SASBO
THE FINANCE UNION

SASBO - THE FINANCE UNION

SASBO POLICY DOCUMENT

SASBO AND DISHONESTY

SEPTEMBER 1993

INTRODUCTION TO SASBO'S POLICY ON EMPLOYEE DISHONESTY

In the early 1990's when internal fraud, theft and dishonesty became an issue of major concern, SASBO members decided to state their position on all forms of employee dishonesty.

They expressed the view that criminals should be rooted out of the finance sector, because, *inter alia:*

- People of low integrity have no place in finance.
- Criminals also defraud their colleagues.
- Reduced profits through fraud would mean lower pay increases.
- Criminals pollute the working environment and their actions cast suspicion on everyone around them.
- When crimes take place, innocent employees are accused of not exercising sufficient vigilance and are subject to disciplinary actions, including dismissal.

The SASBO National Council, therefore, instructed their Union not to protect guilty personnel. Yet they believed that accused members should receive a fair hearing.

As a Union representing the interests of employees in a highly vulnerable workplace such as that found in the finance sector, SASBO, then, had a duty to condemn staff defalcation and fraud in the strongest terms, and to play whatever role that was necessary in ensuring that offenders were removed from the system.

The need for SASBO to have a documented policy on the handling of cases involving theft, fraud and dishonesty, when its members were accused of being involved, was obvious.

Applying the above principles, and aided by its legal advisors, SASBO's National Council, in September 1993, adopted the following policy on dishonesty:

SASBO'S POLICY

- SASBO cautions its members, and prospective members, that it stands squarely behind the traditions of honour and honesty, which are the hallmarks of bank and other finance industry employees' integrity.

- SASBO, in dealing with disciplinary allegations involving dishonesty, regards the accused as innocent until proven guilty, this on a preponderance of probabilities, or until the accused admits to guilt.

- SASBO recognises that there are established and well-documented principles and procedures which protect the rights of an accused. SASBO will, at all times, ensure that employers seeking to take disciplinary action against alleged perpetrators of dishonest acts, do so strictly in terms of these principles and procedures.

- SASBO, furthermore, will continue to urge employers to provide the highest level industrial relations training for those senior employees required to chair, or otherwise be involved in disciplinary enquiries, to ensure that only suitably trained and qualified personnel may deal with cases involving alleged dishonesty.

- SASBO, in circumstances where it appears that members have been wrongly accused, for whatever reason, will defend such members with all the vigour and skill at its disposal.

- SASBO notes that, in many cases, the accused member will not admit to guilt. Such members will invariably be given the benefit of the doubt and will be entitled to a SASBO defense at any disciplinary enquiry that may ensue.

- In the event that a member admits to being guilty of the misconduct alleged, or if the evidence pointing to guilt is conclusive, SASBO, if required, will represent the accused member, as opposed to defending such member, to ensure that there is procedural and substantive fairness in the disciplinary sanction imposed.

- Where the accused member has admitted to guilt, SASBO will take cognisance of the circumstances surrounding, and the context of, such admission, and of any remorse that the accused may demonstrate, in order to ensure a just and fair outcome.

- SASBO's role in proven or admitted cases of members' dishonesty will be to represent the accused in a caring and compassionate manner. SASBO is aware that many of those guilty of defalcations are not unemotional criminals, and that many succumb to the temptation of dishonesty because they can no longer cope with personal financial problems. SASBO is also aware that others may do so because their families are under threat from criminal elements.

- It is SASBO's task to bring all mitigating circumstances to management's attention and to ensure that the guilty party is humanely treated. In cases meriting compassion, SASBO will:

  - Endeavour to persuade management not to press criminal charges.

  - Endeavour to persuade the bank to allow the individual to resign instead of being dismissed.

  - Endeavour, under special circumstances, to persuade the bank to make a notice payment.

