CASE STUDY

Supreme Poultry – poultry processing, South Africa

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Company Background

Supreme Poultry is a subsidiary of Country Bird Holdings (CBH) Ltd, which produces broiler chickens (those bred specifically for meat production) and animal feed, as well as operating poultry-hatching and -breeding sites. CBH is headquartered in Johannesburg, South Africa, and has several subsidiary companies, with operations in Botswana, Namibia, Mozambique, Zambia, and Zimbabwe.

Supreme Poultry is South Africa’s third-largest poultry producer, with a range of frozen and fresh chicken products under various brand names for wholesale and retail. The company also supplies own-brand products to major South African supermarkets and, increasingly, to the quick service restaurant sector, including to Kentucky Fried Chicken (KFC) and Nando’s. Supreme’s flagship broiler slaughter and processing site at Tigane, North West Province forms the subject of this case study. The site processes 48 million chickens per year and has a total annual turnover of R852 million ($54 million).

Broiler production and processing is significant for South African agriculture by volume (17% in 2013), and South Africa produces 80% of broiler chickens for the wider Southern African region (DAFF, 2014). Domestic production and consumption of chicken products has been increasing steadily in recent years in South Africa and the wider region. While the bulk of Supreme Poultry products are consumed in South Africa, where it has around 9% market share, the company aims to provide affordable chicken products to customers throughout southern Africa and currently exports around 4% of production. Supreme Poultry’s operating context is strongly affected by the price of grain for feed, currency fluctuations, national regulations on brine added to chicken, and by changes in international trade agreements, which have increased competition from cheaper imported chicken.

Nationally, Supreme employs approximately 3,500 people in its breeder farms, hatcheries, abattoirs, cold-storage facilities, and retail outlets, with operations based mainly in the Free State and North West provinces (CBH Operational Review, 2013), accounting for around 65% of CBH’s overall employees.

The Tigane plant employs a total of 842 permanent employees, and 80 temporary workers. Supreme outsources the growing of live birds to a number of contract growers, who have substantial technical support from the company and are supplied with day-old chicks and chicken feed. Supreme’s contract growers supplying Tigane provide employment for a further 448 people.

“Here, there are opportunities for growth and promotion for women, as long as you are open-minded and determined. We women are not afraid to take the lead.”

Female Training Officer, Tigane
HOW THE COMPANY SUPPORTS WOMEN

Women are present throughout the company at Supreme Poultry, from the head office to the production sites, and represent 44% of total employees at the company. At the Tigane site, they represent 45% of employees overall and are found at the on-site management office, at the front-line of production, and beyond the site at contract-grower level. While some female staff have been employed for over a decade, historically there were far fewer women at the site. The Tigane workplace is unionized: 40% of the women workers are union members (against 73% overall worker membership), with a number elected as shop stewards.

In front-line production, most roles involve both men and women. Women make up 50% of employees across both permanent and temporary positions. There is a higher presence of women in jobs seen to involve a greater attention to product quality (quality department), presentation (sorting and packing), and detail (cutting). The dispatch section of production (which involves working at very low temperatures) is exclusively staffed by men but managed by a woman. Company interviewees indicated that, based on their experience, these gender-based occupational patterns appear less prevalent at Supreme than they are in the wider industry in South Africa.

The majority of the main workforce, including women, come from Tigane township, opposite the worksite, but also from further afield, including other provinces (Northern Cape, East Cape, Free State, KwaZulu Natal, and Transkei) and other countries, such as Zimbabwe and Malawi. In common with many township communities in South Africa, Tigane experiences social-development problems, with challenges including access to basic services, high unemployment, few opportunities for young people, and problems with crime and violence. An estimated 15% of the workforce is functionally illiterate. Many women are single parents and several support a number of dependents. Working parents use nannies and relatives to assist with childcare. Tigane clinic staff indicate that HIV/AIDS is also prevalent among the workforce at around 35%. Health issues in the community include hypertension, diabetes, and tuberculosis, as well as alcoholism, mental health problems, and concerns associated with domestic violence.

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<th>WOMEN IN THE WORKFORCE AT THE TIGANE PLANT, 2016</th>
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<td>All employees</td>
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There are some key drivers for the company to increase investment in the workforce, including women. Globally, the industry is recognized as being one of hard, low-wage work in a demanding physical environment and under high competitive pressure to keep costs low. In many countries labor conditions in poultry processing have been subject to poor and unfair practices, as well as high accident rates. In South Africa, the poultry industry is facing a highly competitive period and a tough operating context. Against this backdrop, Supreme Poultry is keen to maximize efficiency and productivity at production level, and ensure high-quality and consistent products.

