

Setting The Global Agenda For Ubuntu Capitalism

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Within the space of a decade, South African Business has moved from being pariah of the world to leader in the global corporate responsibility movement. But significant progress has also been made by the private sector in another dimension and we are increasingly seeing the potential for South Africa to shape a new agenda for capitalism. We call this new form of capitalism ubuntu capatilism, and it has seven dimensions...

1) Legal Reform

In 1996, human rights, sustainable development and corporate transparency became enshrined in South Africa’s Constitution, and embedded some of the most progressive legislation on socio-economic and environmental development in the world.

The wave of reform in South Africa has resulted in brand-new statutes on ecological responsibility (the National Environmental Management Act), occupational health and safety (the Mine Health and Safety Act), investment in human capital (the Employment Equity Act), governance (the Promotion of Access to Information Act), ethics (the Prevention and Combating of Corrupt Activities Act) and socioeconomic development (the Broad-based Black Economic Empowerment Act).

Our integrated sustainable development model can resolve conflicts between environmental, social development and economic growth

Through its legal framework, South Africa is showing that conflicts between environmental conservation, social development and economic growth can be resolved by adopting a new model of integrated sustainable development. In the next ten years we can expect to see:

- Civil society demonstrate increasingly healthy activism to bring about environmental and social justice
- Government continue to enact and refine progressive legislation and enhance its enforcement capacity
- Business become the primary vehicle for ensuring that integrated sustainable development is delivered

2) Corporate Governance

South Africa’s 1994 King Report on Corporate Governance was the first governance code in the world to stress the importance of wider stakeholder interests beyond narrow shareholder demands. The revised King II Report in 2002 included a whole chapter on sustainability reporting, including extensive referencing to leading-edge international standards.

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The King II requirement that “every company should report at least annually on the nature and extent of its social, transformation, ethical, safety, health and environmental management policies and practices” has already paid dividends. Surveys by KPMG show that 85 percent of South Africa’s top 100 listed companies in 2003 were reporting on sustainability-related issues, compared with only 48 percent in 1997. The JSE Securities Exchange has also made compliance with King II a listing requirement.

South Africa’s progressive legislation is therefore backed up by a voluntary corporate code that contains all the elements of world-class sustainable business, combined with national relevance. In the next ten years, we can expect:

- Top companies to achieve full compliance with King II, proving that they have among the best corporate governance practices in the world
- The influence of South Africa’s corporate governance agenda to spread throughout Africa, contributing to the African Renaissance
- Civil society begin to employ the underlying principle of transparency to uphold their constitutional rights

3) Socially Responsible Investment

South Africa has the dubious honour of having been a major catalyst for the birth of Socially Responsible Investment (SRI) in the Eighties, as international investors began screening funds to ensure that they were not inadvertently supporting apartheid. However, in 1992 Labour launched the Community Growth Fund, marking South Africa’s entry into the SRI fund market as a constructive player in a new era.

Ten years later there are more than 20 SRI funds nationally, almost all using a screening approach to bring about constructive change. For example, some funds donate a portion of their fees to various causes, such as addressing the plight of rural women, while others based on the Muslim principles of the Sharia will not invest in com-

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panies involved in alcohol, tobacco or gambling. In 2002, legal and consulting firm Edward Nathan & Friedland added to the momentum by launching its Sustainability Index, which ranks the top 40 listed companies based on sustainability criteria.

In May 2004, the JSE Securities Exchange launched its tradable SRI Index, the first in an emerging market. In the first year 51 companies met the criteria based on the triple bottom line approach (of environmental, social and economic sustainability) underscored by good corporate governance. Included in these were 17 JSE MidCap and three SmallCap companies, showing that, in South Africa, sustainable business is not just a large company phenomenon. Already, about 55 percent of South Africa's top companies claim that their corporate citizenship activities are motivated by SRI Indexes. In the next ten years, we can expect:

- South Africa to attract significant international investment through its alignment with global SRI funds and sustainability indexes
- The JSE SRI Index to become a benchmark for all emerging markets
- A "race to the top" by companies competing for good rankings on SRI indexes

4) HIV/Aids Response

HIV/Aids may be the single biggest threat facing South Africa over the next ten years. Clem Sunter makes the point that unless we declare full-scale war against the disease, we will face a catastrophe. However, recent responses by leading companies show that it is a battle that corporate South Africa is both willing to fight and determined to win.

One of the organisations marshalling the troops is the voluntarily organised South African Business Coalition on HIV/Aids (Sabcoha),

which has played a leading role in drafting the Global Reporting Initiative's Reporting Guidelines on HIV/Aids. In May 2004, Sabcoha launched a toolkit that aims to help small and medium businesses curb the spread of HIV/Aids and manage its consequences.

