Unpacking the behaviour of South Africa’s multinational corporations in the African continent: The case of mining and hospitality sectors

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Introduction

The paper is divided into two sections or parts. The first part is composed of the mining and the second section comprises of the hospitality. Mining plays a significant role in the economy of the Southern African Development Community (SADC) considering its contribution to GDP, exports, and employment (NALEDI, 2006:p. 13). Mining contributes just over 95 of the total output in the SADC region and increases substantially in economies that are dependent on primary sectors (i.e. most sectors except South Africa and Mauritius). However, in the past decade, employment in the mining sector within the SADC region has shrunk by 79% between 1994 and 2000 or 156,478 jobs if we include Lesotho, Tanzania and Malawi. Total employment in mining was 751,115 in 1994 dropping precipitously to 594,637 in the year 2000. South Africa experienced the highest job losses losing about 198,294 or over a third of the total jobs lost in the mining sector.

The apartheid imposed negative restrictions to the development of South Africa and the continent since the former had a strong economic muscle to offer to Africa. However, the sanctions imposed to South Africa provided limited space for both competition and economic expansion. This meant that South African companies had to compete against each other in an exhaustive environment. The post-apartheid dispensation afforded the South African multinational corporations with opportunity to compete with other African countries and other global competitors and also to grow in size. This means that South Africa has become a major source of South-South investment to the rest of Africa. Since the advent of democracy in 1994, there has been a very rapid movement of South African firms throughout the continent. A press clipping count of investment projects done by The Edge Institute in mid-2004 argued that there were over 600 projects by South African firms in the rest of Africa (Gelp, 2005:p. 201). The number of projects provides a useful indicator of the very rapid and extensive move into Africa by South African companies. In broad terms, the entry of South African companies into Africa is largely market-seeking, and has been driven by the liberalization of regulations and lowering of entry barriers in the host countries. South Africa’s economic expansion through its multinational corporations has been driven by its foreign policy. The post-apartheid environment created an enabling environment for South African companies to expand beyond the continent. Big companies like Mittal Steel, SABMiller, Sasol, Anglo American and Shoprite Checkers in the retail sector operate globally, and their presence has been felt in Asia (China), Europe (England) and the United States of America.

Unlike other traditional investors in Africa like the European and American counterparts who invested in resource-seeking investments, most European and American companies still confine their activities within their traditional sectors of
petroleum, mining and construction whilst South Africa has gone further to expand and penetrate other sectors of Africa’s economies. South Africa sectoral distribution is also interesting: about 15 percent of these projects were in mining, very few in Agriculture and only 20 percent in manufacturing. The vast majority were in service industries, in utilities, hospitalities, tourism, construction, retail, IT and banking. South Africa’s expansion and penetration into Africa over the past 10 years has contributed in ways that are significant to the socio-economic growth that we see on the continent (Dlamini: 2005: p. 4) South Africa also contributes to the Gross Domestic Product of the host countries and also human development. Conversely, South Africa’s multinational corporations in Africa are no different to other transnational corporations, for example uneven handedness of workers or different labour practices in diverse countries, for example some South African companies like AngloGold do not recognize or allow trade unions to organize whilst others do, especially in the country of origin like Ghana and South Africa.

South Africa’s economic expansion into Africa in the form of its multinational corporations has a potential to stimulate growth in countries with human capital deficit, which is caused by a lack of strategic investment in people development in Africa, poor infrastructure, the issue of corruption and lack of certainty regarding the rule of law. According to Kuseni Dlamini (2005:p. 5), South Africa has become one of the top 10 investors in most African countries and also one of the top 10 trading partners. European and American companies, which historically dominated the African business landscape are facing stiff competition from South African and Chinese companies, which is determined to increase their investment share and market opportunities in Africa. This trend is set to redefine the balance of economic power in ways that are very fundamental. According to Dlamini (2005:p.5), the African business landscape is more contested now than it has ever been. The deepening of economic ties by South Africa and China in Africa is one of the most noticeable features of the emerging South-South relationship which gives choice to Africa or political space (i.e. the China-Africa relationship provides policy space which is the antithesis of the World Bank and International Monitory Fund. This relationship has a potential to unchain Africa from the centuries of economic slavery with the developed North and has created enormous debate, especially from the old relaxed traditional investors. On the contrary, the majority of the multinational corporations from the developed world take into account the limitations of investing in countries with weak infrastructure, lack of good governance, democracy and corruption.

