MANUFACTURING — LABOUR

1992

Textile workers are retrenched

W/Mail 3/1/-9/1/92

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By FERIAL HAFFAJEE

A NASTY Christmas present awaited many clothing and textile workers.

Over the holiday period, 7 000 workers in Natal and almost three hundred in Cape Town were retrenched.

The recession has bitten deep in the clothing and textile industry with more than 10 000 jobs lost in the past year alone. And with economists predicting that the recession will not ease until at least the second quarter of this year, unionists are worried that more jobs could be lost in the new year.

South African Clothing and Textile Workers' Union (Sactwu) representative Elias Banda said three big companies in Durban had informed the union that they would close at the end of the year.

At Scotford Mills, the biggest employer in Ladysmith, more than 2 000 workers lost their jobs. And at the Frame Group, 900 workers lost their jobs, while the closure of Hebox in Hammardale, near Maritzburg made a further 1 000 workers redundant. A thousand shoe factory workers were also retrenched when factories closed for Christmas, according to Sactwu.

The giant Kingsgate Clothing company in Durban shed 600 workers to deal with the sharp drop in clothing sales, said company representative Bobby Logue.

Banda also said that many Natal workers will lose their jobs through cost-cutting measures in QwaQwa and border industries on the Natal North Coast.

In the Western Cape, one of the region's major employers, Rex Trueform, announced plans to shut down two plants in Atlantis and Wynberg near Cape Town.

Hebox deal saves 600 jobs

JONO WATERS (181)

ABOUT 600 jobs have been saved by the acquisition of Hebox Textiles at Hammarsdale by German textile industrialist Claas Daun.

Financial details of the deal were not disclosed. B/Day 10/1/92

The holding company, Natal-based Tongaat-Hulett, decided to close the factory last November after it had made an "unacceptable loss".

The mill closed on December 20 and 1 000 employees were made redundant.

Former Hebox Textiles MD Mark Perrings would assume the position of CE in the newly reconstituted operation presently in the process of re-employing 600 people, a statement said yesterday.

The takeover would also benefit the local cotton industry where producers and manufacturers are in dire straits.

Daun, who is resident in Germany, also has interests in the Morkel Group, Total Sports, Courthiel and Table Bay Spinners.

The mill had been running at 60% capacity after import liberalisation in the textile industry had seen imports of cloth treble in the last three years.

Far East exporters had supplied local importers with denim at one third of the local cost and Hebox, which accounts for 50% of local production, found its operation had become unprofitable.

LABOUR: *Unions and employers pull together ...*

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Textile industry sews up new restructuring deal

W/Mail 17/11 - 23/1/92

A ground-breaking deal to restructure the ailing textile and clothing sectors also heals rifts among employers, reports **DREW FORREST**

IN A decisive step towards industrial co-determination, employers and organised labour have clinched a deal aimed at securing growth and stemming job cuts in the recession-hit clothing and textile sectors.

The plan — South Africa's first industrial restructuring agreement involving labour — will now go to cabinet for a decision. Trade and Industry Minister Org Marais is known to favour the agreed approach.

"We see it as the first step in securing a role for the union movement in macro-economic decision-making. It complements the Congress of South African Trade Unions' demand for a role in broader economic restructuring," said South African Clothing and Textile Workers' Union (Sactwu) assistant general secretary Ebrahim Patel.

Ebrahim Patel

Agreed in the "working group" on clothing and textiles set up to advise the government last year, the plan entails an initial, transitional phase which seeks to limit the damaging effect of cheap textile and clothing imports, largely from the East, by means of a tariff quota system.

This would permit imports at current rates of duty in quantities agreed by the various sectors, with imports above the agreed quantities being permitted at higher duties.

In phase two, the industry will formulate a long-term growth plan to make it more competitive internationally and a larger employer.

From agriculture through to retailing, the industry "pipeline" employs some 500 000 workers — although it has shed 20 000 in the past 18 months. The intention is to stem the loss of a further 12 000 and create 30 000 new jobs.

Agreed by Sactwu and employers in the cotton-growing, spinning, knitting, textile and furniture industries, as well as clothing retailers, the agreement has healed an ancient breach in employer ranks.

Textile and clothing employers have been at odds for years over tariff protection. It is understood that Sactwu played a constructive role in bringing together these historic antagonists.

Cosatu and employers will next week resume talks on the creation of a macro-economic negotiating forum, but the Sactwu deal bears out predictions that progress towards joint policy-making is likely to be most rapid at industry level.

Restructuring talks in some form are also under way in the metal, motor assembly and mining industries.

HOPE BUT NO QUICK FIX IN PROPOSALS TO ALTER THE FACE OF TEXTILE AND CLOTHING INDUSTRIES

Major plan to save W Cape jobs

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S Times (CM) 19/1/92

By CHRIS CAIRNCROSS

A MAJOR plan to save jobs in the clothing and textile industry will come too late for thousands of workers who have been forced out by factory cut-backs and closures.

The two-year plan to save 12 000 jobs and create 30 000 more was presented to the Minister of Trade and Industry, Dr Org Marais, on Tuesday.

But the plan is long-term and offers no immediate solutions — so for the thousands of Western Cape workers who have lost their jobs in the past year or have been placed on short time there will be no respite from the battle to feed their families.

The industry had pinned its hopes on the retail sector achieving good sales over Christmas to make up for poor trading during the year — but consumer spending was markedly down on previous seasons and will undoubtedly affect jobs.

Industry sources have confirmed that they expect a growing number of workers to be put on short time in the first six months of the year.

More than 15 000 workers lost their jobs at textile and clothing factories in the Western Cape last year. At least 9 000 of these job losses were retrenchments, most of them associated with factory closures.

The two-pronged plan submitted to Mr Marais on Tuesday is a long-term programme — it is not designed to bring immediate solutions.

It offers hope in that it could be the first blueprint to provide a successful means of overcoming sectional interests, which have led continually to confrontations and have undermined the interests of all sectors of the industry.

The plan, for the first time in the industry, was put together jointly by key role players — representatives of the textile and clothing industries and of the SA Clothing and Textile Workers' Union.

Also party to the negotiations were cotton farmers and the distributive trade.

The plan proposes an initial two-year transitional phase to stabilise the industry and a longer-term programme of growth that is to be put together by March 1993.

It entails controlling disruptive imports and increasing exports.

Because of the apparent consensus achieved by the manufacturers and the union, the plan is the first really positive step in a major process of restructuring that will bring greater stability to the sector.

One of the programme's objectives is to reverse the increasing loss of jobs.

It envisages creating 30 000 more jobs in the longer term while saving 12 000 in the short term.

The programme — if implemented — will offer a ray of hope, particularly for the Western Cape's clothing and textile industry which, with a workforce of about 56 000, has been one of the region's main sources of employment.

There are no accurate figures for the number of unemployed or workers on short time.

The chairman of the Cape Clothing Manufacturers Association, Mr Simon Jocum, noted that the situation might have been far worse but for the cushion provided by exports. These have enabled factories to keep working, although at reduced levels.

B/Day 22/1/92

Taxman in the wings

ONLY one month is left in which companies and their employees can make use of tax-free educational benefits.

With effect from March 1 1992, companies will no longer receive tax exemptions and employees will have to pay fringe benefits tax on many educational bursaries and grants.

112 000 jobs lost in four major sectors

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S/Times (Buss) 26/1/92

By ADRIAN HERSCH

MORE than 112 000 jobs were lost in four major sectors last year.

The Chamber of Mines reports a loss of 43 300 jobs at gold mines and 4 400 in coal.

Chamber spokesman Peter Bunkell says not all job losses were caused by retrenchment. Natural attrition also occurred.

Mr Bunkell says it is difficult to speculate about employment this year.

"Cost cutting has been effective. We want to preserve as many jobs as possible, but we have no control over the gold price."

The steel and engineering industry shed 3 393 jobs in December — the highest monthly figure in more than three years.

This took the total loss of jobs in the industry for the year to 34 325.

Exports

Steel and Engineering Industries Federation (Seifsa) economics head Michael McDonald foresees last year's high lay-off rate in the industry continuing until at least the end of March.

The rate could begin to slow in the second quarter.

"New jobs, if there are to be any this year, should only arise in the second half."

Mr McDonald says exports have increased and he expects the trend to continue.

"It is encouraging that export incentives seem to be working, particularly for fully manufactured products. But these operations are largely capital intensive and, in any case, there is still excess capacity."

Employment in the industry is about 345 000 compared with a peak of 454 000 in November 1981.

The building industry shed about 20 000 positions in 1991 and now employs about 235 000 people.

Building Industries Federation of South Africa (Bifsa) executive director Neil Fraser does not expect either a large loss or gain in jobs this year.

"We will bump along the bottom for the first three quarters, but there should be an improvement in the last quarter."

Aaron Searll, who served on the working committee that recently devised a strategy to develop the clothing and textile industries, says employment in both sectors is 255 000.

About 10 000 jobs were lost in clothing and textiles in 1991.

Dr Searll says retrenchments will continue at least for the first half of this year. The job-growth plan — likely to be implemented on April 1 — will begin to take effect only about four months later.

He says it is hard to forecast how many positions will be lost — as much will depend on consumer spending which is fairly low at the moment.

Public

Employment at Telkom increased by 740 last year to 68 000.

Spokesman Amanda Simpleton says numbers will not increase this year.

"No retrenchment programme will take place, but there will be a reduction through natural attrition."

Transnet spokesman Carel Mulder says employment in the organisation dropped by 4 000 last year to 160 000 through natural attrition.

No retrenchment is planned for 1992.

Employment statistics for the broad public service — central government personnel — have not been released.

However, Econometrix economist Tony Twine believes it is unlikely that employment declined in this sector in 1991.

He does not expect a reduction this year.

At the beginning of 1991 the public service employed 784 000 people.

Czech truck assault on SA

By DON ROBERTSON

THE depressed and highly competitive heavy-truck market has a new challenger.

Trackless Mining Services (TMS) plans to introduce the Czechoslovak Tatra truck to Southern Africa.

The trucks, driven on all wheels, range in size from five to 20 tons. The 4x4 model finished third in the Paris-Cape Town rally. The 6x6 version won its class.

TMS managing director Don Duncan says the trucks will be imported in completely knocked down (CKD) configuration from the plant in Koprivnice and assembled at the company's Randfontein plant. S/Times (Buss)

The first three trucks will be fully imported and will be used as demonstration models. The CKD kits will later have bodies fitted in SA. Other components will be added.

Mr Duncan says on-road, off-road vehicles will be suited for the timber and quarry industries. Several companies are interested in the trucks.

The agreement to assemble the trucks, although not yet final, follows a visit of three members of the Tatra group to the Randfontein plant three months ago. With minimum local content, TMS will have to pay a 66% import duty.

But Mr Duncan believes he will be able to sell them at about 15% cheaper than similar trucks made in SA. Service and parts will be provided by TMS.

Since the collapse of communism, sales of Tatra trucks to Russia have fallen sharply and stocks have built up. Although it is unlikely that the trucks will be sold at dumped prices, reasonable terms have been offered to TMS. 26/1/92

SA sales of heavy trucks last year fell to their lowest in many years at 5 807. December sales were the lowest in 20 years at 327.

The National Association of Automobile Manufacturers of SA (Naamsa) says it is a brave move for TMS. It says several manufacturers are unprofitable and the import of second-hand trucks is a major problem.

Incentives symposium

EXPORT incentives will go under the microscope at a one-day conference on February 13.

Speakers will outline the incentives available to exporters, discuss changes which have been made and examine the Government's export policies.

The conference is being organised by Safto, the SA Institute of Chartered Accountants and Fisher, Hoffman, Stride. It will be opened by Deputy Director-General of Trade and Industry Gerrie Breyl.

Good PR can help fly the company flag

Bloay 27/1/92

A good public relations job on an underrated company can boost its share price and the high PR fees are justified by the role communication plays in promoting a company's affairs.

Sussens Mann's David Carte, a former editor of Business Times, says there are many examples of share prices climbing on the back of a good PR job.

Because many good performers are relatively unknown, it is critical they learn to fly their flags.

A large financial institution recently lost out on a deal with a state pension fund through being little known in Pretoria.

Companies should adopt the "reporter in the back yard" approach, allowing communications consultants to explore the company and present an analysis on what changes could be instituted in communication with shareholders and potential investors.

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It is vital, says Carte, to get a company to open its doors, be accessible, confront its weaknesses and promote its strengths.

Unions now look to annual reports

Bdcy 27/1/92

COMMUNICATION with employees is a means of building a company from within, boosting morale and keeping staff in touch with developments. (181)

Bastion Graphics MD Rodney Bastion says: "Staff are often neglected and read about critical developments, like a company take-over in the media. They should at least be informed simultaneously with the Press.

Penrose sales and marketing manager George Joubert says communication can also be used for internal image building, a call for productivity and as a PR exercise.

With technology and a little effort, a publication can be isssued within hours to keep staff informed of developments.

Diagonal Street Communications MD Peter Wallington says employees need to know what social responsibility activities a company undertakes and understand issues such as productivity and competitiveness.

Sussens Mann's David Carte says employees need to be reminded they are doing well out of a company.

A report to employees, giving a breakdown of how much they earned compared to dividends paid to shareholders "can show people they get more out of capitalism than the capitalists and help disarm the nationalisation lobby".

A relatively new group looking at annual reports are trade unions, which have recognised the annual report as an easy entry into what the company is doing.

Clamming up in the bad times reduces credibility

B Day 27/1/92 181

GOOD investor relations can lower the cost of capital and good corporate communication can assist a company, says UK-based TWS director and investor relations consultant Richard Wagner.

Good communications can produce a more accurate share rating and make it easier for expansion by acquisition.

Wagner says while the top SA companies rank with the best in the world in corporate communication, most lag behind markets such as the US, Australia and England.

The biggest problem in corporate communications worldwide is the tendency to communicate when things are good, but clam up when they are bad.

This has the unfortunate effect of reducing the long-term credibility.

Every company should recognise they will have good and bad times.

It is critical, says Wagner, to share information with the co-owners and co-financiers of a company and work from the assumption that shareholders and banks are entitled to information and an outline of management objectives.

The test of company disclosure is whether the information is relevant, factual and timely.

"The traditional management belief in absolute confidentiality is nonsense," Wagner says.

Indecision

Uncertainty about a company or indecision about where it is headed make it difficult for investors to buy its shares or banks to lend it money.

Design houses and corporate communications consultants abroad are more geared than their local counterparts towards what should go into corporate communications.

While design is important, it is no use having magnificent packaging for an empty box.

Time and effort can determine what the corporate audience needs to know.

Design of the corporate identity and presentation of the annual report play a support role and serve as a backdrop for the content.

Financiers and investors are more concerned with the content than the packaging and the design houses and consultants recognise the need for disclosure.

International investors looking to SA regard an environmentally aware image far down the list of priorities.

Investors need information about how a company is equipping itself to deal with a future SA — how many black managers are there, how many are in training, and if the company promotes the right culture to deal with an integrated society.

"If SA companies want international investors, they must have clear answers about what they have done to prepare themselves for the future," Wagner says.

They will also need to know how competitive the SA products are.

Zimbabwe's first lady dies at 60

HARARE — Zimbabwe's first lady Sally Mugabe, 60, wife of President Robert Mugabe, died yesterday after suffering for years from a serious kidney ailment.

Vice-President Joshua Nkomo said she had died in Harare's Parirenyatwa Hospital. Sources said the president's Ghanaian-born wife had spent the past two weeks in hospital, receiving treatment from kidney dialysis equipment.

Her death brings to an end a decade-long struggle to keep her alive. She was flown to London regularly for treatment and had a personal dialysis machine.

Sally Mugabe and her husband were married in 1961 in Salisbury, and she converted to her husband's religion, Catholicism.

Their first child was still-born and their second died while still a toddler.

In 1990, Mugabe raised eyebrows when, at the women's league congress, he appointed her its leader, annulling a vote taken earlier that chose Joyce Mujuru, wife of army commander Solomon Mujuru, who was always his wife's superior in the organisation.

Sally Mugabe's illness prevented her from playing any active role after her appointment. — Sapa.

Unemployment getting worse in most sectors

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GERALD REILLY

PRETORIA — Job erosion continued in most sectors of the economy last year, aggravating the country's critical unemployment problem, economists say.

This is borne out by the latest figures in the mining and quarrying industries, and in the construction and manufacuring industries released yesterday by the CSS.

They show the number employed in the mining industry decreased by 138 869 to 626 450 in the four years to October last year.

BDay 28/1/92

In the construction industry the job loss was 24 200 — from 407 600 to 383 400 — and in the manufacturing industry, 3 578 — from 1 427 800 to 1 424 222.

Latest CSS figures show that in the three months to end-September the numbers employed in mining and quarrying decreased by 16 458 to 624 450.

In manufacturing, the numbers decreased by 3 800 to 1 424 222 in the four months to end-October.

In the same four months another 7 300 workers lost their jobs in the contruction industry, bringing the total down to 383 400.

Stellenbosch University Bureau for Economic Research chief Ockie Stuart said there were indications that employment in the mining and contruction industries would stabilise in the next few months.

However, in the manufacuring sector it could be the third quarter before any firm indications emerged pointing to the arrest of the upward trend in unemployment.

Stuart said, however, the big unemployment picture could only become more serious. Up to 400 000 new workers would enter the labour market this year. Only a handful would find work in the formal sector.

He stressed, too, that the informal sector was becoming saturated and its ability to absorb new and unemployed workers was shrinking.

Education in SA is an 'investment for all'

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STAR 30/1/92

"Many companies are still strategically under-investing in training and management potential because they see it as a cost rather than investment," says Dr Nick Binedell, director designate of the Wits Business School.

"If this erroneous view persists," challenges Dr Binedell, it will spell "national disaster in terms of general human preparedness".

"South Africa can only emerge successfully from its bubble of isolation if its people acquire the sophisticated skills needed in today's rapidly changing business world.

"Continuing education can provide these skills," he says.

"There is no doubt that individuals and groups compete through the power of their ideas in action. It follows then that management and business knowledge is vital."

Dr Binedell does, however, see the beginning of some encouraging trends in attitudes towards education in South Africa.

"There is a trend to self-development.

"People realise that education has to apply to them personally if it is to be of real value," Dr Binedell said.

"They are also seeking knowledge which can be quickly and effectively applied in the workplace.

"So much of modern economy, commerce and markets are interrelated that a broader knowledge is becoming more valuable than specialisation," he said.

"The percentage of black people and of women enrolling for courses at the Wits Business School has increased, but numbers remain well below national demographic profiles, and below the standards set by leading countries we should be modelling on," Dr Binedell said.

"Real opportunity for society starts in enrichment of the individual. South Africans have to realise that the education of its people is an investment for all," he said.

Learn how to save 25 pc of your day

STAR 30/1/92 (181)

Professional people can spend up to 25 percent of their day reading, absorbing and sifting through information, according to Consolidated Training International (CTI) general manager Barry Katz.

This valuable time can be halved by improved reading and retention skills taught in CTI's learning methods course, Mr Katz says.

"The schooling system and tertiary education has never adequately addressed the issue of how to study or how to absorb and retain information," he said.

"This problem carries through into the work situation," Mr Katz said.

He says companies would maximise their training expenditure by ensuring trainees were effective learners.

The CTI course claims to teach people how to learn and read faster, retain that information and recall it at will.

The Learning Methods course covers advanced study techniques, retention and memory training, listening skills, analytical and lateral thinking.

Methods used in the training are particularly useful, says Mr Katz, in product training.

Training budgets must increase

STAR 30/1/92

(181)

Companies' training budgets are going to have to increase if South Africa is to develop at the required pace, say leading businessman. Susan Ramwell reports.

In 1990, expenditure by companies on education and training, R3,8 billion, was 16,7 percent of the gross national expenditure on education (formal, non-formal and training) of R22,7 billion.

Companies and individuals together make up the private sector's contribution of R8 billion and the Government's contribution amounts to 64,2 percent of the total for that year.

These facts are according to research by Business and Marketing Intelligence, BMI, completed in April 1991, and was based on a sample of 300 major South African organisations. BMI will update the research this year.

In the training market BMI calculated an expenditure of R3 340 million. The company's conclusions are that the average R620 spent on a worker a year, according to their research, must increase about ten fold in this decade if it is to make an impact on the current skills' shortage. At present there is an undersupply of skilled workers and an oversupply of semi-skilled and unskilled job-seekers.

The research report advised a further 10 to 20 percent increase in the R235 million spent on informal education.

The major skills shortages in South Africa, according to the study, are in technical and general management areas and it is forecast that the manager/worker ratio could worsen to 1:8 by the year 2000 unless the training backlog is addressed.

The challenge is daunting, and will probably require companies to increase training budgets as a percentage of turnover from the current 0,5 percent to as much as 5 percent at a time when turnover growth is virtually stagnant.

But a positive view is taken by BMI chairman Jonathan Harrod, who believes South Africa's own training resources and educational institutions are sufficient to cope with the load. In short, the only major problem is a shortage of funds.

The Budget to be announced by Government in March is expected to allocate 20 percentage of total expenditure to formal education (excluding contributions to TBVC countries), but the Minister of National to and Environmental Affairs, Mr Louis Pienaar, has announced that this is unlikely to meet the needs of universities and technikons.

He says: "Growth in student numbers exceeds the growth in the economy."

That will place additional demand on private-sector contributions to both formal and informal education and necessitate a greater burden on corporate South Africa and greater use of the wider training industry.

It is interesting to note that of the R235 million spent in 1990 on non-formal education (52 percent from companies and trusts, 15 percent from overseas funding and 13 percent from parents and pupils), only 5 percent of the expenditure went to management or leadership training and 6 percent on technical/tertiary education. The bulk (34 percent) went to the secondary school level, 15 percent on adult education and 13 percent on teacher training.

In the view of a majority of directors of academic and training organisations, South African companies are rising to the challenge with greater recognition of the need to upgrade workforce skills.

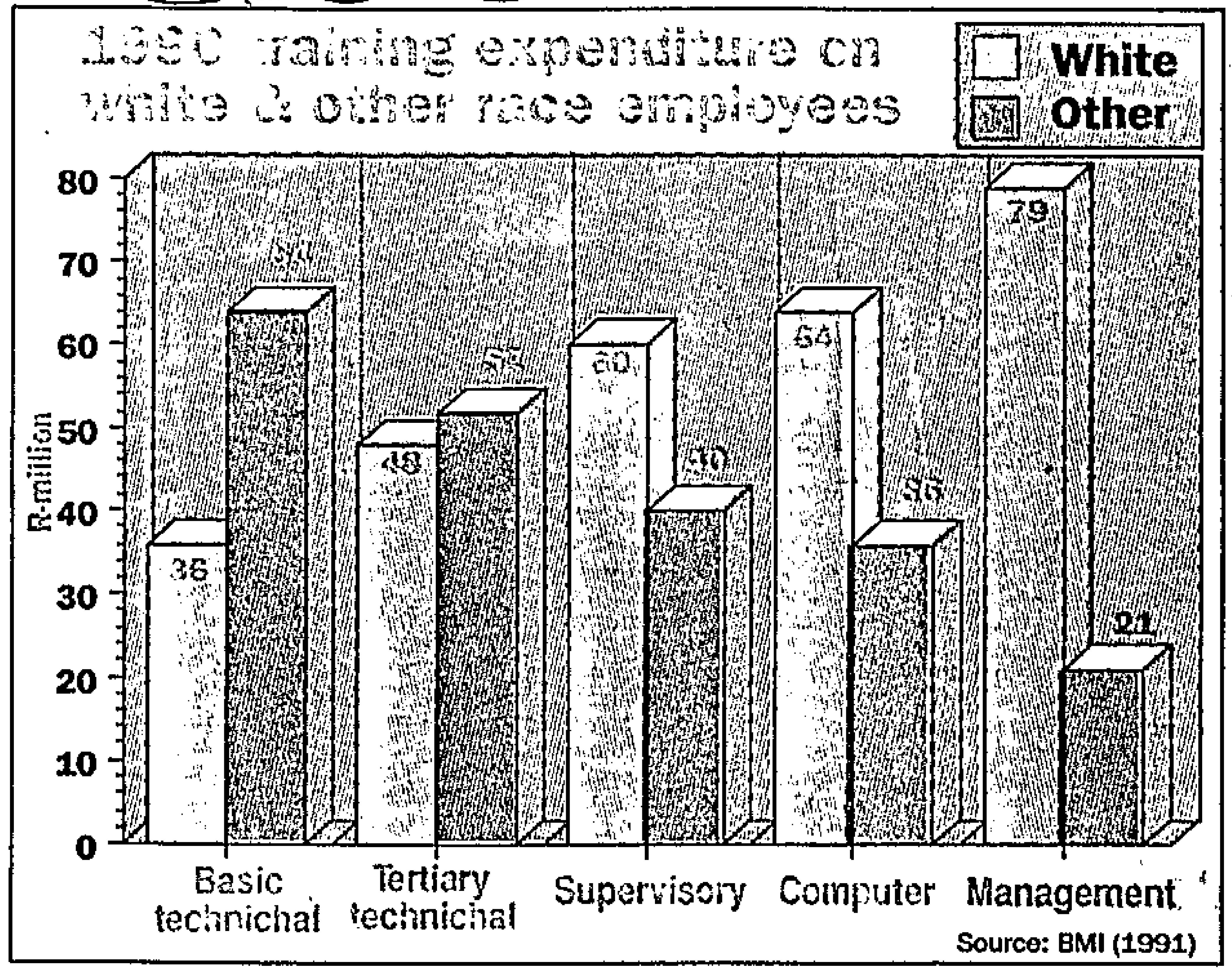
Private-sector training companies in the main report growth in demand.

Most such companies offer not only packaged courses, but customised courses which can be conducted in-house.

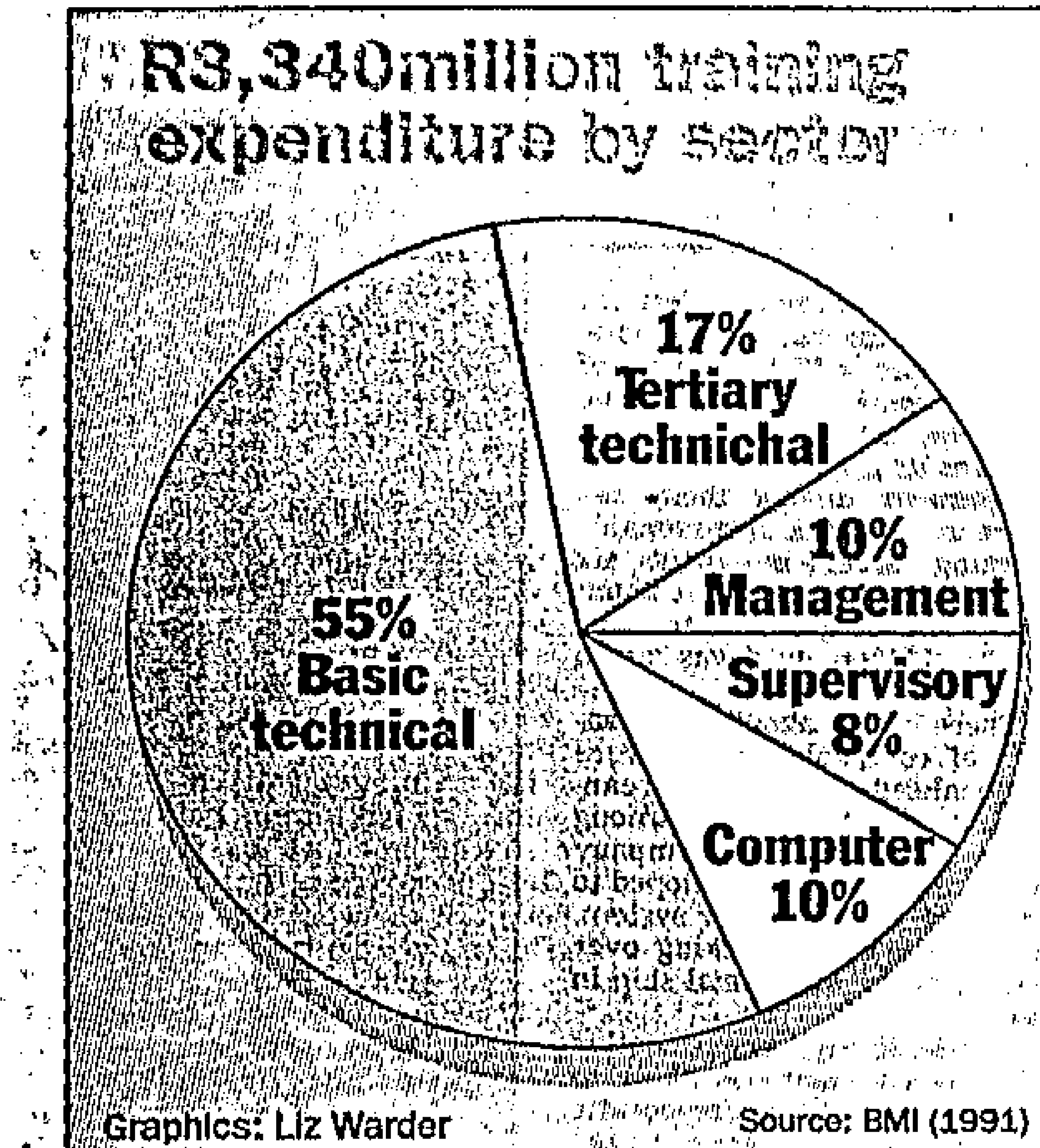
Considering that 82 percent of 1990's R3,3 million training expenditure was spent in-house, the training industry appears to be moving closely with market needs.

Cost-effective expansion of training, however, is likely to point companies to greater use of packaged courses, and devolution of responsibility down the corporate ladder for in-house training responsibility.

Keith Edmeades, managing director of training company Effective Executives and of the training trust organisation, Integrated Management South Africa, says: "Companies need to become effective learning environments. Training is not the exclusive territory of the trained human resources manager alone. It should be part of the job description of all managers as a priority, not as a last resource."



Source: BMI (1991)



Graphics: Liz Warder Source: BMI (1991)

Learning for professionals

You've heard of the one-minute manager. Here's how to adopt the "winning way" in a variety of tasks - in one morning!

Birnam Business College is running a series of morning seminars.

The learning is intensive to suit the time-pressured professional.

The topics covered include:

- Customer Service Public Relations.
- Motivation in the Business World.
- Lateral Thinking for Management.
- Effective Writing and Writing Skills.
- Creative and Effective Presentation (presentation skills for the boardroom or for public appearances).
- Credit Control.
- Advanced Time Management.

Nissan's new training drive

Sowetan 31/1/92

By MZIMASI NGUDLE

NISSAN is determined to infuse a new dimension in literacy programmes by putting a strong emphasis on functional rather than generic literacy.

At the launch of a literacy awareness campaign yesterday, general manager Mr Sarel Liebenberg said the main objective of its literacy programmes is to exploit the optimal ability of an individual that will pay off in increased productivity and thus improving the quality of life for its giant workforce.

"Time is past when literacy programmes had as their sole objective the training of an individual to decipher words and numbers," he said.

"A more systematic approach, both historical and futuristic, is urgently needed to enable an individual, not only to read and write, but also to inculcate powers of interpretation and analysis that will ensure positive and active response to what he is reading."

He said the company has firstly a responsibility towards its shareholders who must be assured the returns they expect from their investments.

Secondly the company must provide facilities for the "incompany programme" and also finance outreach programmes for the families of the company's employees.

The company is currently running programmes with about 1 000 participants.

The company has secured the co-operation and support of Numsa and Cosatu in promoting public awareness so as to get the ball rolling, he said.

Liebenberg said the company is presently negotiating with SABC television to participate in the current literacy programme series on TV1, *New Vision,* which consists of 13 episodes.

The company also intends to negotiate with the new television channel CCV TV in order to have some of its programmes broadcast.

Extenal auditors have praised the programme as a tremendous success and a welcome dramatic departure from the host of quick fix schemes and "fly-by-night" schools.

Special training for metal workers

S Times (Buss) 2/2/92

By ADRIAN HERSCH

GROUND-BREAKING moves to train and educate unskilled workers in metal industry are under way.

A joint management-union committee, set up in terms of the national industrial council pay settlement, met for the first time this week.

An agreement would ideally comprise industry-recognised training courses matched to the various grades.

The National Union of Metalworkers of SA (Numsa) proposes that a hierarchy of core and specialisation skills apply to each grade.

Core skills courses could include literacy, numeracy, quality concepts and health and safety.

Specialisation skills courses would be chosen by the worker from a wide range, such as welding or crane driving.

But Numsa also wants the 13 grades in the industry reduced to five.

The reduction of grades is a major problem for employers because it could add a huge cost to the payroll.

Many employers believe that nationally accredited training courses could fairly easily be linked to the 13 grades.

Numsa will meet other unions in the industry and the training committee will sit again in the last week of February.

Companies 'spying on unions'

DIRK HARTFORD

AN INTERNATIONAL security firm is being used by company managements to spy on unions, a labour affairs publication has alleged. B/Day 7/2/92

The SA Labour Bulletin says in its latest issue it has documents proving that Lodge Security Services has passed on information on union activities to firms it is contracted to.

SA Commercial, Catering and Allied Workers Union (Saccawu) assistant general secretary Kaiser Thibedi yesterday said "severe action" would be taken against companies which used Lodge in this way — if the allegations are proved authentic.

He said "these underhand methods are likely to undermine the economic forum. We are already suspicious about the bosses intentions in such forums".

The bulletin claimed "a web of agents employed by Lodge Security Services collected information on union activities" in Natal in 1990. The Bulletin said its sources believed this was still going on.

The companies using Lodge services, as far as the bulletin was aware, were Pick 'n Pay, Dunlop and Cabana Beach Hotel.

Pick 'n Pay's Frans van der Walt said it could not "prescribe to agents what they should write about or not" and if an agent wrote there was a strike looming "it would be a warning sign for us and we would try and act on it". He said undercover agents were employed to prevent pilfering but it was possible an agent "could end up at a union general meeting". He added that the company would be very circumspect about how to use information.

Lodge Security Services MD Edel Ashman said they passed on whatever their agents reported to their clients. Ashman was "not aware" of any reports on union activities currently.

The bulletin quotes from a letter sent by the then investigations manager for Lodge in Durban, Warwick Freislich, which said the objective of an undercover investigation was "to bring to the attention of management. . .shop steward and union activities. This enables management to act quickly and make right decisions before negotiating with shop stewards and the unions". This letter was addressed to Tommy Smit at the Four Seasons Hotel.

The bulletin article is based on reports in its possession from agents operating at a range of Pick 'n Pay stores in Natal. The bulletin said "it's clear from the reports that some of the agents are shop stewards" as not only general union meetings, but shop steward and Cosatu regional executive meetings are reported on.

LLOYD'S OF LONDON

Taken to task

Lloyd's has set up groups to work on the radical overhaul, as recommended by a task force last month, of the insurance market. It has even bowed to criticism which followed its initial rejection of the task force's plan to streamline the Lloyd's governing body and create a separate regulating watchdog. That is now on the agenda.

The working groups have until June to decide on proposals the task force wants in place by the beginning of next year.

The task force's mandate was to look at the next five to seven years. For Lloyd's to hold its position, assuming 5% inflation and 3% growth in the main economies, will require a 50% increase in capacity to £15bn by 1997, says the report.

To this end, the main proposals were:

☐ Limiting losses. All names will have to pay 0,25% of their overall premium limit into a stop-loss fund. This will put a cap on losses over a four-year period, equal to 100% of annual gross premiums. Anything over that will be met by the fund but, should it run out of money, losses will revert to the name — *in extremis* unlimited liability is thus retained. The stop-loss fund levy will be imposed on top of the existing 0,5% contribution to the £500m Lloyd's central reserve fund and the 0,6% for market expenses;

☐ Spreading funds and therefore risk among a greater number of syndicates;

☐ Names should be entitled to regular meetings, full information about how their money is being managed and the right to veto major underwriting deals;

Continued

FM 14/2/92

☐ Reduce costs by 30%. These have been pushed up by the proliferation of syndicates and agencies. Costs to members in syndicates which wrote £100m a year were only 4% of gross premiums. At £10m a year, this went up to 10%; and

☐ Corporate membership. To reach £15bn capacity by 1997 will require at least 5 000 new names — and the fallout from the bad years may yet take a further toll. Allowing corporate membership is a long-term objective and the task force envisages that, in return for their limited liability, corporate members will put up more capital reserves than sole trading names. ■

CLOSE CORPORATIONS
FM 14/2/92 (181)

The axe falls

Inland Revenue is putting into effect 1990 Income Tax Act amendments that make employers deduct Paye tax from payments to close corporations (CC) defined as "labour brokers."

Application forms for exemption will be available from May 1 and Paye must be deducted from July 1.

The amendments, explains John Hanssen of the office of the Commissioner for Inland Revenue, were intended to create uniform tax treatment in the labour broking business and will prevent CCs being used as a means of evading or postponing tax.

If a member of the CC provides a personal service to a client, the CC will now be regarded as a labour broker.

Tax has been evaded, for example, when specialist employees, such as engineering draftsmen, came to SA to perform work on an expatriate basis and left after their contracts expired. As the law stood, the ultimate employer/client was not required to deduct Paye from fees paid to the CC. So the CC assumed the contract to provide personal services, passing on payment to the member who frequently evaded the tax simply through non-disclosure.

The interposition of the CC also allowed tax payments to be postponed because it had to pay only provisional tax, not monthly Paye tax.

The definition of labour broker in the amendments to the Act corresponds with the definition found in labour legislation. It is so broad a definition that — unqualified — it

Continue →

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would catch in the net even independent practitioners of a profession or trade, if carried on through the mechanism of a CC.

To remedy this problem, Revenue has provided for an exemption procedure.

The requirements are that the labour broker must:

- Carry on an independent trade;
- Be registered as a provisional taxpayer;
- Be registered as an employer for Paye purposes under the Act; and
- Have submitted all tax returns up to date — in other words, have a clean record.

CCs falling within the definition of labour brokers, which have grounds for exemption, should begin to plan their application as advised by Deloitte Pim Goldby's *Tax News*. But Hanssen asks that applications for exemption should not be submitted to Revenue offices before May 1. ■

Natal firms 'blind to threat of Aids'

STAR 17/2/92

Own Correspondent

(181)

DURBAN — Aids infection in Natal industry is probably hundreds of times worse than managers believe — and business leaders have been urged to take steps to cope with a problem that threatens to overwhelm them.

In contrast to a recent survey of manufacturing companies in the province with total employment of more than 100 000 — which disclosed only 14 reported HIV positive cases and eight employees with full-blown Aids — the University of Natal's virology department estimates a company with a payroll of 1 100 could have 80 HIV-infected staff members.

Quoting these figures at a Natal Chamber of Industries seminar on the impact of Aids on business, Tongaat-Hulett group corporate planning manager Jane Wiltshire said the difference suggested companies were ignoring the threat.

"With figures like these, Natal industry cannot afford to ignore the problem and should do something about it immediately," she said.

She believed few companies had adequately assessed the impact of Aids on their businesses.

"One can't help getting the impression these assessments of the differential impact on the economy and the (survey) respondent's businesses was based not nearly so much on logic as on the familiar problem of denial — that feeling of 'it won't happen to me', or 'if I ignore it, the problem will go away'."

On behalf of the Natal Business Aids Forum, which conducted the survey, Mrs Wiltshire appealed to researchers and to government authorities to make available information on the spread of the disease.

Without information, firms were unlikely to take the disease seriously enough to start assessing its potential impact.

Pay rises 'lower than inflation'

B/Day 20/2/92

DIRK HARTFORD

WORKERS are likely to receive below inflation wage increases while retrenchments in almost every sector are set to grow, according to the results of a survey of 76 companies by Gavin Brown and Associates' Erica Jankowitz.

Estimated wage increases this year ranged from 8% to 17% against inflation estimates of 11,5% to 14%.

Many companies said productivity and flexibility would have to be conceded for wage increases.

Although short time was being worked in a number of companies and natural attrition was cutting jobs, many companies said that if the recession bottomed out this year they hoped to keep job losses to a minimum.

Jankowitz said unions were moving away from across-the-board percentage wage increases to a more sophisticated percentage or cash amount demand.

According to the survey, the major issues on union agendas this year, other than wages, were:

- Job security including a moratorium on retrenchments, no subcontracting, no temporary workers, a reduction in overtime and retraining instead of retrenching;
- Training programmes to be negotiated including reskilling, literacy and numeracy training;
- Disclosure of financial information, especially if productivity deals were signed;
- Centralisation of bargaining;
- Housing subsidies and allowances; and
- Taxation demands around the VAT controversy.

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Major issues for employers included flexibility clauses, merit increases and productivity.

On productivity, employers would want to decrease absenteeism, increase production quotas, introduce incentives and cut down on wastage, Jankowitz said.

Top executives buy into small business

BDay 20/2/92 (181)

EDWARD WEST

SALES of small to medium-sized businesses had risen as former executives, forced by the recession to end their corporate careers, used their personal cash reserves to buy businesses and start life anew as entrepeneurs, business brokers said yesterday.

Dealmakers director Mervyn Richter said this trend towards self-employment of executives who were retrenched or forced to take early retirement became especially noticeable last year.

"In normal circumstances these people would simply look for another high-paying corporate job. But with the prolonged recession and the severe shortage of top jobs, they have been forced to examine the option of buying their own business as a way of prolonging their career," he said.

Consolidated Business Brokers broker Bernard Graham said there was an increasing number of enquiries from executives. "More people want to work for themselves than ever before."said Graham.

He said there were a great number of small to medium-sized businesses on the market, and prospective buyers would do well to be selective.

Richter said most of the new buyers — who comprised about 40% of Dealmakers' business — were looking for small to medium-sized manufacturing and wholesale distribution businesses.

These executive buyers often pooled their money to buy businesses in syndicates.

"We have several buyers with amounts in excess of R10m to invest in companies indicating general confidence in the economy and the belief among entrepeneurs that the economy is due to turn upwards in the near future," Richter said.

Most businesses traded by Dealmakers ranged between R300 000 and R1,5m, though larger deals are not uncommon, he said.

Growth answer to decay in SA

Sowetan 20/2/92

By JOSHUA RABOROKO

THE South African economy needs to expand in order to solve the problems caused by the stagnation of many centuries, leading Soweto businessman Mr George Negota said yesterday.

Addressing a seminar on "Employee involvement in South Africa - managing the creative tension between visions and realities", he said the economy had to grow to curb unemployment by absorbing thousands of school leavers every year.

He said: "In order to achieve a realistic growth, every capable person with potential should be able to play a role and, towards that end, training should be provided."

However, he said, the purpose of training and the objective it seeks to achieve through selected individuals should be made clear and that it should be within the planned career path of an individual.

Training

South African companies would rather provide general training to a black employee without a well defined scope and specific role which they would like him to play.

He said: "If training is aimed at providing individuals with skills, then those who are trained should be placed where they would be able to exercise their skills immediately.

"This has been a problem in South African companies. Black employees who were exposed to training ended up not knowing the purpose of the training because it was never tied to identified jobs."

The time had come to involve employees in the affairs of companies, he said, adding, it was a fact that certain people within companies were not ready to accept other races into the decision-making machinery.

Apartheid on the shop floor of many companies would have to be scrapped and those who practised it should be allowed their democratic right to leave the establishment.

Racism was one of the major problems to be eradicated by companies during this transitional period, he said, calling on employers and employees to work harder and to ensure that the interests of the economy were properly served.

Capital and labour still had to find each other in an environment free of apartheid.

The workers rally behind Mario, the improbable unionist

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W/Mail 21/2 - 27/2 '92

By FERIAL HAFFAJEE

THE one label you wouldn't think of pinning on Mario de Castro is that of trade union leader. Dressed in a neat pinstripe suit and navy net tie, he chain-smokes and talks ninety to the dozen, reminding one more of an insurance salesman or perhaps a computer technician.

Yet this unlikely unionist has a powerline construction company on the brink of a strike over his dismissal.

De Castro, a Portuguese immigrant, came to South Africa in 1984 but still has an accent as thick as if he had stepped off the plane yesterday.

A qualified electrician, he learnt how to organise workers in Lisbon, where he was a shop steward for seven years. Soon after arriving in South Africa he found a job at Feralin, on the East Rand.

At the beginning of last year, he says, he began to wonder why he didn't see any union organisers from the Inkatha-aligned United Workers' Union of South Africa (Uwusa) — the only union recognised by the company — at the workplace. Then a friend told him about the National Union of Metalworkers of South Africa.

He got hold of Numsa literature detailing its campaigns and demands. Pleased at what he saw, he went to the union's offices in Nigel and advised it to start organising at his factory because "Uwusa was not representing the workers' interests".

The union gave him a pile of registration forms and when he left the offices, he was an interim shop steward at Feralin. Thus began De Castro's programme of urging the company to change its industrial relations practices.

Soon he had 100 members willing to leave Uwusa and join Numsa.

He gave the managing director a copy of the National Peace Accord, "to show him where South Africa was going". He was called into another manager's office and told that the Congress of South African Trade Unions was "a union for the communists".

"I told them I am not a member of the African National Congress or the Communist Party — I'm a member of the union, and the union has the right to defend the rights of the worker," De Castro says.

He asked for permission to hold union meetings in the company's canteen. When this was refused, he took workers into the streets at lunchtime and held meetings there.

When a worker was injured by a machine, he took photographs of the wounds "so they couldn't deny it happened at the factory". Then he hid the film from a supervisor who had got wind of his action.

De Castro was dismissed in November last year. The reason given for his dismissal was "the distribution of union literature" during the strike against Value-Added Tax on November 5 and 6.

Numsa declared a dispute with Feralin over his dismissal. In a show of support, 96 percent of the workers voted in favour of going on strike to demand his reinstatement.

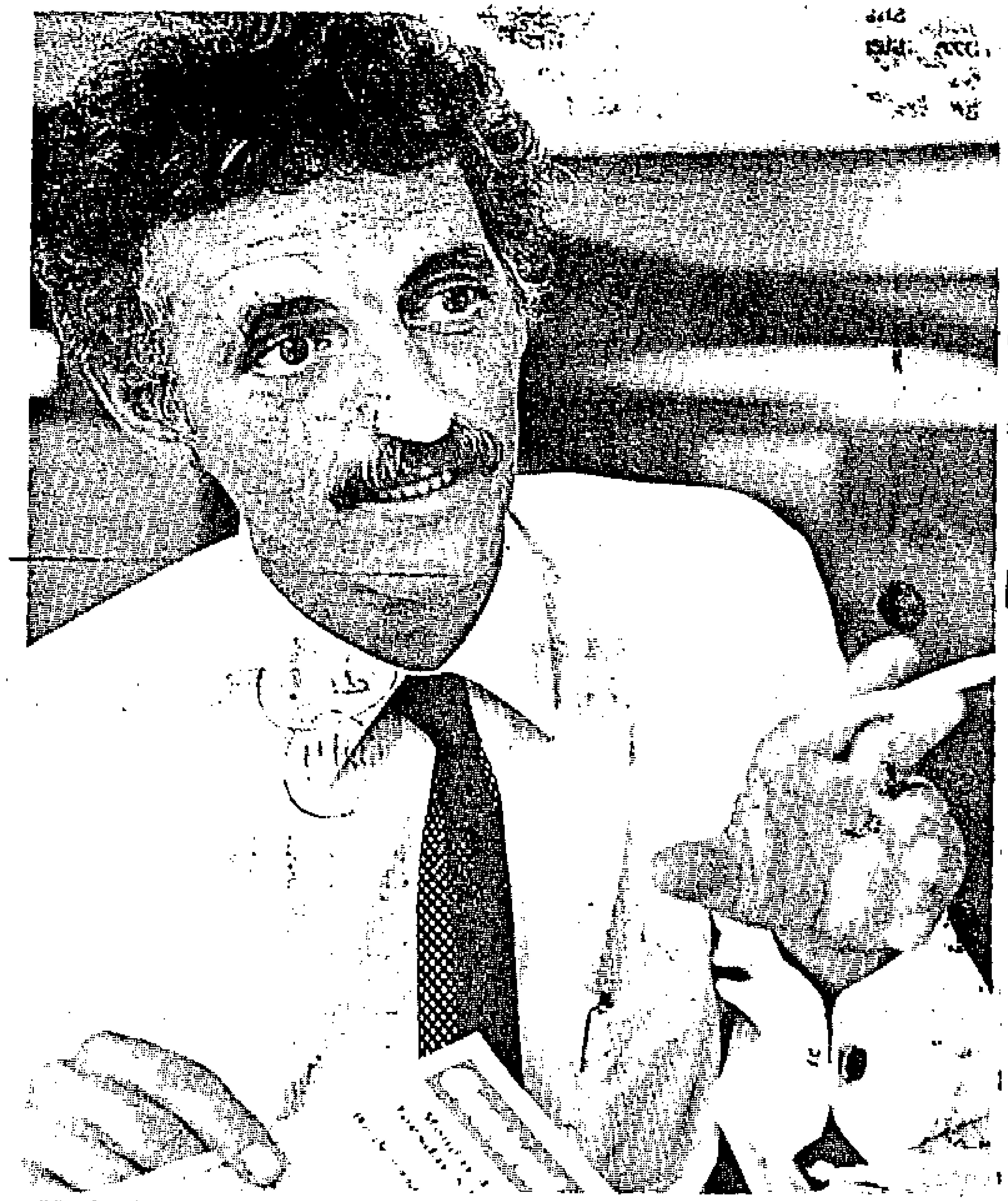
The company alleges that De Castro acted in breach of an agreement with the union. The agreement referred to was concluded with Uwusa, restricting the display of all union literature to a noticeboard supplied by the company. Uwusa also agreed that anything displayed on the noticeboard would have the company's stamp of approval.

De Castro says the company made it extremely difficult for workers to leave Uwusa. For example, workers had to sign forms cancelling their stop-order payments to Uwusa numerous times.

And Numsa shop steward, Rolli Xipu, says the union is still struggling to earn recognition at the factory, despite its proven support.

Feralin's personnel manager, G Apostolidis, said this week that the company was not yet prepared to comment on the matter. However, in a circular distributed at the factory last week, the company set out its position on De Castro's dismissal. It accused him of misuse and abuse of company time, ignoring company rules and regulations, and of "unbecoming behaviour towards female employees".

"Any strike action will be unlawful," the circular said, "and employees embarking on an illegal strike or any other form of industrial unrest will be placing their job in serious jeopardy."



Mario de Castro ... dismissed for 'the distribution of union literature' during the VAT strike Photo: KEVIN CARTER

Getting the office in harmony

Wmail 21/2 - 27/2/92 (181)

By MONDLI MAKAHNYA

THE obscure phrase of "harmonisation of working conditions" is set to become employers' new headache.

As union demands diversify, this issue is likely to keep popping up at negotiations. The latest issue of *Bargaining Monitor,* a labour journal produced by the Labour Research Service (LRS) — which researches on behalf of the giant Congress of South African Trade Unions and is therefore influential in the federation's policy decision — puts forward an argument for the uniform treatment of all company employees from chief executive to kitchen cleaner.

If it were to be implemented everybody would eat in the same canteens, use the same parking lots, have the same benefits and wear the same uniforms, where appropriate.

Many companies in the Nordic countries, Germany and Japan have started moving in this direction. The argument behind it is that workers tend to be more productive where conditions have been uniform than where discrepancies exist.

The only local company where it has been successfully attempted was Cashbuild, under the directorship of Albert Koopman. But much criticism has been levelled at the top-down manner in which Koopman implemented the programme.

Most local corporations have never heard of the concept, never mind begin debating it. What is at the top of the corporate agenda is equalising benefits between black and white employees.

Althogh no deliberate programe of harmonisation has been embarked upon in the headquarters or major South African corporations, conditions are more or less uniform because the head offices are overwhelmingly staffed by white-collar employees.

But even then, there are still inequalities depending on rank in the company hierarchy. For instance one bank's executive directors have a separate lift from the rest of the staff which takes them directly to the seventh floor.

Even progressive companies have not yet looked at the issue. In companies such as PG Bison and Johnson and Johnson the emphasis is still on participative management — drawing worker representatives on to the board.

This may be because unions themselves have not pushed hard enough for it. LRS director Dasie Moodley attributes this to the fact that unions still see themselves solely as vehicles for mobilising blue-collar workers around bread-and-butter issues.

"Once they get past this hurdle, then they'll start putting this issue on the agenda."

But Koopman — while also blaming unions — differs: "The unions see it as a threat to their power base. They want to have control over the organisation of employees and when you harmonise working conditions you undermine that power."

But even when the issue does finally prop up at bargaining forums there is likely to be resistance from the "suits" — executives.

"I think South African capitalists will not take kindly to it," says Moodley. "They will need lots of reconditioning before they accept it."

Anglo American human resources director Bobby Godsell argues that while the corporation identifies the need for uniformity, different levels of skill have to be recognised. He refers to Mikhail Gorbachev's book *Perestroika* which attributed the failure of the Soviet Union to the "mindless pursuit of equality".

"You just have to recognise the different levels of responsibility. Even the unions do so and that is why they negotiate different wage packages for different categories."

Bison brings in a new industrial order

(181) W/Mail 28/2 – 5/3/92

To survive in a post-apartheid South Africa business has to change. **GAVIN EVANS** *looks at PG Bison, an innovative company which has drawn workers into its management and planning*

IF CORPORATE South Africa is to stay in business, it has little option but to democratise itself and to play a major role in changing the country as a whole.

This, at least, is the view of PG Bison chief executive Leon Cohen, who is active in a Consultative Business Movement campaign for a yes vote in the forthcoming white referendum.

"Business needs to bring to the attention of employees and the public at large the full economic implications of a breakdown in the negotiations process," Cohen says.

Emphasising the need for the Convention for a Democratic South Africa (Codesa), the National Economic Forum and the Peace Accord to succeed, he says: "Business must take action, both individually and jointly, to protect the beginnings of a conciliatory process and prevent polarisation."

But he also stresses that "in-house" change — through introducing the principals of democracy within companies — has become essential both for the "bottom line" of making a profit, and for the longer-term needs of the country. The old ways of doing business simply aren't working any more.

What makes one take note when listening to Cohen is that his company — one of the major players in the wood and board industry — has gone much further than most in finding new ways of working.

Next month it will hold its third national forum, through which the senior managers, shop stewards and organisers from four recognised trade unions will meet to plan the company's future.

Already there is agreement that workers become involved in the appointment of managers and peers and that they should help formulate the policies, principles and values of the company, and play a greater role in the day-to-day running of the business.

In some of the factories performance bonuses have been implemented without controversy.

Management has recently agreed to full-time paid shop stewards, full disclosure on all information on the company's performance and profit and has funded a company-wide joint worker/management controlled literacy and numeracy programme. It has also made an undertaking not to use retrenchments to cope with downturns in the economy.

No one has been fired for taking part in stayaways or political protests, and there have been no strikes at PG Bison for nearly five years.

Summing up the last forum last October, Elijah Masinga, national organiser of the Paper Printing Wood and Allied Workers' Union (Ppwawu, the largest union at the company), described the achievement as momentous.

"What we have done here is very big. We are the makers of the history of the new South Africa. This is not easy. There are no set rules, no precedents to follow. We are the pioneers of the new industrial order in South Africa."

This is a far cry from the union's attitude in 1990, when, after three years of wait-and-see, it sent a fax to its shop stewards warning against the company's total productivity and quality (TPQ) in-house change programme.

"TPQ is there to co-opt the workers and undermine the militancy of the union. Workers need to meet and plan a strategy to stop this," the fax said.

Instead the workers and their unions met, and after months of discussion decided become more actively involved — to ensure that they were playing a central role in its planning and implementation.

The then Ppwawu branch secretary, Kenny Fihla, admitted that TPQ was "very attractive to the workers".

"We can't just reject it because then we would have a situation where only the union officials are opposed to it, when workers are supporting it on the factory floor. We realised we needed to be part of it and at the same time make our position strong and make sure some of the dangerous elements were rejected."

Leading the charge ... Chief executive Les Cohen has brought worker representation to new heights at PG Bison
Photo: SHARIFF, South African Labour Bulletin

The TPQ programme was first implemented by Cohen five years ago as part of an attempt to overcome sluggishness in the company's performance and to come to terms with new developments in industry such as the growth of unions.

The initial focus was on changing the attitudes of the top managers and pushing them into accepting, as Cohen puts it, "a non-racial democracy in business and in the country as a whole".

Over the next two years almost all the company's 4 000-plus employees were taken through "value sharing" workshops in which workers, supervisers and managers would swap perceptions of each other, as well as go through courses on topics such as the history of black resistance.

Coming at a time when the African National Congress was being portrayed as the devil incarnate, this caused "much discomfort among the whites at first," said Thlopeho Modise, who co-ordinated the TPQ programme.

It's a sign of how far things have come that today Modise is a senior general manager, running one of the company's factories in Conservative Party-controlled Boksburg, where he has scores of whites under his authority without experiencing major difficulties.

But in the early days even the senior managers and directors were unsure about the programme.

To confront these suspicions Cohen took his top layer of management to Zimbabwe in 1989, where they spent five days meeting government officials and a delegation from the ANC.

"Today what we have achieved could be done in two years. Not only is the political climate more conducive but there are now several companies which have taken this path," says Cohen.

Late last year South African Breweries increased its share in PG Bison, assuming an effective controlling interest.

Cohen says so far the shareholders have tolerated the process and he does not expect this to change.

"If, in fact, the company had performed badly I think they would have removed me and the management and would have looked to something else."

But the company has prospered, profits have been high and the shareholders and workers have remained satisfied. There've been no strikes, no retrenchments, and wage increases were well above the industry average.

The future probably lies along the lines of even greater worker participation in decision making, including investment policy. Union representation on the board of directors and major worker share ownership schemes are a strong possibility.

It's the kind of thing that is the lifeblood of companies in Germany but is still a novelty in South Africa.

It is likely to be rejected by those placing great weight on "management's prerogative", and by unionists still clinging to old models of the "class struggle", but this microcosm of social democracy just may be the way to creating the kind of partnership between capital and labour that will serve the interests of both parties, and the country as a whole.

Pension funds milked for cash

By CIARAN RYAN

S/Times (Buss) 1/3/92

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SOME companies are dipping into employee pension fund contributions to bail them out of a cash crisis, says the Financial Services Board (FSB), raising the spectre of a Robert Maxwell-style rip-off in SA.

Andre Swanepoel, deputy executive officer at the board which monitors pension funds, is concerned about late or non-payment of contributions.

The board has proposed amendments to the Pension Funds Act carrying increased penalties for late payers.

Mr Swanepoel says: "Our controls are stricter than in the UK. Contributions must be paid to the fund or underwriting insurer within seven days of deduction.

"If payment is withheld or delayed, we investigate. We have referred several cases to the Attorney-General."

Private

The February issue of Insurance Times & Investments says Maxwell was able to remove £350-million in Mirror Newspaper Group pension money. He was chairman of the trustees, the fund management company and Mirror Group Newspapers (MGN).

Of the 16 000 pension funds in SA, 1 500 are private, the balance being administered by insurance companies, which are strictly regulated. But there is no law to prevent a company executive from being a trustee of the fund.

The FSB insists on equal representation of employees and employers on the board of trustees.

Maxwell, controlling shareholder of Maxwell Communications Corporation (MCC), was able to divert money from the MGN pension fund to support MCC's share price through illegal purchases in order to bolster its market rating.

Maxwell used MCC's shares as collateral against borrowings. The money was used to fund acquisitions for 10 years, culminating in the $2,7-billion takeover of US publisher Macmillan Inc in 1988.

Queried

In spite of the illegal share purchases, he was unable to prevent the MCC share price slide. Before the banks could call in their loans, Maxwell drowned in mysterious circumstances.

Old Mutual general manager in charge of employee benefits, Garth Griffin, says it is the function of actuaries to investigate the appropriateness and soundness of pension fund assets.

Had this been done in the Mirror group, Maxwell's "loan" to the fund should have been queried.

Regulation 28 of the SA Pension Funds Act establishes limits for various classes of investments. These are a maximum of 75% in shares and 25% in property. The two together should not exceed 90% of the fund.

The balance should be made up of more liquid instruments.

The Registrar monitors the investment mix to protect employees from unsound investment decisions.

Mr Swanepoel says an executive who is also a pension fund trustee could control investment decisions and so support company projects which are not in the best interests of employees.

"The pension fund must apply for specific approval if it intends investing in the employer's business."

Strict rules govern the dissolution of pension funds. In some cases, companies are granted contribution holidays, or funds are amalgamated. Where mismanagement is found, a new manager may be appointed.

Private funds must appoint an auditor to prepare financial statements for the Registrar within six months of the yearend.

Another safeguard is the statutory appointment of a principal officer and an actuary who reports to the Registrar.

Mr Griffin says although there is evidence of delay in pension fund payments, the laws are adequate to deal with them.

Bosses dig in on pay rises

181 355 122 245

By ADRIAN HERSCH

S/Times (BUS) 11/3/92

PAY TALKS will be tough this year and several companies have proposed no increase.

Labour consultant Gavin Brown says those that have offered no pay increase will review the position later in the year.

"While few employers are likely to stick to this position as talks wear on, it is nevertheless an indication that a great many of them are determined to settle at single-figure percentage increases for 1992."

Settlements are being concluded below the inflation rate, but even if the economy turns around soon, moderate agreements should prevail at least until the end of the year.

Mr Brown says: "There will be a lag of between nine and 18 months before a changed economic climate allows any lessening in wage restraint."

Retrenchment remains a threat for unions in some sectors in spite of huge job losses last year.

Job security demands will therefore be prominent in many sets of talks.

The chances that many productivity deals will be reached do not look good.

But the option will increase "as talks move to deadlock and further employer concessions are linked to productivity."

Mr Brown writes in Labour Chronicle: "Against all the economic realities is a mounting anger on the shopfloor over job losses and the inflation rate.

"Coupled with political expectations, the bargaining atmosphere in many companies will have a dangerously low accident threshold."

Big business appeals to workers to vote Yes

S|Times (BUSS) 8/3/92 (18)

By CURT VON KEYSERLINCK

BIG companies have dropped the tradition of keeping out of politics by appealing directly to their employees to vote Yes in the referendum.

This action is over and above the financial contributions many have made to the Private Sector Referendum Fund and the campaigns conducted by the National and Democratic parties.

Their reasons are summed up by an executive chairman who says: "Never before in our 100 years of existence have we been involved in party politics. But this referendum is a watershed. It is a crucial question at a crucial time."

First National Bank is asking employees to vote Yes.

Toyota managing director Bert Wessels says: "We have been told in no uncertain terms by Japan that a No vote and a reversion to the past will lead to reimposition of the trade restrictions. In spite of our good relations with Toyota Japan, the restrictions would be more stringent than they were.

"We are telling this to our staff by way of individual and group communications. At a meeting with our dealers we left them under no illusions about what the situation would be."

BMW says its staff will be told of the implications of a Yes and No vote.

A spokesman says: "Having just returned from Europe, I am in no doubt that even if the Right wing gave cast-iron assurances that apartheid will not be reintroduced, the perception abroad is that a No vote would lead to economic ruin for SA."

Critical

Southern Life says many business leaders believe the importance of every Yes vote should be made known to employees.

BP is spelling out the implications of a Yes and No vote to staff. It is explaining its support for the Yes vote, which is "critical to the future of the country."

BP will also ensure that employees are able to vote.

Several companies while apparently hoping for a Yes victory are more circumspect in their approach to staff.

Sasol's attitude is typical of such companies. It says: "We believe it our duty to our employees to give them an objective view of the possible economic implications of the return of sanctions.

"We will convey the opinions of an outside consultant through our internal video newsletter on the possible effects on the SA economy and on Sasol in particular."

Executives at Premier Group have been briefed to visit the group's 500 branches to discuss the matter and to explain what can happen "if the reform process continues and what can be expected in the unlikely event of a No vote".

Barlow Rand chairman and the chairmen of the group's main divisions have written to senior managers summarising the likely economic implications of the referendum result. Its managers have been asked to "do everything possible to encourage employees to vote, irrespective of their persuasion".

Murray & Roberts top management has addressed 500 managers.

Other companies approached by Business Times which support the Yes vote in varying degrees are Anglo American, Standard Bank, Caltex and Shell.

Gencor says it leaves decisions on political issues to its employees.

Wife

Several companies say they find questions about political matters embarrassing. One admits to contributing to the Private Sector Referendum Fund, but asks that this not be made public.

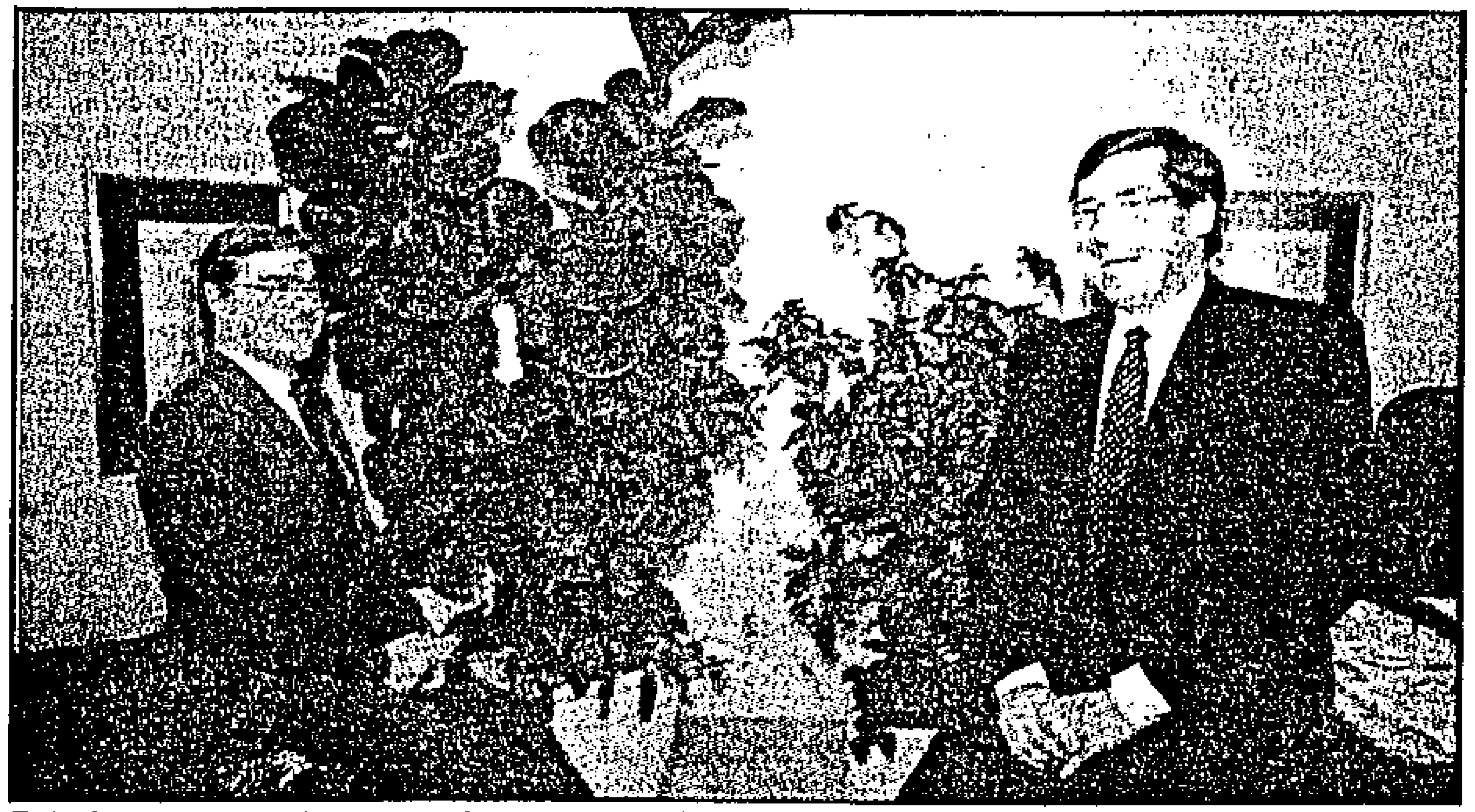
Another says it cannot afford to be seen to be supporting either side because its employees and customers "cover the entire political spectrum".

"Its like being asked if you have stopped beating your wife," says one managing director. "Whatever answer you give you are damned."

They 're-pot' executives

STAR 9/3/92

(181)



Pot-plant treatment . . . moving a person into a new working environment is sometimes all that's needed, say Barrie Jack (left) and Neil Macdonald. Picture: Jacoob Rykliff

FOND FAREWELL
Outplacement counselling is being used as part of a "thanks and farewell" deal for key executives.

JOHN Smith was earning a package of R180 000 a year as a financial manager of a Transvaal industrial company when the "Dear John" letter landed on his desk. It said he was being retrenched.

Today, four months after the shock of that traumatic day, he's back in business with another company, a better job, a better car, better perks and a fatter salary.

Retrenchment came as a sudden and unexpected shock to Peter Jones, who lost his job as marketing director of a chemical company as a result of a merger. At 50, and in the middle of a recession, he didn't rate his chances of getting a similar position very highly.

Today he has a more senior job with another firm — and a better package to go with it.

The names are fictitious. The facts aren't.

How did these two executives manage to bounce back so successfully?

The answer: outplacement, an American-devised system where companies retrenching staff recruit specialised career counselling firms to help valued former employees find new jobs.

Outplacement counselling is being increasingly used by "concerned" South African companies.

It forms part of the "farewell" package given to key executives who are retrenched through mergers, takeovers, management changes or as a direct result of the economic recession.

"We've had recessions before, but this is the first time in history that so many highly qualified and experienced career people, over such a wide spectrum of business, have had their services terminated," says Neil Macdonald, managing director of a company consulted by some of South Africa's largest companies to help place retrenched executives in new jobs.

"Essentially, what the company is saying is, 'We're sorry we have to let you go, but we'll do all we can to get you a new job'."

In the United States outplacement is a $500 million business.

In Britain, too, it's very big.

In both these countries about 90 percent of major companies use outplacement consultancies to help with the formulation and management of retrenchment policies, as well as to equip the casualties with the skills they will need to face their new problems and challenges.

"In South Africa, the practice is still in its infancy, but it's growing," says Mr Macdonald.

"Companies realise that they just cannot throw skilled and loyal personnel on the scrap-heap.

"They may have lost their jobs through no fault of their own.

"Outplacement is becoming an important part of many companies' social responsibility programmes."

HIS company uses the latest psychological techniques — modelled on a leading international outplacement agency, Pauline Hyde & Associates in Britain — to ensure that skilled top and middle management personnel are not lost to business and industry.

And it's working.

"Eventually, virtually all outplacement candidates referred to us by their companies get jobs," he says.

"Some get even better jobs than before.

"Through counselling, some find that they've been in the wrong position all the time.

"We are not a placement agency, but often we are able to steer them in the direction of new positions where they progress better than in their previous career."

He calls it the pot-plant treatment:

"Moving people into a new working environment is sometimes all that's needed to make them flourish."

Some, like John Smith and Peter Jones, move up quickly.

For others it's a longer haul.

Most times it takes four to six months before another job comes along.

But throughout the waiting time, no matter how long it lasts, the candidate has the company's professional counselling and resources, including full office services, at his command until he finds a new position.

Mr Macdonald says his company does not find jobs for executives — it equips them with the skills and the psychological know-how to find jobs themselves.

"Persuading a R300 000-a-year chief executive, who has always been on the command side of the desk, to re-learn interview skills and how to write a CV isn't easy," says director Barrie Jack.

"They're the ones who are used to asking the questions and demanding the answers.

"For some retrenched senior executives, coming to terms with that reality can be hard.

"But that's what outplacement is all about."

THE sometimes costly bill for professional outplacement counselling — and all the support services that go with it — is paid for by the company doing the retrenching.

It's a kind of final "thanks and farewell" gesture.

"The fact that companies are prepared to pay substantial sums to help retrenched personnel find new jobs is a tribute to the executive being compelled to leave," says Mr Jack.

"It is also good human relations.

"Those left behind will judge management on how they conducted the retrenchment."

TRENDS REPORTER

Numsa submits demands in 1992 wage negotiations

B/Day 9/3/92

CAPE TOWN — Core demands for the 1992 wage negotiations in the engineering, motor, auto assembly and tyre industries were submitted by the National Union of Metalworkers of SA on Friday.

Central to this year's talks would be the union's continued demand for a R2 an hour across-the-board increase, said Numsa's secretary for collective bargaining Les Kettledas.

Other core demands were on job security, and parental, organisational and bargaining rights.

"We expect negotiations to be tough, specifically our demand for an unconditional and unlimited moratorium on retrenchments.

"Numsa is very concerned about its members losing jobs; last year it was predicted that 35 000 jobs would go in the metal and engineering industry."

Kettledas said Numsa would be pressing for a R2, or 25%, hourly increase for all in the four industries.

In the motor sector, the union demanded a R4,50 minimum hourly wage, and in engineering, R5,50.

There were about 350 000 workers affected by the metal and engineering talks.

The motor council negotiations involved about 200 000 workers, the new tyre manufacturing industry another 12 000 and the national bargaining forum in the auto industry, 35 000.

Demands on workers' rights included allowing union members 10 hours each month to meet on company premises.

"This is essential for the process of negotiations where representatives must report back to workers, and get mandates.

Shop stewards should be given at least 20 days paid leave a year for training so they, like employers' industrial relations representatives, could be educated about labour relations.

Numsa also demanded the right to strike and picket without fear of dismissal.

"We also want a code of practice agreed to on ending discrimination in employment practices. While apartheid may have been scrapped from the statutes, there is still a lot of discrimination ... "

Numsa also wanted all bargaining in the engineering sector to be centralised, with existing house agreements being drawn into the national industrial agreement, he said. — Sapa.

Manufacturing industry losing confidence

Further job losses on the cards, says Sacob

181

STAR 10/3/92

By Sven Lünsche

Both skilled and unskilled employment levels in the manufacturing industry will fall further this year, according to a survey by the SA Chamber of Business (Sacob).

Sacob adds that businesses are marking time ahead of next week's referendum, which is casting a shadow over confidence levels in commerce and industry.

Sacob chief economist Dr Ben van Rensburg says business confidence is fragile at present.

"Three factors are needed to stimulate confidence — political certainty, tax relief and lower interest rates. Without these confidence will remain stagnant," he says.

Sacob's Business Confidence Index, which is compiled from 16 major economic and financial statistics, thus shows an unchanged level for the third successive month. (see graph)

Manufacturers in particular are sensitive to political developments, as they have become more export-oriented over the past few years.

"Clearly a large number of industrialists believe that a referendum result that is negatively received by the rest of the world is most likely to have an immediate impact on their business," Sacob economist Keith Lockwood says.

Furthermore, he adds, the stated reaction of many foreign governments to a "no" majority in the referendum once again raises the spectre of international economic isolation.

It is not surprising therefore that up to 30 percent of manufacturers surveyed by Sacob predict a further decline in the number of unskilled people they employ. Over 15 percent also forecast a fall in skilled employment.

Fixed investment levels are also set to stagnate — according to the survey a net four percent of manufacturers plan to expand their production facilities.

Apart from political developments, Sacob urges the Minister of Finance to press on with the process of tax reform.

While there are few expectations within the business community of a reduced tax burden after next week's Budget, tax relief is essential to underpin the chances of eventual economic recovery.

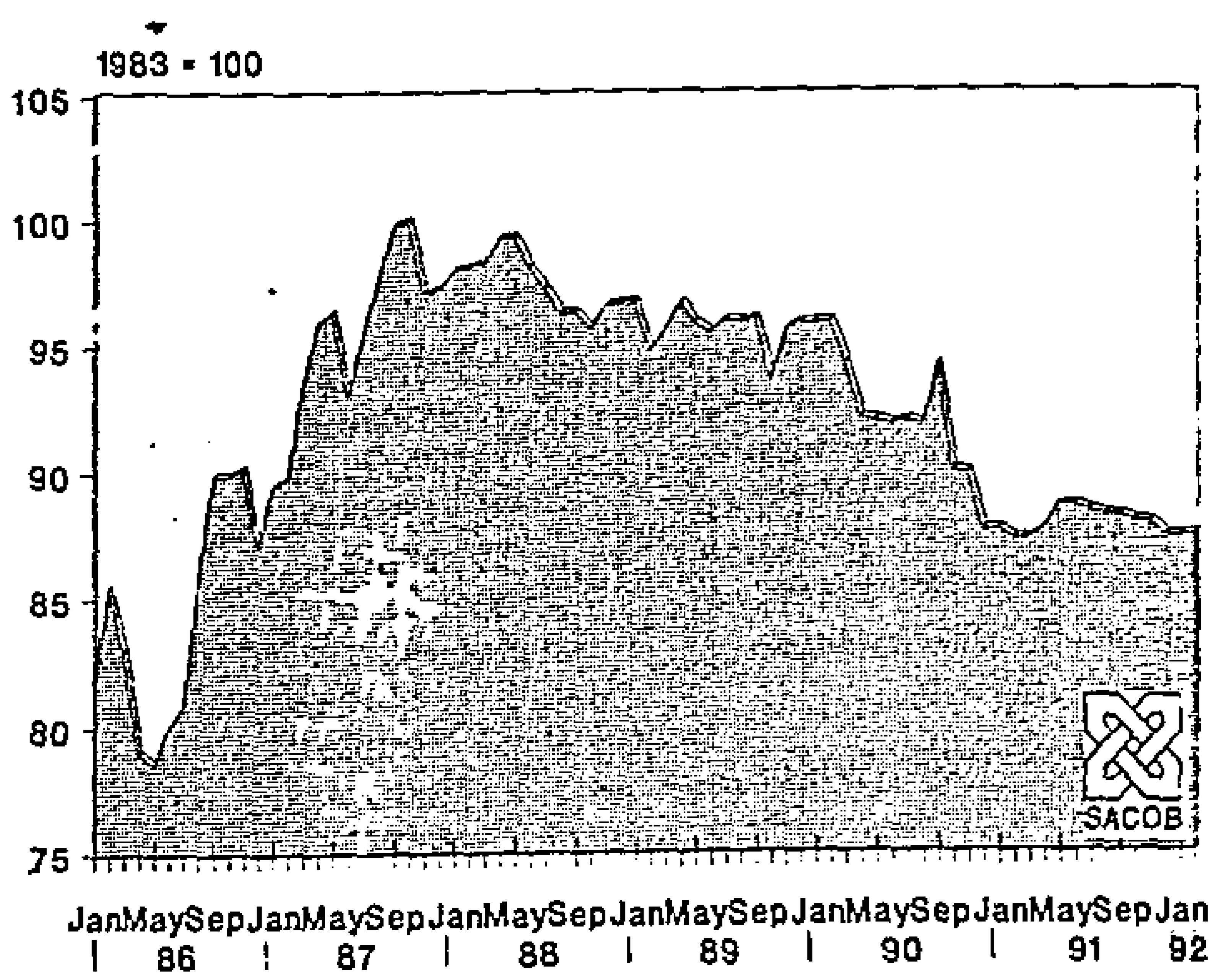
"Sacob continues to believe that despite the pressure on the fiscus and concerns over the size of the deficit before borrowing, there is still scope for reductions in the tax burden by the re-prioritisation of state expenditure.

"At the least nothing should be done in the forthcoming Budget that serves to further retard the international competitiveness of the business sector," Dr van Rensburg says.

Looking at the current state of the economy, Sacob says that the recent rise in imports suggests that domestic activity levels may be increasing, as does the slight turnaround in the level of manufacturing production.

"The continued decline in the BA rate will also have helped to reduce part of the interest burden on business, and continues to indicate an anticipation in the market that other short-term interest rates will also decline in the near future," Sacob comments.

The Chamber adds, however, that the decline in merchandise exports and retail sales, and the fact that the inflation rate remains high, "suggest that the economy has not yet switched into recovery mode".



The Business Confidence Index continues to decline.

SA must do more with less — Godsell

THEO RAWANA

USING existing human resources more effectively would help SA to multiply existing wealth four or five times, Anglo executive director (industrial relations and public affairs) Bobby Godsell said yesterday.

Opening the Instructor '92 education and training exhibition at Nasrec, Johannesburg, Godsell said SA needed to do more with less, and there was potential for adding value to the labour of South Africans.

SA needed to invest in human competence and should set itself the goal of eliminating functional illiteracy and innumeracy in at least the formally employed workforce by the year 2000. B|Day 11/3/92

"If literacy and numeracy training were seen as central to employment, remuneration and promotion; if it focused on industrial needs; if employers would invest now in the expectation of a medium-term return; we could do this," Godsell said.

The other goal should be to ensure that every supervisor at work (irrespective of race) had received adequate supervisor training, had acquired some skills in achieving results through others. "Just imagine the impact on labour productivity."

Companies also needed to take technology seriously, to plan for the constant upgrading of human skills, "just as we constantly upgrade physical technology". They should also plan for labourers to become operators, operators to become artisans, and artisans, technologists.

"These are some of the challenges facing training and development professionals. It calls them to not just do more, but rather to do better; to place less reliance on imported packages and imported gurus; to acquire good knowledge and good technique. Derived from good research and good development, here is one of the richest people laboratories in the world."

JCI warns about 'no' vote

JOHANNESBURG Consolidated Investment chairman Pat Retief has warned the group's white employees of the economic consequences of a "no" vote in the referendum. He said March 17 would be a "make or break day" not only for SA, but also for the company.

The serious consequences of a "no" vote would result in renewed sanctions, a weaker rand and even higher levels of unemployment, he said. (181)

Retief said a "yes" vote could not provide a guarantee against recession and unrest, but would provide SA with a chance to come through with an acceptable and workable new constitution. BDay 11/3/92

Warning on industrial action

STAR 14/3/92 181

NEGOTIATED wage increases this year are likely to average 14 to 15 percent, compared with 16,1 percent in 1991 and 17,4 percent the year before, as an expected decline in inflation and the poor state of the economy make their mark.

However, according to a document prepared by labour relations consultants Andrew Levy and Associates, actual settlements will vary sharply according to industrial sector and the financial position of employers.

The trend towards variation was seen for the first time last year since robust collective bargaining began in earnest, say the consultants.

The two largest Cosatu-affiliated unions — the National Union of Metalworkers of SA (Numsa) and the National Union of Mineworkers (Num) — accepted their lowest inflation-adjusted increases since the early 1980s and Num regarded its acceptance as a temporary suspension of its national wage policy.

Last year real wage increases averaged only 0,3 percent, compared with 2,9 percent in 1990 and 3,1 percent the previous year.

Greater realism

"While a greater realism is certainly to be seen in the wage bargaining process, unions will continue to fight to maintain the living standards of their members," says Andrew Levy.

"Even with the tough economic backdrop of 1991, there is still a more than 50 percent probability that employers will face industrial action in support of wage demands and a more than 50 percent chance that such action would be in the form of overtime bans or go-slows."

The consultants warn that employers can expect union negotiators to step up calls for shorter working hours as the country moves into an era with a greater emphasis on non-discrimination at work.

Firms successfully resisted such efforts throughout the 1980s on the basis that it would be too costly. In 1989 it was found that 80 percent of workers surveyed still worked a 44-hour week.

However, unions were arguing that there was no reason why unionised workers should work longer hours than non-union employees, many of whom worked 40 hours or less.

At the same time, they claimed — "often with justification" — that better working methods could result in maintained or improved productivity.

'Top businessmen warn of job losses if 'no' vote wins

S/Times 15/3/92. (181)

A SCIENTIFIC poll of top SA businessmen this week shows the overwhelming majority expect plunging profits, retrenchments and isolation as an immediate consequence of a "no" vote.

Many companies indicated that whole areas of business would come to a standstill, because foreign licensing arrangements would end with the imposition of sanctions.

BY BRIAN POTTINGER and CHARLENE SMITH

Estimates of unemployment as a direct and immediate consequence of a "no" vote ranged from a modest three percent of staff to 30 percent.

The poll — the most comprehensive survey yet of business sentiment on the referendum — was conducted among 120 companies by Research Surveys of Cape Town.

The questionnaires were answered by chief executive officers or top executives.

Almost all executives feared a "no" vote would cripple foreign trade contacts at a national and company level — particularly in agriculture, manufacturing, travel and tourism.

Drop

Ninety percent believed it would affect their companies. Many believed they would be denied technological exchanges, technological support and licensing contracts.

The overwhelming majority confirmed it would affect their investment decisions and expected a drop in company turnover. Only two percent of those polled said they felt "positive" about a "no" vote.

Many adopted a "wait-and-see" attitude on what the effect of a "yes" vote would be.

Half of the businessmen were neutral on whether a "yes" vote would improve consumer spending and employment. Many more were confident, however, that it would help social stability.

Impact

The poll reflects the deep concern among South African businessmen — particularly the larger corporations — about the effect of a "no" vote on the economy.

In the last two weeks a number of top companies have written to employees advising them of the negative impact of a "no" vote on the company and possible risks to their jobs.

Mr Peter Searl, chairman and MD of Volkswagen, advised white employees that if the world decided to act against South Africa following a "no" vote in the referendum, virtually all export business would be lost overnight, probably resulting in thousands of jobs being lost in the Eastern Cape.

A "no" vote would mean the imposition of penalties, sanctions and punitive action that would make previous measures "look like a picnic", Mr Searle said.

Sasol told workers that if sanctions were reimposed, up to 6 000 people at Sasol One and Sigma could lose their jobs.

Johannesburg Consolidated Investment chairman Pat Retief, in a letter to employees, said: "If we cannot sell our production because of reimposed sanctions both your job and my job will be threatened. Continued reform is important because it is the only way to free the economy so it can grow."

Simpson McKie Inc, major JSE stockbrokers, said that, while they were not in the business of party politics, they knew about local and international financial markets.

Hope

They warned a "no" vote could result in the massive destruction of wealth, whether shares, mutual funds/unit trusts, retirement annuities, pension funds, gilts or property.

"There will also be little hope of a subsequent recovery, and a big increase in suffering by way of even worse unemployment."

Mr Andries Beyers, Conservative Party chief secretary, hit back at employers urging their workers to vote "Yes".

He said it amounted to "intimidation" and warned that a record was being kept of those companies and they should not be surprised if, after this "interference" in the democratic process, steps were taken against them.

(News by Brian Pottinger and Charlene Smith, 11 Diagonal Street, Johannesburg)

Nactu up in arms over peace accord

B/Day 18/3/92 (181)

DIRK HARTFORD

THE National Council of Trade Unions (Nactu) intends taking legal action against employers who force workers to accept the peace accord and businesses' political positions, says Nactu general secretary Cunningham Ngcukana.

The 250 000-strong labour federation also intended taking legal action against police after its president, James Mndaweni, was arrested on Monday and questioned on his alleged involvement with the activities of the PAC and its armed wing, the Azanian People's Liberation Army.

Meanwhile, Sapa reports that Nactu's PWV region pulled out of the anti-VAT alliance campaign yesterday, claiming the alliance's "unilateral action was based on demands not canvassed with Nactu".

However, Nactu said it would continue to co-operate with the alliance on other issues.

Nactu said Mndaweni's arrest was part of a campaign by police and employers to force it to sign the peace accord.

A number of companies organised by Nactu affiliates were forcing workers to sign the peace accord and accept the "current political process". This undermined Nactu's position, Ngcukana said.

Employment is down 2,9%, says Du Plessis

Business Day 19/3/92 (181)

Own Correspondent

CAPE TOWN — Employment levels fell 2,9% in the nine quarters of the current downturn, Finance Minister Barend du Plessis said in his Budget preview yesterday.

During the third quarter of last year employment in the private non-agricultural sectors was virtually the same as 11 years earlier.

The inability of the formal sector of the economy to provide sufficient jobs for the growing labour force reflected certain structural problems in the labour market and led to higher unemployment in spite of increasing activty in the informal sector.

The level of saving and its productive use was a critical factor in raising the potential for economic growth and job creation, he said.

Gross domestic saving, which averaged 25,4% in the 1970s before falling to 24,7% in the 1980s, was estimated to have dropped to a low of 18,8% last year.

While cyclical factors had played a role in this regard in the recent past, the trend was largely attributable to the fact that it had not been possible to eliminate the almost consistent dissaving by general government, particularly since the 1985 international debt standstill.

To reach economic growth enabling unemployment to start falling it was necessary that the savings propensity and utilisation of savings be appreciably raised, not least on the part of government.

Remedying this structural problem would have to be a priority.

Initiatives by central government and development institutions financed partly by the Exchequer to help contain unemployment directly or indirectly included:

- Special labour-intensive capital projects totalling R1,6bn, intended to create jobs;

Job creation

- The carrying over of R22m from 1991/2 by the Manpower Department as a continuation of its job creation programme; and
- The transfer of R500m by the Independent Development Corporation (IDC) to the Development Bank of SA this year following the former's restructuring.

Negotiations are under way with the IDC to enable a further transfer to the Small Business Development Corporation (SBDC) this year. The Budget provides for a transfer of R3,8m to the SBDC's development fund for maintenance and expansion of small business development initiatives.

Motor industry is top payer — survey

B/Day 24/3/92

DIRK HARTFORD

ANGLO American's wage survey, which compares the wages of some companies in different sectors, shows that minimum monthly wages are highest in the motor sector. (181)

VW tops the industry with R1 499 a month while Delta is last with R1 153 a month.

In the steel and engineering industry, top payer is Kolbenco at R1 044 with Scaw taking up the rear at R895.

And in the liquor sector SAB pays R1 410, while Gilbeys and Stellenbosch Farmers' Winery are on R1 048.

In the paper industry, Nampak comes out top at R1 044 with Sappi tailing at R823.

Retailer Checkers leads with R910, closely followed by Pick 'n Pay and Woolworths at R850. OK Bazaars pays a R725 starting wage.

In the banking sector, Nedbank pays R900 against Standard Bank's R750.

Restructuring poses difficult questions for organised labour

B/Day 30/3/92 (181)

The Economic Trends Research Group has launched a major research project into the SA manufacturing sector. AVRIL JOFFE and DAVE LEWIS report.

A COUNTRY that continues to rely on natural resources in a world economy dominated by trade involving manufacturers has no long-term future. A country that cannot produce the basic technologies and equipment required to underpin its manufacturing base is heading for economic ruin. And a country with a manufacturing sector whose very existence is tied up with state subsidisation and support is unsustainable.

SA is on this road, and this is why we have to face the need to restructure the manufacturing sector.

The Industrial Strategy Project (ISP), a major project launched by the Economic Trends Group — which has a long-standing relationship with Cosatu — will attempt to contribute to the regeneration of SA manufacturing by devising a set of policy proposals that address both the shortcomings of current policy and the deep-seated structural problems that have led us into the impasse. This it will do through a study of 12 manufacturing subsectors, including the informal sector.

Difficult and controversial questions will be asked that critically examine current policies. These include:

☐ A serious questioning of the degree of protection and tariff policy;
☐ Ownership structures and the lack of competition within sectors;
☐ The criteria used by government institutions for the support of particular industries;
☐ The absence of a coherent policy for human resource development;
☐ The disregard for environmental considerations;
☐ Managerial behaviour which is characterised by short-term profitability and a lack of vision; and
☐ The adversarial industrial relationships governing labour relations.

Restructuring is not only about factory floor organisation, or industry or ownership. It will raise important and difficult questions — particularly for labour — of adjustment.

A number of disruptive factors challenge the trade union movement on several fronts: decline of membership, organisational capacity, unity among workers in the face of competition, retrenchments and new technologies.

It is not surprising that the unions — both internationally and in SA — have often not responded with enthusiasm to the potential restructuring of their industry. Where unions have responded defensively they have been confined to negotiating redundancy procedures and severance pay with the twin aim of slowing down the pace of restructuring and attempting to reduce the amount of labour displacement.

