

**THE ROLE OF BUSINESS IN A CHANGING SOUTH AFRICA  
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In the last few months there is no descriptive feature that has been used to characterise South Africa more than the word change. While some nervously await this change with some trepidation, most anticipate this change with eagerness and hope.

When a people invest their hope in change, or worse still believe that the pending change can only be ruinous, their aspirations and fears only tend to distort the change process. Those who desire the change will be largely oblivious of the obstacles, the potential pitfalls, the cost of change. Those who fear the change will exaggerate- the obstacles, the potential pitfalls and the potential cost of change. They in turn will be oblivious of the possibilities and the opportunities and the potential benefit that could be brought about by change.

The major actors and institutions of society have a primary responsibility to inject and maintain realism in this process and to advocate that course that is just and serves the legitimate rights of their constituencies. Indeed, while not easy, the major actors and institutions of society must transcend their narrow constituency base and seek to represent the national interest.

Who are the major actors and institutions that we refer to? In character they are all those actors and institutions with national impact, with the capacity to influence and to affect the lives and fortunes of the body politic. They are those institutions and actors vested with public trust, power and resources to achieve societal goals. In the main these would include politicians and political parties, the clergy, organized labour, and not least businesspeople, corporations and organized business.

Political institutions and actors are by nature and character party political. They are constituency based, partisan and therefore sectional. The modus operandi of politicians and political parties is to appeal to the hopes and fears of their constituencies. Their role is therefore rarely one of bridging the divide.

Organized labour in the normal course of things, is mandated to pursue specific sectional goals that benefit their constituencies. In character, if not in goals or their role, organized labour is essentially similar to political parties.

The clergy and the church are generally inclusive, and operate on a moral basis for the pursuit of justice. Other than for its moral force, the church is a relatively weak institution, poor in resources and except in few circumstances, of little or no significant political consequence.

In an increasingly worldly and cynical climate even the power of the moral force erodes. Thus as with the other institutions referred to above the ability of the church to address

issues of societal change is circumscribed.

The thrust of my submission will be to argue that business is the best placed of society's institutions to effectively and responsibly address issues of change. Upon establishing that departure point, this paper will focus on the role of business in a changing South Africa.

I now set forth the premises on which I presume that business has a role to play in a changing environment.

The terrain of business cuts across several divides. It includes a consumer community that ignores sectional socio-political interests. It includes a labour environment that cuts across political divisions. It includes other major stakeholders such as the immediate and the national community by whose leave it becomes possible for business to function.

The end goals of the economy, that is the *raison d'être* for business, is to ensure for the body politic an acceptable standard and quality of life through the judicious utilisation of the human and physical resources of the country. The modern corporation is currently the most efficient and also the most prevalent social institution mandated by society at large to carry out the vital role of wealth creation and distribution.

While physical and human resources may abound, no wealth exists by nature. It is created by economic activity undertaken by those with the vision, the enterprise and the command or the access to the above-mentioned resources.

Societies have found out that it is by an acceptable voluntary aggregation of individuals that combine this vision, enterprise and access to material and human resources that we become most efficient in wealth creation.

The goals of the larger society and specifically the macro system designed to govern economic activity determine how efficient business is in the distribution of generated wealth. By charter of the society, business itself, as an ostensible voluntary association of individuals bound by a common purpose for a common good, may be entrusted to be the primary instrument of the distribution of generated wealth. This it accomplishes by the forms and processes known as wages, dividends, taxes and charitable or restitutory contributions to society. In this arrangement the government and other social institutions play a secondary, supportive and or corrective role in the distribution process.

In a different socio-economic arrangement, the distribution of generated wealth is achieved by different forms and processes. In this arrangement the primary responsibility is vested in the central political authority to distribute wealth by central allocation or a policy directed allocation. -

In this instance, business is not perceived as a voluntary legitimate association of individuals working for the common good. In this instance economic enterprises are seen as indispensable social institutions that must be directed by a collective will, the state, to achieve specific policy goals.

In its most complete form, in this arrangement business and the state are synonymous. The state is the business. In its more prevalent forms, the role of business in the distribution of wealth is secondary and supportive to that of the state. In fact the role of business in this instance is merely to effect government distributive directives such as in wage

controls, price controls, investment controls and taxes. To be more precise, business has no role except to execute government policy. The standard and quality of life of individual citizens is the direct responsibility of the state. Therefore in this instance there is nothing to say about the role of business except that it is to do what it is directed to do.

