Flying the SA dream into Africa?

Naledi and the African Research Labour Network set up an African Social Observatory, which sought to monitor the behaviour of multinational companies (MNCs) operating in Africa, including South African MNCs. A pilot study of four African countries was embarked upon in 2003 and did not reveal clear trends but pointed to some worrying behaviour by SA companies. **Devan Pillay** outlines some of the findings of a further study embarked upon in 2004, which focuses on mining companies including Anglogold Ashanti and Gold Fields.

The expansion and the nature of expansion, of South African capital into Africa is well documented. Unlike their western counterparts who invest largely in the extraction (primary) sector of Africa's economy, South African companies have invested across a range of sectors, and are progressively investing in the service sectors. With western investors shifting their capital to Eastern Europe, reducing the supply of investors to Africa, African governments are pressed to actively seek out South African capital.

It is important to acknowledge that the conduct of South African MNCs would be consistent with that of other MNCs regardless of the country of origin - they seek opportunity and profit. It is therefore fictitious to assume MNCs (South African based or not) are concerned with social issues such as poverty eradication, ensuring the people have proper housing, electricity, sanitation, etc. It is a myth to presume that if a company's origins were in Africa, it would assume a sense of allegiance to the continent.

The growing resentment towards South Africa's economic dominance in the continent finds most expression in the African non-governmental organisation (NGO) sector – the people on the ground. South African MNCs have penetrated the continent under the guise of development and Nepad. As such there is an expectation of social upliftment, increased incomes – a better life for the people of Africa. But this has not materialised. The findings of the research conducted by the African Labour Research Network on South African MNCs doing business in Africa during 2004 confirms the concerns raised by African NGOs. It reinforces and provides a strong basis to argue that South African MNCs have no development agenda when doing business in Africa and mirror the conduct of MNCs from other parts of globe. The 2004 African Social Observatory report revealed the following:

- It was generally found that South African companies comply with national legislation and regulations in countries where they operate. The problem, in part, lies in obsolete regulation and waning labour legislation on which these companies are quick to capitalise.
- While the wages paid by South African companies is usually higher than that prescribed by national regulation, it is below the poverty level of the relevant country. In 2003 it was found that some Shoprite employees in Zimbabwe earned a meagre 35% of the poverty datum line. In Zambia the company paid its workers an equivalent of $48 (US) per month while the basic basket of goods (a minimum income indicator) cost $210 (US) per month. This forced Zambian Shoprite workers to go on strike. The company's obstinate attitude led to the Zambian ministry of labour ordering the company to expedite the delayed negotiation and caution investors not to treat workers as slaves.
- It was also found that some South African companies delayed the implementation of collective bargaining agreements, and in some cases, unilaterally implemented wages and working conditions. This practice is common in South Africa, and is exported to other countries. This serves to benefit the company in terms of the saving attached to the delay mechanism.
- There is mounting evidence to suggest that South African companies seek special favours from governments in the countries they operate. These special favours take a number of forms, the most obvious being the recent finding at the Geita Gold Mine in Tanzania, owned by Anglogold. The Tanzanian labour legislation defines an ordinary day as nine hours, and an ordinary week as either 45 hours or six days. The legislation further permits a 12-hour shift subject to the employees not being permitted to work more than 5-days a week, 45-hours per week, and more than

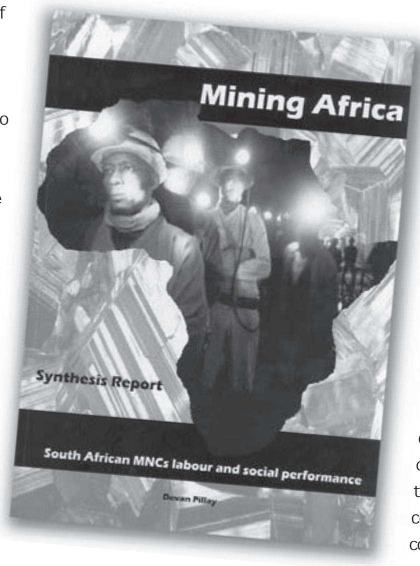
10 hours overtime. Anglogold had introduced a 12-hour, 6-day shift cycle at the mine. This in effect forces workers to work 72 ordinary hours per week with 27 of these hours being unpaid overtime hours.

