

'Business as Usual': THE RESPONSE OF THE CORPORATE SECTOR TO THE MAY 2008 XENOPHOBIC VIOLENCE

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This work set out to fulfil two principal objectives: to investigate the contribution of the corporate sector with particular reference to the mining sector with its reliance on foreign labour, and thereafter to reflect on civil society's response to the xenophobic violence of May 2008. The starting point of this work is the large scale mass mobilization and activism of various parts of civil society following the May 2008 xenophobic violence. This paper conveys an understanding of the corporate sector's stance of serious concern about the a situation often described as 'simmering' and 'potentially destabilising' but nonetheless resistant against more meaningful interventions by a prevailing sense of pragmatism and a limited and apolitical understanding of its role and responsibilities as a key stakeholder in society. It raises broader questions about the developmental and transformative responsibilities of corporate capital in South Africa vis a viz its compatibility and 'fit' with issues of social justice.

This study identified a number of findings:

- ▶ The response to the xenophobic violence, has helped to create an understanding of the comparative advantage of civil society organizations to deliver services at a local level on a short term basis.

- › The corporate sector response to the xenophobic violence was primarily about short term emergency assistance by means of a small number of financial contributions as well as in kind donations.
- › The xenophobic violence had limited impacts upon the operating environment of business.
- › The rationale of business for intervention or the lack of it, is related directly to matters of pragmatism/self interest and a belief that it is not the mandate of business to intervene.
- › A general perception exists amongst both civil society and corporate sector stakeholders of the limitations of the state as a vehicle for social change and there are serious concerns in both civil society and the corporate sector about the efficiencies of state delivery mechanisms.
- › Civil society's scope for meaningful partnership with the corporate sector appears to be limited.

The first section of this paper contextually introduces the changing corporate environment against a dynamic socio-political background. It describes the external structural factors which have set the background for the combustible mix of factors driving the violence in South Africa. The second section draws on the historical legacy of apartheid, current global and economic conditions and the nature of the South African transition. The third section describes the corporate response to the violence, and shapes the array of views expressed through a number of in-depth interviews, into an analytical understanding of the corporate sector's stance and orientation toward the xenophobic violence. Finally the paper concludes with critical reflections on the nature of the relationship between civil society and the corporate sector and the possibilities for civil society-business engagement.

Terms of reference

This paper examines the role of business in advancing social justice and transformation and the challenges faced by South African businesses in forming the kinds of relationships with civil society, labour and the state which would advance and facilitate that goal; as reflected through the lens of the xenophobic violence. The work will principally narrate the main forms of the corporate sector response to the xenophobic violence. The overall intention is to examine the contribution of the corporate sector to the shape and form of the broader response to the violence of May 2008 and to reflect on how big business has defined its relationship to issues of development and social justice.

Through the focus on corporate role players, this work looks to discover an analytical understanding of the role of business in post apartheid South Africa. The paper looks to the assumed triadic unity of state, civil society and business as the basis of necessary collective and sector-based action to address xenophobia and its accompanying discontents of anger, frustration, prejudice and violence. This paper contends that civil society has functioned in the response to the May 2008 violence as a strong independent critic and advocate of the rights and protection of foreign nationals, and that government and the corporate sector has played a secondary role to the countervailing power and voice of civil society. Key questions relate to the specific role played by the corporate sector; an assessment of the quantitative nature of its contributions to the response; and perceptions of its role vis a viz social justice or developmental responsibilities. This work is located in wider reflections on the role of capital in advancing social justice and democracy in partnership with civil society. It is

part of a broader project on xenophobic violence and in concert with other research papers, looks to provide the kinds of information that can be translated into policy recommendations or other practical actions by stakeholders.

The methodological approach was 3 pronged: (a) an extensive desk top review of all available research on xenophobia in South Africa (b) a review of all newspaper and media reports of the xenophobic violence and (c) a series of semi-structured interviews were conducted with leading role players in the response to the violence. This included certain civil society stakeholders such as Anti-Privatisation Forum (APF), Coalition Against Xenophobia (CAX), Center for the Study of Violence and Reconciliation (CSVR); corporate role players (eg Anglo-American, AngloGold Ashanti, Implats, AngloPlat) and leading business coalitions (eg Business Unity South Africa, Business Leadership, NEDLAC, Chambers of Mines). A full list of respondents is provided as an appendix to this paper.

This paper captures some of the methodological challenges in obtaining data. Key companies have been reluctant to provide inputs to an issue which they acknowledge is highly sensitive and controversial. Certain corporate bodies have not yet acknowledged the issue onto their institutional agendas and remain sensitive to perception. Therefore they declined to input. Many respondents have been reluctant to speak without first having had an official position developed by the company first.

Problems & recommendations

Differing levels of awareness of the prevalence and seriousness of xenophobia and its potential for instability and violence

Promote a culture of human rights in South Africa (which can be expressed through all stakeholders such as government, business and civil society)

The response of government, civil society and the corporate sector was entirely reactive; no preparedness or prior awareness

Institute models of planning and preparedness with collective participation of civil society, government and business

The basic difference between each sector; logic of each sector pulls in different directions; competition vs cooperation; individualism vs collective action and mutuality; private vs public interests

Initiate a model of merged public/private interest

Lack of understanding in and between sectors; compounded by the lack of collective forums for genuine peer interaction between both sectors; when business does act, it's on the basis of associations and coalition bodies which do not appear to cohere and civil society forums are prone to internal divisions and fragmentation.

Institute 'meaningful' mechanisms for peer interaction

Is corporate capital and social justice compatible?