**South Africa’s approaches to its multinational corporations in Africa**

The former Minister of Public Enterprize, Jeff Hadebe noted that South Africa’s regional dominance and its role as an economic powerhouse is indisputable, but this dominance has no space for hegemonic tendencies. Instead, Hadebe argued that this dominance should be used as a mechanism to bridge the divide between South Africa and the region. According to Jeff Hadebe (2004:p.2), South Africa has no aspiration to become an imperialist power in the continent. There are possible ways of preventing this from happening and one of them could include a regulatory and reporting system facilitated through the South African parliament and managed
through the framework that the African parliament would provide. Hadebe noted the following efforts undertaken by his department:

In our own small way, we have instructed our (state owned enterprises) to ‘conduct their business in Africa with the utmost probity and with irreproachable ethics. In countries where they operate they must consciously and deliberately promote employment, particularly of women and the disabled, help develop small, medium and micro enterprises (SMMEs), procure goods and services, and work alongside communities at all times to secure their well-being. At all times, due deference to local law and the custom must be central to their attitude and approach to work. In essence, they must integrate commercial viability and returns on investment with the need to encourage sustainable development towards the upliftment of communities and national/regional economies.” At this stage we do not have separate monitoring structures in place to oversee the activity of State Owned Enterprises in Africa, other than the instruction we have given them and the requirements of the Public Finance Management Act (PFMA). I suggested that perhaps a special Code of Conduct may be one way to go. Another suggestion has been that all State Owned Enterprises operating in Africa should report regularly to Parliament, according to specific requirements, so that Parliament can play an oversight role. It may be too, that the African Parliament may be a useful instrument to act as a guardian of all development activity in Africa (SARPN, 2004, p.2).

On the contrary, the high barriers to enter make it difficult for new entrants to participate in the Industry (NALEDI, 2006: p). For example, small scale and artisan miners cannot compete with established mining companies and confronts multiple challenges such as cost of capital, lack of skills and access to markets. This tends to defeat the purpose of South Africa’s multinational corporations in Africa i.e. develop small, medium and micro enterprises.

The Minister concluded by saying that South Africa’s role in the continent should be one of partnership aimed at development with a people centered approach. Whilst there is a lack of regulatory mechanism to monitor the behaviour of South African multinational corporations, in practice the people centered approach is the opposite. For example, the private owned enterprises power far outweighs those of the host countries and decisions taken by the local recognised institutions like the Department of Labour are over-looked or negated in the majority of these countries. Unions at the Geita Mine (the company controlled by Anglogold Ashanti) is the case in point where a number of workers who are union members were dismissed but won the cases but were never re-instated despite the support from the Department of Labour. Hadebe’s approach to South Africa’s MNC’s should not only be confined to government-to-government relations since agreements are sometimes unclear, confidential and the fact that other governments accept bribery from the MNC’s and as a result people-centered development is undermined. Therefore, there is a call for multi-bilateral relations to monitor MNCs, for example bilateral between Trade Union Federations of the country of origin and the host or sector union affiliates, while on the other hand, watchdog organizations like civil society e.g. Transparency International or Human Rights Watch should be an important source of information. Managing multinational corporations should not be a one size fits all but a combination of approaches which
are inclusive in nature. Since the ILO Guideline suggests that multinational corporations should respect each country’s sovereignty, a multi-stakeholder partnership could help to support the weaker governments. Such collaboration with all the stakeholders including government and civil society could assist in complying with the ILO Guidelines and the host countries’ laws.

**South Africa’s investments in the continent of Africa**

Foreign Direct Investment flows into Africa from other developing countries have increased with two major sources, Asia and South Africa. Asia is the leading source while South Africa is the second major source of FDI in Africa. For the period 1994 to 2003 South African investment in the SADC was 25% (in dollar terms) of total foreign direct investment (FDI) flowing into the SADC region while South African companies invested R22.8 billion during the same period, and the trade balance was 9:1 in favour of South Africa (Southern African Regional Poverty Network (2004:p. 3). Naidoo and Lutchman noted that in 2001, total South African foreign investment in Africa amounted to R26.8 billion which was an increase of approximately R2.7bn over the 2000 figure and a 300% increase over five years. According to SARPN, the biggest recipient of South African investment is Mozambique, which according to BusinessMap has eclipsed Zimbabwe to become South Africa’s largest trading partner followed by the Democratic Republic of Congo (SARPN 2004). South African companies have invested largely in the resources sector in SADC countries.

**Economic development and the uneven-handedness of workers within South Africa’s multinational corporations in mining in Africa**

The mining sector has enormous development potential in Africa since it is the main employer behind agriculture, generates foreign currency or earnings, pays better than other sectors and contributes a lot to the Gross Domestic Products and also provides tax. Conversely, incentive ranges from liberalizing investment such as tax holidays, special corporate tax rates fro TNC, removal of import duties, 100% foreign ownership, repatriation of profits, removal of the need to employ local contractors and the granting of extensive land, water, and other concessions sometimes reverses the gains made.

In other African countries mining has become a curse than blessing, for example in countries like the Democratic Republic of Congo, Equitorial Guinea, mineral resources have been the source of wars and coup de tat. Whilst in other countries like Zimbabwe, Tanzania, Namibia, Botswana, Zambia, Ghana and South Africa, mining contributes to infrastructure development, human and economic development, whilst in other countries there has been very little skill transfers, for example in Freda Rebecca Mine in Zimbabwe.

