



# AFRICA CENTRE FOR DISPUTE SETTLEMENT

At the University of Stellenbosch Business School

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### **Business, Conflict and Peaceful Development**

Mamphela Ramphele

Africa Centre for Dispute Settlement Working Paper 2017/2

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#### **Introduction**

A shared understanding that both sides stand to benefit is a prerequisite for resolving conflict and building peace. This realisation opened the way for us to reach across historic divides to agree to a political settlement that inspired awe across the globe. Political analysts had written us off as a society destined for the proverbial eternal blood bath. Inspirational leadership at many levels in our society enabled the majority of citizens to recognize the moment of opportunity for a political settlement of our differences.

Today is another opportune moment to reflect on the vexed questions that continue to have a major impact on the landscape within which contemporary South African businesses operate. Despite great efforts devoted over the last 22 years to the transition from apartheid to democracy, many of the key challenges and threats remain.

In this note I would like to examine the following three questions and propose a way forward for discussion:

- 1) What is business's vision of post-apartheid SA now? What would you like to see in 10 to 20 years' time? What is the gap between your current vision compared to the 1994 one?
- 2) What accounts for the gap and how can that gap be tackled in your business, in the industry your business works in, and in the wider society?
- 3) What are you to do differently in x future following discussions at this Round Table?

### **1. Business' Vision of Post-apartheid SA**

I am the first to admit that there is no singular entity identifiable as "Business." Each private sector actor operates as an independent agent to generate profits for themselves and their shareholders. But there are shared interests and concerns that require collective actions and collaborative approaches. It is admirable to see how Nenegate galvanized the business community to work in concert to apply pressure on political decision makers to avert what could have been a more rapid spiralling down of our economy. What would it take to have sustained engagement with wider political economy issues by the business community beyond crises?

We need to revisit the question of what each one of us have as a vision/dream of the South Africa we would like to live in. As business people what does that 'SA of your dreams' look like? How is that vision likely to unfold in the next 10-20 years? How different is your current vision/dream of SA from the country we envisaged ourselves living in 22 years ago? Why?

It is fair to say that many South Africans feel that the dream that inspired us, and much of the world in 1994, has waned. Many, especially amongst young people, go as far as suggesting that the political settlement that ushered in our constitutional democracy in 1994, was a betrayal. They feel that those who benefitted from the apartheid system, including business, got away with retaining those benefits without being required to contribute sustainable tangible and effective redress measures.

There is strong and growing resentment of the uneven playing field in the private sector between new entrants and those able to leverage the benefits of multi-generational capital accumulation and compounded interest growth rates. New entrants have to contend with high cost of capital and inadequately supportive ecosystems, whilst those from traditionally networked settings have an easier route to success. It is argued that a truly competitive economy is not possible without addressing this legacy that drives structural inequalities.

The Competition Commission has not been effective in challenging monopolies and over-pricing across the economy: financial services, mining, retail and other services sectors. ICASA has for example allowed Cell phone companies to put connectivity beyond the reach of many poor people. Data prices in our country are much higher than those in other countries on the continent and in the world. While 1GB (gigabyte) of data costs R11 in India, R22 in Nigeria and R32 in Namibia, South

Africans are paying a whopping R150 per GB. To add insult to injury South African companies are responsible for this discriminatory practice because we as citizens, including corporate citizens, allow this to happen. Why are you as business silent in the face of increasing the cost of doing business in our country?

There are also concerns about our failure to transform the socio-economic landscape in our post-apartheid society. Apartheid geography is evident everywhere. Our cities and towns continue to offer world-class services and opportunities at the centre whilst those on the periphery continue to struggle with access to basic services. Property developers are cashing in on the lack of political will, corruption and incompetence that undermine structural transformation of our cities into vibrant integrated centres of economic and cultural development. Infrastructure and basic needs provision for the majority, education and skills development are lagging behind expectations. BEE programs have not yielded the desired transformation of business especially sustainable ownership profiles.

Whatever our vision/dream may have been then in 1994, we have to admit that there is too great a degree of inequality that makes human community impossible. The levels of inequalities are not good for both rich and poor people. The levels of inequalities in our society are also not good for business. Exclusion lowers the customer base for business, but also raises the cost of doing business due to social instability. Productivity levels are also lower in our society due to low levels of literacy and skills. Motivation levels amongst those living on the margins are at an all time low.

## **2. Why the Gap and What's to be Done?**

Our celebrated political settlement needs to be complemented and strengthened by working together to achieve emotional and socio-economic settlements. The Preamble of our Constitution sets this out clearly: We the people adopt this constitution so as to:

1. Heal the divisions of the past and establish a society based on democratic values, social justice and fundamental human rights;
2. Lay the foundations for a democratic and open society in which government is based on the will of the people and every citizen is equally protected by law;
3. Improve the quality of life of all citizens and free the potential of each person;
4. Build a united and democratic South Africa able to take its rightful place as a sovereign state in the family of nations.

