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# HUMAN RESOURCE *Management*

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EMPLOYEES IN  
TRANSITION

DEPOLITICISING  
THE WORKPLACE

CULTURE OF  
ALIGNMENT

CREATING A CULTURE OF ENTERPRISE



# Employees in transition: business can make a difference

*Excellence in human resource management is to be found in caring about our employees and helping them to understand and cope with the challenges of living in as country in transition.*

*Neal Chapman is chief executive of Southern Life and last year's recipient of the Human Resource Award of Excellence. He was the guest speaker at this year's award banquet.*

**H**uman nature has survived the millennia without changing its characteristics since the earliest writings known to us today.

The fundamentals that drive homo sapiens remain unchanged even though management consultants and the writers of a plethora of books keep finding new techniques to motivate, inspire and raise the performance of people and companies.

Our needs in the workplace continue to be:

- ◆ tell me what you expect of me,
- ◆ give me authority to do the job,
- ◆ give me the tools that I need be they resources or training,
- ◆ let me know how am I doing, and
- ◆ reward me according to my performance.

No-one need reminding about these fundamentals. However, of equal importance are the things outside of the job itself based on the reality that no man is an island. Also that no family, no business and no country is an island.

What are the stresses of our environment and what needs warrant special attention - not only from those in human resources but also from chief executives.

Early in 1990 Helmut Kohl, Chancellor of Germany, welcomed almost euphorically the demise of communist oppression, the collapse of the iron curtain and said that we were entering a new era of freedom, a freedom which would bring to hundreds of millions of people the right to vote and to participate in democracy, a right to demonstrate, enjoy freedom of

speech.

Whilst he was focusing on Eastern Europe, his thoughts extended to Southern Africa and forecast that it would, over time, extend to China.

In 1991 Prof Schwab of the World Economic Forum warned the world of the dangers of ethnicity and forecast the ethnic wars which are surfacing in so many parts of the world.

In 1992 Prince Charles warned that unless the world gave attention to the desperate poverty and deprivation of hundreds of millions of people in Asia and Africa, crime, violence and First World Third World tensions would reach intolerable levels.

In the 18th century, Edmond Burke wrote: "People crushed by law have no hopes but from power. If laws are their enemies, they will be enemies to laws; and those who have much to hope and nothing to lose, will always be dangerous."

Out of this arises two points.

## Fellow travellers

Firstly, there is nothing unique about the South African situation and, secondly, it is just so important that we understand that violence, trauma, uncertainty, chaos and confusion are natural fellow travellers when fundamental change is underway.

The structures of the past are being dismantled and the structures that are to replace them have yet to be built.

Helmut Kohl was right for we are seeking to build a country which is based upon democracy, human rights and the dignity of man but, human nature being what it is, the jostle for power, the desperation that flows from hunger, homelessness, joblessness and Edmond Burke's quotation "... those who have much to hope and nothing to lose would also be dangerous" are all part of our scene.

The trauma of change is around us all and that must surely mean that the busi-





ness of business is more than business.

As we all know, a great many businessmen simply refused to obey the command given so aggressively by former heads of state that business should stick to business and thank goodness for that.

But right now, circumstances are such as to demand of all of us that we look at the needs of our employees in a much wider sense.

If we are to seek and achieve excellence in our relationships with the people in our companies over the next twelve months then we need to accept that it is going to be what we communicate, how we educate and what we do to work at bringing the future South Africa into our companies.

### Knife edge

I believe in the long-term future of South Africa but I am apprehensive in the short-term. It would not be an exaggeration to say that we are on a knife edge if we are to avoid ethnic violence getting beyond the point of no return and we are on a knife edge as to whether the election results in another Angola.

The negotiators have made truly remarkable progress but it is one thing to reach agreement and compromises at the World Trade Centre but it is quite another for the leaders to carry their constituencies.

Business leaders have a duty to communicate and educate the work force in regard to the meaning of democracy, the need for an election, where to vote and when to vote, how to obtain the necessary documents, what is meant by a secret ballot and the importance of an election which is not only fair and free but seen to be free and representative of the will of the people - in other words, a high enough poll.

The employee bodies, Sacob, die Handelsinstituut, SACCOLA and the CBM are putting guidelines together but we need to turn them into effective action.

We have a ratio of at least ten dependants to every breadwinner and if you multiply our employees by ten

the reach of business becomes significant.

In other words, we need to educate our people to make it possible for them to educate their extended families and circles of influence. Most of the people in this country are illiterate, most of them have never voted, most of them are being subjected to pressure groups.

