

THE BUSINESS COMMUNITY TEN YEARS AFTER APARTHEID – AN ANALYSIS OF BUSINESS’ ENGAGEMENT WITH (PART OF) THE OLD AND THE NEW SOUTH AFRICA

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1. Introduction

The topic is evidence that the debate as to what business did or did not do to get rid of apartheid, and whether business profited from apartheid or not, is still going on.

To cast light upon questions such as these is not easy, as “business” is not a homogeneous entity at all. Apart from size, businesses differ vastly in terms of industry, product and nature of operations. The one thing that “business” has in common though, is the so-called “profit motive”. This is the reason why business exists, its *raison d’être*.

The concept of “making profit” has, in the last few decades, often been reformulated to describe it more accurately and making it more congenial to its surroundings. Creating wealth, adding value and working for shareholders are but a few of the formulations that have emerged.

John Elkington, the chairperson of the organisation SustainAbility who coined the term ‘triple bottom line’ in the mid-1990s to describe the societal imperative that businesses should balance the economic, environmental and social ‘bottom lines’ commented as follows in an article “Why am I going to Davos” (2003):

“And what struck me most about the whole WEF event was the way that the language of corporate social responsibility, sustainable development and the triple bottom line has percolated up into the upper reaches of the global elite”.

The concept of a greater responsibility for business has indeed gained acceptance in the last few years, especially in response to the pressure that multi-national companies had come under to contribute to the Millennium Development Goals set by the United Nations.

Against this background, the role of the South African business community can be evaluated ten years (and slightly more) after apartheid. To do this, it is first necessary to trace business’ steps back to the last of the apartheid years, and then the transition years (1990-2004).

2. Surviving alongside apartheid, benefiting from artificial stability

As most business communities in the world, business under apartheid had, initially, a “survive with the regime” attitude. “The business of business is business and leave the politics to the politicians” was the general attitude.

It is incontrovertible that business benefited from apartheid. The benefit came especially from the (artificial and temporary) stability brought about by the apartheid in the sixties and early seventies. Many business people still talk about the “golden sixties”. With the gold price at record highs, the GDP growth during the sixties and early seventies was almost 6%.

In hindsight, though, it is also clear that apartheid had huge costs for business, especially if measured against the modern measure of the triple bottom line. One of the other costs, that is costing business (and the country) dearly today, is the lack of skilled human resources, directly due to the fact that the majority of the population was not included in the full benefits of the education system or the economy (Gumede, 2005:82-3).

3. Engaging with and challenging apartheid

During the mid-eighties the “business of business is business” attitude was first challenged by some business leaders who made contact with the liberation movements (eg. Lusaka and Dakar), but still engaged the National Party Government (PW Botha’s Carlton Conference).

Some business-based and sponsored organizations criticized apartheid policies publicly (e.g. The Urban Foundation), while others worked as facilitators for change (e.g. The Consultative Business Movement, [CBM]) (Eloff, 1999:331-2). The CBM was formed as a direct response to the challenge of a peaceful transition from apartheid to a democratic South Africa. It was spearheaded by a group of forty senior business leaders and formed after a consultation with a wide spectrum of stakeholders, culminating in what became known as the “Broederstroom Encounter”. CBM was formally launched in early 1989 (CBM, c1988).

The Consultative Business Movement

From the submission of the CBM to South Africa’s Truth and Reconciliation Commission (1997), the thinking in progressive business circles in February 1990, just after the ANC had been unbanned, can be determined.

The CBM regarded the following principles as political guidelines acceptable with regard to a future constitutional dispensation: non-racialism, universal franchise, a multi-party state, a free press, an independent judiciary, a Bill of Rights, a market economy. It also felt that there should be mechanisms to institutionalise

the management of conflict. It also put forward freedom of association (CBM, 1997:11).

As a movement of business leaders, as opposed to a representative organ of business, the CBM did not see a direct role for itself in negotiations. They did, however, believe that CBM (and individual business leaders) could perform a crucial catalyst role by lobbying the parties, popularizing and defining a values-driven negotiations process, stating CBM's support for the guidelines to the process of negotiations as expressed in the so called Harare Declaration, intervening incisively on issues relating to business interests and influencing other business organizations and politicians along the process to ensure a stable and effective political-economic solution (CBM, 1997:11).