We shall therefore, confine ourselves to those socio-economic arrangements where, by and large, the business community as distinct from the state, retains the primary responsibility for both the creation and distribution of wealth. These forms of socio-economic systems range from what is called free enterprise to various degrees and forms of private and public sector co-operation (or compromise).

In these socio-economic systems business is acknowledged to be distinct and separate from the state, capable of independent will and therefore retaining the initiative for the role it will play in society.

Precisely because business or enterprises cannot be established or run by edict in these socio-economic systems, by definition business relies on an implied goodwill and voluntary co-operation of a variety of stakeholders that include: the community, employees, customers, investors as well as importantly, the government.

It therefore means that business, if it is to acquire, retain and enhance this goodwill and voluntary co-operation, it must act in a pro-active manner. Further, if business accepts this central challenge of being responsible for the acceptable standard and quality of life of the citizenry, it must ensure that all other societal structures, infrastructure, processes and policies as well as its own are those that encourage the optimum conditions for wealth creation and distribution. To put it generally, the practices and policies of corporate business as well as those of labour, the consumer bodies, the government, as well as any other pertinent interest groups, must be conducive to optimal wealth creation and distribution. It is the role of business to encourage and foster these policies and practices. If business fails to ensure this, the resultant environment may be so crippling, perhaps terminally so for business as a separate independent legitimate social institution. This would thus occasion the intervention of the state to assume the central role in wealth creation and particularly distribution.

I hope to have established as intended, the premise upon which I hold business to have a role to play in society, especially in a changing turbulent environment. Firstly I have argued that of all of society's major institutions, business is best placed to pursue and achieve non-sectarian non-divisive goals.

Secondly, I have argued that of all of society's major institutions, business is best placed in terms of resources to actualise the common good in terms of enhancement of both the standard and quality of life.

Thirdly, I have sought to argue that it is in the self-interest of business and of all those in society who believe in the efficacy of business as opposed to that of the state, that business actually assume a pro-active role if it is not to relinquish this responsibility to the state.

What then is the role of business in a changing South Africa? Principally, the role of business in a changing as well as in any other environment is to ensure that the social, economic and political climate is best designed for business to fulfil optimally its central responsibility.

However, to be more pertinent, we need to contextualise this response in the light of South Africa's political and economic past, the current economic structures and policies and importantly the pace and direction of current and anticipated change in South Africa.

Firstly without belaboring the point South Africa's political and economic past is one of injustice and discrimination based on racial exclusivism. It is an accepted thesis that both the government and business establishments in South Africa conspired to deprive black South Africans just rights, opportunities and access to resources thus making them beholden and subject to whites. Indeed this thesis has been extended to seek to prove both from an ideological and also from an imperial basis that such discrimination was not only by intent but was manifestly made possible by the socio-economic system South Africa professed to follow, to wit, free enterprise. Thus in the mind of many free enterprise has come to be regarded as a tool of apartheid.

This perception has thus undermined business legitimacy to claim the primary responsibility for the creation and especially the distribution of wealth.

Secondly, the legacy of the historical political and economic development of South Africa is that it is implausible to argue that the majority of the South Africans, black in this instance, are voluntary participants who believe that the economic processes serve the common good. As a result of the denials of rights and opportunities in the past an overwhelming majority of the population currently enjoys marginal influence and control of business in South Africa and have little reason to believe that a change is eminent in this regard. Thus quite apart from ideological considerations, the bulk of the black population believe that equity and justice in the economic field in the short-term is best achieved by the state rather than the business sector.

The simple fact is that it is incomparably easier to achieve political power than economic power. Furthermore, the history of South Africa and especially of Afrikaner development promotes the perception that political power begets economic power. This has been reinforced by the constant refrain by the current largely English-speaking business establishment that despite their overwhelming dominant economic clout, they wielded little if any political influence and power. This conveys the message that the obverse of the above maxim does not hold. Economic power does not beget political power. Thus in large measure, business in South Africa has conspired to portray itself to the gullible as relatively powerless and ineffective and has laid the blame for its failures on the responsibility for equitable distribution at the door of the government.

To the cynics, to those who do not accept this portrait, the skepticism has merely reinforced their view that what lacks in the business world is not political will and power but moral ethical will. Simply put, that business is every bit as racist as the government it has purported to denounce and what's worse, sought to escape the consequences of their moral cowardice by blaming another party. Therefore to one set of blacks business is viewed as relatively powerless to address their legitimate interests and to another set of blacks, business is viewed as racist, cowardly and not interested in meeting the legitimate interest of blacks.