The noticeable feature in different mines is the uneven wage trends or income earnings. It came out in the research that workers in the company’s country of origin like in South Africa and Ghana receive higher wages as opposed to workers in Tanzania and Zimbabwe whilst workers who are unionized do not receive equal treatment as opposed to non-unionized workers who are entitled to promotion and non-discrimination. Workers who challenge the management on issues ranging from union recognition and wages experience dismissals in most of the cases. Whilst mining companies like AngloGold recognize unions or allow unions to organize in the
workplace, Geita mine which is owned by AngloGold Ashanti of Ghana does not recognize unions, and in many instances where workers have won cases, they tend to ignore the ruling and stick into initial dismissals. As a consequence, the majority of workers in Tanzania Geita Mines do not want to join unions due to the fear of dismissals whilst workers in Ghana and South Africa working for the same company are full members of the unions. The worst scenario is the gloss-over of decisions taken by the government or Department of labour in favour of workers. On the other hand, in some countries like Tanzania the government has resorted to the same old authoritarian methods employed by the colonial state that ensured that trade unions were under the control of the state. For example, the Trade Union Dispute (settlement) Act. 1962 virtually abolished strikes by setting up a complex procedure for compulsory arbitration and settlement of labour disputes (Gonza, 2005:p. 148).

The Tanzania Federation of Labour was placed under the supervision and control of the state through the minister responsible for labour matters and who was also appointed the Secretary General of the designated federation. In addition to this, the Civil Service Negotiating Machinery Act. 1962:3, excluded all civil servants from becoming members of any trade union. These legislations create an enabling environment for the multinational corporations but at the expense of workers’ rights. In addition to these legislations, the multinational corporations have rights to institute legislations that are anti-unions, for example union official access shall be responsible for orderly and proper conduct during their presence on the mine property and the agreement does not allow the union to organise workers at the workplace nor display any trade union information or awareness material without it first being scrutinized and approved by management (Gonza: 2005, p.151). The worst scenario is that the management of the Geita Mine in Tanzania uses internal agreement to supersede national labour laws. This is against the ILO guidelines which emphasizes compliance and respect for the sovereign state.

Restructuring
Restructuring has been the visible divide between management and unions. Unlike other democratic processes, restructuring is the prerogative of management in the majority of the mining companies in Africa. This is also the case in Gold Fields in South Africa where the company outsourced even its core functions, namely the mining process itself (the entire production of the shaft has been outsourced to another company). Workers complained that the management takes decisions without meaningful consultation (African Labour Research Network: 2007:p.16). Contract workers who are not covered by recognition agreement are often employed through labour brokers-known as labour hire companies. The brokers retained a significant portion of workers’ earnings as their own fees, thus depriving the workers concerned of job security, benefits and income. The situation has been worse in Gold Fields Ghana where out of 4000 workers from two mining companies only 1141 workers were permanent. About 2 859 workers out of 4000 were employed by sub-contractors. Thus sub-contracted workers constituted over 70 percent of the company’s total workforce. Anglogold’s Navachab mine in Namibia used to rely on sub-contractors but has now changed to employ permanent workers. The Namibian situation is an exceptional case since the union recognition agreement covers even the contract workers who earn the same salaries as permanent workers (African Labour Research
Network: 2007, p.17). Outsourcing and sub-contracting appear to be worst in countries with less respect for workers, especially by multinational corporations. This has been the case in Anglogold’s Geita mine in Tanzania where most of the staff is employed as contract workers and the company took no responsibility for their working conditions. The company’s divisive strategy manifested itself when it informed the subcontractors that they should not enter into any agreements with trade unions without Geita’s approval. Metorex’ Chiluma Mines in Zambia uses similar tactics and has introduced subcontracting as a company policy. Following the privatisation of the mine, the number of the workers has been reduced by half and the company has started to employ a significant number of contract workers.

Wage gaps
A common feature of the wage structures of gold mining companies are the huge income inequalities. The average remuneration of Anglogold Ashanti’s executive directors in South Africa was ZAR5 328 000 (U$ 761 000) a year and this figure increased to ZAR 7 100 000 (U$ 1 014 300) if the gains from share options were included. None executive directors earned only ZAR 200 000 (U$ 28 600) per year while the lowest paid mineworkers earned only ZAR 24 576 (U$3 511). In other words the total earnings of an executive director were 289 times as high as those of the lowest paid mine workers who risked their lives on the job but did not earn enough to sustain their families. The scenario was similar at Gold Fields where executive directors earned 201 times the income of the lowest paid mine workers. Neither, Gold Fields nor the other mining companies had any intention to close this massive income gap, which was increasing all the time. Issues of relevance to workers were simply not given the same attention as those that were of interest to shareholders and managers (African Labour Research Network, 2007:p. 12). In Ghana a local senior staff member earned only about 14% of the salary paid to an expatriate staff member doing the same or similar work. In other words, the expatriate on the minimum pay scale earned US$ 3000 compared to US$ 422 for his or her local Ghanaian counterpart and this translate to a pay ration of 7 is to 1 between the expatriate and his or her local staff counterpart who may have higher or similar qualification.

