Are We There Yet? Exploring Empowerment at the Micro-scale in the South African Wine Industry

Agatha Herman

Department of Geography and Environmental Science, University of Reading

Abstract

Empowerment is a standard but ambiguous element of development rhetoric and so, through the socially complex and contested terrain of South Africa, this paper explores its potential to contribute to inclusive development. Investigating micro-level engagements with the national strategy of Broad-Based Black Economic Empowerment (B-BBEE) in the South African wine industry highlights the limitations, but also potential, of this single domain approach. However, latent paternalism, entrenched interests and a ‘dislocated blackness’ maintain a complex racial politics that shapes both power relations and the opportunities for transformation within the industry. Nonetheless, while B-BBEE may not, in reality, be broad-based its manifestations are contributing to challenging racist structures and normalising changing attitudes. This paper concludes that, to be transformative, empowerment needs to be re-embedded within South Africa as a multi-scalar, multi-dimensional dialogue and, while recognising the continuation of structural constraints, positions the local as the critical scale at which to initiate broader social change.

Keywords

Empowerment; Wine; South Africa; Power; Transformation; Development
1. Introduction

‘Though it is true that empowerment is neither a panacea nor, unfortunately, the solution for all problems, it is a catalyst for change’ (San Pedro, 2007: 2)

Over the last decade the concept of empowerment has increasingly entered development rhetoric (Cornwall and Brock, 2005) but its universal appeal has led to its utilisation by disparate agents from national governments to NGOs and multilateral organisations (Moore, 2001). Consequently, the multiple conceptions now deployed have established ‘empowerment’ as ambiguous with Mackenzie (2009: 203) arguing that ‘no term has been both as generously employed and woefully ill-defined’. Nonetheless, I feel that giving up on empowerment as contaminated by its mainstreaming would be to lose a concept critical in animating struggles for social justice (Cornwall and Brock, 2005).

This paper positions empowerment as a progression in agency and capabilities and, as such, considers it an essential grounding for resilient and equitable development. Incorporating domestic actors into the control, design and implementation of development processes enhances their legitimacy as well as fostering capacity building (Shamsul Kabir et al., 2011). In addition, effective development strategies need to incorporate ‘a rehabilitative dimension oriented to the past, a resolutive dimension oriented to the present, and a preventive dimension oriented to both the present and future’ (Leatherman et al., 1999: 4) in order to ensure social equity. Finally, a recognition is needed of the multiple spheres in which empowerment is required (Scheyvens, 1999). This paper recognises that these dimensions of empowered development are neither easy nor straightforward to achieve but aims to explore the potential of this collaboration.

South Africa presents a complex socio-political terrain in which all of these elements – structural change, rehabilitation and reconciliation across multiple spheres – are necessary to achieve socially just development. Since the post-apartheid transition, South Africa has become an exemplar for academics exploring development possibilities in the context of globalisation (Seidman, 1999), how a country deals with its past (Kelly and Fitzduff, 2002) and racial politics. Therefore, exploring the application and evaluating the success of empowerment in this space offers insights for development in other historically segregated communities, post-conflict spaces and societies dealing with extreme social inequality. Although apartheid ended in 1994, its legacies continue to impact on all aspects of life; in 2004, the government deployed a national strategy of Broad-Based Black Economic Empowerment (B-BBEE) to try to address the continuing structural constraints that ensure inequality remains strongly correlated with race (Simkins, 2011). B-BBEE’s narrow economic focus has been criticised for ignoring the multiple and interdependent domains in which empowerment is required, although economic empowerment is widely positioned as providing a key enabling environment for
change and development more generally (Hennink et al., 2012). Economic empowerment is mentioned most frequently in relation to addressing continuing gender inequalities and is positioned as the most achievable route for women to gain social power (Blumberg, 2005). This perceived capacity to engage with some of the most socially marginalised, together with its state-led application within South Africa, leads this paper to focus on the impact of economic empowerment in particular, exploring its ‘on the ground’ operationalisation and the extent to which this single domain approach reaches the most marginalised. While drawing solely on South Africa, this therefore has relevance to extending understandings of how to strengthen empowerment initiatives to effect resilient and inclusive development more broadly.

The research on which this paper is based explored the conceptualisations, practices and impacts of the discourses of B-BBEE and Fairtrade in the South African wine industry, which has long been associated with white power and black exploitation (Du Toit et al., 2008) and so presents an effective lens into the transformation challenges facing the nation more broadly (McEwan and Bek, 2009a). I took a multi-sited approach centring on the four wine brands of Fairhills, M’hudi, Reyneke and Tukulu. This paper draws on 33 semi-structured interviews with farmworkers, farm owners, other stakeholders in the wine brands and NGOs related to the wine industry as well as industry reports and marketing materials.

I first position the term ‘empowerment’ before grounding this in the empirical contexts of South Africa and its wine industry. Issues that have emerged within B-BBEE in terms of ownership, skills development and management control are explored through M’hudi, Reyneke and Tukulu as well as ‘virtual wineries’, which allows for an original evaluation of B-BBEE at the micro-level, connecting into calls for analyses of how power is locally enacted (Cahill, 2008) and providing some empirical exploration of Allen’s (2003) conceptualisation of power as a social interaction experienced through particular places. I conclude by drawing out some of the implications for empowerment strategies more broadly and reflect on the extent to which the upliftment of a historically marginalised population, and so inclusive development, has been achieved.