However, the experiences of countries such as Australia, Sweden and Canada indicate that restructuring is an inevitable response to the global challenges. It also shows that it is only in reaching some kind of strategic accommodation between labour, the state and capital that unions will be able to extract what potential benefits the reorganisation of manufacturing production offers.

This is an important difference between the approach adopted by the ISP and the restructuring programmes of the IMF and other international institutions. Theirs are predicated on the lowering of the real wages through devaluation and the lowering of the social wage through cuts in government expenditure. The bases of restructuring identified by the ISP are not those of cost-cutting or simple price competition, but rest on new and different production and organisational techniques.

While the one objective of the ISP is to re-establish increased competitiveness and productivity (which is not the prerogative only of management) the second objective is to extend and consolidate the organisational capacity of the trade unions in the factory and at industry level.

The achievement of these objectives relies on the ability of these two actors to negotiate a "restructuring accord". This will involve balancing the winning of a greater degree of industrial democracy on the shop floor against increased productivity; establishing necessary institutional arrangements — by extending the scope of the industrial councils and enforcing management's participation in employer federations — for co-operation on the shop floor; and winning a greater degree of job security for increased flexibility.

The underlying assumption of such a social accord or economic compromise between capital and labour is that, with greater industrial economic democracy, production and productivity will be increased.

The implications for labour are a greater involvement in individual workplace issues as well as macro-economic issues including wages, taxation, social wage and price restraint, unemployment, child care, education and training, health care and other social development.

While conflict on the shop floor cannot be wished away, a recognition of the benefits of co-operation must surely take the place of the adversarialism characteristic of the relationship between capital and labour to date. This involves a recognition that strong, independent and democratic trade unions are essential to the viability of such a social accord.

The ISP is concerned not to see the role of the market as solving all problems; nor to overemphasise the role or capacity of the state. A new approach is needed — one in which capital has to refashion its relationship with labour; in which new types of state involvement are required; and in which a broader institutional involvement is required with universities, technikons and research institutions, trade and industry federations, consumer organisations and environmental groups, among others.

On the one hand, therefore, we will examine the distortions caused by particular state policies. On the other, the ISP's policy proposals are likely to include carefully targeted interventions within and between sectors and between sectors and relevant institutions, both in the private sector and in the state.

The ISP recognises that industrial restructuring of the required type cannot be achieved by bureaucrats writing the "best economic plan". It can occur only as a process, with all the major parties contributing to an identification of SA's economic weaknesses, on a sector by sector basis, and identifying the steps necessary to correct weaknesses and to take maximum opportunity of the potential for advancement.

The research consultants on this project will engage manufacturers, state bodies, employer federations and relevant Cosatu affiliates on these issues. Underlining this research project is the understanding that collaborative relationships between manufacturers, companies and unions, and the industry are an essential ingredient of any successful industrial policy.

A challenge for the ISP is to map out a strategic path and set of policies for the manufacturing sector which ensure that such co-operation is possible and in which the role of labour can be enhanced.

☐ **The authors are co-directors of the ISP, although the views expressed are their own. This is an edited extract from an article in the latest edition of the SA Labour Bulletin.**

Big daddy Crown bows to pressure

WMail 3/4-9/4/92 (181)

By FERIAL HAFFAJEE

ONE of the last great anti-apartheid campaigns in the United States this week secured the reinstatement of 100 workers dismissed from the Johannesburg-based subsidiary of a US multinational.

Alrode on the East Rand, a subsidiary of the giant US-based Crown Cork and Seal company, this week agreed to reinstate 100 workers and give substantial termination packages to the 96 workers it dismissed en masse last year.

The Africa Fund, at the request of the National Union of Metalworkers (Numsa), mobilised a congressional, union and anti-apartheid lobby to rally behind the workforce of Alrode.

Alrode dismissed all its employees after a September 16 and 17 stayaway to protest against the East Rand violence last year and replaced them with members of the Inkatha-aligned United Workers Union of South Africa (Uwusa).

When the company refused to negotiate the dismissals, Numsa turned to its sister unions in the US for aid.

Africa Fund representative Mike Fleishman said "the campaign struck a deep chord with American unionists". The US is the only country in the world besides South Africa where a striking workforce can be permanently replaced.

The campaign drew an immediate response from the parent company in the US, which sent out a high-ranking executive, Richard Kryzanowski, to investigate. He was unable to get the company to negotiate rehiring but, according to Fleishman, "he instructed local management to negotiate a termination package with R500 000 on the table".

Soon after initial negotiations, the South African Police arrested six workers and brought charges against three union officials. This gave impetus to the campaign which saw the company subjected to picketing and protest letters.

"The campaign promised problems for the company inside its US plants, within its own boardroom and in the streets," says Fleishman.

Finally this week, the company succumbed to pressure from big daddy in Philadelphia and offered to reinstate 100 workers and place the remaining 96 on a preferential recall list. A company spokesman said the firm would also offer R500 000 to retrain or voluntarily retrench the 96.

Union-to-union contact in multinationals is growing in South Africa: Numsa workers at Caterpillar in Isando last week staged daily one-hour work stoppages in solidarity with 10 000 US Caterpillar workers striking over centralised bargaining.

The Chemical Workers' Industrial Union has benefitted from union-to union-contact in multinationals, says acting general secretary Muzi Buthelezi.

In 1990, Johnson and Johnson South Africa threatened mass dismissals but "backed off" after pressure from the Amalgamated Union of Clothing and Textile Workers in the US. And through transnational union campaigns, Thor Chemical's import of waste into South Africa from US Cyanamid was exposed internationally.

Heavy safety burden rests on lead industry

(18) · South · 4/4-9/4/92

Medical specialists and trade unionists agree that the lead in the workplace and in the environment poses a serious health risk. **Mbuyiselo Mtshe-ketshe** reports:

UNDER WRAPS: A worker protects himself using a cloth wrapped round his face

4/4-9/4/92 South

More than 86 000 tonnes of lead are produced in South Africa annually and it is estimated that some 14 500 workers are exposed to the risk of lead poisoning in the industry.

This is one aspect of the problem because lead in the environment may be just as harmful to those who do not work with the metal.

An industrial health research group at UCT found that many workers in the industry suffer from lead-induced disease and organ dysfunction.

According to researchers, the lead content of food and water is difficult to control. More attention has been paid to controlling the lead content of air caused mainly by exhaust fumes of vehicles.

Lead is emitted during the manufacture of batteries, of alloys, casting and extrusion of a variety of corrosion-resistant articles.

Recent research conducted at UCT by Dr PB Disler, under the auspices of the Energy Research Institution, shows that lead remains the most widely used non-ferrous metal in industry.

Disler says it is not surprising that toxic effects continue to appear among workers, as 2,5-million tonnes are produced worldwide every year.

Professor JCA Davids of the National Centre for Occupational Health says lead poisoning is a notifiable medical condition in South Africa.

He says lead exposure is carefully controlled by some firms, but many do not have an occupational health service.

Davids says evidence of the effects of low-level lead poisoning in children is mounting.

He says the exposure of children has been shown to produce behavioural change and to interfere with intellectual development.

This indicates that the unrestricted increase of lead in the environment should be avoided, Davids says.

The monitoring of lead exposure continues to be controversial.

According to Dr RI Ehrlich of the Department of Community Health at UCT, lead absorption is measured by the blood-lead concentration.

He says under the legislated standard for removal of a worker, an individual may work with lead for 20 years with a blood-lead level of 78 measured units.

"This flies in the face of sound occupational health practice.

"We believe that a lower blood-lead level for removal of exposed workers is needed."

Ehrlich says workers should be educated about lead and programmes set up for them.

Professor Philip Landrigan of Mount Sinai School of Medicine in New York says the most recent effort to reduce occupational lead exposure and prevent toxicity in the United States was the adoption of a comprehensive lead standard by the Occupation Safety and Health Administration (OSHA) in 1976.

He says the adoption of the lead standard has been influential in reducing the incidence of occupational lead poisoning.

Landrigan said lead poisoning is the most common disease of environmental origin in the US today.

Consideration should be given to banning all unnecessary uses of lead, Landrigan says.

This would be the most reliable method of reducing occupational and other exposure to lead.

Last year, the Minister of Manpower, Mr Eli Louw, published regulations to protect workers in the industry.

The regulations stipulate that the use of lead and number of employees exposed are to be kept to a minimum.

Also, every employer has to ensure that the measurement of exposure is carried out after an appropriate safety representative or safety committee has been informed.

The regulations prohibit any person from smoking, eating, drinking or keeping food in the work area and no person under the age of 18 may work in the area.

However, the regulations were condemned by the Chemical Workers Industrial Union (CWIU).

Union spokesperson Mrs Shirley Miller said the regulations "deal with the situation by the yo-yo method of control, withdrawing workers when their levels are too high and returning them when they are down".

"Employers tend to regard existing standards as a goal rather than a starting point.

"The government has unilaterally drawn up these regulations without consulting workers and their representatives," she said.

According to the union, the starting point for arriving at standards should include the following:

- Levels of exposure in the workplace should be reduced to a safe level so that all workers have the right to work.
- Jobs and wages should be protected if any removal from work

Acclaimed Green activist jailed by Kenyan govt

4/4-9/4/92 South

SAVING TREES is a criminal offence in Kenya. At least, that is the experience of environmental activist Ms Wangari Maathai, recently labelled a "subversive" and jailed by President Daniel Arap Moi.

Maathi is in prison, awaiting a court appearance on April 11, and a trial scheduled for May. She was recently discharged from hospital wearing a neck brace after a beating received in prison.

Maathi is best known as founder of Kenya's Green Belt Movement. In Kenya, as elsewhere in Africa, trees are felled by people with no other source of fuel. The result is denuded rain forests, eroded soil, diminished crops.

As the desert expands, poverty and hunger increase. Maathai's tree-planting project resulted in 10 million new trees and employment for 50 000 people during the 15 years of its existence.

But her most recent environmental endeavour landed her in prison.

Kenya's first woman PhD and the first woman professor at the University of Nairobi, Maathai was a member of the National Council of Women of Kenya when she established the Green Belt Movement and, with international aid, set up 1 500 tree nurseries to provide seedlings for public and private lands. For every tree that survived three months, the women who planted them got four US cents.

The movement Maathai started has spread to a dozen African countries. In 1987, the Green Belt Movement was a winner of the United Nations Environmental Global Programme 500 award.

But the Green Belt Movement threatened President Moi. As Maathai herself had acknowledged, he didn't like her organising ordinary, poor people and telling them they could make positive changes to the environment.

Moi found out how inconvenient organised environmentalists could be. He had arranged publicly-guaranteed loans to build a $200-million 60-storey office tower — the tallest in Africa and featuring a mammoth statue of himself — in the middle of Uhuru Park, the capital's largest green space, used largely by poor families.

The building was to house the headquarters, newspaper and TV station of Moi's Kenya Africa National Union, then the country's only legal political party.

When Maathai organised opposition and filed a lawsuit against the building plan in 1989, the government denied her permission for a public demonstration, ordered the Green Belt Movement out of a state-owned building and threatened to ban the organisation.

Moi has since been forced by foreign aid donors to abandon the building project.

In January this year Maathai participated in a meeting in Nairobi at which the public was warned Moi might be planning to turn the government over to the military to prevent multiparty elections. Her house was surrounded by police and she was subsequently arrested.

Under growing internal and external pressure to Kenya's political system, Moi is anxious to intimidate and counter opposition leaders who can challenge his power.

Through her environmental work, Wangari Maathai is one of few Third World leaders to gain a mass constituency.

If the UN succeeds in its goal of protecting environmentalism, there will be a lot more people like Maathai posing similar challenges to dictatorial regimes.

The UN not only needs to galvanise government leaders to pay attention to the environment but also to acknowledge, advocate and defend the rights of those like Wangari Maathai who act for the environment at grassroots level.

— Pacific News Service

Business will seek bigger say in syllabus

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B Day 8/4/92

AS community interest in educational issues grow, training institutions will increasingly be required to take cognisance of demands placed on them by their communities, says Interlearn MD Doug Swanson.

This will have to happen within the broad framework laid down by government in the new educational dispensation, he says.

Furthermore, parents want to have a greater say in educational matters — whether from a perspective of contributing more financially or from wanting to ensure the products of education meet the demands of a complex and rapidly changing society.

Build

Equally, business has to build a productive and internationally competitive workforce.

"As a result business will demand greater relevance in curricula in proportion to the extent to which business is going to be involved in funding education," says Swanson.

Business can fund education by acting as a sponsoring body for schools or providing bursaries and scholarships to employees, their children or the community.

"Business, parents, the community and educational authorities are inextricably linked to meet the challenges that lie ahead," he says.

Job cuts bid by car industry

DIRK HARTFORD

MOTOR car industry employers have told the National Union of Metalworkers (Numsa) that before making any offer on wages this year, they want to resolve their difficulties with the moratorium on retrenchments agreed in last year's talks.

Employers say they are unable to maintain an unconditional moratorium on retrenchments.

Representatives of motor, metal and tyre and rubber industry employers — who are separately involved in talks with Numsa — met for the first time this week to share ideas on how to deal with the 270 000-member union's demands. (187)

Numsa is demanding a R2-an-hour, across-the-board increase. It also wants to extend the moratorium on retrenchments to the metal and tyre and rubber industries — without this being linked to a ban on "unprocedural industrial action" as is the case in the auto agreement.

In the opening round of car assembly negotiations this week, National Association of Automobile Manufacturers (Naamsa) director Nico Vermeulen presented an overview of the key issues facing the industry this decade. BDay 9/4/92

The detailed presentation highlighted current problems such as falling sales and a shrinking industry.

Samcor will cut working time and wages by over a third over the next three months in order to keep to the moratorium. Toyota, meanwhile, is doing so well that it has been working overtime.

Starting a business: now the head-hunting

STAR 11/4/92

Adapted from "Starting and Running Your Own Business", published by the private business services division of chartered accountants KPMG Aiken & Peat.

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CHOOSING the right people, particularly if you are operating in a service industry, is central to the functioning of your business.

In this series we will set out ways of attracting the right people, assessing their abilities and making sure you do not fall foul of the complex legislation relating to the employment of people.

You should note that you will need to make a substantial investment in choosing the right people in the form of time and/or money.

You may choose to use an employment agency to reduce the workload, but this may be expensive because agencies typically charge between 10 and 15 percent of the employee's first year's salary package as a fee.

Alternatively, you may choose to do the advertising and interviewing yourself which, obviously, will be time consuming.

From replies to advertising, draw up a short list.

Leave sufficient time for an interview. Selection is as important to the prospective employee as it is to you, especially if the applicant is entering a business with no proven track record.

Prepare an outline for the interview, but be flexible.

You should have a brief set of key questions, but let the candidate talk about himself or herself. You will discover much more about him or her that way.

You should be looking for:

- The level of technical expertise in the field of your business.
- Loyalty to previous employers — beware of applicants who have changed jobs frequently or who emphasise minor grievances about past employers.
- Current salary and how it compares with the package you are offering.
- The candidate's long-term aspirations.

The candidate probably has applied for other posts: you need to make a special effort to sell your business to him.

After the interview, follow up references by telephone if possible, but make sure you have the candidate's express permission to do this.

A key question to ask a previous employer is: "Would you re-employ the candidate?"

Send an offer letter (including detailed information about the package offered) to the successful candidate without delay.

Remember that this is likely to be the basis of a formal contract of employment so be careful about the wording and content.

After interviewing prospective candidates, politely inform those not chosen as soon as possible: you may need their help or custom some day.

You now need to make sure the staff you have enlisted are kept happy by continuing or increasing the motivation and standard of living they had at the outset.

Keep employees, especially key people, informed as to where they stand and what their progress in the company is likely to be.

A high staff turnover can create havoc in a small business and is extremely expensive.

MANAGEMENT

The down side of downsizing

STAR 13/4/92. 181

DOWNSIZING became a management buzzword in the '80s, when it was on the lips of every firm hoping to present a cuddlier image of the harsh business of cost-cutting by sacking people.

As companies have struggled to contain their labour costs in the face of recession, downsizing has come to be a catch-all term for plant closures, eliminating whole layers of management and even subcontracting large amounts of a firm's operations.

Take General Motors. It is doing all of those things after losing $8,7 billion (R25,2 billion) in North America last year.

That will mean closing 21 plants and cutting 74 000 jobs, nearly a fifth of GM's American workforce.

A new survey by Right Associates raises doubts that all the cutting and slashing have achieved much.

Of the 1 204 American companies it polled, threequarters said they had downsized at some point during the past five years.

Of those, close to a third had handed out pink slips telling workers that they have been sacked to more than 500 employees.

But threequarters of the firms that had downsized said their financial performance had not improved

Only 18 percent of the firms surveyed bothered to explain to workers how job cuts fitted into the firm's future plans.

Around 75 percent of those employees who survived the cuts felt insecure. Raising productivity while morale slumps is not easy.

The biggest snag with downsizing, however, may be that most companies have little idea why they are doing it. Fewer than half of Right's sample saw their cuts as part of a more wide-ranging overhaul.

THE ECONOMIST

Employers in bid for pension safety

Business Times Reporter

SOME employers are to considering ways of limiting their liabilities to employee pension schemes, says Sanlam group benefits senior manager Chris Bosenberg.

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"Most companys have defined benefit pension funds which guarantee a certain payout based on the employee's length of service and salary before retirement.

"But such a scheme places an open-ended liability on the employer to pay in the difference if the fund does not earn enough to meet claims.

"In the past employers have been able to live with this open-ended liability. But with a possible increase in the cost of death and disability as a result of AIDS and the prospect of prescribed investments or tax on investment income hanging like a sword of Damocles over their heads, some employers are considering changing to a defined contribution fund.

S/Times (BUSS) 19/4/92

Survey

"As a rule of thumb, if future investment returns were reduced by 1% a year as a result of tax or prescribed assets, the total contributions needed by the fund could increase by 20%."

Mr Bosenberg says Sanlam's biannual survey on retirement benefits — to be published in June — shows that 91% of employers operate defined benefit funds. The previous survey figure was 92%.

But what is more interesting, he says, is that 11% of employers indicated that they were thinking of changing from defined benefit to defined contribution pension funds.

The second type gives the employee no guaranteed pension payout because it depends entirely on the return from contributions made for the worker.

Surplus

Until now many employees would have benefited from belonging to defined contribution funds because most company pension funds have been in surplus. This means that the funds earned more than enough to cover their defined payouts.

But it may not be the case in SA's new economic order.

Mr Bosenberg says some pension fund trustees are changing their rules to admit new members to fixed contribution schemes. They offer options to existing members to change.

Cosatu backs growth strategy

Plans to ease labour law for small business

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BDay 21/4/92

THE National Manpower Commission has recommended the easing of labour laws and regulations applicable to small businesses as part of a strategy to encourage economic growth.

The call for a special dispensation for small business has the support of Cosatu, whose commission representatives have signed the report.

In the report, a summary of which was published in the Government Gazette last week, the commission said a balance between employer and employee interests was "of the utmost importance".

The aim of the investigation, commissioned by the Manpower Ministry in April 1989, was to "stimulate small business development and the creation of employment without detracting from the basic rights of employees".

The commission was therefore opposed to granting small businesses blanket exemptions from labour legislation — including wage-regulating instruments. But its recommendations would streamline the process by which they were exempted if they could provide adequate reason for this, and also reduce to a minimum the red tape involved in complying with labour law.

Acting commission chairman Frans Barker said yesterday that, while the recommendations were not dramatically far-reaching, he hoped they would encourage a process which would bring more concessions in the future.

The initial draft was more drastic, but it had to be adjusted in an effort to seek consensus, he said. Not only the unions, but also big business which feared unfair competition, were opposed to comprehensive exemptions for small businesses.

The recommendations, if accepted,

ALAN FINE

would apply to "micro businesses" defined as units employing no more than five people with an annual turnover of up to R250 000 measured in 1990 terms. They should be independent, and managed and controlled by the owner.

The report proposed that each industrial council agreement include a provision stating that its purpose was not to restrict entrepreneurial initiative. Where it could be shown that this was occurring, the council could grant exemptions from specific provisions of its agreement. Unless the councils complied with this, or agreed to call for and consider representations from small businesses covered by them, the Minister should refuse to promulagate wage-regulating agreements.

As regards the Basic Conditions of Employment Act, the commission proposed the retention of the existing ad hoc system for granting exemptions to the Act's minimum standards, except that a set of guidelines be drafted. These guidelines should take into account the nature of the specific business, its size, how long it had been in operation and whether an agreement existed between the employer and employee.

The commission proposed that micro businesses and new small businesses (employing, say, up to 20 people) should be automatically exempted from particular provisions of the Act, especially administrative requirements.

This should apply not only to industrial council requirements, but also to particular laws. For example, there could be rationalisation of the repetitive information which had to be provided in terms of

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Small business

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□ From Page 1

the Unemployment Insurance Act and the Workmen's Compensation Act.

The commission recommended that, to lighten their administrative burdens, micro businesses be permitted to pay their Unemployment Insurance, Workmen's Compensation and Industrial Council-imposed social security contributions quarterly or even annually.

The report suggested the appointment of a "facilitator" to monitor the exemption process and recommend improvements.

The report also proposed a simplified dispute-settling procedure in terms of the Labour Relations Act. Greater emphasis should be placed on alternative dispute resolution through mediation and arbitration — subsidised by the state — rather than the normal procedures involving industrial councils, conciliation boards and the Industrial Court. BDay 21/4/92

It also proposed that micro businesses be exempted from aspects of the Machinery and Occupational Safety Act, including regulations relating to sanitary and washing facilities, dining rooms and provision of seats. Further investigation was required into regulations on lighting, thermal requirements, noise, windows and fire precautions.

The Manpower Department has called for comment and representations on the report within 90 days.

LABOUR

New small business proposals endorsed

W/Mail 24/4 - 29/4/92 (18D)

Proposals to ease regulations on small business have been endorsed by both the business community and the labour movement, reports

DREW FORREST

THE National Manpower Commission's recommendations to the government on small business are yet another sign of the growing common ground between labour and capital on labour policy.

Gazetted last week, the proposals seek to ease the administrative burden of labour laws on micro-enterprises — defined as being owner-managed, with five or fewer workers and a 1990 turnover of no more than R250 000 — with an eye to promoting the small business sector and with it, job creation.

They were endorsed both by business representatives on the NMC and the Congress of South African Trade Unions, while still an NMC member.

Black labour has traditionally resisted the idea of a special labour regime for small business, seeing it as an application of free-market thinking and fearing that it will subvert union rights.

The changes urged by the NMC are for the most part minor and technical — the report specifically states the aim of the inquiry as the stimulation of small business and work creation "without detracting from the basic rights of employees".

But Cosatu's endorsement is symbolically important, and signals its shift from narrow union concerns to a broad interest in macro-economic policy. "The proposals are not dramatic, but it is important that consensus was reached," said NMC chairman Frans Barker.

"If they are accepted, a process will be set in motion which may bring further changes at a later stage."

In its annual report, the commission estimates that three quarters of new job opportunities are created by small business.

Central to the NMC's recommendations are proposals for a simplified statutory disputes procedure for micro-companies.

It suggests that in the first instance, small businesses should be encouraged to resolve differences by discussion. If this fails, referral to an industrial council (IC) or conciliation board (CB), or arbitration or mediation, should be compulsory before a strike or industrial court action is launched.

The Labour Relations Act should be amended to provide for mediation as an alternative to an IC or CB, it suggests.

In the case of dismissals disputes, the NMC proposes, the parties should be able to choose between the industrial court or the proposed Small Labour Court. Other proposals include:

- A simplified procedure for exemptions from industrial council agreements, as well as a clause in all agreements inviting firms to seek exemption from provisions "restricting entrepreneurial initiative and/or employment opportunities".
- The appointment of a Manpower Department "facilitator" to monitor exemptions, investigate restrictions on small enterprise and keep the definition of "micro-business" under constant review.
- The drafting and distribution of guidelines to small companies on such matters as disputes procedure.

The NMC agrees that all labour statutes should continue to apply to small business, while urging certain changes to the Workmen's Compensation, Unemployment Insurance and Machinery and Occupational Safety Acts to ease red tape.

It suggests the drafting of guidelines for exemptions under the Basic Conditions of Employment Act, taking account of the nature, size and age of a firm, and whether employer-employee agreements are in force.

Government does not care for us - reader

Sowetan 29/4/92

1/181

A FEW weeks ago Minister of Constitutional Development Dr Gerrit Viljoen was a guest on Radio Zulu. Listeners telephoned and asked questions.

I was shocked to hear him say the Government has no say over the private sector. This really hurt me.

We all know the private sector is made up mostly of business people who came to South Africa to invest. They do not care about us.

If the Government has no say over them, that means they can pay us what they like. There is no directive from the Government that says they must pay a living wage.

GERRIT VILJOEN

This means that the Government does not care for us. A government which cares for its citizens must be able to tell investors what they should pay employees.

Maybe when they came to South Africa they were told about cheap labour. The private sector is ripping us off.

I wish the ANC can take notice of Viljoen's statement so that when our government takes over this can be stopped.

I support Mr Nelson Mandela when he says apartheid victims will have to be compensated.

HAROLD KESWA,
Katlehong, Germiston.

NATIONAL SORGHUM

Putting out fires

FM 1/5/92 (181)

Nearly one year after the privatisation of National Sorghum Breweries (NSB), the transformation of a State-run bureaucracy into a profitable business is encountering problems.

In recent months, the newly appointed management of SA's biggest black-owned company has faced accusations of incompetence, mismanagement and blatant racism as it continues a restructuring programme that inevitably affects jobs — many white.

The company also recently accused competitors of foul play, alleging that rivals were dumping low-quality sorghum — packaged in NSB containers — on the market in an attempt to discredit it. (The company has exclusive rights to manufacture, sell and deliver sorghum beer, excluding the independent homelands and certain black areas, until October 31 1995.)

FM 1/5/92 (181)

The latest controversy was sparked by the decision to retrench eight senior managers, including five whites. A letter, demanding chairman and CE Mohale Mohanyele's immediate resignation to avoid a strike, was circulated at the company. It alleges:

- Mohanyele is a dictator;
- The victimisation of employees is widespread;
- A witch-hunt of old employees has taken place;
- "The knowledge and ability within the company are cast aside in favour of Mohanyele's family and friends;"
- Unfair labour practices exist; and
- The board of directors is misled.

Responding to the allegations, company spokesman Simon Mahlangu says the letter probably reflects the views of some executives affected by the restructuring, which, he asserts, is not geared to get rid of white management. Mahlangu says restructuring has been aimed solely at cutting costs and improving efficiency. "In the process, jobs have been eliminated."

He says the company's department of human resources, previously run by three executives — one controlling industrial relations, one personnel and another training — is now run by only one executive. But Mahlangu says other jobs were offered to the affected executives.

He stresses that black management also has came under the chop. "In Pietersburg, two black middle-management positions were made redundant along with two white positions."

He says many of those who opted for severance packages were long-time employees who had trouble adapting from the old government bureaucracy to the new business culture.

Privatisation consultant Eugene van Rensburg, who is one of three white directors on the 11-member board, says it is inevitable that more whites than blacks would be affected by the changes. "NSB management was originally all white."

He says the restructuring was necessary. "The operation has been well managed through a difficult transition as well as an adverse market and economic climate."

Certainly the company's tight-fisted management appears to have paid off. NSB has performed well. It was privatised last July and in the six months to December, turnover rose 24%, operating income 19% and earnings 23%.

The controversial letter claims the present success of the company is due to the work of the previous management, but Van Rensburg and others give Mohanyele much of the credit. Mohanyele, a board member of Philips, Yokor and Telkom and a member of the State President's Economic Advisory Committee, has just been honoured by the UK-based International Management Centres, a postgraduate business school.

One company director, Moss Leoka, says the allegations are an attempt to discredit NSB's management and must be ignored. ■

COURTING THE ALTERNATIVE

(181)

FM 1/5/92

The Alternative Dispute Resolution Association of SA (Adrasa) has been formally launched. Its mission is to encourage the swift resolution of disputes with creative, businesslike settlements outside the courts by using negotiation or appropriate or alternative dispute resolution (ADR) procedures.

The business sector could save millions of rands and thousands of man-days every year by choosing ADR where litigation is inappropriate, says Adrasa director Paul Pretorius, also chairman of Independent Mediation Service of SA.

While litigation is an indispensable method in many disputes, it has many drawbacks. It is very expensive, time-consuming and based on a winner-loser concept, which usually sours the relationship between parties who might have to continue working together. ADR techniques, it is claimed, are more likely to achieve a win-win result.

Adrasa chairman William Lane says membership of the association will enable companies and firms to make a contribution to improve our legal system.

☐ On May 12 Adrasa will hold a one-day conference on ADR at the Sandton Sun. Guest speaker will be Prof Frank Sander, director of Harvard Law School's programme on dispute resolution; other speakers include Charles Nupen and David McQoid Mason.

Contact Sally Keeling: tel (011) 643-4824, fax (011) 642-6011; fees R495 per delegate, R440 per delegate in a group of three or more.

Agency finds jobs for older workers

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S/Times [Cape Metro] 3/5/92

AN increasing number of companies and older employees are using the services of the Senior Citizens Employment agency of Cape Town.

The agency is being approached by older employees who are being retrenched because of the recession, and they are being matched with companies trying to find cost-efficient means of surviving in a harsh economic climate.

Businesses fighting a shrinking market share, increased and intense competition, budget cutbacks and uncertainty and change in the workplace are desperately looking for an answer to some of their problems.

They are finding it by employing older people on a temporary or permanent basis.

Senior Citizens Employment Agency says these people represent the best use of human resources because they are:

- Hands-on and value driven and get back to the basics of business with minimum training.
- Are less inclined to "job hop".
- Most likely to develop loyalty to their new employer.
- Not usually looking for the fast track up the corporate ladder.

"We have many older employees on our data base, from engineers and technicians to accountants and secretaries and from storemen to caretakers," says a Senior Citizens Employment Agency spokesperson.

The Cape Town branch manager of Senior Citizens Employment Agency, Deborah Leigh Kenny, says the agency is getting many applications from people aged 45 upwards.

"We are successful at placing several of them, but the trouble is that they get comments like 'We don't take anyone over the age of 45' or 'You don't have many years of work left in you'.

"Despite this, companies are increasingly on the lookout for older employees and we are pleased to say we have been able to help."

Unions launch unit trust to invest workers' funds in JSE shares

BDay 5/5/92

DIRK HARTFORD

SEVERAL of SA's biggest trade unions have formed a unit trust to invest portions of workers' pension and provident funds in "socially responsible" JSE-listed companies.

The trust — the Community Growth Fund (CGF) — hopes to attract local and foreign investment through its social conscience focus.

It will be managed and administered by Syfrets, which said yesterday the CGF could quickly become one of the biggest unit trusts in the country.

The trust, which will start operating in June, was unveiled at a news conference yesterday by NUM spokesman Monoko Nchwe and Syfrets representative Ian Hamilton. Also present were ANC secretary-general Cyril Ramaphosa, NUM general secretary Kgalema Motlanthe, Nedcor MD Chris Liebenberg, Unit Trust Association chairman Clive Turner, Registrar of Unit Trusts representative Gerry Anderson and Prof Anthony Asher of Wits University's actuarial science department.

Asher will initially chair the joint union-Syfrets board controlling the fund.

Representatives of participating unions — including Cosatu's NUM; Construction and Allied Workers' Union; Transport and General Workers' Union; Paper, Printing Wood and Allied Workers' Union and Nactu's National Union of Food, Wine, Spirits and Allied Workers; Transport and Allied Workers' Union and Metal and Electrical Workers' Union of SA — were also present.

The union-controlled fund will invest in mainly blue chip companies which have strong capital and earnings growth and which comply with the unions' social responsibility criteria. "The aim of the fund is to marry high returns with socially responsible investment. Members' pension contributions will be carefully protected and the fund will not be used to influence the outcome of day-to-day labour disputes," said Nchwe.

The social criteria include active support for job-creation projects, recognition of trade unions, fair levels of pay, affirmative action programmes and the promotion of health and safety. (181)

Companies privatised after the fund comes on stream will not qualify for investment, nor will companies which manufacture arms, pollute the environment and have offshore investments with little benefit for SA workers.

Nchwe said there was no blacklist of companies. The unions had devised a point system to measure companies' social responsibility and investment decisions would be influenced by the number of points a company had.

Hamilton said Syfrets had matched its choice of potential investments with the union choice and found they fitted almost perfectly. Socially irresponsible companies were usually unfavourable investments in any event.

Ramaphosa, who put down a R30 deposit to invest in the fund when it opened, called on all provident and pension funds to invest in the CGF. He said the fund meant workers were no longer spectators in the economy, but active participants in determining their own economic destiny.

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Unit trusts

BDay 5/5/92 (181)

From Page 1

"The silent giant (the working class) is awakening and will start challenging those companies who ride roughshod over the interests of workers."

Ramaphosa said the ANC still had to discuss the fund, but he was sure it would support it.

Other unionists welcomed the fund as a powerful tool in the hands of workers which would also help educate workers about this aspect of the economy.

Many other unions are expected to support the fund. In addition to pension and provident funds, union subscriptions — which run into millions of rands every month — could be invested. Political, civic, church and funding agencies are also potential big investors.

Syfrets will put R2m into the fund initially and some provident funds, including two in the mining industry, have indicated they will invest. If 30% of the annual cash flow of one of these mining funds was invested, it would exceed R100m a year.

The fund will be managed by the Community Growth Management Company, consisting of Syfrets and the union Unity Inc.

Decision-making will start with recommendations from Syfrets according to its normal share selection criteria. The unions will then select shares according to social criteria and Syfrets will make the investments after deciding on the portfolio structure, asset mix and the market risk.

Trade unions set up unit trust fund

STAR 5/5/92 [redacted] 181 [redacted]

By Mike Siluma
Labour Reporter

Major trade unions have launched an investment fund to deploy a part of their workers' pension and provident fund contributions into socially responsible JSE-listed companies.

The Community Growth Fund (CGF), a unit trust fund to be administered and managed by Syfrets, was unveiled yesterday by Syfrets executives and officials from the seven participating Cosatu and Nactu unions.

The fund could eventually attract about R15 million a month in pension and provident fund contributions by union members as well as individuals.

Union criteria

Union spokesperson Manoko Nchwe emphasised that although the fund — initiated by the union advisory group, the Labour Research Service — would seek to invest in companies which provided strong growth in earnings, such companies would have to meet union-defined criteria for social responsibility and not act in conflict with union interests.

The criteria included fair employment practices, job creation, union recognition, safe working conditions, protection of the environment, equal opportunity and affirmative action policies.

Ms Nchwe added that unions would not invest in companies which were involved in the production of arms or allow workers' money to be used to finance the privatisation of companies which were government-owned.

Companies involved in offshore investments would also be excluded.

However, said Miss Nchwe, as the unions saw investment in the fund as a long-term decision, they would not attempt to use the fund to influence the day-to-day labour disputes of companies in which they invested.

Syfrets has already put R2 million of its own money into the fund, which is expected eventually to receive up to 30 percent of the cash flow of participating unions' pension and provident fund contributions.

The fund, which begins to operate next month, will also be open to individuals in the same way ordinary unit trusts are.

Although neither the unions nor Syfrets would put a figure on the amounts of union money likely to flow into the CGF, it is understood that provident fund contributions on behalf of members of a key union in the venture, the National Union of Mineworkers, amount to about R25 million a month.

Independents

Union officials involved in the project are confident that more Cosatu unions, as well as a number of independents, will eventually participate in the fund.

Cosatu unions taking part in the initiative are the National Union of Mineworkers, the Paper, Printing, Wood & Allied Workers' Union, the Construction & Allied Workers' Union and the Transport & General Workers' Union.

The Nactu unions are the Transport & Allied Workers' Union, the Metal & Electrical Workers' Union of SA and the National Union of Food, Wine, Spirits & Allied Workers.

Syfrets chief executive John Cragg said: "We are delighted that the unions chose Syfrets' expertise in this bold investment venture, which could over time become one of the largest unit trusts in the country."

First step

ANC support for the CGF was pledged by former NUM secretary-general Cyril Ramaphosa, who was involved in the initial stages of the fund before moving over to the ANC.

"This is a fund which represents a break with the past, the first step into a future where workers will no longer be mere spectators, but active participants in shaping their economic destiny.

"The formation of the fund should send a very clear message to companies, especially those with bad employment policies, that the silent giant is awakening and will challenge those who have ridden roughshod over the interests of workers," said Mr Ramaphosa.

The Registrar of Unit Trusts has in principle approved the fund, which is scheduled to start operating on June 1.

The interests of the fund will be looked after by a joint board to be chaired initially by Professor Anthony Asher of the Department of Actuarial Science at the University of the Witwatersrand.

The board will make its decisions after receiving investment advice from Syfrets and acceptability research from Labour Research Service.

Unions 'want to help run things'

Bday 6/5/92

CAPE TOWN — Trade unions would demand increased worker participation in individual enterprises in future as part of their struggle for economic democracy, ANC secretary-general Cyril Ramaphosa told delegates. (181)

They would also want to play a greater role in the restructuring of the economy and in the strategic planning of companies.

"One of the greatest challenges in overturning apartheid is to combine the move to political democracy with the creation of a path towards economic democracy," he said.

Both forms of democracy would entail a major shift in power towards the working class, a process which would be aided by collective bargaining.

"The achievement of economic democracy will have to be underpinned by government policy and by new laws," Ramaphosa said.

Government intervention would be needed for the redistribution of wealth, the alleviation of poverty and the protection of unemployed, domestic and farm workers who could not bargain collectively.

He cited four areas in which workers could build a measure of economic democracy through collective bargaining — training and affirmative action, greater disclosure of information, participation in planning and the investment of workers' savings and retirement funds. The new Community Growth Fund was a first step in workers having a say over how their savings were invested.

Ramaphosa said new laws requiring greater disclosure of corporate information were necessary to create a better environment for collective bargaining. Published accounts were not sufficient as they normally covered far more than the bargaining units.

A key issue for collective bargaining would be a government-supported programme to provide basic education in literacy and numeracy as well as more advanced training for workers.

He said trade unionism was likely to spread in SA, in contrast to its decline in many western countries which had substantial welfare programmes and state support systems for unemployed and disadvantaged workers.

It would take many years before such a system could be in place in SA.

Healthy office environments crucial to costs and productivity

STAR 6/5/92

181

STAR 6/5/92

COMMERCIAL INDUSTRIAL PROPERTY

Compiled and written by Frank Jeans and Meg Wilson

South African companies must take a strategic approach to environmental management in the workplace as part of the country's international economic rehabilitation.

Doing so could save them up to 40 percent on office overheads, as well as enhancing productivity and gaining a competitive edge in terms of service and cost of sales.

So says Ray Farrenkothen, MD of CentreCore Office Environments, a United States service company which helps companies raise the quality of administrative environments.

It offers products that optimise the use of office space and improve air quality, and which has set up operations in Cape Town.

Businessmen here are used to regulations governing conditions on the factory floor but are not as familiar with the extent to which white collar working conditions have become a management concern worldwide.

"But Sick Building Syndrome (SBS) and its consequences are the corporate issues of the '90s — so much so that a recent European Community directive sets out minimum health and safety standards for workers using computer monitors."

It is widely known that eye iritation, respiratory problems, ear, nose and throat infections can all be traced to poor quality of office environment.

The dangers of passive smoking have also been recognised.

However, there are other problems less well known.

The energy efficiency of air conditioning is undoubted, but standard recirculation systems may aggravate health problems.

Chemicals used in the manufacture and cleaning of carpets and furniture, dust and pollen, germs and viruses are all efficiently spread to the entire workforce.

In addition, productivity is often reduced by the distubance of artificial lighting, radiation from copiers and monitors, noise and other distractions.

However, says George Mitchell, president of CentreCore in the US, managements in South Africa are beginning to perceive the limitations of current arrangements, especially in high throughput areas such as customer services, accounting departments and telesales.

"The typical office layout wastes much expensive space and impedes rather than enhances teamwork. Modern techniques are also showing us the pitfalls of badly managed indoor air environments.

One product already attracting much attention in South Africa is Airflow 2000, an air conditioning system in which separate units at individual work stations provide "an umbrella of clean air" for each worker.

On the positive side, South Africa is entering the field of office envirnoment management fairly late, and local managers can choose the most advanced solutions without having to go through a costly process of trial and error.

Mr Mitchell says his company's clients — which include Total Oil, Saatchi & Saatchi, Hewlett Packard and the US Defence Force — typically experience saving of up to 40 percent on office space.

"Our mission in South Africa is to alert business to the administrative pressures of the '90s and offer workable, measurable solutions."

Employers must adapt - ANC man

Sowetan 7/5/92

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THE black trade union movement was faced with the challenge of shifting emphasis from the call for resistance to reconstruction, said ANC secretary-general Mr Cyril Ramaphosa.

He told a conference of the Institute of Chartered Accountants in Cape Town on Tuesday that, to be successful, the move required a change of attitude by employers.

"Our need is for long term economic growth, but many employers are simply set on achieving short-term profits."

He said chartered accountants were key decision makers in many large companies.

But they needed to review their practice of regulating business only by financial ratios and short-term targets.

"They have to understand the potential that exists for union participation to promote the effective restructuring of our economy towards economic growth and development."

He said collective bargaining would be one of the cornerstones of a new South Africa.

Since the 1970s trade unions have taken their place at the forefront of the political struggle to break the white strangle-hold on political power.

"Now the struggle is to establish not only political democracy but also economic democracy."

He said a major shift of power towards the majority of people and workers had started.

Chartered accountants had to take account of that power and learn "the new language which we will have to speak in a democratic and non-racial South Africa".

He said collective bargaining was a process of resolving disputes and agreeing on solutions.

"It accepts that people often have different interests, it accepts that conflict is a part of everyday life, but it provides an avenue to resolve these differences by agreeing on rules and procedures," said Ramaphosa.

"But collective bargaining did not mean an end to militancy or an automatic solution to every problem.

"The process can include strike action. It can include picketing, boycotts and lockouts. But it takes place inside an agreed framework."

Unions were at the heart of collective buying, but South African employers have always been fearful of worker unity.

Trade unionism was on the decline in many western countries, but they all had substantial welfare programmes and state support systems for the unemployed and disadvantaged workers.

"It will be years before such a system can be in place in South Africa and trade unions will be a major force to protect and expand workers' rights. Much of this will be secured through collective bargaining."

Unions become players in the game of growth

BDay 7/5/92. (181)

STEPHEN MULHOLLAND

IT IS difficult to overstate the importance of the formation this week of the Community Growth Fund (CGF), a unit trust backed by militant trade unions.

Whatever gloss is put upon it, and however many investment criteria are laid down, the simple fact is that these unions are now embracing market mechanisms. Their move is an acknowledgment that markets are here to stay as a permanent part of our economy and these unions have decided to become players in the great game of growth.

Collectivism has collapsed around the world while markets have emerged triumphant as the most efficient means for the allocation of scarce resources and the generation of the greatest economic good for the greatest numbers. This is not to say that markets are perfect. In this life nothing is. But, to paraphrase Churchill, it is the best economic system man has yet devised, calling as it does on men and women to strive individually to better themselves and thus, through Adam Smith's invisible hand, adding to the wealth of all of society.

This might all sound very lofty and far removed from a decision by unions to launch a unit trust. But what do unit trusts do? They accept cash from the public which they then invest in the money markets and on the stock exchange. If they are to succeed they must try to maximise the growth of the capital and income of those who hold their units. Unless they satisfy their investors they risk losing the funds they have under control to competing unit trusts.

That will certainly be the case with the R1m which the trustees of the Times Media Limited Pension Fund this week invested in the CGF. We made the investment in order to achieve a competitive return for our employees who own the fund — and our pensioners who are its present beneficiaries.

We have a fiduciary duty to try to maximise the growth and income of the fund and will take decisions to invest or disinvest on this basis, as will other investors.

Through the CGF, members of the unions and — more importantly, for they must take the decisions — those who manage the affairs of the unions, will be exposed to the demands of the real world in which, however hard men try, the natural forces of the market cannot be denied. The Soviets tried for 70 years to do so, ruining their people in the process. There is perhaps no better illustration of the futility of the efforts of the communists than the fall in the rouble from the old official 1:1 parity with the dollar, dictated by the party, to the present market rate of 120 roubles to the dollar.

The CGF's criteria are predictable and understandable, particularly in regard to the labour policies of companies in which they invest. They should enter into debate with the managements concerned and it might be instructive for them to learn that if their investments are to grow, it is often necessary, for example, to pay the wage which clears the labour market rather than some artificially high minimum which has the immediate effect of destroying job opportunities.

Another area where criteria might crumble in the face of reality is the stricture against investing abroad. This makes little sense. Certainly the desire to diversify political risks is one spur to overseas investment by SA firms. But there are distinct advantages for the nation as a whole to build a healthy portfolio of foreign investments.

In this way special SA skills, such as we have in mining, can be exploited for our benefit in foreign countries which need such skills. Overseas investments provide us with dividends in hard currencies. They also keep us connected to the latest technological developments and provide opportunities for training and development of staff.

We call for foreign investment in SA. We must remember that, like trade, investment is a two-way street in which funds seek out the best opportunities to maximise performance. The less governments interfere, the better for the people.

This week's huge investment by Sappi in the European paper-making market is a case in point. Not only has SA joined the world leaders in this critical industry but, because of the way in which the deal was structured, Sappi will be placing millions of its shares in foreign hands. Thus our links with the developed world are strengthened, which can only benefit all our people.

The formation of the CGF flies in the face of the policy of nationalisation. It is tacit acceptance that the way to influence the affairs of companies is to own shares in them. This is a really remarkable breakthrough and it deserves widespread support from the business community, in the interests of the business community, for that is how the world works: people act in their perceived best interests to improve their postions.

☐ Mulholland is TML MD.

LETTERS

Motor industry woes to continue

(181)

Luxury vehicles no longer cost, tax effective

STAR 9/5/92

DEREK TOMMEY

THE motor industry has been in difficulties for a number of years. Soaring new car prices, way above the inflation rate, have lost the support of the man in the street. Now its troubles seem likely to be intensified.

It appears that it is starting to alienate its last remaining market. According to Jon Cole of P-E Corporate Services, it is pricing itself out of the company car market.

Company cars will soon be provided only for a very privileged few, he says.

"SA companies have been extremely generous with company cars. But major increases in car prices, insurance premiums and maintenance costs are causing them to change their car policies."

Aggravated

The bottom line is that car costs have been escalating at 25 percent a year which is way above the rate of salary increases.

Company administrators are finding that by providing a company car they are pushing their wage bills far higher than they want and, in some cases, can afford. This situation has been aggravated by the current recession.

"Many companies have already replaced company cars with car allowances and a lot more will follow suit."

He says company cars were feasible 10 years ago when inflation and interest rates were much lower, but are too big an expense in today's economic climate.

Many employers will take advantage of the recession to get rid of company cars so that they will not be part of remuneration packages when times improve.

However, much depends on just how scarce skilled workers are.

Only five years ago a newly graduated engineer would choose his employer according to the type of car he was offered.

Mr Cole admits, however, that if the skill shortage is severe enough, this situation could possibly return.

But he believes that generally, the time will come when company cars will be dished out only to the most senior executives and employees such as sales representatives who need vehicles for their work.

South Africa's generous company car policies were brought about by bad public transport and pre-fringe benefit taxation legislation, but are no longer viable.

The cost of acquiring and running company vehicles has outstripped salary increases and employee productivity in the past five years.

So it is not surprising that company cars are on the way out and car allowances are becoming increasingly popular.

This change happened recently at a major mining house. The company cars were withdrawn and all those entitled to a car were given a car allowance.

The result was that company parking slots which were once full of large European luxury cars started housing large numbers of Japanese medium-sized and small cars.

This is bad news for the motor industry as many recipients of car allowances will not only trade down but are likely to look after their cars better and keep them longer.

No wonder that the motor industry, according to its latest sales forecast, has seen hardly any growth in the number of cars bought in the near and medium future.

According to a report recently submitted to the Department of Trade and Industry it expects to sell only 201 000 cars this year which, while 4 000 more than last year, is some 8 000 less than in 1990.

Suffer

More serious, is that it expects the demand for new cars to grow by only 27 000 in the next three years to 228 000 by 1995, which indicates a high level of pessimism in the industry.

But others to suffer will be those to whom their company car was a status symbol, and who are unlikely to be able to match the current opulence of their present cars with their car allowances.

Psychologists point out that in a country such as South Africa, where many people tend to judge another person's position in the community by the visible wealth he displays, having to trade down could be a serious blow to the self-esteem not only to the employee but to his wife and family.

They recount the story of the schoolgirl who refused to let her father pick her up outside her school after he had been retrenched, had lost his company car and had to use the family runabout. The daughter insisted that he picked her up around the corner, away from the sight of her school mates.

But who knows; perhaps in the "New South Africa" where the emphasis could be on wealth re-distribution, the possession of a posh car might no longer be as desirable at it was in the past.

A Business Times Feature

Unfair to sack sick workers

S Times (BUSS) 10/5/92

IT is considered an unfair labour practice to dismiss an AIDS employee on diagnosis.

A recent Industrial Court judgement outlined stringent guidelines concerning dismissal for incapacity. (181)

The court found that the employer must investigate "the extent to which the employee is unable to perform his former duties". The employee is entitled to take part in the investigation to the extent necessary to protect his interests.

The case may require "further medical investigation and opinion and/or the employee being asked to perform his former tasks to demonstrate his ability or lack of ability."

The employer must consult the employee to find out whether he is capable of performing his duties, or whether they can be adpated so that he can continue to do his work, either alone or with reasonable assistance.

If the employee cannot continue with his former duties, the employer must must find out whether alternative work is available in the organisation.

Gary Taylor, human resources manager at Med-Scheme Administrators, says: "Although pre-employment testing might be unpopular, it is understandable why employers would want to avoid recruiting from a high-risk labour pool."

Because of the court finding, AIDS is likely to cause considerable disruption to employers. Some symptoms of AIDS include dementia, depression, loss of bowel control and blindness in progressive stages.

Companies which care

S Times (B455) 10/5/92

(181)

MOST large companies have AIDS policies laying out procedures and treatment for HIV positive employees.

AECI has compiled a document outlining the procedures for dealing with HIV positive employees. Pre-employment testing is not required. Neither are employees required to submit to testing before being admitted to the medaid scheme.

AECI Industrial relations consultant AECI Claire Hock says: "If a person with AIDS is too ill to work, he or she will be medically boarded. The employee can then be retired on pension until death, at which point dependants receive the benefits."

Most of AECI's 25 000 employees have received some form of AIDS awareness training. The SA Chemical Workers Union is also involved.

The Chamber of Mines started to deal with the danger of AIDS in 1985 by studying 30 000 random blood samples. Every person attending a sexually-transmitted disease (STD) clinic attached to one of the mines is tested for HIV.

"We now have the best sample set of data in the country," says Izak Fourie, chief medical officer with the chamber. "Five percent of those tested in the STD clinics are HIV positive — below the 8% recorded in Johannesburg STD clinics."

The rate of infection in the mining industry is below the national average, dispelling some myths about miners. The reason, says Dr Fourie, is that mineworkers are not as promiscuous as was thought.

In addition to the normal medical-aid benefits, skilled mineworkers are generally also members of the Benefit Society. It not only pays benefits but dispenses health care and medicine to members. The society has 45 000 members, but more than 160 000 people benefit from this scheme.

Full health care is available to unskilled mineworkers. Once a mineworker is too ill for normal work, every effort is made to place him in a job he can do. If a fatal disease is contracted, the breadwinner's dependants receive up to 36 months' pay. Condoms are issued free.

Gold Fields of SA consulting medical officer James Lowe says: "Education is not getting through. We are extremely perturbed. In spite of all the investment in education, the incidence of HIV infection continues to rise. We are now at the point of exponential lift-off in HIV infection."

Sharon White, a director of AIDS Education and Training, which help companies in educating their employees, says: "There are still a lot of unfair labour practices when it comes to people with AIDS. Workers are dismissed for having the disease."

Miss White says there is a misconception among managers that AIDS education is too expensive or that educators are not available. Spending on AIDS programmes should be seen as an investment in the company.

Goals

Susan Hyde, Transnet's senior AIDS consultant, says: "A large proportion of the workforce is illiterate or semi-literate, a problem that was overcome with the use of pictorial flip-charts.

"AIDS and employee health are not negotiable. Management and labour have the same goals."

Miss Hyde warns against the "spray and pray" approach to AIDS programmes — spraying information and condoms in the hope that they have the desired result.

AIDS IN THE WORKPLACE

Education key to beating doomsday

(181)

S/Times (Buss) 10/5/92

PETER Doyle, Metropolitan Life's senior general manager, finance and information services, developed the Doyle Model, the seminal analysis of the demographic implications of AIDS in SA.

Mr Doyle says: "It is unlikely that the doomsday forecasts that over 50% of the adult population will be dead or dying of AIDS by the year 2000 will be realised.

"The number of persons infected will nevertheless be large and could have critical implications for SA's healthcare system."

A key to controlling the spread of infection will be to control and treat other sexually transmitted diseases.

Based on what is known about the causes of AIDS, about 3,75-million people could be HIV-infected by the year 2000. More than 407 000 may die of AIDS by the year 2000 and the level of HIV infection will peak at 27% of the population by 2005.

Adults

This assumes no change in behaviour in the next eight years, no cure and that the pattern of the disease in SA will follow that of those countries in Africa, such as Rwanda and Burundi, where between 20% and 30% of the population is HIV positive.

Mr Doyle says the scenario for SA may alter dramatically if there is a behavioural change.

"There are no 'high-risk' groups, there is only high-risk behaviour. HIV infection affects all racial, income, education and skill groups."

Research in Africa shows that the level of HIV infection is higher among managers and senior employees than it is among workers.

One of the most serious implications of the disease will be the loss of skilled labour, says Mr Doyle.

Loss of productivity can be expected because the HIV-infected person suffers a series of increasingly debilitating diseases, with severe emotional and financial implications for family and friends.

The disease has several implications for business.

- A loss in productivity and increase in costs relating to sick leave, medical and life cover benefits and the cost of training workers.

Policy

- The loss of export markets, such as in Central Africa, where the disease is several years ahead of SA.
- Although a decline in the size of domestic markets is unlikely, their rate of growth will slow. Demand patterns for certain goods and services could change. There might, for example, be an increase in demand for life assurance, but a fall in supply.
- With larger investment in training, educating and supporting the workforce, it may emerge better trained in the future.

"Business leaders must keep informed and plan accordingly," says Mr Doyle.

"AIDS is no longer a wild card in strategic planning.

"Companies must develop their own employment policy to deal with AIDS. The key may be to treat HIV infection no differently from any other life-threatening disease."

The average incubation period (from the time of contracting the virus to full-blown AIDS) in the United States is 11 to 14 years. In SA it is eight years.

A longer incubation period has more serious financial implications for life companies and medical-aid funds.

Shares lure key unions

CIP rew 10/5/92

MONEY TALK

(181)

THE founding during the past week of the Community Growth Fund (CGF), a unit trust supported by key trade unions, represents an important step forward in the evolvement of a new economic dispensation in SA.

The new fund will ensure that union members take part in top companies listed on the Johannesburg Stock Exchange.

Basically the CGF will be investing a portion of the regular pension contributions of thousands of workers.

Union spokesman Manoko Nchwe said the CGF would only invest in the shares of companies with good social responsibility policies.

The fund will be administered by Syfrets, but will be controlled by the unions.

SA businessmen are pleased by the unions' decision to participate so directly in the market mechanism.

One company, Times Media Limited, was quick off the mark to authorise R1-million from its pension fund to be transferred to the CGF

Only time will tell whether the new fund will be successful, but certain knowledgeable investment analysts believe that in the long term CGF may well become one of the most powerful unit trusts in SA, because it will enjoy a large and regular flow of cash.

Dilemmas looming for SA's pension fund trustees

BDay 12/5/92. JIM JONES 1407 232 229 181

LAST Monday a number of Cosatu and Nactu unions, led by the NUM, announced the formation of a unit trust, the Community Growth Fund (CGF), hailed as an innovative investment outlet for union provident funds. It is and it isn't.

It is innovative in that the unions make clear the fund will buy shares only in companies deemed "socially responsible". And it is politically innovative as the unions have made clear from the outset that they will exercise the votes on shares held by their unit trust.

The CGF, to be managed by Syfrets, is not an innovator of investment in private sector firms by nominally socialist unions or the provident funds they manage for their members. Union provident funds already hold equities as well as other investments forming the normal portfolios of pension funds.

The new fund has no track record and will only start operating in June. It kicked off last Monday with R30 paid in by Cyril Ramaphosa. His modest contribution was followed rapidly the next day by the well-publicised investment of R1m by the Times Media (TML) Pension Fund.

The facts that CGF is not yet operating and has no track record suggest that the TML Pension Fund's investment could not have been motivated by the investment or actuarial criteria which normally govern pension fund investments. Furthermore, while they remain invested in CGF, the TML Pension Fund trustees will have no influence over the ways in which CGF's managers exercise voting rights on shares held by the unit trust.

The TML Pension Fund's initiative highlighted the dilemma of many pension fund trustees pondering how best to protect members' interests from possible government intervention. The TML Pension Fund trustees' initiative was politically innovative and was tagged as such by the NUM whose Manoko Nchwe said it was "extremely important that a company such as TML has identified itself with this cause".

Nchwe, who has since quit the union, might be forgiven for confusing the TML Pension Fund with TML itself. Stephen Mulholland, who publicly presented the pension fund's money to representatives of the NUM, is well known as a former newspaper editor and as TML's present MD. But the decision to invest R1m in CGF was taken as a trustee of the TML Pension Fund. He and his two co-trustees decided to place the R1m with CGF.

TML publishes newspapers, including Business Day. TML's pension fund is an entirely separate entity whose sole purpose is to manage the retirement savings of employees.

Business Day will pay particular editorial attention to CGF to compare the performance of the unit trust's "socially responsible" investments with those whose investment policies are not restricted by union views on social responsibility. The contest will be fascinating.

But that is another issue. The TML Pension Fund trustees' decision raises issues central to the management of pension funds and the protection of fund members' savings, particularly as political organisations such as the ANC have indicated support for future legislation which could milk life assurers and pension funds to finance investment in such "socially responsible" ventures as mass housing on which investment returns will be negligible.

Now that the TML Pension Fund has endorsed and invested in a "socially responsible" union-sponsored venture with no investment track record, it could be difficult for the managers of this or other companies' pension funds to resist outside pressure for members' savings to be directed into further "socially responsible" investments. And it could inspire unions to attempt to use representation on pension funds for political ends.

It is a short step, for example, from investing in firms managed in a "socially responsible" manner to investing in mass housing projects or non-profit enterprises sponsored by unions or political groups. Other unions could follow the NUM's lead and form unit trusts and could try to persuade other pension funds to follow TML's example. Numsa, for example, refused to join the NUM initiative and insists that pension funds and life assurers be obliged to redistribute wealth by investing in mass housing schemes and so on.

These are issues which have yet to be debated and resolved. But pension fund trustees who have yet to broaden their approach and who interpret their fiduciary responsibilities more narrowly than TML's might be haunted by Kipling's words: "... once you have paid him the Danegeld you never get rid of the Dane."

Trustees and managers are generally charged with running pension funds so as to maximise the benefits which will accrue to their members. Generally, those investments should be politically blind. Union members who contribute to the CGF are aware of its restrictive investment covenants. Members of more conventional pension funds generally assume that maximisation of benefits implies a narrow financial interpretation. That is normally the case as professional fund managers rely on their investment track records when bidding for pension fund management contracts. As a result, most pension fund members understandably rely on the assumption that previous investment strategies will persist and that investment decisions will be taken solely on the basis of measurable investment returns.

They also take for granted that the fiduciary duties of pension fund managers require consultation with trustees when voting rights are exercised and that trustees will not permanantly renounce those rights.

But SA is in a process of rapid change, and thoughtful pension fund trustees might deem it necessary to make investments based on considerations which appear more politically than financially motivated. This might be justified, for example, by the argument that a commitment to "socially responsible" investments now might protect pension fund wealth from the depredations of some future government's populist redistribution policies.

But should politically motivated investments falter, pension fund trustees could run the risk of being accused of paying insufficient heed to their fiduciary responsibilities.

The rights of pension fund members should not be obscured by the political debate. By the same token, the views of pension fund members should not be overlooked by those entrusted with the management of members' savings. It would appear axiomatic that investment innovation which goes beyond normally accepted criteria should first be endorsed by the members.

Looked at from another vantage point, it is time, perhaps, for the playing fields to be levelled and for legislation to be introduced which gives individuals who prefer to opt out of compulsory pension fund membership the same tax breaks as those inside. Personal pension schemes should be treated no differently than group schemes run by professional pension fund managers. Individuals could then make their own decisions about whether to invest in "socially responsible" equities and decide for themselves which are "socially responsible".

The TML initiative has brought to the forefront new issues for private pension funds. They are issues which will need to be addressed rationally and openly, for the good of existing pension fund members and future ones. It is inconceivable that at least for several generations the state could provide adequate benefits for South African pensioners. That means the responsibility will continue to lie with private pension schemes. We cannot afford to get things wrong.

LETTER

Use of temporary staff on the rise

BDay 13/5/92 (181)

MICK ELLINGHAM

COMMERCE and industry is turning to temporary employees in a bid to ride out the recession.

Personnel placement practitioners have reported an increase in temporary placements this year, with many employers seeing "temping" as the best way of dealing with recessionary conditions.

By hiring temporary staff, companies do not need to spend money on employee benefits such as pensions, medical aid and retrenchment packages. They are less vulnerable to strikes and labour unrest as temporary workers are not unionised to the same extent as permanent workers, according to industry sources.

Gret's Personnel spokesman Ashlyn Amichan said many companies used temporary workers ranging from secretarial to professional staff as they could afford full-time staff.

"Temps are also hired to assist when the company's workload is thinly spread among too few permanent employees," said Amichan.

Drake spokesman Leezil Voudouris agreed that the industry had seen a significant rise in temping.

She said employers were less willing to train staff on the job, prompting Drake to mount a career development programme for school leavers earlier this year.

Professional Assignments Group (PAG) chairman Syd Catton said temping was a rapidly growing phenomenon which was in the interests of both employer and employee.

Temping was a worldwide trend, he said, allowing staff to contract out their skills and rise more quickly in their field of specialisation than if they worked for a single company.

He gave examples such as engineering contract workers and computer personnel who might lose their technological edge if the company they worked for failed to upgrade its equipment.

"Companies can work at the highest level of efficiency by retaining a core of permanent employees and hiring temporary staff as needed," said Catton.

Association of Personnel Services Organisation president John Dawkins said many companies preferred to hire temporary staff as they were adopting a wait and see attitude to staff recruitment until the hoped-for economic upturn occurred.

Dawkins, who is also Kelly Personnel MD, said: "the first ripples of increased employment are beginning to be evident with the personnel industry feeling growing optimism about the future".

The biggest development in the future of temporary employment would be "outsourcing" where companies contracted out entire departments — such as typing pools or accounting departments — to employment agencies. "The skills shortage which SA may face once the economy recovers will best be addressed by outsourcing," he said.

Controls keep pension trustees in check

BDay 14/5/92

181

PETER McCULLOCH

NOT TOO long ago, management control of pension and provident funds was totally in the hands of company management.

A few years ago, with the advent of negotiated provident funds, this began to change. Members of provident funds, represented by their unions, demanded representation on the boards of trustees of the negotiated funds.

In recently issued draft guidance notes, the Inland Revenue Commissioner effectively approved this development by suggesting that all funds should include member representatives on the board of trustees.

In recent negotiations, certain unions have demanded majority representation on the board of trustees, arguing that pension and provident fund contributions are deferred compensation and therefore from the time the money is invested in the fund it becomes the workers' money. The workers should therefore determine how this money is invested and control management of the fund.

Many fund members also regard the assets invested in pension and provident funds as a source of wealth for potential worker empowerment. Suggestions have been made that at least part of these assets should be invested in "socially desirable investments" which to some extent redress the wrongs of apartheid.

Are there risks that worker majorities on the boards of trustees of pension or provident funds together with the call for worker economic empowerment could lead to fiscal irresponsibility?

I would tend to think not. SA legislation imposes a number of controls on trustees and their advisers.

Trustees must at all times act in the best interests of all the fund's members and they will have the Financial Services Board, the fund's auditor, and the fund's actuary looking over their shoulders.

Furthermore, the prudent investment guidelines and other investment controls limit the trustees' flexibility in investment matters.

Recently a new unit trust, the Community Growth Fund (CGF), was launched. It is managed by Syfrets and has union participation on its management committee. The CGF is being marketed as a potential investment for pension funds and provident funds and will be constrained in the investments it makes. This unit trust is a nod to socially acceptable investment, but although the companies' track records in job creation, trade union relations, and environment issues will be monitored, investments made in JSE-listed companies and investment returns will be of paramount importance.

Before the advent of this unit trust, member trustees on negotiated funds were already setting constraints on investment managers. Thus, through individual provident funds, workers already have some say on the suitability of investment decisions on assets they partly control.

It has been our experience in working with member trustees on provident funds that however much they are concerned at the social inequalities existing in SA there is a keen awareness that the provident fund can only be of limited assistance in addressing these issues. However, the economic difficulties facing the country will always be on the agenda.

☐ **The author is joint MD of Alexander Forbes Negotiated Benefit Consultants.**

Post Office chairman warns against subsidies

B/Day 15/5/92 (283)

GERALD REILEY

PRETORIA — Granting massive Post Office discounts from a weakened financial base would mean economic suicide for the newly-commercialised company, SA Post Office chairman Donald Masson said yesterday.

Speaking at the annual general meeting of the SA Direct Marketing Association in Johannesburg, Masson stressed the user should pay for the cost of the service and said it was unfair to expect taxpayers to subsidise postal services.

"It is morally indefensible for the Post Office to expect a continued subsidy from the state when millions of people face starvation, unemployment, lack of education and hospital services."

Poor agricultural conditions caused by drought and a large enough police force were pressing needs.

Masson said the Post Office's rate adjustments lagged behind inflation at an alarming rate of 70%.

It was essential the Post Office retained and expanded its client base to ensure a viable and efficient mail service, he said.

The Post Office, he said, should operate on sound business principles. It was the aim therefore, to make it a profit-making concern within five years when state subsidies would no longer be needed. It was envisaged that shareholders would get a 25% return on capital before tax.

Masson said five task groups had been appointed to investigate problem areas within the Post Office.

The groups would investigate bulk mailers, service levels, agency systems and increasing mail volumes.

Trade unions and extra-parliamentary bodies would look at permanent mail deliveries in informal settlements.

Masson said although provision had been made for a R548m deficit this financial year, the Post Office had invested millions in automatic mail sorting equipment and people.

He said every possible way of increasing mail volumes had to be investigated urgently. Proposals had been made for differentiated rates for bulk mail users, an improved distribution network, the rationalisation of some services and the expansion of services.

Also being looked at was the phasing out of free street deliveries versus private post boxes and mail collection points.

Metal unions declare dispute

B/Day 15/5/92 (181)

DIRK HARTFORD

NEGOTIATIONS in the metal industry ended in deadlock yesterday with 11 out of 12 unions declaring a dispute with Seifsa.

Seifsa responded by indicating that it would also declare a dispute soon.

And the fifth negotiation meeting at the end of May — which was meant to be the final one — will now be an executive committee meeting of the Industrial Council to discuss the dispute.

Seifsa and the metal unions, with the exception of the Iron and Steel Workers' Union which did not declare a dispute, have not moved from their opening positions. Seifsa has offered a 6,4% increase and the unions, which have about 50 demands on the table, are still seeking increases of up to 42,6%.

Seifsa said if the unions did not drop some of their demands it could not continue negotiating.

The National Union of Metalworkers (Numsa) urged Seifsa to start meaningful negotiations on the key issues it had raised.

Chief among these was Numsa's demand for a moratorium on retrenchments. This took up most of yesterday's negotiations.

Numsa said workers had accepted alternatives to retrenchment which meant a cut in wages. It was unfair to expect workers to accept retrenchments as well.

Seifsa said Numsa's demand was "completely impractical" as only improved economic conditions could stop job losses. Numsa is demanding an increase of R2 an hour or 25% of actual wages.

Several hundred leaders in Numsa-organised factories picketed the negotiations in Johannesburg.

Numsa said the demonstration showed the "groundswell of feelings" among its members about the negotiations.

Employers also rejected Numsa's core demands on parental and workers' rights, but undertook to respond at the next meeting to union calls for a code of practice to end unfair discrimination.

Seifsa said that while some unions had modified their positions, others had made no concessions at all and had rejected every employer proposal for changes to the industry's agreement.

Sapa reports Seifsa executive director Brian Angus said that by declaring a dispute, employers would be able to consider lockout action if it was not resolved.

COMMUNITY GROWTH FUND

FM 15/5/92

Testing some uncharted waters

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There might be mutual benefits - but there are also costs

A breakthrough for the workers and a triumph for the markets. The Community Growth Fund (CGF), to be launched next month, has been hailed in these terms. Can it be both?

That, ostensibly, could be the case. A unit trust will invest trade union funds in the shares of listed companies that pass the test of union acceptability. So it will bring together the objectives of those traditionally adversarial factors of production: capital and labour.

The fund, conceived by the Labour Research Service (LRS), a Cape-based research organisation that has been advising unions for six years, gives people previously alienated from the concept of markets an important stake in them. Where once the only way to gain control of the means of production was to seize it, there is now a constructive alternative offering at least a means of influence.

Though the amount of funds involved and the way in which they will be invested will not allow for control, CGF will give workers the opportunity to call to account the behaviour of major listed companies through the investment decisions of their representatives. And, through their retirement benefits, it gives them a share in the profits of successful companies.

For the markets, it means that threats of nationalisation, and various other forms of intervention to achieve "social" ends, could recede. The success of such ventures will provide an incentive to keep financial markets operating freely and effectively.

But CGF comes with a price — for the unions and the markets.

The trade union movement has drawn heavily on collectivist ideas for its inspiration. So hardline socialists will see CGF as a co-option to capitalism that concedes an essential verity.

Workers already participate in the market system through contributions to pension and provident funds that are invested in quoted shares. The Metal Industries Group Pension Fund and the newly formed Metal Industries Provident Fund have assets of more than R4bn between them, while the Mineworkers' Provident Fund amounts to R594m.

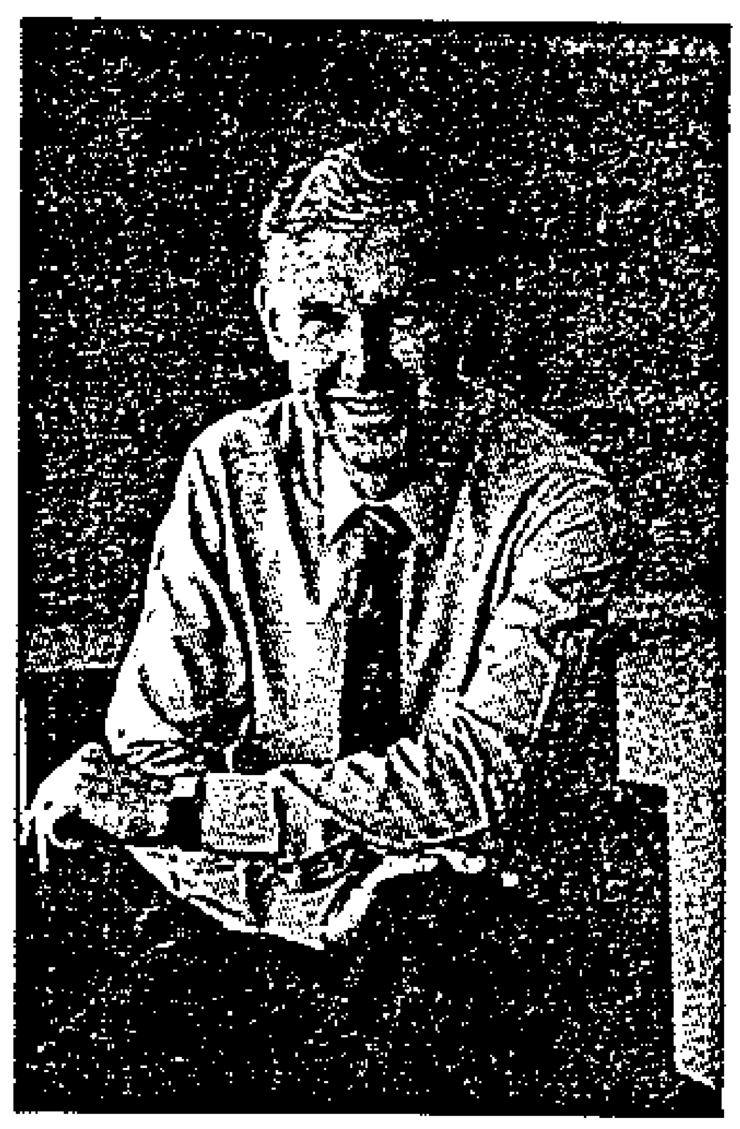
So far, trade unions have not had much influence on how the funds have been invested. Most are guaranteed by insurers who make the real decisions; they may be sensitive to union scruples but don't consult trustees on each investment. And, in most pension funds, there is no worker participation.

For the markets, the investment prescription that these funds bear may undermine the efficient allocation of resources through criteria other than profitability.

There is another dimension. The fund is open to other investors and at least one has already announced participation.

An immediate problem arises with the investment of pension funds under management control. The rationale for the control is that benefits are guaranteed by the employer who is responsible for any shortfall in the funding of benefits. This seems fair enough. But, though benefits are stipulated by a formula, annual bonuses to pensioners and the improvement of benefits for members depend on pension fund profitability — and these are not guaranteed by the employer.

This complicates the fiduciary responsibility of pension fund trustees should an employer restrict the growth potential of the fund by placing it with CGF. The crucial question then is: how much will the ethical criteria conflict with investment objectives?



Asher

To answer that requires scrutiny of how CGF will operate. Syfrets has placed R2m of its own corporate funds in CGF and hopes to attract up to 30% of unions' pension and provident fund contributions. Though they may not yet have committed their funds, several major Cosatu- and Nactu-affiliated trade unions have already endorsed the CGF.

Funds — which will be placed with trustee Standard Bank — will be managed by the Community Growth Management (CGM) company, jointly controlled by Syfrets and a trade union sponsored company, Unity. Syfrets representatives on CGM will make an initial selection based on the investment merits of shares listed on the JSE. These will then be evaluated against a weighted checklist of ethical criteria.

There are safeguards against poor investment decisions. The initial choice will be provided by Syfrets, an institution which has to preserve its reputation in the investing community. While trade unions may disqualify some of the companies on the Syfrets short list, they will be confined to it. In other words, under present plans of operation all they can do is shuffle the pack.

This does not eliminate the danger that the fund will disinvest from companies involved in disputes with its trade unions. However, Manoko Nchwe of the National Union of Mineworkers, and a director of the fund management company, says CGF will not be used to bash companies. It will be more concerned with overall labour policies than day-to-day issues. There could be some protection in the representation of unions from various sectors.

The role played by the chairman of the CGM board, Anthony Asher, will be pivotal. Professor of the department of actuarial science at the University of the Witwatersrand, and formerly chief actuary of the Prudential, which in 1987 merged with Liberty, Asher will be called on to break deadlocks. His decisions will be dictated by the long-term interests of the CGF, he says.

Though day-to-day disputes may not disrupt investment policy, industrial relations policies will presumably be an overriding factor in decision-making.

Other criteria are: job creation within SA, products, health and safety, training for black workers, black advancement, reinvestment of profits in the company, care of the environment, equal opportunity for women, disclosure of information, social responsibility, political donations, and workers' participation in management decisions.

The LRS's Gordon Young says evaluation started a month ago: "This is not a new field for us. We analyse companies for wage bargaining purposes; so we have a comprehensive database." But companies have not been scored yet as trade union representatives must still decide on the weighting.

The weighting is crucial because the companies do not necessarily present a clear profile. Some of the conflicts that might arise can be seen by examining shares held by Old Mutual on behalf of, among others, trade union provident funds. As of October 1991, these included Anamint-De Beers, Barlow Rand, Gencor, Rembrandt, Richemont, SA Breweries and Safren.

De Beers, of course, would be dragged down by its offshore Centenary investment and its poor disclosure. On the other hand, the company pays wages substantially ahead of the rest of the mining industry and has recognised full-time shop stewards.

Barlow Rand would be downgraded because of its extensive contracts with Armscor. But management of the gold division has dramatically changed its attitude to the union, which has full recognition, and there is an open-book policy in negotiations. And Nampak has softened its industrial relations approach since a strike in 1990.

There has been speculation that Rem-

cont →

European tax can be reclaimed

STAR 16/5/92

THELMA TUCH-GABAY

NEXT time you take a business trip to Europe, make sure you keep all your receipts — they could save your company thousands of rands.

Many companies are unaware that they can reclaim the value-added tax (VAT) charged on services used by their employees on business trips in Europe. 181

This includes money spent on accommodation, car rentals, meals, trade fairs, conferences, exhibitions, professional fees and training.

Businesses are entitled to a sizeable tax refund from European governments, says Meridian Reclaim Services director Ian Smith.

Meridian — a subsidiary of Kirsh Industries Ltd — recently set up an office in Johannesburg to help companies claim refunds.

The claims are sent to Meridian's London office, which submits them to the European authorities. Refunds are usually issued within four to six months.

● *Companies interested in this service can contact Ian Smith at 788-1557.*

Provident fund popular

19/5/92

MICK ELLINGHAM

MANY SA companies are offering employees the option of joining provident funds as an alternative to pension schemes. (181)

Sanlam group benefits GM Francois Marais said local companies started introducing provident funds 10 years ago, but only recently had they begun doing so willingly.

"Some companies are now in fact proactively encouraging the formation of provident funds," he said.

Marais expected provident funds to remain popular, but predicted that the legal differences between provident funds and pension funds would eventually disappear.

Metropolitan Life operations manager Derek Pead said: "Many of the perceived benefits of provident funds could probably be structured into pension funds."

However Fedlife employee benefits deputy GM Gerard Ehmke said: "A reassessment of the benefits of provident funds by employees may occur when they have to ensure that the investment return on a lump sum provides them with a liveable income."

Social responsibility need not curb investment returns

B/Day 21/5/92.

ANTHONY ASHER

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THIS month's launch of the Community Growth Fund (CGF) by the Labour Research Service (LRS) and Syfrets has captured the investment public's imagination, if not yet its pockets.

Discussion about the fund has raised a number of questions, not least as to whether socially desirable investment is contrary to the principles of trusteeship. The answer is no; it is, in fact, one of the principles.

The actuarial textbook Day and Jamieson gives five rules that govern institutional investments:

- The liabilities of the fund must be met as and when they arise;
- The liabilities must be met with as much surplus as possible (that is, the investment return must be as high as possible);
- The risk involved in maximising the return must not be so great as to imperil the meeting of the liabilities;
- The investment should not be objectionable to the original savers on social or ethical grounds and, subject to the above three rules, investments should be those which can be held most beneficially on such considerations; and
- When these four rules are satisfied, the investment manager should choose the investments which do most to further the other objectives of his business.

The CGF will focus particularly on rule four, at the expense of rule five but not of the first three. As everybody knows, rule five is usually followed by investment managers controlled by the conglomerates.

But will restrictions placed on the investment manager reduce the investment return?

Funds need as few as 12 stocks to be fully diversified. There are 150 stocks in the JSE Actuaries Index. This means that Syfrets will have plenty of choice, even if restricted to only half the shares in the index. The CGF can, therefore, be sufficiently diversified.

The return will be reduced only if the shares bought by the CGF are too highly priced. If the price rises too much, other investors in these shares will sell them and the price will return to a more reasonable level. Serious distortions will occur only if the CGF becomes a very large investor. If this were to happen, selection criteria might have to be relaxed if the CGF were to remain an appropriate investment for retirement funds.

In addition, LRS has chosen Syfrets to manage the CGF because of its excellent investment performance in the recent past. All in all, I would be surprised if the performance of the CGF differed much from other unit trusts.

But surely companies that pay higher wages must have lower profits and lower investment returns?

This is a common fallacy. It is not important for a company to have a particularly high rate of return on shareholders' funds. Excellent investment yields are more likely to arise from high growth in profits.

Companies that show a high rate of profit may well be bad investments if the high return is dependent on shareholders exploiting one of the other stakeholders in the company, or as a result of an unwillingness to invest in future growth. (The stakeholders in the company — apart from the shareholders — are the employees, suppliers, customers and society as a whole.)

Kgalema Mothlanthe, general secretary of the NUM, the main union backer of the CGF.

Where companies are paying higher than average wages to their unskilled labour, it is possible that one or other of the stakeholders are making sacrifices. It is also possible that higher productivity allows the paying of higher wages. The aim we are setting ourselves is a fair division of the company's turnover between wages, salaries, profits and returns to other stakeholders. It is a question of not too much nor too little, and applies equally to wages, salaries, profits and directors' fees.

But are company managements not responsible for maximising profits, and will the CGF not do harm by encouraging managers to concentrate on other things?

In discussions with the members of various unions, I have found that their major concern in the area of investment is its relationship to the creation of jobs. This is, therefore, also likely to be the main concern of the CGF. A company that is going to provide consistently higher returns to its shareholders can only do so by finding new markets for new products and, in the process, creating jobs. In the long run, job creation and superior profits go hand in hand — there is no other way.

In his article (Business Day, May 12), Jim Jones raised the question of whether trustees were not abdicating their responsibility to exercise the votes attached to their shares by investing in the CGF.

This is a question of corporate governance which is becoming an important issue internationally. If retirement funds own most of the shares in the companies, and they do not exercise their votes, who controls the companies' managers?

I agree that the exercise of votes is a fiduciary responsibility of trustees. This is, however, seldom done in SA. The problem is that retirement fund trustees are seldom in a position to be adequately informed about every company in which they invest. They are necessarily dependent on consultants of one sort or another to advise them in this area. A major reason for supporting the CGF is that it will provide the first such service in SA. This is a crucial area for the democratisation and revitalisation of SA business.

When all is said and done, is there not a danger that the investment decisions taken by the CGF will not be made in the best financial interest of the members?

We are not perfect. Mistakes will be made. But there are two reasons why an investment in the CGF may well yield better returns than the alternatives.

The first is that the CGF will concentrate on the long term. We will attempt to avoid companies that are making short-term profits from pollution, racial discrimination, exploitative wages and other shortsighted policies. In the long run, these companies will have to pay for their myopia, and investment in them is therefore risky for retirement funds.

The second reason is that, in the CGF management company board, the investment managers are going to have to justify their points of view more thoroughly than would be the case in the average investment committee. Better decisions are likely to be hammered out, and investors are likely to benefit.

Asher is director of actuarial studies at Wits University and chairman-elect of the management company of the CGF.

BUSINESS

Big problems for small business

w/mail 22/5 - 28/5/92

(18)

Small businesses may be the way forward for the South African economy — but many entrepreneurs do not have the capital or the collateral to get started.

MONDLI MAKHANYA *reports*

WHILE much is made of the key role small business will play in future economic growth, very little emphasis is placed on how this sector should be encouraged.

For valid business reasons financial institutions often apply stringent regulations on providing start-up finance for prospective entrepreneurs and the paper chase on the Johannesburg Stock Exchange has frozen a lot of capital which could otherwise be available to small businesses.

There is also a lack of financial instruments to lend money to small businesses.

For instance, unless one has saved enough capital or has raised money from family and friends to start up a business, the few options available are to apply to agencies such as the Development Bank, the Small Business Development Corporation (SBDC) or the Industrial Development Corporation, or to employ a broking firm to raise venture capital from merchant banks or the JSE's venture capital market (VCM).

All these are often difficult as they require a considerable amount of collateral which many entrepreneurs — especially those operating in the informal sector — simply don't have.

SBDC senior general manager Jo Schwenke noted at the organisation's Prosperity for Africa: The Small Business Way conference this week that since blacks often lack the collateral to use the banking system they turn to venture capital, only to find that "while some projects have the potential to earn healthy returns for true venture capitalists many would yield only modest returns, too low for the conventional venture capitalists".

Another tendency among moneylenders, says Get Up foundation managing director Lin Anderson, is to favour large-scale lending, thus prejudicing small entrepreneurs who require only small amounts. Hence big business tends to prefer group lending when it comes to black borrowers.

"They like to think that blacks are somehow different from other people, wanting to borrow together, do business together and are only too happy to pay each other's debts," says Anderson.

Various proposals for more accessible financing have been bandied around, and time and again Bangladesh's Grameen Bank crops up. While this bank has certainly perfected the art of lending to the small man at reasonable interest rates, points out Anderson, it should not necessarily be held up as the model since its daily functions entail a lot of work and detail — the kind of time and resources the country may not necessarily have.

Noting fund managers' and financial institutions' aversion to risk, Schwenke advocates that insurers and pension funds be persuaded to invest at least one percent of their annual cash flow in venture capital funds over a period of five years. This, he believes, would yield R2-billion over five years for use by entrepreneurs.

Even if this money was employed in failed ventures, it would not be wasted because they would nonetheless generate economic activity. But the shortfall would be that most of the recipients would be white businesses in the "First World sector" of the economy.

Hence a separate fund would be needed for mainly black development venture funds and this would require annual state donations of up to R2-billion over a period of five years.

"Such an injection of R10-billion over five years into the hands of dedicated professionals will have a dramatic effect on the distribution of business ownership in South Africa," says Schwenke.

In the short term, however, he says we should look to foreign development agencies which have shown an interest in investing in the country — albeit in small amounts.

The SBDC is also looking at underwriting share issues of companies wishing to invest in the VCM. The third option Schwenke suggests is the establishment by the state and financial institutions of development funds under the management of bodies such as the SBDC. These would be mainly used for risky business ventures which show a high chance of sucess.

But the informal sector has remained marginalised as no collateral is available and the returns would be minute.

What Anderson's Get Up foundation has, however, managed to do is to open the door to the very small informal-sector borrower. These loans go as low as R50 and a borrower need only have collateral of about R7. Anderson says repayments have up to now been almost 100 percent.

"The informal sector is important because it is the spontaneous response of poor people towards solving their problems themselves. Lending can and should strengthen such businesses as a weapon against poverty and backwardness."

Business warns against general strike

Political Staff

(181) Bday 22/5/92

CAPE TOWN — Companies could be forced to take "the strictest possible disciplinary measures" if the general strike being threatened for next month by the ANC and Cosatu went ahead, Sacob director-general Raymond Parsons warned last night.

The "battered and bruised" state of SA's economy had been aggravated by prolonged recession and drought, he told the Tygerberg Chamber of Commerce and Industry last night.

"To impose a general strike on these economic circumstances could have negative consequences for the workers themselves, who can ill afford to jeopardise their jobs or income in these tough times," he said.

Parsons said he believed most employers were likely to take the usual stance of "no work, no pay" if the ANC-Cosatu alliance gave the green light for a strike when they met to decide the issue next Thursday.

Cosatu has mentioned the possibility of a five-day strike to press home its demand for the speedy installation of an interim government.

Parsons said Sacob estimated a two-day general strike would cost workers about R250m in lost pay.

"In the present difficult economic climate and poor business conditions a general strike in the near future could force companies to take the strictest possible disciplinary measures.

"This must be seen against the background in which retrenchments and job shrinkages are already inevitably taking place. I appeal to those who have to take the decision to bear these realities in mind," he said.

Save jobs or save an industry

STAR 25/5/92 (181)

THE POOR state of the South African economy is forcing South African employers and trade unions to confront the highly emotive question of how to contain the human cost of workers losing their jobs by the thousands.

Efforts by unions and managements to cushion the impact of retrenchments have met with only limited success, making job security a central issue in labour relations.

The issue has emerged as a major stumbling block in the current wage talks between the National Union of Metalworkers (Numsa) and car manufacturers BMW, Volkswagen, Toyota, Mercedes Benz, Nissan, Samcor and Delta.

The bone of contention is Numsa's demand that the current moratorium on retrenchments, which expires next month, be extended. Employers have dug in their heels, arguing that a resolution of the other issues up for discussion, relating to pay and conditions, depends on how the moratorium issue is dealt with.

BMW's Dave Kirby, chairman of the employer caucus in the talks, said employers felt that in the circumstances, layoffs were essential to controlling costs in a situation of declining output.

"Our view is that if we reduced manpower we would be able to give the people who remain full employment and that the (moratorium) agreement was a short-term offer.

"The difficulty lies in sustaining such an agreement in the long term, especially if you cannot foresee what will happen in the industry in a period of four to six months," said Mr Kirby.

Although mindful of the fact that job security was important to employees, employers were reluctant to enter into an agreement they could not sustain in the long run.

The motor manufacturing industry, which survived a severe recession in the mid-1980s, is again experiencing a decline in demand, after recovering slightly three years ago. Sales of motor cars, for instance, dropped from 221 342 in 1989 to 197 736 last year.

Numsa has also demanded a halt to retrenchments in the other sectors where it is represented — the steel and engineering, tyre-manufacturing and motor industry (the latter including operations such as petrol stations and panelbeaters).

The union is concerned that, hurt by a global drop in steel products and the curtailing of State expenditure on large projects, last year steel and engineering alone shed 35 000 jobs, and that retrenched metal workers are swelling the numbers of the unemployed at an average rate of 3 000 a month.

Numsa chief negotiator Les Kettledas said: "We believe that workers should not be the ones to pay for the state of the economy. We are concerned about the rising level of unemployment because it brings about many social problems.

"Our view is that that when retrenchments take place they are a cost-cutting measure by employers. We believe that employers should instead look at alternatives to retrenchment, and have committed ourselves to discuss with them the long-term growth and viability of the industries concerned," said Mr Kettledas.

In mining, also reeling from large-scale job losses due to inflation and a depressed gold price, the NUM has put forward a restructuring programme for the industry. The proposals, first suggested to employers during the Mining Summit last June, are currently the subject of discussion in working groups including employers and union representatives.

Meanwhile, a key element of the proposals, focusing on rescuing marginal gold mines through State aid in the form of tax paybacks (thereby preventing mass retrenchments), has been taken up by the NUM in the case of Rand Mines' Harmony gold mine, where 8 000 jobs are on the line.

The NUM, believing that its approach can succeed only with the support of both the State and capital, has asked the Free State mine's owners to back the union in making representations to the Government.

Employment on gold mines affiliated to the Chamber of Mines alone shrank about 20 percent from 534 255 in 1986 to 424 273 last year, with more jobs set to be axed this year.

NUM assistant general secretary Marcel Golding explained that while the union accepted that the gold mining industry was set to contract in terms of output and labour "in the next 10 years", it believed that job security was a workers' right which should not be taken away "without due process and adequate compensation".

"We are not saying that in every situation there should be no retrenchments, but that we need an industry-wide retrenchment policy which will look at the future of the industry, including a properly managed down-scaling programme which provides for a national re-training scheme for retrenched workers," said Mr Golding.

Believing that gold mining's crisis was a structural one, the union wanted the establishment of a permanent mining commission which would oversee the inevitable down-scaling in the industry.

Chamber of Mines chief economist Francois Viruly agreed that there were limits to what could be done to shore up the industry and save jobs in the short term.

"The rationalisation progammes undertaken by the industry have been relatively successful. But in the final analysis the question that has to be answered is whether one can keep a mine going profitably. To a certain extent the life of a mine will be determined by whether the fiscal authorities can bring inflation under control. If inflation continues to increase costs, even our gold reserves will, in the long run, become unprofitable," he said.