- Anglogold, in its response to the research, stated that the shift cycle had been sent to the Tanzanian ministry of labour to confirm if the company is in compliance with legislation. The union (which is not recognised by the company) argued that the company was seeking the approval of the Tanzanian's government for the violation.
- South African retail companies typically employ casual and part-time workers, who are paid less than permanent staff, work longer hours, have no benefits, are not unionised, etc. Such labour conditions are prominent, not only in other African countries, but in South Africa as well. It is through secure and stable employment that society can be purged of poverty, as wage income is the sole source of income earned by the vast majority of the populace. Dominating the retail sector in countries where they operate, these companies are seen to be contributing to job insecurity and poverty through the low wage levels.

For most workers and trade unions, the above findings should come as no surprise as it reflects the South African situation. Insight into South African capital will hopefully aid African NGOs and trade unions to better understand and deal with South African capital.

Volumes of literature depict the historic nature and demeanour of South African capital. During the apartheid era South African capital treated black workers as second grade citizens, actively promoted and practiced job reservation, sought the assistance of the apartheid state to prevent the unionisation of black workers, systematically and collectively engaged in union bashing tactics, perpetuated the wage and skills gap between black and white workers, etc.

In 1994, business repositioned itself in an attempt to be perceived as one the fundamental partners to government's developmental programme. It had to undergo a metamorphosis; from abusive labour bashers to developmental specialists. The driving force behind this transformation was the desire to be seen as a contributor to the democratisation of the country. Having entrenched itself as a fundamental partner to the South African government over the past ten years and securing government's confidence, South African capital has in recent months challenged many of government's policies which it had endorsed in earlier years of democracy.



The social and economic disparity created by the apartheid system largely prevails. The two key areas where South African capital could play a crucial role remain unchanged, namely, unemployment and poverty which could be addressed by investing in new productive initiatives. The 'change' South African capital had undergone in the early 1990s is largely a facade.

It is this background coupled with their anecdotal and empirical evidence gathered from countries where South African companies have invested, which has led the South African NGO community and labour to engage on the matter. The solution to making South African capital more socially responsible does not lie within the boundaries of South Africa. Measures must be introduced that are applicable to all investors, regardless of the country of origin, and applied uniformly from a number of fronts and across all countries on the continent, including South Africa.

The solution does not lie in South Africa alone but rather with all African governments, trade unions, and NGOs acting in a manner that makes all investors contribute to the development of Africa. African governments need to ensure that their regulatory environment is efficient and effective. Competition among countries for investments often leads to governments ignoring or passively dealing with violations of any nature. Trade unions and local NGOs must hold their governments responsible, and pressurise their governments to act.

A more systematic approach, possibly through the African Union (AU) should be sought that leads to a convergence of investment, labour, environmental and other policies within the continent. This will tilt the power relations in favour of governments who can then set about entrenching a developmental agenda to investments.

Unions must be strengthened to deal with the complexities of foreign investors, national policies, and the regulatory environment. There needs to be enhanced cooperation amongst unions in Africa, with the stronger unions aiding their weaker counterparts. Unions must be pro-active constantly assessing their environment and preparing appropriate responses. This can be achieved through acquiring the necessary skilled persons. The present wage levels of African workers suggest that unions have not been able to assist workers to ascent from poverty wages. Yet this is one of the most powerful tools available to unions.

We can conclude that South African capital epitomises the character of global capital. Their conduct in other African countries is no different from their conduct in South Africa. Therefore while African governments go about actively seeking investors, their NGO sector, and in particular their labour movement, must be empowered to deal with the challenges that come with investments. In addition, there is a need to start lobbying for regulatory measures to manage investments, especially to avoid the growing accusations of South Africa being the purveyor of a new imperialism in Africa.

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