South Africa has well developed labor laws, including regarding Black Economic Empowerment and Employment Equity, which also recognize that women are a vulnerable group in their own right. The requirement to demonstrate legal compliance has been a driver for the company to further professionalize HR management.

**CLEAR, FAIR HR MANAGEMENT SYSTEMS**

The company is now in the ongoing process of adopting a more rigorous approach to HR management, which has included ensuring equal opportunities for men and women at the company, alongside various activities to improve employment equity according to South Africa’s Employment Equity legislation.

Following the professionalization of senior HR management, the HR function is now seen as a strategic partner in the business without which operations could not function. The professional HR approach includes the view that all staff must be promoted based on competence and performance, with no room for discrimination on the grounds of race or gender. It has led to greater implementation and enforcement of existing policies, and the development of new policies. All of these have led to improvements in the workplace and a number of specific initiatives benefiting both men and women.

**WOMEN’S PROMOTION AND LEADERSHIP**

This fresh, more meritocratic approach in the workplace has helped increase and open up opportunities for women, including their movement into supervisory and management roles over the last few years. At the Tigane site, women make up 50% of the workforce at operational level (across permanent and temporary employees). Women are present in management (36%) and supervisory levels (43%), including holding positions of substantial responsibility, such as quality management and deputy shift management. Unusually in rural agricultural industry, this involves women managing men as individuals and in groups. While some male staff still prefer to discuss issues with a male line manager, the majority have accepted the situation without difficulty.

“Previously, it was, ‘get on with it and do what you’re told’. Now, there has been a mindset shift regarding HR’s function. HR is much more involved and seen as a strategic partner in making the business work.”

Herman Spamer, HR Manager

“Here, women are given responsibility and the opportunity to grow, more than where I used to work. Women can walk a long way here if we [hold] hands together and are a good team.”

Female Training and OHS Manager
Men and women workers’ indicate that these increased opportunities have helped build women’s confidence. Female staff report that they are not afraid to speak with a strong voice, literally and metaphorically. They feel their voices are heard on equal terms with men and that the opportunities for growth and promotion are there for open-minded, determined women who can see themselves in leadership positions. Female staff in supervisory roles value the increased independence and responsibility that promotion brings. General workers feel that the presence of female supervisors increases the overall understanding of issues women face in the workplace – for example, recognition and respect, and the need for lighter duties in the workplace during pregnancy, including more frequent bathroom breaks.

**CLEAR RULES ON BEHAVIOR - INCLUDING NO TOLERANCE OF SEXUAL HARASSMENT - AND SUPPORT FOR PERSONAL SAFETY**

The company has a defined Code of Conduct which governs behavior in the workplace, helping embed fair treatment. All staff are trained on the Code of Conduct at induction, including a simple ‘20 Rules’ summary. While this was introduced a few years ago, more recently it has been more firmly implemented and enforced, and staff feel that it is a valuable, easy-to-understand tool which has created a unity of purpose and treatment at the site.

This consistent communication and implementation has helped make the workplace culture one of recognition and respect, with no tolerance for sexual harassment. The company has had past instances of known sexual harassment which resulted in the dismissal of staff members, including white members of staff. With the cultural legacy of apartheid (which increased impunity for white people), this is significant in the South African context.

The company has also introduced night transportation following attacks on staff traveling home after completing a night shift at the worksite. While this is paid for by a negotiated pay increment on staff salaries, the nighttime minibus service is organized by the company. Both men and women value this service, since the threat of attack in the area is experienced equally by men and women and both participate equally in night shifts.

As a result of such measures (reinforced by the presence of CCTV cameras in some areas of the processing plant) staff members feel secure during and after work, and confident that complaints of sexual harassment are taken very seriously.

**TRAINING AND SKILLS DEVELOPMENT**

Historically, the only external training provided was that which was legally mandated. However, over recent years, the company has increased its levels of training, acknowledging that South Africa’s legislation to support Black Economic Empowerment and Employment Equity has also been a driver for this activity. Employees’ training needs are assessed and women and men have equal access to training opportunities, differing from the past where men would likely have had more access to training opportunities and training was focused on
production only. Now the company has a strong focus on OHS, and food safety and hygiene training (such as Hazard Analysis and Critical Control Points, HACCP) for all staff, as well as quality training for quality team staff, many of whom are women. There has also been Strategic Business Management training for several staff, including men and women line managers.