In the retail industry, afflicted by shop closures and retrenchments, the SA Commercial, Catering and Allied Workers' Union has called for a crisis meeting with employers to discuss ways of saving jobs as the industry restructures itself. □

Accord threat to top agenda

WILSON ZWANE

THE threatened withdrawal from the national peace accord by the ANC's PWV region and its allies will be high on the agenda at today's urgent meeting of the full national peace committee. B/Day 26/5/92

It is understood ANC NEC member Sydney Mufumadi will be in an ANC team. Inkatha will be represented by national chairman Frank Mdlalose and government's delegation will include national peace secretariat member Gert Myburgh.

National peace committee spokesman Val Pauquet said the meeting — convened a month early because of escalating violence — would appeal to all regions to remain active and committed to the peace process and not to regard withdrawal from dispute resolution committees as a solution to problems.

The PWV regions of the ANC, SACP, Cosatu and the Civics' Association of the Southern Transvaal (Cast) last week said they were considering pulling out because government and the security forces had signed the accord in bad faith.

● Comment: Page 8

More executives lose jobs

B/Day 26/5/92

KARIN PRANKEN

SENIOR and middle management executives are feeling the draft as the recession takes it toll.

Placement industry sources confirmed yesterday there had been an escalation in the retrenchment of top staff, adding that sectors most severly affected were banking, mining, engineering and retailing.

Career Transition International director Neil MacDonald said an inflow of applications and accompanying curricula vitae had been experienced over the past year as retrenched executives sought new jobs.

The number of layoffs at managerial level rose steeply last year with more companies approaching career consultants to help alleviate the problem of displaced managers, he said.

MacDonald said companies had offered employees handsome retrenchment packages of six months' to a year's salaries, but decided to look for more viable solutions, one of which was finding them work.

"Companies are putting on a more humane face when it comes to releasing trusted, experienced staff for whom there is no place in the restructured company."

Chart Outplacement Consultants MD Monty Wood agreed that job applications from retrenched business executives had increased over the past six months.

Companies were increasingly recognising the need to run tight and well-structured enterprises.

"Competent management needs to look at efficiency and cost elements, especially in times of recession."

Wood said even when the economy improved, companies would maintain "right-sized", tightly run operations.

Chart Consultants director Rod Meintjies said UK companies were "delayering".

Company hierarchies were closing the gap between higher and lower ranked workers, a development helped by the advancement of computer technology. An efficient computer database enabled top management to make decisions without having to consult middle management staff.

Station upgrading hit by funds shortage

B/Day 26/5/92

WILSON ZWANE

THE SA Rail Commuter Corporation (SARCC) project to upgrade nine Soweto railway stations has run into financial difficulties, it was disclosed yesterday.

The corporation announced in March this year it would pump R11,9m into the project aimed at improving the service.

SARCC MD Kobus Nel said the upgrading of Naledi, Inhlazane, Dube, Phomolong, Phefeni, Mzimhlophe, Midway, Chiawelo and Nancefield stations was part of a larger project to develop a number of stations on the Reef.

An SARCC spokesman said yesterday the project had become too expensive so the corporation had to reconsider it. It was due for completion next month.

He said the need to incorporate requirements from the community and the Goldstone commission Of inquiry into public violence and intimidation in the planning of the project had hit the budget.

Prosperity can flow from union funds

BDay 26/5/92 (181)

WALTER SCHEFFLER

SUCCESSFUL economic empowerment of SA's black population is necessary for the future prosperity of all South Africans. The investments in pension and provident funds held on behalf of black members run into billions of rands and can rightfully be considered as a means to help achieve this end.

The recent announcement of a trade union-endorsed unit trust, the Community Growth Fund (CGF) may be a small but meaningful step in this direction — provided that it is managed sensibly and reasonably.

Two aspects specifically mentioned will be the restriction to investments in companies deemed "socially responsible", and the intention of the unions to exercise their voting rights on shares held. (If the first criterion is properly adhered to then, presumably, the need for the second will not arise.)

There is some debate on the position of fund trustees who choose to support "socially responsible" investments. I do not think trustees will be neglecting their fiduciary duties if they choose to invest some portion of their funds in the CGF or similar investment vehicle if these provide a healthy mix of normal sound investment criteria coupled with a moderation of political and social conscience.

In theory, any limitation on investment decision must restrict the portfolio managers' scope to maximise investment returns. In practise, if the limitations are limited — and that is the crux — it should make no measurable difference that could be identifiable beyond normal variations in returns from nonrestricted portfolios.

If the approach will be to blacklist a small number of companies deemed "socially irresponsible", and this is not done on emotion but with reason, the result may be quite acceptable. One may well argue that socially irresponsible and unethical behaviour by companies will not lead to sustainable long-term returns to shareholders.

The token R1m investment by TML Pension Fund in CGF was probably politically motivated, but that does not exclude financial soundness. It may well prove to be a very profitable investment for TML as employer which ultimately carries the cost not only of pension fund contributions but also of salaries to union members.

Responsible trade union participation in the investment markets should be welcomed and encouraged. It does not require personal commitment to call for socially responsible investments with other peoples' money, but it may be a sobering exercise to have to put one's own members' money where one's mouth is, and thereby to lead by positive example rather than shouting from the sidelines.

A unit trust is not, however, the most effective investment vehicle for provident fund investments. The cost structure of unit funds is normally geared towards the small investor, and is far too high if applied to large investments by provident funds.

Provident funds should ideally invest in balanced portfolios consisting of a reasonable distribution of shares, property, fixed interest and cash, as is typically the case with managed portfolios of insurance companies, but unfortunatley cannot be provided by unit trusts.

Unit trusts cannot at present meet the prudent asset regulations of the registrar of pension funds, which means provident funds using unit trusts will have to do so themselves.

☐ **Scheffler is senior GM, group benefits, at Sanlam.**

The two faces of a costly strike

Star 27/5/92.

MIKE SILUMA takes a look both the workers' and management's sides of the strike by workers at Toyota's Prospecton assembly plant.

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THROUGH the outsider's eyes, the strike at Toyota's Prospecton, Durban, assembly plant — affecting about 6 000 workers and in its third week — might seem like an oddity.

The question is: How is it possible for a company which is the undisputed leader of the country's car manufacturing industry to experience such tumult in its employee relations?

So far the strike, over employees' demands for the dismissal of three members of management for alleged discriminatory practices, has cost the company no less than 5 000 vehicles in lost sales, worth at least R270 million.

It is also affecting the livelihood of an estimated 2 600 workers employed by Toyota's component suppliers. ...

Talks between management and the National Union of Metalworkers (Numsa) have failed to resolve the crisis, with workers insisting that a return to work is contingent upon the outcome of any arbitration proceedings. Even a court order has failed to persuade the workers to return.

As a result of the dispute, Toyota stayed out of the latest round of national wage negotiations between Numsa and motor assemblers.

In an effort to break the deadlock, Toyota has evoked disciplinary procedures against the management members.

That Toyota has been forced to use newspaper advertisements to appeal for strikers to return to work is an indication of how far relations between it and the strikers have deteriorated, underlining the existence of an "us and them" syndrome.

So what has caused this souring of relations?

To every story there are, as they say, two sides. And in its latest issue the labour journal South African Labour Bulletin attempts to give the workers' side, through an article written by Numsa shop stewards at Toyota before the strike.

According to the workers, good industrial relations at the plant have been undermined by the introduction of Japanese management and productivity techniques, hugely successful at the company's Toyota City in Japan but the subject of some controversy here.

Key components of the system criticised by the shop stewards are the quality circles, cost-saving competitions and the multiskilling of employees.

This is how the shop stewards describe the introduction of quality circles to the plant: "In the early 1980s ... the bosses came back from a trip to Japan with new ideas of how we should organise our work. But from the beginning they never discussed these ideas with us ...

"Then they started to organise groups of workers into work teams. These work teams were never established to listen to the voice of workers. They were simply there to give management more control over the workers."

Describing workers' relationship with management as "one of war", the shop stewards complain that management's attitude towards workers "is not right".

"For example," they write, "you could never find a situation where a manager enters his department and greets all the workers on the line ... Our managers don't even greet us. They're just like enemies here."

Perhaps not surprisingly, in the light of current events at Prospecton, Toyota rejects the allegations in the Bulletin article as "subjective" and lacking in "factual substance".

A spokesman said a survey undertaken by the company last year painted "a vastly different picture".

"According to the results of the survey, undertaken by an outside market research company in face-to-face interviews, relationships in the plant were described as good by 78 percent of employees. The survey also found that 92 percent of employees regarded intercultural relationships at Toyota as good.

"Our company assumes that the comments by the shop stewards in the (Bulletin) article reflect the views of a minority as per the survey we conducted."

The company found it "curious" that it was being targeted by Numsa as an unfair employer when its employees were among the "leading wage earners in South Africa".

The company had pledged R25 million to assist employees with housing between 1991 and 1996 and R3 million a year for educational assistance to employees and their communities.

Worker involvement in productivity programmes was "entirely voluntary" and workers themselves had made 8 328 problem-solving presentations to management. □

Before the strike ... a Cressida comes off the line at the assembly plant at Prospecton in Durban. So far th strike has cost the company no fewer than 5 000 vehicles, worth at least R270 million, in lost sales.

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No. 89

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29 May 1992

Affirmative action supported

B/Day 29/5/92

SUSAN RUSSELL

MOST urban blacks support affirmative action in the employment field, according to a survey published by Market Research Africa this week.

The survey found two out of every three urban blacks were in favour of blacks being offered jobs rather than whites, even if black applicants were less qualified.

The findings are based on interviews with 2 000 urban black over the age of 16, representing over 7-million people.

The largest groups in favour of affirmative action employment policies were in sales (52%) and office workers (49%).

Next came students and skilled blue collar workers, 38% of whom felt blacks should be given a chance even if they had fewer qualifications, while 34% of unskilled blue collar workers were in favour of the concept.

Market Research Africa found that fewer people in professional and managerial positions believed employers should discriminate in favour of blacks when taking on or promoting staff.

People whose home language was Sotho (51%) were also more likely to endorse the concept than those whose home language was Zulu (37%) or Xhosa (31%).

Market Research Africa chairman and MD Clive Corder said it was simply a matter of time before SA followed the US example of instituting an affirmative action programme to level the playing field as far as employment was concerned.

"However, it should be recognised that while this may please one sector of the community, it will upset another.

"Reverse discrimination could well have negative social and economic repercussions," said Corder.

Meanwhile, the results of a similar survey published by Market Research Africa last week revealed that two out of five urban blacks supported a programme of redistribution of wealth by law.

That survey showed that 38% of urban blacks in the Cape favoured redistribution while 37% in Transvaal, 31% in the Free State and 25% of those living in Natal supported the idea.

● See Page 7

Curfew greets royal return

BDay 29/5/92

Business Day Reporter

LESOTHO's deposed monarch King Moshoeshoe II returns to Lesotho this weekend from exile in London.

He was exiled in 1990 by Lesotho's military government and replaced by King Letsie III. Moshoeshoe is demanding the reinstatement of executive powers to the monarchy ahead of a general election this year.

Sapa-AP reports that police imposed a nighttime curfew and set up roadblocks outside the capital ahead of his return, citing public safety as a reason for the measures.

Moshoeshoe is scheduled to fly into SA on Friday and to drive to the royal village in Lesotho on Saturday.

New fund calls for extra diligence

BDay 29/5/92 (181)

JOE GATES

ALLEGATIONS of financial impropriety against the late Robert Maxwell led the Economist to comment (November 9 1991) that "entrepreneurial capitalism needs capital, but capital always needs guardians".

This appears true for pension fund trustees, owing to the emergence of the trade union-sponsored Community Growth Fund (CGF). This alternative investment vehicle is welcomed for a variety of reasons. But, as with most innovations, there will be obstacles to overcome and learning curves to master.

It is welcomed in the hope that its advent is a signal that nationalisation is relegated to the history books of economic and political posturing. If not, pension funds will once again be hampered by prescribed investment sponsored by interventionists.

It is also welcomed if it is a signal to all that trade unions underwrite the free market — a system which is always willing to receive new entrants and competition. If not, it will be a well-disguised socialist plot to co-opt market forces.

In the race to subscribe to the CGF or equivalent facility, pension fund trustees must remain conscious of their fiduciary duties and use them to advantage — to act with care, good faith and diligence; to obtain expert advice if their own knowledge is wanting; to avoid conflict of interest; to invest assets for the benefit of the fund and its members; and to act with impartiality in respect of members and beneficiaries.

It is not difficult to find justification in each of these duties when assessing the CGF as an investment vehicle, especially in regard to the economic and social environment of members and beneficiaries. However, trustees might feel obliged to maximise investment return on monies under their control.

The pursuit of investment performance is not necessarily in the best medium- or long-term interests of members and beneficiaries, and trustees should contemplate the responsibility that comes with freedom of choice offered by pension fund investment regulations.

Through diligent analysis and research, pension fund trustees can contribute to the economic enrichment of our country and its people as well as pension fund members while ensuring competitive returns.

Social responsibility does not mean that investment performance can be disregarded in favour of ethics and conscience, as the latter do not necessarily meet the bread-and-butter issues members need to finance in their retirement.

What is called for in trustees is a fine blend of conscience and reality, theory and practice, and an empathetic understanding of the present as well as the future.

Ultimately trustees are going to have to define their funds' boundaries regarding risk and reward, and find solace in the notion that optimising returns on funds they control might well be as important for their own funds' members as maximising returns for other funds' members.

If they are concerned that they might breach their fiduciary duties and find an action in law against them, perhaps the defence of *volenti non fit injuria* — there can be no action if a person voluntarily consents to the prospect of suffering injury — might allow for this.

Our courts have recognised the need to adapt the law to fit the changing times: "There comes a time in the growth of every living system of law when old practice . . . must be modified in order to keep pace with the requirements of changing conditions." (Innes C J, Blower v Van Noorden 1909 TS 890).

And "however anxious the court may be to maintain the Roman Dutch law in all its integrity, there must, in the ordinary course, be a progressive development of the law, keeping pace with modern requirements." (De Villiers C J, Henderson v Henderson (1903) 20 SC 513).

Pliny the Elder knew more than most when he observed that there was always something new out of Africa. Our trustees must ensure that, above all else, they discharge their fiduciary responsibilities in a careful, honest and diligent manner, for the CGF or its equivalent will be one instance of there being no doubt (with apologies to Juvenal for what is lost in translation) as to who guards the guards.

☐ **Gates is AA Life Assurance Association Ltd MD and president of the Institute of Life and Pension Advisers.**

REVIEW

Small business to get help in crucial labour relations field

STimes (Cape Metro)

SMALL and medium size businesses are losing money because they lack labour relations skills, says Mr John Naudé of the Western Cape region of the Small Business Development Corporation (SBDC).

He says the most apparent areas are badly motivated workforces, low productivity, time wasting from inadequate disciplinary and grievance procedures, and the resultant costly legal and other expenses in the event of disputes.

31/5/92.

"Indications that unions have targeted small and medium businesses for membership drives have heightened the need for employers to improve their basic labour relations skills," says Mr Naudé.

"It is unfortunate that many businesses still do not appreciate that proper techniques can, for example, prevent industrial court litigation and contribute to an improved bottom line."

The SBDC has now developed a training course "Labour relations for the small business" which is suitable for businesses employing between five and 100 people.

The next course will be held on Mondays and Wednesdays each week, from 6pm to 9pm, running from June 8 to July 8.

It will be presented in the SBDC offices at 60 Sir Lowry Road, Cape Town.

Participants will receive a comprehensive course manual on registration and a certificate of achievement upon successful completion of the course.

Further details are obtainable on ☎ (021) 462 1910.

(181)

R100m hopes for unit trust

(181)

TIM COHEN

THE Community Growth Fund (CGF) trade union unit trust could grow to R100m by the end of its first year, a spokesman for the trust's managers said at the weekend.

The fund, which will invest workers' pension and provident funds in blue chip companies on the JSE, officially comes on stream today, but it has already attracted several millions from investors.

It will be managed by Syfrets, which has itself invested R2m in the CGF. Contributions of R1m have already been raised from Times Media Limited and the NUM's Johannesburg branch.

And Syfrets spokesman Ian Hamilton said pledges and commitments had been received from "mining houses, banks, retail groups and industrial conglomerates".

"We can safely say that the market response has far exceeded everyone's expectations," said Hamilton.

The fund aims to marry high returns and socially responsible investment. It is being backed by the NUM, the Construction and Allied Workers' Union, the Transport and General Workers' Union and the Paper, Print, Wood and Allied Workers' Union.

Nactu unions are also involved. Portions of the pension and provident funds of these unions will be invested in the CGF.

The fund will target a portfolio of blue chip shares, but will exclude those of companies involved in weapons manufacture, environmentally harmful businesses and offshore investments with little benefit to SA workers. Three union representatives will serve in a joint Syfrets-union company managing the portfolio.

NUM spokesman Martin Nicol said the

□ To Page 2

CGF unit trust

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□ From Page 1

fund would invest in companies promoting job creation, recognition of trade unions, affirmative action and environmental awareness.

BDay 1/6/92

"It is not a fund which seeks to invest in low-return housing projects, for example," Nicol said. He said the fund would also attempt to influence companies to follow policies consistent with criteria decided on by the managers and the unions.

Hamilton, who is also a director of the fund, said client confidentiality precluded him from disclosing names and figures, but said the commitment from major investors had exceeded expectations.

"We have been constantly on the road presenting the concept to major pension funds," Hamilton said. "If this level of interest continues, we would not be at all surprised if the fund reached R100m within the first year."

Labour Research Services (LRS) — a Cape Town-based labour advice unit — would play a major role in investment selection. Chief LRS spokesman Gordon Young said three provident funds and two pension funds had committed money to the CGF. Two of them are connected to the NUM. A large provident fund associated with the Paper, Print, Wood and Allied Workers Union had committed a large sum from both cash flow and assets.

NUM assistant general secretary Marcel Golding said: "Companies have been taken by surprise by the CGF. They had not thought of applying social criteria before."

Syfrets expects the fund to remain fairly liquid in the initial stages until a well-rounded portfolio of shares is put together.

Syfrets will make the initial share selections based on standard commercial and investment practices.

A joint board, chaired by Prof Anthony Asher of the Wits Actuarial Science Department, will then approve these investments after receiving input from the LRS and the unions.

20 000 workers lose jobs this year as labour takes recession's punch

BDay 3/6/92

EDWARD WEST and
MATTHEW CURTIN

NEARLY 20 000 workers have lost their jobs in the mining, engineering, and construction industries so far this year as labour bears the brunt of the prolonged domestic recession.

All three sectors are closely linked. Low gold and other commodity prices have blighted the mining industry, and have had a drastic knock-on affect on those companies which supply the sector with mining equipment and building materials.

Rand Mines yesterday began retrenching 5 000 workers from its marginal Harmony gold mine, just one day after Gengold announced 1 100 jobs would go at its West Rand Consolidated gold mine.

Harmony's workforce has fallen from 30 000 workers to 19 000, and now 14 000 on the latest wave of job cuts.

A Gengold spokesman said the group's workforce was 48 000, down from 53 000 at the same time last year. An Anglo American gold and uranium division spokesman said its workforce had fallen to 172 000 at the end of April this year, compared with 181 700 at the same time in 1991.

He said the job-cutting programme at Freegold's north and south divisions, under way since late 1990, was coming to an end. The mine had lost 15 800 jobs, about 15% of its full complement, but early retirements, natural attrition, extended unpaid leave programmes had ensured retrenchments numbered only 4 000.

Employment levels on gold and coal mines are at their lowest level since the late 1970s, says the Chamber of Mines.

Meanwhile, the Steel and Engineering Industries' Federation of SA (Seifsa) said yesterday that more than 11 000 employees had been retrenched in the metal industry in the first four months of this year.

Seifsa economist Michael McDonald said retrenchments in the first four months of 1992 were worse on a monthly basis than any other time since 1989, and there was little sign of a recovery this year.

Quoting statistics from the National Industrial Council, McDonald said employment of hourly paid workers slumped by 21% to 358 000 in 1991 from 454 000 in 1985. Last year, 34 325 were retrenched. Two years ago, 3 000 signed up for training as artisans. Just over 1 000 would be trained this year.' Retrenchment levels usually peaked towards the end of a recession. The most serious sector affected was the construction industry, McDonald said.

SA Federation of Civil Engineering Contractors economist Henk Langenhoven said employment in the civil engineering sector dropped from about 96 000 in 1989 to about 60 000 at the end of 1991.

However, he believed the trend had begun to bottom out and he forecast only a 1%-3% drop in employment in the first

☐ To Page 2

Lost jobs

BDay 3/6/92

☐ From Page 1

quarter of 1992, compared with declines of 11% and 9% in the second and third quarters of 1991 respectively.

Building Industry Federation of SA economist Charles Martin said official statistics indicated that construction industry employment had fallen by 26 000 to 235 000 since 1989. However, he was sceptical of these statistics and believed employment had dropped by more than 40 000 over the period. He predicted further retrenchments this year.

McDonald said the falling number of artisans in the steel industry was especially serious because when the economy improved, there would not be enough skilled workers to cope with production demand.

In the longer term, however, employment levels should pick up with increased exports of manufactured goods, infrastructural growth such as housing, electrification and service industry developments, and the possible development of infrastructure in the southern African region.

Seifsa's statistics also indicated that there had been virtually no production capacity growth over the past decade.

However, there was still vast potential for improved production capacity utilisation, he said.

A recent survey showed the main inhibitor of increased production capacity utilisation was an inability to obtain skilled labour for extra shifts. About 70% of SA's manufacturers — aside from continuous processing industries — operated on a one shift basis, said McDonald.

Small business in a crucial position

(18)

Sowetan 4/6/92

By JOSHUA RABOROKO

SMALL business is a crucial part of economic development.

However, in South Africa small business was very limited in number and in scope as opposed to other countries in Africa such as Kenya.

Addressing a seminar on labour relations on small business, Cosatu's Dr Bennie Fanaroff said the the trade union's view was that "we should achieve economic growth through redistribution".

He said that meant "we must stimulate the economy and create jobs by providing the basic goods and services which people do not have".

The two most crucial projects are housing and electrification, he added.

The building of houses and the installation of electricity must be done in a way which encompassed the community.

It must create opportunities for work and for local entrepreneurs in the community, so that both money and skills were left in the community. Building must not just be done by big companies using industrial methods.

The electrification programmes, for example, should be able to have a spin-off of new job opportunties and there must be small business development programmes to take advantage of new opportunties created by electrification.

Fanaroff said it had been proven overseas that electrification projects create job opportunties. Local electrification projects should be done in a way which involved many entrepreneurs.

There should be self-managed work teams by Escom. In that way the company would not only provide electricity, but would contribute to community skills.

"Cosatu, Nactu and the civic association have driven the development of the National Housing Forum and the National Electrification Committee.

"The civic association together with some unions have proposed the establishment of a Bank of Reconstruction which may be able to offer finance to small business initiatives. This bank will not be dominated by big business and Government," he said.

The unions were also fighting for a very large programme of training and skills development which must be based on modules, and there must also be adult basic education together with the technical training.

"Workers who are retrenched must be retrained so that they have skills to take into the community," he added.

Cosatu recognised the existence of small businesses. However, "we are not prepared to see a development of small businesses based on exploitation.

"The trade unions are fighting for a ban on retrenchments and against job losses. They are negotiating to restructure the industries to create more jobs.

"We believe that the time has now come for the labour movement to talk formally with small business in order to support each other instead of being in opposition to each other," he said.

Unionising small business

Sowetan 4/6/92 (181)

By JOSHUA RABOROKO

THE impact of trade unions on small business and the need to link small and big business were the major themes at this year's National Industrial Chamber held at the Jan Smuts Holiday Inn at the weekend.

The NIC, which is an affiliate of Nafcoc, represents more than 4 000 small manufacturers, industries, parastatals and large corporations in South Africa.

Co-ordinator Mr Phil Machaba said that the intention of the conference was to link big and small manufactures because of the important role they would play in the post-apartheid South Africa.

Speakers included; Barlow Rand's Mr Robert Robb, Habakuk Cane's Mr Habakuk Shikwane, and representatives from trade unions.

The impact trade unions have on small manufacturers was also discussed.

"Many entrepreneurs see the unionisation of their labour force as an area of concern, especially in the prevailing climate of widespread unemployment," Mashaba said.

According to Get Ahead, informal manufacturing in South Africa accounts for half of that found elsewhere in Africa, for example in Maseru and Nigeria.

NIC's president said they intended putting black manufacturing on the map as people usually associate black business only with retailers or taxis.

He said the critical unemployment situation in South Africa meant there was a need to learn how to maximise small business promotion.

Beware minimum wage

Sowetan 4/6/92.

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The Steve Mulholland Column

A MINIMUM wage, or a living wage or whatever you want to call it is the clarion cry of many trade unions and political parties.

On an emotional level it is difficult to argue against the principle of a minimum wage.

Lifestyle

Why, it can be asked, should a man or a woman work for less than what is generally regarded as the minimum needed to maintain a basic lifestyle?

The question carries added weight in our society where a few earn very high salaries while the vast mass of the people earn very little.

There is also no doubt whatever, that many, mainly white employers, took advantage over the decades of apartheid to pay black people less than they would have had to in a free market situation.

Apartheid, it must never be forgotten, was the opposite of a free market system. There was a free market for whites and they prospered. But for blacks there was no free market.

They were instructed by law as to where they could live, for how long they could live there and under what conditions. And they were also told where they could work and what sort of work they could do.

I do not have to tell readers of this newspaper of the evil labour discrimination inflicted on blacks. One of the results of this has been the powerful growth of trade unions and an equally powerful insistence on a minimum wage.

But when one thinks about it, a minimum wage is a system which discriminates against the poorest and the least skilled of our people. A minimum wage law forbids a willing employer and a willing worker from coming to an agreement on a rate for a particular job.

Activity

In the face of the minimum wage many employers will clearly prefer to stop a business activity which will lose money paying the minimum wage.

EVEN if there are thousands of workers at the factory gate willing to work for less than the minimum wage.

A minimum wage acts against the worker as much as it does against the employer. It says to the starving unemployed man: "You may not work for less than a minimum wage even if you want to. You must rather starve so that those who have better skills than you can demand the minimum wage."

In this way the poor and unemployed become the human cannon fodder in an ideological struggle. The winners are the few privileged workers whose skills and output make it possible for employers to pay them above the minimum wage.

Victims

But they themselves, whether they realise it or not, can also become victims of the minimum wage for if this wage rises above what the firm can afford to pay them, the firm will close down and they will lose their jobs.

There are many examples of jobs that have been destroyed because of the demand for a minimum wage which was more than the particular business activity concerned could afford to pay.

There are now more than 5 million people unemployed in South Africa. This figure is expected to rise to 7 million over the next few years.

Prohibition

Does it make sense to have a law which prohibits these people from working if they are willing to do so at a rate lower than the minimum wage? Beware of the minimum wage. It is a two-edged sword which can cost you your job.

OGY

New approach to productivity

FURTHER cuts in SA labour costs, currently at 5%-10% of cost of sales, will no longer provide the grounds for competitive positioning against the country's Japanese and European trading partners, says Andersen Consulting partner responsible for the manufacturing industry practice Uri Galimidi. Bday 4/6/92

"An average German worker produces an output of $36 000 a year at an average hourly rate of $12,50," says Galimidi. "His SA counterpart produces $9 000 a year and is paid an average $4,50. This is almost a 50% productivity advantage for the German worker."

SA's prohibitive capital costs, with a hurdle rate at 31% compared to Japan's 3,4%, is providing another barrier to improving quality and production efficiency.

Galimidi says another unique characteristic of SA's manufacturing is the singularly high variety and low volume of the product ranges, further obstructing the achievement of quality and productivity.

(181)

"Business re-engineering could help SA's CEOs overcome these obstacles in the way of establishing competitive positions in local and world markets.

"It is only the CEO's leadership and vision that can harness the energies of his organisation towards a major improvement in operational effectiveness.

"SA's CEOs, however, are typically too deeply involved in day-to-day management and firefighting. They are finding it difficult to keep pace with latest management philosophies and technologies."

He says business process re-engineering is the most recent emerging management philosophy. It aims to integrate an organisation's vision, processes, technology, people and infrastructure.

"It aims to break the traditional values of manufacturing. The safe haven of stable manufacturing environments, long production runs, and little change in product range is no longer affordable in our shrinking global village," says Galimidi.

Producing students that industry can use

John Maree is the chairman of Eskom and Denel. This is an extract from a recent speech he gave to the Secretariat of the Economic Community of Southern Africa in Durban

Many observers have pointed out that, though no single policy or formula can guarantee economic development, there is one fundamental requirement for success: education leading to general competence.

And that is where we fall short in SA.

We need institutions that turn out educated people employers can use. There is an alarming mismatch between what our schools and colleges produce and what commerce and industry need. This gap must be bridged if we are to achieve the economic growth on which to base any political dispensation.

More than 300 000 students are studying at SA universities. Only about 12% are studying sciences or engineering compared with between 40% and 50% of university students in nations such as Germany, Japan and South Korea.

The remainder of our university students — 264 000 — are studying "soft" subjects and will be competing for a limited number of jobs.

On the other hand, our technikons — where the emphasis should be — have a combined total of more than 100 000 students. Even at these institutions, only 40% of the students are studying engineering or the sciences.

It is estimated that 100 000 students could be removed from our universities today without in any way decreasing the economic skills potential of our country — a sobering thought if one considers the resources invested in the students.

We should not be calling for more expenditure on education. We should rather be asking harder questions about the objectives of our education system and what we are getting for our investment. Are the objectives synchronised with our economic development needs? I don't think so.

The responsibility for addressing this mismatch has to be twofold. The education establishment and the private sector need to work together. FM 5|6|92

One example of how this works in practice is the experiment at Fort Worth, Texas. There the local Chamber of Commerce and the school district have devised a programme to help match what the companies need and what the schools produce. A forum has been established to identify specific and general skills that will be in most demand and how best the schools can equip the students with them.

We can also gain by being more innovative in using the resources we have, for instance by:

☐ Setting up formal channels for involving commerce and industry in setting educational objectives, providing a business perspective for pupils in the classroom, helping with preparation of syllabi for technikons and universities. This is already happening overseas and a healthy interaction that can only benefit all involved is being developed between the business sector and the classroom. It is good to see that this is beginning to happen in SA;

☐ Encouraging a much greater involvement by the private sector in adult education by building further on the existing education of employees and helping them to acquire numeracy and workplace language skills; and

☐ Using our sophisticated electronic media for accelerated long-distance education that could make the world of difference to children in far-flung areas where teaching skills may be lacking. But, for this, we need a massive drive to electrify urban and rural low-income areas.

At the end of the day, we must get education on track in SA. And, if we are going to succeed, we have to overcome structural weaknesses such as the lack of properly trained teachers, especially in the hard subjects of mathematics and science. (181)

Companies have long been concerned at the small number of blacks emerging in management. We have done well in involving black people on the shopfloor but we have generally failed to carry this through to management.

One reason, unfortunately, is that we have tended to bring blacks into our organisations in low-level jobs, with no intention that they should ever rise above a certain level.

We have not had any real expectations for black employees. They have simply been there. We have not selected for talent or intelligence because we have not selected for advancement.

That is one reason for blacks not having advanced and for there being no significant black management corps today.

This will change as companies are put under increasing pressure to promote equal opportunity right to the top of our organisations. Either we can drive this ourselves or legislation will force us to drive it in the future.

There is no doubt that we are going to have to put a significant percentage of our payrolls into retraining and education initiatives in the new SA in order to make up for the often appallingly poor results in our schools.

We will have to help people of talent and application to acquire the knowledge and skills that our school system failed to provide.

All this shows me that we need plenty of rethinking, a willingness to try new approaches, much greater involvement by the private sector and real openness from the education authorities.

The Japanese have a word for the sort of approach we need. It's called *keiretsu*, or co-operation. For SA, co-operation is a matter of survival. Our resources are too limited and our needs too great for us to stick with our past, often-exclusive and rigid mindsets.

Drafting a battle

STOP THE ECONO

Something is rotten in the state of the economy — food prices skyrocket and monopolies stifle small business. In the fifth of a six-part series, financial journalist **Lynda Loxton** reports:

SOUTH 6/6-10/6/92 (181)

SOARING food prices have been one of the most obvious signs to ordinary South Africans that there is something rotten in the state of industry. Others signs have included shock price hikes that have put new cars out of the reach of all except companies and the super-rich. Meanwhile, rumblings in the clothing and textile industries threaten thousands of jobs.

What is going on?

In the case of food, a recent study by Standard Bank's economics division concluded that the over-regulated and highly-monopolised meat industry was one of the main contributors to food price inflation.

This has been confirmed by a research group, McGregor's Online, which reported that where products were controlled by boards, or where fewer than three suppliers controlled more than 75 percent of the market, prices had soared way above the inflation rate.

This has happened in the case of meat (up 514 percent since 1980), milk (up 438 percent), cement (up 574 percent) and even biscuits (up 700 percent).

Anti-trust legislation

What is needed, it is felt, is greater competition in the supply of these and other products and some kind of anti-trust or monopolies legislation to inject more competition into the market — and, hopefully, bring down prices.

In the case of cars, the story is much the same.

There are too many manufacturers churning out cars in a weak market. People just don't have the money to buy new cars, especially when high local content rulings push up prices and high duties on imported cars prevent people from importing cheaper vehicles. Because people are not buying, factories are making fewer cars, and this also pushes up the price of each car made.

In the textile and clothing industry, a major battle is underway. Clothing companies are demanding low tariffs on imported textiles to cut input costs and sell more clothes, while textile companies say that only high tariffs can save the R6 billion-a-year industry and its 95 000 jobs.

In the middle are the small clothing manufacturers and those who make low-cost clothing. They claim the "big guys" are out to push them to the wall.

In industry generally, the recession has resulted in factories running at only 75 percent of their potential output. But much of the machinery they are using is technologically outdated, producing inferior goods more expensively. Businessmen will only invest in new capacity if they are confident of a reasonable growth in demand.

So, inflation is a major source of concern. The Reserve Bank is trying to keep inflation down by putting a tight lid on credit creation through high interest rates. But that also inhibits investment and growth, so the recession lingers.

Laying off staff

Because of low demand, many companies are overstocked and see no need for new investment. At a time of already high unemployment, they are laying off staff even though this means remaining staff have to do more overtime work.

Into this nightmarish maze of contradictory needs and demands comes the ANC with its new policy guidelines and a bid to make sense of it all.

Generally, the organisation makes the right noises but the million-dollar question remains: How will these guidelines be implemented in the face of fiercely competing interest groups?

The guidelines go to the nub of the matter by saying that the concentration of economic power in the hands of a few has been detrimental to balanced economic development in South Africa.

The ANC says it is not opposed to large firms as such.

"But it will investigate the possibility of introducing anti-monopoly and mergers policies in accordance with international norms and practices. The aim of this is to curb monopolies, continued domination of the economy by a minority within the white minority and to promote greater efficiency in the private sector."

Wealthy minority

It adds that for more than 40 years, economic strategy was based on expanding industry through the substitution of previously imported manufactured goods for the wealthy minority.

The ANC hopes to be able to promote a "dynamic private sector, employing the skills and acumen of all South Africans, making a major contribution to the provision of good quality, attractive and competitively priced goods and services".

But when it gets into the murkier waters of how to ensure competitiveness without socio-economic costs, the ANC gets understandably vague.

'There are too many manufacturers churning out cars in a weak market. People just don't have the money to buy cars. Factories make fewer vehicles and this pushes up the price per car'

Trade policy, it says, will be aimed at raising the level of productivity and improving the competitiveness of domestic producers.

"Tariffs may, with performance needs, enable domestic producers to develop new branches of production.

"Trade barriers will be adjusted, within an agreed framework, to prevent the destruction of domestic producers, jobs and the exploitation of South African consumers."

But many domestic producers are already exploiting consumers, mainly because they are over-protected by tariffs and trade barriers.

Is that less important than the jobs they create, even when many are in fact shedding jobs as their high prices put off consumers?

Protectionist policies

ANC trade and investment policy adviser and UCT lecturer Alan Hirsch admits this is a difficult area.

"The ANC is aware that South African consumers are often disadvantaged by protectionist policies, and it will have to examine these to ensure that it is not defending the exploitation of consumers by inefficient companies," he said.

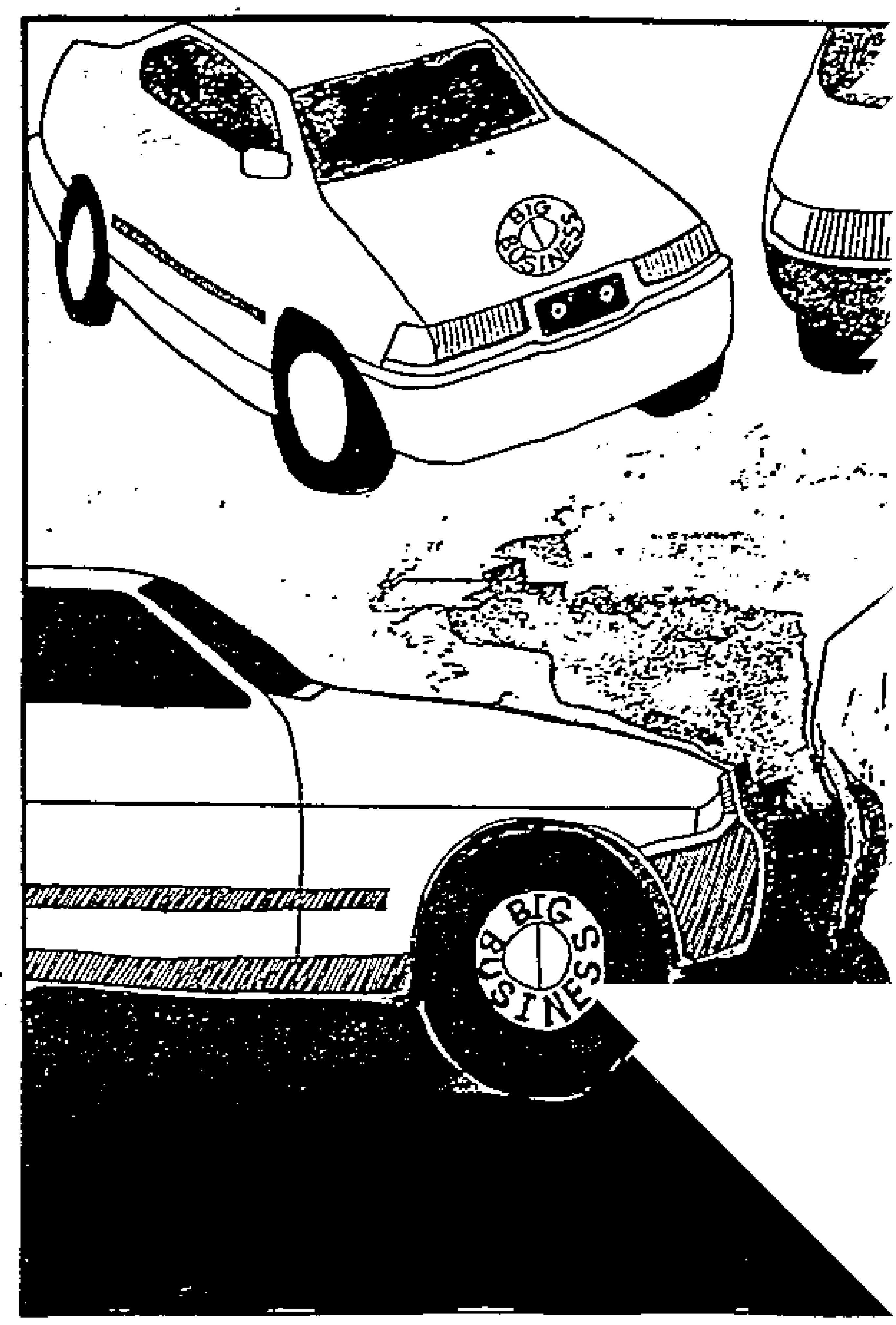
But tariff reform should not lead to a sudden destruction of companies and jobs, says Hirsch.

"It will have to be gradual and persistent, giving firms time to adjust. Government itself has been thinking of radical change but is now stepping back because of the implications."

There will also be increasing international pressure to lower protectionist trade barriers. Under the General Agreement on Tariffs and Trade (GATT), the trend worldwide is towards little or no trade barriers.

The guidelines indicate that the ANC is aware of this, but hopes to be able to persuade world trade officials not to push it too far or too fast, with potentially disastrous consequences.

"South Africa will in general endorse the multilateral system of trade liberalising arrangements centres around GATT. But the ANC will persuade developed countries to facilitate the development process which confronts the Southern African region."



Baiting the hook to get

SOUTH 6/6

RADICALLY increased local and foreign investment is widely seen as being vital to resumed economic growth and job creation in the new South Africa.

"We have to get the level of investment up before we can get a decent growth rate," the new Minister of Finance, Mr Derek Keys, said soon after his appointment.

But how does a government encourage investment?

Keys said it would be vital to cut the level of consumption by both the public and private sectors.

This implies lower government spending on items such as the salaries of civil servants — including teachers, nurses and even policemen. Ordinary South Africans, meanwhile, are encouraged to save rather than buy consumer goodies.

But that alone will not bring in the money. Investors need incentives — clear financial reasons as to why they should put their money into new projects. And in a new South Africa, they will need hard and fast guarantees that they will make a profit and get their money back when they need it.

The ANC guidelines make a commitment to encouraging investment.

This will be done, among other things, through guarantees on the repatriation of after-tax profits, the purchase of inputs, the sale of domestic assets, the maintenance of macro-economic balances by the state, transparency and consistency of overall economic policy and a climate of peace and stability.

In addition, the ANC promises that foreign firms will not be nationalised without adequate and fair compensation.

But foreign investors will be required to comply with domestic regulations, including those covering the environment, labour market, education and training of workers and affirmative action.

Foreign investors in natural resource-based industries may be subject to additional regulations.

An ANC trade and foreign investment advisor and UCT lecturer, Mr Alan Hirsch, said the ANC accepted the importance of foreign investment for balance of payments reasons.

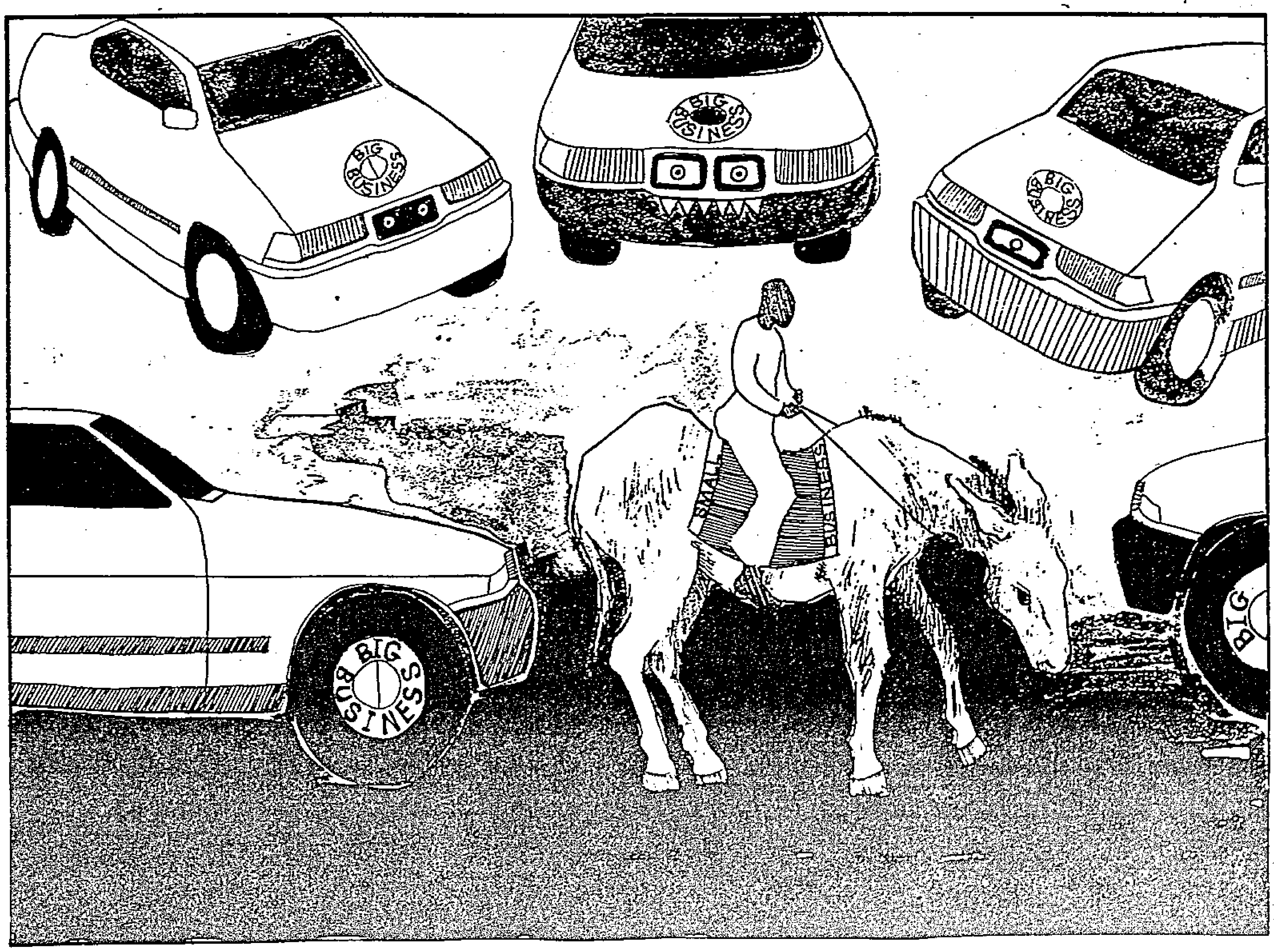
"Economic growth can be a drain on foreign exchange reserves because of the capital investment needed to support that growth. That can be eased by direct or indirect foreign investment."

In conjunction with some of its allies, the ANC is discussing how it can evolve an investment policy using the experience of other coun-

June 6 to June 10 1992

battle plan to

:CONOMIC ROT



100 000 lose jobs as sackings continue

S/Times (8453) 7/6/92

(181) **BY DON ROBERTSON** [redacted]

MORE than 100 000 workers have lost their jobs in the industrial sector in the past 18 months.

Heavy retrenchments are likely to continue for at least another six months.

But while private-sector employment plummets, the public sector continues to grow and grow (see graph).

Hardest hit in the private sector have been building, mining and construction.

The steel industry has also suffered. Its layoffs are the worst since Steel and Engineering Industries Federation of SA (Seifsa) figures were first collated in 1989.

Graphs charting the retrenchment figures in the various employment sectors from Central Statistical Service show a dismal picture of plunging lines.

Some economists, however, say the the position is not as bad as the figures suggest.

Azar Jammine, chief economist at Econometrix, says that of the estimated unemployment figure of about 6-million, as many as five-million are involved in the informal sector. Many are able to eke out a living.

Dr Jammine says that although it is difficult to measure the extent of the informal sector, it is estimated that its contribution amounts to about 15% of gross domestic product. It is believed to be growing by about 10% a year.

States

"If this is the case, the informal sector could add about 1,5% to the growth rate each year, suggesting that the expected drop of 0,5% this year could be understated. The position is not as alarming as it appears."

Dr Jammine says a mild improvement in the economy can be expected soon.

But a growth rate of between 3% and 4% a year — as in the Far East — will be necessary if rising unemployment is to be halted. He does not expect this to happen before the end of the decade.

Edwin Basson, chief economist at the Small Business Development Corporation (SBDC), puts the number of people in the informal sector at about 4,5-million.

Of the total population, about 14-million are employable. About 8-million of them work in the formal sector, leaving 6-million jobless. Of them, he believes about 3,5-million operate in informal business. They include domestic servants.

Another 1-million are subsistance farmers. Total unemployment is, therefore, about 1,5-million.

Dr Basson says about 2,2-million are employed by the Government, including the TBVC states, in equal proportions.

He adds, however, that about 106 000 jobs were lost last year as a result of companies being liquidated or through business rationalisation.

Dr Basson estimated last year that only about 7% of matriculants would find jobs. He believes his forecast has been borne out.

Seifsa members shed more than 2 800 jobs in May alone.

Chief economist Michael McDonald says that in 1989, 15 700 Seifsa employees lost their jobs. The figure rose to 27 000 in 1990, 34 000 the following year and was 13 878 in the first five months of this year.

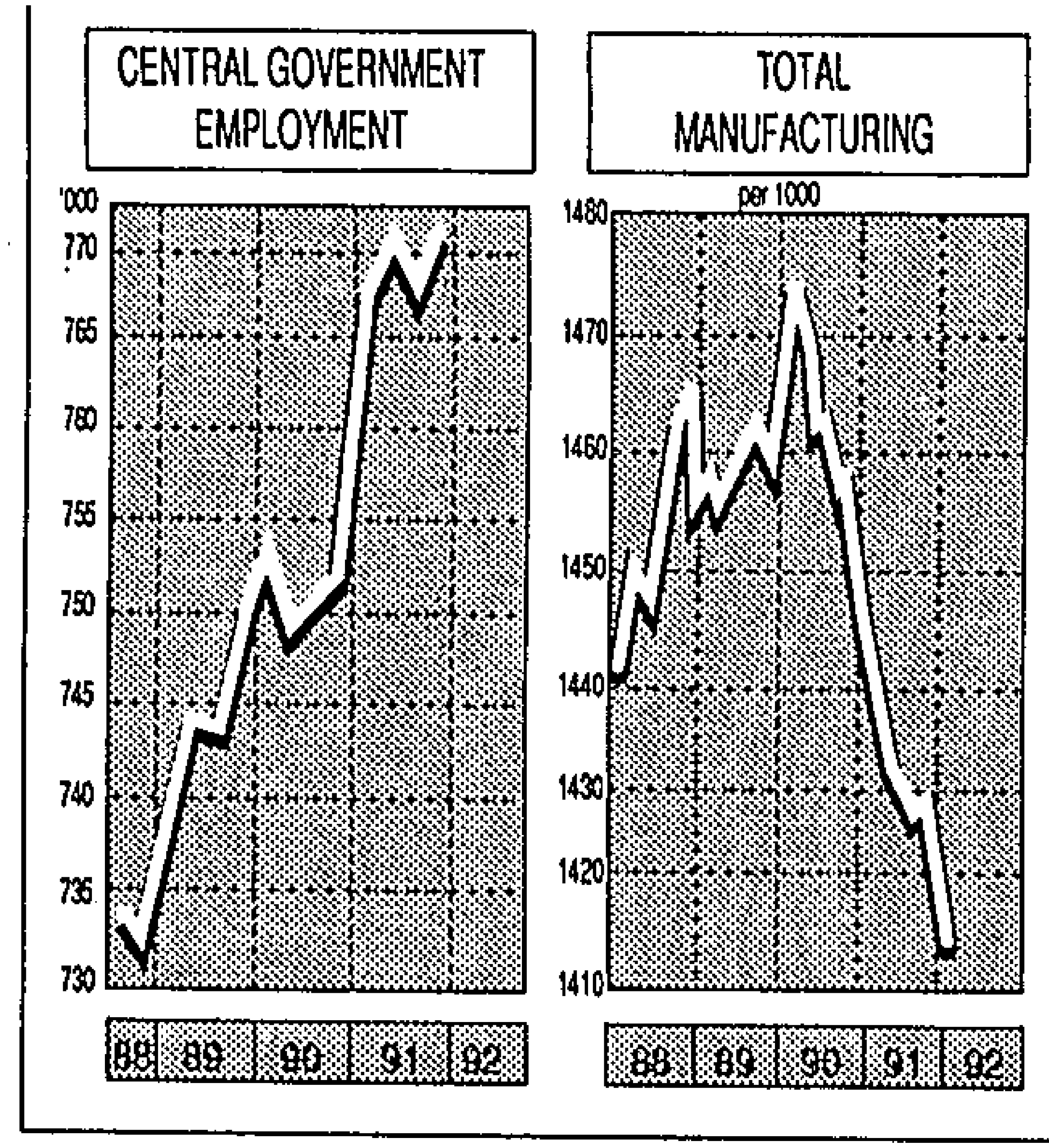
Civil

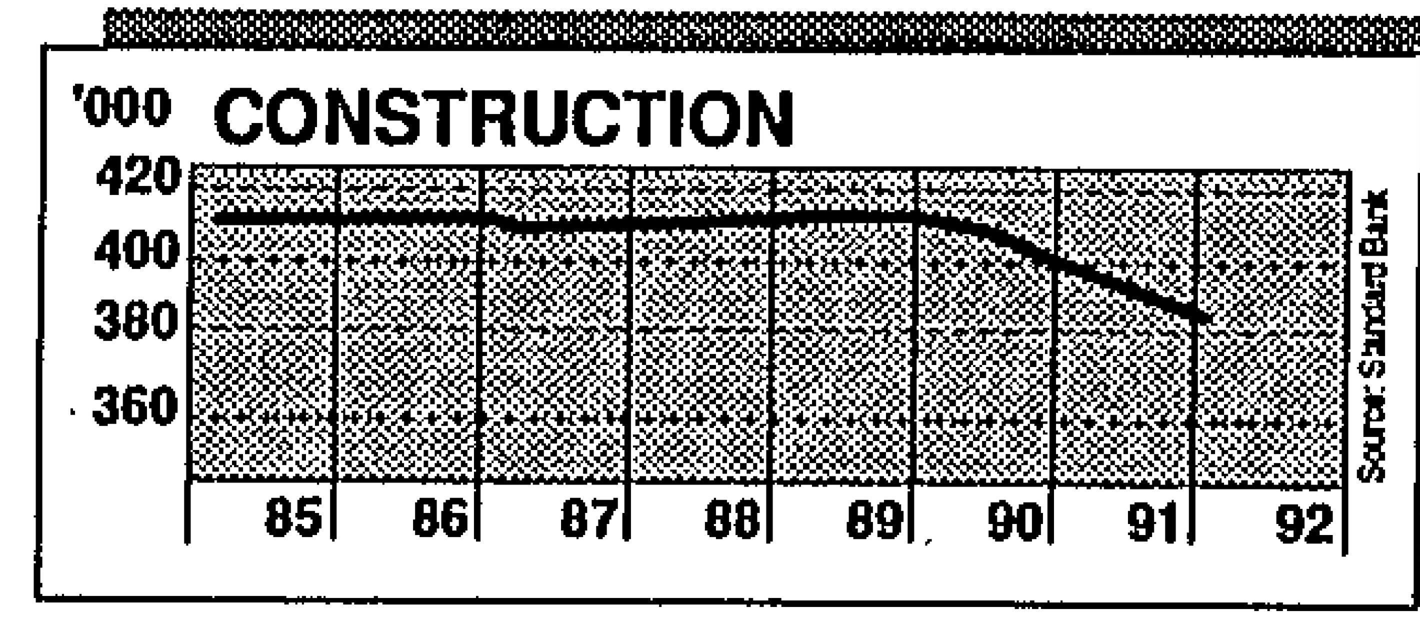
Mr McDonald says retrenchments usually peak towards the end of a recession. That gives him hope.

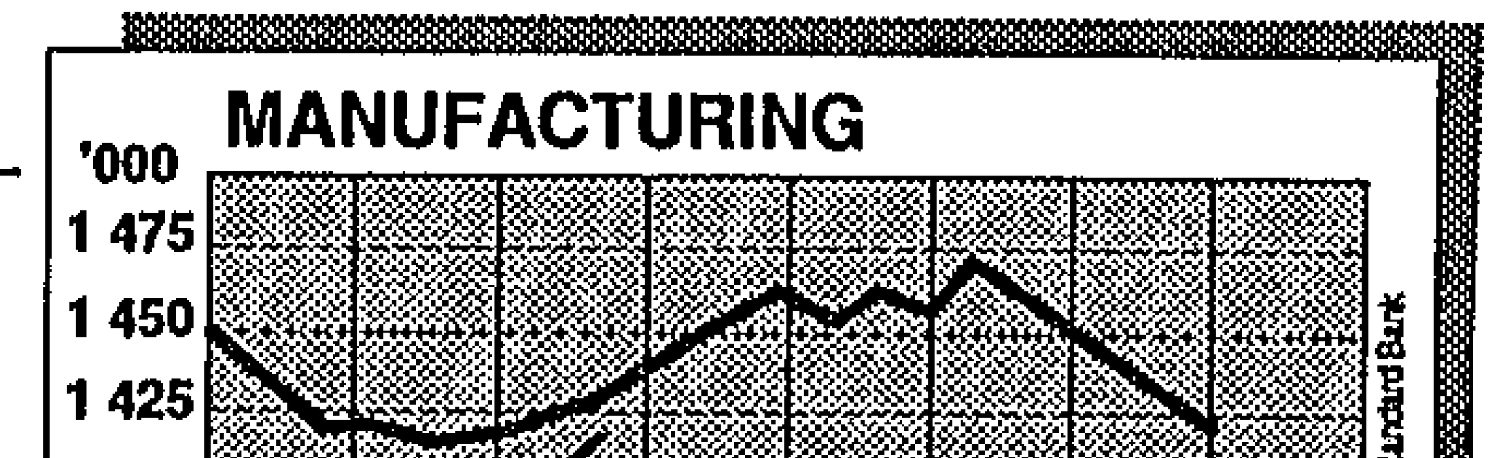
Charles Martin, chief economist of the Building Industries Federation of SA (Bifsa), says about 40 000 people have lost their jobs in the industry since 1989.

About 43 000 jobs were lost at gold mines last year. This week alone, two mines announced cut-backs which will cost another 6 100 jobs.

Retrenchments in the civil engineering industry number about 36 000 since 1989.







and testing aerial bundle conductors — all of which enable Eskom to supply electricity more cheaply.

Much CSIR research has been concentrated on coal mining. It has developed a continuous ash analyser to enable coal preparation operators to run their plants more efficiently.

"Environmental issues are now the overriding factor in the energy debate. Deforestation is occurring on an alarming scale in some areas as the population grows and energy costs rise. Electrification must be the ultimate goal.

"Much work is being done with biogas, which is com-

S/Times

Competitions Board to probe SAB-Guinness deal

(182) CT 9/6/92

Own Correspondent

PRETORIA. — The Competition Board was investigating about 50 alleged restrictive business practices, chairman Pierre Brooks said yesterday, including the iron and steel and paper industries as well as SAB's agreement with Guinness.

Brooks said the board was conducting about 30 preliminary investigations either at the board's initiative or as the result of complaints. These relate to refusals to supply, restraint of trade clauses in agreements, unwarranted tariff protection and alleged restrictive practices.

Unfair competition by Unifruco and certain parastatals were also being looked at, he said.

Brooks said another investigation into alleged restrictive practices in the distribution of iron, steel, stainless steel and scrap metals was in its initial stages.

The allegations were against companies reprocessing metal products, he said.

Brooks said the SAB/Guinness probe was aimed at ensuring there was nothing in last month's brewing and distribution agreement between the two companies which could be seen as undesirable in terms of the Maintenance and Protection of Competition Act.

An SAB spokesman said the board had asked for copies of the agreement and later for clarification on some issues. No formal investigation had been launched.

The Unifruco probe resulted from complaints by smaller deciduous fruit producers that Unifruco had a monopolistic marketing advantage which excluded them from marketing their products abroad.

Complaints had also been received from private sector organisations that privatised parastatals such as Armscor were competing unfairly.

Brooks said a probe into claims that paper companies Mondi and Sappi enjoyed unwarranted tariff protection was at a preliminary stage.

Complaints had come from other sectors of the paper industry and from the Press.

Brooks said investigations were continuing into alleged collusion in the fixing of the bread prices and the supply, price and distribution of school textbooks.

A draft report on school books had been completed but still had to be reviewed.

Black advancement seen as crucial to corporate survival

STAR 11/6/92 (18)

With less than three percent of black managers in corporate South Africa and even less at supervisory to director level, organisations such as the National Black Management Forum are crucial to further black advancement.

This is the view of Lot Ndlovu, executive chairman of the National Black Management Forum (BMF), who was speaking at the launch of the Edgars Black Management Forum (EBMF) in Johannesburg.

"The development of black managers is essential for the survival of companies today, and the advancement of black employees should form part of any company's strategic direction," said Mr Ndlovu.

"In the past, many blacks were made managers for the wrong reasons. It is our challenge to change this and create a productive and stable workforce."

According to Sales House managing director, Ian Thomson, no issue is of greater concern to the company than the lack of its black employees in executive positions.

"We as a company, are committed to advancing the potential of our employees regardless of colour. Proof of that, is that 98 percent of the EBMF members are Sales House employees," said Mr Thompson.

"Edgars and Sales House may not have reached the goals set for employee advancement, but research has indicated steady growth in performance.

ABI expects to beat the downturn

B/Day 11/6/92. (182)

MARCIA KLEIN

SOFT drink company Amalgamated Beverage Industries (ABI) expects to achieve real earnings growth in financial 1993 despite the fact that disposable income and consumer spending would remain at constrained levels, chairman Pete Lloyd said in the annual review.

The SA Breweries subsidiary reported a buoyant 20% rise in attributable earnings to R68,4m on an 18% turnover growth to R1bn in the year to end-March.

The turnover increase was achieved despite the trough in consumer spending, especially in the key pre-Christmas season, Lloyd said. Unit price increases were contained at slightly below inflation.

A steady decline in sales performance had eased slightly since the end of the calendar year. Lloyd said: "The abnormally hot, dry weather, while proving disastrous for agriculture, was a positive factor for soft drink consumption."

An end to violence would result in foreign investment, renewed tourism, export development and normal trading in black areas, which was important for companies like ABI.

ABI welcomed government's decision to drop ad valorem duty on carbonated soft drinks. But the 28% increase in the excise duty rate was cause for concern, he said.

Excise duties amounted to 10,4c a litre compared with 4,4c in September last year. These were payable in addition to VAT and other general taxes. Lloyd urged government to reconsider this approach, and said there was no reason to single out soft drinks, especially as they were consumed mainly by children and middle- to lower-income consumers.

Lloyd said staff and smaller customers who had taken up ABI's share offer in 1987 had seen their investments increase 15 times in value terms based on a share price of 1 475c at end-March. The price had increased since to the current 1 650c.

MD Alex Reid said ABI gained about 1 200 new customers in sales outlets during the year — most of them in the informal sector — as a result of easier access to townships.

The development of the informal sector would continue to be a focal point for ABI's marketing activities, and it planned to commit more than R50m over the next four years in this regard.

The group had separated its distribution and sales functions, and this had resulted in improved efficiencies. Although costs of the new 1,5-litre plastic bottles were considerable, Reid said the benefits would more than offset the costs.

Spare capacity of economy will cushion stayaway effect

BDay 11/6/92

HILARY GUSH and
GAVIN DU VENAGE

THE economic impact of the ANC's threatened mass stayaway would *be cushioned* by spare capacity in the manufacturing industry, a business analyst said yesterday.

Sacob economist Keith Lockwood said much of industry was operating at levels well below capacity and many factories' workers were working short-time.

He estimated that industry was using 78% of capacity and that durable goods production was running at about 70% of capacity. At these levels the economy would not be severely affected.

Earlier this month the ANC threatened "unprecedented mass action" if the Codesa *negotiations stalemate was not broken* by the end of this month.

Last November a two-day general strike called by Cosatu became the largest mass protest in SA history.

Steel and Engineering Industries Federation (Seifsa) economics division head Michael McDonald said the economic impact of the mass action would depend on the support it enjoyed and its duration.

Besides production and wage losses, the stayaway would have a "devastating" effect on international investor confidence.

Assessing the impact of the recent strike at Toyota's Durban factory, chairman Bert Wessels said last week that poor car sales reduced the repercussions of the dispute.

Meanwhile employers and unions have agreed that workers be given the day off on June 16 without loss of wages.

Cosatu spokesman Neil Coleman said the federation's affiliates had already agreed with most employers that workers would get Soweto Day as a paid holiday.

Saccola spokesman Friede Dowie said yesterday that many employers had acceded to union demands for the holiday, but often in return for other concessions.

Seifsa spokesman Hendrik van den Heever said an industrial agreement had been reached giving hourly-paid employees June 16 as a fully paid holiday.

He said employees required to work would be remunerated at overtime rates.

KATHRYN STRACHAN reports that mid-year exams at Soweto schools could be severely disrupted after about 460 schools scheduled exams for June 16.

The move has angered student and teacher organisations, which called on pupils to "honour the day" by attending rallies planned for the day instead.

DET Johannesburg regional chief director Richard Motau said schools were responsible for setting their own dates, but believed principals would be sensitive to their students' demands.

☐ President F W de Klerk would address the KwaZulu Legislative Assembly in Ulundi on June 16, the KwaZulu Chief Minister's department said in a statement released yesterday.

Sacob (181)

Deadlock in metal industry wage talks

DISCUSSIONS to resolve the dispute over wages in the metal industry will resume later this month after Seifsa and Numsa this week failed to reach an agreement.

Seifsa yesterday revised its wage offer from 6,4% to 8% for all workers on condition the union dropped other demands.

Numsa rejected the offer and a further meeting was scheduled for June 18, collective bargaining national secretary Les

STEPHANE BOTHMA

Kettledas said in a statement last night.

Seifsa remained opposed to a Numsa demand for a moratorium on retrenchments but said it was prepared to consider alternatives, Kettledas said.

Responding to a demand for a code of practice to end discrimination in employment, Seifsa called for a code of conduct.

BDay 11/6/92 181

Dorbyl takes on foreign partners in export drive

S Times (Buss) 14/6/92

By CIARAN RYAN

DORBYL is going for the export market, signing up joint-venture deals with a string of foreign investors.

It has also inaugurated the second phase of Univel Transmissions, which makes CV joints for the motor industry.

Its 40% partner in the project is GKN of the UK. Three other factories with Taiwanese partners are at various stages of commission, producing mirrors, fully trimmed seats and steering wheels, for the domestic and export markets.

Dorbyl is also looking at off-shore joint ventures.

Capital expenditure of more than R50-million in the automotive products division this year will boost annual sales by R70-million a year.

Exports account for 15% of Dorbyl's turnover — bolstered by orders for three R100-million containerised ships from Germany and Phase VI of the local content programme which encourages the export of cars and automotive parts.

Chief executive Dawie Mostert says the plan is to increase the export figure to 30%.

Dorbyl is close to signing additional ship orders and has set up a London sales office to boost European exports.

Mr Mostert says: "We have been successful in attracting foreign partners on a small scale. By forming strategic alliances with foreign partners we gain access to their technology and new export markets."

Mr Mostert accompanied Minister of Finance and of Trade and Industry, Derek Keys, on an export promotion trip to the Far East. He says he will consider opening a plant in China, but the priority is to get the domestic market moving.

"China has low-cost labour and a good work ethic which makes it suitable for labour-intensive industries. In SA, it is generally only the capital-intensive industries that can compete in a free trade environment."

Capital expenditure in the current year will be about R150-million. It will be spent on modernising the Tosa Seamless Tubes plant, which had to be redesigned, new factories in the automotive products division, a ship outfitting quay and a foundry moulding system.

Related

A new buzz-word in manufacturing is "focused factories", a concept Mr Mostert picked up at Harvard three years ago. Focused factories are a radical departure from the old concept of diverse production where a range of goods was produced under one roof.

The focused factory concentrates on one, or a few, related products and differs from diverse production in that less work is sub-contracted out.

By switching from mass production to focused factories, productivity improved by 70% in certain areas, says Dorbyl automotive products chairman Mike Smithyman. Quality is checked at each stage of the production cycle so that faulty goods are corrected as they occur rather than at the end of the cycle. This slashes the cost of repair. Stock levels are reduced to a minimum through the just-in-time order system, and production is driven by orders rather than by the need to replenish stock.

Earnings a share dropped to 133c from 160c in the six months to March 1992, but Mr Mostert expects them to improve as the export drive gets under way.

LOUIS SHILL: New look

Sage clears the decks

S Times (Buss) 14/6/92

By JULIE WALKER

SAGE's first general press conference since it listed 23 years ago was held to announce the merger of its three quoted vehicles in a move to unlock the group's worth.

Chairman Louis Shill says that after the merger, the consortium shareholders will control 63% of the new Sage Group. The balance will be widely held and should contribute to improved tradeability.

Members of holding company Sage Holdings will receive 270 Sage Financial Services (SFS) shares for every 100. Holders of 100 Sage Property will be offered 55,6 SFS shares.

The group will still have two arms, property and life assurance-financial services. Life assurance and financial breaks down into core and other interests. The other is chiefly Absa.

Mr Shill promises that the new Sage will be virtually free of borrowings because some of the R400-million portfolio of non-core assets will be sold. Its holding in Absa (21% of Universa, which owns a quarter of Absa) will also be reduced in time because Sage's dependence on equity-accounted earnings will be cut.

Referring to the previous poor showing by the group's American investments, Mr Shill says that an option to repurchase half of the asset sold two years ago has been secured.

It took seven years to build up turnover of $3,5-million a month, but in the past two years since Sage sold its controlling interest and wrote off a contingent liability of R50-million, turnover increased to $60-million a month.

Prospects

"Now we have a contingent asset, if there is such a thing," says Mr Shill.

Sage aims to expand in financial services and prospects are being investigated.

Mr Shill does not foresee any room for manoeuvre with Momentum, now 80%-owned by Rand Merchant Bank Holdings, in which Sage has a quarter stake.

The restructuring will be completed by mid-September.

Rescue bid for NCI

TROUBLED NCI chairman Mike Clarke has until June 24 to submit written motivation to the JSE about why the company's listing should continue.

Mr Clarke is convening an informal shareholders' meeting at Bryanston High School at 9.30 am on Saturday to submit his rescue proposal. If the shareholders are interested enough, he will put it to the JSE committee.

New job selection guidelines on way

S Times (Buss) 14/6/92.

By ADRIAN HERSCH

EMPLOYEE recruitment and selection procedures in SA will be transformed in the next few years — and are likely to be similar to those of the US and Namibia.

That is the view of Charles Tustin, who served on the SA Society for Industrial Psychology task group that has set up employee "selection guidelines".

The guidelines will be released in September.

In the US and Namibia if a certain percentage of a designated group who apply for positions are not selected, it may be considered discriminatory — depending on circumstances.

If an employer does not conform with national "selection guidelines" it is discriminatory.

Dr Tustin, of the University of SA, says that in many countries the criteria for selection tend to be far more job-related than in SA.

"The primary concern is that the performance in a test — or other basis for decision — is related to performance on the job or other measures of work success," says Dr Tustin.

The task group, commissioned in July 1991, was chaired by Hennie Kriek of the industrial psychology department of Unisa.

Dr Tustin says that although the guidelines will not necessarily be the final word, employers would do well to implement them.

ABI welcomes decision to drop ad valorem tax on fizzy drinks

STAR 15/6/92

By Stephen Cranston (182)

Pete Lloyd, the chairman of ABI, has welcomed the Government's decision to drop ad valorem duty on carbonated soft drinks.

In ABI's annual report for the year to March, Mr Lloyd says the Government had originally planned to continue to tax soft drinks at 13 percent.

"For our industry to face both conventional excise tax and ad valorem duty on a permanet basis would have been undesirable," he says.

The excise duty rate, however, has increased by 28 percent. Excise duties of 10,4c per litre compare with 4,4c per litre last September.

"There can be no coherent reason," says Mr Lloyd, "why soft drinks which are consumed primarily by children and middle-to-lower-income consumers should be singled out for this highly discriminatory treatment.

"The Government is urged to reconsider its approach in this regard."

ABI MD Alex Reid says that easier access to the townships has enabled the company to extend its service in Soweto to a further 500 outlets, mainly larger plaza shops.

About 1 200 new customers were added to the customer base, mostly hawkers and small informal traders.

Mr Reid says that ABI plans to commit more than R50 million over the next four years to develop the informal sector.

He says that consumer preference continues to be for the large package sizes such as the 1 litre and 2 litre bottles and 340ml cans.

ABI plans to launch the 1,5 litre PET bottle

Companies challenged to create black managers

BDay 15/6/92 181

Business Day Reporter

THE Black Management Forum, dissatisfied with its achievements since it was founded in 1976, has challenged corporations to help increase the number and quality of black managers.

Describing themselves as "capitalists without capital", forum directors told business executives at a dinner on Friday that they intended to work aggressively to achieve goals.

Immediate projects included the launching of an MBA course in association with London's City University; research into effective affirmative action, in association with Potchefstroom University's Business School; a programme with the Institute of Directors to develop black candidates for "corporate government", and the introduction of achievement awards for companies leading the way in black advancement.

Speakers stressed that they were against tokenism and did not want handouts.

Forum executive member Zamani Jali said merit had to be the basis of all advancement, but the development of the individual needed support systems.

Other projects announced were a management development fund, a programme on business values in association with the SA Institute of Business Ethics, and the establishment of student chapters.

Socially responsible investors cannot avoid compromise

While the union-initiated Community Growth Fund is a novelty for SA, "conscientious investment" is common in Europe and North America. DAVID TURNER reports

BDay 15/6/92 (181)

THE notion of what is good and bad seems pretty clear cut in the world of investment — profitable investments are good, unprofitable ones are bad.

Quite straightforward really. That is, until you start to investigate how these profits are made. For example, how would you feel if your investment did well because it exploited a low paid workforce, carried out vivisection on animals or polluted the environment?

If you are uneasy about making money in any of these ways, then perhaps you should consider one of the growing number of investment vehicles which purport to be socially, ethically or environmentally responsible. You would not be the first. It is estimated there is more than £320m invested in conscientiously run collective funds in Europe, with a staggering $500bn lodged with similar vehicles in the US, home of "responsible" investment.

Unfortunately, the definitions of what is good or bad for the world and its population vary from one fund manager to another. And just because you have put your money into a conscientious-labelled fund, it does not necessarily mean that every company selected for investment will meet your idea of what is ethical or environmentally friendly. Some conscientious investments are far more conscientious than others.

Broadly speaking, the sector breaks down into three main areas:

- Funds with a positive approach which invest in companies contributing to the environment or society, including the so-called green funds;
- Funds with a negative approach which avoid investing in repressive regimes like SA, armaments, alcohol, gambling, tobacco and animal exploitation. These are the so-called ethical funds; and
- Funds which combine both a positive and a negative approach to stock selection.

To complicate matters, within these three broad categories, investment criteria vary enormously from one fund manager to another.

For example, under the "green" banner the TSB Environmental Investor Fund takes a purely positive approach. It will invest in companies making a contribution in one or more of 11 environmental categories, whether in the products and services they supply or through their internal management policies.

In contrast, the Clerical Medical Evergreen Trust is a much more selective green fund and uses positive and negative criteria to choose its environmentally friendly companies. It does not invest in companies involved in environmentally damaging activities like the manufacture of ozone-depleting chemicals, the supply of tropical hardwoods or the production or sale of meat products.

It would, however, also avoid companies which fall foul of certain ethical criteria. For example, it would not invest in companies which produce armaments or companies which provide gambling services, tobacco products or pornography.

The Fidelity UK Growth Fund excludes only companies involved in tobacco products while the Scottish Equitable Ethical Unit Trust will exclude a long list of companies, including banks, because the fund managers are unable to obtain sufficient information on who the banks are lending money to.

To complete the picture, the gulf within the category of fund managers who use positive and negative criteria is well illustrated by the screening techniques used by the Homeowners Green Chip Investment Fund, which was the first conscientious fund in Britain launched back in 1984 and currently accounts for almost half of the conscientious investment market in Europe. Green Chip identifies just three positive and three negative criteria for investment decision-taking, while Friends Provident lists six positive criteria and 10 negative factors.

Peter Webster, executive director of Ethical Investment Research Service (Eiris), says investors will have to accept some measure of compromise when choosing a conscientious fund vehicle because the individual companies it invests in will always have one or two skeletons in the cupboard.

It is also worth bearing in mind that ethical and environmental issues constantly evolve and change. What is unacceptable one year may be all right the next, and vice versa. For example, following the reforms in SA, many conscientious funds may soon regard that country as an acceptable area for investment.

Most funds encourage unit holders to make any queries they have about the selected companies but NM Financial, which runs the NM Conscience Fund, goes one step further. It holds unitholder meetings every six months, and unitholders are encouraged to go along to voice their opinions on the shares held and offer ideas for future investment.

In addition to unitholders' views, fund managers usually use an independent committee or advisory board to monitor selected companies for their conduct.

Once you have done your homework on which funds meet your investment criteria, you will need to take an equally rigorous look at performance records. These vary from the very good to the abysmal.

In Britain, Framlington Health Fund is the outstanding performer with a 65,3% return over the past 12 months. The worst fund by some considerable margin in performance terms has been the Buckmaster Fellowship Trust (minus 6,6%).

Screened investments, by their very nature, reduce the fund manager's choice. However, it would be wrong to assume that screened investments will always, therefore, turn in mediocre performances.

Scottish Equitable unit trust marketing manager Charles Henderson says his fund's strict criteria leave only about 250 British companies for his fund manager to select from. This makes it quite difficult to achieve a balanced portfolio of stocks, but not impossible. "If your stock and sector selection is good, then at the end of the day you can achieve very good performances. As with most successful unit trusts, good performance is inextricably linked to good fund management."

For investors who want even more control over conscientious investments, there are two portfolio management services on offer. Pall Mall Money in London has a non-discretionary ethical investment management service for clients with at least £40 000. Pall Mall's David Wheildon says demand has not been "dramatic" but the company does have several overseas clients. More wealthy individuals with £250 000 or more can opt for the discretionary service offered by stockbrokers Leopold Joseph and Sons.

But for those who prefer to steer clear of equity investments, it is still possible to find ethical or environmental alternatives.

The Ecology Building Society in Keighley, West Yorkshire, accepts deposits from savers and, in effect, recycles the money. "The money which our investors deposit with us is lent to enable ecologically sound properties to be bought. It is often difficult to obtain mortgages from other sources for these unconventional types of properties," explains the society.

However, it does admit: "While we try to offer a reasonable rate of interest we can't always compete with the big societies."

Another potential home for savings is the Industrial Common Ownership Finance Ltd (ICOF) Ethical Savings Account, offered by the Co-operative Bank. This is designed to help workers' co-operatives.

Clearly, conscientious investments vary enormously in detail, substance and performance. And, as Peter Webster from Eiris says, there is no absolute right or wrong in conscientious investment. It will always be a compromise to a greater or lesser extent.

☐ This is an edited version of an article in the May edition of The International, a Financial Times publication, of which Turner is editor.

Master plan to cut unem

STAR 16/6/92

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The Small Business Development Corporation has drawn up a plan it estimates could create no fewer than 2,5 million new job opportunities in the next five years — but it needs the co-operation of the Government and high finance, reports MICHAEL CHESTER.

WITH unemployment at crisis levels, the Small Business Development Corporation has devised a package of proposals that it is convinced could boost the number of new jobs flowing into the labour market by no fewer than 2,5 million over the next five years.

The package envisages a two-pronged assault on the unemployment problem by the creation of more than 50 000 new small and medium business ventures by the late 1990s.

To enable a cautious initial probe of the idea, the SBDC is asking the Government and the private sector to commit no more than a relatively modest R250 million to start a pilot programme to put the proposals to the acid test — a preliminary to a full-scale launch.

What excites the SBDC are the chances of bringing more and more potential black entrepreneurs into the economic mainstream, with an obvious significant multiplier on the creation of new employment opportunities.

At the core of the package, explains SBDC senior general manager Jo Schwenke, is the provision of a pool of venture capital funds to be made available to small businesses that show promise but are strapped for cash needed for expansion — and to finance the start of thousands of brand-new businesses by budding entrepreneurs.

Even the mention of venture capital could cause many potential investors to make a fast U-turn away from the proposals — especially in view of the long list of casualties that followed the initial launch of experiments with a venture capital market on the Johannesburg Stock Exchange in the 1980s.

Mr Schwenke knows he faces an uphill battle in bringing them round to take a closer look. But he feels that that sad experience in fact yielded lessons in pitfalls that can be averted in new expeditions.

"Post-mortem analyses of the reasons behind many of the JSE failures of the 1980s have provided vital clues on how to avert a similar crop of errors," he says.

"Also, the tremendous economic potential of new companies formed with venture capital support has been proved in a tidal wave of successes in both the United States and Britain in recent years.

"In South Africa, the mobilisation of venture capital has become vital in view of the necessity to increase the economic tempo. A new South Africa that is expected to grow from economic stagnation could be doomed from the start.

"The creation of more business enterprises, with the promise of more jobs for everyone, is crucial. So, too, is evidence that a new generation of business entrepreneurs can be given the chance to flex their muscles."

Mr Schwenke sees the new proposed strategies running on two tiers — one given a kick-start by financial institutions such as insurance companies and pension funds, the second set in motion by the State.

In South Africa, he says, the cash-flows of institutions (long-term insurers and pension funds) run at about R40 billion a year. "Think of the dramatic impact if only one percent — say R400 million a year — were channelled into properly constituted venture capital funds or into equity investment funds."

That alone, he points out, would inject R2 billion or more into venture funds over the next five years. The result: 4 000 or more new medium-size businesses, which, if properly vetted, could show excellent profit and export potential and provide no fewer than 500 000 new job opportunities.

In the next tier the State would pump about R2 billion a year into development venture capital funds — R10 billion in five years that would fund the launch of a still bigger total of 50 000 smaller businesses, which between them could create between 500 000 and 2 million new jobs.

The difference between the objectives of each tier wou revolve around the size of r turns expected on investment

While the capital profit fr institution funds could be e pected be reach between 3 and 500 percent after sev years, capital profits from Sta investments, with a differe set of socio-economic ain should be between 100 a 200 percent.

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plan to cut unemployment

STAR 16/6/92 181

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The difference between the objectives of each tier would revolve around the size of returns expected on investments.

While the capital profit from institution funds could be expected be reach between 300 and 500 percent after seven years, capital profits from State investments, with a different set of socio-economic aims, should be between 100 and 200 percent.

"Of course, we don't expect either the Government or the big financial institutions to act as charities in the exercise. Naturally both will need assurances of a sound expectation of reasonable returns on their investments.

"True, venture capital can be a high-risk business. And there are bound to be failures. But we are convinced we can ensure that the high number of successes will mean that the initial investments will be recouped in a few years — with good returns to follow in the longer term — if allocations are properly vetted," he says.

Mr Schwenke believes the odds on success have been proved by the experience of the SBDC in providing the finance for the launch of thousands of new business ventures — and hundreds of thousands of new job opportunities — since it started operations 10 years ago.

The corporation has refined a system to select potential winners and losers, with support services to monitor progress, he says. It is more than willing to put its experience to use and select management teams to supervise the allocation of new venture capital funds.

In a deeper pledge of confidence, it is also willing to consider acting as underwriter behind any share issues of companies seeking a listing on the venture capital market of the Johannesburg Stock Exchange, Mr Schwenke says. □

Faces an uphill challenge . . . SBDC senior general manager Jo Schwenke.

Business to monitor harm of mass action

[redacted] (181) [redacted] [redacted] STAR 16/6/92

Staff Reporters

The Johannesburg Chamber of Commerce and Industry has established a monitoring committee to assess the effect on business of the ANC's mass action programme, which starts today.

The JCCI would remain in contact with a representative sample of members in various sectors "so that changes in attitude and effect could be measured", said JCCI president Stuart Morris.

Mr Morris asked that all "action taken will be peaceful and that no lives would be lost or property damaged".

The South African Chamber of Business warned of the "potential economic and human costs which could flow from the action".

Sacob estimated that the overall economic losses at stake in a total standstill could reach R1,2 billion a day.

But a spokesman added that many industrial companies had already negotiated with their labour forces to recognise today — Soweto Day — as a paid holiday. A precise count of losses due to stayaways today would therefore not be possible.

Sacob said a general strike would cause loss of earnings and fewer jobs at a time when workers could least afford it.

Sacob called on the main players at Codesa to "spare no effort to resolve the present political deadlock".

The Pretoria Chamber of Commerce and Industry said workers could jeopardise their jobs and incomes.

A statement by chief executive Alec de Beer warned that employers were likely to give no pay for no work.

The Afrikaner Handelsinstituut described the ANC plan for a three-day strike as "economically irresponsible and certainly not in the national interest".

The Northern Transvaal Chamber of Industry said today's mass action was nothing less than "economic warfare designed to cripple South Africa's already tottering economy".

In a statement released in Pretoria yesterday, NTCI executive director John Toerien said the action would scare away foreign investors, cost the country up to R1 billion a day and affect small entrepreneurs "who already have their backs to the wall".

A number of companies contacted yesterday have given their workers today off to commemorate June 16. Others are bringing in casual workers.

Plea . . . for peaceful action, by JCCI's Stuart Morris.

In my view . . .

A daily commentary on current economic affairs by writers of The Star.

Mass action could become mass suicide

STAR. 16/6/92 (181)

By John Spira

"Mass action" is a stirring phrase conjuring up images similar to those precipitated by like-sounding slogans such as "freedom", "liberation" and "uhuru".

It's a call to protest, which galvanises many of the black majority to take to the streets and which sends shivers of apprehension down the spines of all employers.

But just as all high-sounding ideals have their downside, so the call to mass action needs to be viewed in a sober light before it is heeded.

Today sees the start of the ANC's call to action but those tempted to respond should, if consideration for the plight of their families (and themselves) is of any consequence, bear in mind that they place at great risk their very livelihoods at a time when jobs are precious.

For, not only do those participating in mass action run the gauntlet of being fired (stayaways are a misconduct, and management is therefore entitled to take disciplinary action on an individual basis against employees), but, by staying away from work, they trigger economic hardship, if not ruin, for their employers.

The message must somehow get through — especially since the vast majority of employers are aware of the strong measures that are open to them should the threatened countrywide stayaways materialise.

The Confederation of Employers of Southern Africa (Cofesa) has lost no time in advising its members to "prepare themselves now for any stayaway action in an attempt to minimise any threat to their companies' operations".

Cofesa has spelled out (in no uncertain terms) the steps to be taken and points out that even in cases where an employer decides not to exercise his right to discipline employees involved in a stayaway, other options remain open.

Accordingly, mass action brings with it potentially crippling costs. It won't be embarked upon with impunity — and those who believe it'll be a walk in the park had better think again.

Also advised to re-don its thinking cap is the ANC, which could find itself losing vast chunks of support when its current power base isn't able to put food on the table.

Grosskopf 'is still a suspect'

B/Day 16/6/92

STEPHANE BOTHMA

ANC member Hein Grosskopf was positively linked to the Quartz Street bomb blast in Johannesburg in 1987 which injured 68 people, and was still a suspect in two other blasts which killed seven, police said yesterday.

An SAP statement said a R50 000 reward for information linking Grosskopf or any other person to a blast at the Krugersdorp Magistrate's Court in 1988, which left three people dead, was still on offer.

However, a reward for Grosskopf's arrest had lapsed, Sapa reports.

Police said Grosskopf, believed to be in Zambia, was still a suspect in the 1987 Johannesburg Magistrate's Court bomb blast and that at the Krugersdorp Magistrate's Court in 1988.

No pay for staying away, say employers

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B/Day 16/6/92

DIRK HARTFORD

BUSINESS organisations yesterday called for a no work, no pay policy as they and unions engaged in a war of words over the ANC alliance's mass action campaign.

Sacob, the Afrikaanse Handelsinstituut, the Johannesburg Chamber of Commerce and Industry, Spoornet and Anglo American's gold and uranium division all advised yesterday they would follow a policy of "no work, no pay", Sapa reports.

Seifsa recommended that disciplinary action be taken against employees staying away from work because of mass action.

"In this particular case, it would constitute an illegal strike," Seifsa spokesman Hendrik van der Heever said of the campaign, which starts today.

Cosatu yesterday said employers had done nothing about the issues motivating the mass action programme.

"If there is a better way to stop government corruption and death squads and get movement at Codesa, we would like to hear about it," a Cosatu spokesman said.

Cosatu has asked business organisations to support its mass action campaign as the quickest route to establishing the political stability needed for economic growth.

A Sacob spokesman said business did not have a position on these issues. In any event, it would rather engage directly with government than through Cosatu.

"We are concerned about government corruption and the (assassinated activist Matthew) Goniwe affair, but we don't respond to every issue like Cosatu does. There are institutions like the Goldstone Commission, the Justice Department and Codesa which should be used to to solve these problems."

Meanwhile, the thousands of workers currently on strike at TPA hospitals, SABC and Toyota could swell to hundreds of thousands in the next few weeks if negotiations in the textile, municipal, transport, forestry, metal, car, tyre, retail and mining industries were not settled, Cosatu said.

Disputes had already been declared in many of these sectors.

Tomorrow 250 000-member Numsa will unveil its mass action plan for the metal, motor, car and tyre and rubber industries.

Bill lifts ban on foreign funding

Political Staff

CAPE TOWN — Government has tabled an omnibus Bill which includes the temporary suspension of the ban on foreign funding of political parties. B/Day 16/6/92

A memorandum to the General Law Amendment Bill says the suspension of the Prohibition of Foreign Financing of Political Parties Act "emanates from the need of funds in order to expand the process of democratisation".

The Bill amends elements of another 20 Acts, among them the provision in the Criminal Procedure Act of 1977 that an accused's race must be mentioned in a charge sheet or an indictment.

The Criminal Procedure Act is being amended to make it clear correctional supervision may be imposed for statutory offences.

Clause 6 of the Sexual Offences Act is extended to include males in the provision that anyone found in a brothel who refuses to disclose the name and identity of the keeper or manager will be deemed to be keeping the brothel.

Section 99 of the Insolvency Act is also being amended so that a preferential claim will be granted to the state in respect of VAT, as was the case with GST.

FM 19/6/92
DEFERRED COMPENSATION [redacted] (181)

Revenue trap

[redacted]

Deferred compensation, particularly where it is introduced as a benefit for proprietors of small businesses, is fraught with tax pitfalls. In Sanlam's publication *Ex Lege*, legal researcher Emile Wessels analyses why the Natal Special Court ruled in favour of Inland Revenue, and against the appellant company, in the case of a deferred compensation policy. These are almost routine in

[redacted] (181) [redacted]

small firms.

Refusal to allow a section 11(a) deduction in case ITC 1506 — for the payment of a gratuity to the majority shareholder — has grave tax consequences, Wessels says. A result could be that the same money is taxed three times:

☐ The policy would not have been held in the assurer's untaxed portfolio;

☐ The full proceeds would be included in the company's gross income, without a corresponding deduction; and

☐ The gratuity would be included in the employee's gross income, subject to possible exemptions.

Deferred compensation is usually offered as an inducement to key staff to remain with a company. Covered by a suitably drawn service contract, the policies create a tax-efficient retirement sweetener. The ground explored in ITC 1506 is the reason why such a policy is taken out: and, for example, whether the ultimate beneficiary would really have been lost to the company had the policy not existed. It comes down to the well-established principle that deductions made by a company for purposes of tax must be expenditure made in the production of income.

In this case, the beneficiary was the founder and 60% shareholder in a used car dealership. The remaining shares were held by his son. Four years before the proprietor's retirement, the company passed the neces-

cont →

[redacted]

sary resolution to implement a deferred compensation scheme and entered a standard deferred compensation service contract. When retirement took place, the company paid the gratuity and sought to deduct it from its income. This was disallowed.

Wessels says: "The court decided the real purpose of the expenditure was not to produce income but rather to better (the proprietor's) retirement benefits. The distinctions may sound subtle, as in many cases expenditure to better the retirement benefits of employees would be incurred in the production of income. Conceptually, at least, the distinction can be drawn. The court decided the taxpayer did not really hope to motivate the employee, or induce him to stay on."

So, says Wessels, a statement in a service contract that an employer wishes to retain an employee's services, may no longer be enough. "If the true purpose of the scheme is to produce income, by motivating employees, one must try to accumulate evidence that shows this to be the case. It might be useful," he adds, "to keep letters from employees threatening to resign because they can receive better service benefits elsewhere, or the minutes of a board meeting where a director has said he is thinking of retirement and then changed his mind after being offered deferred compensation."