2. Conceptualising Empowerment

Despite empowerment’s ambiguity, it is consistently associated with a change in power relations/structures to achieve greater equality (San Pedro, 2007); Foucault (2000) suggests that examining forms of resistance offers a useful starting point to explore power relations. Considering the anti-apartheid struggle in South Africa, this resisted the racially delineated exercise of state control over bodies, livelihoods, movements and opportunities; a struggle against the regime of apartheid
knowledges that defined self/other in particular formations, tying the individual to their identity in a constraining way. Power relations here appear, through the struggle against efforts to form a particular and un-chosen subject position, as domination, exploitation and subjection/submission.

Power therefore emerges in the relations between individuals, as something that works simultaneously on and through subjects, a relational effect of social interaction rather than a property (Allen, 2003). Exploring the position of the African National Congress (ANC) within the anti-apartheid struggle highlights the variety of non-exclusive modalities through which power is exercised, including authority, manipulation, inducement and seduction as well as coercion (ibid); the ANC’s strategy combined multiple modes to establish an alternative definition of ‘subject’ that spoke to those it sought to represent and to push for this to become a legislative reality. This highlights the fact that power relations are performative and dynamic, and so are more process than end-point (Eyben et al., 2008). Allen (2003) warns us not to conflate resources with power, as the former is simply the media through which power is exercised so, for example, particular interests can be perpetuated by holding down resources in a certain arrangement. However, power is never centralised or ‘held’ in a particular body or organisation although some ‘do possess a rich concentration and mix of resources and abilities on the basis of which power is exercised’ (ibid: 106). Within this relational and multiple conception of power, what then is empowerment and how can it be operationalised?

To be empowered is to have developed the agency and capabilities to participate in, change and hold accountable those individuals and organisations that impact on one’s life. Pease (2002) notes that empowerment is generally referred to as something that is done to people because an individual may have no capacity to access resources or gain capabilities. This connects into an associational understanding of power with rather than over others, focusing on ‘the power to connect, to bring together but not to suppress’ (Allen, 2003: 123). This is, therefore, more about establishing the conditions in which people can become empowered rather than directly empowering them (Cahill, 2008). Connecting into Allen’s (2003) modalities of power, Rowlands (1997) demonstrated the multiple dimensions through which power relations operate (Table 1); I argue that the final three need to work together to enhance the enabling conditions of power and prospects for empowerment.

| Relations with | Power over (instrumental) | Bending the will of others through domination, coercion, authority, seduction |

---
Empowerment is therefore about overcoming both internal and structural constraints to perform a new subjectivity, whilst acknowledging the material conditions of subjects’ lives as they are embedded within particular contexts (Oberhauser and Pratt, 2004). This connects into Amartya Sen’s broader definition of development as ‘the removal of various types of unfreedoms that leave people with little choice and little opportunity of exercising their reasoned agency’ (Sen, 1999: xii). Empowerment too focuses on ‘the capabilities that a person has, that is, the substantive freedoms he or she enjoys to lead the kind of life he or she has reason to value (ibid: 87) and so is about ensuring access to the internal and external resources through which power is exercised. Economic empowerment focuses on the achievement of economic freedom and security in terms of income and commodities. More broadly it refers to a reduction in economic inequalities and poverty through the development of individual, community and organisational capabilities to exercise power over a sustainable and viable income source. Successful empowerment in this domain can therefore be assessed through measures of inequality, poverty and access to physical and relational resources.

However, Cornish (2006) reminds us that people can be empowered in one domain but disempowered in another, highlighting the particularities of power as experienced within society. Within South Africa, universal suffrage and multi-party elections were introduced in 1994 and so:

‘If one looks purely at political power, then power has clearly shifted to blacks; considering that political power does not necessarily translate into economic power, it is clear that the white minority elite, who owns more than 80 per cent of the JSE’s [Johannesburg Securities Exchange] capitalisation, still maintains considerable control’ (Agupusi, 2011: 39)

Whilst inequality has increased in all racial groupings since 1993, income inequality is highest amongst black South Africans who form 91% of those living below the poverty line (R3000 p.a.) (Leibbrandt et al., 2012; Simkins, 2011). While political empowerment may have been achieved, it is clear that
economic inequality endures. I now move on to position the discourse of empowerment within the South African national strategy of B-BBEE.

3. Empowerment in South Africa

In 1994 the initial economic strategy of the government of national unity centred on the Reconstruction and Development Programme (RDP). This represented an uniquely ‘third-world’ social welfare strategy to issues of inequality, tying social and economic goals into a ‘people-centred developmental approach’ (Gray, 2006: S56). This was envisaged as a vehicle to enable the participation of the previously disenfranchised but ‘not about strengthening the weak whilst weakening the strong but about creating a better life for all’ (Didiza in Williams, 2005) thus focusing on developing capacities in relation to ‘power to’ and ‘power with’ (Table 1). However, the realities of reconnecting to the global economy moved the government away from the RDP’s emphasis on state-led growth and social expenditure towards the neoliberal macroeconomic Growth, Employment and Redistribution programme (GEAR) in 1996. This positioned ‘redistribution as a by-product of growth instead of an integral part of its economic strategy’ (Heintz, 1997 in Williams and Taylor, 2000: 34), moving from a focus on addressing inequality to decreasing unemployment, which the RDP had considered as necessary but not sufficient (Weeks, 1999). Unemployment soared and contributed to an economically unsustainable situation in which 10 million dependents were relying on only 7 million taxpayers (Gray, 2006). Together with domestic opposition to GEAR, this led to the adoption of Black Economic Empowerment, which was designed to advance black ownership of, and control over, the economy. In 2004, it became legislation through the B-BBEE Act, which was operationalised through a weighted scorecard (recently revised from seven to five elements) (Table 2), which all companies with a turnover greater than R50m p.a. have to engage with in full (DTI, 2012).