The South African Poultry Association has been working to develop standard qualifications for the poultry industry, in order to introduce ‘learnerships’ for staff. These are national vocational training accreditation courses aiming to provide qualifications of certified competence for those with informal education, but without qualifications. They involve training at the workplace, as well as in the classroom, and are paid partly by the company and partly by government subsidy. These types of formal qualification are particularly important in an industry that handles food products and in which company customers have high food-safety and quality specifications. While not yet in place, the site HR manager believes these will be agreed upon shortly and introduced across the industry in 2016. Once the standard is introduced at Supreme, there are plans for 150 shop floor staff at Tigane to undergo an accredited Quality Training scheme.

Beyond vocational training related to food safety and hygiene, and OHS, some staff also received training on supervisory skills and environmental awareness. Given the company’s promotion of women into supervisory and management roles, women have been beneficiaries of these courses and will be included in equal numbers at the general workforce level in the future learnership schemes. Women at the company reported that they especially value training and any other educational opportunities. Participation in training courses increases their knowledge and skills, and the sense of respect and recognition they feel in the workplace.

The company has also introduced internships for people undertaking work placements while in tertiary education. This internship scheme has mainly benefited women – currently all four 2016 interns are women – though men were also represented. There are also benefits for the company: interns often remain with the company, they can provide access to some of the university facilities, and their work and ideas generate valued innovations and improved processing operations, which can create substantial savings.

**ADDITIONAL INITIATIVES BENEFITING WOMEN**

Supreme has a number of initiatives to support staff who are parents. It offers optional enhanced maternity leave of two additional months beyond the statutory minimum of four months, and, anecdotally, reported 100% maternity return rates. Staff at management level can request flexible working times to accommodate family responsibilities such as school/childcare pick-ups and drop-offs.

At Tigane (and other processing sites), the company runs a shop selling chicken products on the edge of the worksite premises, which is open to all staff and to any nearby residents of the township. The factory shop is valued by employees, since it offers lower prices than in the nearby town and saves staff time in shopping (typically done by women).

There is a health clinic at the worksite, offering support for physical and mental-health issues. This includes dispensing of controlled medication and counseling services. The clinic offers services tailored to women; they can undergo breast examinations and cervical (PAP) smears on-site. The clinic can also refer staff experiencing domestic abuse (typically women) to a local NGO able to offer further services. Feedback from employees shows that, on the whole, these health services are valued – they can save staff time that would otherwise be spent
CONTRACT GROWER NETWORK EXTENDS EMPLOYMENT OPPORTUNITIES FOR WOMEN

Supreme Poultry has an extensive outgrower operation, with 48 contract growers (including one woman) providing live birds to the processing site at Tigane. The largest grower has over 1.5 million birds. The Contract Grower Manager is a woman, and women are present at a ratio of four women to six men in the team, including in technical roles (such as in an on-farm technical advisory capacity). Contract-growing operations will typically be registered in a man’s name, though many will be family farming operations in which some women will also be involved.

Contract growers to Supreme currently provide jobs to 448 people, of whom 25% (114) are women, showing that there are substantial employment opportunities for women at broiler-rearing level. Contract growers interviewed indicated that women do seek work opportunities on farms and are given equal consideration as men. However, women workers are more common on the large contract growing farms than on small ones, as, on small farms, workers often have other tasks that are seen as male work, such as construction. Women are present at farm level across the board, for example, tending chickens and managing chicken sheds. One contract farm supervisor with extensive industry experience reported that most women are comfortable working on night as well as day shifts, contrary to some of their male colleagues’ expectations.

For contract growers, a committed and present workforce is very important for healthy chicken production. Women workers are seen as disciplined, determined, and able to organise their workloads and handle the chickens well. Health and hygiene are also very important at farm level, so farm workers who uphold standards are valued. Having mixed teams at farm level helps create a good working environment.

Supreme’s contract growers are helping provide a number of employment opportunities for women. The company can build on its technical relationship with growers to encourage growers to employ women in non-traditional jobs on farms, using examples from existing growers to spread the message.

“For me, employing women is a matter of personal pride. I like encouraging the independence of women. One woman started out helping in the kitchen and is now an assistant poultry manager.”