The xenophobic attacks of May 2008 represented a profound shock to many South Africans. To all appearances, the 'new' South Africa had appeared to be successfully managing the considerable economic and political challenges associated with entrenched inequality and social divisions. Archbishop Desmond Tutu's self proclaimed 'rainbow nation' had successfully secured political stability, neutralized potential conflicts and-most crucially-seemed to have successfully defused racial and ethnic tensions. The events of May 2008 appeared to fundamentally contradict the self congratulatory basis of the 'rainbow nation' and warned of systemic dysfunctions indicating profound volatility and instability within the democratic state. The monstrous manifestation of this was the xenophobic attacks with its catalogue of human brutality against African foreign nationals, including burnings, stabbings, beatings, rapes and wholesale looting¹.

¹ International Organisation for Migration Report (2008) 'Towards Tolerance, Law and Dignity: Addressing Violence Against Foreign Nationals in South Africa' Published by International Organisation for Migration Regional Office

The xenophobic attacks speak in part to a failure of one of the most **critical challenges of South Africa's democratic dispensation: the delivery of socio-economic justice** for the majority of poor black South Africans previously denied access to opportunities and resources.

In the wake of a storm of arguments, assumptions, commentaries and pronouncements about the violence, the economics of xenophobia and its structural underpinnings in resource inequalities, remain unaddressed. Accordingly, it raises the issue of capital i.e big business, and its transformative responsibilities within the context of post-apartheid South Africa, as a way of understanding the distributional problems-unequal access to goods, services, opportunities and resources- which create enabling conditions for discrimination, prejudice and violence against those perceived to be 'foreigners'.

This paper critically examines the role of business through the lens of the xenophobic violence. The corporate sector's reaction and engagement with civil society's response to the violence, provides a useful starting point toward an understanding of the evolving role of business in post apartheid South Africa. Accordingly, it reflects on the expectations placed upon the sector vis a viz understandings of what it is able to deliver and possibilities for sustained interaction between business and civil society.

The role of corporate South Africa in involvement in social justice issues has **to be understood against competing visions of its role in the struggle against apartheid** which have been historically assigned to it by various sources.

Liberal adherents pointed to business initiatives on issues such as influx control, trade union recognition and various urban reforms. Radical critics argue that big business profited directly from apartheid and are able to cite the complicity of corporate South Africa on issues such as racially-segregated labour, discriminatory work practices and supplying and financing the apartheid state. The discourse had only begun to change in the 1970s, possibly in response to the urban unrest and skills shortages, which impacted severely on business. In the mid 1980's, business opened up communications with the then-banned liberation movement, ANC, and set in motion the establishment of various development foundations and charitable trusts to address issues of social responsibility. As apartheid state began to deteriorate due to internal and external pressures, business began playing an increasingly prominent role in conceptualising the shape and form and developmental path of a proposed 'new' South Africa.

The onset of democracy in 1994 ushered in a new era of legislation, codes of conduct, investment initiatives, with direct implications for how companies conducted their business and how they related to broader stakeholders within a context of rapid transformation. The new government turned to big business as a partner in development and looked to it in order to bolster its lack of capacity

in particular areas such as crime, tourism promotion and inner city development. Unfortunately government's courtship of big business was less than successful. Skepticism and negativity appeared to prevail, despite concerted gestures made by President Mbeki to win the trust of big business. The uncertain relationship between business and government improved in the form of well known business initiatives such as the Business Trust, Business Against Crime and National Business Initiative (NBI). The public discourse began increasingly to shift to one of rights and responsibilities, with the development of accompanying benchmarks for measuring corporate social responsibilities.

A particular milestone during this volatile period was the hearings and findings on business of the Truth and Reconciliation Commission in the late 1990's². The TRC found that some sectors colluded to a greater extent with the apartheid state, but that business in general bore culpability for having participated in and profited by, the apartheid system. Business did not make a full acknowledgment of its historic role in supporting apartheid, nor did it propose to make reparations for the past. This lack of culpability was compounded by the TRC's diplomatic approach to rather have business contribute to a fund than be forced to make a full disclosure of its broader responsibility. Therefore corporate were able to sidestep any real material acknowledgement of its historical role in relation to apartheid and its dehumanizing effect on South African society. This assisted in delaying what might have been an important national dialogue about the post apartheid social responsibilities of big business, as a consequence of the hearings.

An understanding of the possibilities of the engagement of business with social justice must take place located against a dynamic post-1994 socio-political terrain. Frieda Dowie, the director of Business Leadership has pointed out that

the business sector has experienced similar post-apartheid reconfigurations and change in much the same way as civil society did³.

A small number of conglomerates retain their entrenched positions in the economy. Overall the sector has experienced certain significant changes: unbundling and diversification of conglomerates; shifting of primary listings to overseas stock exchanges and the emergence of black economic empowerment (BEE) initiatives⁴. The sector also had to engage closely with globalising influences through relaxing of trade and exchange controls and the subsequent loss of it's formerly protectionist environment.

Issues of redistribution are key for the sector in the post-apartheid context, particularly given the historical complicity of business in maintaining the system of apartheid and its need to demonstrate legitimacy to the new dispensation while still protecting and maintaining its own vested interests. This location of this new relationship was intended to be a social pact between government, business,

² Natrass, N. (1999) The Truth and Reconciliation Commission on Business and Apartheid: a critical evaluation *African Affairs* 98 pp 373-391

³ Interview with Frieda Dowie, director of Business Leadership, 09/09/09

⁴ Black economic empowerment (BEE) policy is aimed at enabling the meaningful participation of formerly excluded black people in the economic mainstream and de-racialising the white, corporate and industrial-owning class. See Chabane, N and Roberts, S. (2006) The Changing Face and Strategies of Big Business in South Africa in *Industrial and Corporate Change*, Vol 15 Issue 3

labour and civil society, which committed all sectors to work together to create employment, increase productivity, stimulate investment and thereafter contribute broadly to growth and stability.