Business can make a difference.

There is another area of great need within our companies. Parliament has removed laws dealing with discrimination and has blessed the introduction of a transitional executive committee, elections are around the corner but work remains to be done within our companies if we are to deal with the baggage and the inheritance of a polarised society and the rule of colour.

### Lifetime of conditioning

Affirmative action programmes are underway in most companies but this in itself is not enough - greater understanding of each other, fuller appreciation of the different circumstances of life as between townships and suburbs create a need for dealing with a 'lifetime of conditioning.'

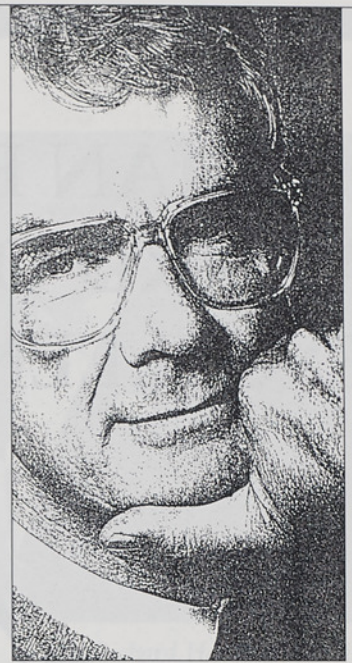
Conscious effort and a considerable investment of time by management is therefore needed. Management, in turn, will require the support and expertise of human resources.

The stresses and pressures being encountered by our employees are enormous and range from hunger to trauma, from fear to apprehension. 'Employee care' goes beyond the factory floor and the office desk.

I cannot overemphasise how vital it is for all to look at the counselling needs and the support needs of our people.

All of this adds up to a final message - excellence in human resource management is to be found in caring about our employees and helping them to understand and cope with the challenges of living in a country in transition.

If we do this well, business will have made a significant contribution to the creation of a better South Africa. □



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# Creating a culture of enterprise

*Growth cannot be produced by simply shoving extra inputs into an economy; without the motive force of profit to galvanise entrepreneurs the inputs will not be utilised in an innovative and efficient way which will add value.*

Mr Julian Ogilvie Thompson is chief executive of Anglo American Corporation. He recently opened the annual convention of the South African Chamber of Business in Cape Town.



**T**he normalisation of our economic standing internationally following the long awaited lifting of sanctions and the preparations being made for democratic elections and joint decision making mark the rebirth of South Africa as a full and independent member of the community of nations.

From now on, we are on our own, shaping our own destiny without needing to apologise, make excuses or seek special favours for ourselves. For the world's priorities and interests are changing as it faces up to the challenges of the next century and South Africa will not command the attention of the global community as it may have done in the past.

We will have to rely on our own resources to find the solutions to the many problems we face. As a country we have some very important choices to make and it is vital that we get them right.

Absolutely indispensable to getting things right, politically and economically, is the creation of a culture of enterprise in South Africa reflecting the values of hard work, individual initiative and honesty. Our country desperately needs people motivated by a spirit of enterprise rather than one of entitlement, setting out to make more of themselves rather than demanding what they feel they are owed by others. Positive attitudes of this kind can be reinforced by a constitution and a Bill of Rights which create opportunities not expectations.

Democracy brings new freedoms but no state agency can guarantee their delivery - that is the duty of an active, enterprising citizenry, vigilant in defence of their political rights and committed to realising their economic freedoms themselves. The rule of law, together with the traditional civil liberties such as freedom of speech plus an

unfettered property right are the essential underpinnings of the free, just and prospering society.

We all have great sympathy for the understandable aspirations of the underprivileged but the cost of promoting further well meant socio-economic objectives to the status of fundamental rights will be to dilute these core freedoms to the lasting detriment of all.

South Africa today contains evidence that both the culture of enterprise and the culture of entitlement are growing. Which of the two comes to dominate depends very much on the ability of the free market to provide meaningful economic opportunities for those previously excluded from the system.

This is already happening in dramatic ways as the growth in informal sector activity confirms but it needs to be accelerated and deepened.

The private sector is a term which is often taken to mean the established business community in the South African debate. This is, of course, an important element but it is far greater than that. It embraces all the diverse economic activity which takes place outside of the state.

Everyone who participates in this - managers, workers, traders, manufacturers, farmers, miners, consumers, hawkers, service providers - contributes in some way to the process of wealth creation on which the prosperity and welfare of the entire society depends. And it is only the private sector of the economy which is free to allocate resources and respond to market signals in ways no government can, that is able to create employment and incomes on the scale our country requires.