Female Contract Grower

In 2015, Supreme brought on its first female contract grower, Nthabiseng Khuluse. Her farming operation has been very successful. She employs four men and two women (slightly more women than other growers), and provides better than average working conditions, such as higher pay and a performance bonus for all staff. She believes this creates higher productivity, lower turnover and absenteeism, and smoother operations in general.

Photo © Supreme Poultry
visiting a doctor off-site – and, in some cases, these health services may even be a motivation to come to work. Increased training and awareness of safety importance, improved personal protective equipment, and supervision at the abattoir have helped reduce the Serious Injury Related Accident (SIRA) rate over recent years.

The company is also now introducing a new health-insurance scheme with a low monthly fee where doctors will be brought to the worksite, facilitating easier access for staff and sparing the time (and lost wages) of a visit to a doctor. This will be open to all staff, but will target those on low incomes. The company also supported the studies and qualifications of the female clinic manager during her substantial service at the company.

THE BENEFITS FOR THE COMPANY

The company’s improved HR management, meritocratic approach, and attention to women workers’ personal safety and health have created a range of business benefits. In particular, the company’s improved performance and excellent product quality mean it is now well-placed to support a strategy of growth, based on site expansion at Tigane and development into new markets.

IMPROVED PRODUCTIVITY AND HIGHER PERFORMANCE WITH MIXED TEAMS

Staff at Supreme Poultry, from senior management to general workers, hold the clear belief that a more mixed workplace with fair opportunities for men and women leads to better business performance. Research supports this view, as extensive studies have shown that greater gender balance produces better decision-making and more resilient businesses (McKinsey, 2015). In particular, women are considered to bring:

- Ambition and desire to rise to challenges, including tough production targets;
- Good operations management, resulting in smoother production;
- Empathy and good people skills, including addressing staff personal issues at work;
- A systems approach, with understanding of what works in practice;
- Excellent technical and organizational skills; and
- Ability to follow and enforce production instructions and wider company rules.

“Initially I was sceptical about women on a chicken farm, but actually they did an excellent job, plenty were even comfortable working on the night shift, which I didn’t expect.”

Male Farm Supervisor
There are direct business benefits from traits which women are seen to bring to the workforce: improved skills at work; savings on decreased wastage of product, packaging materials, water, and electricity; and savings from smoother and faster implementation of change and new standards.

Following increased investment in staff at Tigane during 2015, via training programs (where women made up 49% of staff trained), the company was able to improve productivity, producing more chicken products with a lower staff ratio. Smoother operations and adherence to standards also means the company passes customer-compliance audits (such as KFC’s supplier-audit program), reducing the potential for fines and saving management time in dealing with non-compliance and customer complaints.

**SUPPORT FOR COMPANY STRATEGY OF EXPANSION AND INCREASED ACCESS TO HIGHER VALUE MARKETS**

For Supreme Poultry, the current, highly competitive market means the company is likely to pursue a plan of improved efficiency and new product development. For this, retention of existing, trained staff and developing higher staff skills will be crucial. Given the industry’s price squeeze owing to cheaper imports, the company’s plan for affordable skills development is to invest in their own staff via training and development, rather than recruiting different staff.

Company strategy is to increase selling chicken to the quick service restaurant market, as well as potentially supplying fresh product (currently, Tigane produces only frozen product), both of which are higher value markets. The company is also considering new added-value products (such as crumb and cooked chicken). All of these require specific staff skills in terms of highly consistent quality, production to clear standards, and attention to detail – traits which women are considered to bring to the workplace and which is supported by their prominence in the Quality and Cutting departments. Tigane’s reputation within the Supreme Poultry and wider CBH group is one of being the “flagship plant – very efficient, with a can-do attitude and a great team – [where] staff are very helpful from top to bottom”, reported a Sales & Marketing team member. According to HR staff, the plant has better workforce relations and higher productivity than other Supreme plants, and is likely to feature more strongly in the company’s overall expansion plans as a result.