However the social pact has not enjoyed a wide degree of success. Former President Mbeki's autocratic leadership style has often been cited as the reason for the estrangement of the business sector from the social pact. Historical levels of mistrust have beleaguered the relationships between the various sectors engaged in the social pact. Government received increasing levels of complaints from corporate executives about a seemingly open-ended stream of requests for funds toward development programmes. In turn, government complained about an unfounded pessimism on the part of business. This led to several heated exchanges between national government and key industry leaders. In 2003 a statement by Sasol's CEO Pieter Cox about the negative impacts of BEE, prompted an accusation of 'bigotry' from then President Mbeki⁵. In 2004 Mbeki responded in anger to comments from Anglo American Corporation CEO Tony Trahar in the *Financial Times* about the 'political risk' of investing in South Africa. Again in 2007 Mbeki stated that the business sector was 'falling short'⁶.

BEE may be said to have achieved mixed results. Overall it has not made any substantive difference to changing the structures of ownership and control within the economy. The major beneficiaries tend to be connected to the ruling party, leading to accusations of 'crony capitalism' from various quarters. BEE has produced a small class of black millionaires who are less known for socially responsible activities, and more rather for excessive consumption and luxury lifestyles. This is in stark contrast to the surrounding extremes of poverty and inequality of the majority of the South African black population.

Prospects for the success of the social pact, appear to be limited.

In terms of civil society, the corporate sector has been identified as a key stakeholder for engagement in order to unlock possible potential for domestic funding. The drive and pressure for civil society organizations to become sustainable can be attributed to a number of factors, among the most significant being uncertainty about future foreign funding and accordingly, the domestic funding limbo. However, this relationship has proved challenging. Despite a reported corporate social investment turnover of R4 billion per annum⁷, there has been a slower growth rate of the relationship than one may have imagined. While there is general agreement that the scope for partnership is far from exhausted, there also appears to be recognition that the relationship is not necessarily as straightforward as early optimistic analyses may have suggested. Historical levels of mistrust and uncertainty remain.

As this study reveals, **there is a significant lack of insight by both civil society and business** about the nature and modus operandi of each other, which inhibits deeper cooperation.

⁵ Southall, R. (2004) Black Empowerment and Corporate Capital in South Africa. Center for Civil Society Report: 1-18

⁶ Gumede, W.M. (2006) Thabo Mbeki and the battle for the heart and soul of the ANC Zebra Press, Cape Town

⁷ Trialogue CSI Handbook 2008

This too has seen complaints from the business sector about the excessive naïve demands for funding from both government and civil society circles.

The relationship between business, civil society and the state is fraught. It begs a broader question of the compatibility of business with the demands being placed upon it. Even when there is significant agreement regarding broader values such as social justice and sustainable development, there is still the barrier of 'difference'. Business is set up to achieve goals which are generally private in nature, primary of which is the profit of shareholders. However a high degree of consciousness is required about the sole pursuit of profit, particularly its role in bringing about a more just and equitable distribution of wealth in South Africa. If Kgalema Motlanthe's contention that "capital never behaves philanthropically, not at least to the extent that it interferes with its profits"⁸ is correct, it must then call-at the very least- for a questioning of the current version of individualistic and acquisitive capitalism, which is embedded in the fabric of South African society.

⁸ Motlanthe, K. Speech to the Black Management Forum, September 2004 at <http://www.anc.org.za/ancdocs/speeches/2004>

The Role of the corporate sector

// *We treated the issue of the xenophobic attacks as a sleeping dog that we did not want to wake up...*⁹ //

The **xenophobic violence took place against the debilitating background of the global economic recession**. It elicited speculation around the potential for economic instability and the impact on business confidence.

⁹ Interview with Alan Fine, Public Affairs Manager for AngloGold Ashanti

In particular, there was fear for the tourism sector ahead of the planned 2010 Soccer World Cup and that the violence would deter tourists from other African countries. Moreover, business circles expressed anxieties about negative impacts such as production losses, labour shortfalls or lost skills. The mining sector in particular was singled out in terms of possible negative impacts.

What happened in reality did not coincide with the anxiety invested in speculation. During the period of the outbreak of the xenophobic violence, the rand fell 1.7% but managed to recover rapidly. The violence followed a trajectory of short intense bursts, characterized by an extraordinary mobility which saw it diffuse to various areas and then to different parts of the country within a relatively short space of time. It subsided fairly quickly. However it was able to accumulate a terrible toll of murders, injuries, rapes and looting within the limited timeframes of its occurrences. Its greatest impacts appear to have been concentrated mainly in the areas of urban townships and informal settlements within which the violence occurred. The main sources of negative impacts were a number of smaller mines located on the eastern fringe of Johannesburg which reported shortfalls in its predominantly Mozambican labour force. This suggests that the violence was not sufficiently widespread enough to penetrate top corporate layers. Thus it was possible for the corporate sector to deploy the 'sleeping dog' approach, as described by gold mining company AngloGold Ashanti.

A useful starting point as an indicator of the level of corporate involvement in the response to xenophobic violence, is media coverage of the philanthropic donations made to the response to the violence. Two issues predominate: firstly the plethora of press statements indicating condemnation and moral outrage and in many cases, urging or soliciting assistance from other businesses to the humanitarian response. See, for eg, the press statement released by Business Unity South Africa (BUSA), the representative voice of organized business in South Africa. BUSA's immediate reaction was to undertake a high profile delegation to Alexandra township to assess the situation. Thereafter it committed itself to working closely with government on issues of housing, unemployment and crime which they saw as critical factors underlying the xenophobic attacks. It declared its intention to work on criticisms of organized business regarding employment practices favouring foreign nationals at the expense of South Africans. Subsequent research conducted with BUSA indicates that this pledge is now fully delegated to NEDLAC (National Economic Development and Labour Council) to be fulfilled.

It is unclear how NEDLAC will fulfil this pledge. NEDLAC is a representative body based in the Department of Labour, which brings together organized business, labour and community groupings to discuss social and economic policy. However when contacted, NEDLAC confirmed that the issue had been brought to its debating chambers out of serious concern on the part of its various constituencies but was unable to report on the dialogue. NEDLAC stated it was not responsible for how the issue was taken forward by members; that it only provided the environment for the issue to be tabled and thereafter discussed but that it could not do any implementation work.¹⁰

¹⁰ Telephonic notes with Matshidiso Lithebe at NEDLAC

Media information also reveals **a small number of high-profile financial donations made by several major corporations to the humanitarian response** to the violence.