Thirdly, the pace and direction of change is suggestive of and reinforces the arguments developed above. In the first instance the dramatic changes South Africa is currently undergoing are clearly political initiatives, introduced and driven by political entities, not business. In the second instance the breathtaking speed of these recent political

developments and the gathering pace, given sufficient political goodwill starkly underlines the relative ease of achieving political solutions as opposed to what is happening or is likely to happen on the economic fronts. In the third instance to date the overwhelming impression that blacks have of business' reaction to the recent developments is that business views these developments with alarm, suspicion and fear and much prefer the status quo. Instead business continues to punt the shibboleths of yesteryear, of how if left to its own devices business will act to achieve the common good.

Despite all the material and intellectual resources at its disposal, business has yet to offer imaginative acceptable proposals or even counter proposals to address the economic challenges of the day. Given the commonality of purpose, vision, and to some extent even goals and processes between erstwhile arch political opponents this failure on the part of business is remarkable in the light of their self professed goodwill and abiding interest in justice and equity.

Thus the context of the South African situation is that business has done little to commend itself to about three quarters of the South African population. It has wittingly and unwittingly systematically stripped itself of the legitimacy to be the custodian of the people's wealth creating and wealth distribution efforts. At every turn business deals with a fairly hostile black customer base, labour force and a community that sees white business not as partners in a common economic future but as exploitative, uncaring and self-serving. Even in symbolism, business is losing out to the political arena. As a collective and even as individuals business has yet to match De Klerk's imaginative R3 billion contribution over and above "normal" budget allocation to black social and economic upliftment.

Is business therefore as unworthy as the evidence suggest? Has South African business effectively forfeited the role that even past socialist and statist ideologues are now ceding to their incipient business enterprises?

Some counter evidence is suggested by those who continue to believe in the efficacy of private enterprise over statist control, South African experiences notwithstanding. Indeed even in the context of South Africa they attribute the breakdown of apartheid not so much to the bold imaginative breakthrough by De Klerk but as the inevitable result of the corrosive effect business and economic logic and imperatives have had on government policy.

Entities such as Race Relations, the Urban Foundation, etc have consistently advanced the thesis that where apartheid has defied economic logic, apartheid has had to give way, for example the legalization of trade unionism, the opening up of trade areas, the collapse of influx control, the scrapping of job reservation and separate amenities, and the imminent repeal of Group Areas. Others, such as Prof. Savage of UCT have documented in detail the tremendous cost of apartheid in duplicated facilities and institutions, and the promotion of separate development ideology. They have argued that the cost of apartheid is too high and that the government cannot continue to fund it. The major corporations can point to some activities that they have undertaken, that even if they fail the test of effectiveness, they would argue at least to establish the bona fides of business. They would point to their labour relations practices and union agreements; they would point to corporate social responsibility budgets in excess of millions annually; they would claim fairer and more equitable compensation for those who are similarly qualified; they would argue that through employee share option schemes and other equity ownership promotions they are increasing wealth distribution opportunities to blacks; some would point to the housing benefit schemes as part and parcel of wealth creation and distribution processes; yet others

will point to other miscellaneous efforts such as job creation, Matchmaker which they would portray as a distribution of opportunities.

What the above-going illustrate is that the role of business is not clear-cut, that a comprehensive systematic approach needs to be devised and adopted by business if its efforts are not to be seen, insignificant, insincere, ineffective and therefore only to be scorned and spurred. What is quite clear is that in South Africa business cannot afford the sanguine attitude that the "...business of business is business". In the current circumstances and the pending changes, those who adopt this attitude will regrettably find that the 'business of business is obeying state directives'. There are therefore historical logical and self-interest imperatives for business to play a role in society. In a changing South Africa I would argue that the primary role of business is the following:

1. *Business has to illustrate clearly and emphatically that the responsibility for wealth creation and especially wealth distribution is best vested in the business community than in the state. This it cannot illustrate by merely asserting the fact as a truism but must marshal incontrovertible logic and evidence to be convincing. Even more important than the foregoing, business must demonstrate the efficacy and efficiency of business relative to the state. As the saying goes, "...wolf is not as wolf says but as wolf does." Simply put people have to believe on the basis of evidence put to them, not ill-conceived, self-serving ideological posturing, that they are better off relying on the mechanisms of private enterprise to maintain and enhance their standard and quality of life.*

