

# MICHAEL SPICER

Michael Spicer recently stepped down from his role as CEO of Business Leadership South Africa (BLSA). Here he talks to us about why corporates need to speak out on critical issues facing South Africa.

Michael Spicer believes that business leaders in South Africa today need to understand and engage with social, economic and political issues. Technical skills are no longer sufficient.

His own background is steeped in such engagement and he notes that when he joined Anglo American in the 1980s he was the first person to work in a South African corporate in a formal public affairs position. Today such positions are common.

It was at Anglo that his thinking about business' role in society was honed. In his view Sir Ernest Oppenheimer's famous 1954 dictum that "we aim to earn a profit but to do it in a way that makes a sustainable contribution to the lives of the communities that we work in" was a precursor to the sustainability movement. It captured a number of elements that we have come to understand as sustainability: triple-bottom-line, long-term thinking, community-orientation, and enhancing the viability of communities and the nation as a whole.

During his twenty years with Anglo, Spicer worked very much on the government-business interface and on the widest range of social, economic and political issues. He feels privileged to have been at Anglo during South Africa's transition to democracy when business made a critical contribution to ensuring that the transition was peacefully and successfully concluded.

## **Business' public service role**

Post the crisis of 2008 Spicer is calling for a "rethink of certain aspects of capitalism and a return to the puritan values of earlier years". Of particular importance to him is long-term thinking and avoiding becoming captive to short-term time horizons of institutional investors. Also key is considering the community and the value of the business in its broader context. He has three practical recommendations in this regard.

Firstly, he is calling for a "considerable rethink of executive remuneration which needs to return to earlier values when the differentials between highest and lowest paid were much lower and real performance was much more of a guide". Spicer cites a welcome international trend towards ensuring incentives apply not just in the short term when share prices can be manipulated, but also in the long term. This is one of the issues on which Business Leadership South Africa (BLSA) has a working group and will be making a contribution shortly.

Secondly, Spicer would like to see some of the old Anglo traditions around public roles carried through. At Anglo there was an expectation that executives would take on public roles, with some of them even serving as Members of Parliament. Almost all of the senior executives were chairmen or board members of non-profit organisations, school and university boards. This is a tradition that Spicer recognises many executives in South Africa have, but he feels we need to redouble it. He says we need to "emphasise it as part of national service, of giving back to society, not in a patronising or paternalistic way but one where there is a real involvement". The public role should



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be extended to involve all employees in social giving and volunteering as far as possible. This will help to give employees a feel for what is going on in society and how they can be involved.

Thirdly, and more controversially, Spicer strongly believes that there is a role for corporates to speak out on critical issues. “Just as corporates were very involved in South Africa’s transition to democracy then, so too it is now again time for corporates to become active in national debates.”

Spicer goes on to explain that “we are in a rowdy, vibrant, infant democracy and the constitution which we are all so proud of won’t live unless citizens live it. And citizens include corporate citizens”. The issues on which Spicer believes corporates should have a voice run the gamut, from freedom of expression through to the independence of a variety of institutions.

He recognises that there is some debate as to whether companies should do this singly or collectively through organised business vehicles. A good collective example cited by Spicer is Business Against Crime. He says that many business people were intimately involved in the initiative and it made a notable contribution to addressing one of the key challenges and hindrances to growing the economy. A spin-off was that those involved could encourage others to get involved in myriad ways including local community police forums, street committees, and volunteering at police

stations. It is Spicer’s sense that “people feel a new sense of hope when they are involved”.

Education is a critical issue for South Africa, and one which Spicer feels poses a particular conundrum for business. Companies are doing a lot in terms of training of employees and post-school re-skilling, but the big question remains how to turn around the failing public schooling system. Individual companies give a huge amount of money, time and effort supporting educational non-profits and initiatives. These contributions have benefited individual schools, teachers and pupils around the country, but ultimately the system has not changed.

Spicer would like to see a recalibration so that the private sector has more impact systemically. To do this clearly requires significant partnerships with government. While it is not always clear that government has been willing to entertain such partnerships, where they have existed, most notably as part of the Business Trust, they have made a contribution to society. There is inevitably a political dimension and how to re-engage with government and pursue more partnerships is “one of the hottest topics for business in South Africa today”.

### COP17 caution

Another hot topic of the day is climate change. Here, Spicer believes that water is a more pressing and immediate issue for South Africa. He feels that there is much room for private sector input on the issue – individually and collectively – and that not enough is yet being done.

His view of COP17, in which he is involved as part of the CEO Forum, is that South Africa needs to carefully consider how to position the country given the recent track record of negotiations. “Climate change negotiations are incredibly difficult and complex and we have seen instances of pretty substantial failure and moderate success recently,” explains Spicer.

“One of the views of the CEO Forum is that, notwithstanding the desire to position South Africa at the forefront, it is often wise to under-promise and over-deliver. The global economy is in difficult shape;

so the likelihood of making dramatic breakthroughs has been reduced. How you manage that as a country is very important and the CEO Forum has a role to assist in managing it as ‘Team South Africa’.”

Spicer goes on to say that “South Africa has a very carbon intensive economy. Because we failed to invest in electricity at the appropriate time, we are playing catch up and our options are constrained. We have to work within the given rather than constantly pretending we would rather deal with another set of options. We should be careful about being too ambitious and trying to be leaders when other countries are reviewing where they have got to.”

### Leadership for the long term

Returning to the theme that leaders today have to understand the broader societal issues, Spicer emphasises that they need to integrate a long-term perspective into the businesses. “Sustainability has no meaning if it doesn’t mean the longer term.”

He feels that the imperatives of ‘quarteritis’ are perverse in that they take people’s eyes off what the real long-term wealth creation issues are. For him the best entrepreneurs are those that always have clear long-term vision of where they want to go.

It is here that the chairman and board members have a very strong role to play. They need to ensure executives share their vision and longer term views. However, cautions Spicer, “the eternal thing about governance is that you have to populate the words with the spirit. Spirit comes from human beings. You can never legislate behaviour. It is about values, culture and leadership.”

“As we navigate difficult times, without being starry-eyed, the role of leaders is to give realistic hope, to be positive, to be engaged and proactive. To face down company issues and be part of societal issues. That will lead to sustainability of our market democracy and to a system where business can flourish, create wealth and provide tax revenues for government to fulfil its appropriate role in funding public entities and public goods.” ☉

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