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct Empowerment</strong></td>
<td>Equity Ownership</td>
<td>Ownership</td>
</tr>
<tr>
<td></td>
<td>Management</td>
<td>Management Control</td>
</tr>
</tbody>
</table>

1 If turnover is between R10-50m, the business is classified as a Qualifying Small Enterprise (QSE) and measured on its best four elements. If turnover is less than R10m, it is classified as an Exempt Micro Enterprise (EME) and considered automatically fully B-BBEE compliant.
<table>
<thead>
<tr>
<th>Human Resource Development</th>
<th>Employment Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skills Development</td>
<td>Skills Development</td>
</tr>
<tr>
<td><strong>Indirect Empowerment</strong></td>
<td>Preferential Procurement</td>
</tr>
<tr>
<td></td>
<td>Enterprise and Supplier Development</td>
</tr>
<tr>
<td><strong>Residual</strong></td>
<td>Industry specific Initiatives</td>
</tr>
<tr>
<td></td>
<td>Socio-Economic Development</td>
</tr>
</tbody>
</table>

Table 2 The Elements of the B-BBEE Weighted Scorecard. Source: DTI (2004: 18) and DTI (2012: 11-16)

While compliance remains voluntary, indirect pressures encourage adherence to the B-BBEE codes through enhanced success in government tenders, applications for licenses and projects, and access to new markets (Alessandri et al., 2011; Horwitz and Jain, 2011). However, organisational change may not occur alongside legislative compliance with critics positioning B-BBEE as ‘an overly mechanistic rather than a transformative process’ (Horwitz and Jain, 2011: 314) with questions raised about the underlying motivations to B-BBEE deals (Alessandri et al., 2011). As firms only require 25.1% black ownership to be compliant (DTI, 2012), Southall (2006) argues that this is simply a front for maintaining the historical demographics of ownership, which supports McEwan and Bek’s (2006: 1029) positioning of BEE as a ‘subtle readjustment of the neo-paternalist order’, a ‘corporate blackwash’ or ‘therapeutic inclusion’ (Pupavac, 2005). Critics argue that B-BBEE favours a small, politically connected black elite and has had little success in supporting economic growth, increasing employment or eradicating poverty (Kruger, 2011; Southall, 2006). In 2012 the black population (including Black African, Asian/Indian and coloured peoples) accounted for 88.7% of South Africa’s economically active population (EAP) but only held 24.2% of top management positions; in contrast, the white population formed 11.3% of the EAP and held 72.6% of management positions (Department of Labour, 2013).

Arguably, the narrow economic scope of B-BBEE limits its application because its utilisation by the state as a ‘big idea’ ignores the fact that empowerment requires integrated changes at all scales and in multiple spheres (McEwan and Bek, 2006). The economic focus on independence, responsibility, capacity enhancement, choice and productivity demonstrates the influence of neoliberal discourses.

---

2 These apartheid-era racial classifications (black African; coloured; Asian/Indian; white) are reproduced in the Employment Equity Act 1998 as the basis on which to measure and enforce affirmative action. I therefore use these terms as they continue to have salience within social consciousness within South Africa (Posel D, 2001, “Race as Common Sense: racial classification in twentieth-century South Africa” *African Studies Review* 44 87-113).
(MacKenzie, 2009) and, I suggest, the corresponding focus on the individual migrates responsibility to this scale, detracting attention from broader structural constraints and repressive structures (Williams, 2011). Alexander (2006) notes that ‘simply put, BEE aims to undo the economic damage of apartheid’ and yet the complex socio-political relations of racialised power within post-apartheid South Africa strongly shapes its capacity to do so.

a. Race, Power and Identity

Although the fall of apartheid ended legalised racial separateness, colonial and apartheid legacies in terms of the racialization of power continue to resonate (Piper and Africa, 2012). Erasmus (2010: 48) notes that the state:

‘...continues to institutionalise apartheid race categories, albeit as a means of managing racial redress rather than entrenching white domination. Redress policies, for the purposes of implementing and monitoring equity, require citizens to classify themselves according to these categories on all official documentation.’

Positive discrimination privileges race as a key element of disadvantage, an essentialist discourse that ‘generally separates racial redress from broader issues of social justice and entrenches existing privilege’ (ibid: 57). This connects into the criticisms levelled at B-BBEE (discussed above), which are supported by Seekings and Nattrass (2006 in Piper and Africa, 2012: 220) who contend that ‘in South Africa wealth, but not poverty, has been deracialised’. While race may continue as the key discourse with which to explore South African society (Hammett, 2010), Bornman (2011) argues that social divides increasingly overlap as race, ethnicity, culture, language, religion and class have become interdependent. Power dynamics in South Africa remain driven not only by race but also class, ideology and economic interests (Agupusi, 2011).