- Should it become indisputably apparent to SASBO, in the course of the disciplinary enquiry, that the accused has lied to the Union, SASBO will immediately cease its defense of the accused. Whether or not, in such instances, the representing SASBO official will continue to represent the accused, and plead in mitigation, will be left to the SASBO official to decide.

DEFINITIONS

Preponderance (or Balance) of Probability

There is a reasonable degree of probability that the accused is guilty, but not to the extent that is required in a criminal case where it must be proved beyond reasonable doubt that the accused is guilty. If the evidence is such that the Chairperson of a disciplinary enquiry can find that the accused is more probably guilty than not guilty, then the burden of a finding of guilty is discharged, but if the probabilities are equal, it is not.

Mitigating Circumstances

Mitigating circumstances are often circumstances that prevail that may be held to lessen the culpability of an offender.

Procedural Fairness

In order for a disciplinary sanction to be fair, the disciplinary action must have followed a procedure that provided an opportunity for the member facing disciplinary action to hear the charges, to participate in an open enquiry, be informed of the judgement, and be allowed to appeal against a finding of guilty and the sanction imposed.

Substantive Fairness

The disciplinary action must take place for a proper reason and the Chairperson must consider the appropriate penalty for the offence committed in the light of evidence presented.

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POLICY DOCUMENT

SASBO ECONOMIC POLICY

AUGUST 1999

SASBO ECONOMIC POLICY

SASBO's approach to the management of the South African economy, for the benefit of all its people, is shaped by the four pillars which underpin our union's value system. We are:

- Politically non-aligned
- In favour of wealth creation, and not anti-capital
- In favour of profit as a driver of economic activity and motivations, but are against profiteering
- For workers' rights, but not anti-management

SASBO's overarching philosophical stance is best defined by the slogan "capitalism with a conscience."

Our union's proposed approach to managing the critical economic dimension of our country is based on the premise that only a vibrant and growing economy can provide the resourses needed to implement bold and imaginative programmes to increase living standards for all. We therefore believe that:

- Lifting the economy's growth performance to its latent potential of 5-6% annual growth on a sustainable basis, must be the primary aim of our economic strategy. Only adequate levels of growth can create the wealth required to fund sustained development and consistently rising living standards for all.

- Transformation should thus, in the first instance, aim to restructure the economy for better efficiency, financial soundness and significantly enhanced performance.

- Economic policies or transformation measures which undermine the growth potential for purely political motives, therefore, must be avoided, because they will ultimately only entrench economic inequality and perpetuate poverty.

- If political success and stability are to last, they must be built on a foundation of economic success.

- Initiatives and creativity of individuals are the driving forces of economic dynamics and social development. They must not be undermined by favouring collectivist policies.

- Physical safety, economic security and certainty, appropriate skills development, the creation of a strong work ethic, macro-economic stability and an attractive environment for local and foreign investors, are key ingredients.

- Unless our economy can be made successful in the context of vigorous global competition, we will be unable meaningfully to address inequalities, poverty and the many social problems that are not only a legacy of our apartheid past, but which are features also characterising other developing countries.

The challenges facing South Africa are not unique; many of these are faced by other economies in Africa, Asia and Latin America. In South Africa's case, however, they were heightened and grievously aggravated by the deprivations caused to a large section of the population by apartheid. That policy also produced major distortions in the structure of the economy and in wealth, income and capacity distribution which are major obstacles to faster growth.

Past policies have clearly produced a stunted society and a weak human capital base. They also left us with an economy which was neither capable of growing fast even after the removal of apartheid shackles, nor one that can openly compete in its present form in the new global economy. Both aspects need to be repaired. They need to be addressed by specific policies, which need to be put into place simultaneously.

Political democratisation has increased the challenges faced by economic policy, by adding heightening expectations and adding additional time pressures. This pressure should not, however, detract from the goal of implementing economic strategies and policies which are sound, constructive and effective, free from populist features and thus do not undermine the wealth creation process in our economy.