It is important to note that the broader business community at this stage still had not fully embraced a role in the transition. Van Zyl Slabbert (1992:40) points out that the private sector politically endorsed FW de Klerk's initiatives in the early nineties enthusiastically, but economically adopted a "wait-and-see attitude to the business consequences of the transition".

On the other hand, CBM's leadership already addressed the nature of the economic problem in 1990. It accepted that it was necessary to address inequalities of the past and that when restructured, damage to the economy needed to be averted in the national and self interest. As unilateral interventions were bound to fail, a multi-lateral debate was necessary, defining pragmatic values and vision for economic growth, equality and the restructuring of ownership (CBM, 1997:11). This was revolutionary language at the start of the nineties (see "National Economic Forum" below). In addition, it was decided that CBM should influence and inform business, community organisations and others about one another's viewpoints, increase awareness among business colleagues about the present political-economic issues, promote in-house sensitisation and transformation within companies, and engage in debate in crucial areas (CBM, 1997:12).

The above clearly demonstrates how the CBM saw itself and its role. It also shows very clearly that the South African business leadership (or at least a significant section of the business leadership) had, even before the peace process started more than a year later, and even before the multi-party negotiations started almost two years later, agreed on a clear vision of the future and the desired political economy of South Africa. Even more importantly, it had decided to play a constructive role in the transition process and even to commit significant resources (time and money) to this end.

4. Active participants in establishing peace and democracy

Against this background, and the start of the peace and constitutional processes, the broader business community started to participate actively in the transition to democracy process.

Engaging the ANC leadership in the Carlton Conference

The first of these engagements is described in the CBM's TRC submission (1997:17-18):

“Even before ...Mandela was released in February 1990, CBM realised that it was necessary to provide a forum for senior business leaders and the ANC to exchange ideas regarding what was called the ‘political economy’.... And on 23 May 1990, Nelson Mandela, supported by a 40 person strong ANC Delegation, including many who are today Cabinet Minister or Premiers, met with 350 senior delegates from the business community... (A)ttention was given to the limited nationalisation versus privatisation debate that had largely prevailed up until then. What began to replace this rhetoric was a deeper debate about the nature of the mixed economy and ways to transform the political economy constructively and in partnership with each other.”

Towards the end of the conference, chairman Murray Hofmeyr commented on the congruence that had developed, as well as his conviction that the political transformation that was about to take place, and enjoyed the support of business, would not be successful unless it was accompanied by an equivalent transformation of the economy. In this process, both growth and correcting the imbalances of the past were needed (CBM, 1997:18).

The National Workshop on Development

Business leadership (wider than the membership of CBM) was also part of the June 1991 multi-party Workshop on Development, facilitated by CBM. Present were 250 senior representatives of a range of organisations from across the political, developmental and community spectrum. These workshops were in many ways the precursor to discussions with the ANC on their envisaged Reconstruction and Development Programme and were part of an informed dialogue on economic growth and development (CBM, 1997:20).

The Peace Process

One of the highlights of business' involvement in the transition was the Peace Process. The high levels of political violence at the beginning of the nineties made the need for a national peace conference undeniable. The political dynamics and power struggle between the government and ANC (and some of the other parties) presented a complicated problem regarding who had the power

to convene such a conference. The impasse was broken when, through a combined effort, the CBM and the South African Council of Churches (and other churches, as well as trade unions facilitated a process that led to an inclusive peace process.

“The first meeting of the formal peace process was convened at the offices of Barlow Rand Ltd, a leading industrial company. The meeting was co-chaired by John Hall (Barlow’s executive and Chairman of the Chamber of Commerce) and Archbishop Desmond Tutu. This was the start of a long process in which business leaders played an active (but by no means exclusive) part in working with political parties, women’s groups, religious groupings, NGO’s, and labour unions to foster a climate of peace...” (Fourie and Eloff 2005:41).

After the hype of the signing of the Peace Accord by political parties in September 1991, business leaders kept a low profile but played an active facilitation role to supporting the process of implementing the National Peace Accord and ultimately became involved in hundreds of local peace committees across the country. Many of these local structures were actively supported by local businessmen and women (for a full exposition of the role of business in the peace process, see Gastrow, 1995).