Bornman (2011) notes that ‘black’ refers to all groups who suffered discrimination under apartheid (black African, Asian and coloured) but since 1994 black Africans have tended to distance themselves with other groupings becoming marginalised within a wider politics of ‘blackness’. Asians are not ‘black enough’ (Tapasya Ramakrishnan, 2012) while relations to a coloured identity remain contested and uncertain (Kruger et al., 2006). Du Toit et al (2008) consider that the rise of ‘black empowerment’ has shifted the focus towards the colour of ownership, moving attention away from social justice issues to allow the already privileged ‘by virtue of a dislocated “blackness” generally and homogenously associated with historical and political suffering ... [to] now present themselves as equally deserving’ (ibid: 16). ‘A turn of phrase thus makes possible the conflation of the elite and the masses’ (Mangcu, 2008: 81), which arguably acts to contain a broad-based transformation agenda.
b. B-BBEE and the South African Wine Industry

South African agriculture has historically been grounded in deeply racialised, ingrained and power-laden structures (Du Toit, 2002) and, despite post-apartheid legislative, social, technological and market changes (Ewert and Du Toit, 2005; Kruger et al., 2006), farmworkers remain one of the most socially excluded groups in South Africa (Brown et al., 2003). This holds true for the wine industry - working conditions are often poor, wages are low and the abuse of workers persists in some areas (Bek et al., 2007; Du Toit et al., 2008; Human Rights Watch, 2011). The Department of Agriculture, Forestry and Fisheries (DAFF) (2011) noted that the wine industry is still almost exclusively white in terms of ownership and control, and this white elite is ‘renowned for circumnavigating legislative and voluntary initiatives in order to maintain the status quo’ (McEwan and Bek, 2009a: 735).

Prior to B-BBEE, the transformation discourse within the industry centred on worker rights, land reform, growth and competitiveness (Du Toit et al., 2008) but, as it became clear that this agenda was not achieving the planned targets (for example, transferring 30% of land owned by white farmers to black people (Sato, 2013), the focus shifted to B-BBEE. In 2007, the Wine Industry Transformation Charter (WineBEE) was announced by the South African Wine Industry Council (SAWIC), an industry forum established in 2002, which aimed to ‘give impetus to change and development within the industry’ (SAWIC, 2007: 1). WineBEE, while following the generic BEE scorecard, aimed to be sensitive to the particularities of the wine industry. For example, 80% of wine producers are exempt from the provisions of the WineBEE Charter due to their small turnover (SAWIC, 2007) but the Charter encouraged participation although this remained voluntary. However, in 2008 SAWIC unexpectedly disintegrated and WineBEE stalled until 2012 when the more general AgriBEE Charter became the sector code, which gave it legally binding status (Sato, 2013).

BEE continues to face specific challenges in terms of the highly capital and skills intensive nature of the wine industry, which acts as significant constraints on ownership and management targets (McEwan and Bek, 2006; Williams, 2005). By 2007, less than 1% of the wine industry was under black ownership (Bek et al., 2007) and in 2010 only 35 empowerment projects and 30 black-owned brands were listed out of 3596 primary wine producers (WOSA, 2009, 2010). Nevertheless, by 2011 the DAFF (2011) reported 141 BEE programmes in wine cellars and noted that this number is set to increase. However, Ewert and Du Toit (2005) consider that, to a large extent, the white elite retain control of the industry and so B-BBEE is interpreted conservatively with ‘empowerment...a set of challenges to be cynically manipulated’ (Bek et al., 2007: 306). Critics argue that B-BBEE has shifted debates from
the political to the technical/managerial (McEwan and Bek, 2009a), which have displaced the original, more radical transformation agenda (Du Toit et al., 2008).

Despite this challenging and contested environment, a variety of empowerment models are being deployed (Table 3). Van Rooyen (2008) notes that employee/share equity schemes are historically the most popular B-BBEE model within agriculture and were advocated by WineBEE because they provided access to funding, knowledge and experience of the wine industry as well as a route to increase black involvement whilst maintaining existing businesses (Sato, 2013); however, the joint venture and virtual winery models are growing in popularity.

<table>
<thead>
<tr>
<th>Land Based</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership</td>
<td>An individual or group takes ownership of a wine farm/cellar.</td>
</tr>
<tr>
<td>Contract Farming</td>
<td>The business relationship between emergent farmers and a central processing facility.</td>
</tr>
<tr>
<td>Joint Ventures</td>
<td>A new farm or brand initiated between a farmer and emerging producers (e.g. farmworkers).</td>
</tr>
<tr>
<td>Employee/Share Equity Schemes</td>
<td>Portions of existing farms are sold to the workers who gain voting rights, dividends and management experience.</td>
</tr>
<tr>
<td>Co-operatives</td>
<td>A collective operating entity.</td>
</tr>
<tr>
<td>Housing</td>
<td>A farmer provides employees with either land for building or a house.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Not Land Based</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wine Brand or ‘Virtual Wine’ Companies</td>
<td>A brand is established, often a micro-enterprise, which contracts out the wine production processes.</td>
</tr>
<tr>
<td>Service SMEs</td>
<td>Organisations that provide contracted-out services to the wine industry, e.g. harvesting, logistics and staff recruitment.</td>
</tr>
</tbody>
</table>

Table 3 Empowerment Structures Present within the South African Wine Industry. Sources: van Rooyen (2008) and Sato (2013)
While B-BBEE ventures can take a variety of forms and are on the increase, recent figures (DAFF, 2011) highlight that they remain a minority within the wine industry. Sato (2013) comments on the high-profile BEE deals that have been made by large corporations such as Distell and KWV but argues that while these provide good marketing and connect into the state-drive for large deals, this hampers the development of small enterprises. I suggest that this ground-level scale can best foster and develop those elements deemed important by the intended beneficiaries of B-BBEE: skills development, employment, ownership and control (Janssens et al., 2006) rather than empowering black elites. I therefore now move on to consider empowerment within four micro-scale examples of wine farms/brands, all of which explicitly marketed themselves as B-BBEE ventures.

M’hudi is the only black-owned wine farm in South Africa and is run by the Rangaka family with support and mentoring from the neighbouring white-owned farm of Villiera. Reynke is also a small operation, run as a family/wine distributor partnership, and operates on organic/biodynamic principles. Tukulu was established in 1998 by Stellenbosch Farmers Winery, which merged with Distillers in 2000 to form Distell, in partnership with a community trust and a group of black businessmen.