The reality is that our performance on the above points that are essential building blocks for a strong constitutional democracy is poor. The mid-1990s Truth and Reconciliation Commission was a “starter” of what promised to be a feast of justice and reconciliation to lay the foundations of a social justice and human rights culture. Our failure to follow up the starter with the main course has left many disappointed and others enraged that they have been cheated. They see neither justice nor reconciliation. The wounds of our divided past and present continue to fester.

In addition we failed to ‘lay the foundations of a democratic and open society’ with a government based on the will of the people. All self-respecting democracies around the world invest in civic education from pre-school all the way to places of work and worship to promote active informed citizenship. Many people are yet to self-identify unself-consciously as South African citizens who are confident in asserting their rights and assuming their responsibilities.

The vehicles for civic education exist but not utilized. Our school curriculum includes Life Orientation – what greater life orientation can there be than to prepare young people to become informed active citizens imbued with human rights values? Young people emerging from our schools and technical colleges and higher education would be better prepared to take ownership of their democracy if they had the benefit of civic education. The tolerance of violence and destruction of public assets would be unlikely. People who understand that these are their assets to be preserved for their children and children’s children are unlikely to allow, let alone participate in public violence.

Business and other work places have human resources development programs that need to include civic education and Adult Basic Education for those who did not have the benefit of education in their youth. There can be no way of ensuring that government is based on the will of the people if the people are not even aware of their rights to equality and their responsibilities to hold their leaders accountable. Business has no excuse to have illiterate employees in the 21<sup>st</sup> century. Confident active citizens are the best guarantors of a thriving constitutional democracy.

Productivity cannot be raised on a sustainable basis by people who feel like, and are treated as, subjects of other people’s agendas rather than citizens of their society entitled to respect. Confident citizens are more likely to be more productive and to take a much longer time view of what is good for them in the context of what is good for the company and the country. Germany’s investments in civic education and the enactment of solidarity to level the playing field between rich and poor post the fall of the Berlin Wall, are paying handsome dividends. The strengths of the German economy lie in its inclusive nature. Everyone has a stake in sustaining growth and development.

Improving the quality of life for all citizens is not just good for poor people – it is good for business and society as a whole. South Africa is a poster child of the cost of inequality that undermines socio-economic prosperity and stability. Education has failed to become the sure and tested way out of poverty despite the huge financial investments in it by both the public sector and business. The root cause of under-performance is poor quality. 80% of our children get hopelessly poor quality education whilst those who can afford pay for high quality outcomes in private and former Model C schools.

Under-performance in our education system is the outcome of poor management by our government. Negligence by citizens, including you as corporate citizens, has led to our failure to hold them accountable. Business has yet to challenge government about its failure to manage the conflict of interests between its accountability for good performance of the education system, on one hand, and its fear of upsetting its power base represented by its alliance partner, SADTU as the largest teacher union, on the other. In addition business has yet to confront the government for its failure to invest infrastructure so that all children can have their right to high quality education respected.

### **3. What are you to do Differently after this Round Table?**

Business has another opportunity to do differently as corporate citizens to secure a sustainable future for their companies. A sustainable future is not achievable without attending to *the unfinished business of complementing our celebrated political settlement with emotional and socio-economic settlements.*

#### What needs to be done differently?

- We need to tell one another our stories of who we are, and what our dreams of the desired future look like? This would enable us to develop a shared vision of the future.
- Telling our stories would liberate us from the anger, shame, guilt and despair that many wallow in. These negative emotions sap the energies of citizens. Telling our stories frees us to become proud citizens. Embracing story telling in Human Resources processes would create a much better working environment and higher productivity.
- We need Civic Education at home, at school, at work, and in our places of worship so we can enable the emergence of confident, competent and active citizens. You can all do this from tomorrow by instituting civic education and Adult Basic Education in your Human Resources processes.
- We need business to be active corporate citizens who engage local, provincial and national governments to encourage and incentivize all to work together to address the unfinished business outlined above.
- Business needs to lead by example by instituting and supporting emotional and socio-economic settlement work within their businesses. This work of strengthening our democracy is good business.

## Conclusion

We have a beautiful country with a compelling case for us to do the right thing. We need to complement our political settlement with emotional and socio-economic settlements to unleash the amazing talents in our youthful resilient population. This is good business and it is good for business.

We need to work together to establish a *reimagined* and *rebuilt* South Africa promised at the birth of a new nation, where there's:

- an *emotional settlement* to heal the divisions of our past
- *shared vision* and *accountability* based on democratic values, social justice and fundamental human rights
- talent is unleashed in an enabled socio-political and economic environment
- the philosophy of *Ubuntu is actualised!*