But this is not an automatic process. A vibrant, dynamic private sector takes active nurturing for it can be incapacitated all too easily. For South Africa, an expanding, confident private sector is a national asset, not just a sectional interest as some would seem to think.



*In a world of increasingly mobile capital and multinational corporations, the successful countries are those which exhibit 'good governance,' providing the political and economic stability in which investors can earn rewards commensurate with the risks taken.*

The requirements for a successful economy and thriving private sector are well known by now and are being applied with clear results in reforming countries around the world. Countries with legacies of division, poverty and repression at least as great as our own, are also following the recipe for economic success.

This proves that those who argue that there are special cases where past injustice demands the suspension of economic laws will only jeopardise the future advance of those they are supposedly trying to assist.

In a world of increasingly mobile capital and multinational corporations, the successful countries are those which exhibit 'good governance,' providing the political and economic stability in which investors can earn rewards commensurate with the risks taken.

#### International business club

In this regard, South Africa needs to become part of the international business club. This means demonstrating both locally and on an international front that South Africa offers sound investment opportunities and has the policies which will help its own companies prosper and undertake successful projects here and around the world.

Such policies would also woo foreign investment without which satisfactory long-term growth and development is impossible. For what foreign investors want is no different from what the rest of the private sector needs.

This simply means the unequivocal rejection of nationalisation, the entrenchment of property rights, disciplined public spending, a commitment to privatisation and lower trade barriers, a wage policy linked to productivity, an end to violence and free and fair elections in April and thereafter.

I want to add one more requirement and that is the maintenance of clear standards of honesty and accountability, reinforced by a sharp delineation between the private and public sectors to prevent corruption and political interference in business decisions.

At one level, the emerging consensus in the national economic debate reflects such understanding. But at others, support for the more market friendly approach this entails does not seem to have filtered through into thinking what this will mean in practice.

Much of the welcome pragmatism which signals the concrete gains of the dialogue is offset by references to investment codes, loaded with well-meaning but ultimately stifling conditions, the need for a large bureaucracy to plan economic development and other control policies redolent of an enduring regulatory mindset.

Mixed signals of this kind are bewildering and can be very dangerous. This point was well made in a speech by the deputy director of the Malaysian Industrial Development Society to an international conference on foreign direct investment policies in Africa held in Botswana in 1992.

Malaysia is a country with many interesting parallels to our own situation. In a forthright address he highlighted government attitude as fundamental to the success with which developing countries could attract and retain foreign investment.

This was the real test as far as he was concerned, not because he saw foreign investment per se as the salvation but because by creating an environment attractive enough for foreign investors, a country would simultaneously be creating a context of growth for the whole private sector.

It is critical that: "All government officials who will come at one point or another into contact with the foreign investor must be briefed that these foreigners are bringing great benefits to our nation.

"Of course they seek profits but the fact that they choose our country as opposed to other countries is a factor in our favour for they create employment, increase foreign exchange earnings, create multiplier effects and so on that will all lead to increased prosperity for the nation."

His is a government which clearly understands what motivates investment and which fashions its policies and national attitudes accordingly.

Another factor which the Malaysian speaker identified and which is currently the subject of debate here, is that of an internationally competitive wage rate. The point is not whether wages should be low or high but whether they are such that South African goods can command the kind of prices internationally to compete successfully with the same goods produced by other countries.

This is not a problem South Africa alone faces. Germany, a country which previously enjoyed the reputation of having the world's most productive, highly skilled



workforce, now faces such uncompetitive labour costs that even its own German companies are relocating to other countries where they can produce the same high quality 'German' goods at more affordable prices.

Not even German levels of output could sustain the high cost of labour, inflated by overambitious social benefits. In today's global markets, there are few, if any, areas of production which can be regarded as the preserve of a particular country or which in and of themselves can sustain wage rates which are not linked to international productivity. If, as they used to say about socialism, the Germans cannot do it, it cannot be done!

### Productivity gains drive wage gains

The logic is inescapable - productivity gains drive wage gains and not the other way round. Once again, the example of Malaysia is instructive. Hot on the heels of the successful Asian Tigers, the Malaysian workforce is busy transforming itself through its own success. Foreign companies which previously were attracted by the country's low wages, are now moving into hi-tech fields serviced by the new generation of highly skilled, highly productive Malaysian workers.