Managing Change – the role of business in transition

Significantly, in 1993 the CBM published a book called “Managing Change – A guide to the role of business in the transition”. This was done while the Multi-Party Negotiations were still in process and in the publication the CBM called on its members (at that stage over 100 companies) to play an active role in the transition. It proposed that the focus should be in four areas: the macro environment in transition (the constitutional negotiations), the ownership and management base, effective and legitimate business practices and the interface between business and community (CBM, 1993:5-8). Some of the reasons advanced in the book for business to become involved are the fact that the future of business was at stake and the need to lay the foundations for future prosperity (cf. 1993: 1-4). The material to compile the book did not come from textbooks or theoretical material, but was the result of a series of workshops that the national RoBiT (Role of Business in Transition) Team conducted with 217 business executives across the country (CBM, 1993:114-121).

The Constitutional Negotiations

One of CBM’s (and through it, business’) most important contributions came with the assistance of the constitutional negotiations as secretariat (during CODESA 1991-2) and eventually the full administration of the Multi-Party Negotiating Process (1993)(Cf, CBM, 1997:24-28).

After the signing of the Peace Accord, the CBM encouraged the major political parties to use the momentum achieved in the multi-party Peace Process to get multi-party constitutional process going. Even though the parties took these calls seriously, it was clearly too early for them to engage on a multi-lateral level.

When it was agreed at the end of 1991 by the NP Government and the ANC (as well as the other parties) to pursue multilateral constitutional negotiations, CBM was requested to render what was called 'process and secretariat services'. This was a consequence of the business based organisation's credibility and legitimacy built over a number of years, "And so CBM's formal involvement with the constitutional negotiation process began with the hectic organisation for CODESA 1 in December 1991, and afterwards continued with the CODESA process in 1992... This formal CBM role was initially an administrative and secretarial one, but as trust in the CBM's political sensitivity and objectivity grew, it became more than that - facilitating the process in a quiet 'backroom' way" (CBM, 1997:25).

After the CODESA 2 deadlock in June 1992, the CBM leadership continued to keep contact with the different political parties, facilitating debate when almost no contact existed after the dark days of Boipatong and Bisho. Several 'one minute to midnight' meetings were held, aimed at establishing what could be done in order to break the deadlock and identify stumbling blocks to the resumption of negotiations. The CBM's role was that of a 'shuttle diplomat', with CBM's growing credibility and business leaders keeping the doors open. In fact, most of the parties specifically welcomed the CBM initiatives and the ANC political leadership encouraged the business leaders to continue with this process (CBM, 1997:26).

After the signing of the Record of Understanding between the ANC and the NP Government, the new process started in March 1993 with the Planning Conference for Multi-Party Talks. At this meeting, the CBM was again formally asked by the parties to act as the Administration of the Multi-Party Negotiating Process (as opposed to the mainly secretarial role in CODESA)(cf. 1997:26). And even while the MPNP was in session, the shuttle diplomat role of CBM continued, ever seeking to ensure that potential stumbling-blocks were identified and dealt with timeously" (CBM, 1997:26).

During the deadlock in the negotiations CBM, in an effort to address the issue of regional powers (an issue that emerged as a potential major stumbling block), consulted with the major political parties and consequently gathered a group of international and local constitutional experts for a workshop process of three weeks. This resulted in a report "Regions in South Africa: Constitutional Options and their implications for Good Government and a Sound Economy". The essence of this process was to use, with the full support of the political parties, a group of diverse constitutional lawyers to thrash out the constitutional options in a non-threatening environment. It then presented these to the parties in a non-threatening manner, creating new options for compromise in their minds.

According to members of the Technical Committee on Constitutional Matters at the Multi-Party Negotiating Process, this report played a major role in their drafting of the sections of the Interim Constitution on regional powers. The result was that almost none of the potential high conflict around the issue of regional (or as it was later called 'provincial') powers arose. In fact, the wording of the report has been taken into the South African constitution almost verbatim (cf. 1997:27; Constitution, 1996, section146).

During the period of constitutional negotiations at the World Trade Centre and even when the Transitional Executive Council and other transitional bodies were established, the CBM stayed involved to assist the process to remain as inclusive as possible. The most notable example was the assistance that CBM business leaders gave to the process to bring the IFP into the democratic elections of 1994.