SASBO believes that any economic strategy for South Africa needs to set itself four basic objectives, in the following sequence:

- Rapidly and systematically developing the potential of the economy at large – both the modern economy as a driver, and uplifting the subsistence component.
- Improving global competitiveness in recognition of the inevitability of international economic integration.
- Addressing the legacy of the past, by empowering and economically enabling previously disadvantaged members of society.
- Raising standards of living consistently and progressively in both urban and rural areas.

SASBO'S STRATEGY FOR ECONOMIC TRANSFORMATION

"Growth with social conscience"

We attach three objectives to our strategy for transformation:

- Creating an economy capable of growing at 5 – 6% per annum on a sustained basis.
- Spreading the benefits of that growth more evenly among the population.
- Systematically addressing socio-economic backlogs and inequalities.

We believe the strategy has to be applied in three areas:

- The modern, first world, economy needs to be made more competitive and enabled to realise its latent performance potential.
- Economic development needs to be broadened beyond the current core areas, and beyond the urban economy.
- Enablement of previously disadvantaged or neglected populations, both to uplift them, and to enable them to help themselves. This will improve wealth distribution.

Dealing with these in turn, and recognising that the implementation of this strategy needs to be orchestrated in such a way that its elements mutually reinforce one another, it is inevitable that issues arising from within the macro-economic area need to be listed first. It is in this critical area, which deals with the transformation and effective management of the modern, first world component of the economy, where successes have already been achieved – particularly in macro-economic management. Regrettably, there have also been some conspicuous failures in this area – particularly in public administration, the failure to privatise extensively to achieve greater efficiency and to release funds for public debt reduction, and in the area of dealing with crime. These failures need to be accepted as such, and addressed. Moreover, pressures to dispense with macro-economic and fiscal discipline need to be fiercely resisted.

Primary Policy Objective

Enhancing growth in the modern sector

Three major policy objectives:

- Creating a climate of confidence.
- Creating adequate savings to finance growth enhancing investments.
- Structural transformation to improve the economy's efficiency, production and employment creation.

<u>Creating a climate of local and foreign confidence</u>

- Responsible management of political transformation is essential; gradual, incremental change, with carefully managed costs. Creating perceptions of stability is critical.
- Restoring confidence in policing and the criminal justice system; crime needs to be reduced dramatically through vigorous law enforcement and the establishment of an appropriate balance between crime and punishment.
- Elimination of corruption in both public and private sectors, at all levels; a clean administration is imperative.
- Consistent application of responsible economic policies – rapid reduction of fiscal deficits to work norms, (i.e. much beyond current commitments); improving efficiency of public spending, and increasing focus of public spending.

- Accelerating the process of appropriate, but comprehensive privatisation: major objectives to be efficiency improvements and contribution to fiscal deficit reduction, rather than emphasis on a multiplicity of social and transformation objectives.
- Improving the workings of NEDLAC.
- Creation of a non-confrontational labour relations climate at national level and improved co-operation between social partners.
- Seeking co-operative labour relations both at company and industry levels.

Creating adequate savings to finance growth enhancing investment

- Maintaining a consistent anti-inflationary monetary policy, including moderately positive real interest rates, at all times.
- Creating attractive tax incentives to increase the personal savings rate.
- Eliminating government dissaving over very short period.
- Creating a climate conducive to attracting foreign savings.
- Creating attractive conditions to entice particularly foreign direct investment, through elimination of all exchange controls, creation of an internationally attractive tax dispensation and a creatively flexible labour market environment.
- Providing a sufficiently attractive environment to attract foreign capital to supplement local savings, in order to enhance the ability to support future growth with significantly increased levels of fixed investment.