Long working hours were one of the problems experienced by mineworkers. Gold Fields workers in Ghana worked 8-12 hours per day or 40-60 hours per week. The maximum regular working hours were 40 hours per week and longer hours had to be compensated for through overtime pay. In South Africa, Gold Fields workers were supposed to work no more than 48 hours a week (six 8-hour shift) but many miners work 14-17 hours per shift to benefit from the “performance bonus structure” that the company introduced. In Namibia miners worked about 240 hours each month, which was significantly more than the 45 hours per week that are legally set as the maximum normal working hours. The worst scenario was that of Anglogold’s Geita mine in Tanzania where workers were basically forced to agree on long hours of overtime, although the Tanzanian law protects workers against forced overtime. In the absence of a recognition agreement with the union, the highly autocratic management adopted a shift system that provides for 12-hour shifts per worker, thus essentially forcing them into overtime, whilst in Metorex mine in Zambia, the normal working hours
were 48 hours per week and miners only receive overtime pay if they worked longer than that (African Labour Researchers Network, 2007: p. 13).

**Health and Safety**
The majority of the so-called South African multinational corporations within the mining sector in Africa have undertaken measures to reduce risks associated with health and safety while other companies have glossed-over complying with the national guidelines or laws. Big mining powerhouses like Goldfields and Anglogold Ashanti have implemented health and safety policies to reduce accidents. In the past both Anglogold Ashanti and Gold Fields have experienced injuries and fatalities. For example, in Anglogold Ashanti about 530 mine workers were killed between 2000 and 2002 and there were about 10 211 injuries at its operations worldwide. Health and safety programmes of these companies include training and the elimination of risky behaviour. In addition to the programme, there is a health and safety committee at the workplace and a full compliance programme. In order to ensure continuous monitoring, the companies have developed a comprehensive safety reporting system and tried to minimise health risk behaviour. Conversely, workers in Tanzania Geita Mine were excluded from the health and safety committee and thus had no say how the company policy was implemented and complained that the company was not transparent regarding health and safety issues. This has been the trend in other sectors like hospitality where health and safety is the sole domain of management. In other companies like Anglo Freda Rebecca mine in Zimbabwe more than 120 accidents occurred between 1996 and 2003 and most workers suffered a loss of hearing, as the company had not provided them with the necessary protective clothing (Makwavarara, 2005: p.94). There has been an increase in the number of occupational accidents occurring at Freda Rebecca that have led to it being downgraded to a four-star-rating. According to Makwavarara (2005:p.93), the increase in these occupational accidents occurring at Freda Rebecca has more or less revealed the deterioration in the company’s compliance to internationally-acclaimed occupational safety standards in the mining sector. An interview with employees revealed that:

> “workers did not have adequate protective clothing, for example safety shoes, overalls, gloves and earplugs. Workers argued that the only time that the company seems to try and make sure that workers have adequate protective clothing is when the mine is expecting a health and safety audit.”

On the other hand, the Metorex mine in Zambia did not even have a health and safety committee, and this hampered the implementation of measures to protect worker’s health. Only workers involved in blasting operations received regular training on health and safety issues. In South Africa, Zimbabwe, Tanzania mine workers suffer from lungs and chest pains. The worst scenario is the inability of the Geita Mine in Tanzania to involve workers in the formulation of health and safety policy (African Labour Researchers Network, 2007: p.15)

**Environmental practices**
Both mining powerhouses, Gold Fields and Anglogold have environmental policies which state that the companies will attempt to improve their environmental performances and reduce or control pollution, but this tends to be the opposite. In
almost all the countries covered by the study, local communities experience similar problems varying from water pollution, noise, displacement and destruction of agricultural production and vegetation in surrounding areas. With the help of the community policy a number of the people residing near the companies were forcefully removed in Ghana. After community protested, the company promised to rehabilitate the land and this has been the case in Zimbabwe.

**Corporate Social Investments**

Gold mining companies have a reputation for exploiting resources with little benefits for workers and the surrounding communities, the companies introduced “social investments” to improve their image. Gold Fields set up its own foundation and a trust fund which is financed through the company which donates U$0.5 for each ounce of gold produced plus 0.5% of its pre-tax profit (African Labour Research Network, 2007: p.19). The foundation and trust fund then use these resources for educational, health and community development projects. In South Africa these include support for schools, universities, clinics, hospitals, nursing colleges and community-based health care projects for people living with HIV/AIDS. Likewise, the company’s trust fund in Ghana supports various educational and health projects in local communities. Between 2002 and 2003, the fund spent about U$3 million on such projects.

**Anglogold** has adopted a similar approach and supports various community projects (for example the Nyakabale Agriculture Project in Tanzania), HIV/AIDS programmes, health centers and schools such as the Ebenhaeser primary school in Namibia and the Chipadze secondary in Zimbabwe. The company also provides loans for small income-generating activities in Tanzania, as well as donations for AIDS and flood victims. On the other hand, **Metorex** in Zambia has no significant social responsibility investments and merely gives some support for the mine hospital.

