
MASTER OF ITS FATE

South Africa emerged from apartheid almost 20 years ago, but lately has been straining under the weight of expectations. **Thero Setiloane, CEO of Business Leadership South Africa**, explains how business leaders are working with government to get the country's development goals back on track

South Africa was dragged back into the global media spotlight last year when industrial unrest in the country's mining heartland left 44 people dead, making 2012 the most protest-filled year since the end of apartheid. At the same time, the government launched perhaps the most comprehensive and ambitious development plan in its history, with widespread public consultation.

Here, Thero Setiloane, CEO of Business Leadership South Africa, an advocacy group for the country's largest businesses, sets out the challenges facing business and government in South Africa, and considers the way both sides are communicating their renewed push for "inclusive growth."

We need to stop thinking about public affairs as being about gaining "access" to a government minister, or something dark and mysterious going on behind closed doors. Having an honest, constructive, public relationship with government and labor is vital in any country, especially one with significant developmental challenges.

Public affairs is about defining the most productive and important contribution that business can make. It is about helping those creating and implementing policies. Trust is an essential, often elusive, ingredient; and as recent events have underlined, its absence can hold back a country's progress.



The bludgeonings of chance

The tragic events in the mining industry last year raised serious questions about the kind of country South Africa has become and the way that we communicate with each other. As a nation that has experienced the most dehumanizing of systems, the images that we saw on our televisions reminded us of our darkest days and affected us deeply.

During the transition from apartheid, there was a widespread appreciation by government, business, and labor of the need to jointly communicate a collective desire to put the country first. That desire to build ties across previously compartmentalized populations and sectors was strong, and there was a sense that social capital – what the World Bank calls the “glue that holds [society] together” – was growing. Those ties, bolstered by regular interactions between groups, create trust, lower the costs of business, and reduce the chances of failed agreements. It was about communicating across previously solid dividing lines.

There was also a sense that a neo-corporatist model of economic organization – where the national representatives of business, labor, and government voluntarily cooperated to create a competitive economy – was possible. Combined, these strong, trusted relationships, operating within a robust bargaining framework, were meant to provide a platform for growth and development.

Somewhere along the line, things started to fall apart. All three sides seemed to lose track of the scale of the problem, and too many people were left behind by the solutions that were attempted by all parties.

Social realities, such as the fact that social grants make up 70 percent of the income of the poorest 20 percent of South

Africans, or that fewer than 60 percent of children finish primary school, had started to become just statistics in our collective imagination. Business bemoaned affirmative action and government corruption; government cited examples of cartels and complained of “lazy capitalists” who would rather “collude than compete.” All sides seemed, publicly at least, to retreat to their own corner as if they could just get on with things in isolation from one another.

The social challenges in South Africa have, correspondingly, become more acute and the established mechanisms to resolve those challenges have not been working. The mining strikes last year were not just about wages; they also reflected a problem with the existing neo-corporatist framework. The rise of new unions meant that some companies, which had effectively outsourced employee relations to one union, now found that they had difficulty speaking directly to their workers. Given the imbalance of information between employee and employer in any negotiation, the lack of a trusted worker representative – in the form of a single, mutually respected union – meant that demands were made that would have made the entire sector unprofitable.

Bloody, but unbowed

I believe that the positive outcome from all this tumult, however, is that we have started to see a real change in the way that business and government engage with one another. A key sign of this was the exhaustive consultative process that the South African government followed in the preparation and adoption of the National Development Plan (NDP), which preceded the mining strikes.



The NDP is the master plan for growth and development and it addressed the country’s failings and constraints. It recognized that “long-term growth and investment requires trust and cooperation between business, labor, and government,” and acknowledged that levels of trust in South Africa are low.

The government’s forthrightness has opened up a new space for an honest national debate which we in the business community have embraced wholeheartedly. On our side, we are committed to working with government to leverage our respective comparative advantages to create an environment for growth, and we recognize that if we are asking government to get its house in order then we must do the same.

I think we are starting to see a more constructive, positive style of debate, accompanied by a new frankness, openness, and willingness to engage on both sides. We need to continue to broaden that relationship to ensure that all social partners are included. 🌍



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BUSINESS LEADERSHIP SOUTH AFRICA

BLSA defines its mission in unusually broad terms for a business organization: it is “fundamentally, about business being truly committed to make change happen for the better with government.” Its goals are to see a doubling of South African business in 30 years, but its “broader social vision is to promote inclusive growth” through higher per capita incomes.