One example is Standard Bank which donated R3 million to the humanitarian response with a great deal of press fanfare. Cellular communications companies such as MTN and Cell C made donations as well as donated free air time to emergency personnel working at the camps set up for the humanitarian effort. A R20 million fund to support the humanitarian response was set up by the Development Bank of Southern Africa (DBSA) in partnership with the Independent Development Corporation (IDC). This fund was intended to be disbursed by municipalities. However nothing since has been heard about the fund. The DBSA also funded an enquiry into the violence, to be carried out by the South African Human Rights Commission (SAHRC) and the Commission for Gender Equality (CGE). However beyond this limited media/press release information, little is known about the corporate sector contribution.

This work established that, within a relatively short space of time, several leading corporates made donations to the humanitarian response effort already established by civil society organizations with the later intervention of the state. The primary vehicle for accessing and distributing such funds from the corporate sector was Tshikululu, the social investment fund used by many South African corporates to implement its CSI objectives. Tshikululu was tasked with the responsibility of administering funds for the response to the xenophobic violence from a number of companies. Such companies included Anglo-American, De Beers, Discovery Health and First National Bank (FNB) and WesBank. FNB and WesBank are grouped under the umbrella of the FirstRand Foundation. These funds were hastily but efficiently procured, against emergency constraints and urgent time frames. It required that normal procedures were circumvented given the emergency nature of the response, with only FNB and WesBank having had emergency relief earmarked in their annual corporate social investment (CSI) spend.

Tshikululu staff report that the funds they were tasked to distribute, were not earmarked for any particular sector or organization. They were responsible for conducting evaluations of the needs at particular sites and accordingly reporting back to their clients. They remarked that this was particularly challenging, given the chaotic nature of the response and the multiplicity of organizations engaged in delivering services¹¹.

¹¹ Interview with F. Witbooi, Tshikululu Client Relationship Manager

Below is a tabular representation of the sum total of the financial contributions of South African corporate companies.

Corporation	What company does	Form of Intervention
Anglo American	Diversified mining and natural resources group	R2 million
De Beers	Diamond mining company	R100 000
FNB	National bank	R2 million
WesBank	National bank	R100 000
Standard Bank	National bank	R3 million
MTN	Telecommunications company	R100 000 plus airtime for personnel working at the camps
Cell C	Telecommunications company	R100 000 plus airtime for personnel working at the camps
Discovery	National medical health care provider	R75 000

Tabular representation of major corporations financial contributions excluding internal drives for blankets, food and clothing for the camps at the level of individual businesses. The latter includes Pick 'n Pay and Woolworths.

The financial resources tabulated above also exclude the donations that individual companies made to leading NGOs such as Gift of the Givers (GOG) and South African Red Cross (SARC). Contributions to the response must include the in-kind donations of food, clothing, blankets and other items for the camps. Due to the challenges of quantification, particularly so such items remain unaccounted for.

Tshikululu staff contends an opinion that far more funds would have been forthcoming from clients if information about the response had been available¹².

However it remains that **the sum total of funds expended on the xenophobic violence is minimal**, particularly when juxtaposed against after tax profits made by individual companies.

It begs a comparative perspective in terms of the monies that corporates invest in the form of advertising campaigns and public relations initiatives. This includes corporate social investment initiatives which also lend to the public relations profile of the companies. One NGO, Gift of the Givers, was able to mobilize more in total than a number of major South African corporate companies¹³. The sum of R6 million expended in total by Gift of the Givers lends a sobering perspective to the issue of expenditure.

¹² ibid

¹³ Desai, A. (2008) Draft Paper. Responding to the May 2008 Xenophobic Attacks : a case study of Gift of the Givers

How did the violence generally impact upon business?

Describing the impact of the xenophobic violence on the corporate sector presents a challenge. Business is not monolithic or homogenous and therefore companies will certainly often hold divergent views about the nature of their intervention or their role in post-apartheid South Africa's transformational agenda. More importantly, the story of corporate capital is not a morality tale of good versus evil. It is a story of multiple shades of complexity and understandings of it must resist simplistic or uni-dimensional critiques which posit 'bad' capital in opposition to 'good' civil society.

This complexity is reflected in methodological challenges confronted by the research.

The spread of corporate interviewees was limited by a serious **widespread reluctance to divulge information about the response to the violence.** This may have been **due to perceived discomfort about the scale of the assistance given to the victims of the xenophobic violence**, particularly when ranked against contributions by other companies.

It was also acknowledged that the issue of xenophobia was politically sensitive and that until companies adopted particular positions toward the issue, interviewees would fear censure from top levels. The latter sentiment permeated many of the interviews and led to only a limited number of views expressed in this paper.

In general, the interviewees appeared to cohere in terms of a uniform serious concern about the scale and intensity of the violence and its potential impacts upon stability and democracy in South Africa. Metaphors such as 'simmering' 'explosive' 'potentially destabilising' 'disaster waiting to happen' and 'cause for concern' were commonly used, however there was very little clarity about how to proceed or what mechanisms to circumvent further occurrences of violence, should be employed. Respondents pointed to the material donations that they were able to mobilize for the response, either through monetary donations or time or gifts of food, blankets and clothing. They expressed their belief that this form of assistance to the humanitarian response begun by civil society, constituted a necessary and important intervention on the part of the corporate sector.

Reference to the mining sector

This section makes specific reference to the mining sector. The industry is symbolic of some of the worst miseries wrought by the fusion of capitalism and apartheid, with

the Truth and Reconciliation Commission (TRC) hearings stating that, “the blueprint for ‘grand apartheid’ was provided by the mines and was not an Afrikaner state-inspired innovation.”¹⁴

The history of big business in South Africa is inevitably tied in with the discovery of precious metals and gold, which principally set up the architecture of dependence on foreign labour.