**Part II**

**Hospitality study**

**Company Profile and ownership**

Southern Sun is a South African based hotel group with its head offices in Johannesburg and was formed in 1969 by South African Breweries (SAB) and Sol Kerzner. The group has a collection of about 80 hotels with 13 125 rooms. Since its inception, the company has undergone a number of changes. In 1983 SAB splits its hotel interests into Southern Sun and Sun International which saw Sol Kerzner leaving the former to head the latter. In 2000, Southern Sun sold its stake in Sun International to Kersaf. Today, Sun International’s operations include resorts, luxury hotel products and casinos in 14 jurisdictions in South Africa, Zambia, Botswana, Namibia, Lesotho and Swaziland.

Southern Sun operations include Zambia Royal Livingstone and Zambesi Sun (100 percent ownership), Namibia-Kalahari Sands (100 percent ownership), Botswana-Gaborone Sun (80 percent ownership), Swaziland-Royal Swazi Sun and Ezulwini Sun (51 percent ownership) and Lesotho-Lesotho Sun/Maseru Sun and Lugogo Sun. In addition to Southern Sun operations in Southern African region, the group has
invested in six African countries, namely Kenya, Zambia, Seychelles, Tanzania, Mozambique and Rwanda.

In South Africa, the group’s hotel brands have since developed to include InterContinental Southern Sun Hotels, Southern Sun Collection, Crown Plaza, Southern Sun hotels, and resorts, Southern Sun Time Share Resorts, Holiday Inn, Holiday Inn Garden Court, Express Holiday Inn, Formula 1 and Formulae Inn. About 58% of the rooms used by Southern Sun are from the Holiday Inn brand. Southern Sun is the largest independent franchisee of Holiday Inn worldwide.

**Company performance and employment**

The group’s turnover exceeds R2 billion per annum. In 2005, the Group’s revenue stood at R5.1 billion and was 15% ahead of 2004 figures and its level of profitability is attributed to programmes of revenue optimization, cost productivity performance and aggressive marketing. It employs about 3 500 workers in South Africa with 62% of the workforce being African employees, 18% white, 12% Asian and 7% coloured. In Africa, Sun International employs about 8 000 people.

According to the 2005 Annual Report of Sun International, the group’s skills development remains a priority and includes ongoing training and development to enhance the customer experience, to improve productivity and provide workers with fulfilling and rewarding careers. However, workers in Southern Sun and Sun International in South Africa have challenged the companies’ notion of career development support and training. The majority of the workers argued that the training oriented to promotion is directed to white and Indian workers whilst black workers contribute to the development of the former (white and Indian workers) but remain at the bottom of the ladder. About 47% of the workforce comprises of female employees. According to shopstewards by the end of 2005 Southern Sun Group will re-brand Holiday Inn to Garden Courts (African Labour Research Network, 2007: p. 46).

**Drivers and prospects for expansion**

Given that South Africa has power to regulate the number of casinos which are limited by legislation, there are few opportunities for new development. Of the 40 permissible licenses, 33 have been awarded and Sun International does not see scope or market for further large casinos in the short and medium term (Annual Report, 2005: p. 13). Therefore, Sun International continues to explore opportunities beyond the South African borders. Currently, the group is involved in providing technical and management services to the Khafari Group, developer of the Ghalib integrated resort at Marsa Alam on the Red Sea in Egypt and the total investment amount would amount to US$150 million. In addition to this, the group’s management has undertaken a number of visits to Angola and Nigeria to examine hotel and casino opportunities. The group is also exploring two potential projects, at Reinham in the Thames Gateway to the east of London and in the lower Don Valley at Sheffield. Sun International operates 19 casinos in southern Africa including 12 of the 32 casinos operating in South Africa. The group is the leading casino operator in Africa and enjoys a 43% share of the South African casino.
**International markets**
The group’s major international market is the United Kingdom which generated 58 000 room nights, 11.5% ahead of the previous year with Zambia enjoying most of the increase. The Asian market is significant for the group and declined by 185 compared to 2004 while the North American market continued to perform well generating 7% growth, while the German market was impacted by the weak economic climate. Sun International is actively promoted in China which is seen as a market with tremendous potential while new opportunities are being explored in India and Scandinavia (African Labour Research Network, 2007:p.47).

**Study Background and employment trend**
The study explores the South African multinational corporations involved in the hospitality sector in Africa. It assesses the behaviour of Sun International/Southern Sun in the African continent and Cresta Crossroads hotel. About six countries were involved in the study, namely, South Africa, Ghana, Namibia, Zambia, Malawi and Zimbabwe. Sun International in other African countries is controlled by the parent company in South Africa. Although Southern Sun Group major shareholders in South Africa are mainly black people but its management remains largely white and no significant empowerment has taken place. According to the shopstewards, white workers still receive a preferential treatment and get promoted easily. A trend similar to mining is that non-unionised workers are the preferred candidates for promotion.