Wessels concludes that deferred compensation agreements can be dangerous in one-man businesses and that financial advisers should warn their clients of the risks, then pass the decision to the client. ■

DIRECTORS' FEES FM 19/6/92

As you were [redacted] (181)

Directors of private companies will no longer be subject to PAYE on fees for services rendered to the company, or on advances on those fees. The same applies to members of CCs rendering services to the CC. This is the effect of proposals in the latest Income Tax Amendment Bill.

Coopers Theron Du Toit tax partner Koos van Wyk says the wheel has now gone full circle: the position of directors of private companies and of CC members has been

FM 19/6/92 [redacted] (181)

restored to where it was in 1990, before the Income Tax Act was amended. At that point they were subjected to tax on their fees on the provisional basis only.

From March 1 1991 directors and members were subjected to PAYE requirements as well as to the provisional tax rules. Some companies and CCs had to register as employers to enable them to withhold PAYE from directors' or members' fees or from service-related advances.

One damaging anomaly arose because, in most cases, remuneration that accrues to a director in respect of a particular tax year is determined only some time after the end of that year. In those circumstances, PAYE might have had to be deducted from fees even where provisional tax had been fully paid on all taxable income.

A practice note issued on December 6 1991 set out important concessions. It provided that PAYE need not be deducted from advances paid, or payable to, directors of private companies, or from CC members, where the remuneration is quantified only after the close of the year of assessment in which it accrued to the director or member. The concession also applied if the company's or CC's year of assessment ended during the last six months of the director's or member's year of assessment.

Not surprisingly, many private companies changed their financial year-end to gain this benefit. Effectively, says Van Wyk, most directors of private companies and CC members were back fully on the provisional basis. Now the 1992 amendments formally reinstate the original position for directors of private companies and CC members.

However, to provide for the activation (possibly on July 1) of the labour broker rules for private companies and CCs, the Commissioner for Inland Revenue has retained the power to direct a specific employer to withhold PAYE from remuneration payable to any employee (including a director of a company or a member of a CC). The definition of employee was last year broadened to include any company or CC falling within the definition of labour broker. ■

Union to oppose retrenchments

PATRICK BULGER

THE Paper, Printing and Allied Workers' Union (Ppawu) would embark on mass action to stop retrenchments and the unilateral restructuring of the industry, the union said yesterday.

Ppawu met a Sappi delegation yesterday for talks that Ppawu national organiser Rob Rees described as "unsatisfactory". He said Sappi did not respond to Ppawu's demand for a moratorium on retrenchments and a national industrial bargaining forum. Sappi would give its response within a month.

Rees said 2 000 workers had been laid off and 6 000 Ppawu members faced retrenchment and the loss of their homes while Sappi embarked on overseas investment programmes. They were being replaced by workers who earned R9 a day, seven days a week without lunch breaks.

Ppawu intends holding marches at workplaces on June 29 and this action will be linked to the mass action campaign organised by the ANC and Cosatu.

A Ppawu statement said: "A number of the actions are now beginning to link up with similar struggles in other Cosatu affiliates. Worker anger may push this into a stayaway action.

"The Cosatu executive committee has resolved to pull struggles against retrenchment together and to provide maximum solidarity support for these actions ...."

Rees said the union was not opposed to industry attempts to increase productivity. However, it opposed the unilateral manner in which the exercise was being conducted.

Reuter reports a Sappi spokesman confirmed the company had undertaken to reply to Ppawu demands within 30 days.

□ Sapa reports that tensions escalated in the clothing industry yesterday as unionists held marches in Cape Town and Durban to back wage demands.

Despite warnings from employers that their jobs were on the line, thousands of SA Clothing and Textile Workers' Union members marched in two cities.

Employers remained adamant that the march was irresponsible and that disciplinary action would be taken against workers who deserted their workplaces.

The union has called on employers not to abuse their power and to allow workers to take part on the basis of a no work, no pay, no penalty principle.

Numsa to hit streets

21/6/92

By JOHANNES NGCOBO

NATIONAL Union of Metalworkers of South Africa (Numsa) and the Steel and Engineering Industries Federation of South Africa (Seifsa) are heading for a showdown with Numsa members planning to take to the streets on Tuesday.

National wage negotiations between the two have deadlocked with Numsa declaring a wage dispute. ([redacted] 181)

Numsa is also locked in dispute with the tyre industry bosses. ([redacted])

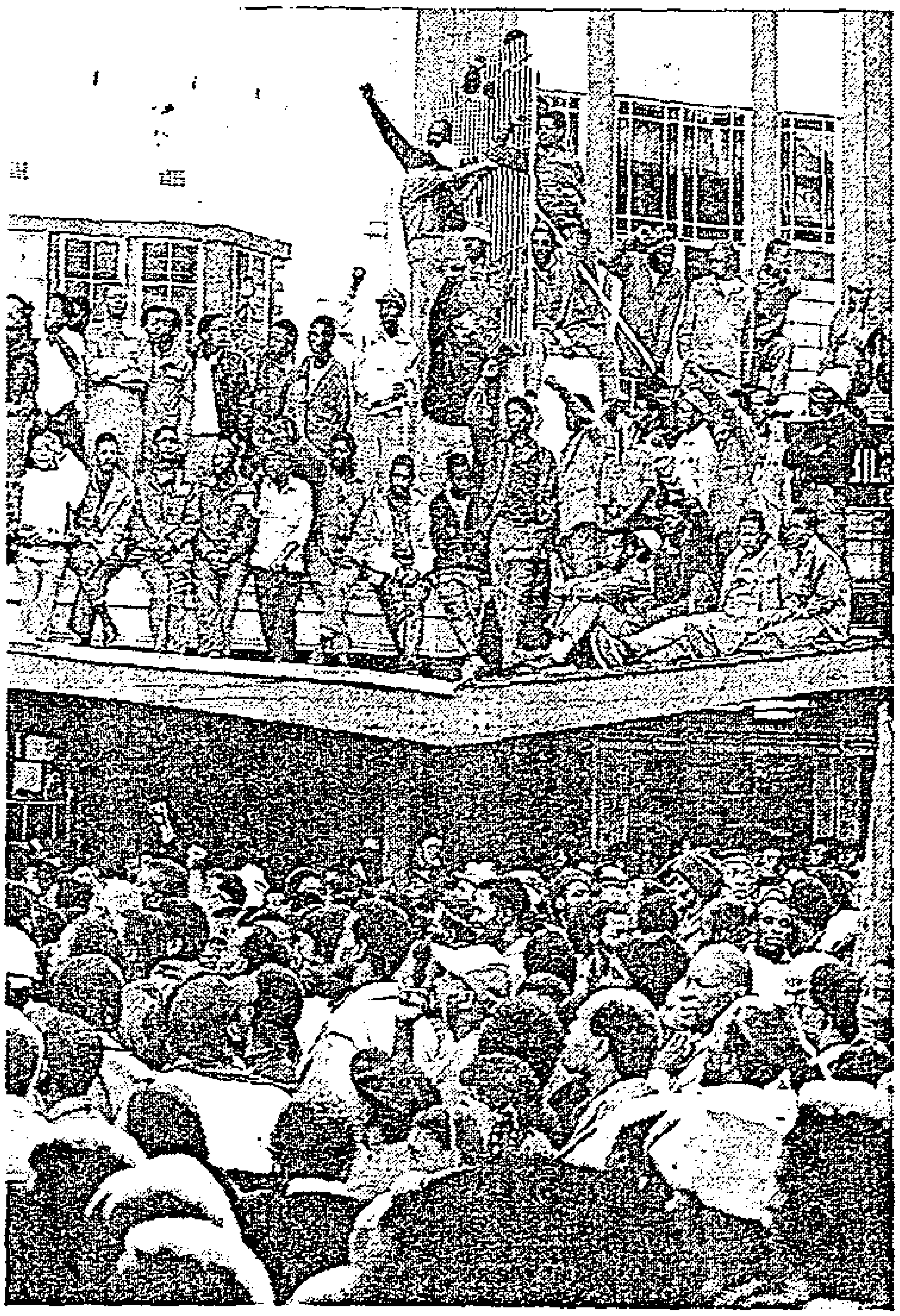
The union expects to put about 40 000 workers from four Transvaal regions on the streets.

Cosatu this week said that its Transvaal members will stage mass protests in the streets of Johannesburg to demand higher wages.

Numsa plans second march in support of pay demands

BDay 23/6/92 (181)

DIRK HARTFORD



Thousands of members of the National Union of Metalworkers of SA took to the streets of Johannesburg yesterday as part of a programme of action designed to culminate in a national strike next month. Picture: ROBERT BOTHA

TENS of thousands of metal, engineering, textile and railway workers will again take to the streets of Johannesburg today following yesterday's marches.

The National Union of Metalworkers of SA (Numsa) claims about 40 000 workers took part in yesterday's march in the city. The workers were mainly Numsa members from the Witwatersrand region. Independent observers said the march was "very big", but not as big as 40 000.

A Numsa spokesman said all workers in the Vaal triangle would embark on an indefinite strike until demands concerning violence in the area were met.

A Cosatu spokesman said the federation would make an announcement about action today.

The spokesman said there was token support from other Numsa regions in the Transvaal, as well as from various Cosatu affiliates.

He denied reports that the workers were planning to march again next week and said Numsa's NEC this weekend would make a final decision about a national strike in the motor, metal and tyre and rubber sectors.

Yesterday's march was the first step in a programme to mobilise members for a national strike which would take place in mid-July if approved by Numsa's NEC.

Meanwhile, a SA Railway and Harbour Workers' Union (Sarhwu) spokesman confirmed members would march on Transnet's offices tomorrow to hand over a list of demands relating to this year's wage negotiations.

He said "if wishes were horses" there would be 40 000 workers on today's march. Sarhwu has about 40 000 members in the region.

The SA Clothing and Textile Workers Union (Sactwu) said it expected 10 000 workers to support its march on the Transvaal Clothing Manufacturers' Association's offices at lunchtime today.

This follows last week's marches in Durban and Cape Town, which were supported by 40 000 and 30 000 Sactwu members respectively. Sactwu represented 93% of the industry's workforce, the highest membership in any industrial sector.

The parties in clothing industry negotiations have been unable to reach agreement on wages, annual bonus, provident fund and wage parity between regions.

A national wage strike by members of the Food and Allied Workers' Union began yesterday at Simba.

Negotiations at Toyota will be resumed today.

Businessmen divided over stayaways

(181)

By Stephen Cranston

The proposed stayaway to commemorate the Boipatong massacre has met with divided response from businessmen.

Premier chairman Peter Wrighton says businesses have to be realistic because the townships are extremely tense.

"It's in the long-term interest of all businesses that the transition to the new South Africa is made as smoothly as possible. The massacre is an emotional subject we intend to handle with sensitivity."

Premier is concerned because it is a major bread supplier.

Mr Wrighton says there is clearly a negative effect on the bottom line — bread which is not baked is lost forever — but in the context of the political transition it is of relatively little concern.

Murray & Roberts CE Dave Brink says that stayaways are most unfortunate and unproductive.

STAR 25/6/92

"I understand that political groups must be free to express their points of view, but they must be careful not to do permanent damage to the economy."

Mr Brink says the Murray & Roberts head office cannot prescribe to companies within the group and he does not rule out disciplinary hearings.

Pick 'n Pay chairman Raymond Ackerman says that employees who wish to attend funerals will be treated sympathetically, although Pick 'n Pay will stick to its policy of no work, no pay.

In a broader context, Mr Ackerman says it is important for businessmen to contribute to the negotiation process.

Edgars MD George Beeton is gloomier. He says that if workers are not paid then they will have even less disposable income to spend on clothing and furniture.

"We have enjoyed relative industrial peace in recent months," says Mr Beeton. "It would be a shame if we were plunged back into confrontation."

Sacob meets (181)

[redacted] By JOSHUA RABOROKO [redacted]

EMPLOYERS are to consider various options in response to the planned mass stayaway and day of mourning for the Boipatong massacre victims on Monday.

At a media conference in Johannesburg yesterday, the executive director of the South African Chamber of Commerce, Mr Raymond Parsons, said the options included observing a moment of silence at workplaces, lunch-hour meetings, a complete stayaway and donating to the bereaved families. Sowetan 25/6/92

These options would be addressed at a meeting today by the South African Coordinating Committee of Labour Affairs.

Sacob president Mr Hennie Viljoen said the chamber had proposed to arrange an early meeting with the President FW de Klerk, ANC president Mr Nelson Mandela and leader of the IFP Chief Mangosuthu Buthelezi.

Uniform retirement age soon law

BDay 25/6/92

MICK ELLINGHAM

LEGISLATION in the pipeline could soon see men and women retiring at the same age, industry sources said yesterday. (255)

Already many SA companies are setting a uniform retirement age of 63, the custom in the past being for men to retire at 65 and women at 60.

Alexander Forbes Shepley & Fitchett consulting actuaries senior director John Hayward said: "The reason for the age gap was traditionally to mirror the age gap between a man and his wife so that both could retire at roughly the same time." (181) (200)

However, changing social trends — such as moves toward equality in the workplace — had closed the gap in retirement age.

SA's re-entry into the world community should cause many companies to assess overseas trends.

It was possible that legislation would be passed in the future to set the same retirement age for both sexes, said Hayward.

Of the 52 companies surveyed in the 1991 Alexander Forbes major employer survey, 47 showed a uniform retirement age.

Old Mutual assistant GM: employee benefits Chris Newell confirmed that many SA companies had equalised the retirement age of their employees.

The SA insurance industry has inherited the trend from the UK and US.

However, many pension schemes were now increasing the range of options open to their members by allowing for flexibile retirement dates, Newell said.

Fedlife actuary: employee benefits Philip Hellig said lowering retirement ages had the effect of reducing a country's work force, increasingly a trend in developed states.

Striking while the mood is hot

W/Mail 26/6 - 2/7/92. (181)

By FERIAL HAFFAJEE and LINDA RULASHE

THE tidal wave of protest by the country's workers is a reaction to depressed living standards — but it could be the driving force behind the push for political change.

In the past month, cities have been paralysed by huge marches. Strikes are crippling state health services around the country and the South African Broadcasting Corporation has been hit by a month-long strike. At Toyota in Durban, a strike has cost the company millions in turnover.

Disputes teetering on strike action have erupted in the clothing, metal, commercial and paper industries, potentially involving more than half a million workers. There is also rising militancy around pay talks in the strategic rail and municipal sectors.

The marches and the strikes are essentially a spontaneous popular reaction to economic slump, but they are steadily acquiring a political flavour.

At a "living wage" conference next week, the Congress of South African Trade Unions will attempt to integrate the economic demands of the various affiliates in a "systematic and co-ordinated way", said Cosatu's Neil Coleman.

"The mood is peaking so fast that it would be silly not to harness it," he said, adding that it was Cosatu's intention "to unseat the government" and force elections as soon as possible. "Only through mass action will the government be forced to relinquish power."

On July 3, Cosatu, the African National Congress and the South African Communist Party will set a final date for a general strike. Cosatu has also set up an action commitee to co-ordinate its "Campaign for Democracy" which is aimed at securing elections. Cosatu hopes to maintain the militancy on the ground by including bread and butter issues in this campaign.

During recent marches workers brandished traditional assegais and spears, makeshift AK47s and steel pipes. Posters called on President FW de Klerk to resign and accused senior ministers of being "cowboys and crooks".

On Monday, a march by more than 20 000 National Union of Metalworkers members disrupted Johannesburg when workers claimed entire streets and dared impatient motorists to cross their lines. On Wednesday, 15 000 railway workers marched in Johannesburg to Transnet offices. In the past weeks, 10 000 clothing workers, most of them women, have marched on employers' offices around the country and 50 000 conservative municipal workers have also staged protests in city centres.

Paper, Printing, Wood and Allied Workers Union members will hold countrywide marches on Monday as a follow-up to weekly protests they have held since June 12. "We want to replace the old and decaying order which is disastrous to our economy and our people," said the union's Sipho Kubheka.

Sanlam calls for standard retirement fund

BDay 26/6/97

MICK ELLINGHAM

SANLAM has called for the introduction of one standard retirement fund in SA, with uniform requirements and benefits for all.

Sanlam group benefits GM Francois Marais said yesterday: "The unproductive, artificial and sometimes discriminatory distinction between pension and provident funds should be eliminated."

He said in terms of legislation the main differences between pension funds and provident funds were:

- Member contributions to a pension fund were tax-deductible up to 7,5% of salary, while contributions to a provident fund offered no tax relief;
- At retirement, one-third of the benefits from a pension fund could be taken in cash — while the rest had to be paid as a pension. On the other hand, the full benefit of provident funds could be taken in cash.

"At the moment, many companies offer more than one fund for different employees, because trade unions in particular prefer provident funds. Accusations of discrimination could arise in future, since factors such as benefits, member contributions and tax relief differ between funds.

"The fact that contributions to provident funds offer no tax relief, can be viewed as discrimination against the members of provident funds, which are the mode of provision for retirement most favoured by trade union members," Marais said.

He suggested that parity between the funds could be attained by:

- Scrapping the names of "pension fund" and "provident fund" and replacing them with a general name such as "retirement fund";
- Affording all members of the new retirement funds the same tax relief as that which applied to contributions from pension fund members, namely 7,5% of salary; (181)
- Eliminating the differences in the payment of benefits by allowing the full benefit up to a certain limit — for instance R100 000 — to be taken in cash. One-third of the benefits over this amount could be taken in cash, with a pension being compulsory for the remaining amount.

Employers are asked to go easy

181 [redacted]

S/Times (Buss) 28/6/92.

[redacted]

By ZILLA EFRAT

EMPLOYER organisations advise their members to adopt a sympathetic stance on tommorow's nationwide day of mourning.

Many businessmen, however, believe the day should mourn all victims of South African violence, not only those of Boipatong.

Sacob labour affairs manager Gerrie Bezuidenhout says employers should allow for appropriate and practical actions which do not disrupt the workplace.

They could include prayer sessions, moments of silence, the lowering of company flags and collections of money for victims of violence.

Seifsa executive director Brian Angus says the day should be respected and companies should accommodate reasonable requests from workers.

Seifsa does not, however, support calls from some trade unions for a stayaway or for factories to close.

Sacob advises "no work, no pay" if there is a stayaway, but not disciplinary action.

"We would also request people not to try to gain political mileage out of the funeral," says Mr Bezuidenhout.

Big business is gearing up to help get political negotiations back on track.

Sacob's plan of action is expected to swing into full gear in the next 10 days. But Mr Bezuidenhout will not elaborate.

Included in the plan to break the political logjam are meetings with leaders of major political groupings. Sacob will also throw its weight behind the National Peace Accord and work out a joint approach with other employer bodies to planned stayaways.

The Afrikaanse Handelsinstituut (AHI) is also involved.

AHI executive director Joe Poolman says: "It is a combined effort from business as a whole."

The AHI will attend meetings arranged by Sacob.

Badly

Saccola is also evaluating whether it could play a role in the facilitating process, but has not made a final decision, says secretary Freide Dowie.

The Consultative Business Movement is advising its members of the actions it intends to take in response to the impasse in political negotiations, says Premier chairman Peter Wrighton. It is not known what the advice is.

Fabcos executive director Jabu Mabuza says his organisation is concerned about the deadlock in negotiations.

"We are praying that good sense will prevail. There is no better alternative to a political settlement."

Companies have expressed concern about the derailment

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Mourning

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● From Page [redacted]

of negotiations. But they say they are confident the negotiations will get back on track.

Mr Bezuidenhout says the breakdown in negotiations has caused a negative view among SA and foreign businessmen. However, Sacob sees it as part of the negotiation process. [redacted]

Anglo American corporate communications manager Glenn Bryant says: "Anglo believes that all politicians have behaved badly on the issue of violence and that they should stop pointing fingers at each other."

Mr Wrighton says Premier will bring out a special issue of its company newspaper to keep employees informed.

Barlow Rand group public affairs general manager Ken Ironside says Barlows has felt the effects of violence, especially at some of its PWV plants. S/Times (Buss)

Sanlam deputy chairman and chief executive officer Pierre Steyn says the political logjam is causing uncertainty both in SA and abroad.

Sacob has warned that failure to overcome the stalemate could lead to further closures of business, withdrawal of investment, loss of job opportunities and a flight of capital and skilled manpower. 28/6/92.

Safto's Wim Holtes says few exporters expect sanctions to be reimposed.

"Large buyers, particularly in Japan and Korea, are using the situation to their advantage when negotiating long-term contracts," he says.

SAB whips up heady draught for shareholders

STAR 30/6/92

By Stephen Cranston (182)

SA Breweries achieved a 41 percent compound rate of growth in shareholders' wealth over the past seven years.

In the annual report for the year to March, executive chairman Meyer Kahn said that the annual growth rate in attributable earnings over the seven years had been 20,8 percent for the beer division and 20,3 percent for the other interests.

In the 1992 financial year, SAB spent R918 million in capital expenditure on its beverage interests, R152 million on retailing and hotels, R15 million in diversified manufacturing and R184 million mainly on foreign interests.

Turning to the Advantage Group, a financial services venture jointly owned with Nedcor, Mr Kahn said that it was unlikely the group "will be used to finance the extensive instalment credit transactions of SAB's retail subsidiaries".

Mr Kahn did not reveal much about the extensive non-South African interests of the group except to say that earnings were up by 17 percent to R67 million.

The beer division's earnings were up by 16 percent, which was achieved in spite of a 0,5 percent dip in beer sales. Beer, however, was not as badly affected as spirits, which declined by eight percent, or wine, which was down by three percent.

Export volumes increased by 80 percent, which allowed sales overall to increase by one percentage point.

"A priority now is to develop brands in strategically important foreign markets," said Mr Kahn.

Mr Kahn complained about the inequity of the excise system. He said that the ad valorem excise tax introduced in September heralded the inclusion of natural wine, sorghum beer and cider in the excise net.

"Although this form of tax was dropped from March, the principle of including these products in the excise net was retained.

"This small first step by government towards levelling the playing field is gratifying, but the comparable excise levied is still significantly out of line by international standards.

"Beer in this country inexplicably carries ten times the excise of natural wine and cider, the latter being marketed directly against beer."

Strike activity up by more than 70%

CAPE TOWN — Strikes increased by 73,3% in the second quarter of 1992 over 1991 with grievances being the main reason and with the motor industry being hardest hit. BDay 30/6/92

An Andrew Levy & Associates report released yesterday, said strike activity was expected to increase when the Cosatu/ANC/SACP mass action programme clashed with a general hardening in employer attitudes towards stayaways.

Wage negotiations in the metal and mining sectors were expected to contribute to a rise in man-days lost. The second quarter figure was 650 000 compared with 375 000 last year, but 45,83% lower than the 1990 high of 1,2-million. (181)

Commenting on the mass action programme, Levy & Associates said: "As a result of this, it is anticipated that there will be an increased potential for conflict in companies housing unions with different ideological viewpoints, as workers who do not support the campaign will come under severe pressure to do so.

"It is also envisaged that because of a noticeable hardening in employer attitudes towards stayaways in general, further disputes will arise as a result of discipline meted out.

"It is interesting to note that grievances (39,8%) are the main trigger factor, followed by wages (32,3); recognition/bargaining levels (13,9) and dismissal/discipline (10,5).

"Wages traditionally dominate the trigger scene but during a period marked by a high degree of confrontation and political tension, a number of strikes have taken place over issues such as unfair protection of white employees, calls for the dismissal of white management and differential

☐ To Page 2

Strikes

BDay 30/6/92.

☐ From Page 1

treatment between the race groups."

The motor industry accounted for the largest number of man-days lost (35,3%) mainly as a result of the Toyota strikes in May and June. The retail sector was next (14,7) and the state (13,9) next due to an upsurge in hospital strikes and that between the SABC and Mwasa. Intermittent strike action at Impala Platinum Mines contributed to the figure of 12,9% for the mining sector. (181)

The most active unions in terms of man-days lost to the economy were Numsa (37%), Saccawu (14,8), the NUM (13,4), Nehawu (10,4), Fawu (9,2) and Mwasa (6,4). The unions responsible for the greatest number of strikes were Saccawu, Nehawu, Numsa, Fawu, CWIU and Sacwu. — Sapa.

Many mourners turn up for work

DIRK HARTFORD

ALTHOUGH absenteeism was higher than usual in many regions, the vast majority of workers chose to mourn Boipatong through workplace prayer services, mass meetings or demonstrations.

Police said 10% of workers from Soweto stayed away, although about 90% stayed away in some of the more far-flung Vaal townships.

Sapa reports that in the eastern Cape there was a partial stayaway and companies were forced to close.

Volkswagen was closed after only 30% of its workforce turned up. Only about 28 workers showed for work at the Goodyear plant.

In Port Elizabeth Firestone workers turned up but left again to attend a march. B/Day 30/6/92

Johannesburg mining houses said attendance was virtually normal. Prayer services and mass meetings were held on many mines.

A spokesman for the Johannesburg Chamber of Commerce and Industry said there had been a high level of co-operation between employers and employees regarding the mourning of Boipatong victims.

Some companies were flying the SA flag at half mast and most employers had allowed workers time off to hold commemorative meetings.

Group in protest against massacre

B/Day 30/6/92

Own Correspondent

CAPE TOWN — A group of ANC Women's League demonstrators yesterday tore down the SA flag at the Cape Town Magistrate's Courts before dousing it with red paint and re-hoisting it at half mast.

Police used teargas in the arrest of 12 men and women after they tipped a bucket of red paint over a policeman.

Shortly before the incident, eight women who were arrested outside Parliament on Friday for throwing paint at the building had their first appearance in court.

No charges were put to them, but several were rearrested afterwards.

After the arrests, western Cape ANC Women's League chairman Mildred Lesea said the demonstration was part of an "anger campaign" against the Boipatong massacre. A police spokesman said the 12 would be charged with desecration of the flag, malicious damage to property, assaulting a police officer and demonstrating near court buildings.

Sapa reports that wreaths were laid at the gates of Parliament yesterday after a memorial service in the St George's Anglican cathedral. Cape Town Mayor Frank van der Velde, ANC western Cape chairman Alan Boesak and clergymen later led a march to Parliament.

In Bloemfontein, 26 ANC members were arrested while picketing. Police said they would appear in court for picketing without permission.

Our Durban correspondent reports that about 300 people attended a memorial service in Durban, where several ANC speakers called for government's downfall.

Thousands of people attended a city centre service in Maritzburg.

In an apparent reference to blame for the massacre apportioned to "Zulu" hostel dwellers, he warned that those who labelled people in ethnic terms would cause a long legacy of bitterness.

In Windhoek, about 200 people took part in a memorial service in St Mary's Catholic Cathedral and in London Anti-Apartheid Movement members claimed to have occupied the SA embassy in Trafalgar Square. They called on ambassador Kent Durr to refute government's stand that violence was caused by black political rivalry and the ANC's mass action campaign.

Sapa-AFP reports that about 75 people demonstrated peacefully in front of the SA embassy in The Hague.

Numsa vote on national wage strike

BDay 1/7/92

(181) DIRK HARTFORD

NUMSA would go ahead with a national wage strike towards the end of July, in all four sectors in which the union operated, if workers voted for it in a ballot to be held from July 6 to 17, Numsa general secretary Moses Mayekiso said yesterday.

And in Cape Town, Cosatu will stage a major demonstration today in support of various political and economic demands.

Mayekiso said the time had come for Numsa's 280 000 members in the motor manufacturing, metal and engineering, motor and tyre and rubber sectors to take action to support their demands.

He said Numsa would use Cosatu's living wage conference to link its action with as many Cosatu affiliates as possible. He also linked it to the political crisis.

Mayekiso said Numsa's national strike committee would meet on July 20 to make final decisions regarding action and the strike could begin that week.

At the same time, metal industry employers were preparing for a possible lockout to press workers to accept their offer.

Seifsa director Brian Angus said the results of its ballot for a lockout were due

□ To Page 2

Strike

BDay 1/7/92

(18)

□ From Page 1

next week. Angus said there had been a good response so far.

In the event of a lockout vote, it would be up to each Seifsa affiliate to decide what form of action it should take.

Angus said Numsa's proposed strike would affect only a minority of the 10 000 compnies under its umbrella.

He confirmed there had been an increase in unprocedural and illegal actions.

Mayekiso said Numsa supported the indefinite regional strike and consumer boycott that had been called in the Vaal region in support of calls for the closure of the KwaMadala hostel, and warned the union would fight any disciplinary action taken against workers involved in these protests.

The union — Cosatu's largest affiliate — said mass action around the range of political and economic demands put forward by the ANC alliance would continue "until the transfer of power is agreed".

LINDA ENSOR reports from Cape Town that thousands of workers are expected to converge on the city today for Cosatu's march in support of a living wage and the installation of an interim government.

The march to Parliament will start in District Six. A memorandum will be handed to President F W de Klerk.

The Cape Town Chamber of Industries has advised employers to adopt a policy of "no work, no pay" towards the stayaway. Many employers had had requests for time off from noon onwards.

The chamber's industrial relations advisor Kathryn Martin said it had advised employers who had previously adopted a policy of "no work, no pay, no discipline" to inform workers of any change in policy if this was intended.

Civics 'likely to pull out of local level talks'

BDay 3/7/92

RAY HARTLEY

ANC-aligned civic associations were likely to pull out of all local level negotiations until the ANC rejoined talks at Codesa, SA National Civics Association (Sanco) president Moses Mayekiso said yesterday.

Sanco would meet the ANC, SACP, Cosatu and youth and student groups in Johannesburg today in an effort to "unite civil society" on the ANC's mass action campaign, he said.

"We cannot continue negotiations at a local level while constitutional negotiations are deadlocked. We will urge the Soweto Civic Association (SCA) to abandon such negotiations indefinitely."

Arrangements regarding services such as electricity and water made with local authorities before last month's constitutional deadlock would be adhered to, said Mayekiso. "We support mass action aimed at the violence and aimed at bringing the NP to its senses."

Central Witwatersrand Metropolitan Chamber spokesman Vic Milne said he was watching developments "with great concern". The SCA's withdrawal would be a "very serious" blow to the chamber.

The chamber suspended its activities for two months after the SCA's temporary withdrawal in April.

Milne said he hoped Sanco would allow "individual civics" to decide for themselves on taking part in the chamber.

Mayekiso said pupils would join the civics in mass action, but were unlikely to boycott classes. "As far as civics are concerned, we would feel jittery about a boycott. We don't think the school process should be disrupted."

ANC spokesman Carl Niehaus said his organisation would have "understanding" for the position put to them by civics, but did not want to pre-empt decisions at today's meeting.

The SA Students' Congress (Sasco) would table proposals at the meeting for mass action against government cuts in university subsidies.

□ Sapa reports that damage of about R1m was caused to a train late on Wednesday when a motor and passenger coach was set ablaze between Pinelands and Langa stations in Cape Town.

Metro western Cape manager Andre Harrison said a passenger had died trying to escape the fire. It was suspected that the arsonists had taken part in a protest march in Cape Town that day.

About 10 000 people took part in a Cosatu mass action campaign "living wage" march to Parliament.

Harrison said: "The perpetrators must have had a fair amount of flammable liquid with them." It was suspected that seats had been slashed open and fuel poured into them to start the blaze.

He blamed march organisers for not exercising sufficient control over the protesters.

Sacob warns of strike consequences

BDay 3/7/92 (18)

DIRK HARTFORD

SACOB regretted the possibility that the economy could become a political battleground and would be advising its members on preparing contingency plans for Cosatu's planned general strike, Sacob spokesman Gerrie Bezuidenhout said yesterday.

He said any action which led to loss of life or disruption of production was totally inappropriate where the economy was suffering from a severe recesssion.

Cosatu, he said, would have "to take full responsibility for the job losses, loss of income and loss of life that will inevitably occur".

Bezuidenhout predicted that many businesses would be forced to close down because of repeated stayaway action.

Employers would adopt a "hardline attitude" if workers went on strike and dismissals were more likely to be considered.

He said the negative consequences of stayaways and general strikes had been repeatedly pointed out to Cosatu.

Reuter reports that Gencor said it regarded the proposed strike as political and there would be disciplinary action if its workers stayed away.

Meanwhile, Sapa reports that the DP said yesterday it was totally opposed to Cosatu's proposed general strike.

DP Manpower spokesman Robin Carlisle said that for Cosatu to claim it would sacrifice the economy to achieve freedom was self-defeating.

The DP urgently called on Cosatu to rethink the proposed strike.

Meanwhile, Nactu said yesterday it would make a decision this weekend on whether to join Cosatu's mass action campaign.

On board the 'mommy track'

W/Mail 31/7 - 6/8/92. (181)

Weekly Mail Reporter

THE idea that companies should formally make space for working mothers, though not new overseas, has arrived in South Africa.

The "mommy track" — a separate career path for women with families — is looked at in the latest issue of *CSI Letter*, a monthly newsletter on social investment, put out by the *Innes Labour Brief*.

In a male-dominated corporate culture women who leave their careers to have children are considered uncommitted, writes Antoinette Leresche, for *CSI Letter*.

Companies often invest large amounts of money in training and staff development, only to see female employees leave to have children just as their skills are maturing. Inflexible companies mean both parties lose out. The company loses its investment in training, and the working mother is penalised for wanting to be available to her children.

Rennies Travel has begun exploring the "mommy track" as a matter of financial pragmatism. The company is looking beyond working mothers to create flexibility for others, such as fathers, or students.

Rennies human resource director Karen Long says employees choosing this track would be paid according to their value to the company, and receive such benefits as pension, medical aid and maternity leave. "Key players should be rewarded as important, vital members of the team. This includes being remunerated as well as managers who perform outstandingly," she says.

To get this flexible alternative, the employee must be deemed indispensable to the company — thus limiting its availability to certain key staff. Long adds that employees choosing the "mommy track" need not remain locked into it. They can switch in and out of it throughout their career at the company.

The alternative to flexibility can be expensive. In the women-dominated travel industry annual labour turnover is a high 20 percent. This turnover costs Rennies Travel R1,4-million a year.

So for Rennies Travel the question is no longer whether the business can afford to examine flexible options, writes Leresche, but whether it can afford not to.

Philanthropy begins at home

COMPANIES which invest in attention-getting programmes before ensuring the well-being of their staff could be in for a rough ride.

Hence, The Weekly Mail's "Investing in the Future" supplement will this year again look at programmes, such as the "mommy track", which foster a caring corporate culture.

And again this year we will give recognition to those companies judged to have excelled in corporate social investment overall. We are appealing to readers to help us with the initial selection process.

If you have come across any firm, big or small, which you consider to have an unusual or outstanding social investment programme, please tell us.

Contact The Business Editor at Box 260425, Excom, 2023; fax (011) 334 2905, phone (011) 334 2400.

SA firms demanding more specific curricula

BIDay 7/1/92

LIKE overseas companies, SA firms have become discriminating and are demanding more company-specific management courses — moving away from off-the-shelf programmes open to all-comers.

Local management courses supplied by university business schools, including MBA degrees, are thus being increasingly tailored towards corporate needs.

Executive courses, as opposed to degree programmes, are also assuming a progressively higher profile in management schools' budgets in order to meet local business conditions.

Partly contributing to lessening demand for old type, off-the-peg programmes has been the impact of the recession on company expenditure, with a growing need for value-for-money courses.

So says University of Westville Durban business finance specialist Narendra Bhana.

Other sources say additional influence stems from a steady rise in professional in-house or contracted training teams employed by companies themselves.

Company difficulty in meeting the rising cost of MBAs is exacerbated by the executive student often being detached from his organisation for the normal 12-month period to attend full-time lectures.

"Although corporates are still enrolling MBA candidates in good numbers, they want company-related, more practical courses, not MBA programmes that are too general or provide too much theory.

Changes

"Gone are the days when instruction was based heavily on case studies from Harvard, the London School of Economics and even multi-national conglomerates like IBM," says Bhana.

While local business schools have tended to follow their trendsetting counterparts overseas in recent years, some have instituted changes to meet local management conditions.

Westville is among those responding by structuring courses to "provide benefits that can be implemented immediately at company level".

Another is Durban-based Centre for Advanced Management Development (Camdev), which searched the US and UK before opting for the sole SA distributorship agreement of a distance-learning MBA from Scotland's old Heriot-Watt University.

Camdev director Neill Stevenson says a criticism sometimes levelled at the MBA degree is that it is overly theoretical and not sufficiently relevant.

"Heriot-Watt has ensured that its distance-learning and modular degree is tailored for people in outlying areas and is highly practical, both in SA and in the UK."

Changes are also afoot to meet expected demands of a new SA where more blacks will be required to take up higher management posts, says Bhana.

Yet another trend among more business schools is for part-time courses based on after-hours classes.

"Here we have experienced an annual 25% increase in enrolment, particularly in the past two years," says Bhana.

Local and overseas company demand is also increasing for "Executive MBAs" (as opposed to the normal MBAs) which allow managers to return to the office for short periods.

The University of Stellenbosch's executive MBA is popular and the University of Westville plans to follow suit with a similar programme.

Executive MBAs entail fewer lectures and more problem-solving situations.

While local demand for all MBAs remains reasonably firm, some UK employers reportedly perceive the typical 28-year-old MBA as being trained for no position less than chief executive of a corporation.

Unemployment

They add that the MBA has become a staging post on the way to temporary unemployment amid the recession in Europe.

However, most overseas educationists pour scorn on this stereotype.

London Business School principal George Bain says growing acceptance of MBAs is evidenced by both the rising number of students and of employers willing to sponsor them.

But he concedes that some firms are reluctant to hire freshly-minted MBAs as the number of job offers has dropped by a quarter in the last two years.

Executive courses and staff training

Business Day SURVEY

Corporations and business schools are paying more attention to management education but some training experts feel not enough is being done for lower management and ordinary employees. One player says companies must commit to investing in staff and acknowledge it is an investment of capital and not an unnecessary cost. ***LYNN CARLISLE*** *reports.*

Training should be seen as a capital investment

BDay 7/7/92 (181)

TRAINING courses and educational programmes are under the spotlight as more businesses and educational and training institutions reappraise priorities.

While corporations and business schools pay greater attention to management education, some say not enough is being done for lower management and ordinary employees.

The focus is on executive education as more companies accept that an organisation's competitive edge is related to its business knowledge base, says Wits Business School director Nick Binedell.

Business schools are being challenged to empower the individual and the organisation by providing applied knowledge rather than theory.

Another trend is the use of business schools to run in-house programmes — an effective option for putting management teams through programmes.

SA management has traditionally relied on US and European management principles. However, Binedell says for management education to be effective it must be rooted in the SA context.

For years, organised commerce, industry and trade unions have called for better education, career development, vocational training and literacy improvement. Some representative bodies also want conventional ideas about formal training schemes to be reconsidered.

However, Africa's largest human resource training centre, CTU, remains concerned about the general attitude of corporate leaders towards the training and development of SA's human resources.

Commit

Assistant manager (management development) Dukes Zondi says this must change or companies "will not forge ahead and effectively employ foreign investment. Companies must commit themselves to investing in staff and acknowledge it is an investment of capital and not an unnecessary cost."

Zondi says training and development budgets are the first to be cut at the slightest economic hiccup.

"Time off for training is a tentative consideration in SA companies' planning. Perhaps we should take heed of other economic communities that consider training as ultra-important and a permanent feature of the company."

He says SA's supervisors and middle managers are inadequately equipped, yet expected to be leaders at operational level.

"Senior management is grossly overstretched and cannot accomplish the vital role of strategically positioning companies in SA, let alone in global markets."

Meanwhile, current training trends have apparently undergone a major change in emphasis.

Corporate training focus has moved from technical training to holistic development of softer communication skills, says Voice Clinic founder Monique Rissen.

She says: "To empower people with basic communication skills is absolutely essential."

Product knowledge is not enough. "It is the way we sell ourselves and our company that is important.

"Business people at all levels need to speak clearly, put their ideas across effectively and enhance skills of persuasion...

British MBA to be marketed in SA by Camdev

(181)

B/Day 1/7/92

A NEW option in management development introduced to SA in April is a distance-learning MBA programme, developed by a British university.

Centre for Advanced Management Development (Camdev) director Neill Stevenson believes this new MBA programme will make a valuable contribution to SA management.

SA's shortage of qualified managers is reaching alarming proportions, he says.

If steps are not taken to remedy the situation, the ratio of managers to managed is expected to increase from 1:40 now to 1:70 by 2000 when at least 100 000 new top managers will be required.

Limitations

"Our traditional education system cannot meet these needs. Local business schools have financial, human and infrastructural limitations which prevent them from producing enough graduates."

Stevenson says Wits Business School, for example, produces just over 100 MBA graduates a year. The answer must lie in alternative educational options.

Camdev is marketing the innovative distance-learning MBA offered by Heriot-Watt University in Edinburgh, Scotland.

"It provides the highest standard of academic excellence, is internationally recognised and offers students value for money."

He says that among the MBA degree's unique features is that it caters for people in outlying areas with a flexible study duration of 18 months to seven years.

It is also open to anybody without regard to previous academic qualifications or a graduate management admission test.

NEILL STEVENSON

"This is because Heriot-Watt University recognises that executives with the intellect, ability and motivation to complete an MBA degree should be given the chance to do so, irrespective of whether or not they already have an undergraduate degree."

However, a potential student without an honours degree must pass two of the seven compulsory courses before being registered for the MBA.

Options

There are MBA-type options available in SA from overseas institutions which are not universities. But unlike other countries — such as the US where standards vary significantly — British post-graduate degrees are held in high esteem, he says.

Stevenson visited many excellent UK and US educational institutions before choosing this "very practical" degree.

He says Heriot-Watt is a traditional university that employs a system of outside examiners from other universities to ensure uniformly high standards.

Attitudes to strike hardening, closures and sackings predicted

Business warning to ANC

STAR 8/7/92.

181

By Esther Waugh and Sven Lünsche

Business leaders yesterday formally opposed the ANC's mass action campaign and warned of disciplinary measures against workers who take part in strikes planned for next month.

After a meeting with ANC president Nelson Mandela, the SA Chamber of Business (Sacob) expressed concern that the economy was becoming "the new battleground where politicians wage their wars", and warned of further unemployment and business closures.

Sacob's statement places business on a collision course with Cosatu — whose secretary-general Jay Naidoo last week told big business that its commitment to democracy would be judged by its approach to mass action.

A delegation representing Sacob, the Afrikaanse Handelsinstituut (AHI) and the Steel and Engineering Industry Federation (Seifsa) yesterday told Mr Mandela that attitudes in the business community had hardened.

The meeting with Mr Mandela followed similar discussions with President de Klerk and Chief Mangosuthu Buthelezi.

Sacob warned that the economy, now in its most severe recession since World War 2, could deteriorate further: "Those who argue that economic conditions cannot get any worse could be in for a rude awakening."

At a media conference after the meeting with Mr Mandela, Sacob labour affairs spokesman Gerry Bezuidenhout cautioned: "In the current fragile business environment, the general strike will cause further damage to the economy.

"Attitudes of business leaders are hardening, and apart from the principle of no work, no pay, companies look set to take disciplinary action against workers who stay away. This could lead to further retrenchments."

The business delegation accepted that it should help to break the political deadlock, and that there was no alternative to negotiations.

Mr Mandela said the ANC-led delegation had been "very encouraged with the frank exchanges. We have narrowed the gaps in our thinking and we are coming closer to a position where we are likely to have a common attitude on the final issues".

● Warning on economy — Page 16

Strikers stage sleep-in at I & J's canteen

Striking Irvin and Johnson factory workers in Springs have been sleeping-in at the company canteen since last Monday after a demand for a 30 percent across-the-board increase was refused. STAR 9/7/92

Food and Allied Workers' Union spokesman Clifford Mdlalo said the sleep-in would continue until worker demands were met.

Mr Mdlalo said a conciliation board had failed to resolve the dispute.

Irvin and Johnson personnel manager Hank de Beer said the company had offered the strikers a 15,5 percent wage increase against their demands for a 26,3 percent rise. 181

"The present situation is that the union and the company have resumed negotiations on wages," Mr de Beer said. — East Rand Bureau.

On the factory floor pay pique is simmering

STAR 14/7/92 (181)

Figures show that workers are beginning to resist the erosion of their disposable incomes. MIKE SILUMA reports.

WHILE the country looks on apprehensively at the looming general strike showdown between the Government and the ANC alliance, trouble is brewing on the factory floors over wages, which can only compound an already charged atmosphere.

Although the present SABC and hospitals wage disputes have received most prominence, hundreds of thousands of other workers are edging ever closer to damaging fights with employers over pay and working conditions.

The National Union of Metalworkers (Numsa), for instance, is in dispute with employers in at least four sectors: engineering, the tyre industry, vehicle assembly and motor industry (which includes panelbeaters and filling stations).

In all these sectors, where Numsa is representing about 280 000 workers, the union is claiming, among other things, a R1-an-hour increase, or 20 percent, whichever is the greater. It is balloting members on strike action.

At the same time the results of a lockout ballot among employers in the Steel and Engineering Industries Federation (Seifsa) will be known this week. Seifsa is offering individual increases of 8 percent while its motor assembly counterparts are offering rises of between 60c and 73c an hour, or 6,4 percent.

The employer offer in the motor industry ranges from zero to 2 percent. That in the tyre industry is R1,13 an hour.

In the beleaguered mining industry, where workers last year swallowed one of their lowest increases in recent years, with gold miners settling for 6 percent on average, the National Union of Mineworkers (NUM) is set to respond tomorrow to the Chamber of Mines' final offer.

It consists of a 5 percent increase, plus profit-sharing at gold mines owned by Anglo American, Genmin and JCI, with Gold Fields of SA and Anglovaal offering a straight 6 percent. Chamber colliers are being offered increases of between 7 and 12,5 percent.

This contrasts with the NUM's current demand of a minimum rise of R45 or 6 percent, whichever is the greater, as well as a 20 percent share of gold mine profits. On the collieries, the NUM wants 17,5 percent across the board.

The chamber talks affect more than 400 000 miners, of whom about 200 000 are NUM members.

In the catering sector, the SA Commercial, Catering and Allied Workers' Union (Saccawu) is locked in disputes with two of the major retailers, Checkers/Shoprite and OK Bazaars.

The talks with Checkers, which opened with the company asking workers to take a 10 percent wage cut, are continuing at conciliation board level following the union's declaration of a dispute. Parties are also at loggerheads over the retail chain's rationalisation programme.

The same issues dominate Saccawu's talks with OK, due to resume through conciliation shortly.

In the petroleum industry Sasol is in dispute with the Chemical Workers' Industrial Union at the company's installations in Secunda. About 4 000 workers are affected.

The union has rejected Sasol's 10 percent offer, demanding a 17 percent rise instead.

In its increasingly bloody struggle against the hospital authorities, the National Education, Health and Allied Workers' Union is holding out for a 15 percent increase and a monthly minimum wage of R724, against the authorities' offer of 9,2 percent and R708.

The Media Workers' Association of SA, whose strike has crippled the SABC's black television channels and radio stations, has done likewise. It is claiming a monthly minimum of R1 500 and a 20 percent increase, having spurned the SABC's R1 300 and 11 percent.

The question raised by the rash of wage disputes is: with the country in the grip of one of its worst recessions, shouldn't workers be protecting their jobs by settling for lower increases?

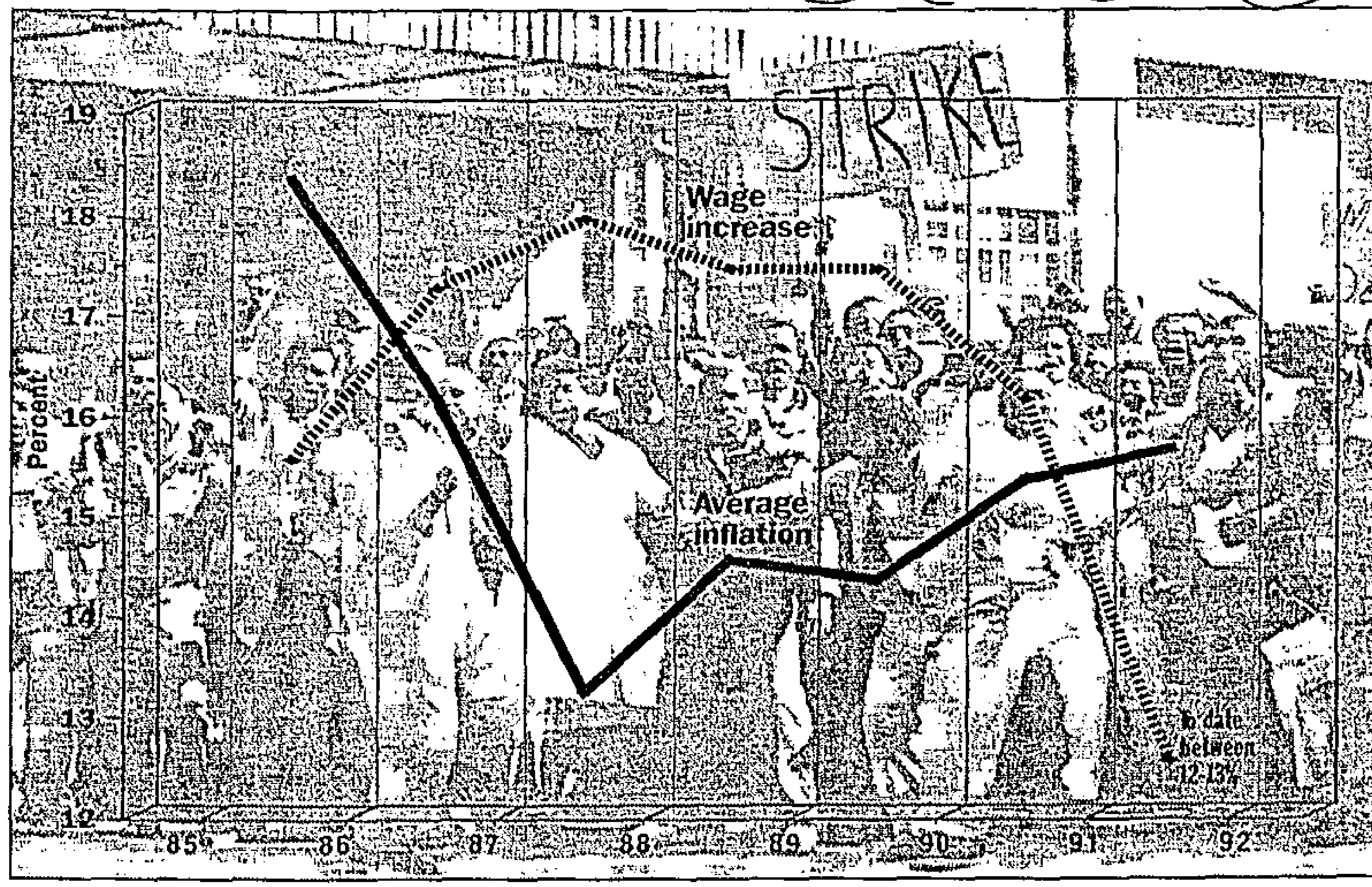
An explanation seems to lie in figures compiled by leading labour relations consultants Andrew Levy and Associates (ALA), which show that workers are beginning to resist the erosion of their disposable incomes, which has accelerated over the past two years or so.

The figures, which exclude industries such as metal and mining, show, for instance, that wage settlement levels have been falling steadily over the past four years while inflation has risen (see graphic).

Brian Allen of ALA says: "In a recession, when order books are low and the inventory high, employers are better positioned to take a strike. There is no doubt that the high inflation rate has eroded employees' disposable incomes, especially those in the low-paid jobs. The demand for an increase above or around the inflation rate has become stronger as a result.

"I don't believe that this year's increases will keep up with inflation and this will place pressure on both sides."

Numsa's chief negotiator Les Kettledas concurred: "From last year, workers' standards of living have declined in real terms because they received increases below the inflation rate. Value-added tax and food prices, which have been rising by as much as 28 percent in some cases, have played havoc with workers' pay packets." □



Downward spiral . . . workers are getting poorer as inflation eats into their pay packets.

Temps they are a-changing in S

(181) STAR 15/7/92 ~~(235)~~ ~~(138)~~ ~~(173)~~

TIME RIPE FOR TEMPS

The growing belief that professional "temps" can supply high quality, flexible service suggests this will be the chosen path for many of the "best and brightest" employees in the years ahead. ADAM GORDON reports.

THE office "temp" may once have been that person who slunk quietly into the receptionist chair, watered the flowers immaculately, never knew which phone call to put through to where, and generally made "blonde" jokes look like a standing ovation.

But temps are changing. Ask the draftsmen, engineers, computer programmers, systems analysts, sales and marketing people, accountants, auditors and middle managers who make up a burgeoning yuppie informal sector in South Africa.

They sell their skills and services by the hour through personnel agencies, just like "Kelly Girls", but would probably break your kneecaps if you called them that.

It is more likely that the skilled, graduated, self-employed agent will enter the corporate door as a "consultant" or "professional assignee".

He or she will increasingly be in a position to strike an attractive employment deal with a large company in need of flexible, cost-effective staffing solutions — particularly during the recession.

And the culture of executive temping is entrenching itself so firmly, worldwide, that indications are it will outlast the recession and become an essential pillar of corporate staffing.

The Independent of London reports that strategic thinking on the part of managers will result in all major companies using professional temps by the end of the decade.

In the British accountancy job market, economic uncertainty has led many companies to fill permanent positions on a temporary basis.

They are anxious not to return to the pain (of retrenchment) experienced over the past two years and are making a conscious decisions to match permanent staffing levels to the troughs rather than the peaks of business, using temps to make up the difference.

Syd Catton, chairman of a large South African personnel agency, says local executive temping has "grown and grown" in economically uncertain times.

Temporary workers are cheaper because, even though their hourly rate is similar to that of a permanent staffer in a similar position, they cost the employer nothing when they are not needed.

They can be engaged and shed without long-term contractual obligations or compensation.

Executive temps are also indicated for companies who take on large cyclical, seasonal contracts or project-driven employment, where they need different skills in varying amounts at different times.

For example, a company contracted to build a chemical refinery will need hundreds of planners and draftsmen at the beginning, but will not have much for them to do by the time they need artisans and engineers.

The global trend to technological sophistication and job specialisation also favours the professional assignee.

Such is the rate of change of technology that a full-time corporate "generalist" is unlikely to be skilled enough or up-to-date enough in any specific field to provide a cost-effective service.

Says Mr C[illegible] panies are "d[illegible] rightsizing". T[illegible] themselves: 'W[illegible] business?' and[illegible] ing the size o[illegible] nent payroll t[illegible] ple who run it.

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South Africa

Mr Catton: "Com-
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person who wants flexibility and cash rather than job security and benefits.

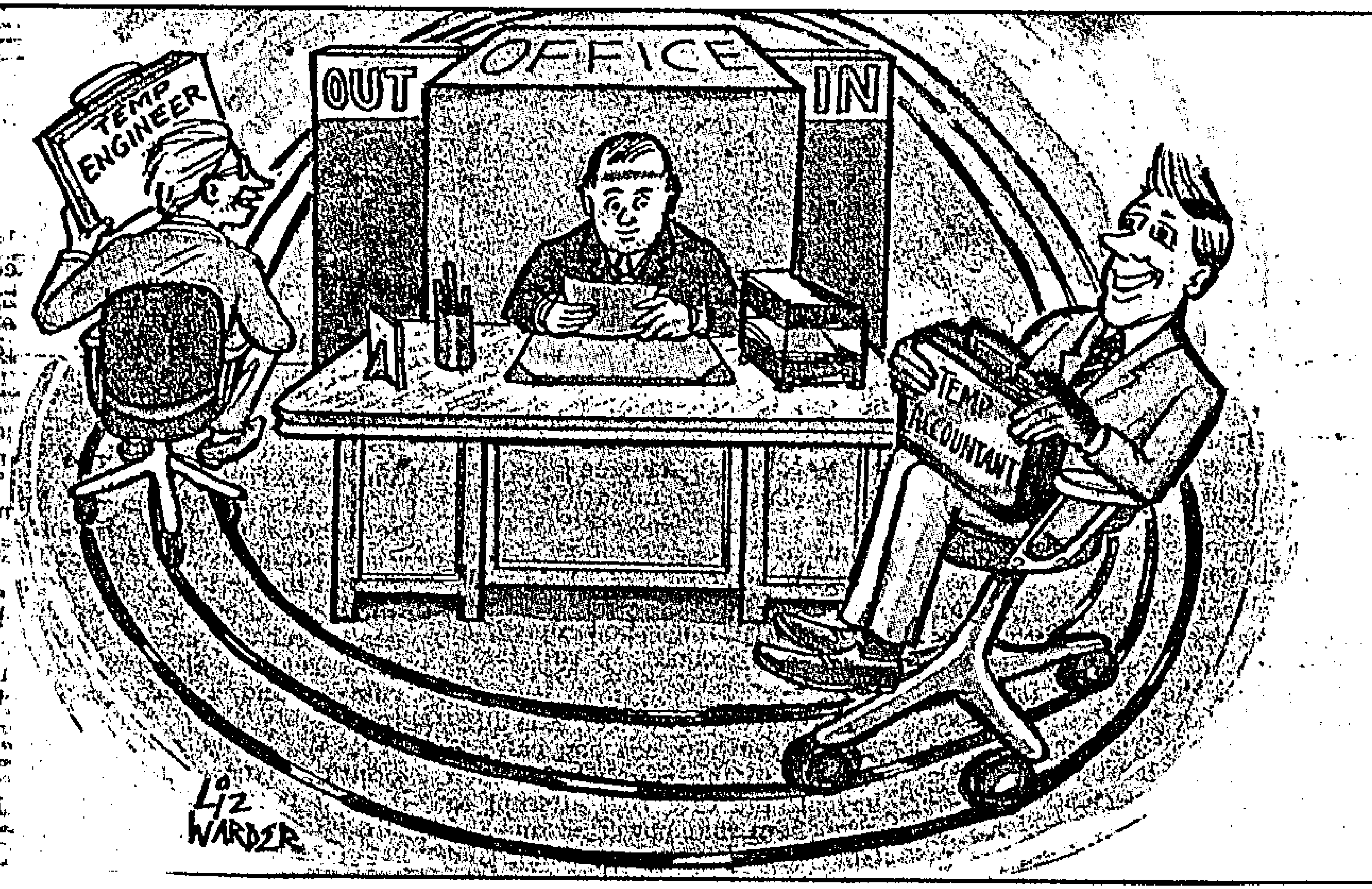
Says Mr Catton: "In corporations specialist professionals often find they spend less than 20 percent of their time doing the work they qualified for and want to do. The rest they spend going to meetings and managing other people and sometimes they turn around and find themselves in a different branch of the company.

"This doesn't happen to them if they are in a project-related, time-bound contract.

"Inevitably, corporations also treat outside specialists differently. Management meets them as equals, and will listen to their specialist advice. By contrast, full-time employees are generally identified and treated according to their position on the corporate ladder."

One objection to the professional temp remains the idea that "if they were really any good they would have a proper job". That prejudice will disappear, says The Independent.

"The increasing use of temps in project work and the growing belief that they supply high quality and flexible service adds credence to the view that this will be the chosen path for many of the 'best and brightest' in the years ahead."



Protests 'may benefit employers'

B|DAY 15/7/92

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DIRK HARTFORD

SOME major employers are taking the view that pending mass action will assist in achieving more modest wage settlements, according to labour consultant Gavin Brown.

He says these employers think mass action will "sap worker enthusiasm for strike action" and that many unions will be more keen to reach modest settlements in the weeks following mass action than in the present situation.

He says negotiated wage increases so far this year average out at 13,3%, below the current inflation rate of 14,8%.

His findings are based on a survey of 57 major settlements during 1992.

Brown says the highest increases to date have been in the paper and wood sector and the hard pressed retail sector where the average settlement among seven major chains has been 15,7%.

But he points out that the most important settlements — in the mining, car assembly and metal industries — still have to be reached.

These are likely to be considerably lower than the national average, he predicts.

In addition, many outstanding wage deals have been characterised by lengthy dispute periods which indicates tough bargaining and the high risk of industrial action.

Average settlements in the clothing and footwear sectors have been 11,8%, reflecting the impact of job losses and reduced consumer demand.

In the chemical industry average settlements have been 13,6%, in the paper and wood sector 15,6% and in the manufacturing sector 12,8%.

The lowest increases have been in the parastatal sector with an average of 9,6%.

The food and beverage sector — which usually establishes benchmarks in national settlement levels — will increase this year by an average 14,5%, according to Brown.

He says it still has one of the highest average basic wage rates and has been affected to a lesser extent by retrenchments than other sectors.

Business is placed to speed housing crisis solution

B/DAY 16/7/92 **JOHN WEAVER** 173 339 305 181

DURING his recent visit to Singapore, President F W de Klerk was shown examples of local government-sponsored housing projects. He was clearly impressed by what he saw because, subsequently, he was quoted as saying he would re-read in a new light the recently published De Loor commission's report on housing.

If he hopes to contribute to the resolution of SA's housing problem, he had better complete his re-read soon. Whatever interpretation he places on the report and whatever policy this or a future government decides to implement, more time will elapse during which exponential growth will add disastrously to the current housing crisis.

Well-quoted statistics give an almost hopeless perspective to the situation. The Urban Foundation estimated in 1990 that the backlog in housing for urban black families stood then at 1,2-million. About 170 000 houses would need to be built each year simply to keep up with population growth. In the PWV region alone, the foundation's estimates in 1990 were that about 377 000 people were living in freestanding informal settlements.

The situation is so serious that instant answers must be found even while a national housing policy is being hammered out.

By taking early action, business is well placed to make a substantial contribution. It is, after all, in the best interests of employers of labour that their workers are properly housed and own the basic instrument of personal wealth, with the concomitant feeling of security that possession of land creates.

In townships around the PWV, black families fortunate to have joint incomes of more than R1 600 a month are moving into homes ranging in size from the most basic four-and-a-half rooms to larger and more elaborate designs. These range in price from R40 000 to upwards of R80 000.

The stands on which they are built have been serviced with tarred access roads, electricity, running water and waterborne sewerage. As a commodity develops, so does the infrastructure. Residents set up creches to care for the infants of working mothers; churches are built; local entrepreneurs establish building businesses and offer a range of services such as fencing, burglar bars and house maintenance. Eventually the community justifies a school and in time shops, service stations and shopping centres.

Regrettably, most urban blacks fall below the R1 600 a month income threshold; a situation exacerbated by the recession. These are the people who, even if they are lucky enough to be employed, are probably living in a squatter community in which the scantiest of community life exists with no sense of permanence, far from work, in a house made from whatever scraps of material could be found in the vicinity.

The national housing policy — recommended in the De Loor commission report, proposed long ago by the Urban Foundation and which is now part of official ANC policy — is supposed to lift these people out of their pathetic plight. But they will have to endure many more bitter winters before politicians and other interested parties agree on how and where they should be housed.

Short term solutions are therefore rapidly needed.

If market dynamics were not smothered by recession and violence, the conventional suppliers of low cost housing would partially fill the void. In recent months, however, these enterprises have either withdrawn from the market, or have been placed in liquidation. Those developers which remain are themselves hampered by the reluctance — and in some cases refusal — of the institutions to grant loan finance.

It is neither altruistic nor philanthropic for business to step into the breach. It is plain good sense.

Already we live in a society characterised by unacceptable levels of unemployment and vicious crime. As the homeless increase in numbers this situation must become worse, leading to fear, intimidation, sickness, absenteeism and further degradation of the already battered economy. It is therefore in the very best interests of businessmen to care at least for the welfare of the people they employ, as indeed some organisations already do.

There are a number of approaches that business can take.

People brought up in an environment of home-ownership anticipate entering the housing market at a young age. They understand the concept and are generally aware of the financial implications. Ignorance of the process and of the wealth building advantages of property possession blocks many who would otherwise qualify for a low-cost house.

There are probably many homeless wage earners to whom this applies. People living in squatter camps, for example, who earn joint family incomes of R1 600 a month or more, can be educated in and introduced to the benefits of home ownership. Employers could help by inviting specialists into the firm to explain these benefits to their staff.

Numerous SA firms, both large and small, have housing policies for their staff. These range from the development of full scale housing schemes, to a variety of less costly options. Programmes include the building of cluster homes for groups of employees; financial assistance schemes provided directly to the employee or through a financial institution, and the purchase of stands for, or on behalf of, employees coupled with guidance in planning and building the house.

A very real way that firms could assist employees earning less than R1 600 and who would not therefore be able to afford bond repayments on a conventional house, is for the company to deal direct with the builder. In this way a number of middleman mark-ups are eliminated resulting in cost savings as high as 20%. Incorporating housing, in some form or another, into remuneration packages will add a new dimension to wage negotiations and could contribute significantly to workplace stability and employee security.

The consolidation process as communities develop is a vital component of civic pride and social fabric. An aspect to which firms can contribute is in the creation of an economic community structure.

A thriving and growing community needs a variety of services. Houses must be built, improvements made to existing buildings, and tradesmen are needed to maintain essential services. Companies can award bursaries to staff family members to study trades; supply experts to assist in the setting up of small businesses or make financial contributions to worthy community projects.

To say that South Africa is at the cost roads, is to understate the current situation with metaphoric simplicity. While the politicians grapple with our long-term future, our people, right now, need help.

It is beyond the power of most businesses to provide jobs in the current economic climate, but it is within their power to assist the homeless who work in their factories and offices. And, if businessmen believe that all their staff return each night, as they do, to warm and secure homes, they should probe the living conditions of the people they employ. They probably will find that the heart of the most crucial problem facing our people right now, is alive but not well, in their own back yards.

□ Weaver is CEO of FHA Homes.

Business and labour campaign to co-opt each other

BDAY 17 17/7/92

DIRK HARTFORD

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SACCOLA and Cosatu meet today in an attempt to finalise an unprecedented agreement designed to break the escalating "cycle of conflict" since the breakdown of negotiations at Codesa and the launch of the ANC alliance's mass action campaign.

Cosatu and Saccola leaders, who initiated the idea several weeks ago and who have been involved in discussions to secure consensus, are all sticking their necks out.

But that is the job of leaders. And in a situation as critical as the present one they might even succeed.

For the likes of Saccola's Bokkie Botha, Johann Liebenberg, Friede Dowie and Bobby Godsell and Cosatu's Jay Naidoo, Sam Shilowa, Jayendra Naidoo and Chris Dlamini, the stakes are high. They are all deeply committed to a process designed to take their heterogeneous constituencies onto new ground — whatever their claims and counter-claims in the Press.

Last week Saccola and Cosatu leaders gave "in principle" support to a draft document and instructed their negotiators to proceed with finalising it while they sought the endorsement of their memberships.

Saccola's largest affiliate Sacob, for example, said in a letter to its members last Friday that Saccola members felt "that in principle support could be given to (the document) in exchange for an undertaking by Cosatu to call off their planned strike". It went on to recommend that Sacob give its support to the document to enable Saccola to reach an agreement with Cosatu.

Saccola's primary aim in supporting the document is to avert Cosatu's planned general strike in August.

And although the Sacob letter says "there is nothing in the principles and actions contained in the document that is not already covered either in a Sacob position ... or one or other forum", the document would hardly be so controversial if this were the case.

For a start, the proposal that Cosatu and Saccola jointly convene assemblies on August 3 for peace, economic reconstruction and progress is unprecedented. Whatever interpretation one gives to this — a couple of hours' production stoppage to a complete factory shutdown are just two possibilities doing the rounds in Cosatu and Saccola — it would be a whole new ball game for employers and unions. It would amount to employer "mass action".

Even jointly presenting the agreement to a "broadly representative convention", as is envisaged in the document, would be a bold step for employer and union organisations. Since when have SA unions and employers jointly addressed political issues in this manner?

But Saccola representatives are particularly irked by insinuations that it might "take sides with any political organisation in the current political impasse". The organisation is unlikely to want to see itself in coalition with the ANC-Cosatu alliance.

Leaving aside the fact that employers and their organisations did not hesitate to throw their weight and millions of rands behind a "yes" vote in the referendum, the point is that the document contains explicit suggestions, including time-frames, on the political transition process that are generally the preserve of ANC rhetoric.

But why quibble? If supporting a "yes" vote was not support for any political party, as employers have repeatedly said, why should support for a set of processes for rapid political transition to democracy be support for any political organisation which also happens to support the idea?

This raises the question of Cosatu's primary aim in trying to secure agreement on the document. Its motive is to get employers on-side with the "coalition" of broad forces it is trying to build to promote its idea for a transition to democracy.

Cosatu has repeatedly said it sees the government as the main obstacle to peace, progress and economic reconstruction. While it has been discussing mass action (and the general strike) since early this year around an increasing list of demands, the Codesa breakdown allowed its programme to move to centre stage in the ANC alliance. The mass action and threatened strike are designed to force the issue and to compel everyone to take sides.

Employers would be first prize for Cosatu in its "coalition", because of their social importance, influence and perceived political neutrality. To secure this they need to win and hold Saccola to a document which carries this implication.

In return Cosatu will have to break new ground of its own — join hands with employers, traditional "enemy" of unionists — on political, economic and violence-related issues, as well as turn off the strike for which its organisers have been laying the groundwork over months.

If Cosatu can be convinced that joint initiatives with Saccola can deliver the same result as its strike is designed to achieve, it would have room for agreement. In essence, if relatively conservative, apolitical Saccola agrees to employer "mass action" on August 3, the militant, socialistic Cosatu will join hands with employers for peace and democracy and call off its nationwide strike.

But, as always, the imponderable will be what the Saccola and Cosatu constituencies think of their leaders' plans. In spite of all the rhetoric about democracy, accountability and mandates, Saccola and Cosatu leaders have thrashed out the draft agreement among themselves and must now hope they can get their members to support it.

It is no easy task. In both Cosatu and Saccola, some rank-and-filers are distrustful of the "other side" and tend to perceive their leaders as striking deals they might not understand or appreciate.

Employers canvassed expressed a wide range of opinions and perceptions on the situation. While some are openly sympathetic to the issues the ANC alliance is raising, others are deeply suspicious of the unions' aims and regard alliance-related actions with hostility.

There is a huge buildup of frustration among employers, bordering on sheer desperation, at Cosatu's rhetoric and planned actions. While some hope for a miracle to bridge the gulf in perceptions between Cosatu and employers, the mood of the average employer seems to be hardening. There is a belief that being tough is the only way to deal with, and survive in, the "new SA".

On the Cosatu side, despite the often mistaken perception that a few radicals at the top are whipping up an otherwise indifferent workforce, the labour leaders face their own problems. Unionists range from those who believe joint initiatives with employers are the best way forward to others who argue mass action will blast open the road to the socialist revolution. Workers, buffeted by the recession, do not automatically become more amenable to the arguments of caution because of hard times, as some argue.

They can also become more desperate, and for some the chance of losing the little they have in return for gaining all in the socialist paradise could be worth taking. The dozens of illegal marches, factory occupations, strikes and stoppages in the past month is one indicator of the mood on the ground.

Cosatu and Saccola leaders at today's meeting will have a lot to think about as they decide whether to dot the i's and cross the t's of the groundbreaking document in front of them.

110 000 industrial jobs lost in two years

BDAY 17/7/92 GERALD REILLY (181)

PRETORIA — More than 110 000 jobs were lost in the manufacturing and construction industries in the past two years, Central Statistical Service figures show.

According to the figures released yesterday, almost 70 000 jobs were lost in the manufacturing industry between April 1990 and April this year, bringing total employment in the sector to 1 404 000.

Job losses in the construction industry in the two years totalled 42 200.

Stellenbosch University's Bureau for Economic Research economist Nic de Jager said total employment in the formal sector this year would decline by 1%.

The decline last year was 2,1%. However, employment outside the formal sector is expected to decline by 10,4%. The decline in 1993 would be about 6,2% if current trends persisted.

De Jager said the number of job seekers was increasing by 2,8% a year.

Since the beginning of the recession three years ago to the end of the fourth quarter last year formal sector employment, excluding agriculture, dropped by about 160 000. It has been estimated that the drought will cost an additional 70 000 jobs.

Subcontracting staff becoming name of the game

STAR 18/7/92.

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STEPHEN CRANSTON

AS COMPANIES cut back on staff, they rely more and more on professional assignees, says Professional Assignment Group chairman Syd Catton.

Catton says companies are increasingly identifying their core businesses and subcontracting other services. "The cost of skilled personnel is frightening and it's not so easy retrenching staff during a downturn."

The advent of industrial tribunals and labour legislation has not only made it more difficult to retrench blue-collar workers, it is equally hard to dismiss managers.

"Bosses are now asking: 'Do we need a person in the job permanently, or do we just need him for six months of the year?'," he says.

There has been an explosion of computer bureaux overseas as businesses have decided to concentrate on their own businesses — whether it is selling cars or financial services — and leave information technology to the computer specialists.

"Information technology changes so fast that computer programmers have found that if they have stuck to the same programs for just a couple of years in-house, they are unemployable outside."

By subcontracting information technology, companies can also manage with fewer bookkeepers and accountants, Catton says.

Job loss starts to level off

C/Press 19/7/92

AMID the doom and gloom of job retrenchments all over SA a small light has appeared at the end of the tunnel: the rate of retrenchments has peaked and is stabilising.

Much depends on the planned mass action by the ANC/Cosatu/SACP alliance on financially shaky companies, but research among large employer bodies shows the worst is over, according to consultancy firm Gavin Brown and Associates.

In the key mining industry bloodletting continues with about 5 600 miners having lost their jobs during the first five months of this year. A Chamber of Mines spokesman estimates a further 10 000 jobs may go down the drain this year, but the total will be less than half of the 34 000 jobs lost in mining last year.

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Consumer demand has badly hit the textile industry, with 14 000 jobs lost to May this year. The SA Steel and Engineering Industries Federation says 13 800 jobs were lost in the sector in the five months to May, up 27 percent on the 1991 period. In civils, the SA Federation of Civil Engineering Contractors reports a 22 percent drop in employment from 1990 to 1991, while union/employer agreements in the motor industry have kept employment at an artificially high level.

Latest indications are that politics, violence, the drought and a lack of local and overseas business confidence have pushed the beginnings of a recovery further ahead, possibly to 1993.

ANC, Cosatu back compromise

Business to seek support for shutdown

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Bday 20/7/92

ADRIAN HADLAND

EMPLOYER body Saccola and trade union federation Cosatu will attempt this week to sell to their constituents a proposed 24-hour shutdown of business and worker stayaway in place of a five-day general strike.

The proposal is the result of two weeks of negotiations between Cosatu and Saccola. If approved, it will be adopted by the two organisations at a meeting tomorrow.

It is a compromise on earlier ANC/Cosatu intentions to stage a longer strike in support of an interim government and an elected constituent assembly.

Saccola spokesman Bobby Godsell said yesterday Saccola and Cosatu "had been asked to do things which for each of them were unusual".

For Cosatu it meant watering down its industrial action, for Saccola it meant officially sanctioning a stayaway.

"We've all got to try and turn around our constituents," Godsell said.

"The proposal has some potential and some problems. In the end its acceptance will depend on the reaction the ideas evince from our constituents."

The 24-hour shutdown was discussed by the ANC's national working committee last week. The committee agreed there would be no other stayaway if Cosatu and Saccola received their constituencies' backing.

The committee said: "This 24-hour closure would mean a form of general strike with the support of business and other such forces, demonstrating the isolation of the regime." Other actions planned for a week of action, starting with the 24-hour closure on August 3, would go ahead.

These include regional initiatives to blockade towns and cities on August 5, factory demonstrations on August 6-7, a "local assessment" on August 8 and religious activities on August 9. ANC spokesman Gill Marcus said the actions would be taken during lunchtimes and breaks and would not interfere with production.

The stoppage would take place on August 3 which the ANC has billed a Day of Peace, Democracy and Economic Reconstruction.

A decision to hold a one-day stoppage in place of a longer general strike would be taken amid signs that a number of key strikes could be resolved soon — on terms favouring employers rather than workers. These include the Toyota, SABC and hospital strikes.

In a parallel agreement, the two parties are set to adopt a social charter which commits business to backing the ANC's demands, taking steps to end violence, expediting the establishment of an economic forum and job creation programmes. This agreement would set an end-September deadline for actions to be taken before new possible union action.

Cosatu general secretary Jay Naidoo said last week an agreement with Saccola would enable Cosatu to stage a shorter general strike than originally planned.

Mass action received a further setback at the weekend when trade union federation Nactu indicated, after its national consultative conference in Soweto, that it was reconsidering its participation.

● Comment: Page 8

Union's trust fund

STAR 20/7/92

halfway to target

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Finance Staff

CAPE TOWN — Just a month after its launch by seven trade unions, the Community Growth Fund is already halfway to its first year target of R100 million.

R50 million has already been pledged for the fund, set up in June by four Cosatu-affiliated unions — including the powerful National Union of Mineworkers — and three Nactu affiliates for the placing of workers' provident and pension fund money.

The CGF plans to invest in JSE-quoted companies which satisfy social as well as profitability criteria.

Job creation, wages, trade union recognition, health and safety and affirmative action programmes to promote blacks and women will all be taken into account.

Through their representatives on the trade union-controlled company Unity which controls the fund jointly with Syfrets, workers will have a decisive say in where their money is invested.

Thirty to 40 companies are under investigation for the final list, says Ian Hamilton, senior manager of Syfrets, which administers the fund and which is contributing R2 million.

"Management attitude towards unions is emerging as a key selection factor," he says.

But, insists Mr Hamilton, the first criterion is one of profitability: "We've been approached by companies which claim to satisfy all the social criteria. If they don't have the growth record we're looking for, we don't consider them."

Cash flow

The fund is looking for cash flow rather than lump sum investments, says Mr Hamilton. "We recommend that the provident funds leave their capital sums in guaranteed funds so if the market slumps, members don't suffer losses when they leave or are retrenched. Cash flow can be invested in non-guaranteed funds which offer better returns."

"The public's interest in the fund has been remarkable, especially considering that we haven't yet done any advertising," said Mr Hamilton.

Syfrets is technically ready to start investing on the JSE, but Mr Hamilton says he is in no hurry. "With the market likely to go on see-sawing in the immediate future, there's no reason to rush."

The fund's first quarterly report will be published at the end of September.

Govt favours adoption of strike accord

ADRIAN HADLAND (18)

BUSINESS and labour groups will meet today to decide whether to adopt a draft Saccola-Cosatu accord aimed at averting a general strike and gaining business backing for political demands.

Today's meetings will take place against a background of business concern that it is tying its fortunes too closely to the ANC-Cosatu camp. BDAY 21/7/92

Government indicated yesterday it favoured the accord, which sets aside August 3 for a 24-hour stoppage. Government backing for the accord has been cited by Cosatu and Saccola as a vital ingredient.

Constitutional Development Minister Roelf Meyer said government welcomed the business sector's participation in efforts to normalise the situation in SA.

"Business people have an important role to play in the negotiating process, which is not only the domain of politicians."

"If this agreement can limit the effects of a national strike, the government welcomes it," he said.

Business would not be choosing sides politicially if it signed the accord, he said.

Senior representatives from business chambers across SA will meet today at a special Sacob summit in Johannesburg to discuss the accord and the 24-hour shutdown. Sacob's recommendation will be passed on to Saccola in time for its meeting with Cosatu later tonight.

Saccola chairman Bokkie Botha said he was not aware of business opposition to the accord on political grounds. Business groups wanted clarification on details of the August 3 stayaway.

Sources said some business chambers were unhappy with the political aspects of the accord and were unlikely to agree to a paid holiday on August 3. One JCCI source said there would be "a riot" if Sacob accepted a "pay for no work" precedent.

Free State Chamber of Business president Able Koch said his members believed politics should be separated from the business environment. "Politics does not do business or the economy any good at all."

As an important Saccola affiliate, Sacob's decision is essential to the ratifica-

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Strike accord

BDAY 21/7/92 (18)

☐ From Page 1

tion of the accord. A Sacob spokesman said consensus was required before recommendations could be made to Saccola.

Koch said his members opposed the stayaway and would take a hard line on a "no work, no pay" policy should the stayaway be agreed upon.

Cape Town Chamber of Business CE Alan Lighton said many companies had adopted a "wait and see" attitude. The Cape Town contingent was going to the Sacob meeting today with particular views on the accord and stayaway, but were prepared to discuss the proposals.

Saccola chairman Botha and national peace committee chairman John Hall will be among speakers addressing the Sacob summit today. Their efforts to persuade Sacob to adopt the draft charter will be strengthened by messages of support received from Meyer and DP leader Zach de Beer.

In a statement yesterday, De Beer said: "SA is in a crisis where differing groups must understand each other, make compromises and work together for the common good, or we may all go under."

Saccola secretary Friede Dowie said "the day of the third (of August) is drawing closer. This is a matter of urgency."

Another Saccola affiliate, the Chamber of Mines, is also facing considerable pressure from below.

In a statement released by the white Mine Workers' Union (MWU) yesterday, general secretary Peet Ungerer said Saccola would be "declaring war" if it sided with the ANC-SACP-Cosatu alliance.

He said the MWU would be approaching the CP for support and meetings would be sought with other Saccola affiliates, including the AHI, Seifsa, Iscor and the Chamber of Mines.

ANC spokesman Carl Niehaus said it was likely the general secretaries of the SACP, ANC and Cosatu would be meeting today to hold "informal discussions" about the Saccola-Cosatu meeting tonight.

● Comment: Page 10

At last, business enters the ring

STAR 22/7/92

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Allister Sparks

THE social charter being worked out between businessmen and the ANC-Cosatu alliance is the most encouraging development in many months. Not only does it represent a breakthrough to mutual understanding in this polarised nation, but it also indicates a healthy return to political involvement on the part of our business community.

For decades, indeed ever since the days of Cecil John Rhodes, the business community has been politically dormant. This has been part of the general political impotence of English-speaking South Africa. With Afrikaner politicians running the show from Botha and Smuts onwards, English-speakers, locked into a minority role in what became an increasingly ethnic-driven system, retired to the sidelines and concentrated on running their businesses instead.

"They must grin and bear their political impotence in the country they dominate economically. They are the largest, richest, most influential non-self-governing community in the world," wrote Douglas Brown, a perceptive British journalist, of the English-speaking South Africans in the 1960s.

Politics and the civil service became the Afrikaner's preserve, business the domain of the English-speakers. Over time this deepened into a kind of Church-and-State cleavage which permeated the cultures of both board room and Cabinet room. Businessmen ceased thinking in political terms, and the politicians failed to develop the capacity to think in economic terms.

The businessmen came to believe that politics was none of their business, a dirty business anyway best left to those brutish Afrikaner Nationalists with their crude apartheid ideas while we decent English kept our hands clean and our noses out of it.

It was a curious opting out unique to the breed. It baffled Marxists, who believed all political truth stemmed from the economy and the dynamics of capitalist exploitation, and the Americans, who are accustomed to big business having political clout and couldn't conceive of a system where this was not the case.

It meant the business community raised hardly a peep, and certainly launched no protest campaigns, as Hendrik Verwoerd launched his mad apartheid schemes and, by crippling the country's manpower skills with his education for inferiority, inflicted damage on our economy that will take a century to repair.

Things changed a little through the 1970s and early 1980s as urbanisation and industrialisation saw Afrikaners surge into business, but the acculturation tended to be one-way. It depoliticised the new Afrikaner businessmen more than it politicised business as a whole. They conformed to the apolitical norm, partly because it was easier that way.

Apartheid conflicted with business interests, but to criticise it was ethnic treachery.

There were a few exceptions, such as when Theo Wassenaar erupted over the extent of State involvement in the economy, but such interventions stood out because they were so unusual. For the most part business, both English and Afrikaner, remained politically mute, neutered, effete.

This is unhealthy. A nation is powered by the twin locomotives of political and economic leadership, and if they don't work in tandem, if they don't interact, the nation will eventually stumble over its own contradictions, as South Africa is now doing.

The political awakening of our business community began with the legalising of black trade unions in 1979. Suddenly businessmen were confronted on the shop floor with the realities of what their political inertia had permitted to develop under their own noses: poor pay, poor education, poor training, political harassment, social alienation, and an angry, frustrated work force.

The learning curve was steep and harsh. Many companies made the knee-jerk response of union bashing, fire-and-rehire tactics — South Africa's "traditional way of life" when it came to dealing with cheeky blacks. It may have worked down on the farm or even in the mines in the early days, but not in modern times when essential skills are crucial to an industrialised economy.

The next lesson came in the mid-1980s, when political repression provoked disinvestment and sanctions. There was much bravado at the time, about how sanctions had never worked anywhere and couldn't possibly work here, and how our tough economy was impervious to such pinpricks.

But no one is fooled any longer. We all know that sanctions hurt like hell, and that as economic crisis loomed more and more businessmen realised that neutrality meant waiting for death. They began speaking out as never before, passing resolutions and asserting themselves in calling for political change. In no small measure this led to President de Klerk's epochal speech of February 2 1990.

Now we have lesson number three, with yet another crisis. A crisis caused this time by a confrontation between black expectations and Government obduracy. President de Klerk raised those expectations by announcing that he was ending apartheid and bringing in democracy, then frustrated them by trying to manipulate the process into a system of "power-sharing" that would prevent majority rule and entrench the inequalities developed during the years of apartheid.

It is a crisis caused by the threat of mass protests and industrial action, by the prospect of investor alarm and capital flight; worse still by the quickening spiral of more unemployment, more unrest and yet more alarm.

One may bewail all this, and warn — to use the latest cliche — that we are all in the same boat and will all sink together, but sometimes it is only the prospect of calamity that galvanises inert people to action. Like being hanged in the morning, it concentrates the mind.

And sometimes oppressed people get desperate enough, or angry enough, or heedless enough, to precipitate such a prospect. It is then that the complacent wake up, precisely because they are in the same boat.

We may be at that point now. With just 10 years to go, business has awakened to perform what may be its most important political role in the century since Rhodes left us. □

Key lies in managing turbulence

BIDAY 23/7/92

MIKE BEAUMONT (18)

WHATEVER their final outcome, the Saccola/Cosatu talks have their supporters and opponents in political, business and trade union circles.

This demonstrates the advantage of the negotiating process. Both business and trade union leaders have been required to move from their positions in order to try reach an accommodation. Persuasion in the negotiation process has generated what might be termed moderated positions.

International experience has demonstrated that we will encounter turbulence during the period of political transformation. Such turbulence, be it a political stalemate, violence or mass action, can have a negative effect on the business and economic climate.

The value of negotiations between business and labour is to find ways of developing common ground for the future, and in the short term to find ways of managing the incidence of turbulence. The businessman's motivation is to limit or avoid disruption in business and to protect the economic welfare of employees and stakeholders' interests.

Cosatu is taking an overt political line through its alliance with the ANC and SACP. Such alliances can, however, be found in countries such as Britain, Sweden and Australia. The recent International Labour Organisation report on SA labour legislation criticised local law for the narrow purposes for which strikes may be conducted. The report opposed purely political strikes but indicated that strikes for socio-economic reasons should be permissible where the underlying motivation was to advance the economic and material wellbeing of members.

The risk of a general strike might or might not have been exaggerated. A prolonged general strike could have multiplier effects across the economy with far greater potential damage compared with a strike at a single plant. Such a risk is too great.

The proposed general strike could also be criticised not only for its short-term effects but also longer-term damage to relationships in the workplace. Mass action in the form of go-slows and worker sit-ins would only compound the situation.

Such unilateral action runs contrary to industrial relations principles and industrial peace. The effects could only be negative and, in any event, would not address underlying problems.

Any accommodation between employers and labour seeks to avoid these consequences and is likely to be multidimensional in the sense that it will shoot out issues to be handled on a national basis, for example in the economic forum, and items which can be addressed at plant level.

A divergence of views at plant level will, in all likelihood, mirror the national picture. This divergence needs to be narrowed in the context of managing turbulence. An understanding of certain guidelines and principles could assist in this:

- ☐ A management/labour accommodation is not to be in direct support of any political party;
- ☐ The employers' principle motivation is concern for the economic position of employees and the survival of business;
- ☐ A willingness to explore alternatives to mass action is to avoid total interruption in production and loss of earnings for employees. The motivation is orientated to business needs;
- ☐ In return for a preparedness to look at issues such as poverty and drought relief at shop-floor level, employers require maintenance of industrial peace and industrial relations norms in the workplace;
- ☐ Activities at shop floor level should allow for the involvement of all employees and are not to be dominated by any particular employee group; and
- ☐ Acknowledging the value of symbolic actions (prayer meetings, flying flags at half mast) as opposed to confrontation.

Turbulence, or the prospect of it, can have either negative or positive consequences. Some major strikes recently have been characterised by their futility, violence and harm. They have, no doubt, been fuelled by the expectations of workers of enhanced benefits and the perception of the validity of power.

Management and labour both have a responsibility to change this experience in favour of the route of negotiation. The challenge now is with Cosatu to illustrate in turn that it and its affiliates can respond to the crisis in business and the economy in future collective bargaining.

☐ **Beaumont is a Johannesburg-based management consultant.**

LETTERS

Employers agree to band together

B/DAY 23/7/92 B/DAY 23/7/92 (181)

RAY HARTLEY

EMPLOYER organisations have agreed in principle to a new body, which will be admitted by June next year to the International Organisation of Employers (IOE), after a 10-year ban on SA participation, spokesman Freide Dowie said yesterday.

Saccola, Nafcoc and Fabcos said in a joint statement that visiting IOE secretary-general Costas Kapartis gave his approval to the initiative at a joint meeting yesterday.

The IOE president, Kenyan Tom Owuor, would visit SA with employer representatives from Ireland, the Netherlands and Norway in September as part of SA's re-integration into the IOE, Dowie said in an interview.

Dowie, who is secretary of a joint working party consisting of two representatives from each of the organisations, said Owour wanted to finalise SA's readmission by June next year, when his term ended.

The working party would visit Kenya and Europe and would meet the IOE in Geneva later this year. The IOE, which was founded in 1919, has 107 affiliated national employer organisations.

No name had been discussed for the new organisation, and the process had to remain open to participation by other employer organisations..

The agreement followed discussions started in Harare in January.

Outgoing Nafcoc president Sam Motsuenyane said his organisation welcomed the new body.

He said that, whereas Saccola was largely a white employer organisation, the new body would be nonracial and would represent black business interests adequately.

"The alternative would be to remain isolated," he said.

General strike to go ahead

Saccola and Cosatu fail to sign accord

BIDAY 23/7/92

(181)

DIRK HARTFORD

SACCOLA and Cosatu failed to reach agreement last night on their planned charter and programme for peace, democracy and economic restructuring.

The ANC/Cosatu/SACP alliance said it would go ahead with its plans for a general strike from August 3.

Cosatu said last night the failure of Saccola to get a mandate for the charter came "as a shock and disappointment to all South Africans determined to resolve the crisis facing the country".

Cosatu general secretary Jay Naidoo said employers had thrown away a historic opportunity. This was echoed by the ANC, which said the business committee had missed the chance to join millions of fellow South Africans in concrete actions for democracy.

CHARLIE PRETZLIK reports that Saccola said in a statement after the meeting that the failure to agree on an accord stemmed from an inability to reach agreement on a total shutdown of all sectors of the economy, including the public sector.

Saccola said the deal did not fail because of a political impasse, but because of economic problems associated with the mass action.

"Saccola remains of the view that it and Cosatu have established a basis for future dialogue on these issues and certainly does not regret the time and effort that was put into an attempt to reach this agreement," the statement said.

Naidoo said Cosatu had tried to act jointly with business to ensure a speedy and effective political transition. He said although employers supported democracy in the referendum, they "are in fact supporting the government's attempts to cling on to power".

Cosatu was still committed to the draft charter, and called on employers to publicly commit themselves to the charter and to actively demonstrate their support for it during the week of action.

The general strike will take the form of a national stayaway on August 3 and 4 with the occupation of city centres and strategic points on August 5. This effectively means that a three-day general strike is on the cards.