A large body of scholarship documents the origins, development and impact of the foreign labour system. The mining sector has historically possessed privileged access to foreign labour, a “right” denied by the state to other employers. The system was based on the fundamental exploitation of cheap disposable black labour and subjected miners to various forms of abuse and dehumanization. Miners were housed in massive single sex compounds and paid minimal wages in exchange for dangerous, inhumane and unremitting labour. Black unions were prohibited on South African mines until as recently as the 1980’s.

South Africa’s attitude toward Southern Africa has been described as its “‘backyard’ or sphere of interest, an exploitable resource, a bottomless source of cheap labour and an easily penetrable market for its products.¹⁵” The mining industry was able to monopolistically siphon off supplies of cheap unskilled labour from the region, with the collusion of the apartheid state which encouraged this practice at the expense of local labour in order to ensure maximum profitability. It suited the state to embrace the industry’s claim that South Africans were inherently ‘unsuited’ for mine labour and that the industry was critically dependent upon foreign labour.

The practice of monopolistic recruitment from the Southern African region, had several effects on the economies of neighbouring countries. It reoriented neighbouring economies away from agriculture or subsistence farming and- significantly-toward dependency on the remittances of male mine labourers. Moreover, the aggressive destabilization campaign conducted by the apartheid state in order to flush out ANC cadres, had the effect of devastating local economies and destroying infrastructure.

Apartheid rule had the curious effect of **cementing ties of goodwill between its neighbouring countries**, as well as creating relationships of dependency and mutuality amongst them.

¹⁴ Truth and Reconciliation Final Report Volume 4

¹⁵ Daniel, J. Naidoo, V and Naidu, S. (2003) The South Africans have arrived: post-apartheid corporate expansion into Africa in Daniel, J. Habib, A and Southall, R (eds) *State of the Nation South Africa 2003-2004*, HSRC Press, Cape Town.

Such relationships appear to have undergone a process of redefinition in the new post-1994 dispensation. This may be seen to be related to a number of factors, most significantly the new South African state and its failure to incorporate broader regional concerns into its transformational agenda. Historical continuities are evident in the way in which African economies are compromised by South Africa, which extracts both human and financial capital from Africa and aggressively concentrates it in the coffers of South Africa, the continent's superpower.

The presence of large numbers of African nationals is not new to South Africa. In 1998 Sally Peberdy estimated that foreign labour constituted between 40 and 80% of labour on the South African gold mines since the turn of the century¹⁶. African nationals have since remained attracted to the comparatively large and well developed economy of South Africa, with its perceived promises of resources and opportunities.

Hopes and expectations of resources and opportunities have been largely frustrated by the realities of the post-apartheid era. The prevalence of xenophobic violence in South Africa bears testimony to the failures of the post-apartheid dispensation to deliver the benefits of transformation and development to the masses of poor and marginalized South Africans who remain intractably disconnected from all forms of economic opportunity. Enclaves of white wealth still maintain their privilege and are now joined by a growing elite class of black economic empowerment beneficiaries. South Africa's re-insertion into the global economy after years of apartheid-imposed isolation has had the effect of further exposing the distortions and unevenness of capitalist market forces on the most vulnerable and marginalized sectors. South Africa continues to attract labour migrants from the sub-region and now further afield, but the flow of post apartheid migrants are now no longer directed to the mining industry but part of a wider influx to urban spaces in search of economic opportunities.

The result is the fomenting of widespread social discontent through large numbers of African nationals competing for economic survival along with the South African poor in townships and informal settlements all over the country.

It therefore stands to reason that

xenophobia would impact significantly on the mining industry, given its high concentration of foreign migrant workers. However it appears that the violence did not register at the scale that was feared.

As an integral part of the national economy, the industry feared that the xenophobic violence would create a crisis of confidence amongst international investors. The violence exacerbated an overall climate of uncertainty created by the global economic crisis and declining precious metal prices.

The industry's coalition body, the Chamber of Mines, reported that it acted swiftly in anticipation of negative effects on the industry to contain violence. Its immediate intervention was engagement with the labour force to send out a 'strong message' that no xenophobic violence would be tolerated

¹⁶ Peberdy, S. (1998) Debating regional immigration policy in South Africa," in Simon, D. (ed.) *South Africa in Southern Africa: Reconfiguring the Region*, James Currey, David Phillips, Ohio University Press: London

on the mines. The Chamber of Mines assisted the humanitarian response in affected communities through the police and community structures. Its concern was to work with the structures already established by the response, and not to create any parallel structures or processes of its own.

As Elize Strydom, Chamber of Mines negotiator states:

the message was that aggression or violence would be treated as misconduct and would carry strong penalties such as dismissal. People had to understand that their job would depend on it. In several mining communities, women and children who felt threatened, moved onto mine premises for protection. Of course this was only a temporary solution and we were concerned that these people did not develop any accommodation rights in the area. But anyone who pitched up at the mine and needed help, got help.¹⁷

Impala Platinum Mines (Implats) reported that it had no experience of xenophobic violence at its operations. The company attributes it uncritically to its long standing of policy of 'dialogical intervention'. The latter is based on use of (unpaid) community facilitators who mediate between the mine and the communities.

The difference with Implats is that we have historically established really good relationships with the community. We have community facilitators who keep their ear to the ground and ensure that we know what is happening in the community....our mining community is relatively peaceful due to specific groupings of African people living in concentrated pockets, you have Tswanas living in one group, maybe Mozambicans in another group....remember most of them have lived together for years- they mostly come from the southern African region. They know that the strength of one is the total of all of us- and perhaps its only really when people from west Africa, say Ugandans and Nigerians, come in, that they become nervous...Our practice of dialogical intervention is pretty effective in containing tensions and not permitting them to spill over into violence. Longer-established mines such as ourselves who 'dialogue' regularly with their communities, are better equipped to deal with issues such as xenophobia than mines that have not been operating long enough for communities to learn to work with and trust one another.¹⁸

¹⁷ Interview with Elize Strydom, negotiator for Chamber of Mines

¹⁸ Interview with Pierre Lourens, spokesperson for Impala Platinum Mines

Most mining company respondents reported a negative effect on operations. Immediate impacts of the violence tended to be concentrated in smaller mines on Johannesburg's East Rand such as Pamodzi Gold (since liquidated), ERPM (since closed down) and DRD Gold (refused to comment). These mines experienced a high degree of absenteeism and accordingly, lost production, as a result of the xenophobic violence.