Education and the acquisition of more productive skills are fundamentally important but as a means to adding greater value, not ends in themselves demanding their own reward. We must not fall into the trap of putting the cart before the horse.

It is only by adding value that wealth is created, ensuring a surplus, part of which is distributed in the form of higher wages.

It is encouraging to note in the more reflective contributions to the local debate, a willingness to see the wage issue in its wider context. For the challenge we all face is to find ways of working smarter and cheaper. These are among the issues being addressed in the National Economic Forum.

This then is the challenge South Africa faces on its return to the tough world of international competition. The business community is ready and willing to play its part in helping the country rise to meet this challenge.

The contribution of business to a changing South Africa goes far beyond the sometimes almost heroic task of simply keeping the wheels of commerce, industry and

mining turning.

I sometimes wonder how long some of those who criticise business for not having done "enough" would have lasted if given the job of trying to run an enterprise in the economically depressed and politically uncertain times we faced during the 1980's and early 1990's.

How well would they have done running a business in the country's longest recession, managing a workforce reflecting all the divisions and tensions of the wider community, denied access to foreign markets and investment, dealing with forceful trade unions and politically motivated work stayaways, controlling costs and competitiveness in an inflationary climate - doing all this and still making a profit?

Yet, individual businessmen across South Africa have managed to do this and more. The business community has played an important part in helping to manage a difficult transition by addressing the conflicts that divide our society and that are the source of so much of the tragic and senseless violence we see today.

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Some of this work has made national headlines, notably the leadership role played by businessmen in the National Peace Accord and local development initiatives. But very much more has been achieved simply by people working quietly and consistently to settle disputes, calm fears and build trust within the workforce and the wider community.

At all levels in our society, business figures have been involved in trying to secure the conditions in which peace and democracy can take root.

Business has also made an important contribution through its corporate social investment, an area in which many companies have a long and successful history of helping others to help themselves. By international standards South Africa has an unusually large "voluntary sector."

All told, charitable, welfare and development work by independent agencies represents 2,3 per cent of GNP in the United States; in South Africa the contribution is double that (4,7 per cent) and the vast majority of this effort is funded by individual and corporate giving.

Mention should also be made of the part businessmen have played in the national debate, both as facilitators and participants. I mention all of this not in a spirit of complacency or self-congratulation but rather to suggest that whilst we all need to try harder and to meet new challenges imaginatively, that must be balanced with what is pragmatic and attainable.

### **Black economic empowerment**

One area where business has not done enough is the field of black economic empowerment. Beyond the question of small business promotion, where I believe some considerable progress is being made, are the much harder issues of enabling the hitherto disadvantaged to play a much more central role in management and in the ownership and control of medium and large businesses.

We are under a great deal of pressure to perform in these areas and I can firmly predict that pressures will grow even greater.

In the absence often of capital and the requisite depth of skills, constructing sound commercially based empowerment schemes is very difficult indeed. There is enthusiasm and raw entrepreneurial talent aplenty but this on its own is not enough if we are to forge new partnerships for wealth

creation.

It will require great commitment, imagination and effort from all interested parties to produce sustainable deals in this area.

Similarly, in the field of employment equity there are no easy answers: the international experience holds abundant evidence that many efforts in this area can turn out to be discriminatory, divisive and counterproductive.

Many companies have committed considerable energy and resources towards identifying training and developing potential future high level manpower from sectors of society previously denied access.

In some areas, good progress has been made but in other, despite the best efforts of those involved, the results have been disappointing. There are real obstacles to be overcome but all of us in business are simply going to have to do more, for progress in this area is essential if we are to operate credibly and successfully in the future South Africa.

For the reality we face is that black South Africans are heavily under-represented in the economic mainstream for reasons that include a long history of active discrimination, poor education and the denial of even the most basic economic freedoms.

South African business now needs to help people of talent to break into the economic system and, through their efforts and hard work, rise in the business world.

I would not presume to be prescriptive about how best to achieve such an outcome, observing only that such measures should fit into the broader framework of the policies for prosperity outlined above.

South Africa has embarked upon a brave national endeavour of forging a successful, prospering democracy. This will take hard work, initiative and vision from everyone. In recent years we have seen examples of remarkable courage and commitment as ordinary South Africans have faced up to the challenge of change.

This is evidence of the growing spirit of enterprise on which our future depends. It falls to us as business leaders to strengthen that culture of enterprise by helping build a stronger economy to spread the benefits of economic success more equitably.

This is our first duty and the best contribution we can make to building a better future. □