*Practically speaking business has to advance imaginative proposals that ensure an equitable and just distribution of the generated wealth of the country. Failure to do so will invite future state intervention in the economy.*

2. *Business has to encourage and to foster a climate and environment that is consistent with and supports justice, equity and freedom in all spheres of life. The tenets that most businesspeople purport to hold dear about economic freedom also state that freedom is indivisible. Business cannot therefore be blind nor mute to other injustices and be noisily pious about principled equity when their arena is invaded. Business cannot claim for itself as business or as a white beleaguered minority special privileges and safeguards over and above those justifiably due to any individual citizen. If business does not clearly come down on the side of justice and equity, then there would be a move to deny them even the basic rights in a retributory spirit.*

*In the same vein business must not, as their history suggests, be venal and bribe their way through with dominant groupings in a manner that betrays fundamental principles of freedom and justice. Therefore while retaining flexibility in tactics and approach in order to ensure achievement of goals, there should not be compromise on defensible principles of freedom, justice and equity.*

3. *Political imperatives necessitate a redistribution of wealth as reparation for past discriminatory measures. The integrity -of economic activity and the continued ability of business to operate with any measure of efficiency will be enhanced by business grasping and retaining the initiative on the issue of redistribution. To achieve lasting solutions in this regard business must appreciate and propagate the fact that the most fundamental and lasting of wealth forms is opportunity, not existing wealth. Therefore business has to actively encourage a channeling of public and private resources into the redistribution of opportunities. These will assume many forms but they should include prominently the most*

*enduring opportunity, education and skills training. Other opportunities, without attempting to be exhaustive, will be creation of business opportunities in established as well as nascent industries as was done for the Afrikaner community; technology and resource transfers in the form of judicious joint ventures in a manner that enables big black business to emerge and flourish; vigorous support for small entrepreneurs in new and traditional forms such as the Matchmaker concept, sub-contracting and financial support. This form of redistribution while having the drawback of taking quite long to take effect has the overwhelming positive attribute that effect will be a lot more lasting and fundamental. It is an investment in the future, not reparation for the past nor gratification for the present. It has the added benefit that it occasions very little direct state! government intervention in the economy.*

4. *Business must begin to transform itself from white business to South African business, reflective of the values, aspirations and interests of a broad South African community rather than an exclusive minority. By so doing business will over time cease to be seen as a separate and dispensable entity that may be sacrificed for political expediency.*
5. *Perhaps above all else business should be the custodians of national resources, both human and material. If the exploitation of resources in pursuit of national goals is to be entrusted to business, then the responsibility is incumbent upon business to conserve and preserve non-renewable resources, to cultivate renewable resources, to judiciously and optimally apply scarce resources, to conserve and enhance the physical environment and to discourage the wanton and wasteful application of generated wealth in pursuit of indefensible ideology or political goals.*

*In practical terms the role that business has to play in looking after our national resources include for example; the exploitation of our mineral resources must not be rapacious but done with a view to long-term development; renewable resources, including the most important of all, human resources must be developed; and importantly to encourage a move away from apartheid-based projects like the decentralisation programme, Mossgas, Sasol.*

In conclusion let me reiterate the salient arguments I have tried to establish.

The first point is that whether business has a role or not to play in society depends on one's premises and departure points about society's socio-economic arrangements and where the responsibility best lies to create and distribute wealth.

Secondly I hope to have established that a case can be made for business to assume and to continue to carry the primary responsibility for wealth creation and distribution.

Thirdly in a brief manner I sketched the context of the political and economic environment and how business has featured in the past and how it is perceived presently and what the indications for the future are as foreshadowed by current political changes.

Fourthly I have predicated the nature and purpose of business in economic and political context. roles that business must play in a role of business on the fundamental as well as on the South African In doing so I arrive at five major changing South Africa.

These are:

*To establish the legitimacy of business to assume the responsibilities of wealth creation and redistribution*

*Creation of a climate conducive to freedom, justice and equity as a sine qua non for effective business operation*

*A need to proactively address the issues of redistribution in imaginative and lasting ways while the initiative still rests with the business community*

*Fourthly for business to transform in character and structure into a more representative nature reflective of broader national values, aspirations and interests*

*Lastly for business to be the responsible custodian of our physical and human resources*