Structural transformation to improve the economy's efficiency, production and employment creation

- Accelerating tax reform – featuring lower nominal company tax rates in line with levels featured by competitive countries; rationalising tax write-offs in order to reduce the gap between nominal and effective company tax rates; focussed investment incentives for high labour absorption investments; improved tax collection; broader VAT base and less reliance on personal income tax; and personal tax at lower rates; increased tax free allowance on personal savings; tax incentives for savings towards housing.
- Reducing public sector size, improving efficiency; streamlining procedures; concentrating public sector efforts in areas of government

competence and greater social need; eliminating procedural and management inefficiencies; harshly dealing with corruption; devolving powers to local level where possible, while improving supervision and control.

- Enhancing competition at all levels of the economy; but, applying competition legislation principally to achieve greater competition, enhancing ability to enter industries, but refraining from using competition legislation to achieve social or political objectives that could damage economic performance.
- Creating special dispensations for medium-size, employment intensive industries.
- Creating bridging programmes to facilitate movement of small enterprises from informal to formal sector.
- Conducting industrial policy to facilitate, not to direct growth; creating incentives to make development zones/corridors viable – via tax measures, enhanced labour flexibility, while refraining from providing subsidies.
- Allowing industries/sectors to manage training creatively within the existing legislative framework; providing additional training incentives in areas where high level technical skills are required; also, re-orientating education at secondary and tertiary levels, skills training to meet needs of modern industry and computer services.
- Managing further tariff reform imaginatively to avoid severe dislocation.

Ancillary Policy Objective 1

Broadening of economic development

<u>Two major policy areas</u>

- Integration of more people into modern sector.
- Creating institutions and funds for development.

<u>Integration of more people into modern sector</u>

- Actively and carefully managing urbanisation; improving planning for location and service provision to 'informal settlements'.
- Enhancing housing delivery by eliminating non-payment culture, if

necessary by drastic means.

- Engaging employers in housing provision for workers through incentives.
- Creating frameworks for provision of high-rise residential rental stock in order to reduce infrastructure and travel costs.
- Aggressively reversing capital destruction through inner city decay.
- Providing public infrastructure as core for vibrant communities; encouraging local management and self-financial initiatives.

Enhancing informal and semi-formal sector development

- Fostering education and training for small and micro entrepreneurs through existing public facilities.
- Vigorously stimulating apprenticeship schemes, combined with technical education.
- Removing "Usary Act" limits on finance charges for informal entrepreneurs – this hampers access to high risk finance.
- Creating appropriate rules for informal and small entrepreneurs – but vigorously enforcing these to avoid costs to others and society at large.
- Exempting small enterprises and enterprises in designated development areas from certain regulatory imposts.

Fostering rural development

- Enhancing attractiveness of non-metropolitan areas and rural areas to prevent emergence of the megalopolis phenomena characteristic of many developing countries; improving rural physical and social infrastructure, where economically feasible.
- Encouraging the formation of new small towns to replace traditional scattered settlements, for cheaper and more efficient service delivery.
- Where appropriate, creating flexibility/exemptions in terms of labour legislation/regulations for small/medium industries, and industries in development/rural areas – to enhance employment creation/increased labour absorption capacity of the economy.

Creating institutions and funds for development

- Enabling financial resources to be deployed more effectively towards development (Some new finance institutions have been created, and existing institutions' workings re-orientated, but the system appears to fail to deliver effectively. Missing elements include extensive support in business plan formulation, business education and, in agriculture, extension assistance combined with financial resources).
- Creating a micro-lending bank based on mutual society principles, along the lines of the Grameen Bank of Bangladesh, for loans to micro entrepreneurs.
- Providing commercial banks with incentives'guarantees or government co-payments for management services, to enable them to expand their small business lending profitably.
- Providing government financial support for the provision of business expertise/advisory services, for small business through bank channels.

Ancillary Policy Objective 2

Enablement of previously disadvantaged or neglected populations in order to improve wealth distribution

This component relates to transformation to equalise opportunity and release the latent potential of previously neglected groups.

Three major policy areas

- Addressing discrimination.
- Accelerating land reform.
- Removing accumulated inbalances.