The National Union of Mineworkers (NUM) report that none of its members had been affected by the violence¹⁹. This is despite a particularly violent incident in Tembisa, a large township on the East Rand, in which a NUMSA shop steward was brutally murdered. The NUMSA shop steward Walter Ntombela and a fellow Zimbabwean were stabbed to death and beheaded before his shack was set alight. Walter Ntombela had been a member of the union for ten years²⁰.

AngloGold Ashanti's response was self consciously pragmatic:

Our response was a pragmatic one, we knew something was happening but in areas at some distance from our operations and we knew we had to monitor it closely and be ready to deal with it if it infiltrated our operational world. We treated the issue of the xenophobic attacks as a sleeping dog that we did not want to wake up. So we did some active things, we monitored the situation, we monitored the media carefully... all in all, it was a fairly nervous time and quite unpredictable... we had two choices, go out and talk about it in concert with organized labour or just watch it and keep quiet. We did the latter.²¹

It can be said that while there is genuine concern for the issue of xenophobic violence on the part of the corporate sector, it is coupled with a generalized recognition of the risk factor that xenophobic violence presents to its own operating environment. This risk appears to be calculated on the basis of the interests of business rather than any considerations of costs to stability, peace and democracy in the country.

In other words, **it appeared to be a 'business as usual' approach unless its interests were directly threatened.** This approach shows **a similarity of approach to the modus operandi of business in South Africa in opposition to apartheid.** Its intervention was in response to a threat to its own interests.

¹⁹ Interview with Glenn Mpufane conducted by Mondli Hlatshwayo

²⁰ Polzer, T. (2008) Forced Migration Project database of recorded xenophobic attacks

²¹ Interview with Alan Fine, Public Affairs Manager for AngloGold Ashanti

Other corporate voices

There appeared to be a prevailing sense of misplaced responsibility amongst several corporate respondents. It was felt that government should take the lead in mounting a full scale response to the issue of xenophobia and its potential to destabilize the economy and compromise nation-building and democracy. It was also felt that there are natural limits on the ability of business to play a decisive political role. As Frieda Dowie, director of Business Leadership explained,

“ The role of government is critical. People do not understand that there has to be delivery on the part of the top structures of government. Business often finds that it does so much and then there is a certain point at which at which its work is stopped at a political level and it can go no further. When exactly does business withdraw and when does government do what it is supposed to do?”²²

Moreover, the state was seen to be better placed to respond to the violence than any other sector. Francois Witbooi, client relationship manager at Tshikululu Social Investments, CSI fund managers for many leading South African corporations, questioned the role of government and accordingly government’s ability to respond to issues of need through its delivery mechanisms:

“ My feeling is that a lot of clients would have loved to contribute but frankly they didn’t have the know-how. Where was the information? It’s not the corporate sector’s job to find out. It was clear that government didn’t know what to do and this caused a lot of confusion. Corporate budgets certainly do not compete with those of government. Government’s inability to manage funds is a real problem. Hence we have the withdrawal of the Global Fund for Aids, it took US\$41 million (the first installment of US\$165 million over five years) out of the country. Themba Lesizwe got handed back to the UN. Look at the Lottery and the NDA. Where exactly is government at?”²³

²² Interview with Frieda Dowie, director of Business Leadership

²³ Interview with Francois Witbooi, Tshikululu Client Relationship Manager

As Bobby Godsell states,

There is a widespread notion that money makes itself. Governments seem to think that businesses make money automatically-that we have infinite budgets. Yet, like cabinet ministers, we can only do what has been budgeted for²⁴.

It is commonly accepted that business and civil society generally have oppositional aims and objectives. It may well appear that each set of stakeholders is compelled to further its own agendas rather than work constructively to support the public interest. A generalised finding is that the corporate sector engaged from a safe distance with the response to the xenophobic violence and exercised caution and pragmatism in its approach. Many companies had initiated internal drives urging employees to donate and accordingly placed boxes in their premises for staff to drop their donations, which was then transported to various site locations. However beyond short term attention to the crisis in the form of material assistance, the corporate sector's approach was minimal and in this way it distinguished itself fundamentally from the civil society sector which responded immediately with both material assistance but also a strong lobbying and advocacy voice.

It appears that the sector's response was mediated by (a) direct self interest as in it would intervene only when the xenophobic violence was clearly seen to present a threat to the operating environment of business operations (b) an understanding that business does not have either the mandate or the responsibility to 'act' (c) a generalized lack of understanding about what was expected of business.

The drivers of corporate behavior are complex. They are usually based less on simple altruism than the broader expectation that the benefits will exceed the costs. Bobby Godsell is the chairman of BUSA and the chief executive of AngloGold Ashanti. He argues,

Business is an analytical category, not a moral concept. Most people talk of business, labour and government as if they were similar concepts. Government is a relatively coherent entity; labour has social cohesion-an injury to one is an injury to all-but the real unit of business is the individual firm. A business's fundamental goal is to be competitive; though there are islands of co-operation between one business and the other. To put it succinctly-socialists have all the good songs; labour has the t-shirts but it's hard to find a capitalist slogan that will get people onto the barricades. Yet capitalism is a good way of organizing economic activity.²⁵

²⁴ Interview with Bobby Godsell in *Building the Nation-a Business Contribution* (2008)

²⁵ *ibid*

The idea that business is distinguished primarily by its financial bottom line is echoed by Alan Fine, Public Affairs Manager for AngloGold Ashanti:

Why is it that corporations should even have a view about the issue of xenophobic violence? I am always surprised that people seem to expect that a corporation should have a 'view' as such. We chose to deal with the issue of the xenophobic violence in a pragmatic way. For us, it was simply an operational issue and not a social-sociological issue.²⁶

It may be said that social justice is at odds with the fundamental logic of business. This sense of a fundamental difference between both sectors is borne out by corporate imagery capturing conditions in the camps. Appendix III and IV illustrates AngloGold Ashanti's depiction of their corporate donation to the camps. The imagery of contented children and well-equipped tents, contradict actual conditions on the ground of resource scarcity and desperation.