Just a month before the first democratic elections in 1994, the IFP was still not part of the elections. CBM was requested to manage a process to secure international mediation of the situation. When the mediators failed to reach an agreement with all the parties on clear terms of reference, most of the prominent mediators (including Henry Kissinger) left the country. An informal shuttle diplomacy process was started by one of the lower profile international mediators, with intense support from the CBM. A corporate jet was used to shuttle to and from national leaders from different parties to secure buy-in one week before the election (Fourie and Eloff, 2005:42; Friedman & Atkinson, 1994:38-39). It was fitting that business leaders also played a significant role in removing this one last stumbling block on the road to the new South Africa.

The National Economic Forum (leading to Nedlac)

As a business-based organisation, it is not surprising that economics had been on the CBM's agenda as early as 1989 (CBM, 1997:22). In August 1990 "The Economic Project" was launched, starting with a series of CBM workshops addressing the nature of the South African economy, national economic priorities and potential policy mechanisms geared toward the creation of an effective political economy (CBM, 1997:23). During early 1991 (while violence racked the country), a series of regional economic workshops were held, with themes such as "Poverty and Inequality", "Development, Growth and Redistribution", "South Africa and the World Economy", and "The roles of State, Markets, Business and Labour". This process helped the debate to mature significantly in a relatively short space of time. Whilst real differences remained, parties had begun to debate far more complex issues (CBM, 1997:23).

Recognising that it would be unwise to put debate on the country's economic future on hold during the process of constitutional negotiations, calls from organised labour and organised business for an economic forum grew. CBM (on the basis of its credibility and the work it had done up to that stage) was asked in

January 1992 to facilitate a meeting between stakeholders. After an initial successful meeting and subsequent lengthy consultation, the National Economic Forum (NEF) was formally launched in October 1992. It played an important role in developing common positions between the three key economic stakeholders. The CBM was requested to provide interim secretariat services for a period of six weeks, but in fact continued to do so until the NEF became absorbed in Nedlac (the National Education, Development and Labour Council) in 1995. CBM was also requested by the mandated business organisations to act as secretariat for the Business Forum, the business input into the NEF, a sign that organised business was appreciating CBM's role in this regard (CBM, 1997:23).

The Business Election Fund

Finally, in the run-up to the democratic elections in 1994, business leaders realised that there was a need for an initiative where companies could give money, not to political parties, but to ensure that the election could be as free and fair as possible, serving the aims of democracy. CBM initiated the Business Election Fund (and acted as its secretariat). The logo of the Business Election Fund (BEF) was significant and symbolic: "Business stands for building a great Nation". In its mass communications campaign, the BEF endeavoured to give South Africans confidence in the election and their future. This was followed by a positive post-election message of hope for the future, showing business' commitment to the country and all its people. The BEF eventually raised a total of R14 million in cash and R32 million in kind commitments. There can be no doubt that the BEF effort cemented business' commitment to the process of transition (Fourie and Eloff, 2005:42; Business Election Fund, 1994).

"The business of business is to stay in business"

The early nineties saw even the mandated business organizations coming into the change process. The former slogan of the eighties became "The business of business is to stay in business". And therefore it was seen as important to engage with all stakeholders to ensure a stable and prosperous future.

During the early nineties, the business leadership had therefore already realized that a different approach was necessary. And the philosophy was not merely a liberal do-gooder one, but what can be called "enlightened self-interest", and therefore sustainable both in terms of effort and resources. The South African business community had, out of dire necessity, started to practice (some of) the principles of the triple bottom line, before it was formally propagated.

It is interesting that not one of the "grand accounts" of the negotiations and transition (e.g. Sparks 1994, Friedman and Atkinson 1994 and Waldmeier, 1997) gives enough (if any) recognition to the role that business had played (albeit behind the scenes). A possible explanation is that the writers had obviously largely interviewed politicians, who either wanted to claim the success of the

settlement for themselves alone, or did not always know about the low profile role that business leaders had played. Van Zyl Slabbert (1992:54) gives slightly more recognition to the role of business (albeit in advance) by stating that the business community would (in the process following 1992) “continue to promote essentially liberal-democratic, free-market values and traffic between the different political organizations in order to facilitate transition”. In addition, he notes that “mediating and facilitating organizations” such as IDASA, CBM and the Urban Foundation “could play an increasingly important role”.