Each brand has adopted a different empowerment structure with M’hudi buying their own wine farm, Reynke opting for a housing-based structure, Tukulu adopting a joint venture and Mia Cara/Seven Sisters taking the virtual winery route. Through these I am going to explore different elements of B-BBEE, specifically ownership, socio-economic development and skills development, to investigate how ‘empowering’ they are through considering motivations, practices and impacts; although I use each brand to provide insights into only one element of B-BBEE, all elements are present to varying degrees within each winery.
4. Ownership: M’hudi and Mia Cara/Seven Sisters

M’hudi was the materialisation of a dream for Diale and Malmsey Rangaka who were looking for a lifestyle change from their lives as a university professor and psychologist respectively (Interview, 08/05/08). They had no agricultural background and so the mentoring relationship, which has developed with the neighbouring white-owned farm of Villiera, has been significant. Villiera has provided viticultural and vinification guidance as well as the use of winemaking machinery, cellar space and distribution networks and an introduction to Marks and Spencer, a leading UK department store, who M’hudi began supplying in 2007 (Interview, 01/09/08). As the Villiera winemaker explained:

...the Rangaka family moved into our area and ... we realised that for these guys to actually make progress in the wine industry they’re going to need some help ... We were looking for some opportunity to do something with a black family because obviously we are very interested in transformation ... because they already owned the property ... the obvious thing was not to develop it into a black economic empowerment deal as such but to basically get involved in a mentorship arrangement... (Interview, 22/05/08).

Neither party considered this an official BEE transaction, which they framed in terms of supporting emerging farmers in ownership and management control, since the Rangaka’s had been in the financial position to purchase the property independently. They therefore already had educational and socio-economic resources, ‘power to’ and ‘power from within’, as demonstrated in their capability to choose to buy M’hudi. Therefore, while M’hudi is feted as an ‘exceptional case’ (Sato, 2013), this highlights how attention is now focused on the colour of ownership rather than its transformative potential. The Rangaka’s existent socio-economic position places them as part of the growing black middle classes, those elites able to benefit from a ‘dislocated blackness’ (Du Toit et al., 2008). M’hudi remains, however, positioned as a B-BBEE brand because, as the Rangaka’s questioned:

...whether had we been white that they [Villiera] would have responded in the same way that they did because we are black and one suspects that the answer would have to be no and therefore in that sense it is a black empowerment relationship. It empowers us because we are black, new in the industry and it meets us, it meets sympathetically (Interview, 22/05/08).

The skills transfer, provided by the Villiera mentors, is critical in giving the Rangaka’s the wine industry specific capacities (viticulture, winemaking, sales and marketing) to operate independently but what does Villiera gain from the relationship? As the winemaker commented mentoring relationships count for less in terms of AgriBEE points and they are involved in other broader, land-based empowerment deals. He positioned their involvement in terms of ‘a happy neighbour’ and ‘the idea of helping with
transformation’ (Interview, 22/05/08) and both sides frequently alluded to a friendship rather than a business transaction; I suggest that this was to emphasize the non-traditional nature of this relationship, which acts as a unique selling point (USP) for both parties. Through further conversations, this ‘friendship’ emerged as more structural than the initial references to mentoring suggested as it appeared that Villiera workers did the major activities on the farm (Interview, 22/05/08) and M’hudi still relied on Villiera’s winemaking equipment, expertise and storage. Although interested in the wine production side of the business, the Rangaka’s have a greater interest in the marketing and wine-tourism related activities (Interview, 08/05/08). Again this highlights how the Rangaka’s are in a position to choose how they are involved in the business and so, I suggest, the B-BBEE credentials remain under question.

While M’hudi has not changed the lives of its farmworkers and so ‘empowerment’ remains focused on the ‘elite’, I would argue that M’hudi’s existence and operations do contribute to the development of transformation discourses within the wine industry. Their market success, critical acclaim, continuing existence and engagement with industry bodies acts as a wider challenge to continuing racist conceptions. The Rangaka’s experiences, both in personal and business terms, highlighted the continuation of tight networks of white farmers within the local area, which were entwined with agro-institutions such as the wine co-operative M’hudi is a member of and the Pinotage Association. As the only black member of both of these, Diale felt that he had to be careful how he engaged with others on the board so that those white farmers he knew would not be ostracised by others for being too familiar with him (Interview, 22/05/08). The potential impacts of these closed communities on business were also recognised with Diale considering that ‘there is no black wine company that can exist without the relationship with a white coloured company’ (ibid).

Although M’hudi is proud of its position as South Africa’s only ‘black owned wine farm’, to what extent is it different to that of a virtual winery? Sefoko et al (2008) note that these were designed to overcome the structural constraints of capital and land on newcomers entering the wine industry, with ‘the core competencies you need is logistics management, finance management and negotiations...your only asset is your brand’ (Interview 31/03/08). While the only ‘tangible’ asset may be the brand, the almost casual reference by this stakeholder to the core competencies required downplays the essential necessity for these skills in order to be successful in highly competitive domestic and international markets. Nonetheless, however skilful the virtual winery may be in selecting their wines to suit their markets, they remain highly dependent on their suppliers for on-time, quality products, which makes this not necessarily an easy or empowering relationship. The latter depends on the degree to which the virtual winery has a say in the production process, with a lack of involvement being a significant factor in the high failure rate in this sector (Sato, 2013).
The virtual winery ‘Mia Cara’ was established by a black businesswoman who had previously owned her own recruitment company; so, like M’hudi, a member of the black middle class. She entered the wine industry after learning of entrepreneurial opportunities in the sector through SAWIT (South African Wine Industry Trust). As she explained:

