



BUSINESS THOUGHT LEADERSHIP

Lack of trust in business cannot continue if we want a recovery

We are about a week away from a medium-term budget policy speech that comes in a most extraordinary year for all of us.



BUSI MAVUSO

Covid-19 has upended all that we thought we knew about running a modern-day economy. It's amazing to think that for about two full months of this year, the state had to basically shut down all commerce as it prepared itself for the September peak in the pandemic.

The "great lockdown" was important in helping us manage our way through the peak in infection rates and to ensure that the worst forecasts in terms of the number of deaths never materialised. That should not, however, encourage any sense of complacency among us. The virus is still very much a factor in the global economy and will be so until a vaccine is found.

The one certainty is that until there is an effective vaccine, the virus will be a consistent threat to our way of life on this planet.

Living through this period with the least amount of fallout possible will depend on how the state, business, labour and civil society work together and not against each other.

Our history, I know, does us no favours in this regard. But if we are not only to recover from the pandemic's economic devastation but also to deal with the inequities of decades past, we are going to have to build bridges where there weren't any before and spend time and effort to maintain and nurture those that do exist.

On October 21, finance minister Tito Mboweni will put his best foot forward and deliver a speech that in his words will be unpopular in some circles.

"If we head towards a fiscal crisis, then we have a sovereign crisis and then a banking crisis. We can no longer live beyond our means. We have to close the mouth of the hippopotamus," Mboweni said at a Stellenbosch University webinar, referring to the widening gap between the state's declining revenue and rising expenditure bill.

Essentially, that implies that frugality will be the cornerstone of the government's budgeting process in the years to come.

There are some economists, no doubt, who will warn against this because of the repercussions on economic growth. But it is a course that the "wasted nine years" has served up for us: there is simply no forgetting that legacy.

While we support fiscal reforms, what will be essential is that business is seen as a partner – and a very important one – in the pursuit of an economic recovery.

This trust deficit, which we have long lamented, cannot continue to exist in relations between all the key stakeholders in our economy.

The onus is perhaps on us as the business community to educate on our role in the betterment of society and, through Business

Leadership SA, we shall do so. Here's a truism about business that we need to understand – we are all involved in business whenever we do something that is intended to earn a return, be it wages, profits or a return on an investment. That is basically every single working adult in this country. It is not them versus us – we are all in it together. Some returns, of course, are better than others, which speaks to our main structural flaw, inequality.

While acknowledging that this flaw plagues economics globally, we cannot deny that our success depends on the business environment in which we find ourselves.

No entrepreneur can make progress if they can't find suppliers of the necessary inputs, or finance, or staff with the necessary skills. This speaks to the environment and, if business is to play its role in the recovery of the SA story over the next two years, the state along with all its actors, including its regulators, will have to ensure a conducive environment. There has been good work already by the state, led by the department of trade, industry & competition to reduce some red tape hampering business activities.

WHAT WILL BE ESSENTIAL IS THAT BUSINESS IS SEEN AS A PARTNER – AND A VERY IMPORTANT ONE – IN PURSUIT OF A RECOVERY

It is but a start, though, and much more needs to be done to ensure the right infrastructure is developed for businesses, big and small, to grow. Since the dawn of democracy, the business sector has grown in size, changed its racial composition and created millions of jobs and helped support the social spending of the state. None of those has occurred at a rate we can be proud of: we could have done much better.

Still, business is so often singled out as a foreign player in the everyday lives of ordinary South Africans. It is not. Business is an important player in the social fabric of the country and is as invested as the state, labour and civil society in creating an enabling environment for growth.

We encourage transparency and clear communication lines with the state to ensure the economic recovery plans led by President Cyril Ramaphosa are fruitful.

● Mavuso is CEO of Business Leadership SA.



This article is copyright protected and licensed under agreement with DALRO. Redistribution, modification, re-sale of this is not allowed without prior written consent of the original author of the works.