It is also noteworthy that the CBM, spearheading business’ efforts during the early nineties, not only facilitated “externally”, but also played an important role to inform, influence and exhort the broader business community to become involved and play a constructive role.

The historical record (especially through the documentation on the work of CBM) is clear on the constructive role that the business community had played in the political transition.

5. Business in the new South Africa (the first five years)

Supporting the Reconstruction and Development Programme

The CBM’s last major contribution to socio-economic transition came with the support of the Government of National Unity’s “Reconstruction and Development Programme” (RDP). Shortly after the 1994 election, CBM met with various political leaders to ascertain the role the CBM could play in supporting the aims of the GNU at national and provincial levels. It became very clear that support to the RDP was critical. Business response to the first draft of the RDP was guarded, but within a short time it became mainly positive. Although business urged a greater emphasis on the interdependence of economic growth and socio-economic reconstruction, business acknowledged the RDP’s visionary and integrated approach (CBM, 1997:28-29).

CBM’s initiative to facilitate involvement of companies in the eventual RDP began to take shape at the end of 1993, with the “Role of Business in Transition” project. In May 1994, it was agreed to convene a series of RDP summits around main centres in the country, with input from business (Sanlam, Anglo American and Premier), government (Ministers of Trade and Industry and Labour) and labour (Cosatu and Nactu). Issues that received attention included global competitiveness and restructuring of industry, private sector funding and involvement in reconstruction, technological advancement and human resource development.

“The outcome of these valuable discussions was used to compile a *Building a Winning Nation: Companies and the RDP* (CBM, 1994). This book was published

in the commercial market and several thousand copies were sold. It covered the above mentioned five areas, as well as a chapter (entitled) 'Imperatives for the RDP and a social compact' and a concluding chapter on company involvement in the RDP....This initiative of the CBM concluded its major projects, and, in a sense, returned to the role that its member companies can and must play in the reconstruction and development of the country and the economy" (CBM, 1997:29).

Engaging the new South Africa actively

On a more general front, the period after the democratic elections (1994-99) saw business engaging the new South Africa in three ways:

- It made full use of the new economic and commercial opportunities brought about by the democratic South Africa, arguably also to the advantage of the country as a whole.
- It worked actively, especially through the mandated business organizations, in bringing about a new and more democratic labour and socio-economic dispensation, especially through NEDLAC and its consensus-building – before proposed legislation went to Parliament (Adam 1997:146-149). As policy processes became fewer and more “normal”, the role of NEDLAC has dwindled, especially in the last five years).
- It contributed, through business-based organizations such as the National Business Initiative (NBI), to the socio-economic and developmental stability and success of the new South Africa (Eloff, 1999:333-5). Notable examples are the formation of Business Against Crime (BAC) in 1996 and the establishment of the R1bn Business Trust in 1999 - both in partnership with Government (cf. NBI, Annual Reports 1995/1996, 1997, 1999/2000 and 2002/2003).

The National Business Initiative (NBI)

Long before the CBM had been established, business leaders had founded the Urban Foundation (UF), shortly after the Soweto uprisings in 1976. Even though positioning itself as a development organisation, the UF was largely business funded and well supported by business leadership. In the late seventies and eighties, it played a crucial role in not only raising intellectual critique against apartheid, but also engaging in concrete programmes (such as housing and education) to improve the lives of ordinary (mostly black) South Africans (NBI, 2005:15).

After the democratic election in 1994, the CBM initially considered closing down, as its mission of facilitating a peaceful transition had been completed. But both business and government leaders felt strongly that “the expertise assembled in

the CBM was too valuable to lose. The same was true of the Urban Foundation” (NBI, 2005:17). Consequently, the two organisations were merged into the National Business Initiative for Growth, Development and Democracy. The new business organisation, often called business’ socio-economic delivery arm, was launched by President Nelson Mandela in March 1995, with the words: “There are many ways in which the special skills and know-how of the business community can help government to achieve its development objectives. The original thinking which has gone into the launch of the NBI is very much appreciated and I give it my unqualified support” (NBI, 2005:11).