…my wine was supplied by a private farm in Paarl and the wine started off great, with awards and everything and then in the next year it was no good … I had someone from the US who was interested in buying the wines. I took them to the farm and he phoned me after returning to the US and told me there is something seriously wrong with the wines, and I question it, and every time I question it, a bottle gets opened from a different batch and I had the feeling that I am receiving a batch that was maybe off because I have been paying cash for the wines… (Interview, 01/04/08)

Although she has subsequently started a new brand, ‘Seven Sisters’, this was still experiencing difficult relations with the supplier:

I spoke to a well-established winery that could supply me with a sparkling wine. They gave me a price, they give me the tasting notes, I set up a meeting with them, I ask for 24 case, 24 bottle so that I can use it for my marketing. They double the price...in two weeks time...they double the price. They said to me this is the price that we can give it to you for but I say it is unethical, you gave me a price, written this is what I can pay for it, now you double the price... and this is what they try and do to get us out of the market....they refuse to make a contract with me... (Interview, 01/04/08)

Sato (2013) notes that it is not easy for virtual wineries to establish strong bargaining positions with wine cellars because, as micro-enterprises, they have limited buying power. But, are these experiences due to race? The male dominated nature of the industry was commented on by Women on Farms (an NGO focusing on women’s rights and issues within South African agriculture) and Seven Sisters, who argued that patriarchal relations were impacting on women’s access to industry spaces, which may have affected how a female-headed virtual winery was received by a wine cellar. Sato (2013) stated that the virtual winery model remains more popular amongst black entrepreneurs and so the experiences of virtual wineries may be more an indicator of a broader lack of access to resources (such as education, experience, capital etc.) that would alter their owners negotiating positions. However, the continuing domination of the industry by white interests remains significant. The necessity of a good relationship with the wine supplier counteracts the more common position of supplier powerlessness within highly buyer-driven commodity chains (Barrientos et al., 2011; Friedmann and McNair, 2008; Ponte and Ewert, 2009) for, as seen above, a poor one can destroy a business. In these situations while ownership and skills development in terms of the supply-side are
offering a challenge to existing industry structures, they remain precarious given the relative lack of control over wine production and focus on the owner of the brand rather than the workers.

5. Socio-Economic Development: Reyneke

The current operations of Reyneke are grounded in the philosophy-inspired ethics of Johan Reyneke, the farmer and co-owner of the brand. During his Masters in Environment and Development he was introduced to Arne Naess’s ‘deep ecology’ and Amartya Sen’s ‘capability to choose’, which shaped the subsequent shifts to organic/biodynamic production and implementation of an empowerment scheme. The latter was because Johan wanted the farmworkers ‘to work for themselves as well and not just for a wage at the end of the week...to work for their futures’ (Interview, 04/04/08).

The Reyneke scheme started in the mid-1990s before there were official B-BBEE guidelines and so Johan consulted industry and academic sources, concluding that a share equity scheme was the best way to change the existing relationship between boss and workers. While this strategy supports more sustainable and long-term empowerment, it highlights Johan’s role as a facilitator in the process. While this may be necessary, it could be interpreted as a continuation of the paternalistic tendencies that have operated within the wine industry since the 1980s. Ewert and Du Toit (2005: 318) note that the identity of a white farmer was ‘defined not only by the ownership of a farm but also by the relationships of deference and authority that exist between farm-owner and farm-servant’. The framing of this relationship as ‘benevolent protection’ was an important element in farmers’ self-conception but meant that any upliftment strategies deployed, while having some positive impacts on workers’ standards of living, did nothing to challenge the fundamental foundations of white domination.

Johan seemed aware of the need to challenge these traditional relations because he was clear that, while he had selected the share-equity scheme as being the most suitable, under his ‘capability to choose’ approach it was essential that the workers had an informed understanding of the benefits and liabilities to being a shareholder. Government funding had been secured and the shares were about to be issued when the farm foreman alerted Johan to doubts amongst the farmworkers. In Johan’s recounting of these events, the dilemma he faced between what he considered the right strategy and ‘capability to choose’ was clear:

... these guys had nothing and now they were going to get share certificates, which was pie in the sky for them, and they wanted something more tangible, something more concrete... So I was in a position where I understood his point but ... I really thought shares in the winery would
be a good idea and the guys then ...in any case, we let it be, we went to capability to choose, these guys would rather have houses...

Therefore, a programme of off-farm house ownership, funded by ESTA settlement grants and Reyneke, was initiated with the farm undertaking to service the bonds on the houses and provide building and medical insurance.\(^{3}\) I spoke with three out of the eight permanent workers who discussed their recollections; a common feeling was that shares were a long-term process and they could not afford to wait: \(^{4}\)

\[\ldots\text{if there is some shares then you have to work for yourself see? And you have to work a few years before you can see that you make some profit and you get some of that money because you have to wait a long time and I didn’t think we were able to wait that long... (Worker 1)}\]

\[\ldots\text{we have to wait for money, when we get shares, maybe 5 years or so, but we needed houses, bigger houses at that moment so we didn’t want the shares at that time... (Worker 2)}\]

They did not want to live on the farm because the houses were too small and they felt isolated from services and the broader community. As part of this housing focused strategy, salaries were gradually changed from weekly to monthly and increased to cover the costs of utilities and transport to work. In addition, courses were offered on home ownership and budgeting. While this therefore contained a skills element, empowerment was understood by the workers in more materially grounded terms of ownership:

\[\text{Empowerment is when you have something like the house. It’s in my name so it’s my house so it’s something I’ve got ...something you can leave behind for your kids... (Worker 2)}\]