The war on HIV/Aids is a battle that corporate South Africa is both willing to fight and determined to win

Anglo American also showed itself to be a global pioneer when, in August 2002, management announced that it would make anti-retroviral therapy available at company expense to HIV-positive employees. Other large companies have since followed their courageous example. In the next ten years, we can expect:

- The vast majority of companies to have developed HIV/Aids policies and programmes to address the disease in the workplace
- Progressive South African businesses to continue taking the world lead in developing and sharing solutions for combating the disease
- Significant turnaround statistics showing the spread of Aids in Southern Africa being halted and reversed, thereby giving hope to the rest of the continent and the world

5) Niche Excellence

Far from having to play "catch-up" with developed countries, South Africa often has the ability to leapfrog industrialised nations. For example, Sasol has a range of world-class technological innovations that simultaneously deliver social and environmental



ubuntu capitalism presupposes broad, open debate

benefits, such as its unique Fischer-Tropps gas-to-liquids conversion process.

Spier Wine Estate, has become a global role-model for the integration of economic, social and environmental considerations in their business management. This includes restoring historical buildings, organic farming, an eco-friendly hotel and an eco-village for the community, a Waldorf school, a share-ownership scheme to empower workers and an amphitheatre for staging artistic talent.

Non-profit initiatives are also pushing the boundaries. Collect-A-Can, in its first year of operation in 1993, achieved a 25 percent recovery of the total output of cans in South Africa. Today, Southern Africa ranks among the best in the world in can recovery. Over 37 000 people earn or supplement their income through can collection and more than R270m has been paid to collectors in the last ten years. In the next ten years, we can expect:

- South Africa to become a hotbed for social and environmental entrepreneurship
- South African multinationals to be increasingly recognised for global best practices in social and ecological design
- Certain niche sectors in South Africa, such as organic farming and catalytic converter manufacturing, to become global centres of excellence

6) Partnership Model

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The private sector has proven willing and able to engage in broad partnerships to bring about social transformation. Examples include the Urban Foundation, formed by business leaders after the 1976 Soweto uprising, and the Consultative Business Movement, formed in the late Eighties to help bring about a peaceful negotiated settlement. The achievements of an organisation such as Business Against Crime are indicative of the power of South Africa's partnership approach. [See Chapter 14]

South Africa has also shown its unique skill in facilitating dialogue on the international agenda, from hosting the international HIV/Aids Convention and the World Summit on Sustainable Development, to our role in the African Union, the Non-Aligned Movement and the G-77 countries. Indeed, one of the themes that South Africa embedded at the 2002 World Summit was the critical role of partnerships in addressing sustainable development. In the next ten years, we can expect:

- Companies helping Government to address the Millennium Development Goals
- Business continuing to forge new and innovative public-private partnerships to achieve social ends
- South Africa, especially top executives, increasingly playing a role in brokering key global bridge-building initiatives

7) Values-Based Philosophy

Along with BEE, the value-based philosophy of ubuntu has begun transforming corporate culture towards a more inclusive, participative and integrity-based style. Indeed the King Report is unique in the world in the way it emphasises to directors the importance of embedding ubuntu as the underlying governance ethic of their organisations.

Ubuntu reflects the African proverb which means "a person is a person through other people" or "I am because we are". This community-oriented spirit stands in sharp contrast to the individualistic creed (and greed) that has fuelled the American brand of capitalism and which underpins much of the current anti-globalisation and anti-corporate sentiment.

South Africa is forging a new model of capitalism, transcending the divisions between the First and Third Worlds and bringing the soul back into the workplace

South African business is in fact forging a new model of capitalism, transcending the divisions between the First and Third Worlds, integrating economic, social and environmental goals, balancing shareholder with stakeholder returns and bringing the soul back into the workplace. There is a sense that South Africa is a country of miracles, where nothing is impossible and dreams do come true. *

In the next ten years, we can expect:

- Companies to find new ways to express ubuntu in the workplace
- South Africans to be regarded as business pioneers in embedding responsible, ethical and sustainable practices in their culture
- South Africa to take the lead in shaping a new model of free enterprise, one which may even become known as ubuntu capitalism

We Have Much To Teach

Across a range of issues, South Africa has laid the platform for some truly remarkable achievements in the coming decade.

I fully expect that in the next ten years, South African Business will be heralded as a global leader in all of the areas I've highlighted, and that we may indeed be instrumental in writing a new chapter in the story of capitalism. This may yet prove to be our most significant legacy for the world and its people. □



*the value-based philosophy of ubuntu
is transforming corporate culture*