The uneven-handedness of workers in Southern Sun in South Africa is an indication of the trend emerging in other countries of operation in the African continent. In South Africa workers complained that promotion were the reserve of the white people. Despite the Employment Equity Plan which states that internal candidates would be given preference to fill vacancies, the company continues to employ externally, and mainly whites who do not necessarily have the required skills and experience required for a particular position. It appears that the white candidates who get employed to the senior positions at the expense of the long serving black workers receive mentorship from the latter and subsequently become their superiors. In addition to this, blacks who are promoted to posts previously occupied by white workers are paid less compared to their predecessors. A common axiom is that casualization only applies to black workers and this has been the trend in all the countries where the company has visible operations.

Unlike in mining, the employment trend shows that the majority of workers are permanent as opposed to temporary and casual employment but it has emerged that casual employment is growing, especially in Kalahari Sands in Namibia and worse in Zambia where the number of casual workers far outweighs that of permanent workers i.e. 1000 out of 529 permanent workers are casual workers. The growing employment of casual workers contradicts the mission of the majority of the Sun International which says: “We are in business-not for profit but for development.” The majority of the workers occupying lower ranks are drawn from disadvantaged communities whilst the management is composed of expatriates.
Restructuring and management
The common trend emerging in the majority of the South African multinational corporations is that most senior positions are occupied by expatriates and the local people occupy the lower ranks. The South African multinational company, Southern Sun uses outsourcing as a strategy to minimise labour costs in both South Africa and the countries of operations. Restructuring remains a permanent feature of the Southern Sun Group business activities. The most recent restructuring is name change of Holiday Inn to Garden Court. The company sees the name change as a strategy to strengthen the brand and its African image. In South Africa, the unskilled workers were the worse affected by the company’s restructuring. It is estimated that between 4000 and 7000 workers were retrenched by the company over the past few years and no social plan was put in place to assist the retrenched employees (African Labour Research Network, 2007:p. 60).

The research revealed that workers who were affected by outsourcing were either absorbed by the outsourcing companies or retrenched. Employees that were retrenched and recruited by the labour brokers had their wages and employment conditions reduced. Workers absorbed by the outsource companies reported that they have not received an increase since 1998. The 2002 Sustainability Report of Southern Sun stated that the cyclic nature of the hospitality sector favours the use of the non permanent flexible employment. For Example in South Africa, the company uses Prestige (labour broker) to outsource non-core functions while in Zambia it uses Equal Access where it draws the majority of casual workers who only have contracts with the labour broker and not the main company.

The research reveals that over two-thirds of workers in Sun International Zambia Limited are casual employees and have worked for the labour broker for more than three years. Casual employees working in Southern Sun in South Africa do not have standard working hours and this appears to be the trend in most South Africa’s hotel companies. In some cases, the management determines the working hours. The research revealed that casual workers are forced to work overtime and in defiance of the management’s instruction to work overtime, casual workers receive penalty, for example not given work for a certain period of time. Kalahari Sands and Casino in Namibia does not use casual workers but subcontractors. This is also the case in ZimSun where the company outsources activities like security and catering. In an attempt to organize casual workers, South African Catering and Commercial Workers Union (SACCAWU) argued that workers are threatened with dismissal should they join union. This violation of the freedom of association is also common in the mining industry, especially in countries like Tanzania.

Minimum wage
It should be noted that the multinational corporations play an important role in income earnings. While the majority of the companies pay far above the national minimum wage, some pay far below the required national standard. For example, in Zambia the minimum wage is US$ 241 while Sun International pays about US$71-93 which is far below the country’s minimum wage (African Labour Research Network, 2007:p.12).
The research reveals that the management is against the minimum wages and Conditions of Service Act and is a strong proponent of its abolition. The application of different wage standards in different African countries is a major concern for unions. The minimum wage in Holiday Inn South Africa which is a subsidiary of Sun International has increased overtime i.e. from R2000 to R2 756 as opposed to Zambia’s Sun International. This wage gap shows the need for unions in all the countries where Sun International operates to take a collective action against the company’s double standards. This has been the case with South Africa’s Shoprite Checkers where trade unions in Africa have rallied together and advocated cross-border bargaining and solidarity in order to overcome uneven-handedness and exploitation.

