action must be genuinely implemented. It is crucial that employers provide employees with relevant training that will not only make them productive in their current jobs, but in the broader economy. Employees must be rewarded for increases in productivity, just like CEOs are being rewarded in the form of bonuses, shares and increasing employee ownership. Employee input in strategy formulation and implementation must be actively sought – and recognised and rewarded.

Social pacts at the firm level, between employees, management, and trade unions, in which all jointly agree on productivity targets, industrial relations, and certain decisions – and return for rewards, has great potential to undo the apartheid business model.

The current policy of BEE in which individual political capitalists close to the ANC leadership are given slices of white-owned companies must be scrapped. Employee economic empowerment (EEE), where employees are empowered with company shareholding, profit-sharing, relevant skills training, and asset transfer, such as housing, are more

sustainable options. Corporates that predate 1994 have often been built on black exploitation.

BEE must include giving surrounding communities' stakes in companies – through community trusts or cooperatives, in which communities have direct stakes, say every community member becomes an individual shareholder. Employees and communities as 'co-owners' would then share in the yearly dividends when profits are made and share in the losses during downturns.

Companies adopting surrounding schools, providing teacher, resources, and better schools to the community, or setting up technical schools where everything from teacher salaries to textbooks is paid by the company, providing employees and local communities with bursaries, are more sustainable forms of BEE.

Furthermore, companies could procure from local communities, from gardening, food, or services like plumbing. For example, the community can be arranged into a cooperative or trust that provides such services to the company or mine.

These companies must make efforts to compensate and empower former black employees or their offspring – who may have missed out on technical skills, pensions, and housing benefits, which their white compatriots received, because of companies' use of the apartheid business model. ■

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