While this represents a significant structural break with the past as the title deed belongs to the occupier, Reyneke would only pay its share of the bonds as long as the workers were employed by the farm. So, despite owning the property, the workers’ future could be uncertain if they left Reyneke, which highlights the continuation of a tied element to the scheme. However, property values have increased and this has enabled two of the workers to sell their houses:

\[\text{I sold my house and got another one ... At the beginning, I didn’t really like the house but that was the last one so I have to take that ... I bought the house for R85 000 and I sell it for R300 000 (Worker 1)}\]

\(^{3}\) The Extension of Security of Tenure Act 1997 (ESTA) made available grants for land acquisition or settlement.

\(^{4}\) Those who had been around at the time that the empowerment scheme was implemented and who had been amongst the 4 families (5 persons) who benefited from it. The other permanent workers had only been with the farm for a few months and had not yet been included; Johan stated that if they demonstrated they would stay with Reyneke for a while, he would consider extending the scheme.
While Reyneke’s empowerment strategy included the workers in the decision-making process, the housing focus has not changed the governance structures or power relations that exist within the farm. However, the capacity of the workers to choose to sell their houses, and in doing so pay off the remaining bonds and cut the ties to Reyneke, does highlight an empowering element because it gives the workers financial and built resources, ‘socio-economic development’ under B-BBEE, as well as supporting the development of ‘power to’ and ‘power from within’. Johan noted that the shareholding scheme would be revisited at some point, which would alter the governance structures of the farm and brand; the workers indicated that home ownership had changed their perspective on the benefits of being a shareholder and they would be interested in a share-equity scheme in the future.

6. Skills Development: Tukulu

Tukulu began as a partnership between Distell, ‘BEE Investors’ (a group of black businessmen, originally all taverners) and a community trust. While this contains numerous issues around empowerment (Author, 2012) here I focus on skills development. Tukulu was established with the intention that, over 20 years, control would sustainably transition to what is now the B-BBEE element and it would become a separate company. However, despite efforts by the BEE Investors to gain autonomy, control remains firmly with Distell and, given Tukulu’s market success, it is unlikely that Distell will disinvest. As one BEE Investor commented ‘...we need them because they have the skills, they have the expertise, they have the money, they have everything. We have what? Nothing’ (BEE Investor 1, 15/04/08). While the BEE Investors agreed that empowerment is about opportunities, this needs to run alongside skills development to foster the personal resources needed to recognise and seize these.

Skills transfer for the BEE Investors consisted of a series of lectures on different elements of the business and production process, which they dismissed because of the lack of a practical, experiential element; without this, they were simply information sessions:

*It is one thing to give a 30 minute lecture or 1 hour lecture on winemaking, it doesn’t mean anything unless you are in the trenches, making wine and making mistakes and correcting those mistakes, then you will know...without skills being transferred, things will always be done for us.

We don’t want to have things done for us, we want to do it ourselves* (BEE Investor 2, 15/04/08)

One BEE Investor was willing to move to the wine farm to be trained as the farm manager but this did not happen. However, the lack of skills transfer for the BEE Investors in this arena created an opportunity for the black deputy farm manager (DFM) who also acts as Tukulu’s viticulturalist. He was
originally employed in 2003 with the express aim of becoming the farm manager and to him too empowerment was about skills transfer:

Get the right skills there, say for instance I’ve been here for 5 years now but I’m still being trained ... and say when Distell believe that I am ready to take over then it will end, and I am ready. That is empowerment. (DFM, 10/04/08)

The DFM did not yet feel that he had the necessary resources to run the farm but the white farm manager is supporting him in developing the variety of practical and personnel skills necessary to be effective. Both agreed that this process of transference could not be rushed:

If you ask me Distell will never step back completely, 100%, because if they do that and they don’t leave the right people in charge of the farm, in 5 years after that I think it will just go down the drain. (DFM, 10/04/08)

I’ve seen a lot of projects that fall apart that people think they can just give the people the place and put them there and its nice and to show the world outside but they don’t last...the last thing that we want to see that everything we’ve put together in the last 10 years fall apart. (Farm Manager, 10/04/08)

The farm manager also positioned this as giving the surrounding white farmers’ time to accept the black DFM in the role of farm manager, highlighting the continued existence of social networks and the necessity of inclusion in order to participate in local decision-making. He noted that ‘in meetings I was always on the side, they don’t want to speak to me. I’m not part of them...’ (Interview, 10/04/08) and, while he has gradually become accepted, he was concerned about the impact of their attitudes towards the DFM, who he noted was ‘a big challenge for them’ (ibid).

The discourse of skills development at Tukulu also applied to the farmworkers. Casual workers were given on-the-job training and formal courses as required but the latter were generally reserved for the permanent workers, the tractor drivers and supervisors on the farm, who needed specialist and refresher courses. The farm manager stated that before Tukulu the workers had received no training and, as they were converting the farm from wheat and dairy to vines, this was essential. He felt that the training was allowing more responsibility to be devolved, giving the workers more pride in their roles within the farm. The DFM considered that the workers took a more instrumental view, knowing that these courses were essential to their continuing employment but also concerned as to whether they would have a bearing on salary. I interviewed four out of the twelve permanent workers who held a range of attitudes towards the training they received:
Some of the training doesn’t apply to the job ... it is necessary but not everything you learn will be directly to your job ... if you learn something, you must use it (Worker 3)

It doesn’t matter what training because I want stuff in my head ... the more I know, the better (Worker 4)

...it lets your mind work ... so it’s necessary (Worker 5)

Training included work (tractor operation, application of chemicals, firefighting, vineyard monitoring, first aid, leadership, Stress in the Workplace) and personal courses (Family Matters, HIV/Aids, Responsible Use of Alcohol, FAS, Money Sense) but while these may be focused on developing the operational and personal resources of the farmworkers, they remain in the same structural relations with farm management.  