In a foreword to a publication commemorating the first ten year of the NBI’s existence, former President Mandela sums up the work of the business organisation as follows:

“This book tells the story of ... the National Business Initiative. The NBI is not very well known, perhaps, to the wider public. In the true spirit of service, it has chosen to play its role quietly, in the background, and to let others take the credit. But the NBI and its work are well understood and appreciated at the highest levels of government, and in senior business circles, where its commitment to the national good and its ability to make a difference has been proven time and again over the past ten years..

“As these pages show, the NBI has demonstrated... how a small, focused, innovative organisation can act as a catalyst for change and sustainable development. Amongst the major interventions that it has helped to create are Business Against Crime, the Business Trust, and the Colleges Collaboration Fund. Having set up BAC and the BT on a sound footing the NBI wisely, and generously, allowed them to grow into independent national organisations which continue to make an important contribution to the country” (NBI, 2005:1).

Just as its predecessors, the NBI had the support of most of the large and medium sized companies in South Africa. The list of members closely corresponds with the Johannesburg Security Exchange (cf. NBI, Annual Reports between 1998 and 2004).

Business against Crime

It is, however, important to note that the business leadership of the NBI was even broader than that of the CBM. As stated above, two of its most important interventions were the establishment (and initial management) of Business Against Crime and the Business Trust. Fourie and Eloff (2005:43) describe the formation and activities of BAC, which was co-founded by the NBI and Business South Africa (the mandated national umbrella body of business organisations) as follows:

“In 1996 nearly 500 business leaders met at the World Trade Centre in Johannesburg to deliberate on how the private sector could contribute to the fight against crime in South Africa. Following intense dialogue with (then President) Nelson Mandela, a new organisation called Business Against Crime was established to partner with the government in dealing with this major threat to safety and security in the new democracy.... The NBI facilitated this process and served as the managing agency of BAC until the organisation was eventually set up as a separate legal entity. This new non-profit organisation provided support to many industry-specific responses to crime including those by the banking, tourism, computer and motor sectors. BAC also provided analysis, conceptualization and planning skills for the integration of the criminal justice system, including the required IT infrastructure, identification services and integrated case management (NBI, 1995/1996)”.¹

The Business Trust

Similarly, the Business Trust was co-founded by the NBI, the South African Foundation and the Black Business Council. Fourie and Eloff (2005:43) write: “In 1998 a grouping of business leaders and organisations cooperated to undertake intense discussions with the government on the challenges of economic growth and job creation. A firm foundation of the initiative was the broader concern among leading business people about unemployment. An important outcome of the dialogue was the formation of the R1-billion (\$125m – TE) Business Trust, a five year project designed to focus on the creation of jobs and building human capacity. An early key focus was to develop a stronger business approach to the international tourism marketing of the country, as a basis for sustainable job creation. The private sector worked with the public sector in appointing senior business representatives to the board of a restructured SA Tourism, developing a sophisticated market segmentation strategy and implementing a value-for-money business plan. By 2002, SA was the world’s fastest growing tourist destination, international tourist arrivals having increased by 20.2%....”.²

Both the Business Trust and BAC) are active partnerships between business and government. They are examples of how business can be involved in more than corporate social responsibility, for the good of the country – but also in its own (enlightened) interest.

From the RDP to GEAR

On the macro-economic and political fronts, from 1997 onwards, the socio-economic drive of the Reconstruction and Development Programme (RDP) made

¹ For a full account of the work and ongoing achievements of BAC, see NBI 2005:35-37, as well as the BAC website at www.bac.org.za.

² For a full account of the work and ongoing achievements of the Business Trust, see NBI 2005:37-43, the NBI’s Annual Reports from 1998-1999 to 2003-2004, as well as the Business Trust’s website at www.btrust.org.za.

way for a new Growth, Employment and Redistribution policy (GEAR). In hindsight, this was probably inevitable, as the waves of globalisation also swept over South Africa. The process by which it was done, was not without its problems (Gumede 2005:87-95). Some commentators, although acknowledging the fact that the new South Africa could not ignore the strong globalization trends, described GEAR as a “Thatcherite discourse of fiscal discipline and market forces”, while conceding its “refreshing non-dogmatism” (Adam *et al.* 1997:161). This move was, however, welcomed by business generally, as it was seen as being necessary to build the economy, so that jobs could be created and socio-economic development initiatives could be funded.