**REDUCED ABSENTEEISM**

Alongside the general improvement in HR management practices governing areas such as planned absences, in recent years the company has focused on preventative health, rather than dealing with health matters on an ad hoc basis. Both elements have generated better management of sick leave and reduced average absenteeism rates – 2.32% for 2016 (to date), reduced from 2.57% in 2015 – creating substantial annual average savings of ZAR 240,600 ($16,800), according to company calculations. Having health services at the workplace enables employees to work productively; for example, having a qualified clinic sister who can treat people on-site and authorize sick leave where necessary. This has helped reduce lost production time and absenteeism for doctor’s visits and sick leave. Increased safety and health awareness training has also reduced overall OHS incidents, including serious injury-related accidents.
FARM SHOP OFFERS INCREASED SALES POTENTIAL

Employees at Tigane value the cheaper price of products available at the farm shop and, for the company, this is a profitable operation. Company strategy is now seeing the factory-shop sales channel as a more serious revenue opportunity, and is considering increasing such direct sales and taking further advantage of the market of direct employees and residents neighboring processing plants. This could involve marketing strategies, such as further staff discounts and increased promotions.

REMAINING CHALLENGES

Supreme Poultry has not set out with the explicit objective of investing in women directly. However, the company’s improved overall HR and workforce management has indirectly helped end discrimination toward women, with the result that they have derived increased benefits compared to men. Going forward, an explicit focus on women could help the company realize even greater benefits for their overall workforce and overcome some of the remaining challenges.

CONTINUOUS IMPROVEMENT APPROACH

Professionalizing HR management at the company is an ongoing process. There is scope to build on existing improvements by adopting a continuous improvement approach. This will be especially important given the competitive future of the poultry industry and the proposed expansion at Supreme’s Tigane site. For example, this could encompass improving worker–management communication, such as regularly surveying employees to harvest ideas, improve employee engagement, and address any workplace issues.

The company has moved to a preventative healthcare approach, where possible, and has invested in training staff and assistance with workplace healthcare schemes. Women workers, in particular, may benefit from assessments which focus on common health considerations in the poultry industry, such as managing production to ensure regular toilet breaks, rotating staff around different tasks and departments, and limiting standing for long periods.

SPACE FOR WOMEN’S FURTHER PROGRESSION INTO SENIOR MANAGEMENT

Women workers at Supreme Poultry have benefited from the company’s meritocratic, competence-based approach to HR management in recent years, creating opportunities for them in roles which were predominantly a male preserve. Since 2010, fourteen women have been promoted to key high-level and supervisory/management positions. This has had clear business benefits in terms of product quality and smoother operations (as outlined above), and should pave the way for similar progression throughout the company, including more women at senior management and corporate level (the five board directors are all men, though the company secretary is a woman).

FURTHER INVESTMENT IN SKILLS AND EDUCATION

The company has made some investments in skills development at the workplace, partly as a result of the range of employment-equity legislation which resulted from South Africa’s apartheid legacy. Women workers, alongside male colleagues, show a clear commitment to building their qualifications and skills, and the company could
invest further in upgrading skills and assisting with education for already skilled workers (such as through the planned learnerships). A revolving loan fund that workers could use to further their education could be investigated. For workers with poor literacy, the company could consider offering basic literacy and numeracy skills which could help maintain a loyal, motivated workforce, equipped to help the company expand. Currently, tenure is the same for men and women: an average of seven years over the past decade.

There may also be community groups, local NGOs, or government programs with whom the company could partner to improve educational resources, such as teachers in the community. This would generate business benefits in the form of improved literacy, which aids food-safety compliance and high workplace standards across all business operations.

CONCLUSIONS

Globally, the industrial poultry industry is characterized by hard work in a demanding environment and is under pressure to keep costs low. South Africa is no exception. This has lead Supreme Poultry to adopt a continuous improvement approach, maximizing efficiency and productivity, and working to ensure a high-quality, consistent product range. In recent years, the company has changed its mindset with regard to HR management. It is now a critical function as part of the drive to overall improvement and, in turn, has created a meritocratic approach, which ensures equal opportunities for men and women at the company.

The company is now reaping the benefits of its fresh approach: improved productivity and quality, reduced absenteeism, and increased sales potential back to staff themselves. Outgrower broiler producers also see additional value in having women workers, where once such jobs would have been traditionally seen as men’s work. Women workers value the increased employment opportunities and the chance for promotion, as well as training and other educational opportunities.

Going forward, the company can build on the work to date by further action to address common industry OHS issues; making ongoing investments in workforce skills and education; continuing to improve current HR management systems; encouraging employment of women (and good HR practices overall) at outgrower level; and driving increased progression of women into senior management roles. This will provide additional opportunities for women workers and help reinforce Tigane as the flagship company site, fully equipped for Supreme’s efforts to build market share and develop new products.
SOURCES


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