Addressing discrimination:

- Examining all remaining legislation/regulations to eliminate all remnants of discrimination, but avoiding discrimination in a different form, or reverse discrimination.
- Achieving employment equity should be allowed to be driven by companies' enlightened self-interest and incentives, rather than by

cumbersome bureaucratic prescriptions, or threat of fines.
Equally, public tenders should emphasise price and performance criteria, not race.

- Equalising public spending between urban and rural areas, and between provinces is essential, but this ought to be conducted over a fairly long, phased period. The process must avoid removing local and provincial incentives to perform, nor should it penalise centres of excellence and first world services.
- Restoring and improving first world infrastructures is essential in the national interest. No simple lowest common denominator formula for resource allocation should be used.

Accelerating land reform:

- Using land reform as a vehicle to improve the productive use of agricultural land, rather than allocation for its own sake.
- Providing land only with commitment and proven ability by potential beneficiaries to work agricultural land efficiently.
- Provision of agricultural land only on a commercial basis, but combined with finance and extension support.
- Converting communally owned land to individually owned title to properties is essential, in order to enable to provide security for commercial credit.
- Using land reform, and related support structures, plus rural infrastructure development to slow rural/urban migration.

Redressing imbalances:

- Improving government spending in health provision, education, water supply, as well as basic infrastructure, which has been inadequate in many areas.
- Focusing socio-economic catch-up spending on practical outcomes, and making optimal use of cheap local resources, not subject to minimum wages' minimising bureaucratic overheads.
- Optimising available resources and socio-economic expenditure on education by using latest communications technologies, distance learning techniques, with syllabi orientated to the skills needs of the economy.

- Encouraging private sector involvement in both infrastructure provision and management.
- Allowing socio-economic catch-up spending to be guided by economic considerations, rather than by political and needs-driven aspects.
- Making social service provision transparent and involving performance measurement supervised by local communities.

Conclusion

SASBO is convinced that the objectives of economic and social redress can be achieved only if the modern first world component of the economy is able to lead and carry the underdeveloped components of economy and society. We believe that a healthy, vibrant and competitive modern lead component is critical for achieving economic prosperity. By extension, prospects for success will depend on its ability to compete internationally and to penetrate the world market to a greater degree.

This means that the modern sector should not be burdened or prevented from improving its efficiency and competitiveness by the imposition of undue social burdens, as desirable as quickly meeting social objectives may be from a short-term political perspective. This would not only be unsustainable, but it would also seriously detract from the ability of the modern sector's ability to create sufficient employment and to provide resources for bold and imaginative programmes to address poverty, inequality and social deprivation.

Maintaining macro-economic balance, while simultaneously opening up the economy to global competition and internally re-distributing the allocation of resources for certain imperative elements of short-term transformation, represents a great policy challenge. Careful sequencing, combined with decisive, confidence inspiring policy implementation, and effective governance are therefore vital ingredients. In the course of implementation, expectations must be actively managed, and the costs of transformation must be contained in both financial and human terms.

In recognition of this, SASBO's economic strategy proposal consciously chooses a "middle way", favouring market approaches, but approaches which are balanced by social conscience needs and responsibility considerations.

Our philosophies find concrete expression in the above set of approaches and proposals which emphasise both the restructuring of the economy for greater efficiency and progressive restructuring of society to remove imbalances.

We, SASBO, believe that within these proposals, the primary emphasis should be placed on the promotion of economic growth through improved efficiency and competitiveness. We do so in the belief that only success in that area can deliver adequate financial resources to allow enough catch-up spending and sustained economic development to achieve effective transformation to remove imbalances accumulated in our past.

We therefore believe that the sequencing of economic policies needs to be carefully orchestrated, to run from economic success to social success. This does not imply that only measures to enhance economic soundness and efficiency should be contemplated, but social delivery cannot be sustained without the financial means, and without stable macro-economic fundamentals.