The voices of the mandated business organisations, such as the South African Chamber of Business (SACOB), the Afrikaanse Handelsinstituut (AHI), and the National African Federation of Commerce and Industry (NAFCOC) became more audible, with predictable calls for either privatisation (SACOB and AHI) or black economic empowerment (NAFCOC). Business unity was, however, still an elusive concept.

6. Business in the new South Africa (the second five years)

From GEAR to transformation and BEE

In the second five years after the democratic elections (2000-2004), another macro-economic change occurred. Even though GEAR was (and is), through a number of policies and in practice, still very much in place, it was after 1999 slowly but surely replaced politically by a new call to transformation and black economic empowerment. With the wave of sectoral charters on empowerment, business had to reconcile its core business (including global competitiveness) with the needs of the country in terms of empowerment and equity transformation. No single industry was able to shy away from this. This was complemented by legislation primarily in the form of the Black Economic Empowerment Act (Act 53 of 2003), as well as a host of other regulations.

The results of these efforts are mixed. In some industries, good examples of success can be given. In most others, there is either a sense of not (yet) enough or empowerment (enrichment) of only a few.

Business organisations

During this time, business has also succeeded in uniting its mandated organisations in one business organisation, Business Unity South Africa (BUSA). It is essentially a federal organisation, with the constituent parts (such as SACOB, AHI and NAFCOC) retaining a large degree of independence. Be that as it may, BUSA’s establishment indicates progress, although much remains to be done, especially at local level.

The business-based organisations like the NBI, the Business Trust and BAC have continued to play a facilitating and mobilizing role, in partnerships with government structures.

An important development in terms of business organisations was that the old-style South African Foundation was transformed to “Business Leadership SA”, under the dynamic leadership of Anglo American’s Michael Spicer.

It was also agreed between government and senior business leaders that the Business Trust (originally planned as a five-year project) should continue. In its second term (2004-2009) the Trust will support the drive to halve the unemployment rate by 2014 and have a direct impact on over 1 million South Africans through supporting the government’s expanded public works programme, investing in communities, and supporting enterprise development, in terms of business process outsourcing and programmes to catalyse investment into depressed communities (www.btrust.org.za).

The President’s Big Business Working Group

An interesting and significant development during this period (and emerging out of the formation of the Business Trust) is the establishment of the Presidential Big Business Working Group (BBWG). Through this formation, senior business leaders (about twenty in number) meet regularly with the President and key Ministers, to discuss policy and other strategic issues. This is a significant development, clearly signalling that government and business have become partners at the highest level. For instance, a joint press statement issued after a two day workshop of the BBWG in April 2003 stated:

“The purpose of the meeting was to explore how to accelerate the rate of growth and development in South Africa, and to ensure open and constructive communication between government and large corporations.

The representatives of the Big Business Working Group indicated that the group was broadly satisfied with government’s macroeconomic policies such as fiscal and monetary policy, and trade and industrial policy. While there are issues that will continue to be discussed and negotiated in the detail in actual implementation, there is broad agreement on the direction of macro-economic policy and micro-economic programmes.

Government and business agreed that the relationship between them had improved significantly, and the meeting was held in a very positive spirit. Both parties agreed that there was scope for deeper consultations on long-term strategies that could contribute effectively to raising the rate of growth, development and employment creation”.

The indaba was the first such comprehensive interaction between the President and government on the one hand and the Big Business Working Group on the other. It was agreed that the regular interactions that have been held in the past would continue, with a provision for such an intensive indaba at least once a year”.

(Big Business Working Group, 2003).

Business and ASGISA

During the last 18 months, another change has come about in the macro-socio-political landscape. Building on the preceding waves of the RDP, GEAR, Transformation, BEE and encouraged by the moderate success of good fiscal policy, the Government has engaged business, labour and civil society in embarking on the new Accelerated and Shared Growth Initiative for South Africa (AsgiSA), pushing for a sustainable 6% growth rate within the next three years.