The differences in how business and civil society responded to the xenophobic violence, are aptly illustrated not only by how social development or transformation is achieved but the pace by which it is attained. As Godsell states,

Unfortunately many social objectives are denominated in time scales that are not convenient for businessmen or politicians. Businesses have reporting periods and politicians have election cycles. It will, for example, take a generation to improve the quality of South African education.²⁷

Development is often messy, complex and conflicted and accordingly moves at a much slower pace, unlike the logic of business whose natural imperative is to grow to scale and achieve maximum growth in a short period of time. This often means that business looks to short term material gains, not the long term structural shifts in values, relationships and power dynamics which drive systemic change and social transformation.

²⁶ Interview with Alan Fine, Public Affairs Manager for AngloGold Ashanti

²⁷ Interview with Bobby Godsell in *Building the Nation-a Business Contribution* (2008)

Ultimately **this work does not add very much new or even encouraging information to our understanding of the potential for capital to be socially responsive** in a meaningful way.

It confirms what may have been already been common knowledge: that the overall response to the xenophobic violence had strengths as well as weaknesses, civil society over-extended itself in response to the state's inability to manage the crisis, and that the response of the corporate sector was 'business as usual'. This work also speaks encouragingly to a positive outcome for civil society in that it is able to keep issues of social justice on the national agenda. This shows that the liberal concept of civil society as a bulwark against the state, has strong relevance in South Africa.

Several key insights are evident regarding the role of the corporate sector in the response to the xenophobic violence. Firstly

this work captures the puny scale of the corporate sector's contribution to the response, but also a sense of the shallowness of its engagement in the terrain of social justice. When measured against other sectoral responses, it must indicate a strong deficit in commitment to issues of social justice and transformation in South Africa.

This work confirms the

lack of any creative imagining on the part of business to have offered any non-monetary resources.

If the question is posed of whether there is space for an alliance or cooperative relationship between business and civil society, it must acknowledge the issue of what each sector can bring to the table. It is possible for business, government and civil society to have worked together effectively in the response to the violence. It may well be imagined that corporate participation may have been capable of providing the managerial and technical know-how and expertise to enable all the stakeholders in the response to operate in a more synergistic-and therefore effective-fashion.

This work advocates **deepened and renewed cooperation between civil society and the corporate sector.**

Evidence from earlier sections highlights the need for civil society to engage with the market and, for substantive capacity boosts to build alliances and networks, mobilize diverse categories of citizens and undertake advocacy under limited political spaces. How well civil society is able to address these challenges depends on its ability to strengthen itself and achieve autonomy and sustainability. Similarly the corporate sector must be able to deepen and entrench its roots in the society from which it extracts, extending and expanding its linkages with other sectors, and also taking on a more integrated approach to development which involves the state and its citizens as equal stakeholders.

There is an uncritical aspect to the discussions or debates by both sectors. Issues of power and structural change-drivers of social transformation-are largely missing from. The 'business as usual' approach belies the reality of economic injustice. In studying the responses by both sectors to the xenophobic violence as well as the issue of xenophobia itself, the differences in basic orientation between both sectors become pronounced. Civil society concepts of collective action, public interest and mutual cooperation stand in opposition to the competition, individualism and primacy of private interests which underlie the logic of business. They are not willing to enter the political terrain but indirectly and only in ways which advance their own interests. These are deep-rooted differences but it begs the question of whether they are also irreconcilable, given that options for meaningful collaboration are largely absent from the agenda of both sectors. This work recommends that the latter be prioritized.

Appendix I

BUSA MEDIA STATEMENT: XENOPHOBIC ATTACKS

Business Unity South Africa (BUSA) has noted with disbelief extreme concern the current wave of xenophobic attacks that have been visited on foreign nationals. These attacks have done a lot of damage to the country's moral stature, especially in so far as tolerance and inclusion are concerned.

As BUSA we condemn in the strongest possible terms these irrational attacks on foreign nationals. The physical attacks on foreign nationals, coupled with the theft of property on foreign nationals cannot be justified under any circumstances. It is our considered view that these attacks should be treated as criminal offences, and the perpetrators treated as such.

BUSA furthermore calls on the different elements of the law enforcement agencies to redouble their efforts to ensure that calm is restored, and that the perpetrators are arrested. In particular, we urge the intelligence arm of the police to pro-actively gather "intelligence data" to ensure that the attacks that have been seen over the last few days are arrested before they occur. The prosecutorial arm of the criminal justice system should ensure that justice does take place with immediacy and with fairness.

We welcome the swift action that has been taken by the government to establish a Panel to investigate the sources of the violence. BUSA believes that there may have been elements in our community who might have taken advantage of the genuine hardships faced by the South African people. However, no amount of economic hardship and discontent can ever justify criminal activity and bigotry that have characterised these attacks. While cognisant of the challenges regarding poor service delivery and rising cost of living in some parts of the country, we reject the view that these problems warrant these attacks on foreign nationals.

As the voice of organised business, we are conscious of the criticism that has been continuously directed at business, namely that we are quick to hire foreign nationals at the expense of South Africa – often offering low wages. As BUSA we look forward to working with the panel to discuss these charges.