On August 6 and 7, workplace-based protests are planned. And on August 8 — a Saturday — big rallies will be held.

Saccola and Cosatu were aiming to reach agreement on a document which included plans for "organising and calling on all South Africans to observe August 3" as a day of peace and democracy.

It was understood by both parties during the talks that this involved some form of voluntary shutdown to enable workers and employers to observe the day — in exchange for Cosatu calling off its general strike programme.

But by the time Cosatu and Saccola went into the talks last night, with fresh mandates from their respective constituencies, significant differences were apparent in the detail of the understanding that carried the negotiations so far.

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Saccola

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☐ From Page 1

Cosatu wanted August 3 to be a voluntary nationwide closure including all enterprises and the public sector, with workers being paid for the day.

Saccola wanted employers and unions to decide together at local and regional level how to mark the day. It also ruled out the possibility that employers outside its ranks — including the public sector — could be asked to support the day.

And it felt the decision by its own members should be voluntary and could range from shutting down and paying workers to a "no work, no pay, no discipline" approach where there was no shutdown.

Saccola felt there was no chance of a total shutdown. It also wanted guarantees from Cosatu it would undertake not to damage the economy in any mass actions and to abide by guidelines on demonstrations laid down by the international panel reporting to the Goldstone commission.

Saccola was also concerned that no party political speeches be made at any rallies convened on August 3 — including all speakers refraining from attacking the government.

ALAN FINE reports that employer sources said last night Saccola's consultations with constituents had demonstrated there was strong resistance in many areas to a 24-hour shutdown of industry.

This was due to several factors. Some employers opposed the deal in principle. Others operated in industries where round-the-clock operations were the norm and necessary for technical reasons. For some businesses, including many marginal mines, the cost of a shutdown could have endangered the business's survival.

It was pointed out, further, that Cosatu was by no means representative throughout the economy. There was no reason at all for firms whose employees were not part of Cosatu, and who might oppose the proposed action, to participate.

In this light Saccola was able to meet the proposal in a limited sense. At most, it could offer recognition of August 3 only in symbolic terms with no undertaking of a shutdown.

Sapa reports from Ulundi that Inkatha president Mangosuthu Buthelezi said yesterday business should not become involved in Cosatu's stayaway action.

"Appeasement is not going to assist. If there must be showdowns, let there be showdowns because they will come anyway," Buthelezi told a group of businessmen, including Chamber of Mines president Bobby Godsell and Seifsa executive director Brian Angus.

Buthelezi said the businessmen had requested a meeting with him.

Unions outline criteria for testing social responsibility

B/DAY 23/7/92

IRENE BARENDILLA

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SEVEN trade unions launched SA's first socially responsible investment fund, the Community Growth Fund, in May this year.

The fund takes the form of a unit trust and will aim for high capital growth while applying social criteria, determined and monitored by the participating unions, to the selection of investments.

The fund has been enthusiastically received. Provident funds — the main market for the fund — have already committed more than R50m to it after one month in operation.

But how exactly will the fund operate and the criteria be applied? Seventeen criteria have already been adopted in outline by the unions. Their interpretation and application are being discussed inside the unions. The process of selecting shares has already begun.

The Community Growth Management Company — which controls the fund — has trade unionists on the board in addition to investment professionals. And these trade unionists representing the main investors in the fund, will be looking at investments from a different point of view. A share selected by our investment advisers, Syfrets, will already have passed their stringent tests. Thereafter it must pass the unions' tests.

There are 17 criteria. Each has a different weighting. Normally, a company will be examined on its overall "score", so that weak performance on one criterion will not disqualify it from approval if it scores well on others.

But some criteria are important enough to be considered separately and companies which fail the test on these may not be selected.

The first is industrial relations. A company that has a hostile attitude to trade unions to the extent that it fails to recognise them, will be rejected out of hand. The unions are not looking for perfection, but recognition and a reasonable attitude to trade union rights such as access to company premises, stop order facilities, union meetings, and acknowledgement of shop stewards are the basic minima.

A company whose assets are wholly overseas will not be selected unless there is a clear benefit for SA workers. We shall want to know that the workers in the overseas plants are unionised. Our investment advisers will seek rand hedges in exporters instead.

The product of the company is also critical. For example, companies manufacturing tobacco products exclusively are likely to be rejected. The fund will also not finance the privatisation of companies from the public sector.

The other criteria will be considered together. Employment practices include the wages paid in comparison with other companies in the same sector. A company paying below-average wages will be marked down. Other conditions of employment, including maternity benefits and retirement provision, will also be considered.

A large weighting will be given to the company's job creation record. This does not include employment added through acquisitions. The fund will try to invest in companies which are growing by creating new jobs. Obviously, cyclical factors affect employment levels and full recognition will be given to them, but then the company ought to negotiate with the union about retrenchments.

Wherever possible, the fund would like to participate in rights issues where these will finance new job-creating projects. During the coming years, the fund will progressively raise its standards in relation to job creation.

Training of workers is a key union demand. Unions recognise that skills are the key to upliftment. They are often frustrated by management complacency on this issue. The company's budget for training, especially for black workers, will be examined in relation to turnover.

Affirmative action for black workers is related to training. Companies which have carefully planned and meaningful affirmative action programmes will be getting the most out of their workforce — at the same time offering an upward path for their employees. The fund will look behind the ringing phrases to the reality of affirmative action programmes. For example, the number of blacks in line management will be given more weight than window dressing in peripheral departments!

Of great importance to the union movement is equal opportunity for women workers. As with affirmative action, we will be looking for real action, not cosmetic displays.

Consideration will also be given to retention of profits. Workers have seen too many companies pay vast special dividends in one year, then plead poverty at wage negotiations the next. A company which wants to grow needs large retentions to finance fixed investment and this will score high in our investigations.

It goes almost without saying that disclosure of information is a key factor. Information that cannot be had from a company's annual report will be sought from the company itself. Companies which fail to disclose the information we need to assess their compliance with fund criteria will score badly here.

Worker participation is relatively new in this country and still extremely rare. Co-option does not come under this heading. At the most basic level, we shall be asking whether workers are represented on the pension fund's board of trustees.

The political profile of a company will also be considered. The unions cannot be expected to invest in public companies which use shareholders' money to promote the managers' private political objectives, especially when these conflict with union policies.

Health and safety is obviously a key issue for unions. Companies' performance will be judged by objective standards and reports from the unions involved. As with all the other criteria, full recognition will be given to a company whose safety record is improving, even if the level has not yet reached satisfactory standards.

Attention will also be given to a company's social spending programme. In particular, we shall ask about the degree of community participation, and whether the programme is genuinely social, or merely promoting the company's own ideology.

Workers are increasingly paying attention to environmental factors. So companies' records and practices will be examined and monitored on these issues.

Finally, racial discrimination will be a major factor and will be examined across all the other criteria. We shall be looking for evidence that companies are making determined efforts to get rid of all traces of racial discrimination, and to destroy the entire legacy of apartheid in all its forms.

For example, an equal opportunity programme for women will also be considered for the assistance it gives to black women specifically.

The seventeen criteria require much investigation. These investigations will be carried out on companies already selected by Syfrets as good investments.

The investigations will be carried out by the Labour Reserch Service, which will visit companies, interview trade unionists and extract written information from annual reports, stockbrokers' reports and the like. Companies will be asked to asist, for example by giving us sight of National Occupational Safety Association reports or environmental audits done for the company. Finally, a detailed analysis will be considered by the union representatives.

In this way, the fund will build up a portfolio which meets the requirements of the investors for socially responsible growth assets.

☐ Barendilla is a board member of Unity, the union-controlled entity which applies social criteria to investments of the Community Growth Fund. She is an NUM official.

BDA 23/7/92

(81)

Lonrho pays poorly

MULTINATIONAL Lonrho was the worst offender among 16 British companies which paid black SA staff less than the EC code of conduct's mimimum of £175 a month, said a report published yesterday by the Trades Union Congress (TUC).

New initiative aims at local level

Companies in bid to head off stayaway

BDAY 24/7/92.

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ALAN FINE and ADRIAN HADLAND

SEVERAL prominent companies are set to begin local-level talks with trade unions on ways of implementing the charter and programme which Saccola and Cosatu deadlocked over on Wednesday.

The talks will include attempts to head off the threatened work stayaway.

Both Cosatu and Saccola yesterday reaffirmed their support for the principles contained in the accord. Agreement could not be reached because of differences over the proposed joint action on August 3.

Saccola chairman Bokkie Botha told a news conference yesterday there had been substantial agreement on the draft charter, but the rift had become too wide when Cosatu insisted on a national 24-hour shutdown, including the public service.

He said some businesses supported the shutdown while others, including some concerned about essential services, did not. Saccola had been willing to call for a "no work, no pay, no discipline" approach by businesses which did not support the shutdown.

But Saccola did not believe strikes would help to bring political parties back to negotiations.

Vice-chairman Johann Liebenberg said employers would continue to support and promote the principles laid down in the charter and would continue trying to minimise damage to the economy.

Therefore individual company managements would be communicating with their employees to see if it was possible to reach arrangements at local level in line with those discussed between Cosatu and Saccola. This could include the 24-hour shutdown which some companies favoured.

Cosatu general secretary Jay Naidoo said Cosatu's central executive had decided on a programme of national action for the week starting August 3 and that such action should be uniform.

However, he accepted there would be local discussions between unions and managements and Cosatu could not pre-empt these. "The real issue is whether employers will stand up and back the principles contained in the charter. If they do we will welcome it," he said.

Earlier Naidoo told a separate news conference the accord contained important goals that "needed to be picked up some time in the future". He said Cosatu leaders had spent "enormous energy" in trying to sell the accord to their members.

Naidoo said some Cabinet members had discouraged businessmen from signing the charter and he accused the reticent Saccola constituents of acting on a purely party political basis.

He said Cosatu would respond to mass dismissals during the planned stayaway by staging another general strike. He was supported in this by ANC secretary-general Cyril Ramaphosa.

The draft charter contains proposals on curbing violence, combating poverty through a variety of programmes, conflict intervention and the political transition.

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Stayaway

BDAY 24/7/92.

☐ From Page 1

Business Day canvassed a number of companies on their intentions regarding implementing the charter and averting the planned two-day stayaway.

Anglo American spokesman Michael Spicer said the corporation, its operating divisions and subsidiaries would be exploring at local level arrangements which sought to implement the broad areas of agreement in the charter which Anglo saw as an "affirmation of common values in a non-partisan way".

He said the process would operate at local level as did arrangements on the day of the Boipatong funeral. On that day meetings and rallies took place at times that did not disrupt production.

Spokesmen for Shell and the SAB beer division said they had favoured the 24-hour shutdown. However, SAB's Adrian Botha said the company would not seek to implement such a plan now as this might put employees in a difficult position if other members of their communities stayed away from work on additional days.

Pick 'n Pay industrial relations GM Frans van der Walt said management was discussing the issues and would meet shop stewards early next week.

Barlow Rand spokesman Ken Ironside said each of the group's subsidiaries would take its own decision after talks.

Volkswagen's Johan Breytenbach said management would hold talks with shop stewards next week on policies to adopt.

Most of these companies said that in the event of a stayaway they would adopt a "no work, no pay, no penalty" policy

Sacob director Raymond Parsons said the organisation would be sending guidelines to members within days on how to deal with the stayaway.

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CP softens stance to hold talks with Vance

BDAY 28.7.92

RAY HARTLEY

US SPECIAL envoy Cyrus Vance would meet CP leader Andries Treurnicht and other officials today, a UN source said yesterday.

The meeting represents a dramatic about-turn by the CP which previously rejected Vance's mission out of hand because it said it constituted meddling in SA's domestic affairs.

The encounter, which has been confirmed by the CP, will probably discuss the CP's refusal to participate in formal negotiations at Codesa.

Vance would also meet a Cosatu delegation and Boerestaat Party leader Robert van Tonder today, the source said.

Arrangements were still being finalised for meetings with ANC president Nelson Mandela and business leaders.

Vance met renegade former CP MP Koos van der Merwe, Afrikaner Freedom Foundation head Carel Boshoff, the Labour Party, the Natal Indian Congress and several prominent lawyers yesterday.

A memorandum handed to Vance by Van der Merwe called on the UN to force the ANC back to negotiations.

Van der Merwe described the ANC's mass action campaign as "graveyard politics" and called on the UN to ask the organisation to call it off.

"I am an Afrikaner and I am representative of the modern Afrikaner who rejects racism and apartheid and is keen to be part of the solution rather than part of the problem," he said in the memorandum.

In an interview after the meeting, Van der Merwe warned of possible right-wing violence if a new constitution was not drawn up speedily.

"Under the right-wing umbrella hides a military power of many hundreds of thousands of trained soldiers with an intimate knowledge of every aspect of modern warfare," he said.

Van der Merwe described Vance as well-informed and open minded.

Among the legal experts Vance met were John Dugard of the Independent Board of Inquiry and Brian Curren of Lawyers for Human Rights.

Hospital strike 'unnecessary'

BDAY 28/7/92

KATHRYN STRACHAN

THE tragic consequences of the hospital strike could have been averted if adequate dispute resolution mechanisms existed in the public sector, the Medical Association of SA (Masa) said yesterday.

In a statement Masa chairman Dr Bernard Mandell said an urgent meeting between Masa representative groups over the weekend resolved to call for the immediate establishment of a negotiating structure in accordance with international labour standards.

"Every possible effort must be made to avoid deadlocks, as nobody benefited and thousands of people have suffered," Mandell said.

He said public sector employees' rights and obligations should also be entrenched in appropriate labour legislation.

The call for a dispute resolution mechanism was among key demands made by the National Education, Health and Allied Workers Union (Nehawu) during the two-month hospital strike.

As vacancies in hospitals were filled and health services returned to normal, dismissed hospital strikers continued with their protest action yesterday.

Nehawu regional secretary Bongani Tsimo said about 600 dismissed workers marched on the Manpower Department's regional office in Johannesburg.

The union plans to march on John Vorster Square at midday today in protest against alleged police victimisation during the strike.

Nehawu members who occupied the superintendent's office at Natalspruit hospital on Friday were joined by ANC NEC member Winnie Mandela.

Over the weekend several reports of intimidation amd crime were received from GaRankuwa and Natalspruit hospitals, a TPA statement said.

At Natalspruit a nurse's husband was shot dead on his way to work, while another employee was attacked with a knife.

Dismissed workers at Ga-Rankuwa Hospital threatened to burn down the houses of several hospital employees. On Saturday two hospital workers were admitted and treated for burn wounds after their houses were petrol bombed, the TPA said.

Laws in US allow bosses to shape affirmative action

SOUTH 25/7 – 29/7/92

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MORE and more people who are trying to formulate their views on affirmative action are looking to the experience of countries such as the United States, Canada and Zimbabwe

In the US, the 14th amendment to the constitution enshrines racial equality and allows individuals to challenge state legislation or federal government action that discriminates on the basis of race.

But this did not prevent employers from discriminating, and at the height of the civil rights movement in the sixties, the Civil Rights Act was introduced to prohibit employers, labour unions and employment agencies from making employment decisions on the basis of race, sex, religion, colour or national origin.

At one stage some felt the act should be strengthened by making certain employment quotas mandatory to redress past imbalances, but the courts gave this notion short shrift, saying it was unconstitutional as it favoured one group over another.

As a result, affirmative action programmes have been left to individual companies to shape and implement, says Professor Clive Thompson of UCT's Labour Law Unit.

Generally, companies have done this, with some introducing informal quotas for the employment of Hispanic and black people — although they have had to do this very carefully to avoid being sued by America's notoriously litigious workforce.

All this has helped redress some imbalances in the racial and gender make-up of the workforce, although many researchers still detect a "glass ceiling" for women and blacks.

They are referring to the fact that although women and blacks are appointed to middle-management levels, they find it difficult to progress beyond that. Discrimination can be a very subtle thing.

Affirmative action has also been helped by the fact that companies tendering for government contracts have to be able to show that they have an affirmative action programme if they want to be successful.

In South Africa, Thompson envisages that racial and gender equality will be enshrined in the constitution through a Bill of Rights, which will establish equality as a norm.

This could then underpin all legislation, including labour legislation where there could be provisions requiring employers to establish programmes for affirmative action.

Boardroom battles: Call for a joint code

SOUTH 25/7-29/7/92

In the run-up to a Cape Town Chamber of Commerce symposium on affirmative action next month, SOUTH financial journalist **Lynda Loxton** starts a three-part series on the great debate:

RACE and gender discrimination in the workplace has become so deeply ingrained that it is widely recognised that some form of affirmative action will be needed in a new South Africa.

But should affirmative action be legislated or should racial and gender equality be enshrined in a Bill of Rights and left up to individuals, companies and trade unions to ensure that these rights are upheld?

The director of the University of Cape Town's Labour Law Unit, Professor Clive Thompson, who will be one of the speakers at the Cape Town Chamber of Commerce symposium on affirmative action, believes action is needed sooner rather than later.

Even if Codesa is resuscitated soon, it is unlikely to lead to the drafting or finalisation of a new constitution, including a Bill of Rights, until at least the mid-nineties, Thompson says.

Until then racial and gender discrimination will continue and there will be major shocks awaiting employers when they suddenly have to adapt to new legislation outlawing discrimination.

According to Thompson, the major players — the employers and trade unions — need to come together in a consultative process to thrash out a common approach that is acceptable to both parties.

This could be put forward as a model to guide the new constitution's provisions on workplace discrimination.

It would ensure direct input by those most closely involved — and their practical, hands-on experience could be an invaluable guide to the law-makers who are often out of touch with realities at the workplace.

The consultations should aim to develop a non-statutory "employment equity code" which could possibly be backed up by an Employment Equity Commission.

Thompson prefers the phrase "employment equity" to "affirmative action" and "black advancement", which have become loaded terms that in some circles arouse negative reactions.

He suggests that the code could be binding as a common law contract. In the case of parties covered by the Labour Relations Act, tl unfair labour practice clause cou be used against any party th: breaches the terms of the agre ment.

It could also be possible for pa ties to industrial councils or concil ation boards to have the terms (the code incorporated into statutor industry agreements, which ma then be extended to non-parties in particular industry.

A supporting agency would b required to help implement th code. It would gather data of th racial and gender composition o the workforce, study the experience of other countries, educate anc inform employers and worker: about the need for employmen equity and monitor the implementa tion of the code.

This approach would help to sensitise employers and the government to the need for affirmative action before any legislation is introduced through the constitution or labour laws.

Whether the private sector and unions will take up the suggestion, remains to be seen, but Thompson believes a vast learning curve lies ahead for all South Africans about their rights as individuals.

The authoritarian nature of society under apartheid has meant that South Africans are not attuned to fighting for their legal rights — it was not something many people had in any case.

This is borne out by the fact that although current unfair labour practice legislation does allow workers to take legal action against their employers if they are discriminated against, very few have done so.

And once South Africa has a Bill of Rights enshrined in the constitution, lawyers will have to re-educate themselves in constitutional law as a new class of litigation will become possible.

MANAGEMENT FOCUS: Blacks and women are demanding greater representation in decision-making positions in industry and commerce Photo: Yunus Mohamed

Sacob warns of mass action toll

ST Times (BUSS) (181) 26/7/92

Business Times Reporter

THE South African Chamber of Business (Sacob) warns that the planned mass action campaign could have serious long-term economic consequences.

They include an increased rate of business closure, more retrenchments and dismissals and damage to international confidence in SA.

Sacob advises employers to tell employees beforehand that the general strike is illegal and a material breach of contract of employment.

It urges a policy of no work, no pay. The most senior managers should communicate management's viewpoint directly to employees.

"It is recognised that the attitude of many businesses towards stayaways is hardening in the light of the frequency of the latter."

Sacob says companies may not wish to jeopardise sound relationships developed with workers or trade unions by taking disciplinary action against absentee employees.

Written warning must be given to workers if disciplinary action is to be taken, particularly where this represents a change in policy, says Sacob.

Disciplinary action should be consistent with a company's code. Appropriate action may include final written warnings or dismissals.

Sacob encourages negotiations between managements and trade unions to minimise the effect of mass action. The decision to exercise disciplinary action is left to employers.

"The Labour Appeal Court has accepted that stayaway action is essentially illegal and amounts to unlawful absenteesim.

Options

"Management has the basic right to impose a sanction on any of its employees who become involved in a stayaway action, subject, of course, to the merits of each case."

Sacob urges employers to seek written undertakings from workers not to occupy factory or office buildings and to examine "creative options" to prevent destructive forms of mass action.

Contingency plans should be developed in the event of such occupations.

"Management should communicate its strong opposition to any form of demonstration which is conducted in working hours, unless by arrangement."

Sacob suggests the use of regional and local dispute resolution committees which have been established in many parts of SA.

"As mass action has the potential to increase violence, business representatives on dispute resolution committees should point this out and, where possible, agree to prior arrangements to mitigate the effects of such action."

Dispute resolution committees should be used to facilitate prior liaison between police and those engaged in the mass action.

Sacob advises stepped-up security to counter the possible destructive effects of mass action. Chambers of commerce and industry are urged to maintain contact with commanders of security forces.

Security staff employed by the private sector must be fully alert and "operationally prepared".

"Minimum use of vehicles and alternative routes should be considered due to possible road blockages," says Sacob.

Sacob issues guidelines on how to handle strike

BIDAY 27/7/92 (181)

RAY HARTLEY

SACOB at the weekend issued guidelines to chambers of commerce, industry and business planning disciplinary action against workers during next week's planned general strike.

The business organisation advised employers to inform workers that they faced disciplinary action, including dismissal, if they participated in the general strike.

In the guidelines Sacob recommended companies wishing to take disciplinary action:

- Warn employees in advance in writing they were considering disciplinary action; and
- Dismiss or give final written warnings to employees where there had been advance notice and employees had a bad disciplinary record.

Cosatu spokesman Neil Coleman described the guidelines as "foolhardy in the extreme".

"They will create a cycle of conflict between business and workers which can only spark off further strike action," he said.

The Sacob guidelines said the Labour Appeal Court had recognised that participation in stayaways was essentially illegal.

Employers should adopt a policy of "no work, no pay" during the strike, the guidelines said.

The guidelines suggested members use the dispute resolution structures of the national peace accord to defuse possible violence associated with mass action, Sacob said.

Meanwhile Cosatu general secretary Jay Naidoo claimed at the weekend government officials had called leading businessmen and persuaded them not to support the Saccola/Cosatu accord.

Naidoo said government wanted to keep labour and business out of political negotiations because it was trying to prolong the talks, and unions would insist on time frames and binding agreements. BIDAY 27/7/92

Saccola deputy chairman Johan Liebenberg yesterday denied there had been secret government intervention in the talks, but confirmed Saccola held two discussions with Constitutional Affairs Minister Roelf Meyer and a third with his deputy Tertius Delport.

Liebenberg said although there were no immediate plans to restart talks around the charter, he hinted this might be attempted as there was "a long week ahead" before the August 3 strike.

Meyer yesterday denied government had been prescriptive in talks with Saccola, but confirmed the government was opposed to public sector involvement in a nationwide shutdown.

A senior business source said media reports had exaggerated the extent of agreement between Cosatu and Saccola, creating expectations which could not be fulfilled.

The source said that government and the ANC had been kept well informed of the negotiations, but no contact beyond this had taken place.

Anglican Archbishop Desmond Tutu said at the weekend he was hopeful the stalled talks could be restarted, Sapa reports.

"I hope the collapse of the Cosatu-Saccola talks is temporary because the talks in themselves brought hope for an early restart to negotiations," he said.

July 31 1992

Nafcoc pushes for blacks in top jobs

BLOEM 31/7/92. (181)

THEO RAWANA

BLACK advancement on the corporate ladder, concern over the protracted violence and the preparedness of blacks to compete in the wider African market dominated Nafcoc's 28th annual conference which ended at Sun City on Wednesday.

The 2 500 delegates at the four-day conference gave the National African Federated Chamber of Commerce leadership a mandate to press ahead with the organisation's 10-year plan, a programme designed to see greater black participation in the SA corporate world.

The plan, adopted by the organisation's summit conference last year, sought to achieve the following:

- a 30% black representation on the boards of JSE-listed companies;
- a 40% black representation in the equity structures of such companies;
- that 50% of the external and/or discretionary supplies of such companies should be sourced from black-owned enterprises; and
- that 60% of top managerial structures should consist of blacks.

Sam Motsuenyane — who retired as president after 24 years — told the conference that Nafcoc had already set the machinery in motion for the training of managerial staff and board directors.

"Once we start developing a cadre of qualified people, it would be hard for the companies to hide behind the excuse that high calibre people for board membership are not available," he said.

Motsuenyane also said that after the initial corporate criticism of the idea as "unrealistic, asking too much, advocating a quota-system and wanting to promote unqualified people", a number of companies had started seeking Nafcoc's help in developing programmes to meet the criteria set forth in the plan.

The debate on violence ended with a resolution that UN special envoy Cyrus Vance would be asked to recommend to the UN to send a force to monitor violence.

A permanent structure would be established to meet with overseas personalities and brief them on the SA situation.

Nafcoc regions were also strongly advised to get fully involved in local civic structures that sought solutions to the violence, of which they were mostly prime targets.

With overseas markets opening up for all SA businessmen, the organisation set out to train blacks to be on par with the best in the world.

Mass action gives way to negotiation, not insurrection

B|DAY 31/7/92

DIRK HARTFORD (181)

COSATU general secretary Jay Naidoo says only a miracle will stave off next week's general strike and mass action programme. Despite sustained interventions by a host of potential miracle-makers, it seems certain the action will go ahead. But what will happen?

Nobody knows for sure. And the situation is extremely fluid. But through the fog of endless meetings, statements and new initiatives, the outlines are becoming clearer.

There will be a "general strike" on Monday and Tuesday. Judging by past stayaways, most workers in the manufacturing and service sectors will stay at home. Their children will miss school and stay at home too. But the vast majority of domestic, public sector, farm and mine workers will work as usual.

In the western Cape, only a minority of the workforce will stay away, in Natal and the Free State a significant minority of workers will show up, while the eastern Cape and the PWV area will be most affected.

The fact that Inkatha, the PAC, Azapo and Nactu will not support the strike is unlikely to affect it dramatically. People will stay at home or go to work according to the dominant mood in their communities, rather than union or political affiliation.

Cosatu will have done the lion's share of the organisational work for the strike — with its affiliates in the metal automotive, paper, transport, retail, textile and chemical sectors carrying the action. And although these workers are reeling under the effects of the recession and violence, many will support the action in the hope that it will help bring an end to these things.

This is not to say that all participants in the stayaway will be acting voluntarily. A long history of coercive enforcement of stayaways by the "comrades" means that, even if they obey the instructions of the ANC/Cosatu leadership to desist from such actions, the threats of the past weigh heavily on many township inhabitants to this day.

Employer organisations like Sacob and the Johannesburg Chamber of Commerce and Industry have issued guidelines on how to apply disciplinary action, without taking a stand on whether such action is advisable. But most large employers approached have indicated their intention to apply the "no work, no pay, no discipline" rule.

Despite a hardening of attitudes to political protests which affect the bottom-line, employers are beginning to accept the inevitability of a rough ride in the transition period. For, although Saccola and Cosatu were unable to clinch a deal, the process of negotiation with the unions has continued and some common ground is starting to emerge.

For example, new views are emerging around the post-stayaway mass action programme on August 5, 6 and 7. The ANC alliance's plan is to "occupy city centres and strategic points" on Wednesday. But there is no clarity on what this means. For some, it is the "Leipzig option" where hundreds of thousands of people would flock into the cities and stay there for the day, jamming up the works. Supporters of this view have been developing plans to back up the occupations with vehicle blockades of the major routes into the cities. On this understanding, there would be no production on Wednesday — effectively stretching the general strike to three days.

But following discussions, it now appears likely that — at least in some areas — the occupations will be more symbolic than real. For example, in parts of Natal, the western Cape and Border, regional representatives of business and Cosatu are currently discussing what action should be taken on the day.

At company level, a substantial number of agreements have been reached to enable production to continue while allowing some workers — usually the shop stewards — a few hours off to join demonstrations in city centres. And on Thursday and Friday, earlier union talk of factory occupations and all-day demonstrations is now being replaced by agreements with employers to allow lunch-time demonstrations, and marches at the workplace.

This is a far cry from original suggestions within Cosatu to stage an indefinite general strike. And although "rolling mass action" is set to continue after next week, the fourth phase of the mass action programme — "exitgate" — does not look likely — and not only because the numbers involved in demonstrations have not met organisers' expectations.

Exitgate was meant to transfer power from the "minority regime" to a "people's government", presumably on the basis of the government capitulating to the pressure of the mass action campaign. Instead, the whole process of negotiation and discussion unleashed by the mass action campaign has — despite the breakdown in talks between Cosatu and Saccola — succeeded in blunting the campaign's insurrectionary edge.

The possibility of a broad consensus emerging around ways to tackle violence, poverty and the deadlock in political negotiations is now more real then ever before.

Both Cosatu and Saccola have been at pains to point out they still stand by the essential thrust of their draft charter. And while there may be some disagreements, all the major players in political and civil society also back the sentiments expressed in the charter.

Although recent talks between unions and employers have focused on next week's action, the draft charter — and ways of making it succeed — has underpinned these discussions. And because employers and unionists are now grappling with the issues it raises, chances are good there will be further movement in this direction after next week.

At the end of the day, if there is not going to be a revolution, there is going to be a deal. The insurrectionists in the alliance once hoped that mass action would provide fertile ground for a revolutionary agenda to proceed. But the very form of the mass action is, instead, now being moulded in talks between labour and employers. Behind all the rhetoric and threats from both sides, leaders are moving closer together in the search for solutions.

As the breakdown in Saccola-Cosatu talks demonstrated, both have to be careful they do not outstrip their constituencies in their efforts to reach agreement. The social, cultural and political milieus of workers and employers are still a million miles apart.

There is hardly a trade union meeting that does not observe another minute's silence because yet another comrade has been killed, or that does not get another report about more retrenchments or dismissals or high prices or low wages or victimisations. All of these sufferings are heaped at the feet of the "bosses and their government".

On the employer side the balance sheets, bottom lines and cutting costs predominate. And more often than not, when the bottom line is being squeezed as now, it is the workers and their unions who are to blame with their low productivity, unreasonable demands, strikes and support for sanctions.

An employer summed it up at a recent Sacob meeting when he said: "The unions say an injury to one is an injury to all, but bosses say that, if a trade union hits you with a strike, that's an opportunity for me because my competitor is in trouble."

Events in the past few weeks have seen both employers and unions starting to break out of this mould. They are each starting to take on board some of the issues the other side is raising. The draft charter is a first expression of this.

Disruptions expected

STAR 31/7/92 (181)

Staff Reporters

Most businesses and consumer services — public and private — will open as usual during next week's general strike, despite expectations of severe disruption.

Many businesses will, however, adopt a "no work, no pay" policy which will affect millions of workers.

Municipal, transport and education services expect major disruptions, and in the private sector, deliveries of milk and bread are expected to be severely curtailed.

Spokesmen for the SA Commuter Corporation and Putco said they would attempt to provide normal rail and bus services on Monday and Tuesday, but this would depend on passenger demand and availability of drivers.

The Southern African Black Taxi Association (Sabta) said it would not dictate a course of action to its members.

They would have to decide at local level, in consultation with the organisers of the protests, on the kind of service to be offered.

The SA Chamber of Business (Sacob) said that while many companies would not pay absentees, some were planning to allow employees to work extra time.

Some companies were making alternative sleeping arrangements for workers so they would not have to return to townships.

Sacob would leave disciplinary action to individual companies.

The Afrikaanse Handelsinstituut has recommended that employers not pay strikers and should reserve the right to discipline absentees.

Edgars executive director Fred Haupt said the company hoped to keep as many stores open as possible. It had adopted the policy of no work, no pay, but strikers would not be disciplined.

Spar human resources director Richard Dady said each store was franchised and many were family-run, so strike disruption was likely to be minimal.

The Foundation for African Business and Consumer Services (Fabcos) — an

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Companies expect disruptions

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umbrella body of black consumer, taxi, and traders groupings — while supporting "action towards the democratisation of our country", called on the ANC alliance to ensure that Fabcos members not supporting mass action should not be victimised.

A spokesman for the TPA said it planned to provide employees with alternative transport to work. It would adopt a "no work, no pay" policy, and reserved the right to discipline employees.

Atlas Bakery said it would deliver bread in central Johannesburg only, and Blue Ribbon said it would be closed.

DairyBelle and Clover dairies will not be making milk deliveries, but consumers can collect from factories.

There will no bread and milk deliveries to Soweto and other townships. Most Soweto shops will be closed, but OK Bazaars, Pick 'n Pay and Checkers will open.

All cafes are expected to be open.

Ster Kinekor and Nu Metro cinema theatres will operate as normal.

Banks and building societies in Soweto will be closed, but most doctors' surgeries will be open.

The strike will also affect education following a decision by the Congress of SA Students, the SA Students Congress and the SA Democratic Teachers' Union to call for a student boycott.

● The Johannesburg City Council has set up a 24-hour hotline to keep residents informed regarding the operation of services during the strike. The numbers are (011) 403-3226 and 403-2626. Refuse removal and bus services were likely to be affected.

Business prepares to ride out the storm

W/Mail 31/7-6/8/92

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By MONDLI MAKHANYA

WHEN organised labour brings the country to a standstill next week, employers will simply grit their teeth and ride out the storm.

Following the collapse of talks between the Congress of South African Trade Unions and employer body Saccola on averting the August 3 and 4 general strike, businesses, unions and communities braced themselves for a tense and volatile week.

Besides the general strike, Cosatu and its African National Congress and South African Communist Party allies have planned occupations of city and government buildings on Wednesday, and workplace-based action on Thursday and Friday. On Saturday there will be an assessment of the week's action.

This week — while mobilisation continued in townships and on factory floors — business organisations sent their members guidelines on how to handle next week's actions. They advised employers to adopt the "usual no work, no pay policy" and told employers to alert workers of the destructive results of mass action.

But despite informing businesses of the illegality of the strike, employer bodies cautioned against disciplinary action since this "may jeapordise sound relations which may have developed with either their workforce or trade unions".

Major employers such as Anglo American, South African Breweries and Pick 'n Pay will adopt a no-work, no pay policy but have stressed that they "reserve the right to take disciplinary action".

Cosatu and the ANC have warned businesses which penalise workers who stay away that they will be singled out for mass action.

Andrew Levy and Associates labour consultant Pat Stone reckons business will take this seriously. "Employers will not go beyond the no work, no pay action. No employer wants to be the focus of a politically motivated campaign."

While some businesses have resigned themselves to a two-day shutdown, some have also made contingency plans. In the retail sector, for instance, casual labour has been arranged for the two days of strike action.

Cosatu reckons the strike will equal — if not supersede — the huge anti-VAT strike last November. Togther with the the ANC and the SACP, Cosatu has spared nothing to make the protest a successs. Hundreds of thousands of pamphlets have been distributed in townships and Cosatu affiliates have been urging their members to support the actions.

However, Cosatu has failed to make the general strike coincide with big industrial disputes which were set to explode around this time. Negotiations in the metal and auto sector have not yet reached the stage where the unions can legally strike. In the mining and textile industries — where strike action was possible — most disputes have been resolved.

And it has also failed to get the National Council of Trade Unions on board. Nactu and its Pan Africanist Congress and Azanian People's Organisation ideological stablemates have rejected the campaign on the grounds that there has been no consultation.

But this should not hamper the alliance. With the help of its Transport and General Workers' Union, Cosatu will cripple the transport system for the two days. And although the sight of young comrades enforcing stayaways is no longer common, township dwellers are too familiar with their tactics to venture out on stayaway day. The main industrial areas of the [illegible] Durban/Pinetown and the eastern Cape will as usual be hardest hit.

Despite the poor turnout at mass action activities thus far, there is no question that the marches and demonstrations have raised the political temperature in the townships.

In a bid to flesh out the campaign's demands and give it a broader appeal, the alliance has added locally based demands for different regions and cities. In the Natal there are demands relating to the kwaZulu Police and violence in the region and the Border region there are demands for the ousting of Ciskei military strongman Oupa Gqozo. Instead of occupying East London on the third day of the action, Bisho and Ciskei government buildings will be targeted.

While employers may be prepared to follow the no work, no pay, no discipline path for the general strike, things may be different when workers intend occupying factories.

"We have told individual companies they can interdict employees or shut them out if they are reasonably sure that some kind of action is planned," says Seifsa executive director Brian Angus.

Mindful of the fact that workers may not be able to pull off countrywide occupations, the alliance has opted to leave the occupation factories up to individual union branches and the occupation of cities up to various regions.

Businessmen offered strike deal

Mandela in bid to head off dismissals

B|DAY 3/8/92 (181)

ALAN FINE

ANC President Nelson Mandela contacted about 30 top businessmen late last week, hinting at an early return to the negotiating table provided that mass dismissals did not occur during the stayaway.

A senior source in the business community said Mandela had also informed them of the ANC's desire for the early establishment of an interim government of national unity — an issue to which UN envoy Cyrus Vance is understood to have devoted a great deal of attention.

Mandela also assured business that the ANC was taking its economic concerns more seriously.

An ANC source said Mandela would probably undertake to try to ensure that if there were no dismissals today and tomorrow, events for the rest of the week would go off with minimal disruptions.

An ANC statement said on Friday that all companies contacted had undertaken not to take any disciplinary action, including dismissals, against workers who stayed away today and tomorrow. Rather they would adopt a "no work, no pay" principle. This was because employers recognised "the right of workers to participate in the campaign for peace and democracy".

However, the source said, this was not a correct interpretation of what Mandela had been told. Business's position was far more nuanced than that.

In talks with Mandela, many of the business leaders had insisted on reserving their right to take disciplinary action. This was not because they expected large-scale mass dismissals — they generally had no intention of dismissing workers.

However, the source said, if business waived its right to disciplinary action it would leave the impression that workers could participate in political stayaways as often as they liked without fear of penalty. This could not be countenanced.

"Everyone knows it will be a long hard march to democracy, and there will be many disputes and therefore occasions when people may want to use their 'right' to stay away. For business to accept this would put us on the road to perdition," he said.

It was possible that, even if there were no or few dismissals, other forms of disciplinary action could be applied extensively. This was particularly the case where special arrangements had not been negotiated between management and workers.

In many establishments, special arrangements had been made which involved taking leave, adjusted and/or short shifts, extra weekend work to compensate for time lost and, in industries where this was necessary, the performance of emergency work during the stayaway.

The source said Mandela had intimated in his talks with businessmen that a breakthrough in negotiations was imminent so long as business reacted calmly to the stayaway.

In earnestly requesting an undertaking from business that there would be no dismissals, Mandela had used the prospect of an early return to negotiations as a carrot.

Mandela had also implicitly expressed the view that business should be more flexible given his and the ANC's softer line on matters such as nationalisation and,

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Dismissals

B|DAY 3/8/92 (181)

☐ From Page 1

more recently, his slapping down of the bond boycott proposed by the SA National Civics Organisation.

His reference to the interim government could represent a change of policy encouraged by Vance. The ANC has, until now, held the position that it cannot participate in a first phase interim government until negotiations over the second phase and the constitution-making body are complete. It fears, otherwise, being locked into a structure with, possibly, no way out.

Meanwhile, Sapa reports that about 250 Port Elizabeth businessmen held three hours of talks with SACP leaders on Saturday night.

SACP secretary-general Chris Hani described the talks as frank, while party chairman Joe Slovo said the "civilised" discussions augured well for the future.

The ANC/SACP/Cosatu mass action campaign dominated the discussions. Slovo conceded the economy would suffer "some immediate damage" as a result of the campaign. However, he said people had to take a long-term view of the situation.

Business warned to move ahead of govt

SOUTH 118 - 5/8/92.

THE BUSINESS sector needs to move fast on black advancement if it does not want the pace of change to be dictated to it by a government in a democratic South Africa, warns leading local black businessman Mr Sam Montsi.

"Before 1990, the business community was ahead of government in wanting change at all levels in South Africa. But then Mr Nelson Mandela was released and, despite the problems at Codesa, there have been rapid political developments since then.

"Business has been overtaken by politics. My worry is that unless businesses move equally fast, political developments will be such that the politicians will have to force the pace of change and then political expectations will take precedence over business decisions.

"What will happen then is that black people, who have not been properly prepared, will be put into top positions, resulting in inefficiencies, which will set back the cause of black advancement," Montsi said.

He is not keen on quotas being set for affirmative action, nor does he believe that this is something that should be left to the market-place or free enterprise to deal with.

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What is needed is a concerted effort to sensitise business through seminars and conferences, such as the one being organised by the Cape Town Chamber of Commerce on August 12, about the need to act quickly and decisively on black advancement.

He also wants business to do more to identify black entrepreneurs who could be sub-contracted to make inputs for large firms as well as distribute finished products. This could help them reach more consumers in "non-traditional" markets, and therefore boost profits, Montsi said.

Employers suffer stayaway 'hangover'

DIRK HARTFORD

A NUMBER of employers whose production was affected yesterday said they were considering disciplinary action against their workers. All had agreed to "no work, no pay, no discipline" for the two-day general strike. (181)

While hundreds of thousands of workers took part in marches, demonstrations, sit-ins and protests under the banner of the mass action campaign on Tuesday, the majority who supported the two-day general strike returned to work.

Cosatu claims 400 000 people took part in yesterday's actions — which included more than 40 rallies, marches and occupations of buildings. BDAY 6/8/92

Most employers surveyed in the sectors not affected by the Numsa strike said there had been a "fairly full turnout". But there were also many examples of workers not arriving, arriving and leaving, or arriving and sitting-in.

Some said workers had broken agreements reached last week to allow shop stewards to attend marches and demonstrations while production continued.

Production on both gold and coal mines was normal, according to Anglo American, but some disruption was experienced in a few of its industrial companies.

JCCI's Stuart Morris said attendance was good, but productivity poor.

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ANC says Koevoet still operating

BIDAY 6/8/92

Business Day Reporter

THE ANC said yesterday the organisation was unconvinced that the inclusion of Koevoet and 31 and 32 Battalions within other SADF units would address the problems surrounding their operations.

"We reiterate our demand that these units be disarmed and disbanded," it said.

It asked for the names and ranks of all officers of the battalions. The ANC also requested that details of where they were to be deployed be made public so their actions could be monitored.

Police this week denied media reports that the Investigation Support Service Unit, formerly Koevoet, was still operating. They said they were investigating ANC claims of continued Koevoet police action in the southeastern Transvaal.

The probe was to be headed by Brig Floris Mostert, who was in charge of the specialised SAP units which were supported by former Koevoet members.

Yesterday's statement also denied ANC allegations that residents of Driefontein were intimidated by unit members.

It said on August 1 the president of the local ANC branch and other leaders in the Driefontein area were told of a police crime prevention operation in their area.

Mostert, in his investigation, had found that no incidents of police misconduct were reported during the operation.

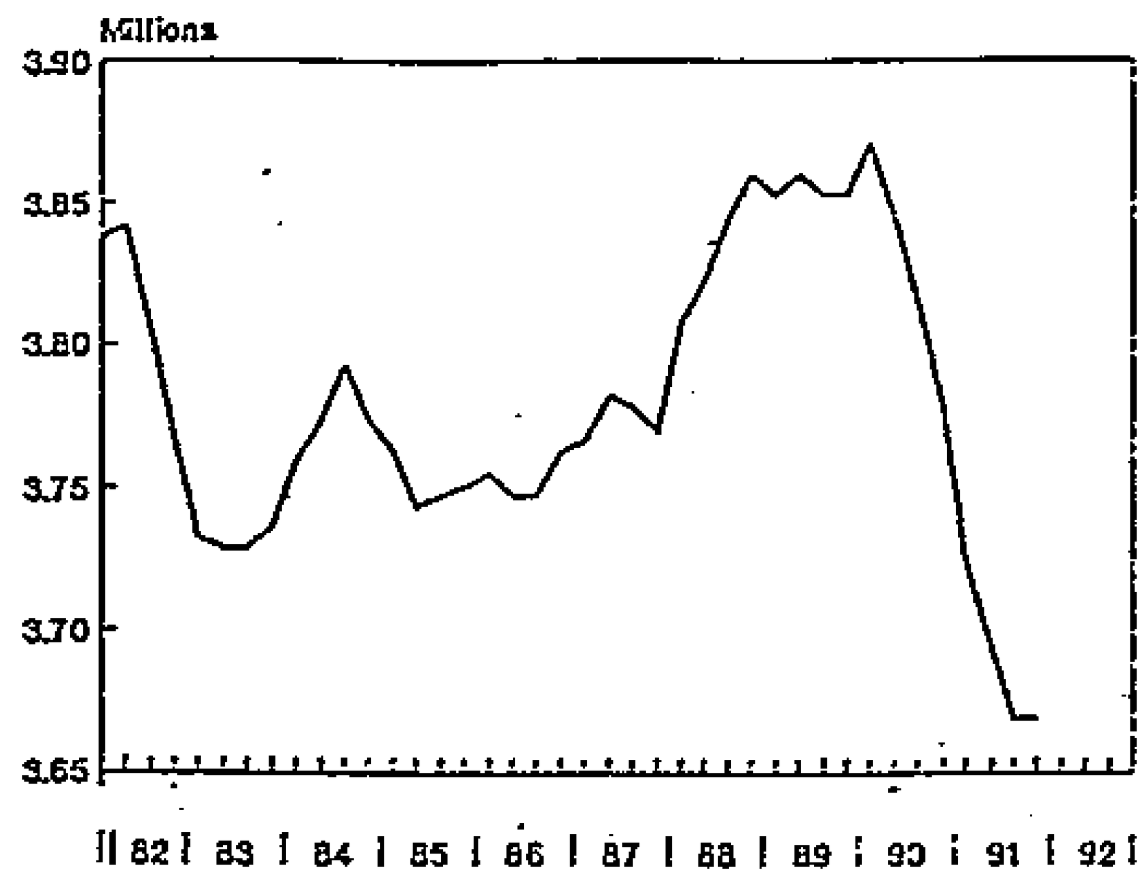
The statement said components and sections of the unit had been disbanded and individual members transferred to police stations on a decentralised basis. At police stations they were employed in groups of five or less.

A training syllabus was being compiled and until the course began, the members would receive in-service training, it said.

BUSINESS BAROMETER

W/Mail 7/8-13/8/92

PRIVATE SECTOR EMPLOYMENT



A graphic view of what recession has meant for jobs

Source: Old Mutual

Mohr pessimism on next year

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OLD MUTUAL chief economist Dave Mohr believes there is a real risk the present recession might spill over into 1993.

Writing in Old Mutual's Economic Review, he also said that if the economy does move into a recovery phase next year the upswing will probably be sluggish at first.

Mohr forecast real growth in gross domestic product of -1,5 percent for this year, a budget deficit of five percent or more of gross domestic product, a year-on-year consumer price inflation rate falling below 13 percent by December this year and further falls in interest rates.

W/Mail 7/8-13/8/92

... and a gloomy view of this year

THE already high rate of business liquidations and closures, and retrenchments and unemployment would probably rise further in the coming months, Afrikaanse Handelsinstituut chief economist Nick Barnardt forecast this week in Cape Town. Barnardt expected the downswing in the business cycle to continue for at least the rest of the year and possibly into the first few months of next year.

He predicted the number of unemployed, having already probably risen by more than a million in the past three years is set to swell by close on half a million people within the next 12 months.

Eskom's Aids drive gets short-circuited

W/Mail 7/8/ - 13/8/92

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Parastatal electricity giant Eskom has been singled out for criticism in its Aids policy, because it screens new recruits for HIV and because its educational material is filled with misinformation. **MARK GEVISSER** *looks at Aids in the workplace*

ESKOM'S Aids education campaign — along with its policy of screening all potential employees for HIV infection — have been slammed by both medical and legal Aids professionals as being discriminatory and ill-informed.

The slogan "Don't bend for a friend" adorns an Aids information pamphlet put out by the parastatal electricity giant. The pamphlet also states that while employees can be infected heterosexually by "making love with an infected male/female", they can be infected homosexually merely by "sex between two male persons". The myth is thus perpetuated that homosexuality in and of itself is a primary cause of Aids.

"It's a very dangerous message," comments Johannesburg City Health Aids Services Dr Clive Evian, "for it fuels the perception that Aids is a gay disease, which is entirely incorrect in the South African context, where 95 percent of those who have the virus are heterosexual. The message must be that any kind of unprotected sexual intercourse between two people is dangerous — otherwise people will adopt the 'it can't happen to me' defense."

To make matters worse, the pamphlet has, on its cover, a skull beneath the words, printed in four languages, "Beware of Aids". Evian explains that "such doomsaying is counterproductive, for it creates negative impulses like rejection, discrimination, blame, panic — things to run away from. By putting a skull on the cover and then using the slogan 'Don't bend for a friend', the pamphlet slots into the discrimination of homosexual people and plays into stigmatisation rather than overcoming it."

To be fair to Eskom, the pamphlet was produced in 1987 when, by corporate medical consultant Dr Charles Roos' own admission, "we were on a steep learning curve, so we didn't always get things right". But while Roos claims to have "personally locked up the offending material in a cupboard", the pamphlet is still, according to Aids workers who have visited there, being widely disseminated at Eskom.

The Eskom pamphlet is, perhaps, the most glaring example of the wrong-headedness of much policy as South African employers try to come to terms with the fact that a large proportion of the workforce may well be infected in the future.

Eskom, to its credit, was one of the first employers to formulate an Aids policy. But while the parastatal has placed a strong emphasis on education — ill-informed though this might have been — there is another far more controversial component to its policy: the decision to screen all potential employees for HIV, and to deny any employment to those who test positive.

The World Health Organisation and the International Labour Organisation have declared that "since HIV infection by itself does not affect a worker's ability to perform a job, and an infected person cannot transmit infection to co-workers casually, employment or pre-employment testing or screening is unneccessary and should not be required". Already, France, Italy, West Germany and the African countries of Malawi and Zambia have expressly prohibited such practice.

Yet a survey presented to a conference on Aids and the Law last month proves that many South African employers are still motivated by fear and loathing rather than common sense when it comes to Aids: 45 percent of the respondents stated that they would breach their employees' rights to confidence if they found out one had become infected, 65 percent said they would refuse to employ an HIV-infected person, and 64 percent have not considered any type of Aids education programme for their employees.

Good sense, though, seems to have prevailed on the issue of pre-screening prospective employees: only 10 percent of the companies canvassed, like Eskom, actively to do this. Most employers seem now to accept that screening is, in the words of Edwin Cameron from the Centre for Applied Legal Studies, "futile, misleading, socially irresponsible, and unfair to the individual".

Roos counters, however, that Eskom's decision to screen is an attempt to "protect our fringe benefit schemes — like medical aid, housing subsidies and pension fund", and adds that there are two specific areas where "we just cannot employ HIV-positive people: where Aids-related neurological disorders might affect the safety of the workplace, and where long-term and costly training is required".

Roos concedes that "it might be a better plan

to continue screening, but just to exclude employers from these positions rather than from any work". He states, however, "that the policy is under review and screening might be scrapped altogether".

This change of heart is perhaps due to pressure and threats from the unions and the legal fraternity. Cameron makes a strong case that exclusion due to HIV-positivity constitutes an unfair labour practice and is grounds for a court challenge: "Since HIV positive job applicants may have years of constructive, healthy service ahead of them, excluding them from employment lacks a rational foundation and is unfair."

Pre-employment testing, he adds, "cannot achieve what it sets out to do. It cannot guarantee a sanitised Aids-free workplace", because the six-month window period means that many might test false-negative, and because many more may test positive after employment.

Furthermore, Cameron says, "pre-employment screening can lead to false confidence among workers and lull them into believing, quite wrongly, that it would be safe to have sex with each other".

Many organisations — most notably the Chamber of Mines — have changed their minds about screening, not least because of its expense: by law, HIV-testing needs to be accompanied with costly and labour-intensive pre- and post-test counselling. The chamber initially had a policy of screening workers from "high-risk areas", but, due to the intervention of the National Union of Mineworkers (NUM), a new policy is being considered.

In contrast to Eskom, a model approach towards Aids has been adopted by the building construction giant, Anglo-Alpha, which points out in its Aids policy that, if all employers screened out HIV-positive people, "a leper colony of unemployed and unemployable people would be created", the consequences of which would be undesirable — both socially and economically.

So the company will not test present employees unless the employees themselves demand it, it offers full benefits to those who do test HIV-positive, and it does not require employees to reveal their HIV-status unless "they are unable to perform their tasks". Only once Aids-related illnesses affect an employee's ability to perform, will his or her employment be assessed, and then "the normal ill-health retirement regulations will apply".

Anglo-Alpha even acknowledges that "continued employment for an employee with life-threatening disease may sometimes be therapeutically important in the remission or recovery process or may help prolong that employee's life".

Labour lawyers and unionists are urging employers to treat Aids just like any other life-threatening disease. So serious is Anglo-Alpha about preventing stigmatisation in the workplace, that there is a clause in the policy that allows the company to take disciplinary action against employees unwilling to work with HIV-positive colleagues.

Critical to the process is the education of employees, and experience from abroad has proven that this — rather than testing — is where an employers' resources are best channeled. Unions like the NUM insist, however, that such education must not be imposed upon from above, but must be designed and implemented in full collaboration with the workforce itself if it is to be effective.

And, adds Evian, "such education must have two components: it must give the facts to prevent the spread of Aids, and it must fight stigmatisation, by urging support for those who have the disease". Many companies do the former, but few do the latter.

"And unfortunately," he concludes, "if a company gives information about Aids but at the same time discrimates against HIV-positive people, it is giving a mixed message to its employees. It is saying that Aids is fearful and bad and must be excised — like a malignant tumour — from the workforce. Within such a context, no amount of correct factual information will reach workers."

LABOUR BRIEFS

W/Mail 14/8-20/8/92 (183) (180) (18)

Employers take soft line

MOST employers appear to have abided by the no work, no pay, no discipline guidelines advised by employer associations in dealing with last week's general strike.

Unionists attribute this approach to threats of mass action being launched against companies which disciplined workers. Both employers and unions say the consultations which took place at shopfloor level after the Saccola-Cosatu accord collapsed, also prevented disciplinary moves. According to industrial relations consultants, the fact that some companies have excess capacity softened the impact of the strike and many employers didn't mind closing down for two days.

Job losses increase on economy's troubles

181

GERALD REILLY

JOB losses in the 12 months to end-March 1992 reflect the economy's severely troubled state, according to economists.

Central Statistical Service figures released yesterday show that 80 607 jobs were lost in the non-agricultural sector in the year — a 1,6% decline.

In the mining and quarrying industry total employment in the same period shrunk by 31 070, or 4,8%. In the non-primary sectors, the job losses amounted to 49 537 or 1,1%.

B DAY 25/8/92

Average monthly salaries and wages at constant 1990 prices in the non-agricultural sectors decreased by 0,4%, and by 6,6% in the mining and quarrying sector. However, there was a marginal increase of 0,3% in the non-primary sectors.

Average salaries and wages at current prices increased to R1 524 from R1 408. At constant 1990 prices, the average declined to R1 208 from R1 293.

In the manufacturing industry, the number employed dropped to 1 409 822 from 1 441 118, and average salaries and wages at current prices increased to R1 982 from R1 725.

The construction industry was also hard hit with a decline in total employment to 378 300 from 396 300. Average earnings at current prices increased to R1 328 from R1 112.

Economists said the figures also indicated that South Africans were getting poorer with increased earnings falling behind inflation.

21 000 lose jobs in four sectors

(181)

GERALD REILLY

PRETORIA — Jobs lost in four major employment sectors — mining and quarrying, manufacturing, construction and electricity — in the three months to end-April totalled nearly 21 000, Central Statistical Service figures released yesterday show.

Economists say this trend is likely to continue for at least the rest of the year. Even when the economy began to emerge from the recession, they said, it would be a while before the increase in unemployment slowed down.

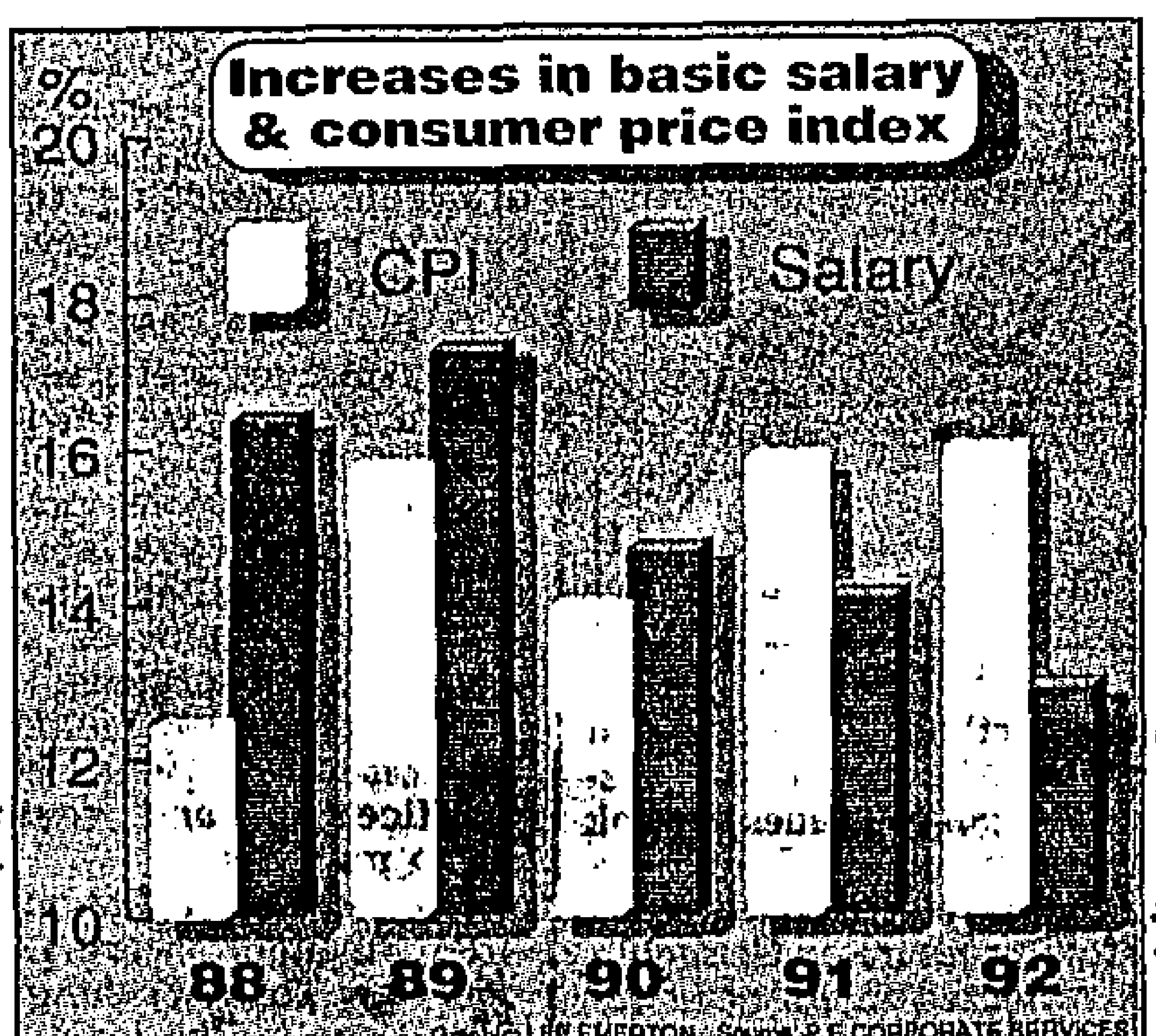
Average monthly salaries and wages in manufacturing at end-May were R4 271 for whites, coloureds R1 299, Asians R1 911 and blacks R1 206.

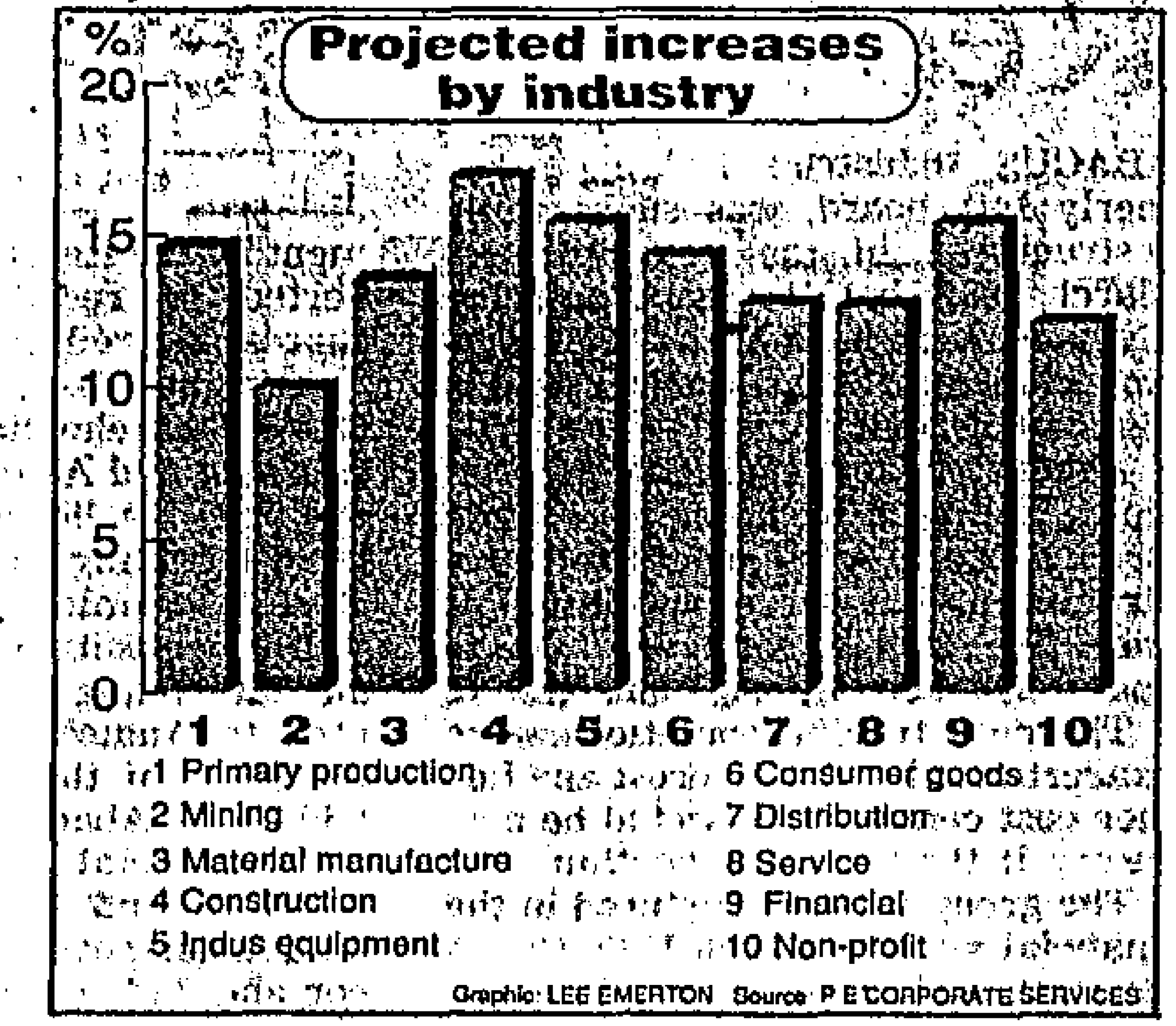
B/DAY 1/9/92

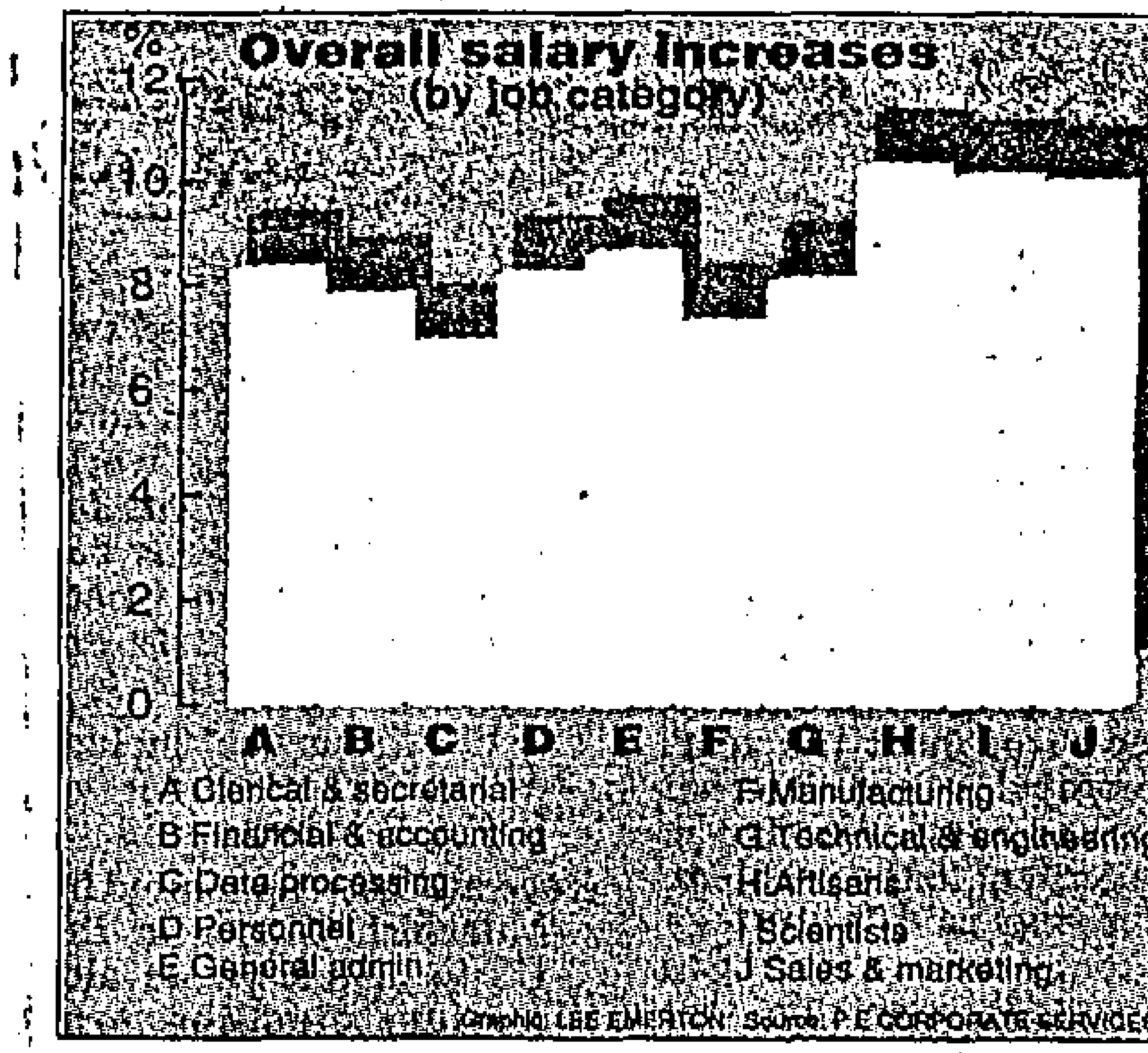
Recruitment

Business Day SURVEY

Recruitment consulting is worth about R1,2bn a year but the market faces a tenuous situation. Companies that used to 'snap up high calibre professionals are now recruiting only if they have to and many are doing their own recruiting. Industry observers say a quota system could be introduced requiring companies to hire a certain percentage of blacks. ***BRENT VON MELVILLE*** *reports.*







Look at salaries before you pick a career

BDAY 7/9/92 (181)

FOR those about to enter the job market, a recent study may influence which career area to move into. The study by P-E Corporate Services, shows in detail trends in the pay structures for different employee rankings over the past 10 years.

Over the past decade the levels of salary increases for executives have fluctuated. In five of those years average increases outstripped the rate of inflation. At the same time general staff increases have tended to be lower than those awarded to executives.

According to the P-E Remuneration Services study, since 1982 general staff increases have exceeded the CPI in only three years — from 1987 to 1990.

P-E Remuneration Services manager Naomi Brehm believes this trend is set to continue, unless the rate of inflation can be brought under control, an event which seems unlikely this year.

The attendant graph indicates that during the eight months from July 1991 to March 1992 general staff increases were, once again, lower than the increase in the rate of inflation.

The largest increase in general staff salaries occurred in the data processing category, followed by financial and administration staff, and clerical and secretarial staff.

The lowest increases thus far have been for qualified artisans, followed by staff in the general administration field and by staff in the scientific and chemical fields.

While the study indicated organisations were intending to give increases averaging 13,4% this year, in reality increases were likely to be much lower.

"The continued effects of the recession and the pressure on company profitability has meant companies have been forced into giving increases this year which are substantially lower than projected," she says.

In the same study 33% of companies indicated they would not be giving any increases to some or to all staff. The discrepancy between the estimated and actual came about because some companies felt they had to give large increases this year.

"These companies are having to do so to make up the shortfall in their salary structures which occurred because they did not give market-related or any increases over the past two years," says Brehm.

She says organisations will face problems when they do not or are unable to give market-related increases: "While the market is depressed, it is possible to hold onto staff as there are not jobs available elsewhere. However, once companies begin to recruit they find that their salary structures have moved out of line with market trends."

This means companies are having to recruit at levels higher than they are paying established employees. "It also means that companies are in danger of losing good staff who may find more lucrative offers elsewhere," says Brehm.

There is a trend amongstcompanies to link performance to remuneration, linking employees' rewards to the performance of the individual or the company. Brehm feels this trend will become more prevalent in future pay structures.

istry

Avoid controversy with integrated employment

BDAY 7/9/92

ONLY 35% of companies believe it would be a wise move by a new government to impose a quota system compelling companies to employ blacks in administrative and management positions.

This is according to a recent survey conducted by the Quest Personnel Group, one of the country's largest recruitment consultancies.

The survey, which covers 750 companies, indicates that 75% of businesses nationwide believe a new government will initiate a "quota" system.

Of those only 41% claim to have an affirmative action programme in place, and of the total number of companies with an affirmative action programme, only 51% judge it to be of "moderate" success.

For the purpose of the survey, "affirmative action" is defined as a programme of action instituted by the management of an organisation to recuit, train, and nurture "black" employees in preference to "white" for certain targeted positions. Most of the respondents (73%) regard "Asians" and "coloureds" as "black".

"An interesting aspect which became apparent during the nationwide survey was the number of companies which are using new terminology, such as 'integrated employment', to refer to affirmative action programmes," says Quest Personnel executive chairman Roy Silver.

Silver says this is in line with the international trend to approach the issue in a less prescriptive way.

Reasons

The major reasons given for companies not instituting an affirmative action programme are that they "had not had the time" (29%), or their managers "did not believe in affirmative action" (24%).

Only 6% of the companies surveyed are concerned that such a programme will provoke a negative reaction from their present white staff. "The issue of creating an environment in which a truly integrated workforce can perform optimally is one the human resources management will have to come to terms with very quickly," says Silver.

He notes that in some areas Quest consultants are still experiencing difficulties with clients who don't want to employ on an "equal opportunity" basis.

However, there are increasing requests by clients for candidates to fill positions targeted for affirmative action and it seems larger organisations are leading the way.

Quest is currently developing its own in-house skills to assist clients effectively. "Our aim is ultimately to assist employers in understanding that affirmative action programmes in themselves will not enhance progress, nor ensure equal opportunities for employees and success for the corporation," says Silver.

"In order to overcome many of the entrenched and crippling attitudes cultivated under apartheid, organisations will have to transform their cultures and not expect newcomers to have to adapt to the environment as it stands. It will not be a quick or easy task."

Sick leave 'can cost firms plenty'

SOWETAN 7/9/92. (181) (2655)

THEO RAWANA

ABSENTEEISM could cost a company more than 4% of its payroll if every employee took 10 days' paid sick leave a year, according to Gary Taylor of Medscheme.

Writing for the Institute of Personnel Management's publication, People Dynamics, Taylor said line managers daily had to deal with many employees covered by the Basic Conditions of Employment Act, who felt "I am entitled to my 10 days a year".

Taylor said a simplistic analysis of sick leave could generate three categories of sick absenteeism:

- Genuine illness which prevented employees reasonably from performing their tasks;
- Mild or even psychosomatic illnesses not justifying absence; and
- Deliberate, unjustified absenteeism for reasons other than illness.

"Clearly the intention of the Act and the employer is to provide 30 days' sick leave (36 for a six-day week) in a three-year cycle for the first category only.

"Serious accidents or prolonged illnesses can devastate the earnings of an individual who has fully utilised the available sick leave provisions — frequently at a time when the income is most needed."

He said statistics were drawn from the medical aid claims of 1,4-million beneficiaries in southern Africa.

"Total claims received in some medical aids can average six to seven claims per family per month among white upper-/middle-income employees. Consultations with GPs generally average 1,5 per family per month during winter peaks, falling by 30% during summer holidays.

"These claims are significantly lower both in volume and rand terms among black medical aid members — a factor caused largely by their comparatively limited access to Western medical facilities," Taylor said.

He said these figures reflected actual visits, but could not specify whether sick leave was granted, or whether the visit was medically necessary.

"It has been speculated that up to 40% of consultations are not medically necessary.

"Medical practitioners would only be able to determine this after an examination of the patient, and are often subjected to patient pressure to provide a prescription and/or a sick note to justify the visit."

Faced with the vagueness brought about by such factors as doctor-patient relationship and the practitioner not being compelled by the Medical Aid Schemes Act to stipulate diagnosis on the account, the employer had to rely on the Act.

The Act states that a medical certificate must simply reveal the "nature" of the incapacity.

While the employer could not compel the doctor to supply more information, insist on prognosis or force practitioners to complete questionnaires, he had the right to refuse to grant paid sick leave, despite a sick note.

He also had the right to investigate the validity of a doctor's certificate, refer the employee to a company-appointed doctor, discipline for misconduct or dismiss for incapacity, Taylor said.

New projects set to boost job prospects

EDWARD WEST

METALS and minerals projects under consideration could boost gross domestic product (GDP) by about R20bn a year and could create up to 130 000 new job opportunities, Genmin minerals economics manager Francois Prins said yesterday.

Speaking at a construction industry seminar at Bifsa in Midrand yesterday, he said major mineral projects under consideration requiring an investment of R9bn over the next five to seven years could generate R3bn revenue a year and create between 30 000 and 50 000 new job opportunities in the economy.

The projects included the R1,8bn Moab Vaal Reefs gold mine extension with planned production around 1997, the R2,5bn Sun Project gold mine — the plans for which were recently shelved until the gold price and the political situation improved, the R900m Namaqua Sands heavy minerals project and the R3,9bn Phlogopite project at Phalaborwa which could come on stream in 1997.

Three major metal beneficiation projects, which would require a capital investment of R12bn over five to seven years, could earn around R4,5bn a year in foreign exchange and create between 30 000 and 80 000 new job opportunities, he said.

These projects were the R5,7bn Alusaf II aluminium smelter and the R3bn Columbus stainless steel project, expected to get the go-ahead this year. There was also the possibility of a R3bn development of a new export orientated steel mill using Iscor's Corex technology. BIDAY

If one considered projects associated with refinery expansions and developments for petrochemical production another R12bn in capital expenditure was involved with associated spin-offs for the economy.

SA had to compete internationally by selectively developing its natural reources which had competitive advantages. Prins pointed out that simultaneous investment was needed to educate SA's workforce to achieve higher returns to reach a stage where SA could produce selected manufactured goods.

More professionals join jobless ranks

BDAY 16/9/92

GAVIN DU VENAGE

PROFESSIONALS were joining the ranks of the unemployed in a steady flow, and were having difficulty in finding jobs in a shrinking market, economists said yesterday.

Sacob economist Keith Lockwood said although there appeared to be a glut of professionals looking for jobs, this was an indication of the depth of the recession rather than an excess of skilled people.

"It is important we do not lose these people as we can very quickly develop a shortfall, which could constrain economic growth," he said.

He was concerned that highly skilled management and technical staff could be forced to emigrate because they could not find work or the type of jobs and pay commensurate with their qualifications.

Professionals were better equipped to deal with unemployment, as they understood the structure of business, and also had access to finance, enabling them to start their own enterprises, he said.

Small Business Development Corporation (SBDC) assistant GM Dawie Craus said a constant flow of applicants had been received, including many from "really capable people" with skills ranging from computers to banking.

Although the SBDC was granting loans at a rate of R20m a month, the quality of applicants could justify the doubling of this figure if the funds were available.

"There should be more financial support," he said, adding the country could only hope to grow economically if it cultivated entrepreneurial abilities like those being made available "The sad part is we have to turn so many viable business propositions away for lack of funds," he said.

Professional Assignment Group MD Penny Ferrow said a "steady stream of people" had been trickling into the job market since last year.

Demand for skilled people still existed, but clients were extremely particular in what they were looking for. Twice the number of candidates applied for any vacant post than a year ago.

A significant development was the temporary placement of people with experience in large corporations, in smaller businesses on a rotational basis.

Ferrow ~~said~~ retre~~nched~~, highly qualified personnel such as financial directors would work on an assignment basis for two or three small to medium businesses each month; providing the level of direction not usually available outside major industry players.

This system was common overseas during recessions.

However, professional "headhunter" Chris van Tonder, of Consilium, said despite the usually negative aspects of widespread corporate contraction, in present circumstances, they were "overdue".

"Many companies have grown thick around the middle, and are now shedding the most unproductive, least qualified and inexperienced personnel," he said.

Companies were becoming more discerning in the type of people they hired, and were shedding "deadwood" accumulated over the years.

The most unfortunate aspect of this process was the effect on graduates with minimal experience, and many would have to wait until the economy turned before finding jobs in their fields, Van Tonder said.

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Some taxing questions for employers

W/Mail 18/9-24/9/92 (181)

To deduct PAYE and stay out of jail or to support Cosatu's tax boycott call? **MONDLI MAKHANYA** *reports on employers' dilemma*

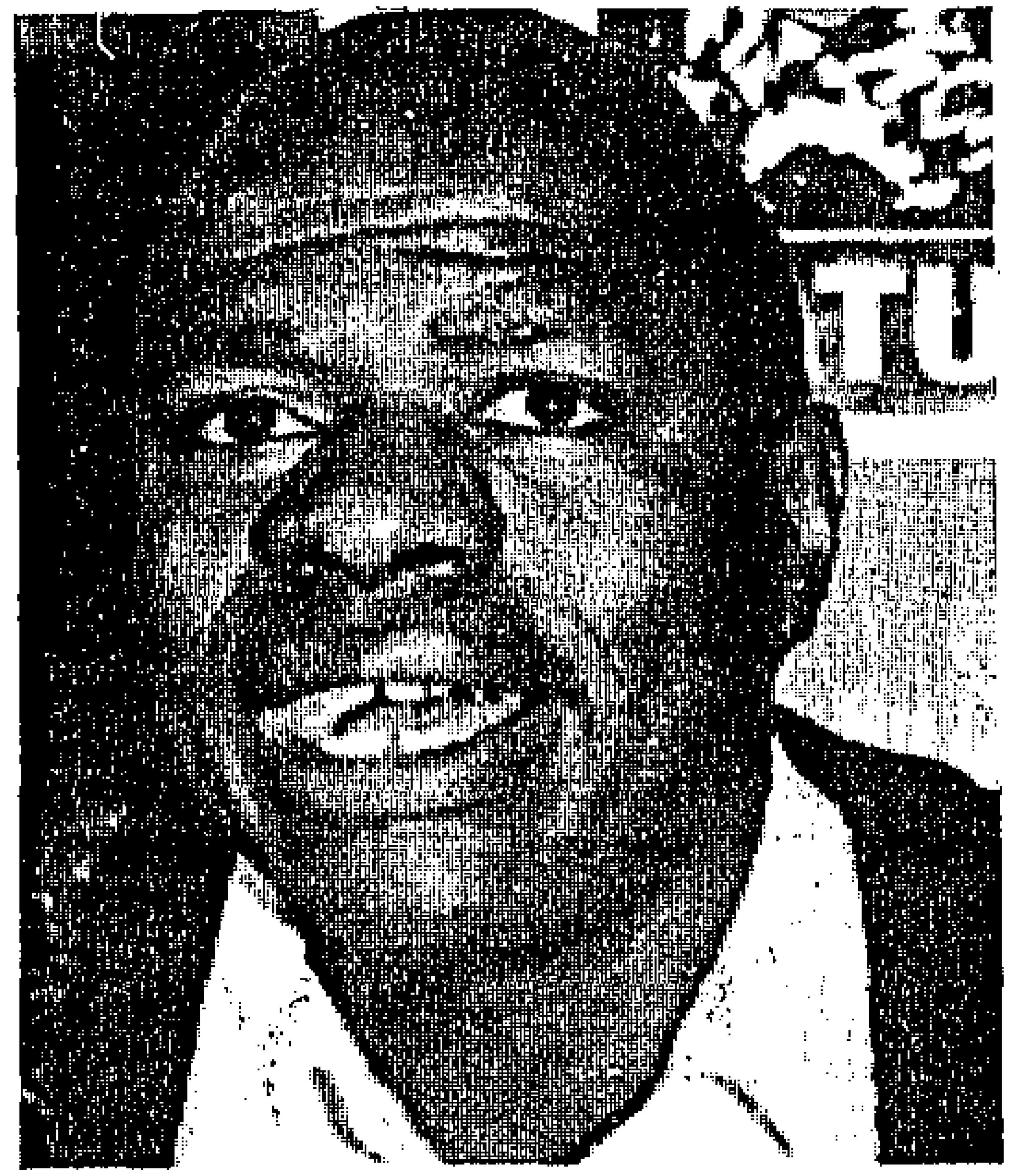
WHAT may prove to be South Africa's largest tax revolt kicks off next month with a Congress of South African Trade Unions-initiated campaign to boycott Pay As You Earn (PAYE) tax.

The Cosatu campaign — adopted by the federation's campaigns conference last weekend — coincides with the "fourth phase" of the Tripartite Alliance's mass action campaign. It holds out the threat of a huge confrontation between organised labour and business.

Cosatu has given employers till October 1 to respond to demands to stop deducting PAYE from workers' salaries and November as the date for workers to stop paying the tax to the government. This money, says Cosatu assistant general secretary Sam Shilowa, should be placed in a multiparty-controlled "Fund for a Democratic South Africa".

Already the campaign has caused ripples. Government has threatened to review its participation in the National Economic Forum if Cosatu proceeds with it. Business has been largely tight-lipped, but has declared that it is not prepared to break the law by complying with the campaign's demands.

Under the Income Tax Act, failure by an employer to hand tax deductions to the government constitutes theft and the employer would be liable for a jail term or a fine. Employer bodies have voiced fears that rather than taking on big companies, government may target small businesses who neglect to pay over PAYE money.



Cosatu's Sam Shilowa ... put money in a fund

Anglo's Bobby Godsell ... invited Cosatu to talks

The boycott has its genesis in Cosatu's national congress last year, which coincided with the Inkathagate scandal. It gained momentum after revelations of corruption in the Department of Development Aid.

South African Chamber of Business economist Ben van Rensburg rules out any possibility of complying with the Cosatu demand. "Does Cosatu expect employers to willingly become criminals? We won't commit criminal acts on their behalf," he told *The Weekly Mail*.

According to Saccola president Johann Liebenberg, employers have not even discussed the issue, and have had no contact with Cosatu on it.

Shilowa remains adamant that unless employers back the campaign, there will be friction. He quips: "If they are really serious about curbing state expenditure, they'd better join us."

Cosatu's campaigns conference focused on another employer-union flashpoint: a union drive against employers who fired or disciplined workers during the August general strike and the wave of wage strikes this year. This will entail picketing and even occupying head offices.

Singled out for attack was Anglo American Corporation, whose subsidiaries fired several thousand striking National Union of Metalworkers members during the recent engineering industry strike.

A high-level Cosatu delegation is to meet Anglo to discuss their re-instatement and the corporation's "attitude to the right to strike". A national council of Anglo shop stewards is also to be convened to discuss action.

Anglo reacted to the threat by inviting Cosatu to talks. Industrial affairs director Bobby Godsell called for the resumption of the failed Social Charter between Cosatu and Saccola. "The focus should be on the source of the conflict, not only labour relations but also on the process of political transition," he said.

Gold needs more than dollar run

STimes (B455) 20/9/92

By JULIE WALKER

A GENUINE bull market for gold requires the metal's price to run in currencies other than the dollar alone.

In mark, yen, sterling and Swiss franc, gold has reached its lowest level since 1980, according to International Gold Mining Newsletter.

When gold failed to breach $360/oz in its brief bull dollar run that started in May, speculative interest quickly disappeared. Fundamentals were unable to support gold at this price.

Since May, the outlook for an improved supply and demand balance for gold has deteriorated because confidence of a move out of recession has been lost.

Depth

The key factor for gold, ignoring possible central bank activity, remains the demand for gold jewellery.

Anglo American's Clem Sunter says the corporation's gold strategy is based on a rise in jewellery demand supporting the gold price.

The newsletter says that in turn jewellery demand depends on the length and depth of the world recession.

Certain negative factors are coming to light, such as lower Japanese imports of gold and lower diamond jewellery sales.

Dubai, China, Taiwan and Hong Kong are the only regions increasing gold imports. But a clearer picture of 1992 gold jewellery demand will emerge in the next few months as the busy season in the trade begins.

The prospect of declining gold supply remains. The longer the gold price is low, the greater the number of mines likely to close.

Hedging contracts — not much used by SA producers but which have undoubtedly led to the prolonged life of many foreign operations — are running out. A declining contango on the gold price means that few contracts are being replaced at current levels. Russian supply is also likely to fall.

Reduced gold exploration expenditure will lead to a lack of replacement production, indicating a drop of supply in future. But suspended operations at marginal mines could be resurrected.

New projects are unlikely to go ahead — Anglovaal's shelving of the Sun prospect is used as an example and the *political risk is highlighted.*

The newsletter says: "To secure a long-term future, SA needs to be seen as a worthwhile safe investment for capital."

Mr Sunter predicts a decline in SA output, depending on the gold price. At $400/oz he forecasts production at 500 tons in the year 2000, falling to 200 by 2017. At $500/oz, production would remain at 600 tons by 2000, falling to 375 17 years on.

Mining Journal does not expect much of an improvement in gold until well into 1993, barring unforeseen circumstances.

WEEK IN BRIEF

A SUMMARY of the week's corporate announcements.

MONDAY: Saampro to be delisted, members offered 100c by Saambou. Frigate to be delisted, offer of 10c a share opens 2/10, closes 28/10. Hyperette warns. Racy calls off negotiations.

WEDNESDAY: Sage Financial Services changes name to Sage Group from 21/9 after members approve scheme of arrangement. Blue Circle to be suspended from 18/9, delisted from 30/10.

THURSDAY: Randcoal, Rand Mines warn of restructure. Holders of 100 Prefhold ordinaries to be offered 75 McCarthy. Junior and senior debentures to be converted one for one, but converted into 75 ordinary McCarthy for 100 debentures. Pepkor, Pep warn of restructure of Ackermans.

FRIDAY: Coronation Syndicate members offered 105,3c a share after change of control.

Most pay rises below inflation

181

STimes (B455)

By ADRIAN HERSCH

20/9/92

A WAGE survey covering 72 major companies for the year to the end of August shows below-inflation increases — averaging 13%.

The survey by labour consultants Gavin Brown Associates found that the highest increases were in the food sector (14,8%).

Mr Brown says: "The relatively high pay increase in the food sector is not surprising due to the sector not being too depressed. Obviously, the last thing people will cut expenses on in a recession is food."

He believes that below-inflation pay rises will continue in most sectors at least towards the end of next year.

"Even if the economy turns around soon, there will be a 'lag effect' on wage increases of at least 12 months in most industries."

The survey shows increases firmly below inflation in chemicals (13,7%), commercial services (13%), clothing and footwear (11,8%) and parastatals (9,6%).

Bargain

Low pay increases in the metal industry, covering about 320 000 workers, are likely.

Eleven out of the 12 trade unions in the metal industrial council have accepted pay increases of 9,1% on actual rates and have agreed not to bargain for more at plant level.

The 11 unions are due to sign the agreement on Wednesday.

Numsa, with about 120 000 members in this sector, wants a 9,5% pay rise on scheduled rates and to bargain at plants.

But Numsa negotiator Les Kettledas says Seifsa's offer will be put to membership this weekend. The outcome could be known tomorrow.

The metal industrial council reports that 20 companies under its jurisdiction — but which are not covered by the national wage agreement — have settled for rises of between 6% and 11%.

The 20 companies, which include Iscor, employ about 55 000 workers.

Alleviating plight of casualties of recession

STar. 22/9/92

By Stephen Cranston

More and more companies are restructuring, merging or off-loading in South Africa's deepest economic recession for decades.

In their wake they are leaving increasing numbers of redundancies of highly skilled management and technical staff to find new jobs and carve out careers in a shrinking market.

But it's not only the recession that's to blame, says Barrie Jack, a director of outplacement consultants Career Transition International.

"The phenomenon is also part of a fundamental change in the way in which organisations are in general being restructured," he says.

"In addition, many organisations are shedding their peripheral activities and embarking on a route back to core business.

"As companies slim down, many take the opportunity to contract out functions previously managed in-house, resulting in better cost controls as services are only used when necessary."

Mr Jack forecasts that the trend will gather pace, even when the recession is past.

"More and more organisations will have fewer layers of management, together with less in-house support functions," he says.

"Merger and acquisition activity in the post-recessionary era will also result in retrenchment and redundancies as merged organisations slim down to maximise structural and cost savings made possible by their coming together."

Mr Jack says Career Transition International is working with a number of major organisations in South Africa and abroad on counselling casualties of the recession.

"Outplacement is not placement; it involves coaching those being released to rebuild their dignity and self-worth, together with training them in skills needed to start them in new careers."

It includes the coaching of managers charged with the stressful responsibility of handling the termination interviews so as to ensure the least amount of damage to both those being asked to leave, and those who survive.

Executive career development, together with rebuilding and revitalising organisations after significant restructuring, is a difficult process to manage.

Research has shown that the morale of the survivors of any restructuring is usually very low, as a result of lack of confidence both in themselves and the company.

Trust and open communication are among the first casualties of a retrenchment programme when key people among the survivors seek to relocate themselves away from what they perceive to be a threatening environment, says Mr Jack.

Bosses embrace 'empowerment'

Blory 23/9/92

(181)

AT FIRST sight, the proposition looks paradoxical, even dangerously absurd: that, at the very time when the survival of countless companies is threatened by the worst recession since the 1930s, top executives should be decentralising authority and "empowering" their employees.

In difficult times in the past, and especially during recessions, most executives have done precisely the opposite. They have slashed spending by reinforcing their own power and that of the centre, taking back some of the authority which in better times they had delegated down the organisation.

Yet, in one form or another, "empowerment" is what consultants and business academics persist in advising companies to introduce.

Some managements are frightened by the idea, they think it will reduce their authority and render decision-making slow or risky. But in the US, companies like PepsiCo, Xerox, General Electric and Ford have embraced "empowerment" or the very similar principles of "high involvement".

In Europe, new practitioners range from BhS, the British retailing group, to Switzerland's Ciba-Geigy. A few years ago Ciba-Geigy began using the term "directed autonomy", which management found less threatening. But now it frequently feels obliged to use it to convey what it says is a more far-reaching process and set of attitudes, in which management's role is not just to provide direction, but also autonomy and support.

Empowerment may be a ghastly word, but interest in the concept in Europe, particularly the UK, is soaring.