Amongst the strategies is a focus on specific sectors of the economy. Two sectors have been identified so far for special priority attention: business process outsourcing (BPO) and tourism. A third sector, biofuels, is being finalised. What these industries have in common is that they are labour-intensive, rapidly growing sectors worldwide, suited to South African circumstances, and open to opportunities for Broad-Based Black Economic Empowerment (BBBEE) and small business development (cf. www.info.gov.za/asgisa).

This, together with the Joint Initiative on Priority Skills Acquisition (JIPSA), a subsidiary project of AsgiSA (of which the NBI is the cabinet appointed secretariat), marks a new challenge for business, but one it is more accustomed to. Delivery, growth, efficiency and effectiveness seem to be the new slogans. How business will respond to this remains to be seen, but first signs are positive.

The emergence of the “Developmental State”

During the last 18 months, yet another distinctive political-economical trend has become apparent. Even though South Africa should “formally and constitutionally” be described as a liberal democracy (Adam *et al.* 1997:83), more and more Presidential and government documentation argue for the need of a “developmental state”(cf.). The notion of a developmental state, in essence, calls for a stronger state (with a competent technical bureaucracy) alongside a market economy, with the market economy, mainly through taxation, forming the basis of the State’s intervention efforts on behalf of the poor (cf.). This is an important shift and one that business has not yet come to grips with. It could have major implications for the way business plans its future.

8. Conclusions

Business had by and large reacted slowly to the political change in the late eighties, but since then had been an active (and sometimes even enthusiastic)

social partner in the building of the new South Africa. This applies to both individual companies and mandated business organisations. Their role was amply supported by business based and funded organisations such as the CBM, the NBI, BAC and the Business Trust. Having come through both the political and the start of the socio-economic transformation, business can probably look forward to a period of growth and cooperation, especially if the AsgiSA initiative were to be successful. One condition is that it would have to understand and factor into its own strategies, the concept of the developmental state.

Lessons learnt from business' role in the transition

There are a number of lessons to be learnt from the period 1990-2005:

- The importance of business leadership: without that business would not have been able to play the role it had
- The imperative of reciprocal political leadership: without an atypical political response (from all major parties) to business' initiatives, progress in the transition may have been much slower
- The recognition and utilization of the power of the collective, especially through business-funded organisations (during the transition) and mandated business organisations (in a more "normal" situation)
- The importance of building responsive business-based and business-funded institutions (such as the UF, the CBM and the NBI)
- The truth that role of business could (and should) go beyond projects, and come to systems change and policy impact (for example, in the work of the UF, the NBI, BAC and the Business Trust)
- The importance of building trust and relations between all stakeholders
- The limitations of business coalitions should be recognized, as not having "real" political or economic power, but whose strengths lie more in facilitation, persuading and convincing

(Fourie and Eloff, 2005:47).

Fourie and Eloff (2005:46-47) conclude:

"A reflection on the lessons from the role of the business sector in the South African transition process confirms the imperative of business leadership, political leadership, relationship building and the need for responsive institutions... There is an opportunity for the private sector to impact on public policy and achieve systems change in a way that will benefit the broader society and simultaneously improve the business environment. A better business environment in the form of good social, economic and physical infrastructure represents potential direct business benefits... A better educated workforce, less crime and violence, improved housing conditions and stronger social cohesion can also reduce the cost and risk of doing business and thus improve the competitiveness of corporations".

Although the business sector will never be the unified and cohesive force that other sectors of society often suspect it to be, it must surely be in the interest of major corporations to develop the ability to think and act more consciously as a business “community”. Indeed, Bernstein, Berger and Godsell (1998) argued that the business community needs to become a more self-conscious actor in engaging the state and broader society. This is also true of South African business in the next decade.

The last word in closing the chapter on business’ role in the last decade belongs to former President Mandela (with his typical shrewd diplomacy):

“The contribution of the business sector to South Africa, through the work of the NBI, other business organisations, and individual companies, has been significant. But a new decade brings with it new challenges, as well as new opportunities. I am sure, given its past record, that business, and business leadership, will not be slow to come forward, with ideas, expertise and resources, to play their part in making South Africa a great place to live. Learn, to work and do business” (NBI. 2005:1).

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