**THOUGHT LEADERSHIP ARTICLE**

Gone are the days of grocery vouchers as an incentive for mineworkers

**How mines can empower mineworkers financially and boost safety and productivity**

**By Steve Mallaby, CEO, adumo Payouts**

**19 October 2023:** The mining industry in South Africa has played a pivotal role in the nation’s economy for decades. Export data from the South African Revenue Service indicates that, for the first half of 2023, the value of mined material exports was R575 billion.

According to Statista, the industry is home to a substantial workforce, with 475 561 mineworkers employed in 2022. The platinum group metals sector is the largest employer of all mineral commodities with 172 159 employees. These statistics indicate the continued importance of mining to South Africa’s economy, contributing an impressive R493.8 billion to GDP in 2022.

The implication, however, is that many suppliers to the mining industry, whose fortunes are intrinsically linked to the performance of the mining sector, only do as well as mining itself. In our case, we have maintained a degree of resilience due to our unique solution offering.

Our journey into the mining industry has evolved organically over time, with a notable milestone being our partnership with one of the industry’s major players since 2012. At that time, they were handing out grocery vouchers as an incentive for their workers. We proposed a more versatile approach by introducing prepaid adumo debit cards, enabling mineworkers to use them for a wide range of needs. This marked the inception of a transformative approach that has evolved since then.

When handing out multiple grocery vouchers as a production or safety incentive, why not use the same instrument? Our solution enables mines to replace paper vouchers with a dynamic card that can be continually topped up as needed. These cards serve various purposes, including:

* Incentivising mineworkers for early/late shifts and working overtime or public holidays.
* Introducing an incentive aimed at health and wellness, such as getting vaccinated during the Covid-19 pandemic, or if mineworkers voluntarily elect to be tested for HIV.
* Linking incentives to achieve or maintain certain key production targets.

Our solution is simple and scalable, catering to the diverse needs of operations in the mining industry, which often employ thousands of workers. Whether a business or corporate client has five or 5 000 staff, scalability goes hand in hand with flexibility.

For instance, if a mine hits a specific target at say 15:00 on a Friday, by the time the mineworkers return home at 18:00, the money is already loaded onto their adumo debit cards in real-time. We provide our mining clients with two options: they can supply us with the load instruction and details, or they can manage the process themselves via their dedicated self-service portal. In our experience, we have found that the mines prefer to interact directly with our team, building close personal relationships as a result.

In our unique approach, the corporate mine is our client and, by extension, the mineworker too becomes our client. If they have any query about their card, such as the balance, they can conveniently access an online portal, use a USSD code, or contact our multilingual team that offers support in all 11 national languages. This inclusivity builds trust and ensures effective communication, whether the mineworkers are from the Northern Cape or the North West.

It is important to note, that while the onboarding process is exceptionally quick, the sales process in the mining industry can be lengthy, as it is necessary to secure buy-in from various internal (finance, human capital, safety, etc.) and external stakeholders (trade unions). While we do not interact directly with the trade unions, they have been very supportive of the adumo solution, as it places the mineworkers at the core of the process.

Interestingly, most of the interactions and decisions occur at the mine level rather than at the mining house level. We have also engaged some of the junior miners to gain a better understanding of their needs in terms of employment, production, and safety.

At the heart of our solution, and the tangible benefit, is the focus on safety and production targets, which are top-of-mind for the mining industry. Production is uninterrupted if there are zero incidents, plus there is no attendant negative publicity and impact on the community, especially in the event of fatalities. By adding a human dimension to these targets through our incentivisation solution, we can influence positive behaviour.

The crux of the matter is that many miners fall on the lower end of the LSM scale, facing substantial debt, and have garnishee orders on their salaries. That presents a significant challenge when trying to incentivise workers. While mining companies make efforts to disburse incentives, the prevalence of garnishee orders hinders the desired behavioural shift.

When a mine partners with us, we disburse the funds directly onto each of the mineworkers’ adumo cards. The incentive payment is still processed through payroll to ensure compliance with tax authorities such as SARS. However, mineworkers now have their individual adumo debit cards, ensuring the funds are exclusively theirs, ultimately increasing their spending power.

Our approach is finely tuned to drive behaviour and engagement. For example, when a mine hits multiple targets relating to different safety initiatives, they instruct us to carry out three separate payouts. We also send an SMS communication to all mineworkers congratulating them on each of these milestones as part of our reinforcement strategy.

Recognising and rewarding good behaviour, such as being conscious of safety measures or reaching a safety milestone, provides a tangible benefit. Suddenly it makes sense to mineworkers as it impacts them directly. They become more safety conscious and are motivated to reach production targets, even willingly working on public holidays. This benefits the mine, fostering the correct behaviour, increasing production, and ultimately boosting shareholder value.

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Physical and digital prepaid, secure payout solutions for South African businesses.

Trusted by over 500 corporates and backed by Mastercard, our transactional card products empower you to recognise and reward positive workplace behaviours.

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