South Africa is a signatory to the Geneva Protocol on Refugees and South Africans in government and civil society should ensure that we fulfil our obligations as outlined in this protocol. We indeed agree with the Cabinet Statement that *"South African laws protect all foreign nationals, whether they are here legally or otherwise and any violent behaviour towards foreign nationals must be rejected by all"*

Appendix II



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22 May 2008

Dear All

MISSION BY BUSINESS TO ALEXANDRA TO CONDEMN XENOPHOBIC ATTACKS

Business Unity South Africa is highly distressed by the incidents of the last two weeks where foreign nationals were attacked. These attacks have done a lot of damage to the country's image, especially in so far as tolerance and inclusion are concerned. In this regard the new President of Business Unity South Africa (BUS A), Mr Brian Molefe, and BUS A's Chairman, Mr Bobby Godsell, led a business delegation to lend our voice to the national outcry that has arisen since the first attacks occurred in Alexandra township in Gauteng. The mission included amongst others, Solly Sithole, Executive Director at Pamodzi, CEO at Transnet, Maria Ramos, CEO of the Chamber of Mines, Mzolisi Diliza, CEO of First Rand Bank, Sizwe Nxasana and CEO of the Banking Council, Cas Coovadia.

In Alexandra, the fact-finding and solidarity-giving business mission listened to community members and applauded the great work that they are doing in arresting the spate of violence. The delegation furthermore visited the Alexandra Police station where some of the victims are being kept. BUS A expressed its support for the excellent assistance that the police are giving the victims and called for more support from the private sector.

Businesses wishing to provide assistance can contact the Gauteng Disaster Management Centre, which is located at Unit 4 (Continuity SA) Growth Point Commercial Park, C/O Old Pretoria Road and Tonetti Str, Midrand. Tel: 011) 655 4400 (Chris Engelbrecht) or Colien Deiner at 082 490 9973



MEMBER: Patrick Molefe (BUS A) Bobby Godsell
MEMBER: Cas Coovadia Pamela Madana Patti Mokohe Debra Perold GO Jerry Vilakazi

Appendix III



AngloGold Ashanti employees donating supplies to a temporary camp in Midrand, Gauteng

Appendix IV



AngloGold Ashanti employees donating blankets to a temporary camp in Midrand, Gauteng

Appendix V

List of Interviews conducted in person

Institution	Interviewee	Interviewee Designation	Date
AngloGold Ashanti 76 Jeppe Street T:011 637 6000	Mr. Alan Fine	AngloGold Ashanti, Public Affairs Manager	10/09/09
APF (Anti Privatisation Forum)	Dr. Dale McKinley	Activist and development consultant	20/07/09
BUSA 3 Gwen Lane Sandton Jhb T:011 784 8000 F:086 652 1214	Mr Kganki Matabane	BUSA Transformation Director	10/09/09
Business Leadership 3 Rockridge Road Parktown, Jhb T:011 356 4650 F:011 726 4705	Ms. Frieda Dowie	Director of Business Leadership	09/09/09
CoRMSA 23 Jorrisen Street 5th floor Braamfontein Center Jhb T:011 403 7560 F:011 403 7559	Mr. Duncan Breen	CoRMSA programme officer	14/07/09
CSVR 23 Jorissen Street Braamfontein Center Jhb T:011 403 5640 F:011 339 6785	Ms. Nomfundo Mogapi	Head of CSVR's Trauma Clinic	12/08/09
Impala Platinum Mines 2 Fricker Road Illovo Jhb T:011 731 9000 F:011 731 9524	Mr. Pierre Lourens	Implats Mine Manager	21/09/09

THE RESPONSE OF THE CORPORATE SECTOR TO THE MAY 2008
XENOPHOBIC VIOLENCE

<p>MSF or Doctors without Borders 79 Pritchard Street Jhb T: 011 403 4440</p>	<p>Ms. Bianca Tolboom</p>	<p>Nurse</p>	<p>05/08/09</p>
<p>Sonke Gender Justice 41 de Korte Street Sable Center Jhb T: 011 339 3589 F: 011 339 6503</p>	<p>Mr. Jean Pierre Kalala</p>	<p>Researcher</p>	<p>06/08/09</p>
<p>Tshikululu Social Investment Fund 28 Harrison Street Marshalltown T: 011 377 7300 F: 011 834 3682</p>	<p>Mr. Francois Witbooi</p>	<p>Client Relationship Manager</p>	<p>10/07/09</p>
<p>Tshikululu Social Investment Fund 28 Harrison Street Marshalltown T: 011 377 7300 F: 011 834 3682</p>	<p>Ms. Deepa Patel</p>	<p>Senior CSI Practitioner</p>	<p>10/07/09</p>

List of Telephonic Interviews

Institution	Interviewee	Interviewee Designation	Date
Anglo American 44 Main Street Johannesburg T: 011 638 9111 F: 011 638 0112	Mr. Pranill Ramchander	Spokesperson	15/08/09
Anglo Platinum 55 Marshall Street Johannesburg T: 011 373 6317 F: 011 373 6318	Mr Simon Thobela	Spokesperson	08/09/09
NEDLAC 14a Jellicoe Avenue NEDLAC House Rosebank T: 011 328 4200 F: 011 447 6053	Ms. Matshidiso Lithebe	Development Chamber Coordinator	08/09/09
Chamber of Mines 5 Hollard Street Johannesburg T: 011 498 7100 F: 011 834 1884	Dr. Elize Strydom	Negotiator	21/09/09
Pamodzi Gold Eastgate Office Park 2nd Floor Bruma T: 011 417 5960	Office of Graham Chamberlain	Pamodzi Mine Manager	15/09/09
DRD Gold 299 Pendoring Ave Randburg T: 011 219 8700 F: 011 476 2637	James Rair	Investor Relations	14/09/09
NUM 7 Rissik Street Johannesburg T: 011 377 2000 F: 011 377 2001	Glenn Mpufane		

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