 Minimum wage levels agreed with all recognised trade unions

<table>
<thead>
<tr>
<th>Union</th>
<th>Core</th>
<th>Scheduled</th>
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<tbody>
<tr>
<td>Republic of South Africa-South African Commercial and Catering Workers Union</td>
<td>R4 092 (TCOE) per month</td>
<td>R19, 63 per hour</td>
</tr>
<tr>
<td>Botswana-The Botswana Commercial and General Workers Union</td>
<td>P1 613 per month</td>
<td>P7. 60 per hour</td>
</tr>
<tr>
<td>Lesotho-National Union of Hotels, Food and allied Workers</td>
<td>M1 552 per month</td>
<td>M7,00 per hour</td>
</tr>
<tr>
<td>Namibia Food and Allied Workers Union</td>
<td>N$1 856 per month</td>
<td>N/A</td>
</tr>
<tr>
<td>Swaziland-Swaziland Hotel, Catering and Allied Workers Union</td>
<td>E2 571 per month</td>
<td>N/A</td>
</tr>
<tr>
<td>Zambia-Hotel Catering and Allied Workers Union of Zambia</td>
<td>K160 000 per month</td>
<td>N/A</td>
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</tbody>
</table>

Source: Sun International 2005 Annual Report

The above table shows huge gaps disparity between workers in South Africa and other countries of operations in the Southern African region. Wage differentials are almost more than half in South Africa when compared to other Southern African countries. These wage trends can be attributed to a number of factors including weaker trade unions, agreements between the company and the governments of the Southern African countries and standard of living. Agreements between the company and the governments may include cheap labour costs which is also an important factor when considering investments from multinational corporations.

 Health, Safety and Environmental management

The research report reveals that in the Cresta Royale Hotel in Ghana there are no written procedures for reporting and investigating accidents and injuries. This lack of written procedures regulating health, safety and environment bears testimony to the 2006 Report on Health and Safety in the Southern African Mines which reveals poor record keeping of accidents and injuries. In many of the South Africa’s multinational corporations operating in the Southern African region, health and safety committees
are non-existent and where the committee exists the majority of the members are derived from management and union representation is very weak. For example Southern Sun in South Africa does have a holistic approach to safety, health and environment and has an environmental committee, but workers are not represented. According to the Southern Sun Research Report of South Africa, shopstewards were not aware of the existence of the company’s environmental management system. This makes it difficult for shopstewards to assess the environmental audit report because union members were not part of the committee and hardly understand the environmental issues or processes.

Cresta Hotel in Malawi and Sun International in Zambia have policies that take into account environmental issues. However, the Zambian Report Research on Sun International revealed that the company has established a health and safety committee meant to give regular briefings to the employees but the union argues that the committee is largely dominated by management and operates with little union involvement. Shopstewards in Kalahari Sands revealed that health and safety and environmental training are non-existent. This contradicts the management which argues that all the employees undergo health and safety training. This appears to be a common trend even in Southern Sun South Africa although union and employees are trained in Holiday Inn Zimbabwe. This uneven application of health and safety standards is a challenge for the weak trade unions in the Southern African region. This is also an indication that unions in the country of origin and those in the host country should unite, share information and act collectively to overcome the multinational corporation’s double standards.

Corporate social responsibility
The research revealed that some companies’ treat capacity building and skills transfer as part of Social Corporate Responsibility. The International Labour Organization (ILO) states that multinational corporations should empower the local people with skills as part of corporate social responsibility. The Cresta Royale hotel has donated sums of money to charity organizations and NGO’s operating in Ghana. This includes raising funds for orphanages across the country whilst in Namibia the company invest in the development of its workers by training employees to become skilled personnel. Similar to South Africa, Kalahari Sands and Casino affords disadvantaged communities with loans and computers to schools.

The Sun International Zambia Limited a social investment policy and is actively involved with the local community. The company supports a number of community based programmes such as sports, orphanages and rehabilitation of social amenities including schools, police stations, prisons, farming projects and HIV/AIDS awareness. The company promised to invest US$200 000 through corporate social investment in the city of Livingstone (Munoku, 2007:p.146).

In South Africa, the company has an extensive corporate social investment portfolio. It invests in a number of charities including income generating activities and sports. The shopstewards acknowledged the extensive role played by the company in developing the communities and local organizations. However, some shopstewards felt that Southern Sun strategically invests in communities from which the company
derives business benefits. For example, Southern Sun supports activities in Alexander because the community is closer to Southern Sun in Sandton (African Labour Research Network, 2007:p.61).

Unions and the multinational corporations in Southern Africa—Where to from now?

Conclusion
In the past decades, the working environment afforded unions with the opportunity to organize permanent workers. With the rise of globalization and the sudden change in the labour market, unions are forced to transform their organizing strategies since the new forms of employment advocate for flexible and unstable labour market. The rise of atypical employment characterized by casualization, employment brokers pose a serious threat to the unions. In most of the countries in southern Africa, permanent employment is shrinking and unions are unable to organize casual and temporary workers. In many countries, casual and temporary forms of employment far outweigh permanent employment. In countries like Tanzania, Zambia, Nigeria and Malawi casual employment almost doubles the number of permanent workers. With the maximum threshold of union membership to be recognized in a certain sector and the growing informal employment, unions bargaining power is under a chronic threat. This poses a challenge for unions to develop new forms of organizing since the new dispensation characterized by flexible labour market calls for new approaches to face globalization and workers’ needs. Globalisation manifests itself in the form of flexible labour market and moves faster than the pace of unions. More than 70 percent of the working class in Zimbabwe is in unprotected, insecure, socially excluded and experience poor working conditions (Zambian Trade Congress Trade Union, 2006: p.5).

