South African MNCs and HR

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EXECUTIVE SUMMARY

This chapter explores how three South African MNCs ventured north into Africa and what this meant for their practice of HRM. The chapter highlights how each company developed their HR systems under late apartheid, and how they have been adapted since then. It explores what their investments meant for local firms and for workers more generally in their countries of operation. Two of the three firms have placed a strong emphasis on internal HRD and human resource planning orientated towards developing the careers of their staff up to senior management; the third has followed a more mixed model that has not been without controversy.

CASE BACKGROUND

South African retail and manufacturing MNCs have braved the African continent and have been able to maximise on the location, have the benefit of being able to leapfrog from a comparatively big home market and are familiar with the physical and cultural African milieus (White et al., 2019). They have also provided the basis for decent work in a context where there has been a general decline in the proportion of regular decent work since the 1980s, and with this, the area where HR can be practiced. HR as practiced by South African MNEs in Africa has been not without controversy, given the country's racial past, but, has not attracted the same degree of controversy as, say, Chinese (Parente et al, 2019) or Australian MNEs

(Somervile and Green, 2017) across the continent. There are some success stories but at times, the MNCs have not been sensitive enough to local conditions and the needs of people, which is a result of the years of development within the restricted, parochial and secluded environment of apartheid South Africa.

Post the democratic transition in 1994, South African MNCs have extended their reach into the rest of Africa. Briefly, South Africa's relationship with the continent had been complex. The southern African region was the site for the supply of raw materials and it provided labour for the South African mines (Bank, 2019). The latter was due to the desire by the mining houses to keep wages down, given the high costs of deep mining. During this period, South African MNCs were active in Namibia, Botswana, Lesotho and Swaziland, in a range of areas from retail to light manufacturing.

Under apartheid, South African companies operated covertly further afield notwithstanding the fact that there were sanctions imposed on South Africa. Some South African businessmen had relationships with the ruling elite in many African countries. For example, colourful businessman Chris Hellinger leveraged roving activities as an earthmover salesman with the securing of lucrative concessions (ranging from waste removal to a casino) in Angola and Sao Tome; in return, he embarked on a number of social development projects in the latter (Frynas et al, 2003. However, most of his activities proved transitory, and had little lasting effect on job creation across the continent. This was also true for many other South African businessmen operating in Africa under apartheid. Post 1994, the African National Congress came to power and reinstated South Africa's status in Africa, which unlocked additional opportunities for South African MNCs, job creation and the rolling out of HR systems.

In the post apartheid era, a number of areas of industry have managed to secure export success, ranging from motor cars to wine (Wood and Bischoff, 2020). However, other areas have battled to cope with cheap imports, most notably clothing and textiles (Wood and Bischoff, 2019). The latter industry has seen major job losses, and has bifurcated between rural sweatshops and a few high value added niche producers (ibid.). There is a large and progressive body of employment regulation legislation; however, whilst the system works quite well for larger and established employers, it remains more honoured in the breach by many smaller employers and the informal sector (Wood and Bischoff, 2020). Finally, the government has battled to manage corruption, and in a policy malaise has set in; with this has come pessimism (Sebake, 2020), and there has been a drift of capital abroad to offset risk. Yet, some firms have moved into even riskier climes in tropical Africa, taking with them HR models that have proven effective (c.f. Wood and Bischoff, 2020).

Three stage theories of internationalization highlight that in venturing abroad, firms have to overcome the liability of foreignness, and face upfront set up costs

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