This is demonstrated by a recent surge in consultancy work on and around the subject. A number of consultancies have suffered sliding revenues since the start of the recession. But at Kinsley Lord, a specialist firm which sees empowerment as a centrepiece of its work on organisational change, business has boomed and revenue has shot up by a third.

Gemini is a much larger consultancy which specialises in both strategic and organisational change but to which empowerment is equally central. Its revenues also grew by a third last year. "Harnessing the drive, ingenuity and power of people is central to what we do," says Gemini European senior vice-president for marketing Peter Beilby.

The trend towards greater decentralisation, involvement and authority in many companies — though not always to a degree which merits the grand term "empowerment" — is confirmed by two accountancy-based consultancies. KPMG partner David Bishop says that in the UK the recession is causing centralisation only in companies which are in extremis.

Coopers and Lybrand Commerce and Industry consulting head Vic Luck agrees that some companies are pulling financial authorisation back to the centre and that a second, small group is "taking a step backwards" by cutting total quality programmes because they are not giving immediate results. But a third group of companies is continuing with decentralisation, he says. At the same time, they are cutting expenditure, frequently by giving staff their head in cost reduction programmes.

An example of this was within British Airways. Alongside a total quality programme introduced with the help of outside consultants, management's targets for expenditure cuts were exceeded when maintenance staff were let loose on the problem — they produced savings of £24m against the target of £8.5m.

BA chief engineer John Perkins says: "I don't mind admitting I was a Rambo-style manager — I have changed my own style because I have seen that it is just not the most successful way."

His approach contrasts markedly with standard airline management. Most airline campaigns to create greater "customer care" tend to empower employees less than they programme them to act in a particular way.

That is the approach practised by US airlines such as Delta and American. But it is also why passengers tend to be cynical about staff retraining programmes which provide a superficial gloss of empowerment, yet which do not allow them even to provide the occasional hungry passenger with a second bag of peanuts.

This is just the very trite tip of an iceberg of confusion, anxiety and, for some people, excitement which surrounds the concept of empowerment. — Financial Times.

Supervisor skills

Sowetan 24/9/92

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Learning improves company performance and growth:

By Ike Motsapi

SUPERVISORS are traditionally the most under utilised resource in local industry, according to Mr Clive Acton, managing director of Clive Acton Associates.

Acton said this at the historic awards ceremony of the first 46 graduates of the Supervisory Development Programme held at the Wanderers Club last week.

The SDP is a joint training venture between the Steel and Engineering Industries Federation of South Africa, trade unions and the CAA.

The year-long training programme is aimed at supervisors, charge-hands and foremen and comprises a series of workshops, projects and assignments.

These are all work-related and focus on teaching supervisor skills.

New dawn for trade unions

THE progress towards political democracy in South Africa will gradually depoliticise the demands of trade unions, labour law specialist Professor Nic Wiehahn said yesterday. 181

He said the deep recession in the economy would have a marked effect on the nature of union demands next year. Sowetan 25/9/92

"Employers can expect that job security, employment, moratoriums on retrenchments and staff rationalisation will be high on the list of demands, probably as important, if not more so, than wage increases," he said.

Public sector recession-proof

(181) STAR 2/10/92

By Frank Jeans

Private sector employment has plunged to an alarming degree as the recession bites deeper, but in the public sector jobs continue on an upward spiral.

At a press briefing in Johannesburg this week, Errol Rutherford, chairman of Corobrik, the country's biggest brick producer, said:

"Employment in the public sector has risen by more than 70 percent in the past two decades, against an increase of only 30 percent in private business over the same period.

"And while retrenchments in the private sector have come in the wake of the economic downturn, other than lost jobs in the health and education sectors of the public sector, I am not aware of any major retrenchments of public servants."

Mr Rutherford, speaking at Corobrik's media day at the Transvaal head office, said the effect of this alarming disparity in employment was reflected in the cost of government and how this was funded.

"Very little of the country's wealth is created within the public sector.

"Rather, it is the function of the private sector to create wealth and the taxes levied on that wealth creation funds the cost of government, along with the salaries of the public sector."

Where the cost of government was growing at a faster rate than the wealth-creation ability of private business, the government had to resort to higher taxes on the private sector in order to fund itself.

"Higher taxes are a disincentive for the private sector to invest and grow, so the whole exercise becomes self-defeating."

Calling for the implementation of the De Loor Commission's recommendations on a housing strategy, Mr Rutherford said action now would be to channel energies and resources being dissipated through social unrest into vibrant growth.

"Many inhabitants of squatter camps could afford formal housing if the mechanisms and resources needed to create that housing could be brought together."

Firms facing smoking law

Blom 7/10/92 (181)

WILSON ZWANE

EMPLOYERS may have to introduce company smoking policies soon to avoid prosecution under pending legislation banning smoking in public places, says a study of the issue.

Writing in this month's edition of the Institute of Personnel Management's People Dynamic, Wits Business School student Camilla Southey said increased environmental awareness and the growing assertiveness of non-smokers made smoking at workplaces a delicate issue.

She said non-smokers were becoming increasingly aware of their right to work in smoke-free areas and were demanding a ban on smoking at work places.

"In order to ensure a healthy and efficient working environment, employers should ensure that the needs and wishes of both the non-smokers and smokers are treated fairly," Southey argued.

Employers might have to move fast to introduce smoking policies in the near future or risk falling foul of pending legislation.

Southey said the Tobacco Products Control Bill gave power to the Health Minister to ban smoking in "any indoor place area which is open to the public or part of the public". It was likely to be passed into law early next year.

Employers, however, should not unilaterally decide on smoking policies, she said.

"Before embarking upon a smoking policy, an employer should investigate the attitudes of all employees towards smoking at a workplace. A policy should never be imposed on employees but should be discussed thoroughly and agreed upon by everyone who will live and work with it," she said.

Consensus on a policy would help reduce hostility and tension between non-smokers and smokers.

Once the smoking policy had been agreed upon, sufficient time should be allowed for employees to become accustomed to the "new rules"

"A possible way of doing this is to implement a progressive policy. This involves increasing the limitation of smoking over a specified period of time.

"It is also a good idea to give employees time between the decision on the policy and implementation so they can begin to prepare themselves.

"Once the policy has been implemented, time should be allowed for a trial period of not more than six months" before being reviewed.

80 000 lose jobs, more under threat

S/Times [Buss] 11/10/92

By ADRIAN HERSCH

MORE than 80 000 jobs have been lost in four major sectors this year.

Retrenchments will continue in the last quarter. In some industries the job loss rate could accelerate.

The Steel and Engineering Industries Federation of SA (Seifsa) reports that 25 000 jobs were shed in the first nine months of this year.

This reduction brings employment in this sector down to 322 000 — the lowest in the past 20 years.

In November 1981 employment in the industry reached a peak of 454 000.

Seifsa economics head Michael McDonald expects that about 10 000 jobs will be lost in the current quarter, bringing the total for the year to 35 000 (the same as in 1991).

Mr McDonald is not optimistic about 1993, saying: "Lay-offs will continue at least for the first few months of 1993. There may be some improvement after that, but it will depend on several factors.

"These factors include the political situation, the drought, and demand for steel from the northern hemisphere countries — where economic growth is slow at the moment."

Chamber of Mines spokesman Benade Wessels says that in the first seven months of this year 17 340 jobs were lost on gold mines and 1 871 in collieries.

Some positions were shed through natural attrition, but most were due to retrenchment.

Mr Wessels says it is difficult predict job levels in the industry because "they are so dependent on the price of gold".

More than 17 000 jobs have been lost in clothing and textiles this year.

At least 10 000 workers have been retrenched in the clothing sector.

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Cyclical

But National Clothing Federation executive director Hennie van Zyl fears "we might not have seen the worst of it yet".

"Job-saving mechanisms, such as short-time work, have been exhausted at most businesses. It is possible that the lay-off rate could accelerate."

Mr Van Zyl says the industry i faces more than a cyclical decline. When the time for restructuring comes, "which is now overdue", some "unpopular decisions may have to be made".

The Textile Federation of SA reports that about 7 000 jobs have been lost this year.

Federation executive director Brian Brink says employment levels stabilised earlier in the year, but the decline has resumed.

"There is nothing to indicate we have reached a turning point," says Mr Brink.

In the building industry 9 000 jobs were lost in the year to the end of March.

Former Building Industries Federation of SA (Bifsa) executive director Neil Fraser said in July that since March "job losses may have been as high as 4 000 a month".

Figures since then are not available.

Focus on controls

MARKETING control boards will come under the spotlight at an ANC seminar in November.

The seminar will study the future of control boards and consider which should be retained or eliminated.

A spokesman says the ANC believes deregulation is the ideal. However, the fruit industry, as an example, has done well through its marketing boards.

But the meat industry cannot follow the same marketing patterns. Meat, with its high level of powerful interest groups, could be the most difficult to deregulate.

Keys meets major players

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DIRK HARTFORD

WHETHER the proposed national economic forum gets off the ground or not depends on today's critical meeting between Finance Minister Derek Keys and delegations from labour and business.

It is the first tripartite meeting since government blocked plans in September to launch the forum because of Cosatu's promotion of a PAYE boycott and mass action. BDM 22/10/92.

Today's meeting is between the proposed forum's process committee and Keys and his advisers. Sacob director-general Raymond Parsons, Chamber of Mines president Bobby Godsell and Cosatu general secretary Jay Naidoo are part of the process committee.

Naidoo said the meeting — which would address issues blocking the formation of the forum — was critical.

"It will determine whether co-operation or confrontation is on the agenda in the medium term. We want constructive co-operation and we hope that is where the meeting will take us," he said.

Although he rejected the link between Cosatu's anti-PAYE campaign and government's refusal to endorse launching the forum, Naidoo said the postponement of the boycott should make agreement easier.

Business sources also described the meeting as critical. It was imperative the forum got off the ground as soon as possi-

☐ To Page 2

Keys BDM 22/10/92.

☐ From Page 1

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ble on the basis of pursuing economic growth.

If the forum failed to get the go-ahead, it was possible business could discuss proceeding with bilateral discussions with the trade unions on issues the forum was meant to address.

Cosatu is pushing for the full participation of government as it believes this is the only way to get the talks to "deliver".

Keys had said that once parties to the forum were committed to speedy economic growth, to not taking action that harmed each other and to obeying the law, government would be ready to participate.

He said yesterday issues that needed to be addressed included:

☐ Effectively using the unemployed in communities;

☐ Making it easier for the unemployed to get work in the formal sector;

☐ On-the-job training for workers;

☐ Ways to minimise unrealistic expectations;

☐ The reintroduction of normal commercial relations between financial institutions and house buyers;

☐ The stopping of other boycott actions; and

☐ The raising of agricultural productivity on high potential land.

Keys said other issues that could be addressed were agricultural exports, tourism, financing of big and small business, achieving national consensus on investment and long-term growth and promoting an entrepreneurial climate.

Keys said the formation of the forum would create confidence and be an important step forwards.

He warned, however, that it would take a great deal of negotiation to get there.

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(181)

Salaries not keeping abreast of inflation

B/DAY 22/10/92

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IN SHARP contrast to two years ago, salaries in the information technology field have been lagging behind inflation.

The PE Corporate Services data processing salary survey 1992, done in conjunction with personnel firm CPL, evaluated salaries in 300 companies, most of which had large computer departments.

PE Corporate Services director Jon Cole said salaries were failing to keep pace with inflation because there was no longer the scarcity of skills of a few years ago. Also, hardware and software were becoming more user-friendly so demand for high-level skills was not as high.

Information technology workers were, however, probably faring better than those in many other industries, Cole said.

Higher-level skilled staff, such as project leaders and systems analysts, as well as software developers, were less affected than other workers because software and services were growing at a faster rate than hardware sales.

Staff turnover had dropped considerably, with people holding onto their jobs. In 1990, the turnover rate was 21%. It dropped to 14% last year and in the latest survey was at 9%.

He advised those interested in entering this job market to look at areas such as software programming, and advised them to gain sufficient business skills to become competent analysts.

"Many people wanting to enter the industry or to move up the corporate ladder do not have sufficient business skills to do so; it's becoming more important for them to be able to relate computer systems directly to the way businesses work," he said.

Cole declined to give details on how far behind inflation salaries were actually lagging. He said figures published in the past had caused problems in some companies which were noit keeping up with the industry's averages.

Thousands laid off in metal, motor industries

BDAY 23/10/97. (181) ([redacted])

DIRK HARTFORD

THOUSANDS of workers have been retrenched in the metal and motor assembly sectors since the national strike in August.

Samcor, which was working short-time almost continuously before the strike, has retrenched at least 650 workers since the moratorium on retrenchments ended with last year's agreement.

Samcor spokesman Ruben Els said the 4 500 remaining wage and salaried employees were now working fulltime.

Other motor assembly employers — including Nissan and Mercedes-Benz — are understood to be considering retrenchments. They would not comment yesterday.

In the metal industry, Seifsa said its members retrenched 3 367 workers in September — the first month after the strike. During the strike 2 417 workers were laid off.

A mini-survey of Numsa local offices showed that while many companies had retrenched workers, the numbers had been small.

According to Numsa's Benoni branch, 10 companies in the area had retrenched a few more than 100 workers. ([redacted]) ([redacted])

In Numsa's central Witwatersrand region, three out of six branches reported about 450 workers retrenched since the strike.

Numsa organisers say the main reasons given for the retrenchments were lost market share as a result of the strike, order books drooping due to the economic downturn, worker action harming business and positions generally becoming redundant.

No slump in salaries for executives

WMail 23/10/ - 29/10/92

(181)

By FERIAL HAFFAJEE

SOUTH AFRICAN executives have awarded themselves much higher percentage increases than their workers in the past six months, despite the slashed profits most companies are enduring in one of South Africa's worst slumps.

Chief executives earn an average of R6 650 a week or R26 600 a month according to a recent salary survey — not too bad when you consider the gloom surrounding the economy. The survey also reveals that executive perks rose by 28,8 percent over the six-month period.

Our executives are not keen to have us know what they earn — the survey done by PE Corporate Services is highly confidential.

The survey found that executives just about beat inflation with 14,7 percent increases in their basic pay. The captains of industry really scored in the "whopping" 28,8 percent increases in their bonuses, perks and share options. These perks are now worth about R2 605 a week.

"This large increase is most surprising as bonuses are normally linked to profit performance and nearly every day chief executives report on poor profits," says the Labour Research Service.

"Increases are usually given out of profits, but executives are important enough to get increases anyway," believes a leading economist.

Andrew Levy and Associates found that average union settlements for the year were just below 13 percent.

Metal and mining industry workers, traditionally the best paid sectors, won increases of about nine percent. In the metal industry, struggling employers can apply to pay lower increases and in the mining industry, increases were in some cases linked to profit and productivity. In many sectors, employers proposed wage freezes pending an upturn in the economy.

No increases matched the Consumer Price Index, the country's most reliable measure of inflation.

A representative of the Institute of Directors would not comment on the salaries survey because "the story is far too complex". The organisation is "too busy" with more important issues like "uplifting black managers so they can be promoted to directors".

He also pointed out that decent packages ensured talented executives who were otherwise attracted overseas.

He said that debate over executives' salaries was like "putting plaster over the fingers of a talented surgeon".

'Break up the Anglo empire'

W/Mail 6/11 - 12/11 92

THE Anglo-American Corporation is too strong and needs to be split up, says Bernie Fanaroff, the national organising secretary of the National Union of Metal Workers of South Africa (Numsa).

"There is no particular benefit in having large conglomerates in industry," Fanaroff says in a frank interview given to the *South African Labour Bulletin.*

The Congress of South African Trade Unions has already adopted the unbundling of Anglo as a national campaign and Numsa will work to have it adopted as alliance policy.

"We hope Cosatu will motivate to the African National Congress that it is an absolute priority to take Anglo apart," adds the unionist.

Numsa is taking a hard line because the union accuses Anglo-American of leading the Steel and Engineering Industries Federation of South Africa's fight against the recent strike in the metal industry.

"Anglo American initiated and drove the strategy of crushing our strike by mass dismissals," says Fanaroff. He points out that Anglo is also a leading member of negotiations in the National Economic Forum and Saccola and could block decisions it did not like because of its size.

Anticipating the backlash, Fanaroff is careful to note that Numsa is not calling for nationalisation. He also says that the campaign "need not scare off investment".

An Anglo representative this week said: "Anglo American Corporation has had a number of constructive encounters with Cosatu in recent weeks and we don't believe that these remarks will prejudice our ongoing relations with Cosatu."

Mediators take over from industrial court

S Times (Buss) 8/11/92. (181)

By ADRIAN HERSCH

DISMISSAL disputes are increasingly being referred to private arbitration.

The Independent Mediation Service of SA (IMSSA) reports that in the year to the end of September it conducted 386 arbitrations compared with 312 in the same time last year.

Most arbitrations concern dismissals.

The rising use of arbitration can be ascribed to the fact that industrial court cases take a long time to be resolved.

IMSSA director Charles Nupen says: "The advantage is that it is a flexible mechanism. The parties choose their own terms of reference and the whole process is concluded relatively quickly."

Trend

Some large companies and corporations and their respectively recognised trade unions have agreed to use the process permanently.

For example, in the mining sector, Anglo American and the NUM agreed this year to refer dismissal disputes to arbitration.

The process is also being used by the public sector.

Transnet management and 13 unions in the Transnet industrial council agreed early in the year to this.

Mr Nupen says: "Throughout the year we have handled many dismissal disputes from this sector, most of them involving members from the Cosatu-affiliated SA Railways and Harbours Workers Union (Sarhwu)."

The number of mediations conducted by IMSSA so far this year is 399 compared with 456 in the same time last year. Most relate to wage disputes.

Mr Nupen ascribes the reduction to several factors, including the trend to centralised bargaining both at corporate and industry level.

"This has resulted in fewer sets of wage negotiations taking place," he says.

CHARLES NUPEN: It's flexible and quicker to go to arbitration

Another reason could be that economic conditions are so tough that in pay talks employers have been unable to be as flexible as they were as in previous years.

For example, Seifsa executive director Brian Angus said in June that the pay dispute in the metal industry was unlikely to go to mediation this year because "employers don't have the same leeway for flexibility as they had last year".

This year IMSSA continued to provide its balloting service for strikes and other purposes in several sectors.

Unique

IMSSA regional director Inthiran Moodley says a unique voting method was used in a ballot to choose worker representatives at a mining house.

Mr Moodley says: "Many mineworkers are illiterate, but the voting problem was overcome by having the photographs of the potential representatives on the ballot forms."

Mr Nupen says Immsa continues to be involved in mediating disputes in the community as well as providing other services in this area.

LEY

'The sooner the better for affirmative action'

(181) THEO RAWANA

COMPANIES introducing affirmative action programmes now would be in an advantageous position if legislation enforcing the concept was introduced by a new government, RAU economist Roelof Botha said at the weekend. BDAY 9/11/92

Addressing an affirmative action workshop convened by the National Economic Initiative (NEI) in Johannesburg, Botha said companies needed to start identifying management potential among black employees and develop this into a force that would contribute to the overall growth of the economy.

The NEI is a two-year-old Durban-based organisation with 72 corporate and 100 small firm members which facilitates affirmative action.

Saying economic inequality was a serious threat to future stability and prosperity, Botha added: "The time has come when business leaders can no longer stand aloof from the aspirations of people who have been an integral part of business, but who have been subjected to an inferior status."

Affirmative action programmes were not limited to the workplace, but also covered areas such as housing and small business, he said.

NEI executive director Lionel Grewan said the initiative would assist companies in affirmative action programmes by co-ordinating and activating advancement programmes at the workplace.

Its business linkages committee would facilitate ties between big business and small entrepreneurs, in relationships that would be beneficial to both.

The housing committee would identify obstacles to cerating a market for black home-owners and investigate policies with which these could be overcome.

Regional Air decides to show its true colours

STEPHANE BOTHMA

A ONCE "invisible" airline has been making its mark in the southern African region since it began operating under its own name in January.

Regional Air, which previously operated in the colours of airlines from Transkei, Ciskei and Botswana, as well as in other low-profile charter services, has now obtained rights to serve five destinations from Johannesburg. Two of the services will be international.

Regional Air MD Leigh Thompson said at the weekend scheduled flights to Pietersburg and Phalaborwa, in association with Letaba Airways, would start today.

The move follows the acquisition two months ago of a 50% share by Regional in Letaba Airways, which has served the Lowveld area for the past 20 years. A 28-seat DC3 airliner will be used on the route.

BDAY 9/11/92

Last week, Regional started flying the first direct route from Johannesburg to Kariba in Zimbabwe.

On December 1 it will introduce a direct flight to Livingstone in Zambia.

Livingstone, 8km from the Victoria Falls, was an excellent tourist destination, said Thompson.

Thousands of people have flown on Regional Air planes without ever having heard of the airline.

"We never marked our aircraft, and had no identification in seat pockets or anywhere in the plane. We took on the identification of whoever we were flying for."

With the deregulation of SA's aviation policies, Regional decided it might as well assume a public identity, said Thompson.

Keeping to the airline's policy of not going into direct competition with SAA, Regional Air was looking at expanding only on routes not serviced by the national carrier.

"We do not need wars. It is difficult enough to make a profit without national carriers cutting fares to eliminate competition," he said.

The only route being operating in direct competition with another airline was Johannesburg/Umtata, which is also served by Transkei Airways.

Thompson believed enough business existed domestically to accommodate all the airlines operating in SA.

Regional Air has five shareholders, but no big corporation to back the airline financially, he said.

However, the airline was financially sound and fully owned most of the aircraft it operated, Thompson said. "We are getting stronger daily, and are very careful in how we conduct our business."

Recession delays wage gap closure

Glory 9/11/92.

181

DIRK HARTFORD

SA's racial wage gap remained unchanged over the past two years, after narrowing substantially in the several years up to then, surveys by PE Corporate Services have shown.

This is despite renewed commitments by 70% of SA companies to an equal opportunity employment policy and the trend towards affirmative action programmes.

PE MD Martin Westcott said there had been a 6% narrowing of the wage gap of black and white workers at the unskilled level in the two years ending September 1990. The gap has not, however, closed further in the past two years because of the recession.

Currently, unskilled whites earn 15% more on average than blacks for the same jobs. At the skilled level, whites earn 10% more than blacks.

PE Corporate Services surveys — which are confidential — are the most comprehensive in the country and use a sample of 1-million economically active people.

Westcott agreed to discuss the surveys to correct "misleading" reports of executive salaries.

He said at the weekend top executive salaries and benefits had increased by 13% over the past year, and not by 14,7% over the past six months as was first reported by the Labour Research Service.

This, said Westcott, was similar to general staff salary and wage increases this year. He also pointed out that executives' salaries did not compare well with their counterparts' in Europe, Japan and America.

PE research showed, for example, an MD of a company with R100m turnover, R5m profit and a staff of 2 500 would earn a total salary of R309 000 a year on average in SA. The equivalent salary would be R436 000 in Australia, R460 000 in Belgium, R520 000 in France, R600 000 in Germany, R680 000 in Japan, R410 000 in the UK and R470 000 in the US.

However, in terms of overall purchasing power, SA compared favourably with Australia, Belgium, the UK and Japan, the research shows.

Westcott said high inflation and a weak rand made executive salaries particuarly unattractive in SA.

SA executives were concentrating on net pay and wealth-generating incentives, such as performance pay and incentive bonuses in their salary packages. Performance pay usually amounted to 10% and 20% of salary if budget targets were achieved.

Share options were currently out of favour because of the state of the stock market and also because it was difficult to correlate the performance of executives with the market.

Fringe benefits, although a standard part of any executive's package, were no longer important because of the way benefits are taxed. There was only a limited financial advantage to be gained by increasing benefits at a higher rate than salaries.

Areas where skills were in short supply included data processing, technical staff and senior executives. There were also serious shortages at middle-management and supervisory levels.

Unemployment to increase — survey

BDAY 11/11/92. (181)

HILARY GUSH

PROSPECTS for a higher level of employment next year remain gloomy, despite an expected gradual economic recovery, economists say.

In its latest monthly survey of confidence levels in the manufacturing sector, Sacob said: "Employment prospects in the manufacturing sector (in October) continued to deteriorate ... with an increasing majority of respondents expecting to reduce their employment of unskilled and skilled workers in the next 12 months."

The results of the regional survey showed that 72% of Transvaal manufacturers expected to employ fewer unskilled workers and 63% expected to hire fewer skilled workers.

Maritzburg was the most optimistic region, with the 56% of manufacturers expecting to employ more skilled and unskilled workers during the next 12 months.

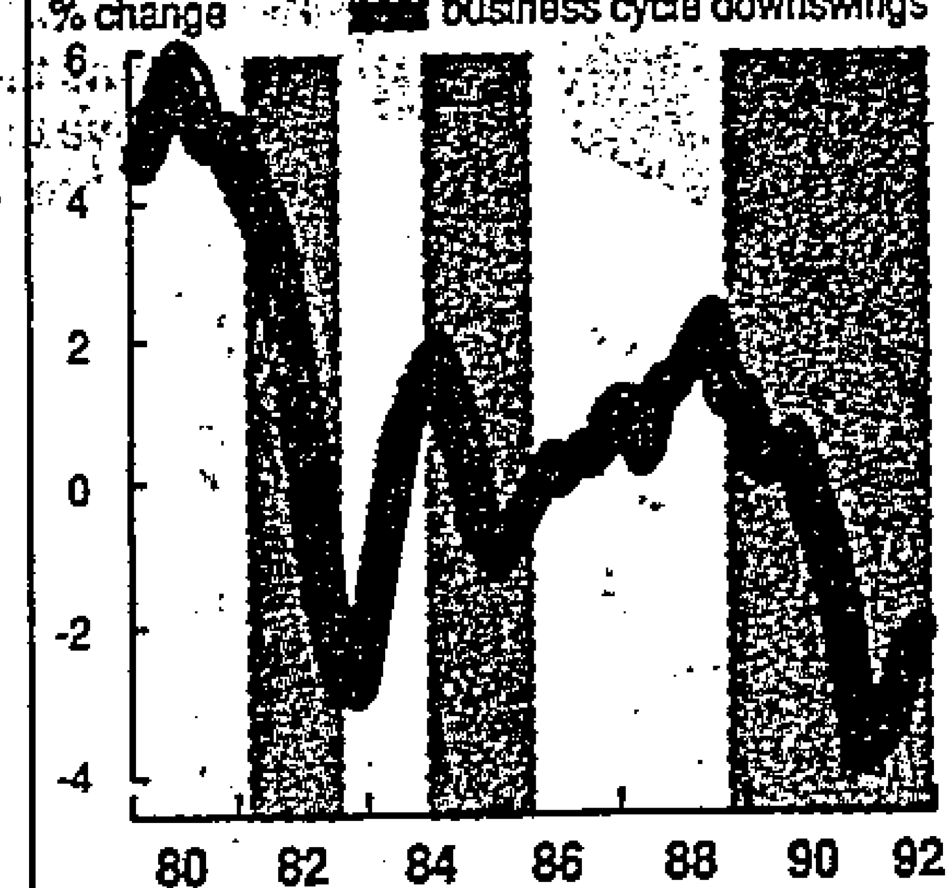
Sacob economist Keith Lockwood said manufacturers were not optimistic about an improvement in business conditions.

"This emerges from the continuing expectations of stock and employment reductions, as well as the poorer prospects for investment in new capacity."

Rand Merchant Bank economist Rudolf Gouws did not expect any improvement in private sector employment next year, and predicted net job creation only in 1994.

He said output growth in excess of underlying productivity growth — currently at about 1,5% — was needed before employment picked up.

Sanlam chief economist Johan Louw said the outlook for increased employment in 1993 was bleak. He said there would be more jobs only when economic growth outstripped the population growth rate, which was unlikely before 1994.



Graphic: RUBY-GAY MARTIN Source: RMB

Multinationals still facing skills crises

Blom 20/11/92

181

CHRISTOPHER LORENZ

THERE can hardly be a company in Europe, the US or even Japan where employees are not fearful for their jobs because of current economic pressures and the more deeply rooted trend towards "delayering" and "downsizing" organisations.

But this does not mean the fast-growing number of companies with international operations can now forget their late-'80s worries about how to recruit and retain highly skilled managers and other employees. Far from it.

This is not only because the much-debated "demographic time bomb" is still very much a reality in most European countries: there is a sharp fall in the number of 15- to 19-year-olds, which will be followed by stagnation well into the 21st century — except, curiously, in the UK, which has been experiencing a baby boom.

At the same time, many companies that increased their workforces in the '60s will face retirements en masse after the year 2000. The effect of this will be compounded by the declining popularity among some employees of a single-company career. Many people are becoming more choosy about what might be called the quality of life in the workplace.

Several other factors are also contributing to recruitment and retention problems of multinationals in particular: international mobility is being hit as managers take more account of the wishes of their working spouses and children; and a growing number of adults is reluctant to move because they care for ageing parents.

The continued existence of all these challenges emerges from an article in the latest Sloan Management review by Paul Vanderbroeck, human resources manager of Shell Research in Germany.

He suggests a series of actions that multinationals should take in response to all these challenges. Some actions are obvious, others less so.

Companies will need to hire — and promote — more women. They must broaden their recruitment by hiring more people abroad, not just for local jobs, but ones throughout the company. They should hire more older managers, with more experience. And they should consider introducing a flexible retirement age for key staff, in order to retain high-quality people longer.

At the same time, however, they should use "outflow management" as a real career development tool for people who have peaked and really would be better off elsewhere.

They should get more out of managers through training and job rotation. To keep the workforce flexible and deployable, a substantial and unrelenting effort will be required.

Multinationals will have to fight competition from small businesses and other employers. They may be able to "market" themselves to graduates and others by demonstrating the challenges offered by their own new organisational structures — ones which favour small units, quick lines of communication, and entrepreneurship.

Companies with newly shallow structures will also need to develop horizontal and diagonal career lines in order to reward staff and avoid career plateaus.

It cannot be overstressed, says Vanderbroeck, that a condition for successful horizontal career development is the decoupling of hierarchy and remuneration. A manager's remuneration should be based on skill and contribution, not on the conventional basis of position in the hierarchy, size of budget and number of subordinates.

As for international deployment, multinationals will have to provide services to the spouses of expatriate managers, helping them find jobs. The US group 3M offers a dislocation allowance, study subsidies and placement service allowances upon return. — Financial Times.

Work prospects 'worse than year ago'

South 21/11 - 25/11/92

(181)

A CRITICAL job shortage will greet those leaving schools, technikons and universities in 1993, according to a national survey recently completed by the Quest Personnel Group.

From the 157 companies interviewed, representing a staff complement of 135 000 people, only 722 positions will be available in the new year for job seekers.

In the Western Cape, 14 companies were interviewed, representing 11 000 employees. Job prospects in the Cape are particularly grim.

The firms surveyed will be offering only 12 jobs to school, technikon and university graduates.

Commenting on the survey findings, Quest executive chairperson Mr Roy Silver said the job situation had deteriorated since the start of 1992.

"Companies are running much leaner than ever before. The situation is one of national concern," he said.

University graduates should be prepared to start at the bottom and to reduce their expectationsl.

He suggested that school leavers consider starting businesses of their own or that they further their studies through practical courses. — **REHANA ROSSOUW**

Matriculants urged to lower their pay sights

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ST Times (84553) 22/11/92

By ADRIAN HERSCH

IT is widely believed that about only one in 10 of this year's matriculants will find a job next year. But this need not be so, says a free marketer.

Free Market Foundation head Leon Louw says many of them can get jobs if they are prepared "to stand back from the emotional analysis and see things from a cold-blooded economic basis".

Those who delay entry into the job market and undertake tertiary education will have to choose their courses carefully. They will have to put aside what they would "like" to study and take courses which offer skills that are "marketable", say personnel practitioners.

Inflation

Mr Louw says the "cold-blooded economic analysis" means that one has to sell one's services on the same basis as a commodity.

In the current climate of economic recession, falling inflation, and the surplus of job applicants, as with a sale of a commodity the matriculant must be prepared to start work on a "very low salary".

Mr Louw says: "Emotionally, it is difficult for people to come to terms with being placed on the same level as a commodity. But this has to be put aside.

"Many matriculants have much to offer. But because of several factors, including a high inflation rate — although it is dropping — unrealistic salary expectations are created."

He advises matriculants who are prepared to work hard and are keen to "prove themselves" to approach employers with a realistic salary request.

They will then be able to get experience and have a chance of "moving up the ladder".

Mr Louw practises what he preaches. A few months ago a matriculant, who had done manual work for eight months, was employed by the Free Market Foundation.

Waiters

The matriculant, Stephen Humphries, says: "I help in gathering information for the research department. I am gaining skills and making good contacts. Although the salary is low, it is a sacrifice well worth making because I am building up my career opportunities."

Some matriculants are likely to be put off by low pay rates in full-time jobs and will work part time, such as being waiters, getting a higher rate of pay but forfeiting career experience.

"Long-term interests are paramount. The temptation to seek more pay must be resisted if there is a chance of getting a job where skills can be acquired. Obviously part-time jobs provide an important stop-gap where there is no alternative," says Mr Louw.

Starry

Personnel practitioners are at one in their advice to those considering doing tertiary education: "Keep away from the social sciences — it will be extremely difficult to get a job with qualifications in this area.

"Study the hard sciences or something with a technical bias."

John Dawkins, president of the Association of Personnel Service Organisations (Apso), says that apart from the universities and technikons, some colleges offer courses that give skills that will enhance the job prospects of a matriculant.

Mr Dawkins, who is also Kelly Personnel managing director and chairman of the Association of Private Colleges of SA (APCSA), says required standards are maintained at APSCA colleges.

Institute of Personnel Management (IPM) executive director Dani Smith says matriculants are often "starry-eyed about what they want to do".

"Many think doing a BA is wonderful. But in terms of finding a job they have to gear their expectations to reality. The reality is that often a one-year book-keeping or secretarial course stands a person in better stead than the three years at university."

Mr Dawkins agrees: "There is always a good demand for secretaries and book-keepers, even in a recession. Even if not always so on a full-time basis, there is demand on a 'temp' basis."

Mrs Smith says that "contrary to popular belief, secretarial work offers scope for going into other areas of work in the company and for better opportunities".

"I started work as a secretary," she says.

Mrs Smith says that as the economy changes it is important that pupils are taught to think of starting their own businesses.

"In SA, pupils tend to think of 'where and who' will provide them with a job. The IPM would like to see 'entrepreneurship' as part of the school syllabus."

Wide

Mr Louw says the Free Market Foundation is trying to get economics included in the curriculum of all high schools.

"Apart from a wide range of benefits, such as understanding its impact on politics, pupils would understand more about the job market — which would ultimately help them when looking for their first job," he says.

Commenting on the general state of the job market, Mr Dawkins says Apso, comprising about 300 personnel agencies, reports that job demand from companies this year is down by about 20% compared with last year.

Forum gets down to job provision

(181)

S/Times (Buss) 22/11/92.

By ADRIAN HERSCH

HISTORY will be made tomorrow when business, government and labour meet for the first time in a working group of the National Economic Forum (NEF) to thrash out a short-term job creation scheme.

Public works programmes, large-scale electrification and housing are some of the issues to be discussed.

Cosatu spokesman Neil Coleman says: "The NEF — through its short- and long-term interest working groups — presents the opportunity for all of us to find a way of averting the crisis we are facing and establish a programme of national reconstruction.

"We want to see jobs created, economic stability and confidence restored."

Small Business Development Corporation (SBDC) head Ben Vosloo says the NEF must also look at the vital role that small business has in job provision.

Business, labour and government have independently conducted extensive research on public works programmes.

Chamber of Mines president Bobby Godsell says it is important that projects undertaken are economic or they will be self-defeating.

"Rigorous cost-benefit analysis will have to be done," he says.

Benefit

A problem which public works programmes tend to pose is that when workers complete their stints they are not equipped with skills which are in demand.

Mr Coleman agrees, saying: "In many countries these programmes have had a one-off benefit. On completion workers are unable to find jobs.

"Our aim is to provide some form of career path in these programmes."

This could be difficult, given the nature of some of the work. But Mr Coleman says there is scope for career development in electrification and provision of housing where a fairly wide range of skills are required.

Dr Vosloo says that in most prosperous countries 70% of the labour force is employed by small business.

"Most of those employed in this sector are not highly skilled and workers are trained on the job. These enterprises can be started with limited capital and when running tend not to be capital intensive.

"These businesses serve their markets efficiently — they are quick to identify opportunities in their own areas as opposed to centralised ones far away from areas they hope to serve.

"Small and medium businesses offer reasonable returns. Bureaucracy grows with the size of the business. The law of diminishing returns ensures that as the organisation gets larger, so efficiency decreases."

Dr Vosloo says the Government has a major role to play in stimulating these businesses by doing several things, including providing easier access to capital.

Cosatu research indicates that public works programmes could provide a million jobs at "below-subsistence wages" (R10 a day). The total cost would be R6-billion a year.

The same number of jobs at "subsistence wages" (R30 a day) would cost R18-billion — about 21% of the 1991 national Budget.

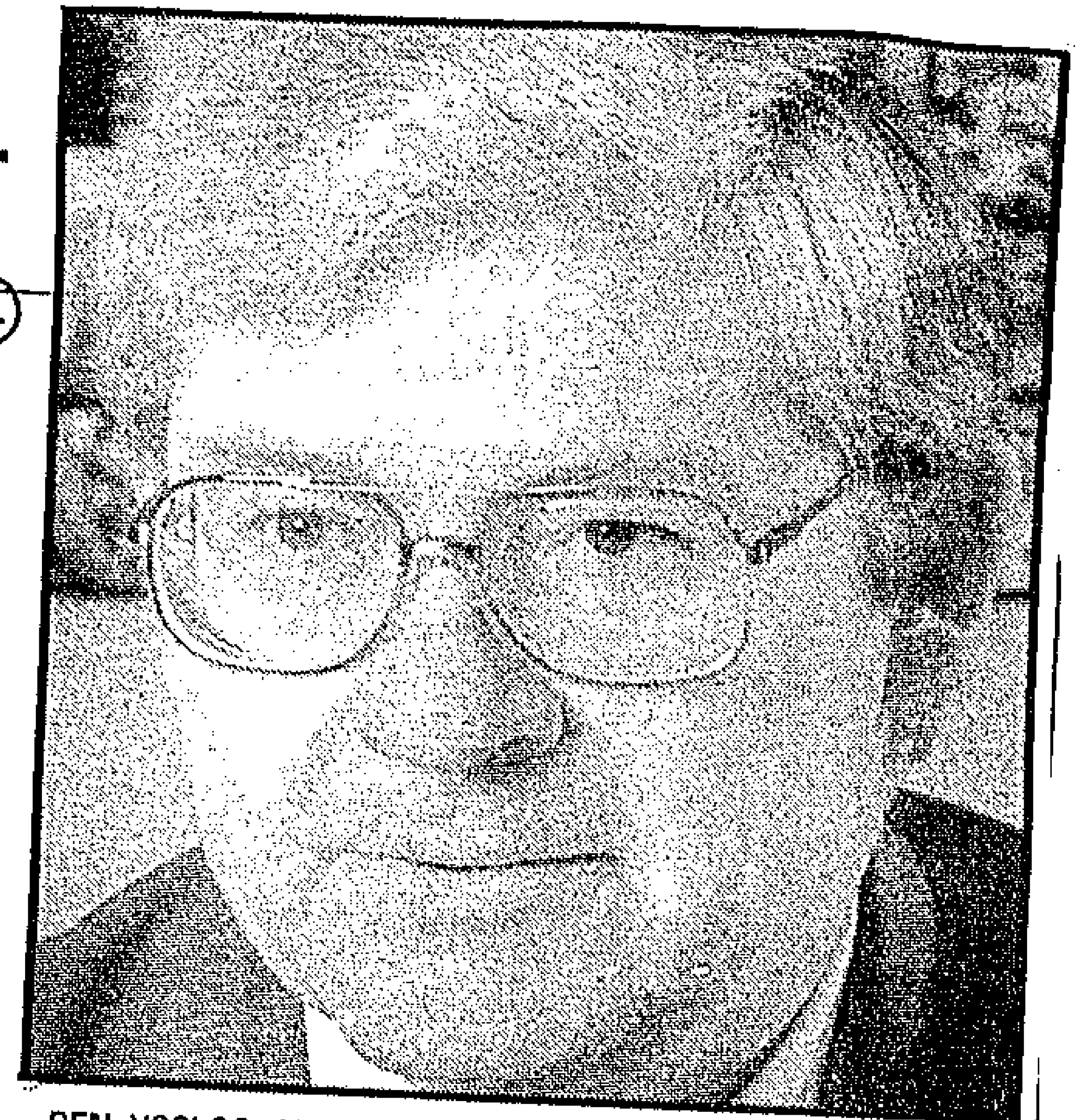
Dr Vosloo says that since 1981 when the SBDC was established, the organisation has granted 40 000 loans totalling R1,5-billion.

This has created and supported 330 000 jobs to date.

Dr Vosloo stresses that the capital base is R800-million — where interest on money is returning and from where more loans are made.

Mr Coleman says Cosatu is open to discussion on anything that could achieve results.

"We're not going into the NEF with a dogmatic approach. Discussion in the forum about the contribution small business could make would be welcomed by us," he says.



BEN VOSLOO: Vital role for small business in job provision

The Government's five-year economic restructuring plan is expected to be released at the end of the month.

The main thrust of the report is that consumption expenditure will have to be cut.

Government consumption expenditure is about 22% of gross domestic product. It should be reduced to 16%, says Japie Jacobs, special adviser to the Minister of Finance.

"Kickstarts will not deal with the fundamental problems of the economy. But this does not mean that the Government is necessarily opposed to a huge housing strategy or public works programmes because they may offer certain benefits."

Dr Jacobs will not say what government research on these issues disclosed.

"Our position will become clear in the discussions," he says.

Demand for industrial parks 'should surge'

BIDM 24/11/92

THE urgent need for employment opportunities will result in a medium-term surge of demand for industrial parks, says E P Building Society CE Trevor Jennings.

"Commercial and industrial property markets are expected to remain under pressure until the middle of next year, but should improve steadily from then on," he says.

However, this optimistic scenario is largely dependent on an end to violence and a political settlement; a return to a growth phase of the major industrial economies of the US, Japan and Germany; and a gradual return of foreign companies and investors to SA.

SA cannot afford to be hesitant and must prepare for the main thrust of development through industry. Political acceptability, combined with increased world demand, will result in export-led growth, he says.

"A focal point of this development will be the Small Business Development Corporation, and government's primary aim will be to provide employment through small, labour-intensive industries," he says. (181)

The development of industrial park sites will be needed to accommodate these businesses as entrepreneurs will need adequate space with full services to produce high-quality products needed in future markets.

Scratching

Providing the correct property at the correct price will be a major part of achieving this objective. "At present developers are only scratching the surface of an area of development that will almost certainly grow."

Fedlife assistant GM property investments and development Jan Oelofse says good research is the key to success in the property market.

"We base decisions on a five-year planning period and investigate what local councils are doing and planning to do; we keep a running analysis of where the future growth nodes are going to develop for major industries; and we keep an eye on future residential areas," he says.

A step up the ladder for human resources

S Times (Buss) 29/11/92 (181)

GENMIN intends to ensure 56 000 of its workers become "functionally" literate in the next seven years.

The programme underlines the important role human resource departments are assuming in general business strategies.

Human resource practitioners are spending less time "putting out fires" in labour relations and are becoming more involved in relationship building exercises.

Genmin human resources senior manager Bryan Phillips says there has been a "shift from the reactive mode" to a policy of medium- and long-term development which involves a continuum of growth among all employees.

There are several levels of literacy training.

If Genmin's plan is successful, all of its employees will be "functionally" literate by the end of 1999. This is the second level of literacy and includes basic computation and English.

Mr Phillips stresses that the human resources department is involved in ensuring that all employees "from those on the lowest grade to executives" are provided with opportunities for further learning.

Foodcorp manpower general manager Ivan Lätti says the more

By ADRIAN HERSCH

effort a company puts into matters of an "integrative" nature, such as social investment, so the disputes in labour relations — sometimes about trivial matters — tend to diminish.

Mr Lätti says: "For example, in our discussions with unions about housing projects a lot of trust has been built up. Joint decision making on an issue like this has meant that we have progressed to know and respect one another.

Ride

"There have been fewer labour relations incidents on the shopfloor requiring hasty 'reactive' responses."

Mr Lätti says building of trust has made for for a better climate in wage negotiations.

But he warns: "Obviously, in pay talks each side has to do the best for its constituency. One should never expect an easy ride in wage negotiations. The prospect of industrial action as a last resort is always there.

"But at least where there is trust, a lot of unnecessary haggling is avoided and chances of settlement are enhanced."

Pick 'n Pay personnel director Rene de Wet agrees that the "fire-fighting" stage appears to be over for several companies.

"We are moving beyond that and into relationship building, concentrating on matters such as good service in stores.

"We have held many cross-cultural workshops involving middle management and union shop stewards. Fairly good results have been achieved.

"Another important development is that the company is even training union representatives. The issues include disciplinary and grievance procedures. It is a breakthrough when you consider that there was a certain degree of suspicion in the past."

Mr de Wet says the human resources department "is deeply involved in goal setting" for affirmative action.

"We have 145 stores and 85% of managers are white males. We expect that in the year 2000 there will be 200 stores and about 40% of managers will not be whites.

"There are expansion opportunities for all. It does not mean that opportunities for white males will be blocked."

Mr de Wet says that although several of those selected will come from outside, such as matriculants who will be trained, Pick 'n Pay is embarking on training lower-level employees for promotion.

"These workers will take longer to train, because they do not have higher education. But with the right training, support and monitoring we expect some of them to be managers and assistant managers in about four of five years."

Mr Lätti says it is crucial that affirmative action be implemented.

"It can't be done immediately because of the state of the economy — there is little scope for promotion at present. But planning for the medium- and long-term has begun."

Salaries

Richard Pruett, director of consultants and placement agency Garry Whyte Associates, says the important role of the human resource practitioner has at last come of age.

"They are becoming part of the executive management team, and even on the board, on an increasing scale."

Mr Pruett says salaries of senior human resource practioners have improved with their enhanced status. But their pay has not increased relatively to those of other professionals.

"The significant increases have occurred where the practitioner is part of the executive team — he is being paid accordingly."

Multi-skilling lifts productivity 45%

S Times (Buss) 29/11/92.

By ADRIAN HERSCH

PRODUCTIVITY has increased by as much as 45% in some companies where multi-skilling has been introduced.

This is one of the findings of a survey of 40 large companies in South Africa.

But companies also report several drawbacks.

The research was conducted by Theo Veldsman, a consultant at Anglo American's Central Training Unit (CTU).

The survey shows that most companies implement multi-skilling at shopfloor level (38%), followed by supervisory (32%), and middle-management level (15%).

Dr Veldsman says the response is "fairly representative of the larger companies that that have implemented multi-skilling".

Warning

Reasons for the benefits obtained are "more efficient and effective operation" (31%), a reduction in costs (17%) and improved productivity (14%).

But Dr Veldsman warns that although multi-skilling can offer much in the short term, it should be coupled with adult education programmes if medium — and long-term benefits are to be gained.

"A worker has to have a certain level of education to enter a job grade demanding certain complexities of skill.

"Once a worker has been multi-skilled to a maximum level in a grade, it often happens that he is unable to advance because he does not have the education to enter the next grade."

Fortunately, adult education programmes are increasingly being used by businesses.

National Training Board acting chairman Ray Eberlein says it is possible that these adult education programmes could be "recognised by issuing nationally acceptable certificates".

Dr Veldsman's survey shows that the most common form of multi-skilling adopted is operators doing different tasks in their own discipline (29,7%).

This is followed by artisans across disciplines — doing maintenance and working in production as well (21,6%) — supervisors across disciplines (18,9%), operators across disciplines (10,8%), management across disciplines (10,8%) and artisans across traders (8,1%).

There have been instances where trade unions have rejected multi-skilling. But several Cosatu unions have agreed to its implementation.

Dr Veldsman says: "Although in some cases there is a problem of job security, the alternative can be that the company will go under.

Overload

"When implemented correctly, multi-skilling provides for growth and progression among the members which the unions are keen to see."

Some drawbacks mentioned by the companies that implemented multi-skilling are: it is difficult to assess a suitable level of pay; concern about employee "work overload"; a high level of supervision is needed to maintain standards; the problem of getting the right balance between specialists and generalists.

Employers are also concerned that multi-skilling does not appear to foster job creation — a problem which SA desperately needs to resolve.

Prepare for the coming revolution in profit sharing

(181)

BDM 30/11/92

DEON THOMSON

RECENT research indicates that there is a groundswell movement within large corporations to share profits with workers. It has reached the stage where it is not so much a question of whether profits will be shared or not but how they will be divided up.

Research leads us to predict that the form of profit sharing known as gainsharing will be widely accepted and adopted as the standard practice in SA within five years.

Gainsharing is a system whereby the proceeds of any gains in productivity are shared between the stakeholders in agreed proportions. The norm in the US, where the concept is gaining in popularity, is a 50:50 division between the shareholders and the workforce. It is a meaningful and effective way of approaching the problems of wealth distribution and standards of living.

The most frequent reason advanced for not implementing gainsharing was the argument that the workers cannot in fact influence profits — therefore, gainsharing would really be like a free handout. With hindsight this argument has to be discarded — the failure to share has led to worker alienation which has adversely affected profits during the past decade — on a grand scale.

The real problem has been the difficulty management of large corporations has experienced in clearly conceptualising the nature of the partnership between the enterprise's important stakeholders.

A central convention in the reward system is that an employee is entitled to average pay for average performance. This is the foundation for remuneration grading systems. The requirement of "average performance" is defined in terms of acceptable physical standards, and also in standard terms and conditions of employment.

The extremely important corollary is that the employer should not ask for more than average performance without offering additional pay. The employer should not expect above average performance — he is not entitled to it.

One argument against this view is that "we pay more than the industry average and therefore we expect more." This is wrong as well. The reason why these employers are paying more than the industry average is to attract employees, and to show job turnover, and to experience fewer pay strikes.

This principle was vividly highlighted in an interview we conducted recently with a shop steward employed by a major manufacturer. When asked why the trade union was opposed to a campaign introduced by the company to enhance productivity, he replied: "This is not always true. The work for most people in the factory is by its nature hard work — both physically and mentally. What we resent is that you are employed to do a certain job at a certain speed. It seems unfair to have to work harder or faster without getting additional remuneration. Alternatively, the work must be regulated so that it provides regular work for the same number of employees."

This simple answer is so complete, and so obviously correct, that it seems to place the blame for the labour unrest of the past few decades fairly and squarely on the management of the larger corporations. Implicit in the statement is the call for fairness and equity, which cannot be refuted.

There are basically two ways of conceptualising the economic partnership. First there is the Western approach, typified by US corporate structures which ours closely resemble. The shareholders are regarded as one of the stakeholders. The role of management is conceptualised in "agency theory", which argues that management is "empowered" by the board of directors, who are the agents of the shareholders. The powers derived by management include the powers to staff the organisation and to negotiate levels of remuneration.

In the same way, management, which probably enjoys its own, separate incentive scheme, negotiates contracts of gainsharing with the worker group. It does not have to gain the approval of the board of directors because, by definition, it is only the "gains" (in other words, the extra profits) that are being shared.

If management is challenged on this, it would point out that it is a "win-win" arrangement — either both partners will gain, or neither will — in either event, neither partner loses.

The second approach is the Eastern one — for example Japan's. Here, essentially, there are only two stakeholders — the shareholder group, and the workforce comprising management and workers at all levels. That this is the case can be clearly seen in the way in which profits are shared.

As in the West, remuneration is negotiated with trade union representation. By and large wages are fixed at a minimum level. However, once or twice during the year, or even three or four times, double, treble or quadruple salary cheques are paid out, dependent on profits earned by the employer during the period since the last distribution of profits occurred. In other words, it is a distribution similar to the distribution of a dividend to shareholders. It is a direct sharing of profits.

Can this be criticised as being a mere handout? Doubtful. For one thing it would make employees very amenable to discusssing how profits could be maintained at the same high level — if not improved — so a further dividend could be earned.

This approach to incentive pay is very rare in SA.

Which approach will be adopted in SA? The intrinsic appeal of the Eastern approach is its simplicity and the way in which it encourages teamwork. It seems to satisfy all of the potential problems — including the problems of how to measure production bonuses, and who should participate in the profit-sharing and who should not.

Yet, there are advantages in the Western approach too — since management incentive schemes focus more directly on performance factors that can be influenced by the managers concerned. Separate incentive schemes are devised for separate groups of employees, each with a different focus.

There is a pragmatic answer to the dichotomy — it does not matter as long as there is a partnership. Nevertheless, given logistical problems in SA, the Eastern approach appears to be a far more satisfactory solution, and far easier to implement in the short term.

Is there another way in which profits can be shared?

Share participation is often looked upon as an alternative to profit-sharing. But this approach is fundamentally wrong. It confuses the separate roles of the different stakeholder groups. Share participation involves a buying and selling of shares — it has nothing to do with rendering services. It is only where share participation is on a substantial scale, as in a closely held private company, that it is likely to influence employee behaviour.

Unless the economic partnership is correctly conceptualised, and brought in as part of the mission statement, meaningful sharing cannot be justified. Management is simply not entitled to divert profits away from the shareholder group without justifiable reason.

Invariably, where the economic partnership has not been articulated, profit-sharing tends to be on a small, even insignificant, level — say, 5% of annual remuneration, which hardly affects the employee's performance. What is needed is true profit-sharing, which may pay out 30% or 40% of annual remuneration, funded entirely by an increase in profits.

☐ **Thomson is an associate of P-E Corporate Services.**

LETTERS

NPI CONFERENCE

Market 'absorbs only 85 of every 1 000 job seekers'

BIDAM 1/12/92

PORT ELIZABETH — Less than 85 of the more than 1 000 people who enter SA's labour market each day can be accommodated, says economist C J Meintjies of the Development Bank of Southern Africa's Development Information Group.

Discussing SA's "alarming" unemployment situation, he told the Economics, Business Economics and Manpower research conference organised by the National Productivity Institute in conjunction with Vista University: "The rest are either unemployed or underemployed in the peripheral sector." (181)

Statistics implied that the formal economy created few or no new jobs.

Political pressure to increase wage rates, such as the Sullivan code, had had a detrimental effect on employment. Employers had retrenched large numbers of workers to make possible payment of required wages to "the fortunate few remaining employees".

From the beginning of the economic downswing in 1989 to the end of 1991, 188 000 jobs disappeared, wiping out nearly all employment opportunity gains made in the formal economy from 1986 to 1989. The net increase in formal employment opportunities from 1986 to 1991 was 12 000 while the labour force increased by about 2,4-million. The official unemployment rate increased from 8,4% in 1980 to 12,0% in 1985 and 19,0% in 1991.

Manufacturing sector employers cited "labour problems" as the most common cause of the continuing drift towards greater capital intensity. An analysis of 76 subsectors within manufacturing indicated that relative capital-intensive industries grew at a much higher rate (4,2% a year) than the relative labour-intensive industries (1,5% a year) from 1972 to 1990.

Meintjies suggested that collective bargaining be conducted at the level of the enterprise rather than industry or national level. "Negotiations confined to this level is the rule in industrialised countries such as Japan and the US since it is targeted at the actual parties involved." A move in this direction could enhance negotiations on real labour issues rather than attain objectives completely outside the labour forum.

Structural policies to strengthen the capacity of the economy to create new jobs should cover a broad range of action, and should be built upon confidence in the future (restored by a steady socio-economic and collective bargaining environment), consensus about goals to be achieved and an equitable sharing of the costs of adjustment. — Sapa.

It's time for a switch in attitude

(181) STAR 2/12/92

NERVE CENTRE Telephone executives are a company's most valuable asset. It's time to stop treating them as "poor relations". PHANGISILE MTSHALI reports.

REMEMBER those least-paid, least-skilled and almost forgotten co-workers whom you only know as harsh voices on the other end of the line, or as faceless incompetents?

Well they are not. Telephone executives are the company's most valuable staffers, says Sandhurst communications consultant Renett Grove.

She is out to convince the business world that switchboard operators deserve respect. For the past two years Grove has hosted a Telephone Executives Week in recognition of those at the company coal face — the switchboard.

They do not just sit and push buttons, she says, but they manage communication in the company. "They are the voice, the face and image of the company to an outsider."

They are telephone executives because their job involves taking diplomatic decisions with every incoming and outgoing call and making it possible for other employees to do their jobs smoothly and effectively, she says.

Almost 70 percent of contact with clients is done over the telephone, therefore, managers should start seeing people at the switchboard as their most valuable asset.

Over the years, people working switchboards have been treated like "poor relations" by other employees. Most of the time, they are the last to know what is happening in the company.

Grove argues that they should be the first, because outsiders will telephone the company and ask the first person who answers about a new project or promotions venture.

A wrong tone of voice when answering the call can shatter that business deal. So can a rude sigh or a slight sign of being intimidated, harassed or bored.

Some companies see the switchboard as a place to keep the unproductive and demoted.

Managers must start investing money and training their telephone executives to boost morale, motivate them and make them feel they are part of the company.

All extension users must understand that the person at the switchboard has feelings and is under pressure and stress, trying to be nice to rude callers, calm unhappy clients and facilitate outgoing calls.

Simple things, such as reporting if you are going out, will help ease the pressure.

Managers should not just send their staff to learn correct telephone manners but also attend courses.

She says managers can spend thousands of rands training staff but, if they still pick up the telephone and holler "helloooo" into the receiver, staff will follow suit because "monkey see monkey do".

Putting up a good front . . . Johannesburg telephone executives Shireen Davids (right) and Mary-Anne Stewart both make it a point to project their company's image every time they pick up the receiver. . . Picture: Peter Mogaki

Always have a smile in your voice

Renette Grove gives these tips to becoming a successful telephone executive:

- Give your company's name clearly and professionally — it's free advertising. The caller wastes time by having to ask: "What company is that?".
- Keep calls short without being rude to the caller.
- Try to get callers to leave messages rather than hold. Having to return too many calls can cause confusion.
- Act positively instead of making excuses. Don't say "I couldn't have cut you off I am on an electronic board!" Rather say "Thank you for calling back. Who can I put you through to?"
- Never say "I can't put you through to Mr So and So", even when acting on a "big wig's" instruction. It frustrates the caller and portrays you as a timid wimp. Ask the caller to leave a message and say when the call will be returned.
- Do not use buttons as weapons to cut off callers in mid-sentence.
- Never interrupt a call. The person on the other side may think you are eavesdropping.
- Put a smile on your face and your voice will "smile".
- Don't use slang words such as "okay". Use "certainly" instead.
- Make listening noises, such as "I see", "I understand", to show callers they have your attention.
- A switchboard room is not a gossip area. Do not repeat anything you overhear.
- Use callers' names as often as possible and avoid terms such as dearie, sweetie, lady, sir or madam.
- Do not take abuse from callers personally. They complain for a reason.

TOMORROW

Vincent Veal, said to be South Africa's longest surviving HIV-positive person, has given up trying to find employment.

Secret boardroon

STAR 5/12/92.

Wars

Prickly task of firing a top gun

(182) (181)

IN TIMES of deep recession, companies are taking a close look at top management, and if they aren't delivering, they are axed — sometimes with a fight.

A multimillion-rand contest is being waged at executive level in corporate SA. But such are the sensitivies of the issue, that it has become the "secret war" of the private sector.

Executive dismissal is on the increase, but in-fighting is hush-hush, as fallout can harm both company image and individual ego, especially when senior executives are in the firing line.

Some light is shed on the issue by Barry Jammy, head of the labour law department of attorneys Edward Nathan & Friedland Inc.

"It's an exaggeration to say aggrieved senior executives are beating a path to their lawyers' doors, but there is certainly increased activity in this sphere.

"Relatively few cases are made public because the issue usually crystallises around the severance package — money.

Packages

"Parties enter into negotiation and a frequent condition of successful settlement is that both sides observe absolute confidentiality.

"It isn't possible to give exact numbers. If I had to speculate, I would say not more than one in 10 cases comes to court."

Nor it is possible to estimate the size of severance packages, other than to say they can at times be substantial.

In scenarios sketched out by Jammy, South African companies are fighting recession by critically examining poor or non-performance in all areas — including management tiers.

Jammy points out: "SA has traditionally favoured hierarchical structures and top-down systems of control. But things are changing. We are witnessing the end of isolation. Greater contact with global markets has opened a few eyes to what can be achieved by simpler, more responsive units.

"This new insight, coupled with the challenges of a continuing recession, has accelerated corporate re-evaluation. One symptom is executive dismissal. It is rarely dismissal for misconduct or dishonesty; rather, dismissal for inadequate performance. Alternatively, rationalisation may prune a whole tier or division.

"Fifty appears to be a dangerous age. It is frequently a time of managerial complacency when, in the context of re-employability, that is least affordable.

"In cases where unsatisfactory performance leads to dismissal, fairness is still the underlying requirement and, in that context, both parties normally prefer negotiation to confrontation in open court.

"Though companies often make a financial offer, it is as well for executives to appreciate that companies will not succumb to extortion. These are delicate issues. Perhaps it says a lot for good sense all round that so few go to court."

When they do come to court, either or both of the substantive and procedural aspects of the dismissal will be challenged.

Then certain aspects of labour law have to be appreciated.

Provisions of the Labour Relations Act apply to all employees of a company, not just "the workers". Claims of unfair labour practice are dealt with by the Industrial Court. Nine times out of ten, these relate to allegations of unfair dismissal.

Contractual

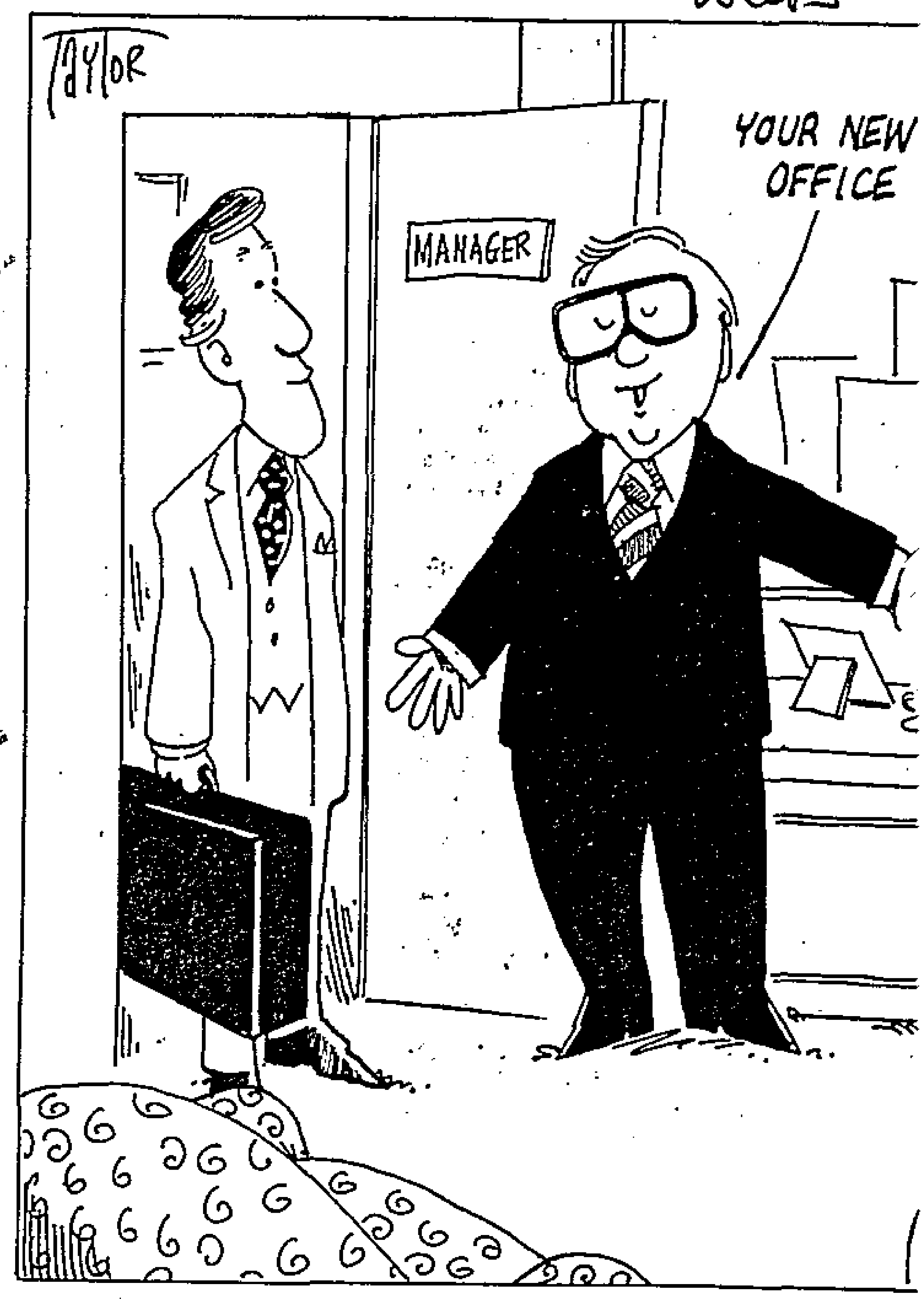
The relief petitioned for is generally reinstatement. But this is only ostensible redress in the case of a senior executive. The dismissal and subsequent action will have soured relationships to such an extent that financial compensation is the *de facto* goal.

Nor is there any statutory obligation on a company to come up with a severance package for the affected employee. Statutory provisions exist in English law, but not in SA. Here, contractual obligation is the key.

Jammy adds: "At the moment, attention seems to be focused on dismissal and the severance package, with attorneys being consulted by companies or affected individuals at the exit stage. But the spotlight may soon fall on the entry point — the employment contract that will be negotiated by the prospective executive with his potential employer.

"Currently, the stress laid, in law, on contractual obligation would lead me to advise an incoming executive to ensure that the issue of severance entitlement is adequately addressed in the contract of employment.

"It may also be in the company's interest to include such provisions. Clarity would be established from word go, the recruit's mind would be at rest and a lot of wrangling at a later stage could be avoided."



FOCUS ON JOBS *Retrenchment - an economic disaster*

focus on Jobs

Retrenchments have to be managed constructively says an expert as workers experience an ongoing nightmare caused by losing their jobs. **Ike Motsapi** spoke to labour expert Dr Renate Volpe about the problem. (18) Sowetan 7/12/92

A KEY SPINOFF OF POLITICAL and economic demands in South Africa is the pressure brought to bear on the labour situation and the consequent retrenchments.

So says Dr Renate Rijavec Volpe, regional manager of the Witwatersrand Centre for Human Development, analysing the recent spate of retrenchments in the country.

Volpe, who has prepared a paper on how to manage retrenchments constructively, said unemployment "may paint a nightmarish scenario if left unattended".

She said: "We may face the worst in the country because unemployment, with its natural consequences of diminished self respect, financial stress, lowered standards of living, increased crime and theft could be the order of the day."

Merger and takeover of companies

Volpe said retrenchments were the beginning and the end "of a long line of events" for both the companies and their employees.

She identified the following factors as the main cause for the high rate of unemployment:

- The economic downturn.
- Companies are moving from one area to another at a rate of 2,7 percent yearly.
- Mergers and takeovers of companies which happen at a rate of 4,0 percent.
- Closure of companies - 4,8 percent.
- Contracting out - 6,1 percent.
- Usage of new technology - 9,5 percent.
- Restructuring - 18 percent and;
- Other factors - 2,0 percent.

She said: "These factors in retrenchments have disastrous consequences for companies and the individual employees if managed poorly."

With dreaded anticipation

Volpe said for companies to retrench staff was viewed as "a scenario long foreseen with dreaded anticipation".

She added: "Once accomplished it brings with it a host of difficulties in respect of demotivated and untrained staff.

"For the individual staff members this is an ego bashing experience, irrespective of how earnestly the company attempts to depersonalise the experience," Volpe added.

She said retrenchments consisted of a four-phased process.

These were management consultation on such issues as policy, package, company dynamics, managing executive stress and preparation of managers and supervisors.

Groups of men wait endlessly in a queue for employment.

High inflation rocks labour boat

(181)

S/Times (Buss) 6/12/92

By DUNCAN INNES

THIS YEAR produced some fascinating developments on the labour relations front, providing a complex mix of both positive and negative tendencies.

The year started by looking as though it might be quiet. This was largely because of the harsh recession. It tended to make militant activity dangerous for workers because demand for labour fell. In the first half of 1992 the number of mandays lost to strike action was only 340 000.

However, by the end of September the labour relations arena was seething with strike action — in spite of the recession. The number of mandays lost soared to more than 3-million compared with 2-million for the first nine months of 1990.

What caused this remarkable turnaround?

Undoubtedly, the high inflation rate — and especially soaring food prices — played a key role. Most strikes were triggered by wage disputes.

However, strikes that take place in recessionary times inevitably meet a tougher response from employers.

Seifsa and Toyota, which were hit by major strikes by metal union Numsa, both dug their heels in, forcing the union to accept defeat.

However, the hospital strike conducted by the National Education, Health and Allied Workers Union (NEHAWU) was far more successful. But the issue went beyond wages to include demands that formal bargaining procedures be established for the sector. Not only did the union win pay increases, but it gained an agreement for the establishment of such procedures and the reinstatement of most of the 7 000 workers dismissed in the strike.

Although some unions concentrated on strike action, others sought to develop in a different direction by forging more harmonious relations with employers.

JEOPARDY

In the forefront of this movement was the National Union of Mineworkers (Num), which signed some landmark agreements during the year.

Another Cosatu union, the South African Clothing and Textile Workers Union (SACTWU), involved itself with employers in discussions aimed at restructuring the troubled clothing and textile industry. It agreed to discussions about productivity in the textile industry.

Significantly, the more co-operative approach exhibited by SACTWU and Num occurred in industries whose future is in jeopardy. Although unions and employers have strong differences, when the future of their industry is threatened, co-operation can occur. The question that hangs in the air, of course, is why do both sides have to wait until the 11th hour to work constructively together?

But perhaps the high or low point of the year (depending on your point of view), involved Cosatu's mass-action campaign.

Cosatu gave ample warning of its intention to call for mass action. Having rejected the State President's March referendum as "irrelevant", Cosatu announced a set of demands which, if not met, would lead to mass action.

They included the establishment of an interim government by June 1992.

Not only did June come and go without an interim government being set up, but to make matters worse, Codesa II collapsed in July. Consequently, Cosatu launched its mass-action campaign with the ANC in tow.

In spite of the Government's predictions that the campaign would never succeed, it proved to be spectacularly successful from the organisers' point of view, delivering another body blow to the staggering economy.

The stayaway forced the Government to make some important political concessions that it might more usefully have made at Codesa. However, it also spurred Cosatu to take the mass-action campaign a step further, launching a campaign to boycott Paye.

But like the proverbial boxer who never knows when to retire, Cosatu had gone a step too far. Confronted by firm opposition from both the Government and employers and a marked reluctance for further mass action among its own affiliates, Cosatu wisely withdrew its demand.

WEALTH

Since then, there has been a new round of promising developments on the labour front. The National Economic Forum has been established with participation by the Government, employers and trade unions.

A restructured National Manpower Commission has been set up, also with tripartite involvement.

An historic agreement has been reached between Cosatu and the Government on extending labour legislation to farm and domestic workers.

However, the gap between business and labour on the economic front remains wide, with Cosatu formally committed to "the principle that nationalisation is one of the legitimate vehicles to redistribute wealth".

But with the ANC moving ever further away from nationalisation as a realistic prospect, Cosatu is finding itself increasingly isolated in this demand.

SPOTS

As far as 1993 is concerned, agriculture could become a focus of trouble as the South African Agricultural Union (SAAU) digs in its heels in the face of Cosatu's agreement with the Government to extend labour legislation to this sector.

Continued differences on VAT and the slow progress in political negotiations are also potential trouble spots.

At present, the trade union movement stands delicately poised between two paths: one leading to constructive engagement by both the State and employers; and the other along the more familiar path of conflict and industrial disruption. Although the former is likely to prevail over the longer term, the short-term future will not be without serious conflict.

■ *Dr Innes manages The Innes Labour Brief, a research-based consultancy service.*

White collars with a black record

S/Times (BUSS) 6/12/92 . S/Times (BUSS) (18)

By CHERILYN IRETON

WHITE-COLLAR crime has become corporate South Africa's nightmare.

Fraud, embezzlement and bribery by trusted staff members have bruised almost every company — although many executives choose not to report the incidents to the police.

The potential loss from cases under police investigation on the Witwatersrand exceeds R3,4-billion, says Commercial Crime Unit commander Colonel Louis Esterhuizen.

That figure excludes petty and syndicate fraud.

The police say they hear about only a fraction of crimes committed by white-collar workers.

Not only have the cases they hear about increased, but they are becoming more complicated as a result of misuse of computers, facsimile machines and the availability of regular air flights, says Colonel Esterhuizen.

ETHIC

There are many reasons why companies do not report fraud. Loyalty to long-standing staff members, fear of public exposure and plain indifference by business leaders squash most cases.

David Lapin, founder of the Institute of Business Ethics, says the crisis companies are facing is merely a microcosm of what the country is going through.

"The root of the problem is the lack of a national ethic.

"We used to have an autocratic ethic — and while I am not suggesting it was the right one — there was a clear understanding of what was right and what was wrong in terms of that ethic. Since the start of social and political changes, people are struggling to find out what the country believes in."

The moral vacuum that has resulted from the move from autocracy to democracy needs to be viewed from all levels.

"But it won't help for companies — or the country for that matter — to sit down and write a mission statement. This will have no impact because there is no sense of commitment. Any acceptable ethic needs commitment from the workforce and citizens."

In the work environment the values problem will not be sorted out only by imposing additional security and systems. Instead, business leaders should direct their efforts to bridging the sense of alienation experienced by employees to their companies.

"In most cases, the perpetrator does not associate the company with the victim because the company has become a dehumanised concept. This removes the feeling of ugliness from his crime."

Business has bred the ethical dilemma by rewarding bottom-line performance without showing adequate recognition for the value of integrity.

"It is difficult to reward someone for not stealing. But I believe that promotion must be character based as well as performance based."

Colonel Esterhuizen says fraud is probably the easiest crime in which to avoid prosecution.

A little thought can save a lot in tax for retrenched workers

S/Times (Buss) 6/12/92 (181)

By TERRY BETTY

COMPANIES can structure retrenchment packages to save employees thousands of rands in income tax.

Focused Finance executive director Chris Nixon says this need not cost the company anything. His message is: "If you are going to retrench, plan before putting a package together to make it as tax effective for the employee as possible."

Mr Nixon says tax is also affected by how the employee invests the lump sum in the year of retrenchment.

Retrenchments and early retirements are the two avenues used by a company when rationalising.

Companies prefer, where possible, to put staff on early retirement because the burden is then carried by the pension fund and not the company. However, this method can be used only if the pension fund has a surplus big enough to bear the strain.

The general limit for early retirement is 55 for men and 50 for women. Mr Nixon says the Receiver of Revenue may, in certain circumstances, allow people to retire at the age of 45.

An employee on early retirement receives lump-sum payments from a pension and/or provident fund as well as from the employer.

The tax-free amount is determined according to the employee's average salary and the period of tenure, but is generally not higher than R120 000.

There is no tax on the first R30 000 paid by an employer in the form of a retirement gratuity. It may include accumulated leave and other lump-sum benefits.

The balance of the lump-sum payment is taxed at the individual's average rate.

This is where the employee has room to manoeuvre.

Car

Mr Nixon says the employee's average tax rate can be reduced if he or she is retrenched early in the financial year. A company considering retrenching staff members or putting them on early retirement should wait until March instead of acting in February.

For example, a person with 18 years' pensionable service earning R7 500 a month plus a car allowance and other investment income will pay tax at an average rate of 20,2% if retrenched in March. The tax rate will rise to 31,2% if retrenched in October.

Mr Nixon says this tax base can be whittled away even further if the employee makes a lump-sum contribution to a retirement annuity. Not only ~~is it~~ tax deductible, but it reduces the average tax rate. The maximum amount that can be contributed is 15% of non-retirement-funding income.

Mr Nixon says it is essential to try to reduce the taxable income as far as possible in the year of early retirement. This will lower the average tax rate on lump-sum payments.

It is also important to place the lump sum in investments that will not generate taxable income in the first year of retrenchment.

Other tips include writing off all expenditure possible, such as prepaying rent, to reduce taxable income in the first year of trading if the person sets up his own business.

Mr Nixon says the individual should try to arrange with the fund to have the pension payments paid annually in arrears in the following tax year, although this practice is under attack by the revenue authorities.

"One can often keep the average tax rate down to 17% by using the lump-sum contributions, effectively investing the money and structuring the business to achieve a loss in the first year of operation."

Similar rules of reducing the tax base apply to people being retrenched.

However, Mr Nixon says they receive a far lower tax-free lump sum ~~than people~~ on early retirement.

Only the first R1 800 drawn from the pension or provident fund is tax free, the rest being taxed at the average rate.

The same rules apply to keeping the average tax rate low.

Retrenched employees can sometimes choose whether to withdraw all their contributions from the fund or leave them untouched.

Flexible

The general rule, that has to be verified in each circumstance according to the pension regulations, is that a person with long service is better off leaving the money in the fund if he does not need it.

An employee who has not been with the company for long should withdraw the entire amount. However, it is often best to transfer the cash to another fund or a retirement annuity to keep tax low.

Mr Nixon suggests that funds will have to become a little more innovative and flexible.

"People should be allowed to leave their money in the fund and withdraw it later in the year should they be unable to find another job."

Structuring retrenchment packages might be an administrative burden for the company, but it will pay off in improved relations with retrenched as well as remaining staff members.

Upturn in 1993 — Sacob

By Michael Chester

The economy will begin to recover in the next 12 months, the SA Chamber of Business (Sacob) predicted yesterday when it announced that business confidence rose in November to its highest level in more than a year.

Sacob's business confidence index increased last month from 90,1 to 93 points — its highest since the second half of last year — partly because of a rise in business optimism resulting from new bilateral talks between the Government and the ANC.

Sacob forecast a gross domestic product (GDP) growth rate of 1 percent next year, climbing to between 1,5 and 2 percent by the end of the 1993/94 fiscal year.

However, with 300 000 jobs already axed by the formal sector in the prolonged recession, Sacob feared there was still no indication that retrenchments had come to an end.

The creation of new job opportunities was unlikely to resume in earnest until production levels picked up momentum in the second half of next year — but opportunities would still fall short of the number of new entrants into the jobs market.

Economic recovery also hinged on an end to the drought, the nature of the 1993 Budget, and the performance of key overseas economies, Sacob said.

● Still nervous - Page 27

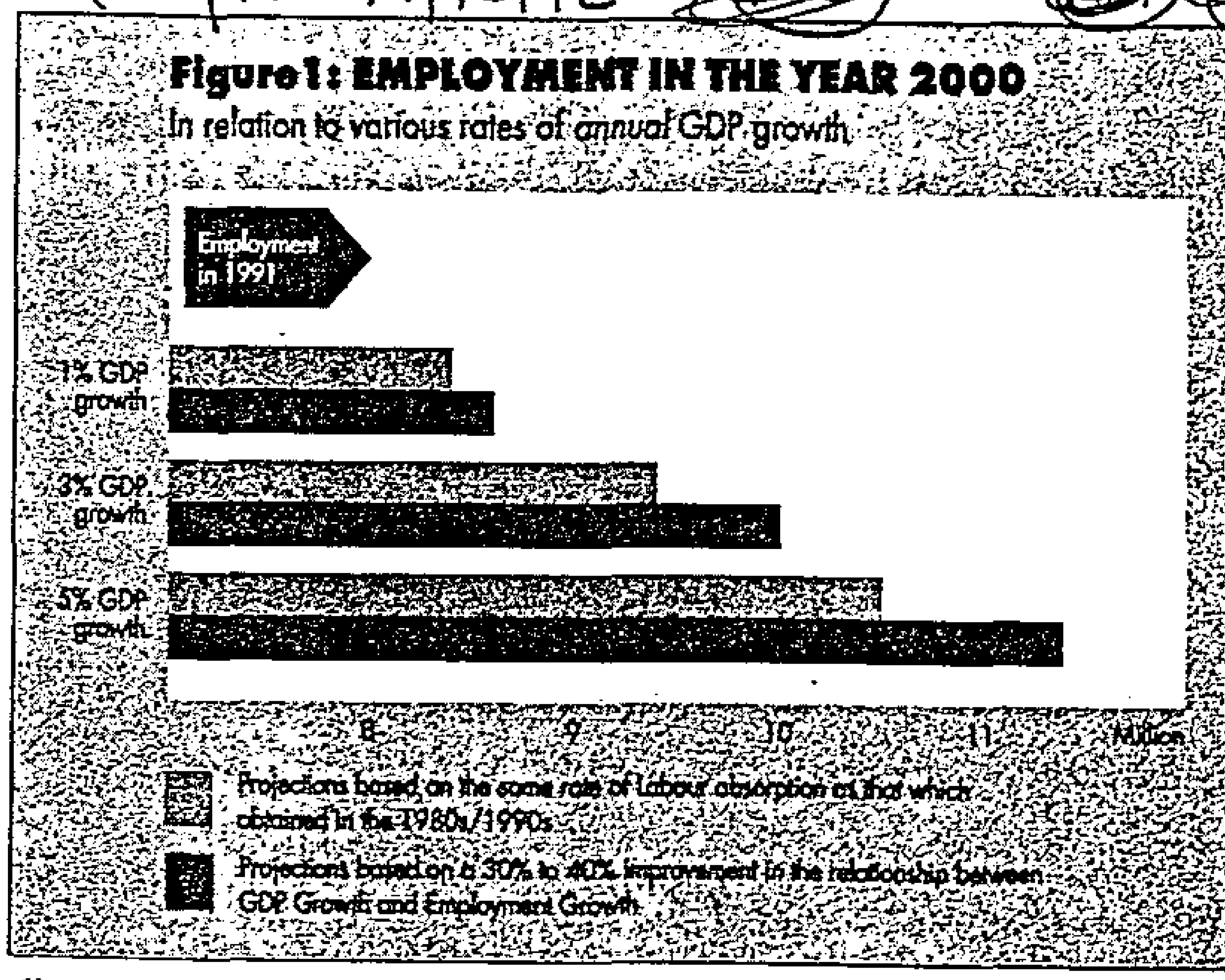
STAR 2/12/92

Anglo plan to help the poor

w/mail 11/12-17/12/92

(181)

Anglo nas responded positively to the ANC challenge to present alternatives to nationalisation, reports **REG RUMNEY**



Source: Optima

THE Anglo American Corporation has come up with some sensible ideas for tackling poverty in South Africa.

The proposals are contained in a draft document, put together by several people at Anglo, and published in summary form in the latest issue of *Optima*, Anglo's corporate journal.

The document was clearly a response to the African National Congress challenge to business to present alternatives to nationalisation. But *Optima* remarks that political groupings approached did not take up the invitation to debate the ideas proposed.

Understandably, the proposals fall within the business community's free-market ideology. Anglo stresses at the outset: "Economic growth is the only meaningful way to reduce poverty over time." The authors quote a World Bank study to show that a "market-friendly approach" by government to poverty alleviation is a pre-requisite for economic success. They remind that unsustainable social spending and over-extension of the tax base is a common cause of growth collapse and increased poverty. And they strongly if not blindly support the growth of the informal sector.

Anglo, however, has also compiled an array of programmes which could form part of a short-term anti-poverty strategy, crucially ensuring access to water and job brigades to soak up unemployment.

The authors have even drawn up a rough budget of the annual cost of some such anti-poverty strategies. This gives a cost of around R12-billion and isn't immediately possible — it would probably double the Budget deficit. Tradeoffs will be necessary, though higher growth of five percent a year or more makes more possible.

In the course of identifying short-term interventions the report takes a close look at poverty in South Africa, making some useful observations and liberally quoting younger, less conservative, economists like Peter Moll and Nicoli Nattrass as well as the World Bank and establishment thinkers.

Above all, the authors note the really dire poverty in South Africa is rural. And they say the need to address absolute poverty in South Africa is unquestionably more urgent than putting right relative poverty.

Growth, it shows, using an Urban Foundation study, will automatically lead to a narrowing of South Africa's income gap.

For example, a 2,5 percent growth in gross domestic product between 1991 and 1995 will mean real per capita incomes for blacks, coloureds and Asians will be 15 percent higher in 1995 than they were in 1985. By contrast, white per capita incomes will have fallen by 9 percent.

But this conceals wealth movements within race groups. So inequality within such groups could increase while equality between race groups falls.

In the Philippines an improving proportion of income going to the poorest 40 percent of the population between 1961 and 1971 hid the fact that the share going to the poorest 20 percent fell drastically.

The poorest of the poor — the people without access to housing, basic health care, adequate nutrition or clean water — cannot afford to wait for the kind of gradual adjustment in the economy brought about by a steadily climbing growth rate, say the authors.

These people will also be hardest hit, they add, by a restructuring of the economy aimed at an immediate reduction of income and wealth inequalities between racial groups, at the expense of addressing the problem of poverty *per se*.

Noting that 12-million South Africans, mostly in rural areas, don't have access to an adequate supply of clean water, they cite research to show basic water and sanitation could be provided with R11-billion capital cost plus R600-million recurring costs a year. They suggest a number of specific actions, such as greater use of underground water by urban communities to allow water from central dams to be re-routed to dry areas.

Examining the increasingly popular idea of job brigades, the authors warn against the short-term political benefits of using them for grand public works programmes. They should be used to create assets from which the poor will draw particular benefit, such as erosion control in the homelands. And they could be used to reinforce other components of an anti-poverty strategy including water supply and construction of basic health care or educational facilities.

"Where possible, job brigades should be run along more than simple 'make-work' lines, but this need not always be the case. Indeed, the World Bank (1990) and others recommend job brigades essentially as welfare programmes where the objective is simply to get income to poor families by setting wages low enough to be unattractive to the non-poor."

The authors warn against large-scale job creation projects: talk of employing a million or more people at wage rates comparable with those in the formal sector, they say, would cost too much, consuming around R9-billion in 1990 prices, or four percent of gross domestic product a year. They may also compete with existing formal sector employment, possibly limiting current job opportunities.

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JOB MARKET

Beware shady 'consultants'

S/Times (Buss) 13/12/92. 181

By ADRIAN HERSCH

BUSINESSES that cannot afford the high legal costs of industrial court cases are in some instances being taken advantage of by "consultants" acting on behalf of dismissed employees, claim a number of employers and labour lawyers.

The effect of this, and stringent regulation regarding dismissal of employees — even more stringent than some other countries in the world — is having an adverse effect on the economy and stifling job creation.

The introduction of a small labour court (SLC), which is being planned, may address some of the problems.

But until such time as legislation changes, there are a number of remedies available to employers — large and small — to combat cases where unfair advantage is being gained, says labour lawyer Rod Harper.

He says that, in many instances, consultants take on cases of dismissed employees regardless of the merits of the case.

"They drive the matter and attempt to force the employer to settle the matter on an extravagant basis, rather than facing the threat of legal proceedings.

"The company would rather pay, than spend two days in court where substantial costs can be involved."

Split

Mr Harper says a method commonly used is that the dismissed employee pays no deposit or other fee to the consultant.

An agreement is struck where the settlement — for example, six months to pay — is split on a 50-50 basis between the dismissed employee and the consultant. The dismissed employee therefore has nothing to lose.

"Some consultants will try to get as best a settlement before legal proceedings begin, with the aim of ultimately avoiding legal proceedings.

"Where there is no sound case any competent labour lawyer will whip them in court," he says.

Mr Harper says it is ironic that when employers settle out of court, even though they may have a fairly sound case, they are encouraging the process where consultants take on cases even where the merits are poor.

But he has noticed some changes recently. "Some employers are getting fed up, and where they have a good case they are taking up the challenge head-on.

"They believe a process tantamount to blackmail is emerging and are determined to fight it."

Louis Moll, senior industrial relations manager of First National Bank, says the company stands firm on its principles.

"It is important for our clients to be trustworthy of us, especially when you consider we are in the banking sector.

"On matters of principle we will fight cases, irrespective of costs."

But Mr Moll is particularly concerned about those in small businesses. He says: "Fighting a case can take days and weeks out of the life of the head of a small business. He loses production, and the legal risks can be high. His business can go under.

"You may find that some of these people will rather pay out a few months' salary, regardless of the merits of the case, to continue being in business.

"It's not the employer's fault, but there is a breakdown of justice."

Mr Harper says there are a number of options open to those in small and medium-sized businesses.

"Many fall under industries where there are employer federations. If they are not members they should look to join, because specialist industrial relations advice is provided to members.

"For example, in the steel and engineering industry, Seifsa gives advice. In building there is Bifsa, in construction Safcec, and so on.

"Employers should look carefully to see if there is some kind of employer federation and, if so, to see what industrial relations advice is available."

While some provide advice only up to the point of legal proceedings, Mr Harper says this is invaluable.

"The golden rule is to take advice before the action, such as dismissal, because one of the advantages of getting 'advice in advance' is that it is the best way of minimising legal costs.

"There is a responsibility amongst business people to make the right moves from the beginning. This is, after all, in the interests of employers and employees, which makes for sound labour relations."

Retainers

Those in the smaller businesses that do not fall under employer federations can pay retainers to labour lawyers.

"It is not widely known, but a small company could be on retainer for as little as R150 per month with some legal firms," he says.

Mr Harper adds that employers should be alert to a number of methods being used.

"Some consultants are going to naive employers and quoting case law purportedly supporting their client's case — when in many instances the case law is irrelevant to the issue in dispute," he says.

He says another problem that has arisen is that persons claiming to represent "trade unions" are making demands on behalf of dismissed workers.

Mr Harper says it is important to check that these "unions" are registered as such, because some appear to be "businesses operating under the guise of trade unions".

"Unfortunately, this tends to destroy the goodwill of proper trade unions in the eyes of certain employers," he says.

Professor Adolph Landman, of the law faculty of the University of SA, says there is no controlling body which has any say over the way in which consultants operate.

"Free market forces operate and there is nothing to stop a consultant reaching an agreement with a dismissed employee to split up the settlement given by the employer.

"Some consultants are doing good work, maybe some others are not."

Mr Moll says that, with the introduction of a SLC, at least part of the problem will disappear.

"It will cut down on costs and the process will be quicker. At the moment it takes about 12 months for a case to be heard in the industrial court. An employee can be temporarily reinstated and remain on the payroll while you wait for the case to be heard. At least that will be eliminated," he says.

National Manpower Commission (NMC) acting chairman Frans Barker says the restructured NMC will meet in January.

He says: "We'll be looking at the restructuring of the Labour Relations Act, and the proposed SLC will be part of it."

The SLC is expected to cover issues including suspensions and individual dismissals.

Some employers are concerned that even with a SLC there could still be leeway for a choice of the industrial court if it is so wished — which they feel could be a "move back to square one".

Dr Barker says it is important in terms of rights that some form of choice be offered.

Clarity

"It is likely that in simple, straightforward cases the choice of using the higher court will be discouraged. In more complex cases the presiding officer of the SLC may refer it to the higher court," he says.

Dr Barker says the problems small businesses are having is understood. "It is possible that more clarity on rules — for example, on dismissals — could be issued, which could introduce a far greater degree of certainty in the SLC relating to it."

Dr Barker says many countries in the world are moving away from rigid legislation on job security.

"Some of these laws hamper job creation. It is necessary that we have laws which encourage employers to take on workers."

Employers who face mounds of red tape when having to dismiss are likely to turn to more capital intensive methods of operation.

100 000 formal sector jobs lost in painful '92

STAR 15/12/92.

(181)

By Thabo Leshilo
Labour Reporter

Close to 100 000 formal sector jobs were lost during 1992 and workers experienced a sharp decline in real wages, experts have told The Star.