The major challenge for unions is to transform their traditional ways of organizing and be able to mobilize and organize in the informal economy since employment in the formal and permanent employment is shrinking. In other African countries like Burkina Faso there is a proliferation of smaller unions and more than six trade union federations and growing casualization in the state employment. In countries like Kenya there are 40 unions and 34 union affiliates in Zimbabwe. This has a tendency to weaken the workers struggle and exacerbates exploitation.

In other countries where there is one federation, membership has decline almost by half. East Africa is becoming a window of multinational corporations. Multinational corporations operating within the mining industry do not want unions and tend to draft individual contracts with unions and therefore collective action is threatened (Chebi, 2006).

The features, traditions and the culture of the multinational corporations in Africa
Traditional investors in Europe and United States of America continue to invest but their contribution is below that of South African multinational corporations in Africa. South Africa has become the largest investor in the Southern African region and is
characterized by Mining, Agriculture, Retail, Energy, Telecommunications, Construction, Banking, Transport, Engineering and Tourism.

The behaviour of the multinational corporations differs from country to country. There are dominant features that characterize the culture of the MNCs. What is common in most of the Southern African region is the relegation of the local people to junior positions with expatriates occupying managerial positions and huge wage disparities and in addition, unionized employees experience discrimination and are not considered for promotion and are vulnerable to retrenchments and dismissals. Some multinational companies are more transparent than others. In most of the cases, few multinational corporations make their annual reports available.

Responses from the multinational corporations in connection with their operations always contradict and distort the reality. In instances where the MNCs are transparent, they do not practice what they advocate. One of the major characteristics of the MNCs is the growing use of casual labour and brokers. Workers who are employed as casual workers experience hardships, since insecurity threatens and violate their rights. The growing use of the reserve labour undermines and threatens the ability of unions to organize.

The major challenge facing unions is to develop strategies to organize casual workers, for example lowering their subscription fees and to promote cross-border organization and regional bargaining. This involves a task to go beyond our borders and fight as a collective unit.

**Implications of weaker labour laws for unions**
The government and employers aim to achieve increased deregulation of the labour market and more labour flexibility. In most countries in Africa labour laws are weak and do not provide adequate protection to workers and trade unions. Deregulation of the labour market coupled with the weaker labour laws in most African countries appears to be the driving factors for multinational corporations to invest in these countries.

**Union’s organizational strategies**
Research from different Southern African countries shows that some sectors and countries are more organized than others but the majority of the countries share a common experience, especially marginalization and exclusion of the local employees in occupying managerial positions. For example, in Ghana, the new Mining and Mineral law which is in the process of being passed seeks to make it compulsory for all mining companies to train local managers and experts with the aim of reducing the proportion of the expatriates in the mining sector under what is known as the ‘localization policy’. This policy is in tandem with the International Labour Organization (ILO) Guidelines, which promote the transfer of human skills to the local or host people.

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1 Ghana’s report on South African Multinational Corporations labour and social performance,
However, in most of the cases, the MNCs gloss-over the ILO Guidelines. It remains a question whether our governments’ who are recipients of taxes from the MNC’s are silent on this or not. Some multinational corporations operating within the mining sector in different African countries pay wages above the national minimum wages whilst others pay wages below the poverty datum line, for example Freda Rebecca in Zimbabwe. Some studies in Africa show that the minimum wages are low in relation to minimum subsistence levels and very low when compared to the earnings of directors. Workers in these countries are forced to supplement their incomes by selling vegetables and fruit. Common in most multinational corporations is that the managerial personnel who are expatriates are paid lucrative wages as opposed to the managerial staff from the host country and the poverty levels amongst workers continues to rise. This problem of exclusion applies to most of the sectors in which the MNCs operate including the hospitality, retail and mining.

The ability for unions to organize on a local or country level has been weakened due to the emergency of splinter unions. Some federations comprise of more than five unions competing in the same sector and this undermines the bargaining power of the union on a national level. For unions to meet the challenges posed by multinational corporations they need to promote “one sector one union principle.” This could help to develop a common and a collective position. Such a process could help to speed up the cross-border or regional organization and help to overcome divisions.

Consequently, this calls for unity at the national, regional and global level. This strategy could prevent the dividing line for example, friction amongst unions organizing in the same sector and different country bargaining approaches that make them vulnerable to the employers, especially the MNC’s. Since there is a growing proliferation of splinter unions in most of the African countries, organizing beyond the national borders could help to relegate existing divisions and advance a common course (worker rights) as opposed to individual union rights. Union federations and networks in Africa call for the promotion of bilateral talks between the unions operating in the host country, where multinational companies operate and the unions in the country where MNCs originate. This could allow unions to compare working conditions in their countries and take collective decisions to fight the multinational companies. There is a call for union federations and network to have a data map to locate the MNCs, their activities and behaviour in Africa.
References