This is arguably better understood as developing efficiency as opposed to empowerment because training that is necessary to ensure the safe and effective functioning of an employee should be part of the good labour relations and corporate practice that Distell prides itself on (Interview, 02/04/08).

7. Conclusions

These B-BBEE wine brands demonstrate the continuing entrenchment of conservative discourses within the wine industry. Even when those facilitating empowerment projects had ethical rather than simply market motivations, the language used and the structures of the projects reflected deeply engrained, although often unconscious, discourses of paternalism and inequality. Multiple modes of power, relations of seduction, inducement, manipulation, domination and authority (Allen, 2003), weave through these micro-scale stories; while these also occur over the larger scales of the wine industry and South African economy in general, the particularities of these interactions at the local level clearly highlight the multiple and contradictory efforts towards economic empowerment and how power relations are grounded in specific places.

In Reyneke, despite engaging directly with the farmworkers, tangled discourses of ‘capability to choose’ and latent paternalism establish a rather confused impression of economic empowerment in this space, which is replicated in the other wine brands. In Tukulu, B-BBEE in terms of ownership and management control is a symbolic inclusion and yet material exclusion (Du Toit et al., 2008) with the BEE Investors’ ‘blackness’ being used to enhance market credibility, while they remain dislocated from the skills development and control that they desire. The enactment of dislocation that this enables has arguably depoliticised the B-BBEE agenda, with both black and white elites benefitting from

---

5 After the research, Tukulu achieved Fairtrade accreditation, which is likely to have altered power relations on the farm.
adhering to B-BBEE requirements, which no longer connect to a wider and more radical transformation agenda.

As Du Toit et al. (ibid) state being black-owned can allow brands to rely on exploitative labour practices and yet remain legitimate and transformative; the equation between the black elite and workers means that empowerment can be deployed strategically to avoid engaging with the concept on a more collective and transformative scale (Author, 2012). Worker empowerment and labour relations, critical elements of this, have arguably been displaced with there being no change in the structural relations for the farmworkers of M’hudi, Seven Sisters or Reyneke. Discussions have become more centred on achieving the technicalities of B-BBEE rather than challenging these more fundamental power relations; to some extent this focus is reflected in the case studies discussed although they still contribute to an, albeit diluted, transformation agenda by demonstrating capacity and creating a space for black economic power by helping to create the environment of possibility to foster ‘power to’ for a broader demographic.

Initially I suggested the local as the most effective scale at which to ensure empowering and transformative development but the case studies highlight how the micro-scale is embedded within the broader constraints of racial politics with, in general, the elites in each network benefiting the most with the most socially marginalised largely excluded from the process. Perhaps, however, this is more class-based, with new affinities based on capital rather than purely race emerging. In order to reach the most marginalised, I argue that the discourses of empowerment and socio-economic transformation need to be realigned to ensure that national strategies are working towards socially equitable and just development. There needs to be a renewed consciousness about what type of society they are seeking to achieve and, while a focus on economic empowerment may trigger beneficial multiplier effects as in Reyneke, in general it abstracts the broader concept from the realities of the multiple forms of deprivation faced by the marginalised.

How then can empowerment work towards just development? A multi-scalar, multi-dimensional dialogue is essential to ensure that the development process builds the agency and capabilities of all through both adapting to contextual particularities and ensuring that the state and other institutions do not neglect their responsibility to enhance an environment that fosters alternative power relations. Power relations, whatever modality and at whichever scale, are always experienced as local enactments, grounded within particular places, and therefore it is at this scale that the individual attitudinal shifts, fundamental grounding for broader social change, must be initiated through direct engagements and interaction.
8. References


Alessandri T M, Black S S, Jackson W E, 2011, "Black Economic Empowerment Transactions in South Africa: understanding when corporate social responsibility may create or destroy value" *Long Range Planning* 44 229-249


Blumberg R L, 2005, "Women's Economic Empowerment as the 'Magic Potion' of Development", in *Annual Meeting of the American Sociological Association* (Philadelphia)


Brown M, Du Toit A, Jacobs L, 2003, "Behind the Label: a workers' audit of the working and living conditions on selected wine farms in the Western Cape.", (Labour Research Service Women on Farms Project and the Programme for Land and Agrarian Studies, UWC)

Cahill A, 2008, "Power over, power to, power with: shifting perceptions of power for local economic development in the Philippines" *Asia Pacific Viewpoint* 49 294-304


DTI, 2012, "Amended Broad-Based Black Economic Empowerment Codes of Good Practice",


Erasmus Z, 2010, "Reformulating Racialised Citizenship(s) for South Africa's Interregnum" *Transformation* 74 47-65


Mangcu X, 2008 To the Brink: the state of democracy in South Africa (University of KwaZulu-Natal Press, Scottsville)


Posel D, 2001, "Race as Common Sense: racial classification in twentieth-century South Africa" African Studies Review 44 87-113


Rowlands J, 1997 Questioning Empowerment: Working with Women in Honduras (Oxfam, Oxford)


Scheyvens R, 1999, "Ecotourism and the Empowerment of Local Communities" *Tourism Management* **20** 245-249