The South African Chamber of Business put the number of jobs lost in the private sector at 85 000 and the public sector at 5 790 by the second half of this year.

A spokesman said the mining industry shed 29 000 jobs, manufacturing 35 000, construction 18 000, commerce 3 500 while the service sector, which includes finance, banks and insurance, employed 2 220 more people.

Steel and Engineering Industries of SA (Seifsa) executive director Brian Angus said the metal and engineering industries had, since the beginning of the year, cut staff by 49 000, bringing the industry to its lowest workforce in 20 years.

According to the Chamber, 300 000 jobs have been lost since the second half of 1989, which marked the beginning of SA's longest recession.

The situation is even bleaker considering that only 4 percent of the country's approximately 250 000 matriculants are expected to find employment in the formal economy in 1993.

Research by industrial relations consultants, Andrew Levy and Associates, shows that on average, wage increases were far below the inflation rate for the first time in six years — from 16,1 percent in 1991 to 12,6 percent this year.

However, there was still some hope that things would shape up next year said Cosatu negotiations co-ordinator Jayandira Naidoo.

"Although the National Peace Accord was grounded this year, it has now been consolidated, raising hopes for a political settlement next year, which is vital for an upswing in the economy."

Naidoo hailed the creation of the restructured National Manpower Commission (NMC) and the National Economic Forum (NEF) and the talks between Cosatu and the SA Consultative Committee on Labour Affairs as "the most positive" developments.

"A big plus for the labour movement was the extension of Basic Conditions of Employment Act to farm and domestic workers."

Added Angus: "It has been a very difficult year for employers in the metal and engineering industries, marked by a lot of confrontation and resort to legal proceedings".

Due to a deterioration in the economy, the industries were forced to settle for the "quite low" wage increase of 9,1 percent after strikes by the National Union of Metalworkers and the Metal and Electrical Workers' Union.

"Now that events of 1992 are behind us, we hope to make progress regarding the future of the industry and training next year."

Angus predicted the economy would pick up during the first half of 1993 if negotiations were back on track early in the new year.

'Directors responsible for fraud control'

BIDAM 17/12/92. (181)

GAVIN DU VENAGE

DETECTION of corporate fraud rested "squarely with the directors of the company", Johannesburg Chamber of Commerce and Industry president Stuart Morris said in the organisation's latest newsletter.

He said white-collar fraud had increased by more than 700% in value over the past five years, even though incidents were up by 66%.

"Management is involved in only 28% of the incidents of fraud discovered, but the value involved in fraud by management is an alarming 75% of the total."

The purpose of annual statutory audits was to express an opinion on a company's financial statements, and external auditors should not be relied upon to detect fraud. Most fraud cases involved collusion among employees, falsification and forgery of company documents, and managers overriding or abusing their power.

Morris listed 10 symptoms of fraud in an organisation:

- A dominant CE or manager who frequently circumvented established systems of controls;
- Employees who lived beyond their means, or who suddenly underwent a drastic change for the better without any obvious reason;
- Key employees who were protective of their work, did not take holidays and worked excessive overtime;
- Poor segregation of duties between employees, enabling controls to be compromised;
- Loose accounting;
- Dependence on one key person to run control systems, particularly when these were computerised;
- An environment where the markets offered fraudulent opportunities, such as kickbacks or bribes;
- Schemes in which management compensation was strongly linked to results, or where employers focused mainly on short-term results instead of longer term strategy;
- Complex group stuctures or joint ventures; and
- Employees with a combination of factors, such as greed, the opportunity to obtain resources illegally and the expectation they would get away with it.

Morris said basic preventive measures included a corporate code of conduct, effective internal controls, thorough reference checks and management teams more involved in running every aspect of the company.

Companies opt for car allowances

B/DAY 18/12/92. (181)

ROBERT WICKS

THE escalation in vehicle prices has forced many firms to opt for car allowances rather than supplying company cars, a recent survey by International Compensation management consultants (IC) indicates.

The survey of 172 SA companies found that only 31% provided company cars compared with more than 50% in 1990.

IC director Dave Dickens said the trend was likely to continue as firms rid their balance sheets of unproductive assets and contained costs.

"Given that new car prices have escalated at approximately 20% per annum compounded over the past five years, the cost of providing company cars represents an ever-increasing proportion of payroll costs," Dickens said.

The survey found that company cars made up 25%-40% of remuneration packages.

"If we assume that new car prices will continue to escalate at similar rates, the cheapest new car on the market will cost R180 000 in 10 years time," he said.

Dickens said a car allowance scheme incorporated into a total remuneration package gave employers a better chance of containing costs than a company car scheme linked to a particular benchmark vehicle.

It also relieved employers of disposal problems, and removed the status element conferred by company cars on employees.

The employee benefited through freedom of choice and stood to acquire a tax free asset at the end of the day, Dickens said.

Commenting on the possible effects on the car market, Dickens said a trend to downgrade was expected.

"This could occur partly through a move to leisure vehicles which will have a major impact on the luxury market, and partly through the employee's need to utilise all possible sources of income during recessionary times."

Before the introduction of fringe benefits taxation in 1985, company cars accounted for virtually 100% of the transport assistance provided by employers.

By 1986 the figure had dropped to 70%, Dickens said.

Warning signals to watch for

STAR 21/12/92

181

THERE are 10 specific symptoms that should arouse suspicion of fraud in your company, says JCCI president Stuart Morris:

- A dominant chief executive or manager who often short-circuits any established systems or controls.
- Lifestyles of staffers that are out-of-line with their pay packets, or sudden changes in lifestyles.
- Key staffers in financial posts who are over-protective of their particular job routines, rarely take holidays, work excessive overtime.
- Poor segregation of duties between staffers, leaving room to compromise any controls and leaving scope for fraud or theft.
- Slack accounting systems, spotted by the failure of accounts to balance accurately or the absence of explanations why settlement of any accounts was long overdue.
- Lack of understanding of key controls, especially in any computerised systems centred on one specific staffer.
- Loopholes that could allow kickbacks or bribes.
- Schemes that linked management pay packets to short term results rather than longer term corporate strategies.
- Unnecessarily complex group or joint-venture structures.
- Staffers susceptible to temptations to grab any opportunities to swindle the company.

Low morale and lack of motivation were other danger signals, along with understaffing and poor management systems.

"Many of these indications in themselves are commonsense items and may seem obvious," says Morris. "They should not be underestimated.

"The adage that prevention is better than cure is never truer than in the case of fraud.

"The ideal solutions lie in forms of control that will limit the possibilities of fraud occurring. The dilemma is that a routine function is a predictable control and therefore one which can be avoided or over-ridden by the enterprising fraudster."

Basic preventative measures should include a corporate code of conduct, effective internal controls, thorough reference checks on new employees, more management focus on day-to-day operations, and tighter auditing procedures.

Business world reels under scams shock

STAR 21/12/92

181

A crackdown on white-collar crime looks poised to expose yet another wave of fraud suspects. New guidelines have been prepared to alert business executives to danger zones, writes MICHAEL CHESTER.

THE business world has been stunned by disclosures that no less than R1 billion may be involved in office scams that have been uncovered in a new crackdown on white-collar crime.

The Office for Serious Economic Offences, a special unit created by the Minister of Justice to counter the increasing complexity of rackets run inside business, such as computer fiddles and high-finance dodges around foreign exchange controls, confirms that a new wave of arrests of fraud suspects is imminent.

The roll-call of businessmen joining the rogues gallery of fraud culprits is also likely to be swollen at the end of an even longer list of investigations being handled by the SAP Commercial Branch.

Johannesburg Chamber of Commerce and Industry (JCCI) experts estimate that the number of fraud cases coming to the surface has grown by as much as 66 percent in the past five years. Even worse, the value of swindles has rocketed by a phenomenal 700 percent.

JCCI president Stuart Morris, himself a specialist in fraud detection as deputy chief executive of the KPMG Aiken and Peat firm of accountants and auditors, has made a personal analysis of the problem — and now produced a set of guidelines for companies to follow in a counter-attack on the crime wave.

The first prerequisite, he believes, is that company directors accept the blunt fact that the responsibility for the detection and prevention of fraud must be carried at boardroom level.

Management, he tells them in a chamber newsletter, is involved in 28 percent percent of the frauds. Still more startling, the frauds committed by management account for as much as 75 percent of the total amount involved in rip-offs.

"Management fraud," he writes, "is the most alarming type of fraud since it is usually of the highest value and often difficult to detect.

"In South Africa, incidents of such fraud are increasing on a daily basis."

Specialist in fraud detection ... Stuart Morris.

On the other hand, it was management that discovered most cases of fraud — 40 percent as a result of internal audits they initiated and an additional 25 percent by accident in office routines.

One special tip to employers was to ensure that staffers made regular use of their leave and time-off entitlements.

...nment has made manufacturers lean and mean

Conditions are worst since 1980

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SI Times Buss

27/12/92.

THERE is little to ease the pain of the manufacturing sector where employment levels are at their lowest since January 1980.

The Bureau for Economic Research (BER) says business conditions in the sector are getting desperate and there are no signs of recovery.

Business confidence measured 12 on a scale of 100 in BER's latest manufacturing survey, the lowest level since the BER began measuring it.

The harshness of the environment, hit by poor local and international demand, is highlighted by the sector's 103% year-on-year jump in liquidations in October. Some 59 manufacturing concerns failed during October — an 84% rise on September.

By ZILLA EFRAT

Nedbank's economic unit says the manufacturing sector has shed 65 600 jobs in a two-year period to the second quarter of this year.

The only two industries which created jobs during this time were beverages and tobacco — a sign of where the consumer's money is going.

Consumers, however, are not tucking in or dressing up. The food industry lost the most jobs (8 000) followed by the textile industry (7 500).

A positive sign is that manufacturing production volumes hit an 11-month high in October, but the sector still produced less than it did in October last year.

With no miracles expected from Christmas sales this year, retrenchments and liquidations in the sector should continue well into the New Year.

"The manufacturing sector may have seen the worst of the recession, but it has not seen the start of a turnaround yet," says Credit Guarantee senior economist Luke Doig.

While stock levels are already low, these will continue to be cut back in the first half of 1993, surveys by Sacob suggest. Any improvement in inventories are likely to be gradual.

Economists do not forecast an economic recovery before the middle of next year, and any turnaround is unlikely to be dramatic.

Sacob predicts economic growth of between 0,5% and 1% in 1993. Nedbank's economic unit expects, at best, a growth rate of 2% for 1993, taking the economy back to where it was in 1991.

Volumes

The unit says the uncertain political climate, violence and a disturbingly high crime rate will continue to obstruct SA's potential for achieving higher economic growth next year.

Much will depend on an improvement in international economic conditions. The International Monetary Fund, however, has revised its forecasts for growth in worldwide economic output in 1993 to 2,3%. This is down from the 3,1% it foresaw in October and the 3,5% foretold last May.

South African manufacturers are discovering how competitive the international market is, but they can expect to increase their export volumes, albeit at a gradual pace, in 1993. Sacob forecasts a 2,4% rise for the year.

Commodity producers are unlikely to see significantly higher prices for their products in 1993 as they will continue to suffer from under-utilised capacity, says Nedbank's economic unit.

Econometrix director Azar Jammine says the positive developments for manufacturers include an end to the drought, as well as lower interest and inflation rates which have made doing business more affordable than a year ago.

A major plus is that SA's manufacturers are now lean and mean after having learnt to survive under extremely tough conditions.

Negatives could include the state of the government's finances and the possibility of major unrest if political negotiations are not successful, says Dr Jammine.

Settlement

While local producers should continue to be constrained by uncompetitive cost structures, conditions on the labour front may ease.

Pat Stone, a director of Andrew Levy & Associates, says manufacturers can expect less working days to be lost in 1993 unless the political process runs off the tracks. This year SA lost 4,2-million days compared to 3,8-million in 1991.

He says average wage settlement levels should also move closer towards single digit figures next year. The level settled at about 12% towards the end of 1992 — a massive decline from the average of 16,1% seen last year.

Sacob's view is that salary and wage increases could be limited to between 5% and 8% in most sectors of the economy next year.

ABSA economist Christo Luus says industrialists will benefit from lower interest rates next year which will reduce the cost of borrowing and capital. He expects rates to fall a further 2% in the first half.

However, Mr Doig says manufacturers could find themselves stretched when the economy picks up and they have to increase their capacity.

By this time, a lot of plant and equipment will be reaching the end of the line and will need to be replaced.

Another challenge manufacturers could face next year is a lowering of tariffs called for by the Uruguay round of Gatt.

...nment has made manufacturers lean and mean

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(181)

S1 Times (Buss)

27/12/92.

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Another challenge manufacturers could face next year is a lowering of tariffs called for by the Uruguay round of Gatt.

Nafcoc sets goals for black business

(181)

ADRIAN HADLAND

UP TO 60% of all managerial positions in JSE-listed companies should be held by black businessmen by the year 2000, says former National African Federated Chamber of Commerce (Nafcoc) president Sam Motsuenyane.

Quoted in the recently published Portfolio of Black Business in SA 1993, Motsuenyane said the aim was part of a four-point plan adopted by Nafcoc to improve black participation in SA business.

The other three aims identified by Nafcoc were 30% black representation on the boards of all companies listed on the JSE, a 40% black holding of the equity of all JSE companies, and JSE companies sourcing 50% of all external needs from black entrepreneurs by 2000,' Motsuenyane said.

"We realise that this will mean a complete reorientation of development strategies. But we would like the performance of the large corporations to be judged against those targets," he added.

Motsuenyane, Nafcoc president from 1968 until his retirement this year, said large white-controlled companies should try to emulate the Japanese by contracting out as much of their needs as possible to small black businesses.

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Nafcoc

Blom 29/12/92

☐ From Page 1

This would prevent big companies getting even bigger and outmanoeuvring small companies in the market place, he said.

"The organisation's target is that, by the end of the century, 50% of the discretionary needs of large companies should be contracted out to small ones."

Although blacks needed to get a greater slice of big business, black business remained eminently suited to exploiting the huge growth potential in the small business sector, both formal and informal, Portfolio publisher Willie Rameshaba said.

(181)

"Black business is on the brink of unprecedented growth," he said.

Bax Nomvete, executive director of the Africa Institute for Policy Analysis and Economic Integration, said the marginalisation of SA's largest development resource — "the latent intellectual capacity and ingenuity of the black population" — was a major obstacle to generating sustainable economic growth and maintaining social, political and economic stability.

MANUF - LABOUR

1994 -

Manufacturers lead the way

Rise in new jobs signals turnaround

B/Day 17/3/94

(181)

GRETA STEYN

EMPLOYMENT in the manufacturing sector rose for the first time last year since the end of the 1980s, signalling the beginning of a turnaround in employment after years of especially heavy job losses.

Figures provided by the Development Bank show the number of manufacturing jobs rose by 19 400 (1,32%) last year to 1,47-million. The sector is the most important provider of employment in the economy with government services a close second.

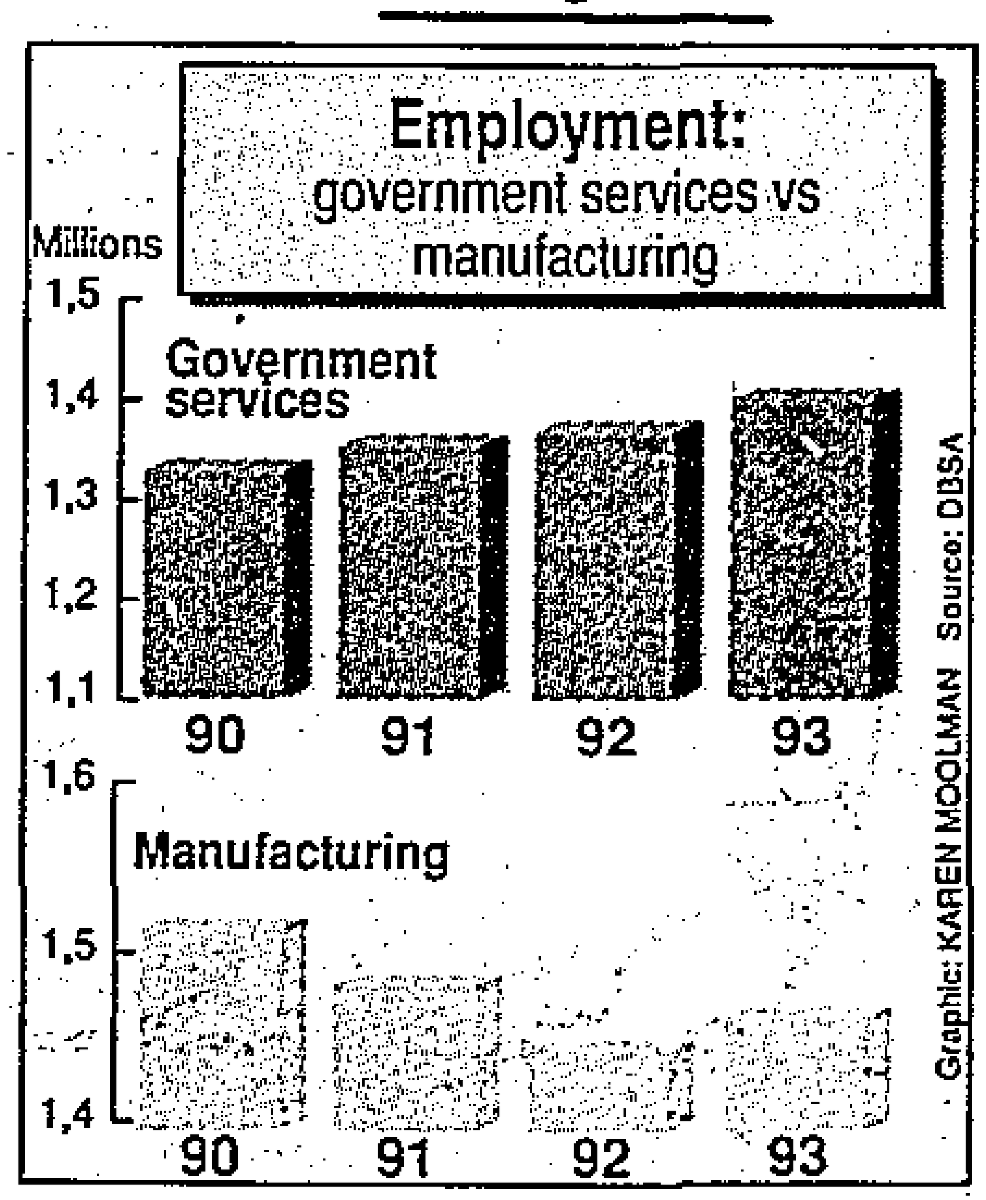
Government services and finance were the only sectors to show consistent increases in employment over the recession while employment in other sectors was battered and hundreds of thousands of jobs lost. Bank economist David Viljoen pointed out the economy's capacity to absorb new entrants to the labour market disappeared after shrinking until 1990.

Overall formal employment fell by about 364 000 (4,5%) from the peak at the end of the last upswing in 1989 to only 7,72-million jobs at the end of last year. The number of jobs occupied represents less than half the labour force, but Viljoen said the informal sector took up some of the slack. The huge number of people outside formal employment illustrated the importance of nurturing informal and small business activity, he said.

Although government's contribution to GDP shrank marginally last year, almost 32 000 jobs were created during the period. Government services generated more than 70 000 new jobs from 1990 to 1993. The financial sector created 30 300 jobs over the period despite banking rationalisation.

The Development Bank's figures are not official employment statistics, as only the Central Statistical Service numbers carry an official stamp. CSS figures for 1993 have not yet been completed. Available CSS data showed manufacturing employment

□ To Page 2



Jobs

B/Day 17/3/94 □ From Page 1

peaked in 1982 and years of decline were interrupted by the upswing at the end of the 1980s. However, employment in the sector was not restored to its 1982 peak.

Economists said the small rise in manufacturing employment reflected expectations of a buoyant economy this year, after the first step towards recovery last year. Manufacturing output remained constant in real terms last year after three years of shrinkage, according to CSS figures.

Sacob said most manfacturers polled in February expected sales and production volumes to rise over the next year. It was significant that an increasing majority expected to increase stock volumes during 1994 — suggesting the upturn would gain momentum after the elections. (181)

Workforce slumps in metal industry

S Times (Buss) 1/5/94

By ADRIAN HERSCH

LARGE-scale economic growth will boost job numbers in the metal industry to a maximum of only about 350 000 — well below its 1981 peak of 454 000.

This is the view of Seifsa economics head Michael McDonald. He says about 280 000 people are employed in the steel and engineering industry. (181)

The 454 000 peak will not be reached because of radical change in the workforce. A large proportion are more skilled than before and the trend will continue.

Mr McDonald says that in 1988 unskilled workers comprised 50% of the workforce, but by 1993 there was a decline to 32%.

The proportion of artisans remained about 15% and semi-skilled increased from 34% to 52%.

Relatively high wages for the unskilled are part of the reason for the job decline.

Mr McDonald says: "In the last 10 years, real wage levels increased for the less skilled. Real wages fell for the semi-skilled and artisans.

"But the change in the workforce is also due in part to a natural occurrence. As technology increases, so does the need for a more sophisticated workforce."

The metal industry is capital intensive, especially so for companies engaged in exporting.

The millions of jobs that the new government hopes for will not come from the manufacturing sector.

Mr McDonald says: "Many new jobs will be from other industries, such as construction and services."

Only about 70 000 jobs can be created in the metal industry, even in ideal conditions.

Mr McDonald says: "The trend for a more skilled workforce will require new workers. But we hope to fill many new jobs with unskilled employees. Training of all workers is what we aim for."

MANUFACTURING - LABOUR

1998

Private sector 'destroying jobs' by not using plans

BD 8/5/98 (181)

John Dludlu

GOVERNMENT has accused the private sector of "destroying jobs" by not taking advantage of state support programmes aimed at shoring up the outward orientation of SA's firms.

Trade and industry director-general Zavareh Rustomjee also launched a spirited defence of government's supply-side measures yesterday, saying the taxpayer was getting value for his money.

Government, which has been accused of sending firms to the wall by its tariff reduction programme, said it created 77 000 new jobs last year, thanks to firms using its range of supply-side measures.

From April to September last year, state support for industry saw 45 000 new jobs created, said Rustomjee.

"We are showing that government support of industrial investments is yielding 70 000 to 80 000 jobs even at this stage.

"As fast as we are creating jobs, the private sector is destroying jobs," he said, referring to the retrenchments and closures in the industrial sector.

Central Statistical Service data would show losses of thousands of jobs in the industrial sector this year.

Rustomjee said certain parts of industry were not responding fast enough to government's call to be outwardly orientated.

"We are saying 'look outside ... extend your horizons. That is really your challenge. We are there to support you if you do that'," he said.

The restructuring of the industrial base would depend largely on the response of the private sector.

Rustomjee's statements coincide with the conclusion today of parliamentary hearings to assess the efficacy of government's support for industry amid restructuring. Rustomjee is due to attend hearings by the trade and industry portfolio committee today.

Government's tariff policy has been blamed for job losses in manufacturing, where the state has accelerated reduction of protection.

With external agencies, government runs about 33 schemes to support investment, restructuring, jobs and exports.

'Advances preventing job creation'

Mzwandile Jacks

SA's manufacturing and mining sectors could not create jobs as a result of global technological advancement, Steel and Engineering Industries' Federation of SA economist Michael McDonald said this week.

While for two decades the manufacturing sector alone employed more than 450 000 hourly paid workers, it now employed just more than 270 000. This number was not likely to rise.

Even if the manufacturing and mining sectors improved productivity in future, they would not be able to create jobs as most firms were using more machinery for production. This was a reality unions denied as their supporters were largely in those sectors.

In the US, where jobs were created throughout the 1990s, only a small percentage was created in manufacturing, with the bulk emerging in services and information technology.

A study by the National Economic Development and Labour Council showed that tourism possessed the potential to create up to 500 000 jobs over the next five years as long as crime and violence were brought under control.

Manufacturing's inability to create jobs was not only the situation in SA, but also affected Europe and the US.

"South Africans should look elsewhere for employment-generating opportunities — not in mining and manufacturing," McDonald said. It was believed that retrenchment levels in this sector stood at 1 000 a month.

"As in other parts of the world, jobs available in SA's manufacturing sector are going to be complex, requiring a greater levels of skills. Without a higher level of worker skill, the new equipment that has been installed in local factories looks inefficiently utilised."

SA did not use its equipment properly and as a result capital productivity was not as good as it should be.

(181) BD 8/5/98

MANUFACTURING – LABOUR
1993

Wage demands will take backseat to having a job

STM 5/1/93 (181)

Few South Africans will look back on 1992 with any sense of fulfilment or satisfaction. For most it has been both a tough and harsh year.

Tough in the sense that we have had to endure a protracted economic recession, now sufficiently severe to qualify as a depression.

Harsh in the sense that everyone of us is kept constantly and uncomfortably aware of our horrendous levels of crime and violence.

A general aura of lawlessness now pervades virtually every level of society.

The depression has been manifest in extremely high unemployment, which is now estimated at 25 percent of the potentially economically active group.

Continuing retrenchments threaten to add to this. This, coupled with the current political impasse, provides more than sufficient stimulus for continued lawlessness.

Working South Africans, while obviously better off than the unemployed, have experienced a real decline in living standards for the past two years. Many companies have frozen salaries and wages for extended periods in the interest of job preservation.

Where increases have been awarded, the past year has seen average increases of no more than 13 percent, a few percentage points below inflation, as measured by the consumer price index.

Martin Westcott, managing director of P-E Corporate Services SA, reviews prospects for salaries and wages and forecasts a watershed year for many companies.

Outlook '93

Better off

It is small consolation to realise that we remain better off then many employees in Europe — some of whom have already endured wage cuts of up to 50 percent.

Salary increases traditionally lead inflation in times of relative economic prosperity and lag the consumer price index when the economy is in recession.

In practice this is no more than a reflection of labour supply and demand economics.

Prospects for salary and wages in 1993 should thus be seen in conjunction with economic prospects.

Business confidence remains low and neither confidence nor economic reality is likely to improve until a political constitution has been agreed to, an interim government of national unity installed and new investment begins to flow.

Companies considering executive pay increases now find themselves in a classic Catch 22 situation.

The chronic shortage of management has traditionally resulted in strong upward pressure on salaries as companies compete for scarce management talent in a limited market pool.

But poor or at best defensive corporate performances in a tight economy have forced organisations to cut back on pay.

The result has been a strong focus on gearing salary increases to improved performance, with top executives receiving an increasingly greater proportion of their packages contingent on achieving financial results and strategic objectives.

Thus pay increases have been given in the form of performance bonuses geared, in turn, to profit and turnover figures.

It is not uncommon for a senior executive nearing, say, R200 000 to R300 000 a year to receive 20 to 30 percent of this package contingent on the performance of the business unit under his control.

In this way companies are able to control cost increases should performance decline. Thus while companies are not anticipating more than a 10 to 13 percent addition to the salary bill in 1993 — performance gearing can, at least, ensure that this is open ended.

The issue of salary and wage increases has become a politically sensitive issue with trade unions monitoring increases awarded at different levels in the organisation.

Survival

During the past three years trade unions have had to accept that low increases and retrenchments have been essential to survival in many organisations.

The counter-reaction, however, has been to focus on issues such as increases awarded at different levels in the organisation, job equality and the wage gap.

Although 70 percent of South African companies have equal employment opportunity policies, few companies have had sufficient cash to continue to reduce the black—white wage gap over the past year.

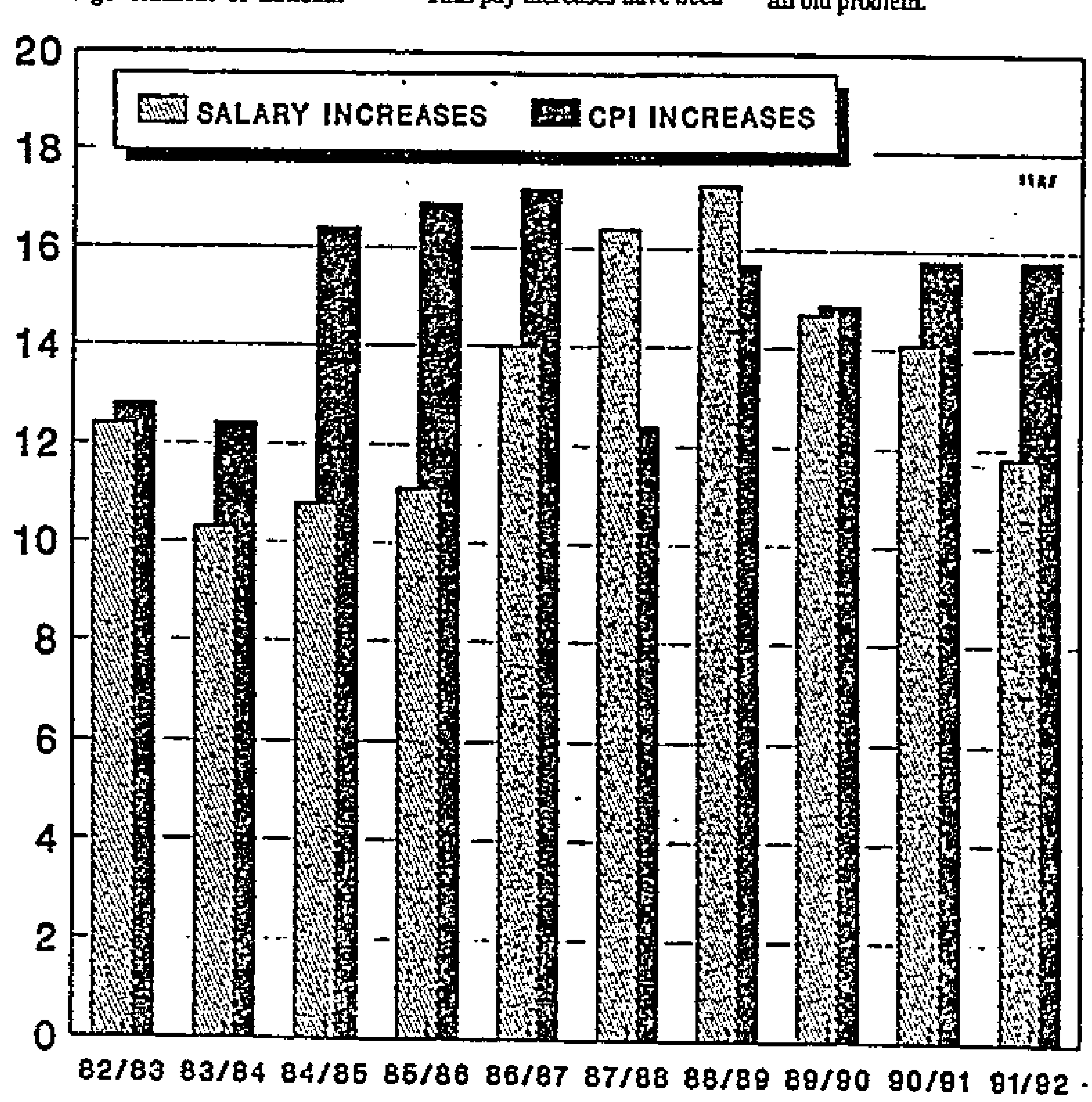
Unskilled whites continue to earn 15 percent on average and skilled whites 10 percent on average than black staff in comparable positions.

Expect this pressure from trade unions to continue in 1993, particularly with pending governmental change.

1993 is likely to be a watershed year for many companies. Economic improvement will not be in the short term and will be painful. Being employed is likely to remain more important than calculating salary increases.

One challenge facing companies will be how to deal organisationally with the side effects of zero turnover.

Rising stars will have fewer opportunities for upward mobility. The organisational challenge provides an opportunity for new, creative solutions, to an old problem.



Percentage salary increases between July 1982 and July 1992 are compared with increases in the consumer price index in the same period. Only in the years 1987-88 and 1988-89 did average salary increases exceed the rise in inflation.

European skills on offer

DIRK HARTFORD

A GERMAN service organisation funded by business and government — the Senior Experten Service — wants to make the skills of some of its 3 000 members available for "hands-on shopfloor assistance" to developing businesses in SA. BDAY 5/1/93 (181)

Businessman Klaus Dienst said at a news conference organised by Saccola yesterday that the service organisation's members were retired German artisans who were experts in their trade. They included engineers, welders, builders, machine-toolers and wood-workers.

African countries, including Kenya, Zambia, Zimbabwe and Namibia, had used organisation members. But the countries which had used the service most had been China and Brazil.

The organisation sent members out for periods ranging from 10 days to six months. Recipient businesses paid air fares, accomodation and living expenses and R40 a day spending money. The German government has agreed to consider sponsoring air fares to SA.

Placement industry sees hope for upturn

BDay 18/1/93.

JOHN DLUDLU (181)

THE job recruitment industry was optimistic about a recovery in 1993 after the downturn of the past two years, industry sources said at the weekend.

Drake International's Mike Coppin said recruitment for permanent positions had declined in the past two years because of the recession.

"Since late last year demand for permanent positions has picked up and is continuing. I'm confident this year will be better," Coppin said.

Optimism in the political climate was likely to improve the job market, he said.

Kelly Girl Services' Gayleen Baxter said companies were making more use of temporary staff.

This was an indication of uncertainty in the job market.

"Employers are buying time with temporary staff. If there's an economic upswing they appoint that person permanently."

"The temporary side of the agency business is in a very positive trend and we foresee this being the picture for some time," said Baxter.

But temporary workers had to be better skilled and flexible than their permanent counterparts as they were expected to be productive in various environments.

Prostaff senior consultant Gary O'Bryan, who recruits for civil and construction engineering sectors, said his consultancy had not been as badly hit by the recession as had bigger consultancies.

"We are creating positions for marketable candidates in dynamic and forward-thinking companies," O'Bryan said.

Sources in the industry noted a decline in recruitment advertising over the last three years.

But, a slight recovery in apppointments advertising was expected this year as the job market improved.

Mandela in sanctions offer

SIMON BARBER

WASHINGTON — ANC President Nelson Mandela said yesterday he was anxious to lift sanctions as soon as possible, but South African business would first have to promise to freeze retrenchments and hire more workers.

If he could get such an assurance from companies, he told a news conference here, he would ask his executive to endorse calling off remaining international boycotts as soon as a date for interim government elections had been set.

He added that "once sanctions are lifted there is no reason why the World Bank and and IMF should not get involved".

The current ANC sanctions policy was to wait until a new government had been elected, but mounting unemployment and the "threat of further retrenchments" made this untenable, Mandela said.

"It will be difficult to repair the economy if we wait until a democratic government is installed."

On the eve of President-elect Bill Clinton's inauguration, which he has been invited to attend by the Congressional Black Caucus, the ANC president had kind words for outgoing President George Bush.

Bush had taken a "keen interest" in SA and had "done everything in his power to help", he said. He hoped the new president would continue this approach.

Deputy international affairs director Aziz Pahad could not confirm that Mandela would see Clinton or his Secretary of State-designate Warren Christopher during his five-day stay, but sounded optimistic that meetings would be arranged.

In the meantime, Pahad said, Mandela was seeing US business leaders to encourage them to take a serious look at SA investment opportunities.

Mandela himself stressed the ANC's need for "resources" to help it mount an effective election campaign against the highly "organised and experienced" NP.

On the status of negotiations, the ANC leader said the process was now moving forward smoothly.

Lawyer quits as witness is arrested

LLOYD COUTTS

AN ATTORNEY representing the family of an ANC member shot dead by police in 1991 withdrew from the inquest yesterday after a heated exchange with the magistrate and prosecutor.

Richard Spoor, representing the family of Vuyani Mabaxa, resigned after magistrate C G de Lange ordered the arrest of a witness for perjury.

The trial started late when the magistrate refused to allow policemen to testify first. When proceedings resumed, Spoor complained that certain witnesses had been asked to remain outside the court, while police witnesses were allowed to remain inside and listen to evidence.

De Lange expressed irritation at the "pettiness going on here".

Roos told witness James Gwebu that his testimony contradicted a sworn statement made a year after the shooting.

De Lange accused Gwebu of lying, and warned him about committing perjury. Spoor said he was dumbstruck by the prosecutor's allegation.

The magistrate ordered the arrest of Gwebu for perjury.

Spoor withdrew from the inquest and De Lange postponed it to March 15.

Mabaxa, 22, an ANC Youth League publicity official and Nehawu unionist was shot dead in Diepkloof. Police claimed he was shot after firing at police.

Gwebu said in his evidence he had heard a gunshot on the morning of Mabaxa's death and had seen three policemen chasing him.

A white policeman drove up to Mabaxa in a minibus and fired at him, said Gwebu. He fell to the ground. Roos pointed out to Gwebu that his statement had said Mabaxa had been shot by a black policeman on foot.

Fraud

☐ From Page 1

MANDELA AND SANCTIONS

ANC sets tone for relations with business

WHILE some find the call to freeze retrenchments naive, others feel it signals a more pragmatic approach towards dealing with business, writes DUNCAN INNES.

STAR 23/1/93

NELSON Mandela's statement this week that he was willing to ask the ANC's national executive to call off sanctions if business froze retrenchments and made a "significant contribution" towards reducing unemployment has caused ripples within the business community.

Many see this statement as yet another example of the ANC's misunderstanding of the way business functions. They argue that sanctions have largely been revoked, so even if the ANC drops its call for sanctions, it would make little difference to business.

Calling for a freeze on retrenchments before an economic upswing is in place puts the cart before the horse: first there should be stable conditions for economic growth so that investments can occur. These, in turn, will reduce unemployment.

Some see in Mandela's statement signs of a greater awareness of the economic crisis in South Africa and a more pragmatic approach towards dealing with business. They argue that business should respond accordingly, taking Mandela's proposal seriously. However, it is very unlikely that Mandela's proposal will win wide support within the business community.

Business is not a single homogeneous entity. It is a multitude of different enterprises, some aligned in federations which are either industry-based (the Chamber of Mines, Seifsa, Bifsa) or culturally based (the Afrikaanse Handelsinstituut, Nafcoc).

These federations are autonomous. Within their ranks, wide differences of opinion exist, especially on controversial issues such as Mandela's proposal. How, then, will the ANC respond if some businesses freeze retrenchments and others do not?

The second problem is that many businesses, which held back on retrenchments last year in the hope that the economy might turn, have now been forced to retrench or face collapse. Their difficulty is that they might simply not be able to afford to freeze retrenchments for a further period.

Related to this is the argument that the only way to ensure that business stops retrenching and reduces unemployment in the longer term is to provide a stable socio-political and economic environment within which business can operate — something South Africa does not have at present.

However, on the more positive side, it is possible to detect in Mandela's proposal signs of a change of heart within the ANC which might contribute, albeit in a small way, to a more stable environment for business. What is clear from the proposal is that the ANC wishes to return the economy to a growth footing and that it is willing to jettison ideological and political obstacles used to restrict economic growth.

Some sections of the business community will no doubt welcome this more pragmatic and realistic approach from the ANC. They will draw strength from the fact that Finance Minister Derek Keys's message on the economic crisis South Africa faces has been heard at the highest level within the ANC; this might begin to improve business confidence.

But regardless of how business responds to the proposal, there is a very important message in what Mandela said which all sections of the business community would be foolish to ignore. And that is that while the ANC is becoming more aware of business's needs, it will not respond to these without asking for something in return.

What Mandela is in effect saying is that if business wants the ANC's support in getting sanctions lifted and in gaining access to the IMF and World Bank, then the ANC expects business to work broadly within the framework of ANC policy on unemployment.

This approach will characterise the ANC's attitude towards business during the next few years.

If business wants ANC support in promoting exports, the ANC will first want to know what business is doing to promote black advancement. If business wants access to cheaper credit, the ANC will want to know what business is doing to develop black housing and township facilities. If business wants access to wider markets, the ANC will want business to put a stop to monopolistic tendencies and collusion within its ranks.

During the next few years business will have to adjust to the fact that the ANC is going to try to assert its influence over the white-dominated business power structure. The extent of that influence and the way in which business responds will be the subject of intense debate.

● *The author is manager of The Innes Labour Brief and is co-author of* Power and Profit: Politics, Labour and Business in SA *(Oxford University Press, 1992).*

Employment 'poised to pick up'

St Times (BUSS) 24/1/93

By ADRIAN HERSCH

JOB LOSSES will continue unabated this year — but the rate could slow down, and in one major industry the employment level may even be maintained.

Seifsa economics head Michael McDonald says the high lay-off rate in the steel and engineering industry over the past two years — averaging nearly 3 000 workers per month — will continue until the end of the first quarter of this year.

In 1991 35 000 jobs were lost in the industry, and last year's figure is expected to be close to 35 000.

Mr McDonald expects employment to pick up in the second half of this year.

"There is a chance that at the end of 1993 the employment level will be about the same as it was at the beginning of the year," he says.

"There are some signs of economic improvement in the United States. Growth in the northern hemisphere countries should improve to a certain extent. Our exports should therefore increase.

"Locally, there are some positive signs. The drought has been broken in many areas.

"The political climate appears to have improved. If a number of large infrastructure projects involving construction and other areas, such as housing and electrification, can get going, this will obviously be positive for the industry."

Chamber of Mines economist Francois Viruly says one cannot speculate with a great deal of accuracy about employment levels on gold mines due to the close link to the gold price.

Mr Viruly would not be drawn on a forecast for this year.

But he says that "looking at the fundamentals the prospects for an improvement in the price in the medium to long term may not be too bad".

Huge lay-offs have occurred in the past few years but the rate is now slowing on mines linked to the chamber.

Between January 1991 and January 1992 42 000 jobs were lost. But between September 1991 and September 1992 the figure was 31 000.

Working costs have been kept to a minimum.

In 1991 industry working costs increased by only 1,6 percent. Calculations for 1992 have not been completed, but costs are expected rise by less than two percent.

Mr Viruly says: "The ability to contain costs is encouraging. The resilience to keep mines open is there. The imaginative wage agreements reached between the chamber and the NUM have played a major role in saving jobs.

Unknown

"The trend is for a slowing down in the retrenchment rate and it may continue this year — provided there is not a dramatic drop in the gold price."

Mr Viruly says there may be an improvement in the gold price in the medium to long term.

Australia produced 230 tons of gold in 1992 but this is expected to decline to between 175 tons and 200 tons this year.

Production in the US and Canada is expected to be about the same level this year as last year.

"But output in the CIS in coming years is the unknown factor. They will need significant capital to increase it. They do not have the capital so the prospects will be determined by the level of foreign investment," says Mr Viruly.

There have been major sales by central banks, "but that the market has been able to absorb it as it did is encouraging".

Mr Viruly says a positive sign is that gold bought by a number of countries increased dramatically in 1992 — in Taiwan by 82 percent and Dubai by 62 percent.

As economic growth increases in mainland China, so demand will increase from that country which "could be as high as 20 percent of all gold in years to come".

Textile Federation of SA executive director Brian Brink expects retrenchment to continue for the first six months of this year but he believes the rate will not be as high as last year. "The major retrenchment appears to be behind us now."

National Clothing Federation executive director Hennie van Zyl says jobs will probably continue to be shed until the end of the third quarter.

Mr van Zyl says the lay-offs this year "will not be of the same magnitude as last year, when about 15 000 jobs were lost".

"Possibly the earliest we can expect the job level to improve will be in the last quarter," he says.

An area of uncertainty is in exports. Exports increased by 80 percent last year over the previous year, to account for 10 percent of all production in SA.

Federation president Aaron Searll says exports improved because of two factors: the issuing of permits to exporters so that they could import raw materials duty free, and the general export incentive scheme.

Duty-free import permits will be terminated at the end of March. Dr Searll says it is vital that government and industry devise a system to replace the permits with an alternative of equal value.

Dr Searll would not comment on the possibility of SA gaining membership of the Lome convention, which would give the country preferential access to European markets.

"It is too early to make a comment on this issue at this stage."

Conservative forces 'may try to crush union movement'

BDay 27/1/93. (18)

DIRK HARTFORD

SOME conservative forces in the liberation movement might be tempted to try to crush the trade union movement in the future but they will not get away with it, says ANC economic planning spokesman Tito Mboweni.

Mboweni, who was addressing about 300 businessmen at a conference on the joint challenge for unions and management yesterday, said the temptation to crush trade unions was a real one which could best be avoided by developing an understanding of trade unions and encouraging them to play a constructive role.

Trade unions had been disempowered in many countries in post-colonial Africa in the name of the "national interest". But this would not happen in SA as the trade union movement was strong and independent, Mboweni said.

He said it would be foolhardy to expect trade unions to vacate the terrain they occupied. Instead, the role of unions in economic policy formulation would increase in the future and membership would continue to grow.

Already the union movement was engaged in jointly working out policy packages on macro-economic issues with government and business and it was essential that trade unions remained part of this process.

Mboweni said he thought the ANC's alliance with Cosatu would be a long-term one as the union movement sought to ensure that the accords it reached with the ANC were implemented by an ANC government.

Meanwhile, Mercedes Benz SA's human resources spokesman Ian Russell told the conference it was important for regional development forums to be represented at the national economic forum.

He said the Border/Kei economic forum had submitted a document to Finance Minister Derek Keys outlining its proposals for regional reconstruction.

These included asking for a moratorium on ending decentralisation benefits to the region, a big injection of investment for housing, a rural development initiative and the establishment of a strategic institute to facilitate human resources development in the area.

Russell said employers were not satisfied their interests were being represented properly nationally.

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Recruitment agents upbeat over ad figures

BIDay 27/1/93. (18)

TRACY SCHNEIDER and JOHN DLUDLU

A MAJOR economic indicator — recruitment advertising — had shown an uptick in the past few months, industry sources said recently.

MSL MD Mike Hardaker saw the slight increase as positive, especially since this industry was perceived to lead economic activity by a number of months.

Human and Mundels Recruitment Advertising Agency owner Helen Human said: "The economy is moving into a change cycle and companies are looking for heavyweight people adept enough to lead this phase."

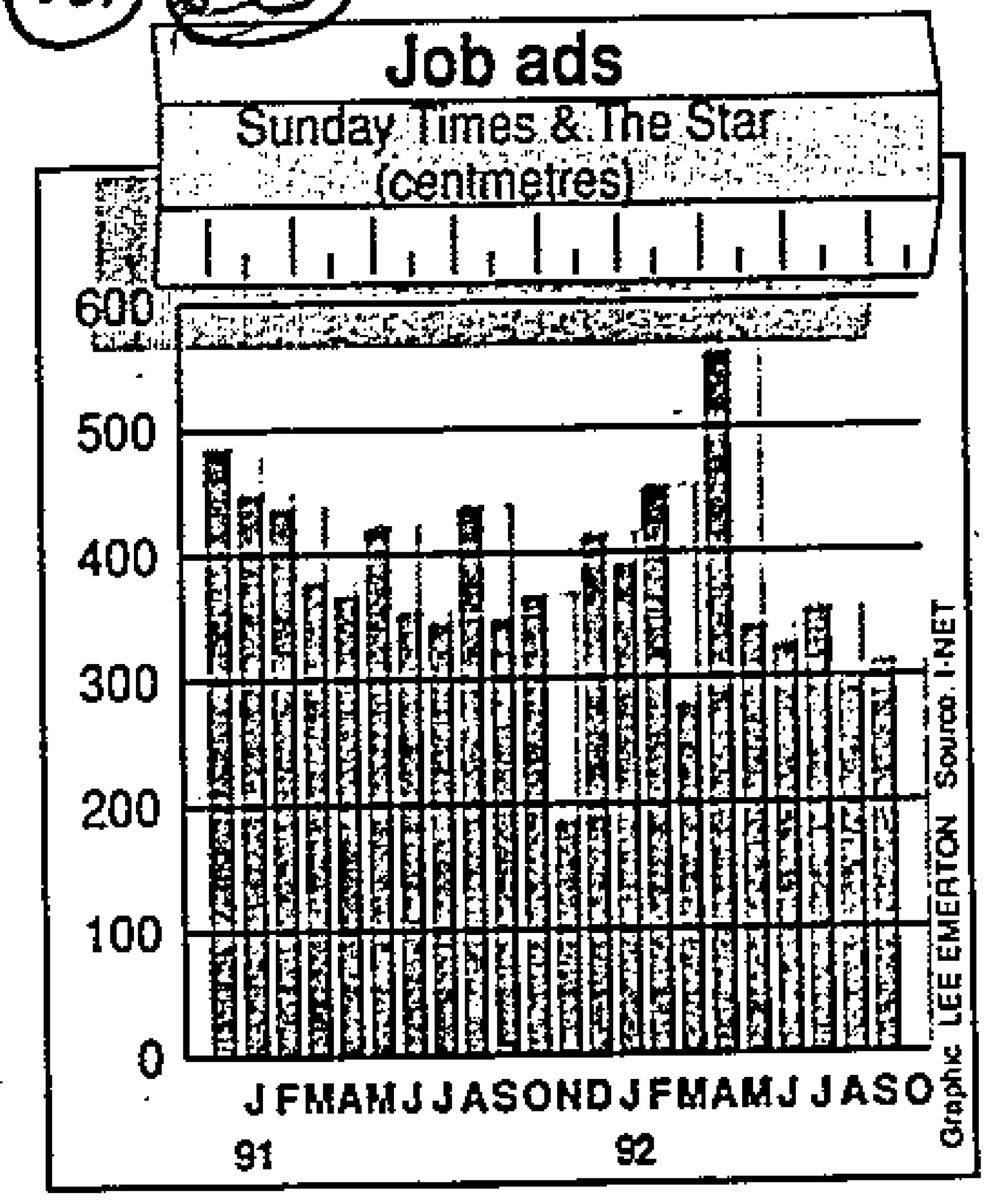
Recruitment advertising booked in the Sunday Times and The Star showed a sharp fall to below 200 column centimetres for December 1991. This figure rose to 550 column centimetres for March 1992.

Latest available figures showed column centimetres booked for August, September and October 1992 around the 300cm mark.

However, industry sources said reorganisation and reviewing within companies early this year had led to an increase in management vacancies and subsequent recruitment advertising, and they expected this trend to be sustained.

Renwick Management Services MD John Sherratt said the increase in recruitment advertising was normal for this time of year, since year-end requirements were often rolled through to January. Sherratt said many companies also entered 1993 with a "refreshed, optimistic view".

"The industry is in survival mode and has stopped waiting for the economy to move out of a recession. We must make our own future and can do so only with good people," he said.



Right Agency MD Jack Bensch said the increase was "cyclical" and did not reflect a lack of available skills. "There is an abundance of qualified people in SA."

Altolevel MD Paul Brand said that while he did not think there had been a flight of skills, the situation in the appointments advertising industry reflected the difficulty inherent in recruiting "good candidates".

"Companies look after good people, which is why it seems as if they're not available," he said.

"There are many highly qualified people around. It is only a certain category of people that are in high demand — highly specialised management services."

It's all about people

STAR 28/1/93

"DEALING with people is probably the biggest problem you face, especially if you are in business." This statement was made by Dale Carnegie, founder of Dale Carnegie Training, Johannesburg.

It underlies the importance of communication and people skills in a company environment.

To attain good people skills is the cornerstone of any improvement process.

But what are these skills and how are they developed?

"The major objectives of our training," says Kat de Beer, head of Dale Carnegie Training, Johannesburg, "include developing better communication, motivating trust and team work, improving employee relationships with employers, customers, suppliers, encouraging flexibility and acceptance of change, faster creative thinking and problem solving.

"This helps people develop their strengths and realise their potential," says De Beer.

Developing people skills to their full potential will ensure better performance and better use of technology, resulting in greater productivity.

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"We are working with a large number of companies who are committed to this improvement and are willing to invest in their staff.

"They have a positive and enthusiastic attitude which spills into all facets of their companies," says De Beer.

Kat de Beer . . . problem-solver.

JOB MARKET

Entrepreneurs the real heroes of economic life

(181)

S Times 31/1/93

(Buss) By KEVIN DAVIE

WHILE historians and economists have not always agreed on what it takes to create wealth, entrepreneurship is now widely regarded as part of a successful formula for achieving economic growth.

Small Business Development Corporation managing director, Ben Vosloo, says it is unfortunate that in SA the pursuit and creation of wealth is still treated with some degree of suspicion.

"Business is often seen as evil in spirit and selfish in purpose while the entrepreneur is regardrd as a vicious exploiter of workers.

"In reality, entrepreneurs are the heroes of economic life."

Dr Vosloo says the key role of entrepreneurship is generally underestimated. Production is not possible without raw materials, labour and capital, but the entrepreneur plays the key role in that the other factors are not self-mobilising.

"If the entrepreneur is not in the saddle the production machine comes to a standstill."

Dr Vosloo says the vast majority of businesses in SA are small and medium enterprises (SMEs) with small business (both formal and informal) by far the largest.

"Of the more than 800 000 formal business entities in SA, an estimated 91% or 720 000 can be classified as SMEs. Their share of GDP is about 45% and they employ approximately 2,4-million people or 17% of the 14,3-million economically active population."

Dr Vosloo says if the informal sector is included, this involves a further 4,4-million people and accounts for a further 15% or so of GDP.

He says small businesses feature largely as the dominant force in job creation in the high-growth economies of the Pacific Rim: "In Japan 99% of all private, non-primary businesses are classified as small and are largely accounted for by the practice of establishing stable commercial linkages with large firms.

"Over 6,5-million small businesses exist of which 800 000 support the manufacturing and assembling activities of the large export corporations so well known in world markets."

Small enterprises have created more than two-thirds of the new jobs in the US since the 1970s while Fortune 500 companies pruned between four and 5-million jobs.

Says Dr Vosloo: "The message is abundantly clear: if you wish to have a vigorous, expanding economy, you must have a vigorous expanding small business sector."

He stresses though that small and large business should not be viewed as competitors, but rather as partners in the economic structure.

During economic recessions small businesses tend to react faster to new opportunities and stimulate economic growth by providing work for the unemployed and lesser educated.

Large businesses are better able to withstand short-term fluctuations, providing stability.

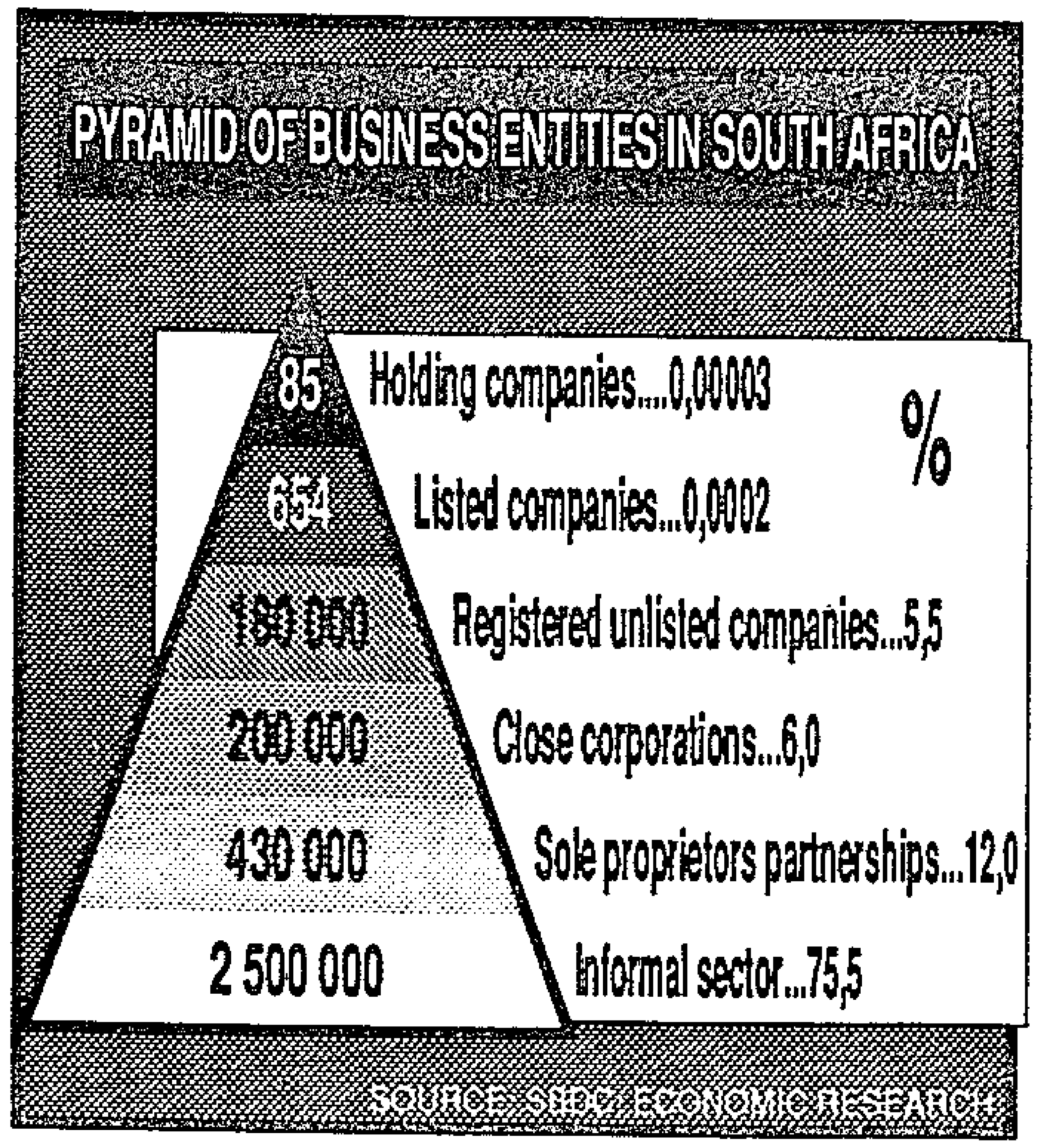
He says the secret of success of many prosperous countries lies in the inculcation of an entrepreneurial spirit where people are less restricted if they work for themselves.

Although every society needs regulations to ensure health and safety, protect the environment and bring in government revenue, the balance of the scales must not be tipped against enterprise.

"The more people can concentrate on running their businesses, the better for jobs.

"All regulations should be scrutinised against criteria of necessity, effectiveness and predictability. The path to economic growth lies in building businesses, not barriers."

Dr Vosloo says while there are elements in society who ache at the prospect of working from nine to five, entrepreneurs can hold down three jobs and work happily from five to nine.



Don't keep employee benefits secret

S/Times (BUSS) 31/1/93 181

By JULIE WALKER

A COMPANY's pension fund might be its best-kept secret, but keeping it in the dark casts the employer in a poor light.

Old Mutual believes that openness would go a long way towards allaying employee concerns and improving employer-staff relations.

The insurer says it is surprising that, while companies spent perhaps 15% to 20% of their payroll on employee benefit packages, few even think of investing another 0,5% to ensure that the investment works for them as well as their workers.

Spending that small amount on communication could have pre-empted and prevented misunderstanding and conflict. But, says Old Mutual, the need for effective disclosure goes further than simply telling staff what's being done and what is good for them. Ineffectual communication merely adds to the discontent if employees don't appreciate what they need to do of their own accord to achieve a good retirement income.

Few employees can give a summary of how their retirement pension is arrived at and what they could do to make up the shortfall in income after they stop work, what can be taken as a lump sum and so on.

Retirement funds are complicated, benefits are intangible and deferred into the future, and health benefits are also hard to grasp.

Old Mutual believes that two-way communication of needs and fears can be achieved in a cost-effective way. Its Employee Benefits Communications Consulting Service develops and implements communications strategies specifically for each client through a range of media.

Specialist project managers, copywriters and benefit specialists are employed, having access to studios for designing printed, presentation and television material.

Attention is given to presenting complex information to all levels of audience. A comic booklet, entitled A Negotiation Story, depicts in cartoon form the cast of characters from both sides of the negotiating table as well as the roles filled by communications consultants.

The story is one of conflict, posturing, emotions, rhetoric and demands, but highlights the benefits of reason, persuasion and realistic goals. It has a happy ending in which the workers' needs and the company's constraints are accommodated.

The rapid growth in popularity of provident funds in recent years is attributed to the general mistrust of an "employer-designed" pension fund. There are misunderstandings about leaving the fund, about contributions and benefits, underscored by a take-it-or-leave-it attitude.

Provident funds might not furnish all the answers. Old Mutual raises issues such as the needs of non-unionised employees, changes in union affiliations, and the ever-present issue of trusteeship.

Old Mutual aims to promote communication to prevent the usual end result of hostile negotiations — an unsatisfactory compromise.

The job creation conundrum

FM 5/2/93 (181)

The deal offered by ANC president Nelson Mandela on sanctions raises a crucial question. Can business deliver? In Washington last month, Mandela said he would ask the ANC executive to endorse a call for an end to sanctions. But in return he wanted business to make a significant contribution towards cutting down unemployment and to pledge itself to a freeze on retrenchment.

Clearly an end to sanctions will help the economy. But no-one can estimate how long it will take to work through to new jobs. It's sometimes forgotten that business is just as keen as the ANC to see new jobs created. Rising levels of employment are often synonymous with rising prosperity for business.

Mandela, of course, was probably directing his remarks at his supporters rather than business. By establishing a connection between an end to sanctions and employment growth, he was justifying a move seen by many in his camp as premature.

But, having pointed out that job creation — and its flipside, retrenchment — is a function of the market and is not subject to the arbitrary manipulations of the business sector, business will no doubt consider what contribution it can make.

Frankel, Pollak, Vinderine economist Mike Brown believes future investment should be directed into labour intensive activities. Small- and medium-sized businesses usually generate more jobs, so he suggests injecting capital through special development funds, independent of government, into infrastructure and into developing the informal, small and medium-sized business sector. Funding could come from foreign aid, contractual savings and capital market borrowings.

What part can big business play in this process?

The Small Business Development Corp's assistant GM, Dawie Crous, says companies could subcontract to small- and medium-sized businesses. In Japan, where 98% of all businesses are considered small- or medium-sized, this is enforced through legislation. But similar legislation could be disastrous in SA. If subcontracting is not cost effective, compulsion will erode productivity levels even further.

Cosatu's Neil Coleman suggests business should spend more on developing employee skills through education and training which, in turn, will increase competitiveness and generate sustainable employment. Few would argue with that.

There are thus limits to what business itself can contribute. Government can perhaps do more, but how successful its job creation projects are is a moot point.

Clothing industry ... *remove restraints and create jobs*

Brown estimates that R10bn spent on a work creation programme would create around 460 000 new jobs (roughly R21 740/new job) within 12-18 months. But Syfret's economist Elmien de Kock believes Brown's estimate is high.

Brown stands by his figures which, he says, were collected from reliable sources. Statistics from a study undertaken by Development Bank of SA economist Carel Meintjies suggest Brown's figures are not seriously out. In 1990, capital of R28 000 created one new job in labour intensive industries, while R239 000 was required to generate one job in capital intensive industries.

But economics consultant Azar Jammine, of Econometrix, argues that massive spending on job creation attacks the symptom rather than the cause of the problem. He contends the structure of the economy needs to be changed to make it more friendly to small businesses. This includes removing protective barriers and foreign exchange controls, educating the workforce and providing small businesses with tax incentives.

A problem UCT's Brian Kantor has with a single R10bn cash injection in job creation — apart from it being too large for practical purposes — is who would be responsible for directing it into labour intensive investment? He recommends "letting investment find the best return on its own merits."

Negative real interest rates for much of the Eighties cheapened the cost of capital relative to labour, says Fergusson Brothers economist Tim Hacker. Monetary policy since 1989 has been directed at reversing this.

Kantor identifies another important influence in the shift from labour to capital over the past 10 years. "The formal sector has been cutting back on labour creation following an increase in labour costs through wage push pressure."

Brian Allen, of labour consultants Andrew Levy & Associates, concurs, adding that SA has one of the lowest productivity levels — in terms of unit labour costs which, he believes, is the only true measure of productivity — among the industrialised and semi-industrialised nations. "Until we get this right, high technology production process will be more attractive to employers," he contends.

Nedcor Bank's chief economist, Edward Osborn, is scornful of policies directed at expanding labour intensive industries. He maintains that, in countries like SA, where much of the population is highly unproductive and ill-educated, it makes little sense to lower the capital to labour ratio — rather it should be increased. "Unless this country chooses to stop the world and get off, the competitive process will dictate that it continue as best it can with the modern stream of technological developments".

The unemployment problem is daunting. Under current capital:labour ratios, some 200 000 new job opportunities in the formal sector would be created should the economy grow at 5% to 6% in real terms — an almost impossible goal in the current circumstances. The annual number of entrants to the labour market is estimated at 400 000. Admittedly, though, additional jobs would be created in the informal sector in a growing economy.

It thus seems that, other than providing training and funding educational projects, there is little that business can do to resolve SA's unemployment problem. The best course lies in removing restraints on the economy and allowing people to direct their energies where they see the most opportunities.

C/Press 7/2/93

Shape up or move out!

By ZB MOLEFE

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ON the surface, the black journalist's question seemed to imply, the exercise was a contradiction.

After all, how could some of the country's high-profile black trade unions be using capitalist instruments like the Johannesburg Stock Exchange (JSE) to create wealth for themselves?

"No", said Tommy Oliphant, chairman of Unity, a company representing seven trade unions in the Cosatu-Nactu stable, a trade union advisory body and one of the country's prominent investment companies. "Unity and the investment company work to construct a portfolio of socially-responsible companies in the JSE where CGF funds are invested.

"We are looking at the empowering of workers and the democratisation of labour."

Olpihant explained the moves as a "progressive step where workers take decisions on their money. It is not making them capitalists. It is a legitimate democratic step. There is change and evolution in the country, we need to change".

Oliphant was among some of the speakers at a Johannesburg media conference last week to announce the maiden results of the Community Growth Fund (CGF), an ambitious unit trust launched last year to invest black workers' retirement funds in "socially responsible" companies.

The 350 000-member CGF, which receives R3-million a month from members, and boasts R23-million in the first six months, intends to raise R50-million at the end of its first year.

The question was raised about using the trapppings of an evil system.

Replied Oliphant: "By being against capitalism does it then follow that unions must not empower themselves economically using capitalism?

"There has been a radical change in union thinking about investment' and business – investment should not only concern itself with financial returns but demand social responsibility as a partner too.

"Investment is also economic empowerment and democracy for workers. Our fund is not only a capitalist venture but also where workers' interests are involved. We also believe that through this fund, companies must create jobs."

Fellow Unity member Irene Barendilla from Cosatu concurred: "This is the first time that black workers have time to be trained. We need training from capitalists. In fact, the fund is a small step towards this goal. It is only with money that we can effect change."

FUTURE SHOCKS ... Corporate SA is being analysed by the Community Growth Fund board – (from left) Mark Anderson, Ian Hamilton, Prof Anthony Asher and unionists Irene Barendilla and Tommy Oliphant. Pic: GIDEON NHLAPO

CGF's thinking on privatisation and foreign investment was also probed.

"On privatisation, that depends on a future SA government. There is strong interest from the UK and the US in investing in SA's socially reponsible companies. We are not going to do anything before the ANC and Cosatu clear the way for foreign investment," said Oliphant.

A message for corporate SA emerged during discussion on how the Unity board used its social index to accept or reject a number of blue chip JSE-listed companies who wanted to invest in the CGF.

Unity says it examines a company's employment practices, job creation record, training programmes for black workers and women.

Since June last year 19 companies have been approved. By the end of December, CGF had invested in 11 of these companies.

These include Murray and Roberts; LTA Construction; Standard Bank Investment Corporation (Stanbic) and City Lodge Hotels.

Unity also said that 17 social responsibility criteria, ranging from industrial relations and job training to profit retention and affirmative action, were used to select companies to receive CGF investments. CGF-approved companies outnumbered rejected companies by two to one.

The Unity board observes that shop stewards have often advised during company investigations. These investigations have shown that racial discrimination is still a key problem on the shop floor.

Rejected

United Tobacco Company was among those companies rejected by CGF – because it manufactures tobacco products.

Private hospital group Clinic Holdings was also givena thumbs down because it "provides medical care to a mainly wealthy minority". Workers have no reason to invest in luxury products or services to which they and their families have little or no access," charged Unity.

The giant Rembrandt group and the entertainment and leisure group Kersaf, founded by tycoon Sol Kerzner, were also rejected for reasons ranging from Rembrandt's stake in mining house Goldfields (whose mines are anti-trade union, according to the CGF) to Kersaf's hotels in Bophuthatswana which have a "substantially bad industrial relations track record".

Transport giant Safren was among the lucky companies selected for investment by the CGF because of the progressive reputation of its wholly-owned subsidiary Rennies and engineering group Haggie for its advanced literacy training programme.

JOB MARKET

Industrial councils throttling small businesses

S/Times (BUSS) 7/2/93.

(181)

By CIARAN RYAN

ABRAHAM ADAMSON, owner of A&A Motor Spares in Athlone, Cape Town, was dealing with a client in June 1991 when the sheriff of the court walked in and seized 21 gearboxes and various other movable assets.

His crime was failing to pay two of his 14 employees the overtime rate stipulated by an industrial council which a few weeks previously he never even knew existed — the Industrial Council for the Motor Industry, which determines minimum wages, overtime, leave, bonuses and other working conditions for workers in the motor industry.

This is one of 90 industrial councils in SA representing 800 000 workers.

Mr Adamson borrowed R3 000 from the Small Business Development Corporation (SBDC) to pay the industrial council and keep his business afloat. He was forced to lay off nine employees, most of whom have little chance of re-employment.

Levies

He is still under a three-year suspended sentence for failing to pay Unemployment Insurance Fund contributions of R1 500.

"Before this I knew nothing about UIF," says Mr Adamson. "I am a small employer. I can't afford to pay these council levies. My employees also don't want to pay levies because they know they will get nothing back from the industrial council.

"Either I pay them below the minimum wage or I close my doors and they lose their jobs. They prefer to have their jobs."

It is alleged that some industrial councils are using spies to keep tabs on small businesses.

Fortunately, Mr Adamson still has his business. Less fortunate was Sallie Solomons, owner of Cape Town clothing company Mosallo CMT, who was forced to close his business and lay off his 18 staff after the Industrial Council for the Clothing Industry demanded backpay and provident fund levies amounting to R7 700.

His staff signed a letter that they were happy to work for R160 a week instead of the council's minimum R200, but this was rejected by the council.

"They arrived one week and told me I was underpaying my staff," says Mr Solomons. "A few weeks after my first contact with the council, I was out of business.

"They sent the sheriff round to my house to value my furniture in case I didn't pay. They do not seem to care that the people they are supposed to be representing lose their jobs."

Johan Naude, an SBDC senior manager, says he is aware of 10 cases in the Western Cape where businesses were liquidated by industrial councils over the last two years, generally for non-payment of levies.

Monopoly

"The industrial councils represent enormous vested interests — there are the large employers on the one hand, who are happy to drive smaller competitors out of business by insisting that they pay the same labour rates as they do, and the unions on the other, who want to make sure that they have the monopoly on labour."

David Matthews, a painting and roofing contractor employing 50 workers, has a criminal conviction because he worked on a Saturday.

He was so incensed with the conviction that he got together with like-minded contractors and formed the Small Builders Association "as a self-defence organisation to protect ourselves from the predatory ravages of the industrial council".

Objectives

The association then took a seat on the Industrial Council for the Building Industry (Western Cape) to represent the interests of the small builder.

"We wanted to do battle with the vested interests from within.

"The implementation of the industrial councils system in the 1920s was the first nail in the coffin of free enterprise in this country," says Mr Matthews.

"The real objectives of the system — such as harmonising industrial relations — were used as an excuse by the vested interests to obtain monopolistic powers over their competitors from the Department of Manpower in order to stifle competition and extort levies from non-party employers and employees alike."

A few weeks after opening his new business, Dennis Slyper, managing director of a Nelspruit furniture manufacturer, Linden Industries, was approached by a representative of the Industrial Council for the Furniture and Bedding Manufacturers Industries and informed that his workers were required to possess council "tickets".

"I was then told that to get a ticket an employee had to have worked in a company which was a member of the council," says Mr Slyper.

Permission

"I interviewed 2 000 people to fill 22 vacancies and not one had a ticket. When I told the council official this she replied: 'That's okay, we don't worry too much about tickets these days.'

"Then they told me that I am underpaying some of my staff. If I want my staff to work overtime I have to apply to the secretary of the council for permission.

"They want to tell me when I can open and close my factory at Christmas. These people are killing employment.

"If I comply with these rules I will have to close down my company."

Tim Cawood of Annie's Creations, which won an entrepreneurial award in 1992, has been threatened with closure unless he joins the industrial council system in East London.

Agreements

He says he would rather risk imprisonment on the grounds that basic rights, such as the right to work and freedom of association are being violated.

The right of industrial councils to make agreements which are binding on non-council members is being challenged in the Cape Supreme Court by the National Independent Employers Association of SA (NIEASA).

NIEASA, with a membership of about 100 companies, was formed last year to challenge the right of the industrial councils to make agreements which are binding on employers and employees who are neither consulted nor signatories to the agreements.

"This case is one of the most important in SA's legal history from a labour relations point of view," says Mr Naude.

The Industrial Registrar, who oversees the councils, does not possess a single copy of the legal application forms required to register the Building Industrial Council (Western Province), according to Mr Matthews.

He says the contents of the required forms would disclose the council's illegality.

Intervened

Seven companies escaped prosecution in the Cape magistrate's courts when the industrial councils concerned were pressed for proof of their legality.

"We intervened in these cases and asked the industrial councils concerned for further particulars, including a copy of the original application forms for registration as required under the 1937 Act," says NIEASA secretary Horst Peschkes.

"The councils, unable to supply the information we required, withdrew their cases because they began to realise that what they were doing was illegal."

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PROPERTY

Relocation should suit workers' needs

PETER GALLI

COMPANIES looking to relocate their offices should not be driven by cheaper rentals or incentives alone, but should consider a number of other issues, commercial brokers say.

"A bad decision could affect staff morale, undermine productivity, result in high overheads and seriously reduce profitability. Despite this, many decisions are based on insufficient information, inadequate investigation and a weak knowledge of the leasing market," says J H Isaacs Transvaal office leasing and sales director Steven Kesler.

Relocation needs to be seen as a strategic opportunity as it allows the company to reposition itself in relation to its competitors, revitalise the organisation and improve communication within the company and the market at large, he says.

Russell Mariott & Boyd Trust director Stan Arenson says the trend for many company directors to relocate their premises close to their homes has to change, as staff needs should be taken into consideration.

"Many families do not have two cars and the location and accessibility of the new premises to transport routes is essential.

"Also, while salaries are the greatest expense for many companies after the rent bill, the possible expense from the loss of staff productivity needs to be weighed against the rental savings before any decision is taken," he says.

Kesler agrees, saying staff needs are a top priority. Moving staff to attractive premises far from home and not easily accessible can do more harm than good.

"Another main criterion should be where the majority of its clients are situated. Exposure is another salient issue as some companies prefer to keep a low profile while others need to be located in a high traffic area where they enjoy greater visibility," he says.

Mortimer Property Group MD Paul Maddison says most tenants pay a lot of attention to what is involved in any relocation and do not base such decisions on a whim. "However, in many cases if one looks at the area to which the company is relocating, it is surprisingly close to where the director lives. The question here is whose travelling time is more important and needs to be reduced: top management's or the staff's?"

Employee information a two-way street

BDM 11/2/93. (181)

GEOFF EVERINGHAM

TRADITIONALLY, financial statements have been drafted to meet the needs of shareholders and creditors (including bankers). This stems from the concept of accountability to the providers of capital and credit. It is only recently that the importance of human capital has been recognised and the question of accountability to employees has been acknowledged. "Employee reporting" — reporting to employees rather than about them — is relatively new to SA.

There is some evidence abroad linking the level of interest in employee reporting to the level of industrial relations activity, economic recession, application of new technology in the workplace, and merger activity. These are probably surrogates for employee concerns as to job security and prospects. This linkage is fairly consistent with events in the UK in the '70s, which saw the emergence of a high level of reporting to employees. By 1979, 180 of 300 companies included in the UK Survey of Published Accounts were issuing employee reports. More recently, studies in the UK indicate the existence of employee share ownership plans has led to a higher level of reporting to employees than before.

This all suggests that SA should, in its present economic situation, be witnessing a high degree of reporting to employees. While no comprehensive survey has been conducted, there is clear evidence of increasing activity. Some companies, such as Anglo Alpha, have been issuing employee reports for several years as part of the group's overall communication policy. (An employee report may be of little use if not part of an overall communication strategy, and can be counter-productive.)

SA companies, however, face some obvious problems which are less likely to be encountered in the First World, where employee reports have their "home". First, there are problems of literacy, in terms of ability to read and financial and economic "literacy". These problems can be dealt with by using appropriate reporting media such as videos and/or verbal presentations in lieu of, or in addition to, a written report.

Second, there are problems of language. Companies will have to face the reality of their workforce and, if necessary, produce the report in several languages (Anglo Alpha uses five). SA is not unique in this; in Australia, a construction company with a large number of immigrants in its workforce produces its employee report in five languages. Fortunately, these reports are usually about eight pages in length, omitting statutory detail which greatly lengthens company annual reports.

An advantage of employee reports is that they are not constrained by statute, and provide an opportunity for flexible and imaginative communication. For example, a value-added statement may provide the core financial information in the employee report, enabling the balance sheet, income statement and cash flow to be dispensed with.

The annual report should be available to employees, so that they do not feel they are being fobbed off with management propaganda. The employee report should also not be a mere summary of the annual report; information needs of employees are not necessarily identical to those of shareholders and creditors.

This contention is supported by a wealth of research conducted abroad and to a lesser extent locally. In general, the research reveals a desire for information on future plans and prospects of the enterprise, information specific to the individual employee's workplace — plant level information — and for "bad" news as well as "good" news. Unlike shareholders, employees have considerable first-hand knowledge of conditions in the enterprise, and an employee report painting a rosy picture which is inconsistent with reality will soon be discredited.

Finally, an annual employee report cannot meet all the information needs of employees; it can only form a part of the enterprise's communication policy. In particular, information required in a collective bargaining context may be quite different. Nevertheless, enterprises prepared to be candid with their employees, and which recognise their value to the enterprise, could find that an annual employee report proves a useful means of communication.

☐ **Everingham is professor of accounting at UCT.**

REVIEW

FM 12/2/93

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Are you deaf?

This article was contributed by Annica Foxcroft, marketing director of Interman, a Johannesburg-based language and literacy training organisation.

Many avoidable company difficulties are caused by poor communication. There is often an inability to ask the necessary questions; to be clear and proactive; to formulate concise statements of instructions; to solve problems; and to read, write, count and think effectively — in the target language.

What is needed is a language-based communication training programme, geared to equip workers to handle and process all communications. To do this cost-effectively, an analysis of the various categories of communication should be done, including all the concepts, facts and rules necessary for the appropriate response.

This is a holistic approach and ensures the even development of the trainee. It integrates thinking and communication skills, language skills (comprehension, speech, reading, writing), situational interactive skills and comprehension of critical business and technical concepts.

Performance improvements can be measured — but more potent indicators are the sort that make your foreman say, "I can't believe the improvement!" or the trainee say, "I want to thank you so much for training us. Before I was like a blind person but now I can see."

A pharmaceuticals company started a six-week strike because the shop stewards didn't understand management's response to their request for a wage increase. Management had in fact agreed to the requested wage increase — but wanted to stagger it over a six-month period and then to top it off with a substantial bonus as a reward for accepting the delay. The shop stewards had seemed to agree to this — but a strike occurred immediately in protest. Despite many subsequent meetings between management and the shop stewards, negotiations reverted stubbornly to the original request.

Our investigation revealed that the shop stewards were unable to comprehend the terms management was using to explain the offer — percentages, interest, accumulation and simple arithmetic. They lacked the language and communication skills to clarify the problem — and so kept carrying an erroneous tale to the disgruntled labour force.

The MD, who was on our Zulu course at the time, was asked to call a meeting of the labour force (not just the shop stewards). At this meeting, he read the speech — in Zulu — which we had carefully structured for him to explain his offer. There were no equivalent words into which to translate many of the concepts, so it was an interesting exercise in communication. But the result was astonishment, then eager acceptance and an end to the strike.

A holistic language course builds in concepts where they are absent in the mother tongue. This is a much bigger step than merely teaching people to read out words with no comprehension. However, being able to communicate with labourers in their own language at least bridges the immediate gap.

Huge costs in downtime, conflict and wastage occur daily as a result of simple communication problems, based on the fact that languages are not simply mutually translatable.

Another example: the company announces a productivity improvement exercise; the workforce institutes a go-slow. Why? Because there is no term for productivity in any black language, simply because the concept does not exist. This means that the worker is likely to acquire a distorted understanding of the English term — for instance, "productivity" translates into "retrenchment." The worker has observed this as a consequence of a previous "productivity" drive — so now he's going slow to prove that there is enough work for everyone.

There is no African language word for "quality" as in quality management and quality control — and think of the emphasis being placed on that word today. The labourer links "quality" with the image of a policing action — probably because also he doesn't comprehend the related concepts of "competition", "client", "profit" and "business".

Train the worker in his mother tongue and it's difficult to explain new concepts with a language that is not designed to do this. Train him in English and he doesn't understand the concepts, can't read or write effectively, often can't handle basic calculations or conventions of communications in a work/training situation. This can seriously affect training in jobs, safety, technical skills and general performance and interactions.

Another key aspect of communication success is relevant thinking skills. These are often poorly developed for the linear, sequential, highly analytical situations. You will see this affecting the issuing of directions and instructions, as well as feedback, reporting, questioning, explanations, presentations, study and comprehension.

This daunting array of skill deficits is largely caused by poor education. But it is also caused by the huge problems of inadequate language-based communication training — as distinct from "teaching", which is done in schools.

Professional language training equips the trainee to negotiate the block or filter effect of the following key components of language:

- ☐ Thinking skills as expressed by the language;
- ☐ Cultural values dictating interactive norms;
- ☐ Cultural norms affecting business behaviour;
- ☐ Language grasp, manipulation and conventions of speech; and
- ☐ Literacy level relative to skill level needed.

It would be interesting to work out which of the above factors act as distortion filters on the following communication: "Complete this job application form, listing your jobs in reverse order and state length of employment and status achieved." This form will probably remain blank and be handed in like that.

Consider the safety sign indicating "Emergency Exit". It is in international sign language, not writing, so it should transcend language and literacy barriers. But it shows a stick figure running within a red circle, bisected with a slash. The common shopfloor understanding of the sign is: "Do not go that way, you will lose your hands, face and head!"

These misconceptions represent avoidable costs which most businesses are simply budgeting for.

Community fund could top R50m

South 13/2-17/2/93

INVESTMENT in the Community Growth Fund (CGF) will top R50-million this year, predicts Mr Gordon Young, an economist and advisor to Unity Incorporated, the investment company formed by the seven Cosatu and Nactu affiliates.

The unions have pooled their money to invest in companies with good industrial relations records.

The fund has investments worth about R20-million. It announced good half-yearly results recently.

Unity has 19 conditions which must be met by companies before money is invested in them. These include a priority on creating jobs, training for blacks and women, environmental concerns and eliminating racism in the work-place.

Some of the companies approved include Safren, whose subsidiary, Rennies, pays good wages and spends money on training programmes. Unity rejected Rembrandt, partly because of its cigarette production, but also because of its major stake in Perskor, publishers of NP-supporting newspapers.

Young said the fund was started in response to a need to have workers control their money.

Workers now say it is possible to make socially responsible investments and have good returns.

The fund also enables workers to move money from the rigid pension funds of companies to the higher-yield provident funds. Also, workers' money was almost exclusively invested in guaranteed portfolios.

Disadvantages in this were:

- Actual returns were never declared (eg. if a company made a 25 per cent return, they would perhaps only declare 18 per cent).
- The placement of investments was never declared, which could embarrass unions if done with companies with poor industrial relations.
- It was difficult to leave these portfolios as most operate on a percentage return over 10 years. Investors would lose if they wanted to take their money elsewhere.

CGF investments are transparent as investors can see where money is invested, with results published every six months. Investors may pull out at a day's notice.

CGF's partnership with Syfrets has paid off. In the first quarter since its start on June 1 1992, R7-million had been invested. By the end of the second quarter almost three times as much was invested.

The main source for the CGF has been union provident funds. Fortunately, Young says many companies with provident funds have been open to the CGF.

WAGHIED MISBACH

focus on Sobukwe

A real force to be reckoned with, Robert Sobukwe had to be eliminated and the Government pulled every trick in the book to ensure that he got his way. **Themba Molefe** tells the story:

Sowetan 25/2/93.

MANGALISO ROBERT SOBUKWE WOULD be just over 10 months away from his 70th birthday today.

And on Saturday February 27 it will be 16 years since he died after reporting to the security branch of a South African police station on Jimmy Kruger's orders — in pain after being discharged prematurely from a hospital in Cape Town.

"It was painful. There was never an end to it. Only his death brought us an end," his widow Mrs Zodwa Veronica Sobukwe said at the time.

Born on December 5 1924 in Graaff Reinet, in the Eastern Cape, Sobukwe's last traumatic days are documented in an old book simply entitled *Mangaliso Robert Sobukwe*, written by the late John Nyati Pokela, erstwhile chairman of the PAC while it was in exile.

But a section of a chapter entitled *The last days of a sick man* calls for a closer look.

Notable activists seen as a thorn in the side of the South African white political order never lived long. Even after epoch-making February 2 1990 they are becoming obscure, rather obsolete.

The list grows longer: Stanza Bopape disappeared without trace in 1988. Jeff Masemola was killed when a heavy duty truck hit his Volkswagen Beetle in 1990. The case is yet unsolved, although the truck and driver were found on the scene by the authorities. No one has been held responsible for the death in detention of Steve Biko in 1977 in spite of evidence pointing to who did it.

There is the Mathew Goniwe puzzle as well...

Jimmy Kruger is dead. Biko's death left him cold.

So is John Vorster, then Prime Minister and HF Verwoerd's successor.

However, the chapter on Sobukwe's dying days states: "It is not known what went wrong with Sobukwe's health in 1977.

"Zephania Mothopeng — Sobukwe's successor as PAC president, who also died of an unspecified illness in 1990 — serving a 30-year prison term in 1977, alleged that Sobukwe told him he had been poisoned while on Robben Island.

"However, Jimmy Kruger, then Minister of Justice, said Sobukwe had cancer.

"Anyway, in July 1977 Sobukwe began to cough badly. Advised by friends in Kimberley (where he was restricted after his release), Sobukwe applied to Kruger for permission to receive specialised treatment in Johannesburg. He refused."

What follows is part of a first-hand account in the book by former *Rand Daily Mail* journalist Benjamin Pogrund in 1977.

"When I heard that Sobukwe had been refused permission to leave Kimberley for Johannesburg, I became concerned."

Veronica Sobukwe ... there was never an end to the suffering — only death brought relief.

He had known Sobukwe for a long time and they were friends.

"I phoned Mr Kruger at his office. It took several days to get hold of Mr Kruger. When I finally reached him he was helpful. Within an hour he phoned back to say Mr Sobukwe could come to Johannesburg, but not that weekend: it was too soon. It would have to be the week after.

"Arrangements made, the situation changed. First, there was a stipulation conveyed to Mr Sobukwe some days later that the specialist examine him in my house. I went back to Mr Kruger, explaining that the doctor needed special equipment for the treatment...

"At that stage I felt too intimidated... This may sound too ridiculous. But it was the atmosphere in which I was operating.

"I was begging for favours, always aware that anywhere in the apparatus of power with which I was dealing someone could peremptorily say no.

"Even my request for Sobukwe to fly to Kimberley at 3.30pm on the Sunday instead of on the early flight was turned down — and it was done abrasively, with a curt warning that if I didn't like it, he would have to take an early Saturday flight.

"So, poor Sobukwe, tired and ill, had to be up early on the Sunday for the 9.30am plane."

So goes Pogrund's account.

"X-rays were not available for the examination. We had not been able to obtain any from Kimberley. The specialist's diagnosis at that stage, based on the limited tools available to him, was Mr Sobukwe was suffering from a weakening of the heart muscles caused by a bacterial infection.

"Alarmed but not desperate, I sent the report to Mr Kruger. About three weeks later, however, X-rays taken in Kimberley reached Johannesburg. The physician who had seen Mr Sobukwe diagnosed cancer."

This was publicly disclosed by Kruger who told a protesting Pogrund not to approach him directly again.

Sobukwe was thereafter admitted to the famous Groote Schuur Hospital amid security police intrusion.

Pogrund says: "When he arrived in Cape Town he had to report to the security police. On his discharge from hospital he had to return to Kimberley on the first available train.

"He had to report on his departure to the police in Cape Town, and his arrival to the police in Kimberley. (In practice, this could be done on the phone)."

Said Mrs Sobukwe at the time: "He could hardly walk because of his backache. Friends took us from the airport. He struggled to move slowly to the charge office to report that he was around.

Sobukwe, as commentators said subsequently, was persecuted and tortured until his death. Biko was murdered at 31 years of age. Nelson Mandela was imprisoned for 27 years.

Where would the black people's struggle for democracy be were Sobukwe and Biko alive together with Mandela today?

130 000 non-farm jobs lost in a year

15/DAY 18/2/93 (181)

GERALD REILLY

PRETORIA — More than 130 000 jobs were lost in the non-agricultural sector in the 12 months to end-September 1992, Central Statistical Service figures released yesterday show.

The biggest loss was in manufacturing where total employment fell by 46 706 to 1 380 816.

Next was mining and quarrying where the loss was 43 559 to 595 676 followed by the construction industry which was down by 17 500 to 366 100.

The wholesale and retail trade and catering and accommodation services were down by 10 482 to 740 332.

In transport, storage and communication services, the job loss was 13 584 to 332 228.

However, in the finance, insurance, real estate and business services total employment increased by 5 337 to 186 031 and in the community, social and personal services the increase was 26 773 to 1 326 523.

The figures showed that in the entire non-agricultural sector, employment dropped 2% to 5 012 086.

Total salaries and wages for the quarter ended last September were R32,241bn — an increase of 11,6%.

'Good image' may not bring increase in sales

(18) MARCIA KLEIN

THERE is no correlation between a company's investment in socially responsible programmes and sales, as social responsibility is "an expected practice", says advertising agency Lintas.

The agency's research showed that big companies were seen to have contributed to the political, social and economic problems in SA. Respondents said SA companies had used apartheid "to swell their bottom lines".

Business participation in past injustices had "overshadowed long-term issues like environmental abuse, the promotion of products seen as harmful to health and the abuse of animal rights".

Consumers' attitudes towards companies were being influenced increasingly by companies' labour practices, affirmative action programmes, social responsibility and black economic empowerment.

Some companies, many of which had a single brand or a high corporate profile, were singled out for being socially responsible. They included SA Breweries, National Sorghum Breweries, Natbev, BP, First National Bank, Shell, the Argus Group, OK, Pick 'n Pay, Anglo American and Woolworths.

This did not mean, however, that sales increased because of this image.

Respondents said SA companies had been investing most of their money where they could reap profits, like sport sponsorship, "under the pretext that they are helping blacks". Yet they did not look after their employees.

For multiple brand companies, social reponsibility rested with the parent company. For most consumers, the brand and the parent company were not easily associated, the research showed.

Lintas said that although company brands could benefit from a positive corporate image, there was no indication this always translated directly into brand sales. B/Day 23/2/93.

In fact, increased sales were unlikely, as fair labour and social practices were expected from a company in the first place.

The bond between a consumer and a brand was "largely based on known brand values which may or may not be enhanced by the corporate image of the multiple brand company".

Lintas said it was difficult for consumers to target specific companies for punitive action.

Consumer action against corporate behaviour did not take the simple form of brand switching, but was more likely to come through boycotts and mass action.

Retrenched staff 'need training'

BIDAY 24/2/93.

(181) THEO RAWANA

BIG companies retrenching staff should help to train them in skills that will help them to become self-employed, SBDC central Transvaal region GM Jo Schwenke says.

Schwenke says about 400 000 jobs have been lost through retrenchment in SA since 1989, which is more than the 340 000 job opportunities the SBDC has created in 11 years.

"If big companies are prepared to spend some of their social responsibility budgets on surplus employees, the least they need to do is provide retraining to equip the employees with marketable 'doing skills'.

"In addition, they could also provide loan financing for the launching of the new businesses."

He suggests that companies should subcontract their retrenchment training and loan financing programmes to organisations such as the SBDC, specialists in the field.

By providing employees with training in business skills and assisting them to successfully set up and manage their own businesses, a serious attempt will have been made at giving employees something of value.

Schwenke says companies can make a further contribution by buying from their retrenched employees "on a preferred basis", once they have set up their businesses.

"This is a major boost for new small businesses."

Auditors could be obliged to report company frauds, theft

STAR 24/2/93.

By Meg Wilson 181

A decision by delegates to South Africa's first symposium on economic crime, held in Pretoria this week, could have far-reaching effects on the accounting profession.

The delegates agreed that there should be a specific statutory obligation on external auditors to report any evidence of fraud or theft they might find in a company's financial records — not only to the directors, but to the relevant authorities.

The meeting stopped short, though, of suggesting that the external auditors of companies should be held responsible for preventing fraud or other economic crime.

This, it was generally felt, was still the responsibility of the directors of a company, or its appointed management.

Michael Hart, a partner in the legal firm Deneys Reitz, told the delegates that although there was no simple code of practice for company directors, a combination of statutory responsibilities and common law principles led to the conclusion that they did have a fundamental responsibility to try to prevent fraud or theft in their companies.

At the very least, they had to institute systems that ensured speedy detection and remedial action.

Delegating these essential functions to the management of the company did not relieve them of the responsibility.

The external auditor derived his duty from the acceptance of his appointment by the company, and generally sought to define it in a stock "engagement letter" which outlined the limitations of the audit procedure to the client.

However, there often still existed an expectation gap, between the client's perceptions of the extent of an audit and the reality, which was that budgetary constraints usually meant random checks had to be substituted for individual verification.

Nevertheless, the responsibilities of an auditor were far more precisely defined than those of a company director.

This was no more so than in a new professional standard dealing with "responsibility to detect and report illegal acts, other irregularities and errors".

In this, the profession had already shifted from its previous position, which was that the audit examination was not designed to disclose irregularities.

However, it still did not see itself as having a legal responsibility for the prevention of frauds or thefts, although it might suggest ways of doing so in reports to management, Hart said.

Reporting a discovery of material fraud or theft is another matter, though.

At present, the auditor is only required to report such findings to the person in charge of the business — or to the Public Accountants' and Auditors' Board if no steps are taken in a stipulated time to rectify matters.

What the delegates to the conference would like to see is this reporting function taken one step further, so that auditors are obliged to disclose material irregularities to the relevant investigative or regulatory authorities.

Corporate atmosphere must change

STAR 24|2|93.

By Meg Wilson (181)

The corporate atmosphere in South Africa will have to change radically if the causes of economic crime are to be eradicated, says Rabbi David Lapin.

He told delegates to the economic crime symposium that it was not enough to increase the chances of detection or worsen the possible consequences of getting caught.

This amounted to treating the problem symptomatically, while what was needed was prevention of the illness through the creation of an overall climate in business which resisted economic crime.

To commit a crime a criminal had to overcome any sense of identification with his victim.

In the South African business context, this was easy because the whole atmosphere in many companies was "dehumanised".

"The level of alienation experienced by South Africa employees at all levels towards the companies they work for is disturbing.

"This is not necessarily because the company has not treated them well ... but because companies have become entirely mchanistic, driven only by systems and measurements rather than values.

"Business defines its goals, but not its purpose, and its focus is on profits rather than people."

It's time that business took a cane to public education

STimes 28/2/93 (BUSS) (181)

INTERNATIONAL FIRMS	CATEGORY	SOUTH AFRICAN FIRMS
25%	Management & Professional	45%
35%	Skilled	25%
35%	Semi-Skilled	35%
5%	Unskilled	40%

Andy Andrews

ON BUSINESS

BUSINESS and community leaders today rank "human resources" as one of their most important areas of concern. Research is showing us what appear to be contradictory signs.

On the one hand we have millions of unskilled workers out of work as companies continue to tighten their belts in the face of the on-going economic recession, and more and more skilled and experienced executives also struggle to find jobs as companies downsize and delayer by cutting out levels of management.

On the other hand, research is suggesting that we do not have enough managers to cope with the increasing complexity of a globally competitive world. So we face this paradox: we need more managers, but we are getting rid of them. We need more skilled workers, but we are cutting back on training due to budget constraints, and are also putting experienced workers back on the street.

A GLOBAL COMPARISON

The "Breakwater Monitor" research project at the UCT Business School, which is supported by many leading companies, has collected data on more than 600 000 employees and is providing participating companies with the opportunity to benchmark themselves against other firms.

Their initial findings make interesting reading. The breakdown of South Africa's workforce as compared to international norms is given in the table.

The data on the international firms tells a powerful story. Their percentage of employees in the management and skilled categories is more than double the South African percentage, while South Africa has almost double their percentage in the less skilled categories.

In addition, I suspect what the Germans and Japanese call "semi-skilled" is a lot more skilled than the South African definition.

We are, quite simply, operating our businesses using an antiquated, low skill, low productivity model of business that our global competitors threw out many years ago.

Their people have more managers, are more highly skilled and are, consequently, more productive. That is why their economies are growing and ours is not.

We cannot expect to produce the knowledge-based, high-quality and often custom-made products that command high prices and create the margins necessary to support R&D and global market strategies with too few managers and too many unskilled employees.

THE EDUCATION PROBLEM

The World Competitiveness Report regards South African workers as the worst equipped for the demands of a modern workplace. Not only are too few South Africans going to school, but those that do so and look for work do not have the skills that business needs.

This problem is not unique to South Africa. The American Society for Training and Development recently estimated that US business is spending as much on educating their workers as the US government spends on formal education.

South Africa is also spending huge amounts of money on education, but the problem is not the amount of money but rather the way it is spent and administered.

A DISMAL PICTURE

I have no doubt that our educational system is failing miserably. And the reason is that the people who manage the system are working with an outdated, cumbersome philosophy that is not responsive to the needs of the global economy.

The world is changing rapidly, but our syllabi and the methods of teaching are obsolete. I am sure that it is easier to move a cemetery than it is to change a curriculum.

We are still producing academically educated people, when the practical skill levels required by business and society are rising. The Hudson Institute in the US has estimated that half the jobs that will be created in the 90s will require post high school training.

While we are teaching students about esoteric aspects of biology and European history, students need interpersonal skills, teamwork skills, logic skills, the ability to learn, problem solving skills, critical thinking skills.

In Europe, students switch between classroom and workplace apprentice-type jobs allowing them to develop both academic and practical skills simultaneously.

We are locked into a 19th Century philosophy that separates the university-bound from the factory-bound. This creates exaggerated expectations in the one group and lowered self-esteem in the other.

WHAT TO DO?

Business had better get involved. Business had better make sure that we improve public education and insist on innovation and change.

Companies and individuals pay taxes which are used in our educational system to produce products that do not meet their needs and then must pay again to remedy the defects.

Perhaps we should have a money-back guarantee from the schools and universities. If the product doesn't work, you should get your money back.

Public education will continue to plague South African business and make us less competitive globally unless we do something about it now.

Education is at the core of our problems, both socially and economically.

■ *Professor Andy Andrews is director of the Graduate Institute of Management and Technology, which offers the prestigious Henley Executive MBA in SA, and is co-founder of Laird-Andrews, the strategic financial consultants.*

SA DEBT OUTLOOK IMPROVING

STimes (BUSS) 28/2/93

SOUTH AFRICA is comparatively under-borrowed and might be able to repay its foreign debt without negotiating another interim arrangement, says Standard Bank chief economist Nico Czypionka.

SA has repaid and converted into longer term debt almost $10-billion of the short-term debt caught in the debt standstill, and at the end of this year will have another $5-billion to go.

Mr Czypionka says in Standard Bank's Economic Perspectives that SA has reduced its debt/GDP ratio to 16,9% from 42,9%, as the debt has been repaid without taking on substantial offshore loans.

SA's debt/export earnings ratio has fallen to 64,9% from 127,2%, placing SA in a foreign indebtedness situation similar to South Korea but far better off than Egypt, Brazil, Argentina and Australia.

However, SA has to pay a premium on interest on its loans because of the debt standstill and the political situation, says Mr Czypionka.

He says SA will owe $5-billion of standstill debt at the end of 1993, when the third interim arrangement expires. Any technical default on this would be out of the question, as it would intensify downward pressure on the rand and throw out Reserve Bank attempts to stabilise the nominal effective exchange rate.

Mr Czypionka says the Reserve Bank has two options: it can get creditor banks to convert the debt into medium-term stock, which would be tradeable, or it can return to "business as usual", under which SA repays the amount, but it is immediately re-advanced under normal terms and conditions.

The benefits of this would be that the cost of finance to SA would be lowered and foreign lenders would benefit because they would no longer have to have double reserves as a result of SA being technically in default.

Mr Czypionka says this should be coupled with SA being granted access to the IMF. Borrowing from the IMF may not even be neccessary if this leads to the perception among lenders that SA borrowings are effectively backed by the IMF.

He says that in practice access to the IMF will only be possible once some sort of interim government is in place, and if that government makes inroads into a structural adjustment programme.

Numsa considers 'let's work it out' approach

BDM 2/3/93.

(181)

DIRK HARTFORD

NUMSA's 230 000 members are discussing a new approach to collective bargaining in the metal, motor and vehicle manufacturing sectors that would mark a radical departure from its militant and confrontational style.

Essence of the new approach is that the union negotiates a broad three-year programme of wages and industrial restructuring where wages, skill development and grading would be planned and negotiated over three years.

It is envisaged that the wage negotiations will be linked to a grade reduction process designed to lay the basis for developing world-class manufacturing in the industries Numsa has organised.

These proposals are contained in a document currently under discussion, but Numsa leaders refuse to comment on its contents, saying only it is part of series of union debates under way.

The document has the support of Numsa's collective bargaining and national executive committees and is being discussed in the union's regions and at general meetings before being referred to Numsa's central executive for a final decision.

It fits into Cosatu discussions around a "reconstruction pact", as well as being underpinned by similar ideas addressed in Cosatu's two other big affiliates — the NUM and Sactwu.

It follows last year's defeated three-week national strike in the metal and motor assembly industries. And it mirrors the other major turn in Numsa's history when the then Metal and Allied Workers' Union joined the metal industrial council in the early '80s after a series of plant level strikes.

The document implicitly acknowledges that several major campaigns of the union — like for a living wage in the industry, for centralised bargaining and even for job security — will have to take a back seat, or at least be revisited in the context of the new approach.

The new approach boils down to accepting joint responsibility (with employers) for finding solutions to the crisis of the metal and motor assembly industries.

Numsa would propose measures it believes necessary to turn the manufacturing sector into one capable of competing on the world market, while also delivering jobs, skills, education, social benefits and affordable consumer products to workers in SA.

At first sight, such an approach is one employers will no doubt welcome. Wages and industrial action would be unlikely to be as centre-stage as they have been.

In addition, a far more flexible attitude to centralised bargaining, with the possibility of introducing a two-tiered bargaining system, is being mooted.

It is these the union will inevitably have to "offer" in order to obtain a key role in co-managing restructuring of industries on the lines the document suggests.

But the challenge for employers in the new approach is not, as in the past, who will triumph at the barricades. Rather it will be whether employers can accept the German-style co-determination approach that underlines the proposals.

The proposals — ~~broadly speaking~~ — rest on the belief that a major contribution to rebuilding SA industry can be achieved by using education, training and work organisation to drive wages policy.

It wants more modern, flatter, management structures, a life-long career path for all workers and a more skilled and less supervised workforce.

It also involves putting in place at plant level new work systems that ensure all workers have the opportunity to exercise their skills.

It specifically suggests a reduction to seven grades instead of the myriad of different grades that exist currently, especially in the metal industry. These grades should include flexible skills, rather than narrow task or craft definitions. It suggests negotiations, after three years, should focus on a percentage increase for the artisan grade with wages in other grades automatically adjusted in terms of the settlement reached at artisan level.

The union, the document recommends, should continue fighting for a 40-hour week — possibly in exchange for ~~flexible~~ working arrangements — for training leave as a right for all workers and for a common "benefit package" for the industry including normal leave, bonus, retirement, medical, parental and other benefits.

The new grade system would provide for a career path for workers, recognition of prior learning of workers, multiskilling, measures to prevent workers being de-skilled through the introduction of new technology and safeguards for women workers.

Issues of tariffs, export incentive schemes, sector industry authorities, and industry protection policies are also addressed in in the proposals, all within the context of defending the industry while radically restructuring it to meet the challenges of a world market where protectionist strategies are falling away.

Although not Numsa policy yet, chances are good it soon will be. And given the central role Numsa has played in fashioning Cosatu policies, the majority of Cosatu unions are likely to pick up the new direction in their own industries under an overall Cosatu vision of a recontruction pact with the ANC for post-apartheid SA.

BU

Star 3/3/93

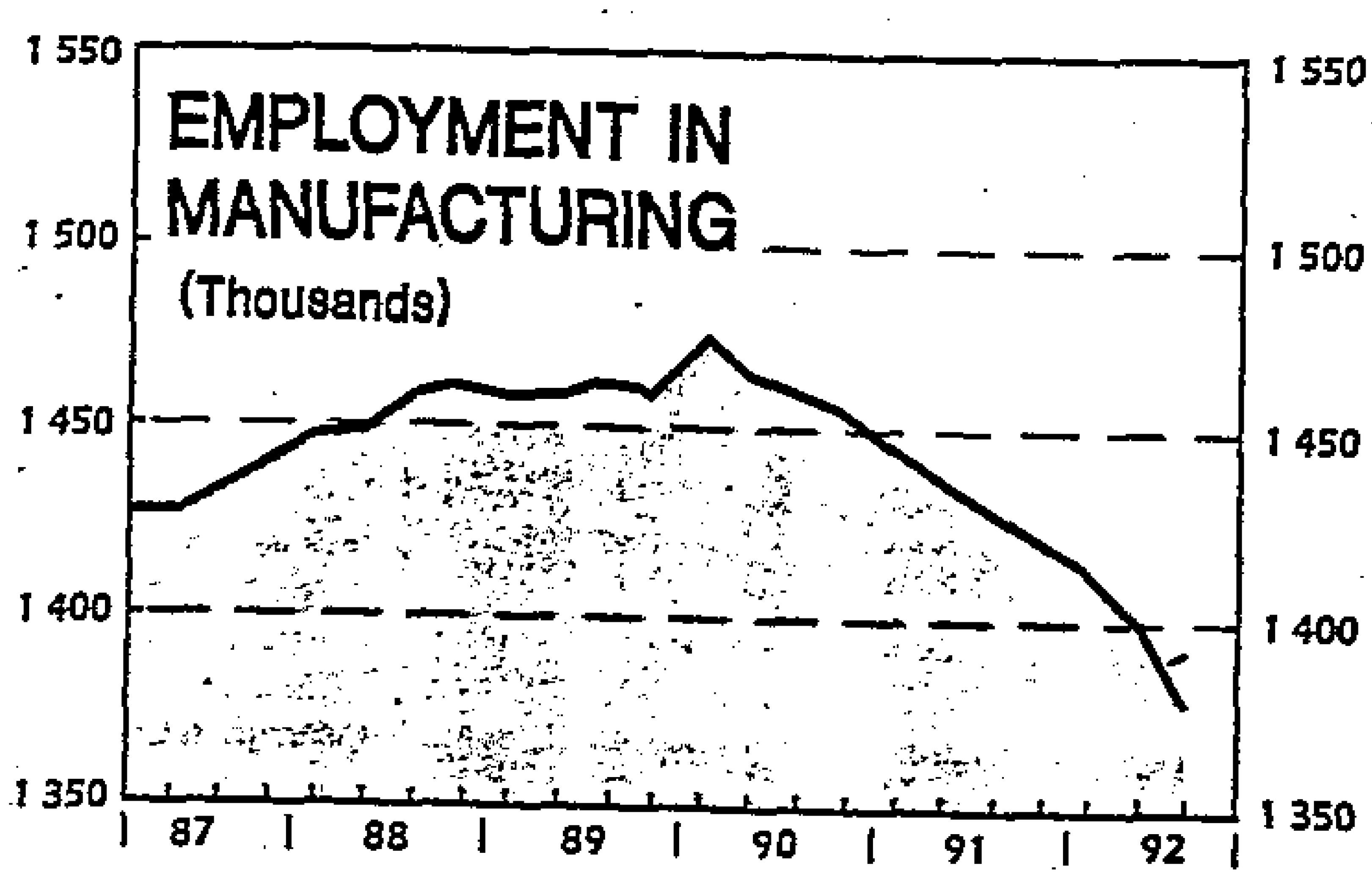
100 000 manufacturing jobs lost in the recession

(181)

By Sven Lünsche

Employment in the manufacturing industry has plunged by about 100 000 since the beginning of the recession, the Industrial Development Corporation (IDC) says.

In its quarterly release on economic conditions in the manufacturing industry the IDC says that from January 1990 to October last year employment levels fell from 1,47 million to about 1,38 million.



Retrenched

In the 12 months to end-September 1992 alone about 20 000, or three percent of the workforce, were retrenched.

Employment levels are not expected to recover substantially this year as, according to the Bureau for Economic Research, manufacturers generally forecast the low level of economic activity to continue for some time.

A rise in employment will be limited as most companies in the industry have sharply reduced the production capacity levels since the beginning of last year — the utilisation of production capacity dropped to 77 percent in August from 82 percent in January.

High labour costs are also making capital investment a more attractive option. According to the IDC figures, the labour cost per worker during the third quarter 1992 was on average 14 percent higher than a year ago.

The fall in employment is a direct consequence of lower production levels in the industry.

The IDC says manufacturing production in the third quarter last year was four percent lower than in the same quarter in 1991.

"Lower production occured in all sectors of manufacturing, the exception being production of rubber and plastic products.

"Production in the automotive and furniture manufacturing industries increased in the second half of the year, albeit from very low levels."

A noticeable trend in the in[illegible] was that imports of [illegible]ured goods in the last qua[illegible] [illegible] 1992 actually increa[illegible] three percent on the prece[illegible] three months.

Over the same periods manufacturing exports showed a slight decrease.

Recovery

The IDC expects a mild recovery in economic growth this year on the back of lower inflation and interest rates, while better international economic conditions should improve the prospects for exporters.

The manufacturing sector should receive a further boost from investment spending on mega-projects, which should improve business conditions for the construction industry and suppliers of capital goods, and the commissioning of Mossgas, which will lead to increased production and import replacement.

The growth rate, however, could be limited by government measures to reduce the budget deficit, the IDC says.

Few companies willing to increase staff levels

Star 11/3/93 (181)

A recent survey by Drake International shows that only six percent of South African companies are expecting to increase their staffing levels in the next six months.

A blow to job hunters is that 13 percent are looking to decrease their employee levels — some by up to 30 percent. Around 80 percent have frozen their current staff complements.

The results were determined from a survey of more than 800 companies covering a broad spectrum of commercial, financial and industrial enterprises.

The survey included manufacturing, construction, engineering, import/export, transport, wholesale, service and retail organisations, as well as insurance, banking and government institutions.

"The survey points to business remaining in a 'holding' pattern, with moves to stimulate the economy — like lower interest rates — not yet influencing hiring intentions," says Mike Coppin, Drake's chief operating officer.

Coppin says the minority of companies planning to increase staff are found mainly in the import/export and insurance/assurance fields.

"With the recession expected to continue well into 1993, people should realise that a job is to be valued. Employees who do not contribute to a company's viability are in a high risk category."

According to Coppin, the results of the survey represent bad news for the unemployed — particularly in the banking and wholesale fields which have forecast the largest staff decline for the next six months.

"These are closely followed by the manufacturing, construction and transport fields, with companies, predicting significant staff cuts."

Coppin says the current economic climate is putting a premium on skills for job hunters, while making the selection of new employees critical for employers.

"It is our experience that many companies are turning to flexible staffing strategies and labour outsourcing options to overcome workload peaks while maintaining a streamlined permanent workforce," he says.

Ashton planning to become world player

Star Foreign Service

MELBOURNE — Australia's up and coming diamond miner, Ashton, has unveiled plans to become a world player in international markets with a big emphasis on expanding global exploration projects.

It said it would move away from its gold mining activities and concentrate instead on its diamond interests.

Last year Ashton produced 39 million carats from its operation in the Kimberley district of Western Australia which sold for R530 million, with record profits of R77 million.

Ashton also disclosed that it had just discovered commercial-size diamonds in the Northern Territory with a much higher gem content than the Kimberley field. It also had prospects in the United States and Canada which it regarded highly.

STAR 11/3/93

Inflation in the West averages 3%

PARIS — Consumer price inflation in Western industrial countries and Japan, excluding Turkey, stood at an average annual rate of three percent in January despite sharp monthly increases in Germany, the United States and France, the OECD said on Wednesday.

Consumer prices rose by 0,3 percent on average in January, excluding high-inflation Turkey, after remaining flat in December, the 24-nation Organisation for Economic Cooperation and Development (OECD) said in its monthly survey.

Prices were down by 0,1 percentage point in Japan to 1,3 percent over 12 months, and by 0,9 percentage point in Britain to 1,7 percent.

Among the other Group of Seven countries, Germany faced a 1,1 percentage point jump lifting its rate over 12 months to 4,4 percent, mainly because of increases in indirect taxes.

In the US and France prices were up by 0,5 of a percentage point in January, for a US 12-month rate of 3,3 percent, while France's rate was further down to 2,2 percent. Canada recorded a 0,4 point monthly rise, lifting its annual rate to 2,0 percent.— Sapa-AP.

Employment cutbacks rife

SI TIMES (BUSS) 14/3/93

A DRAKE International survey shows that 13% of SA companies are looking to decrease their employee numbers — some by up to 30%. (181) (183)

Around 80% have frozen their staff levels while only 6% are looking to increase staff within the next six months. The results were determined from a survey of more than 800 companies in all the sectors.

Drake chief operating officer Mike Coppin says most firms planning to increase staff are in the import/export and insurance fields. The banking and wholesale sectors have forecast the largest staff declines.

More tax applied to car allowances

Star 18/3/93

181

By Leigh Hassall

Employees with travel allowances structured into their salary packages will take home less pay after yesterday's Budget.

A greater portion of the monthly allowance, 35 percent as opposed to 25 percent previously, will now attract the Paye withholding tax.

Peter Todd, tax manager at Arthur Andersen, says: "This is not a significant change for taxpayers; it is merely an advance form of tax. If the taxpayer is entitled to the claim, he will still be able to deduct the full amount in his income tax return."

On the question of whether the higher withholding portion will influence the ongoing debate between a company car or travel allowance, Todd says it will have no real effect.

He adds that the fundamental differences between the alternatives remain and the decision should rest on personal circumstances.

Chris Moerdyk of BMW says the announced change should boost car sales at the top end of the market as it provides an incentive for the full amount of the employee's car allowance to be used in buying a new car.

Gold price seen rallying to stabilise at $340 an ounce

Star 18/3/93

By Neil Behrmann

LONDON — Gold prices are forming a base and the price could rally to $340, according to Morgan Guaranty Trust, one of the leading players in the bullion market.

Morgan says that for the present, gold prices remain locked in a narrow trading range of $327 to $332.

"At levels below $330, the gold price is very well supported by exceptional physical demand from the jewellery industry and from private investors in the Far East, notably China, India and Vietnam."

On the other hand, when prices rise to $331 to $332, producers hedge their production by selling forward.

Moreover, Northern Hemisphere investment, which was noticeable in January, has almost totally disappeared because rumours of further central bank selling persist.

Despite that, gold prices have remained in a narrow range for some time and the volumes traded have been unusually large.

Considering that gold has failed to slide in the face of this volume, Morgan believes the price is bottoming out.

A modest rebound to $340 is a distinct possibility, Morgan says.

This relatively optimistic view assumes there will be limited central bank sales.

But according to informed European bullion sources, the 400-ton Bank of Netherlands sale went both to the Peoples' Bank of China and the Singapore Monetary Authority.

So any Northern Hemisphere central bank sales may be absorbed off the market by Far East monetary authorities.

Most market participants, however, are expecting only sporadic rallies, rather than a strong bull market.

The best hope is the Far East.

Nevertheless, gold analysts Andrew Smith of Union Bank of Switzerland and Ted Arnold of Merrill Lynch caution that Far East buyers are price-sensitive.

A price change of about 10 percent might reduce or increase Far East imports by 400 tons from the current level of 900 tons, Smith estimates.

He forecasts gold will fall to $310 in the second quarter before reviving to $340 towards the end of the year.

Arnold's trading range is $315 to $350. He says the market has been bolstered by purchases of 24-carat Chuk Kam jewellery by Chinese people in China itself, Taiwan, Hong Kong and Singapore.

This jewellery sells at a mark-up of 2 percent to 4 percent above the London fixing price, in stark contrast to the 200 percent to 300 percent mark-ups on jewellery in Europe and North America.

Chuk Kam jewellery is viewed by the Chinese as both a luxury and an investment.

If the gold price were to rise sharply, much of this gold would come back to the market, according to European and Asian dealers.

Most Asian dealers are prepared to buy back this gold at a 2 percent discount to the London price, so Far Eastern investors would be happy to take profits.

"One Swiss refiner we know, estimates that a 10 percent price rise from current levels would reduce Asian and Middle Eastern investment jewellery demand by 30 to 40 percent," Arnold says.

COMPANIES

Companies avoiding luxury cars

TRACY SCHNEIDER

DOWNGRADING of executive company cars had begun in earnest as vehicle prices soared and luxury cars were deemed unacceptable in the face of high unemployment, International Compensation (IC) management consultants director Dave Dickens said yesterday. B|DAY 23|3|93

IC's latest survey of 200 major companies indicated the highest levels of downgrading yet undertaken.

The number of companies downgrading cars for upper and middle management had nearly doubled since last year and there was an increase in companies embarking on general scaling-down programmes.

"Of the companies surveyed last year, 18% had decided to scale down company cars, but the majority of this had occurred at middle management strata. Only 10% had scaled down at executive levels", said Dickens. 181

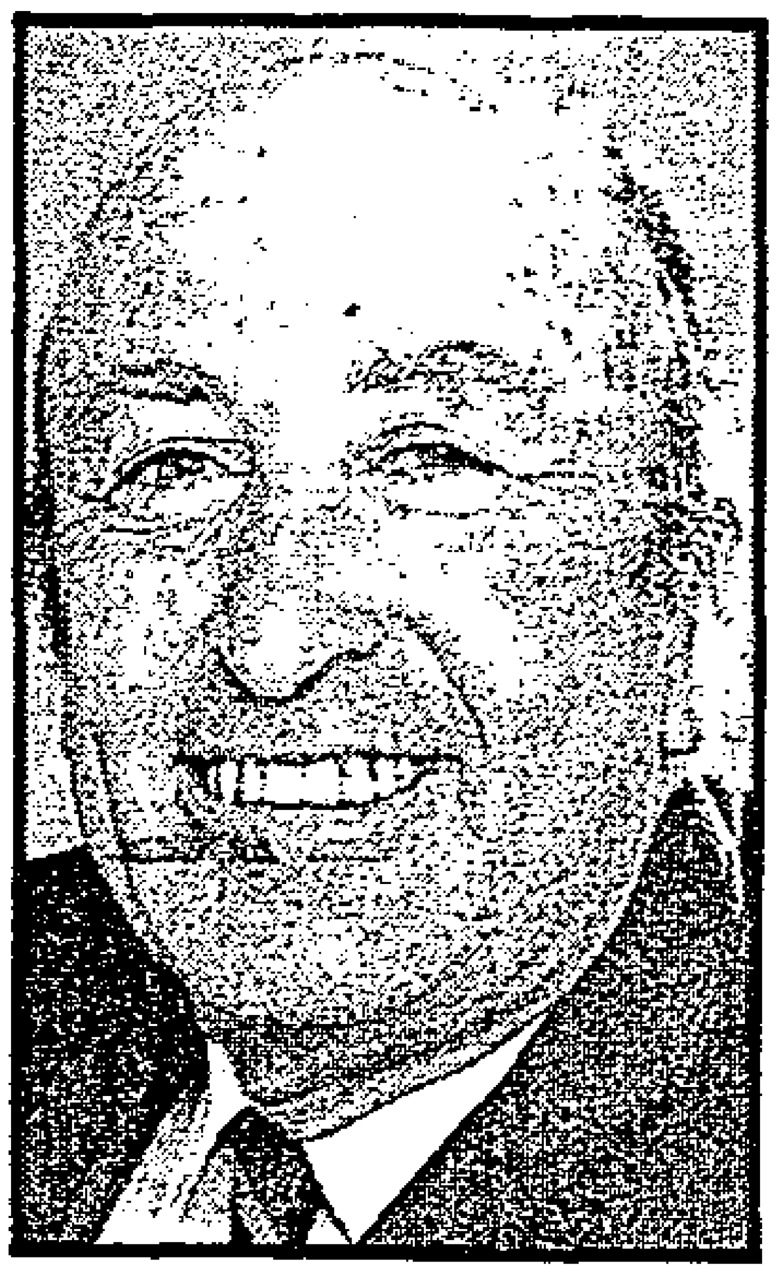
A BMW spokesman said the company felt the impact of luxury car downgrading and had "definitely seen a buying down trend", especially in the 7-series category.

He attributed this to the high cost of the vehicles and because it was "not politically correct to be seen driving a luxury car" in harsh economic times.

Mercedes-Benz spokesman said there had been a definite scaling down effect in the corporate sector: "This has been evident in buying trends among large corporate customers who have bought down from the executive S-class range".

Picking at those perks

S/Times (Buss) (18) 4/4/93. By ZILLA EFRAT



ISSY GOLDBERG

SOME company directors appear to be sitting pretty while the rest of their company comes under the cost-cutting axe.

They benefit from South Africa's inadequate standards of disclosing directors' emoluments — a factor which will come under the spotlight in a new Institute of Directors' investigation, which will follow the lines of the Cadbury Report in Britain.

Minority shareholders and staff are given very little opportunity to determine what their directors are earning and whether increases reflect company performance.

Figures provided in most annual reports are not considered a reliable indication of pay movements.

They usually group non-executive and executive directors together and most do not highlight the full extent of packages. Packages are also defined in different ways.

A small change in a board structure, such as the addition of one new member, could affect the figures dramatically, says Institute of Directors' executive director Richard Wilkinson.

Shareholders' Association of SA chairman Issy Goldberg says many shareholders would be aghast if they were given full disclosure of the benefits that some directors of listed companies enjoy.

Outstripped

He says the problem is that perks and benefits are not fully reflected separately in annual reports. And sometimes these are not even disclosed as constituents of directors' emoluments.

Nonetheless, despite the limitations, a Business Day survey this week into directors' emoluments — examining the annual reports of 60 major companies — gives food for thought.

It found that nearly half had given their boards of directors pay increases last year that outstripped company performance and the rate of inflation.

In addition, 28 companies gave their boards wage increases well above earnings, dividend growth and the inflation rate for the period.

The boards of 18 companies were awarded salary increases of more than 30%, and seven of these companies made awards of 50% or more.

Slow

The findings, however, are not in line with those of PE Corporate Services and FSA-Contact, who conduct regular salary surveys on a broader basis.

PE Corporate Services managing director Martin Westcott says the average salary increases of directors is running a few percentage points below the inflation rate.

Nonetheless, SA directors have been slow in following trends in countries, such as the UK, where their counterparts at some recession-hit companies have voluntarily cut their own salaries.

Mr Goldberg is known to have made several submissions at company AGMs for directors' fees to be increased or decreased in relation to company results.

Cutting or freezing directors' salaries, however, appears to be the exception rather than the rule when it comes to listed SA companies.

Mr Goldberg says that it adds salt to the wounds of shareholders that some companies in a serious loss position still have the effrontery to pay increasing emoluments to both non-executive and executive directors.

"This displays a complete lack of sensitivity so often apparent in some companies."

However, Mr Westcott points out that companies in SA are short of good talent and are prepared to pay to get and retain competent skills.

BUSINESS DAY, Friday, April 16 1993

Businesses anticipate further retrenchments

(181) ERICA JANKOWITZ

BUSINESSES were still retrenching salaried and hourly paid workers and anticipated further rationalisation in the near future, said an Andrew Levy and Associates report released yesterday. BDay 16/4/93

Based on a survey of 157 companies in a cross-section of sectors, the report found that 43% of respondents had retrenched more than 20 000 workers — or about 4% of their total workforce — since the end of 1990.

This was down on the previous two years in which 67,7% of a larger sample of 217 companies had reduced their staff complement by about 27 000 — 3,7% of their more than 700 000 workers.

More than 60% of these companies had retrenched managerial staff including executive personnel.

The report cited economic downturn as the reason given for retrenchment in 62,8% of cases followed by rationalisation, closure, merger and relocation.

Slightly more than half of companies which had retrenched paid severance benefits of a week or less per year of service with 29,8% paying between one and two weeks.

Last in, first out and skills remained the major selection criteria, accounting for 71,4% of the total.

However, voluntary retrenchment and early retirement were reportedly "the preferred methods of reducing the workforce".

About 59,4% of companies said they would re-employ retrenchees should positions become available within six to 12 months of the retrenchment exercise.

Wage policy hangs on competitiveness and productivity

BDAY 16/4/93.

JONATHAN MICHIE 181

SHOULD wage bargaining be centralised or decentralised? And should other issues — such as investment and pricing policies — be included in the bargaining process? Should government be involved?

These questions have been disputed in policy debates throughout the world, including in SA. Many contributions have focused on Sweden's "social corporatist" arrangements, and that country's relative success in preventing mass unemployment in the '70s and '80s. Such arrangements are thought to deliver improved economic performance by being able to produce different outcomes in the wage bargaining process than would otherwise occur.

Restraining money wages need not effect real wages, provided inflation falls fully in line. The difficulty is to ensure that a reduction in money wage increases does indeed result in inflation falling to the same degree, rather than feeding through into higher profits and allowing firms to continue using outdated equipment which would otherwise have had to be replaced.

However, a separate argument is that the growth of real wages should indeed be reduced. Workers, it is argued, price themselves out of jobs and restraining real wage growth would improve competitiveness, allowing increased production and hence increased employment.

But wages have a complex relationship with employment. In the short-term, wage restraint might encourage individual firms to take on more workers because their wage costs are lower. But low wage dependency has two long-term costs to the national economy. In the first place, it redistributes income towards the relatively better off who consume a higher proportion of imported goods, reducing demand and causing unemployment. In the second place, it eases pressure on firms to replace their outdated equipment and managerial methods, with the result that innovation slows down and international competitiveness is lost.

These problems could be tackled by a package of measures including labour market policies for centralised bargaining, which do not aim at reducing real wages.

In Britain, though, incomes policies in the past made it increasingly necessary for organised workers to make concessions on employment levels, working practices and other forms of job control in return for securing wages above the norms set by government policy. Such changes could be effectively achieved only at local level. At the same time, it was at the local level that wage bargaining was most effectively hidden from government surveillance. So, ironically, the imposition of centralised income policies itself led to a decentralisation of bargaining.

Incomes policies also had a detrimental effect on the institutionalised relationship between organised labour and government. Traditionally, the labour ministry and its successors had been the sponsors of good industrial relations and guarantors of effective and fair labour standards. From the early '60s onwards, the use by governments of wage councils and of the ministry's arbitration and conciliation machinery for the purpose of pay restraint brought about an erosion of its credibility in the eyes of organised labour.

The wider failure of incomes policies lay in their inability, over the longer term, to produce the circumstances for higher levels of investment and productivity. Separately from the claims that pay restraint is necessary in order to curb the "inflationary" tendencies of collective bargaining, incomes policies have at various times been advocated as a means of diverting resources from wages and consumption into investment for securing national competitive advantage.

In practice this did not happen in Britain in the '60s and '70s, largely because the private sector did not respond by increasing investment as expected. Instead it used the surpluses from wage restraint for other purposes, such as increases in dividends. The failure to put into place effective mechanisms for directing investment meant many of the potential economic gains of income policies were lost, and the "sacrifice" of lower wage growth wasted.

The Swedish strategy of solidaristic bargaining, on the other hand, involved, first, a restrictive fiscal policy designed to minimise the risk of demand-induced wage and price inflation and, second, the adoption through centralised wage bargaining of wage levels and employment standards observed by the more profitable and efficient enterprises in a given sector. Less efficient enterprises which were unable to pay the higher wages had then either to increase productivity or close down.

The third element was an active labour market policy, whose function was to compensate for the consequences of structural adjustments in the economy caused by the other two parts of the strategy, by encouraging training and job mobility for employees. Retraining programmes served to transfer labour from stagnating to prosperous industries and to reduce the danger of overheating from labour shortages.

Swedish "social corporatism" was, then, a force for structural change throughout the '50s and '60s, forcing the progressive modernisation of the economy through tight fiscal policies combined with rising national wages, forcing a high rate of economic scrapping but backed up by an active labour market policy to encourage the switching of labour to high productivity sectors. Thus the Swedish economy was well placed to meet the global shocks of the '70s, and the operation of their "social corporatist" institutions resulted in low rates of unemployment compared with other OECD countries.

However, although the success of the Swedish model of economic regulation came to be demonstrated when faced with global pressures, it is in the face of further global integration that this system of regulation is now disintegrating. While this may appear paradoxical, it is perhaps not surprising that it is precisely when the system is called on to deliver in the face of adverse circumstances, requiring a redistribution of losses rather than gains, that the system should crack.

International experience has naturally varied tremendously, and reading from it lessons for SA would not be straightforward. Britain experimented with a number of labour market policies, but never succeeded in using centralised bargaining to force through modernisation, as happened in Sweden. Other countries varied their institutional arrangements in face of global changes, while in Sweden these are only now being faced.

Detailed work by SA's Macroeconomic Research Group has shown how Australia's social accord, for example, was launched as one component of an ambitious program of economic and social reform. But when the other elements in the reform programme faltered, the wages policy alone was left to bear the brunt, and suffered accordingly.

The key lesson from the experience of both Sweden and Britain, though, is that achieving full employment combined with low inflation requires improved productivity and competitiveness. The focus of any labour market policy should therefore be on how to force industries to match best practice through investment, and to ensure that the resulting productivity gains are passed on in reduced output prices.

☐ Michie teaches at the Institute of Management Studies at Cambridge University. He is visiting SA.

LABOUR (181)

Rare skills

Affirmative action is becoming a major issue for business in a changing SA. Only 2% of private-sector assets are black-owned and more than 90% of top managerial positions are held by whites. A 1991 survey (by SPA consultants) of 23 large companies found that most had identified affirmative action as their human resource priority for the decade.

However, in the metal and engineering sector, at least, only about 39% of companies (admittedly the larger ones) claim to have affirmative action policies, compared with

cont

55% who do not. Even then, most of them base it solely on equal opportunity — or removing (official) barriers to entry. Only 5% take the more active approach based on preferential treatment for disadvantaged groups — blacks mainly and women sometimes.

This emerges from an analysis of industrial relations trends in the engineering sector, a major employer, compiled for Seifsa by labour consultant Duncan Innes. Findings are based on 500 responses (18% of Seifsa members) compiled late last year.

The report notes "a serious discrepancy" between the affirmative action policy adopted by Seifsa members and that of black political organisations which advocate action based on preferential treatment. Unless more is done, "affirmative action on a voluntary basis will not suffice and industry faces the prospect of legislation being imposed to enforce it."

Duncan Innes

The other side of the coin, however, as nearly half the "practising" companies find, is inadequate skills and the shortage of appropriate candidates. Companies often complain they cannot find skilled blacks to take up technical posts in engineering and finance. Nearly 20% cite as an obstacle the lack of managerial commitment; 16% lack resources for training; 13% say there's white resistance; 10% had other reasons and 22% did not respond.

Other obstacles are not likely to be overcome soon. Education, training and development form a long-term process requiring "considerable commitment" to human resource development.

Though difficult to achieve in a recession, delay would make things worse, as companies might have to compete for scarce skilled black personnel.

Companies are advised to ensure that there is commitment at board level to putting policies into practice and to driving them within the organisation. This means not only providing training but also giving blacks management experience so that they can develop in the company.

Interestingly, a high proportion (55%) of companies believe their affirmative action programmes are successful. But the standards they use to measure them might not be the same as those laid down by future legislation.

The International Labour Organisation, which has drafted Namibia's Bill on affirmative action in employment — emphasising preferential treatment — is investigating the legal possibilities for such action in SA.

Among the report's other findings on labour in this sector:

☐ Despite opposition in Seifsa, 75% of respondents want centralised bargaining to continue;

☐ Between October 1991 and September 1992, 35% of Seifsa companies retrenched a total of 34 000 people, mostly in large companies based in the PWV, mainly unskilled workers whose package generally was a week's wages per year of service. Significantly, 73% of companies that retrenched held consultations with unions; (181)

☐ 46% of Seifsa companies have productivity schemes, with 59% of them using productivity bonuses, 36% incentives and 32% other productivity schemes. Only 31% of those with productivity schemes had discussed or agreed on them with unions. Two-thirds of those with productivity schemes find them effective;

☐ Only 19%, large firms mainly, have participative management schemes. This, too, is seen as lagging the expectations of a future government. The most common schemes are "green areas" (14%), works councils and regular meetings (7% each), and quality circles (4%). In nearly half the cases, schemes were discussed or agreed with unions and most companies (73%) with participative management schemes believe they are effective; and

☐ Respondents identified seven key areas of training to which they are committing more resources: functional job skills (87%); management skills (55%); industrial relations (50%); literacy/numeracy (33%); interpersonal skills (30%); cross-cultural skills (15%); other areas (14%). ■

Retrenchments and violence take their toll on worker spirit

KATHRYN STRACHAN

AS RETRENCHMENTS loom and escalating violence increasingly invades people's working days, the Employee Assistance Programme battles to meet the flood of demands from companies concerned about worker morale.

Programme spokesman Renate Volpe said the organisation, affiliated to the Chamber of Mines, dealt with the whole spectrum of human afflictions affecting productivity but in recent months had focused on the pressures of retrenchment and the effects of violence.

Although the corporate world focused on the "bottom line", Volpe said more companies were beginning to realise the effects personal problems had on their balance sheets and the benefits of investing in their workforces.

Managers had learnt that unless problems were identified and treated early, the organisation would lose a lot through decreased performance and absenteeism, as well as through the use of medical facilities.

Although affiliated to the Chamber of Mines, the programme served major corporations throughout the industry. It was currently servicing about 22 000 employees, either at its centre in Johannesburg or through workplace clinics.

Volpe said 30% of clients were top executives and the figure was increasing steadily.

Although many companies came only for "crisis management", mostly in times of retrenchment, others had opted for the preventive approach.

But in the last few months the centre had received requests to design a programme to deal with the consequences of violence and post-traumatic stress.

She said the signals for employees in distress were attention seeking, power playing, sabotage and helplessness.

The programme had also specialised in helping companies deal constructively with retrenchments, preparing workers for it.

Companies were often haunted by a "victim-type mentality" after retrenchments, and a team building exercise was needed to restore morale after the cuts, she said.

Volpe cited US Department of Health research figures which indicated that companies which used the programme had a 29% increase in overall return on investments over one year and a 700% increment over five years.

Signals that warn of dirty work in a firm

(181)

By CHERILYN IRETON

STimes
[Buss 7
25/4/93.

SPOTTING fraud in your company could be crucial to its survival.

Stuart Morris, forensic accounting specialist and deputy chief executive of chartered accountants KPMG Aiken & Peat, has identitified 10 tell-tale symptoms which could point to fraud in an organisation.

Mr Morris warns that if key employees are overprotective of their work, put in excessive overtime instead of delegating tasks and are reluctant to take leave, problems could lie ahead.

Suspect, too, could be an autocratic chief executive.

He says managers or executives who ride roughshod over disciplines and controls are a danger.

"Sometimes a personality is so dominant that even fellow board members are subdued into making significant financial adjustments without question, even when these adjustments are fairly unorthodox."

Sudden

The problem in these situations is that the career paths of the subservient directors and management are often seen to be controlled exclusively by the dominant patriarch.

Although living beyond their apparent means, employees may not necessarily be supplementing their income with company money. But managers should watch out for any sudden changes in an employee's lifestyle.

Likewise, they should be alert to poor segregation of duties between employees.

"Individuals are often seen to be loyal and are therefore entrusted with control of significant assets and record-keeping for the very reason that they are perceived to be loyal, trustworthy and faithful — the ideal seeding ground for potential fraudsters."

Loose accounting, out-of-date records and a large number of adjusting journal entries at the yearend should arouse suspicion.

Mr Morris says complex controls where one person has the power and knowledge to direct operations may be dangerous because the individual can hide behind his or her specialist knowledge and avoid interference.

Companies that are involved in dubious market practices, such as secret commissions, backhanders and bribes, are sure targets for abuse. So are companies which give employees large buying power.

Mr Morris has found that performance-driven companies are prime candidates for fraudulent manipulation of figures.

Complex joint ventures can obscure or confuse performance and viability of individual companies.

"Frauds thrive in complex environments because it is difficult to identify the boundaries of the organisation. Non-routine transactions are less easy to identify."

Pressure

Fraud festers in an environment where morale and motivation are low, accounting departments are understaffed and employees are poorly managed or badly paid. A low level of ethics — for example, interdepartmental love affairs — provides an ideal climate for fraud.

The typical perpetrators of fraud are compulsive individuals and those unable to cope with pressure.

Mr Morris says ways of preventing fraud include:

- Establishing a disciplined corporate culture where management leads by example. A code of conduct with a measurable ethical and procedural standard should be introduced.
- Effective internal control systems.
- Reference checks on new employees, even when the person has been referred by an agency or executive placement organisation.
- Increased vigilance by management.
- Internal audits whether through a formal process or exchanges of personnel among group companies to carry out checks.
- Use of audit committees, ideally headed by members independent of management to review risk areas.

A study in Canada showed that 60% of frauds were perpetrated by employees and 24% by managers. But the cost of management fraud was much greater than that by employees.

Star 26/4/93

More protection sought for workers

Claire Gebhardt

Workers are at the bottom of the heap when a company goes bust — and the Law Commission is currently looking at ways of protecting them.

Les Cohen of liquidator Westrust has revealed that millions of rands of wages owing to workers are going down the drain as liquidations soar.

He told delegates to a Credit Guarantee conference last week that 99 percent of firms which "go bust" had already hogged all the assets by notarial bond or cessation, leaving nothing for employees.

Economic fraud had reached such unprecedented levels that it necessitated the Law of Insolvency being reviewed, he said.

"The Law Commission is currently investigating legislation which will protect employees' wages and this might be to the prejudice of both secured and unsecured creditors."

With liquidation "brutal and harsh in terms of unemployment", an alternative form of judicial management, such as the Chapter 11 in the US, should be sought.

A spokesman for the Law Commission has confirmed that the protection of workers is being reviewed.

Employees rank below secured creditors and preferred creditors such as the Receiver of Revenue.

In July 1984, the commission recommended that employees be paid after the cost of sequestration and administration and before the Receiver of Revenue and others.

The proposal has not yet been implemented, but would now form part of a wider investigation.

Cabinet approval would be needed before new legislation could be passed.

Survey of African employee benefits

BDM 28/4/93

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LINDA ENSOR

CAPE TOWN — Old Mutual has prepared itself for the move by SA corporates into Africa by undertaking a major comparative survey of employee benefit schemes in 11 countries.

Old Mutual assistant GM Henk Beets said the aim of the survey was to enable the life assurer to provide a consultancy service for companies planning to set up operations in other African countries.

The completed survey — which covers Botswana, Egypt, Lesotho, Nigeria, Kenya, Swaziland, Zimbabwe, Malawi, Zambia, Namibia and SA — would be expanded to incorporate other African, and possibly European countries, and would be updated every two months to take account of new developments.

Beets said business decisions demanded a careful analysis of local conditions and arrangements, and the employment environment.

"In the case of employee benefits, it is crucial to have a thorough understanding of relevant legislation, employment practices, the investment environment and foreign exchange regulations. Only then can an effective and coherent employee benefits strategy be developed."

He said the survey would prove an invaluable guide to companies poised to expand into Africa, adding that SA could learn valuable lessons from Africa in terms of social security, health care and housing systems. Systems specific to Third World conditions where the average income per capita was low had to be found.

Beets said it was more feasible to extend employee benefits in the context of an AIDS epidemic, as unlike individual life assurance products, rates were reassessed on an annual basis to reflect the claims experience.

Comparing the social security schemes in Kenya, Egypt and SA, the researchers found that in Kenya and Egypt national social security funds were funded by employers and employees whereas in SA the social old age pensions were funded from tax revenues. The benefits offered in Egypt and Kenya were far more comprehensive than in SA.

More emphasis was given in these African countries to private sector funding for social service benefits.

Beets said the advantage of a compulsory national contributory scheme was that it was a more explicit form of taxation than income tax and led to a greater sense of ownership and responsibility on the part of the contributor.

Star 29/4/93

Jo'burg and Randburg slipping

By Jo-Anne Collinge

The Central Witwatersrand has shown a "precipitous" decline in the production of manufactured goods and in employment in that sector over the past 20 years according to a preliminary study commissioned by the Central Wits Metropolitan Chamber.

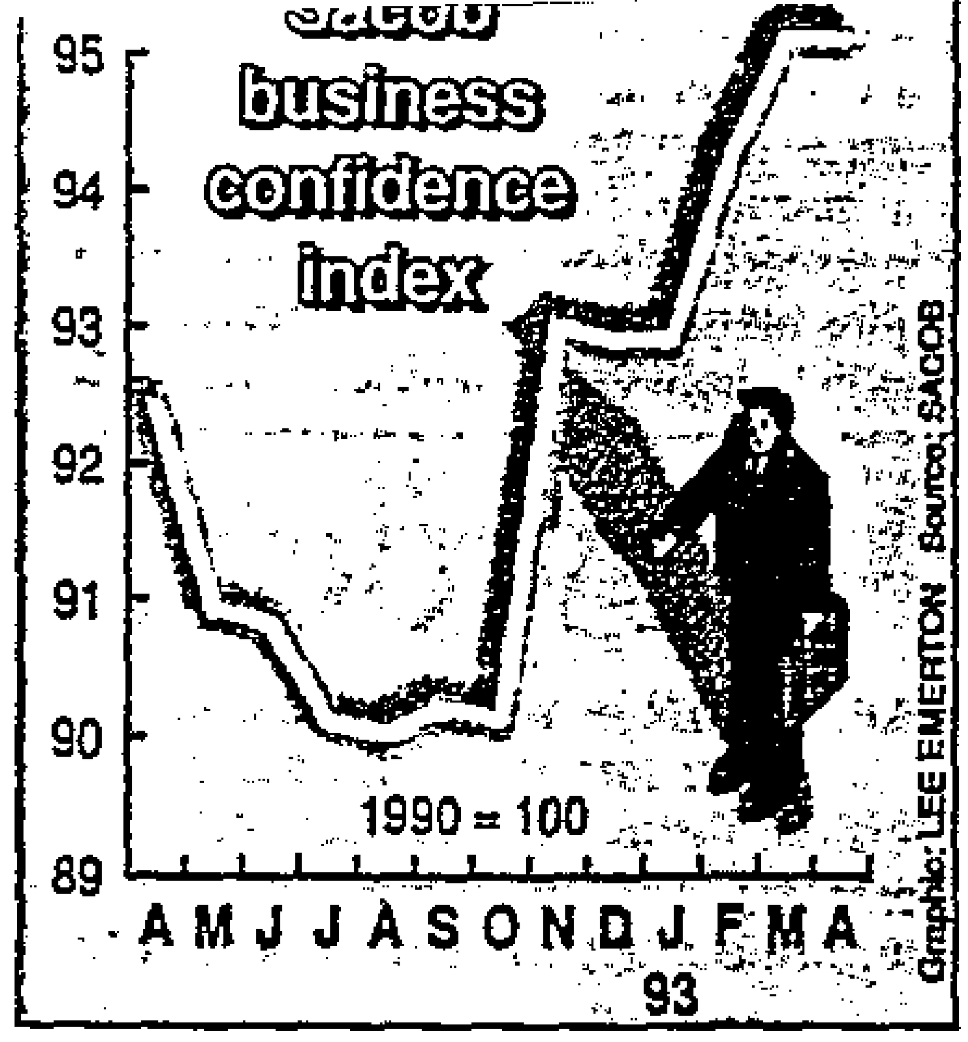
The Central Witwatersrand — comprising Johannesburg and Randburg — "declined more rapidly than other major urban centres" in relation to manufacturing, the report states.

Between 1980 and 1991, the loss of manufacturing jobs ran to 39,5 percent in the Central Wits, as against 27,5 percent for the entire PWV.

Overall, there has been a steady decline in the importance of the Central Witwatersrand as a contributor to national employment and production.

Authors, Dr Richard Tomlinson of the Development Bank of Southern Africa and Roland Hunter of the consulting group Planact, acknowledge that their findings sharply contradict widely held perceptions.

"It appears true that migrants from all over Southern Africa view the PWV as a preferred location. Politicians still see the Central Wits and the PWV as the 'golden goose' from which resources can be extracted for development elsewhere," they comment.



Sacob warning on confidence index

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ANDY DUFFY

THE assassination of SACP general secretary Chris Hani could have a more devastating effect on the economy than the Boipatong massacre and the collapse of Codesa, and delay the prospect of recovery until next year, the SA Chamber of Business warned yesterday.

Unveiling a downbeat survey of business confidence for April, Sacob said job losses could hit 240 000 this year — nearly three times the rate of average annual job losses for the past four years — to take Sacob's estimate of total unemployed to 3,6-million (30% of the working population).

Though the confidence index (BCI) was unchanged on its March level of 95,1, the full effect of the assassination and the prospect of mass action were likely to feed through only over the next three months. The full effect of the VAT hike had also still to be felt.

6/5/93

More than 60% of manufacturing respondents expected to axe unskilled staff, and 53% skilled workers. More than two-thirds of respondents also expected orders to fall.

Activity for the steel and engineering industry plunged to its lowest level since the survey began five years ago. And despite the gloss given to the JSE by the recent gold price surge, industry — particularly retailing and manufacturing —

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☐ From Page 1

remained downtrodden.

Sacob director-general Raymond Parsons said that if Boipatong and the Codesa breakdown had "bruised" business confidence, April had seen a "fracture". "And when you have a fracture you have to put it in splints." The splints, he said, must be a rapid political settlement.

Sacob cut its economic growth forecast for 1993 from 0,5% to zero. In December Sacob had predicted a 1,5% growth rate. "Business confidence took a battering in April, more so than is reflected by the index," Sacob economic policy director Ben van Rensburg added.

A balancing act in the BCI showed firmer gold prices, and rising imports and exports. A tailing-off in insolvencies pushed the index forward, but it fell back with rising inflation, higher short-term interest rates and increased unemployment.

LABOUR

No streets paved with gold in Egoli

W/Mail 7/5-13/5/1993 (181)

The heart of South Africa's industrial complex, the central Witwatersrand region, is not beating strongly.

FERIAL HAFFAJEE *reports on the decline of our cities*

SOUTH AFRICA is not the goose that lays the golden eggs on which Africa is depending — if the decline of its cities is anything to go by.

In a working paper for the Development Bank, Richard Tomlinson shows that employment in major sectors of the economy has dropped dramatically in major and secondary cities.

"The decline in these cities is worse than that for South Africa as a whole," he notes.

Manufacturing employment in the central Witwatersrand dropped by almost 40 percent between 1980 and 1991. Other cities fared little better: the PWV, Durban and Cape Town, on average, lost 21 percent of their manufacturing jobs.

Other major industries where jobs have been shed around the country in the past two years are mining and quarrying (6,9 percent), construction (6,6 percent) and transport and communication (eight percent).

Roland Hunter, who works for Planact, researched trade union membership statistics for the PWV and found these had decreased, with few exceptions.

The Congress of South African Trade Unions' construction, chemical and clothing affiliates lost the most members, while its metal, food and paper affiliates gained members.

There has been an almost national growth in commerce, catering and accommodation. Improved tourism to Durban and Cape Town saw employment increasing by 16 and 31 percent respectively. But jobs in the central Witwatersrand declined because of the mass migration of business and tourists from the city centre.

The sector which stands apart is financial services (banking, insurance, business services and real estate) where employment has almost doubled nationally in the past 11 years.

The most remarkable growth has been in the PWV (44,3 percent) Cape Town (43 percent) and Durban (35,9 percent), but interestingly, growth in the country's financial epicentre, Johannesburg and surrounding areas, has been much slower.

The meteoric rise of this sector and the 16 percent growth in the community service sector balanced against sharp losses in manufacturing employment has caused a "change in the occupational distribution of each city's labour force".

It has created a small group of professional workers and a large pool of low-wage service workers. Tomlinson predicts that these changes may "lead to a decline in average individual income levels". People who lose jobs in the formal sector are also moving into the informal sector.

Central Statistical Services (CSS) estimated in 1990 that this sector provided full-time employment for 1,7-million people and part-time employment for 2,8-million people.

But the CSS excluded the homelands and researchers believe that this sector employs 4,5-million people — a quarter of an urban labour force.

Large-scale immigration to South Africa from the frontline states and further afield is not helping: there are fewer "formal opportunities and the market for informal products is diminished".

Planact has found that 20 percent of hostel-dwellers and informal settlement inhabitants in the PWV are Zimbabwean or Mozambican, indicating the depth of migration into South Africa.

Tomlinson says that apartheid policies have made cities inefficient and that this has also led to their decline. The distances the labour force has to travel to work has caused exhaustion and low productivity. Administrative and fiscal imbalances have meant that black local authorities do not have the "capacity to maintain services".

Decentralisation policies have not worked; instead, they have made "cities less efficient sites of production", says Tomlinson.

Regenerating the cities is one of the most urgent challenges facing the country: they house 60 percent of the population and account for 80 percent of the country's gross domestic product.

The World Bank suggests the deregulation of urban markets to increase the supply of housing, finance and infrastructure as well as to improve business opportunities. It also stressed the urgency of uniting local governments.

For Tomlinson, the future of the cities lies in "public-private partnerships". He says: "They combine government powers with private sector management and flexibility" by including local authorities, influential business leaders, community organisations and trade unions.

New marketing strategies, the encouragement of small and medium scale enterprises as well as assistance to the informal sector are other ways of improving city economies.

Incentive pay for top performers in firms urged

ST Times (Buss) 9/5/93

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By TERRY BETTY

A GUARANTEED salary for a senior executive should be replaced by remuneration based on performance.

Compensation consultant RES International executive manager Ted Weare says a survey of SA executive salaries shows they seldom correspond with performance.

"Some top-performing executives earn the same as underperforming ones."

A survey by an American journal says some chief executive officers earn 150% more than they should.

Time-Warner's Steven Ross, who received $117-million last year, got $102-million more than he should have. Walt Disney's Michael Eisner, who earned $30-million, was overpaid by $22-million.

The survey bases what CEOs should have earned on industry peer salaries and sales by their companies. But the figures may have been distorted by the CEOs cashing in their share options.

Mr Weare says: "Some SA executives are overpaid, some underpaid. Pay is not related to performance.

"It is the function of CEOs to maximise shareholder wealth. Their remuneration should be based on how well they fulfil this function."

Mr Weare says a CEO would receive a smaller guaranteed salary. The bigger payment would comprise cash and equity incentives as well as other perks.

SA has started to move in this direction. A RES International survey shows that in 1980 only 5% of a general manager's packakge was variable. The average is now 27%.

In vogue are offering top management shares in the business, options to buy them later but at a predetermined price, or allocating phantom shares.

Mr Weare says: "In a high-performing company this incentive can be worth far more than the basic salary in rand terms."

The thinking behind performance-related pay packages is that the better the returns shareholders receive, the more the executive earns.

"After all, the shareholders might be a bit peeved if the company is not performing, but the executives are getting fat bonuses."

A policy of remunerating according to how well the share price performs would be inappropriate in certain circumstances. In those cases bonuses should be linked to a particular performance.

For example, a CEO might receive a bonus if he improved cash flow in a cash-strapped, debt-laden company.

Linking remuneration to performance should be done by an independent third party, says Mr Weare.

This is where a remuneration committees comes in. It should comprise people who are familiar with the industry in which the company operates.

Mr Weare says several SA companies have remuneration committees and more intend to set them up.

Firms fail to move blacks up corporate ladder

(181)

BDM 11/5/93.

JOHN DLUDLU
and ANDY DUFFY

LESS than 15% of some of SA's largest companies have taken steps to increase black management, according to a survey of their employees by the Graduate School of Marketing.

The SA Chamber of Business, which is to issue guidelines on affirmative action next month, said the survey's findings could strengthen the argument for legislation.

The survey, conducted in February and March among 98 major SA groups, showed just 14 had recruited blacks to positions with actual management responsibilities.

In their official responses to the survey, all the companies had said they were pursuing affirmative action policies. But according to their employees, most were not. Others had recruited "token" blacks to positions with little responsibility.

Graduate School of Marketing executive director Liam Hagen said: "A lot of people are saying they are involved in affirmative action, but they really are doing very little. There's a hell of a lot of tokenism — black managers are not able to manage, and they're not treated as managers."

While industry has argued for voluntary change, the ANC has said if this failed it would push for legislation.

Sacob labour affairs and social policy director Harry Bezuidenhout said the findings could "to an extent" strengthen the argument for legislation, but Sacob would not support this. "The simple business reality is that we are going to face a tremendous shortage of skilled manpower."

Sacob guidelines are likely to propose recruitment and training quotas, not management percentages by a set date.

Freeze managers' pay, says chamber

181

LINDA ENSOR

CAPE TOWN — A freeze should be placed on all remuneration paid to directors and managers in public and private enterprises until workers were granted increases at least in line with inflation rate.

This was suggested by Cape Town Chamber of Commerce president Herbert Hirsch in his presidential address at the chamber's AGM yesterday. BDAY 14/5/93

"The suggestion that remuneration of directors and top management should be performance related should also receive more serious consideration in those enterprises where this system does not already pertain," Hirsch said.

He proposed also that instead of negotiated retrenchment packages, more managements should seek to negotiate short time — at reduced wages if necessary. For this to succeed management would have to display a willingness to take a considerable cut in their own salaries.

Hirsch urged the private sector to put pressure on all the parties at the negotiating table to ensure that a transitional executive council was established, an election date announced and a government of national unity established as a matter of urgency.

He said he found several sources of optimism in SA at present including the progress made in negotiations and the release of the normative economic model.

Company car or travel allowance?

EMPLOYEES offered the choice between using a company car or receiving a travel allowance will find no cut-and-dried answer on which is best, as many cost and taxation issues are involved.

From a tax viewpoint, Ernst & Young tax manager Henk Mellet says the answer will vary from individual to individual.

"It is dangerous to generalise on the respective tax efficiency of the different options."

Apart from the inevitable lengthy comparisons on the tax costs of travel allowances and company cars for employees, factors such as the price of the vehicle and maintenance costs must be weighed up.

Those in doubt can consult a car advisory service provided by banks, or a fleet management specialist at a firm of chartered accountants.

This may help, particularly in view of tax changes and increases affecting vehicles used for business purposes in the 1993 Budget.

However, assuming an employee is bound to accept a travel allowance scheme, it should be remembered he carries full risk of ownership of the vehicle, says Mellett.

He would have to keep an accurate record of all business trips showing mileage performed, repair costs and petrol bills, if he is to claim the maximum tax refund benefit. Otherwise, he may be limited by the tax kilometre claim rate formula.

A possible advantage of a car allowance is it gives the employee the right to choose a smaller car than his employee status warrants, allowing him to pocket a portion of the allowance. But this also has negative tax implications, he says.

Employers and employees who wish to know which option is cheaper can be guided by a bank's car advisory service.

An example is Nedfin's car advisory service (CAS) system, which assistant GM (corporate finance) Franco Regnani says uses data to establish a series of realistic assumptions.

CAS takes account of car prices, discounts, running costs, fixed costs, depreciation and maintenance.

Another option is the car manufacturer. Toyota Lease executive director Neville Frost says his division will tailor packages for specific companies and their employees.

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An example is Nedfin's car advisory service (CAS) system, which assistant GM (corporate finance) Franco Regnani says uses data to establish a series of realistic assumptions.

CAS takes account of car prices, discounts, running costs, fixed costs, depreciation and maintenance.

Another option is the car manufacturer. Toyota Lease executive director Neville Frost says his division will tailor packages for specific companies and their employees.

Two sectors employ more

GERALD REILLY

PRETORIA — The insurance and manufacturing industries are the only significant sectors showing employment growth, Central Statistical Service (CSS) figures released yesterday show.

At the end of the first quarter of this year, 70 684 workers were employed by insurance companies from 68 468 the same time last year.

Between September and December last year, employment in manufacturing increased by 7 300 to 1,39-million from the same four months the year before.

Banks and building societies employed 121 000 at the end of March compared with 124 644 a year before.

The total number of people employed by banks, building societies and insurance companies rose to 191 764 in the first quarter against 193 112 at end-March last year.

The figures also showed mining and quarrying shed nearly 20 000 workers to 576 236 in the four months to end-December last year. The construction sector lost 9 000 workers, bringing the force down to 357 000.

Economists said the marginal increase in insurance and manufacturing employment did not indicate a trend. Employment was likely to shrink over the rest of this year.

Other CSS figures released yesterday showed a marginal increase in expected wholesale trade sales in the three months to end-May.

In the three months, at constant 1990 prices, sales rose 0,7% to R26,91bn. At current prices, sales increased 8,9% to R35,748bn.

BUSINESS

Affirmative action confuses SA firms

WMail 25/6-1/7/93. (181)

A survey has revealed that businesses believe that 'equal opportunity' is equivalent to affirmative action.

By **REG RUMNEY**

THE business community has real difficulty grasping the essence of affirmative action, judging by a special survey on the subject.

Almost three-quarters of the 700-odd respondents to Quest Personnel Group's affirmative action study appear to believe that an "equal opportunity" programme is the equivalent of affirmative action.

A total 43 percent of those polled by Quest concurred with the consultancy's definition: "A programme of action instituted by the management of an organisation to recruit, train and nurture certain sectors of a community in preference to others — for example, blacks in preference to whites, or females in preference to males."

Half of these considered their policies successful. But, on probing, Quest found only 29 percent interpreted this as meaning blacks and women or both would be preferred in management positions. Of the remaining 71 percent, says Quest, only one-quarter claimed to have plans to adopt such a policy.

The study shows that being crippled or gay still entails some active discrimination. One company in 10 indicated it would reject a crippled person as a candidate for a management position.

Only 14 percent of the companies were likely to reject a homosexual. But companies fear Aids: 39 percent would probably, says Quest, reject outright a suitably qualified candidate if it found out he or she had Aids.

Religion and the ability to speak an African language were not important issues for businesses surveyed, but bilingualism in Afrikaans and English were, particularly in Pretoria and Bloemfontein.

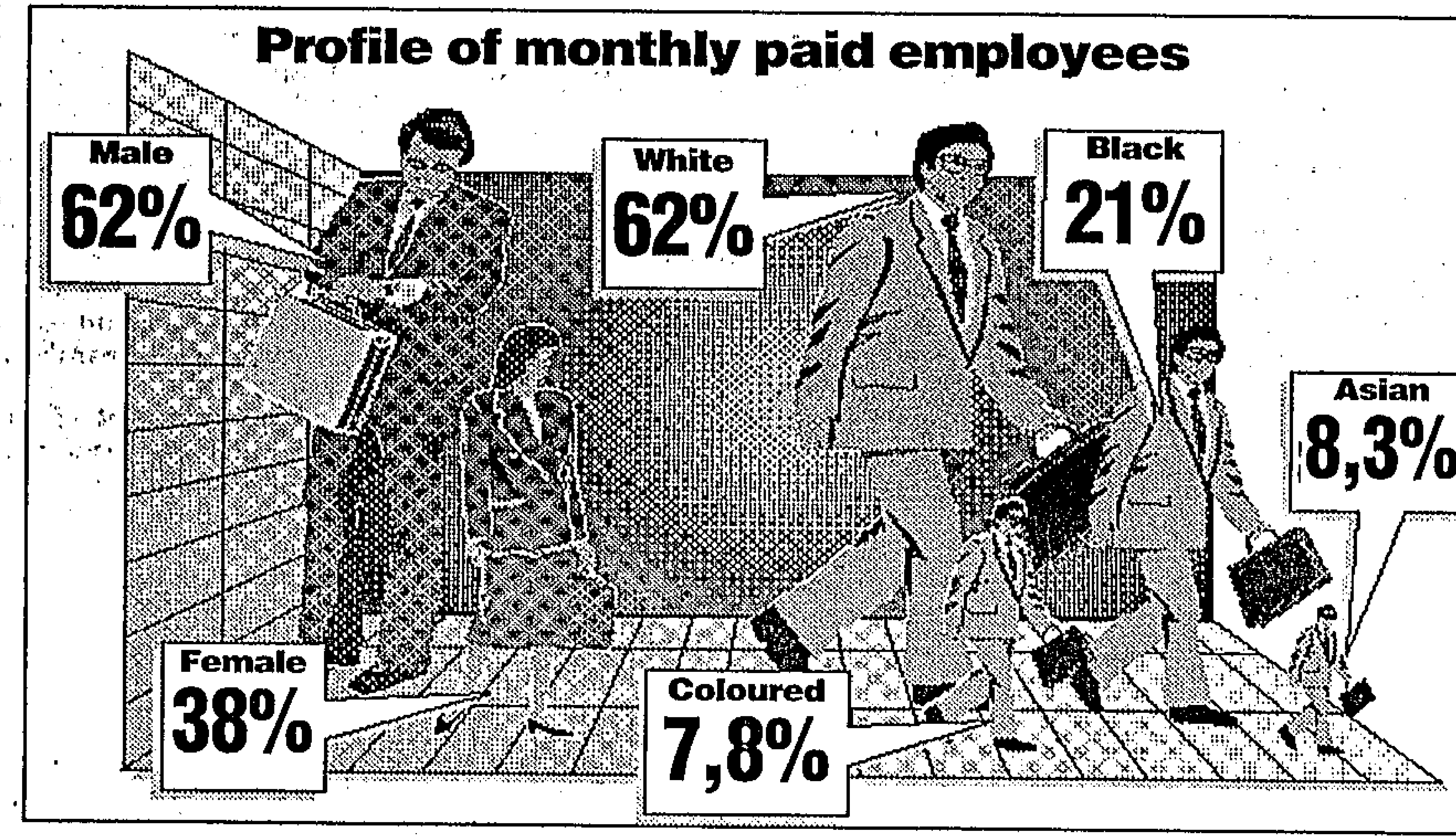
Overall, 43 percent of the respondents said bilingualism in Afrikaans and English was important for a management position.

How would companies react to legislated affirmative action programmes? While a race-based affirmative action programme would be accepted, other disadvantaged groups would lose out.

A legislative programme based on age would be resisted, and one based on race most accepted. A full 56 percent of the respondents would accept a race-based programme, and 39 percent would oppose it; 49 percent would oppose an age-based programme.

An affirmative action programme based on sex would engender heated debate: more than half would accept it, while 43 percent would oppose it.

A programme based on physical disability would similarly be accepted by more than half of companies polled and 42 percent would oppose it.



Still far from equal, let alone representing the racial mix of the broader South African population, is the composition of SA firms. As the graph shows, white males still predominate among the monthly paid employees of companies. The converse is that weekly paid — that is, blue collar — workers are still mostly black, according to a recent survey undertaken by Quest Personnel Group.

Plastics venture shapes a new industrial mould

WMail 25/6-1/7/93.

By REG RUMNEY (182)

THE planned R2,5-billion ~~joint~~ plastics venture, announced last week, between Sasol and AECI cuts across a number of preconceived notions about industrial strategy.

The joint venture will merge the plastics businesses of the two companies to make a vertically integrated company which, it is

Alarm at failure to provide jobs

Star 29/6/93

Employment in the formal economy had increased by only 0,7 percent between 1980 and 1990, while the population had grown by about 2,6 percent a year in that time, the National Productivity Institute said.

In its annual publication, Productivity Focus, the institute said the economy had failed to absorb new entrants to the labour market and unemployment had become critical.

The problem would become more acute because the people who would be seeking jobs well into the next century had already been born.

Another alarming trend was that more jobs were being created in the public sector rather than the private sector.

There had been particularly few new jobs in manufacturing. "This is a cause for concern as manufacturing is the single largest sector in the South African economy and serves as the main engine for growth."

Although the only solution was high economic growth, Government assistance in job creation was very important, the institute said. — Sapa (181)

Giving workers the key 'spanner skills'

Sowetan 29/7/93

181

By Joshua Raboroko

MERCEDES-BENZ of South Africa, involved in manufacturing high-technology products relying on top quality throughout a complex process, see human resource development as essential.

If the key to becoming a world-class manufacturer is increased efficiency and productivity, then the only way to cut the key is to empower employees to become more efficient and productive.

Through education

And the way to empowerment is through education and training.

Empowering employees lies at the heart of MBSA's human resource development initiatives, and the company's HRD department is busy evolving an integrated education programme designed to help employees acquire skills and knowledge.

As explained by the company's HRD manager for the East London manufacturing plant, Mr Alan Eyre, these are the "spanner skills" with which all future education is built.

To develop these skills, the company in conjunction with the major representative employee trade union, the National Union of Metalworkers of South Africa, initiated the company's Adult Education Centre.

Life skills

Employees needing to develop literacy, numeracy and life skills are taken off the production lines and put through a series of courses, starting with "mother tongue" literacy.

These courses not only teach reading, writing and arithmetic, but also how to solve problems, think critically and become effective students.

One of the most touching moments for the tutors came barely a month after the AEC opened when some of the learners, for the first time in their lives, were able to sign their own names for their payslips.

It signified a milestone in taking control of their lives.

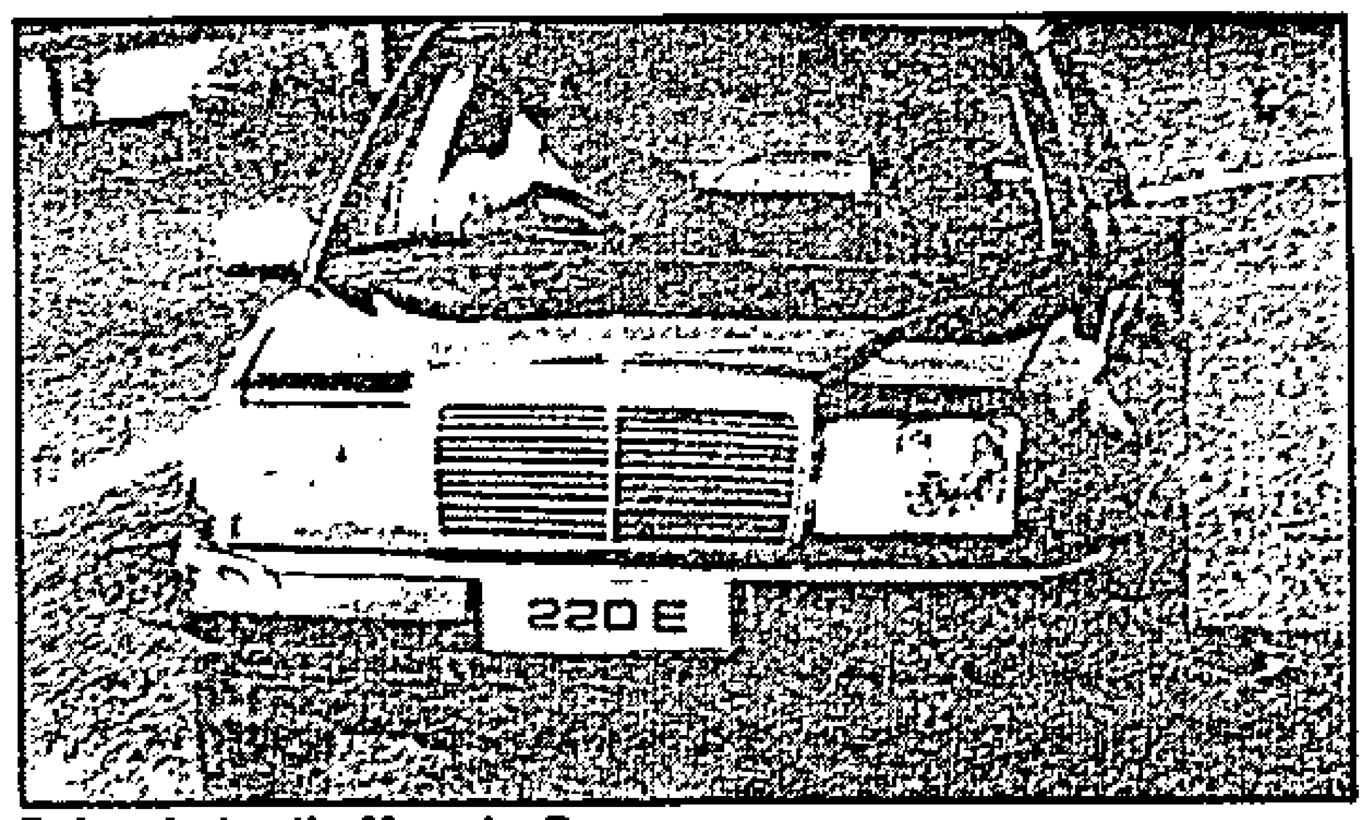
Eyre said it was MBSA's immediate priority to get each and every employee in the company up to the basic standards set at the AEC.

Only then would they be able to take full advantage of the many other educational opportunities provided by the company.

These include a series of courses along a career path in either commerce or engineering, recognised throughout the motor industry and, hopefully, in a future national education dispensation.

All of the initiatives, says Eyre, are aimed at creating and fostering a culture of learning in the company. As the employees empower themselves, the company will become increasingly participative and that spells more flexibility and better productivity.

'These courses not only teach reading, writing and arithmetic'



End product ... the Mercedes-Benz car.

Peace accord signatories to acquire 'more teeth'

B|Day 6|8|93

Political Staff

DURBAN — The national peace accord was planning to acquire more "teeth" to act against political parties and individuals who breached it, peace secretariat chairman Antonie Gildenhuys said yesterday.

At a conference on peace and human rights he conceded the peace accord had its shortcomings. However, its structures were effective in many instances. The Wits/Vaal peace committee had prevented the current conflict on the East Rand spreading to Soweto and other areas.

Gildenhuys said a subcommittee appointed to look into ways to give the accord more legal strength would report back to the national peace committee next week. It was proposed that the code of conduct be "criminalised" so that those who breached it could be prosecuted.

Since the national peace accord was signed in November 1991, 11 regional peace committees and 120 local structures had been established.

Gildenhuys said leaders of warring factions and the police had agreed to return to their constituencies to "preach peace", Sapa reports.

Daily meetings would be held at the East Rand joint operations centre to assess ways to prevent further bloodletting.

"Communities must be prepared to use the accord, but not for political points. They must not hijack the accord for political purposes."

Community co-operation with security forces was as important as the SAP's obligation to consult and work with residents and leaders in areas affected by violence, he said.

Speaking at the conference, Transkei military leader Gen Bantu Holomisa warned that SA could get a new government before April 1994 as a split in the NP caucus loomed.

The rise to prominence of Afrikaner Volksfront leader Gen Constand Viljoen could be calculated to prepare for a separation in the government. A contingency plan should be established to prepare for this.

Peace facilitator Prince Madlala told delegates Natal communities affected by violence were calling for international observers to return home because they were not helping end political warfare. The UN should empower observers to do more than just observe, he said.

Election violence feared

B|Day 6|8|93

CAPE TOWN — About 14% of black South Africans surveyed recently said they would probably not vote in the April elections for fear of violence, the Goldstone commission heard yesterday.

Addressing a hearing on ways of preventing violence and intimidation in the elections, Prof Laurie Schlemmer of the Human Sciences Research Council also said 2% of respondents claimed they were committed to violence during and after the election period.

Schlemmer said this translated to a large percentage of the total electorate.

The survey of 8 400 respondents was carried out recently in areas not normally polled such as squatter camps, resettlement areas, deep rural areas and the self-governing states.

It appeared there was a definite correlation between people's fear of violence during the election campaign and polling process, and their disinclination to vote.

Three out of every 10 people saw the prospect of violence as the most severe problem surrounding an election.

Only about 35% believed the security forces were either willing or able to protect people during the election process.

A third approved of breaking up meetings of opposing parties in areas where those parties were not popular.

Schlemmer said the survey asked people who they would like to see at the polling booths. Surprisingly, he said, the SA Police rated on a par with other organisations such as the SA Defence Force, a joint peacekeeping force, Home Affairs officials and UN observers.

Only 54% were sure their vote would be secret while a minority showed uncertainty about what voting was.

About 97% of ANC supporters expected the movement to win an election.

Less realistic were the eight out of 10 Inkatha supporters who expected their party to win, and the four out of 10 PAC supporters who were convinced of victory, Schlemmer said.

One could assume there would be some rude shocks and possibly severe reaction after the election results were announced.

Schlemmer said only about 12% indicated they wanted polling to take place over one day. They thought five-and-a-half days were required. — Sapa.

Unionist to join board

B|Day 6|8|93

THEO RAWANA

NATIONAL Sorghum Breweries said yesterday it would take a trade union member on to its board of directors.

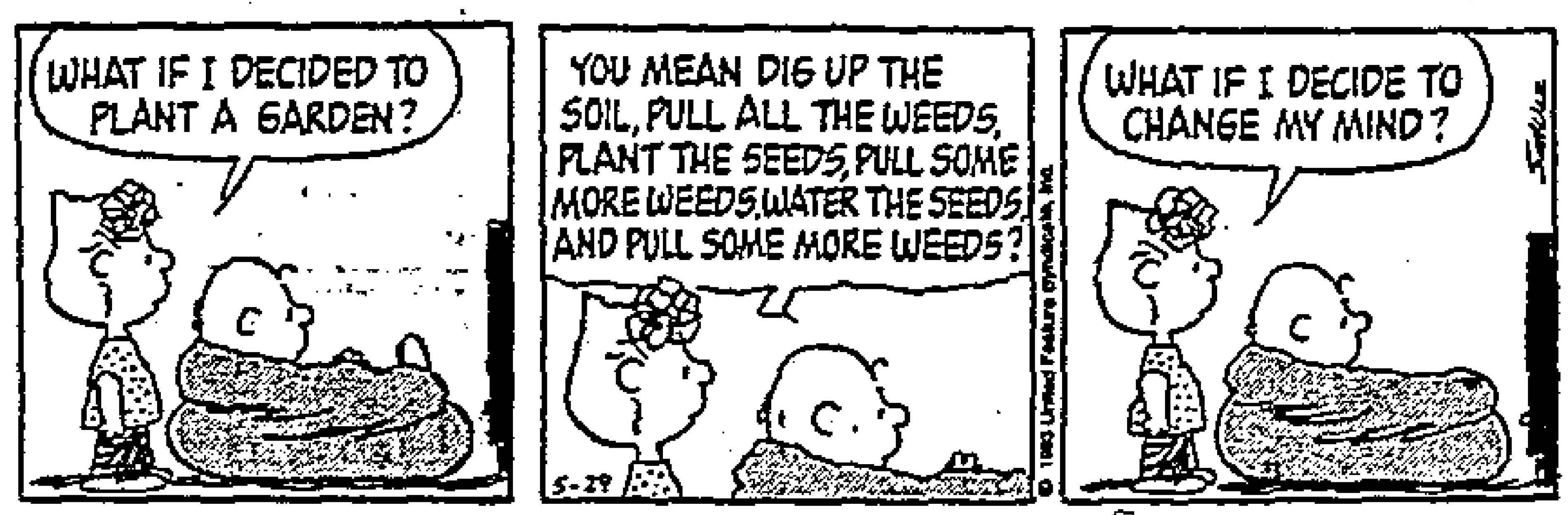
In a move designed to reinforce a forum the company had established with the Food and Allied Workers' Union (Fawu) following a wage agreement, Fawu and the Food Berverage Workers' Union would elect a member to serve on the company's board. (182)

The agreement followed a strike by about 2 000 Fawu members to back wage demands.

Breweries CE Mohale Mahanyele said the brewer had allocated R5m for bursaries for training and development. It would not go through with retrenchments that would have affected 800 workers and closed some breweries.

Fawu assistant general secretary Ernest Buthelezi said the board appointment would be seen as "window-dressing" if people were simply catapulted from the floor to the directorate. The company should first involve workers in managing plants.

PEANUTS By Charles Schulz



FORM AND CONTENT ... SAB trims its bottle to a leaner shape Picture: KIM LUDBROOK

New look for some old friends

By DON ROBERTSON

SA BREWERIES, in a multi-million-rand campaign to standardise the shape of its products, this week introduced its a new-look 375ml bottle. S Times

Though the long-necked bottle appears to be smaller it still contains the same amount of beer as its predecessor, as will the new-look 340ml cans and dumpies.

SAB will advise its millions of customers from next Sunday of the changes. The takeaway customer will buy tapered cans or long-necked dumpy bottles. (Buss)

An SAB spokesman says the changes have been made to upgrade packaging to international standards. 8/8/93

The new "pint" bottles were delivered to some bars several days before the launch of a national advertising campaign. In the next six months, new cans and dumpies will be introduced and the quart bottles will be changed within a year. (82)

The bottles carry "metallised" labels which are brighter than the old version.

The new packaging will cost companies such as Consol Glass and Metal Box large amounts for new equipment.

Sowetan 10/8/93

Unionists appointed to NSB board

NATIONAL Sorghum Breweries has appointed trade union officials to its board of directors in a drive to fortify its commitment to black economic empowerment.

And NSB has also set aside R5 million which will be used to fund employees who want to improve their academic qualifications.

This announcement was made at a meeting attended by directors of the NSB and 22 officials of the Food and Allied Workers Union and Food Beverage Workers Union held at Langlaagte in Johannesburg last week.

Mr Mohale Mahanyele, chief executive officer of NSB, announced that officials of Fawu and the FBWU, who represent workers at the company's 22 plants, had agreed to be appointed to the board of directors.

182

Fake bubbly labels probe moves to Reef

CT 11/8/93 Staff Reporter (182)

A FORMER employee of a printing firm that made copies of leading French champagne bottle labels, has been questioned in Johannesburg.

Police said they had interviewed a former employee of Van der Stel Printers of Stellenbosch in an attempt to find out how and by whom the labels had been ordered.

The company was liquidated before the discovery of the labels.

Investigating officer Detective-Warrant Officer Craig Wynne said yesterday the attorney-general would decide whether the labels had been printed in good faith.

SFW profit slides 6%

182 CT 9/8/93

Business Staff

STELLENBOSCH Farmers Winery (SFW) ended the year to June with an attributable profit of R39,4m — 6% less than the R41,8m achieved last year.

Earnings before an extraordinary loss due to rationalisation costs were 39,6c (42c) a share before additional depreciation, and 29,4c (31c) after it.

The final dividend is unchanged at 8,5c a share but because the interim dividend was lower the total pay-out for the year is 12c (12,05c).

Turnover was 13% higher at R1bn (R915,1m). But trading profit was 8,2% lower at R99,8m (R108,7m).

Net income before additional depreciation of R14,3m and extraordinary items was R55,4m (R58,7m).

The directors say sales volumes increased in the second half of the year, particularly in the last quarter.

This meant that year-end profits were better than had been expected at the interim stage.

Improved sales stem profit decline at SFW

LINDA ENSOR

CAPE TOWN — Improved sales volumes in the past six months helped stem the profit decline of Stellenbosch Farmers' Winery (SFW) which yesterday reported a 5,7% drop in earnings a share to 39,6c (42c) before additional depreciation in the year to end-June. BDay

However, the final dividend was maintained at 8,5c translating into a total dividend for the year of 12c (12,5c). After additional depreciation, earnings slipped to 29,4c (31c) a share. 19/8/93

SFW MD Frans Stroebel said the results were better than anticipated. In spite of difficult trading conditions, the total dividend was down only 4% whereas the interim dividend had been 15% lower than in the previous year.

Turnover grew 13% to R1bn (R915m) but a dramatic fall in the operating margin to 9,7% (11,9%) resulted in a 8,2% slide in trading profit to R99,8m (R108,7m).

Lower finance charges and a lower tax rate stemmed the after-tax decline to less than 1% but this gain was reversed by the sharp fall in equity-accounted earnings. A net extraordinary item of R1,6m related to a combination of factors, including the R6,6m cost incurred as a result of rationalisation. Viticulture & Wine

The group's interest bearing debt fell to R35,74m (R52,4m), with the reduction taking place mainly in bank overdrafts and other short-term loans which were cut sharply to R5,7m (R21,4m). (182)

French praise for SA wine

THE quality of South African wine has improved greatly in the past three years, French wine expert Dr Paul Pontallier said in Paarl yesterday at the judging of 852 wines competing for Veritas awards.

"As South Africa becomes more exposed to the techniques of other wine-making countries, its own standards should inevitably improve," he said. 18C CT 28/8/93

The winners will be announced on September 15. — Sapa

KWV locks out workers as wage deal fails

SHARON SOROUR
Labour Reporter ARG 31/8/93

WORKERS at KWV in Paarl, Worcester, Vredendal and Upington have been locked out by the company after wage negotiations failed to produce an agreement.

Members of the Food and Allied Workers' Union (Fawu) and the National Union of Food, Wine, Spirits and Allied Workers (Nuwsaw) were locked out yesterday, the company said.

KWV chief personnel and communications executive Theo Pegel said it was "unfortunate that we were forced to take these steps, because we have had amicable relations with our trade unions since their inception.

"Employees who accept our offer will be allowed to resume their duties and the others have the opportunity to consider it," said Mr Pegel.

The lock-out affected 217 employees at the organisation's distilleries in Paarl, Worcester, Vredendal and Upington.

"KWV instituted the step to give employees who were not represented by the trade unions, and who accepted the wage offer, the opportunity to carry on with their duties."

KWV had been involved in wage negotiations for the past four months, but the dispute could not be settled. A conciliation board hearing last Friday also failed to resolve it.

"Various offers made by the KWV were rejected by the unions, which led to the breakdown."

The KWV offer included a minimum wage increase of 9,7 percent, while the two unions' demands varied between 15 and 20 percent, said KWV.

A Nuwsaw spokesman said KWV's increase amounted to R95 a month, while union members were demanding R150 a month.

NEWS Poor economy affects Fawu members ● Return

Workers may be laid off

Sowetan 8/9/93

By Glenn McKenzie and Ike Motsapi

ABOUT 1 200 workers face retrenchment by Premier Food Industries but the good news is that management and their union have devised a support system to provide them with financial assistance.

Premier Food Industries and the Food and Allied Workers Union yesterday unveiled a redundancy support agreement to provide retrenched workers with at least 30 percent of their wages and job training.

Management and Fawu said a poor economy had forced the retrenchments, but each affected employee would be given first priority when new jobs were created.

The scheme is funded by all permanent employees, who contribute one percent of their salaries towards it.

Their contributions are matched by the company, which will also contribute additional money into the fund.

The contributions by all parties ensure that employees whose positions are threatened will be placed in a Labour Pool scheme.

People in the pool will receive a benefit from the Redundancy Support Scheme based on a percentage of their basic salary.

"While in the pool people could perform casual duties and attend training," said Mr Willem de Kok, chief executive officer of Premier Food.

He added: "Labour Pool members can, however, elect to take voluntary retrenchment. In so doing, he or she will be entitled to his or her full negotiated retrenchment package." (181)