

The squeeze is on, but taking charge will help ease the pressure

South African businesses will need to become more competitive and get back to basics, writes Yvonne Fontyn

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Picture: ISTOCK

"So foul and fair a day I have not seen", said Shakespeare's tormented Macbeth after winning a bloody battle. It seems SA faces a similar year.

Foul because the ANC leadership contest is likely to have unsettling ripple effects; the ratings agencies may refuse to cut us any slack, as they did in 2016; and little is bound to change in the urgent, systemic problems of unemployment and education.

However, the experts also have some predictions to cheer us up. Economic growth should pick up in the first half of the year; interest rates are likely to remain steady; the rand is

expected to retain its recent improvement; the attacks on the ANC brand may bring about a more cohesive and effective governing party; and a less patient and more vocal civil society may steer events in a more positive direction.

These changes will take time to filter through, though.

Philip Faure, global head: wealth and investment at Standard Bank, says 2017 "will be a tough year for all of us.

"But a positive political change will lead to an improvement in confidence, which will lead to money not leaving SA and, in fact, returning to SA to seek investment opportunities."

It always helps to know there is light at the end of the tunnel.

"By 2018, we should start to see and feel the positive changes. SA will have its day in the sun again," says Faure.

Jeffrey Dinham, an Econometrix economist, concurs. "In such a climate and with good fiscal discipline from the Treasury, the economy may demonstrate the stability required to maintain investment-grade ratings," he says.

"Inflation has hopefully peaked and interest rates should remain steady. However, the average South African remains heavily indebted and we are seeing this reluctance to spend further coming through in the marked decline in the sale of durable commodities, such as cars and appliances."

Dinham adds: "However, consumers should attempt to consolidate their financial position and ensure they are building an asset base for retirement or possible retrenchment."

Business should be aware of the poor outlook for consumers, he says. "Retailers across the board will remain under pressure in 2017."

The international ratings agencies "will surely be watching very closely to see if recent small signs of reform turn into anything more substantial and if SA can begin to deliver on its promises of reform", says multimanager Analytics. "SA has been given the benefit of the doubt in 2016. It won't be given the benefit of the doubt in 2017."

Dinham cautions: "The global market will remain volatile and, as global growth falters, South African businesses will need to become more competitive to ensure they have a seat at the exporting table."

Business owners and executives need to get down to basics, says Penny Holburn, a business and executive coach. "Keep a tight rein on expenditure. If you spend money, that purchase must add real value to the business. Focus on the basics and do them very well.

"Understand your markets and customers really, really well. Understand what future trends are. Look at products and services that will add real value to customers in the future. You want to keep afloat as a business, and you want to prepare yourself to take advantage of an upturn when it happens."

From the point of view of managing yourself, Holburn adds: "Know where your money is going, cut your expenses and repay more debt. In your job, keep adding value to your business and your clients, and do your job well. "

The idea of taking more personal responsibility by being proactive rather than a passive onlooker in society is growing, together with the increase in civil organisations.

Sara Gon, a research fellow at the Institute of Race Relations, sees a public that has become "less tolerant of abuse" since Nenegate. "We are more judgmental, less naive and demand greater accountability. Reliance on our good faith is over."

South Africans are unlikely to see policies created and implemented that will improve education or unemployment, Gon adds, "but what will grow is action by civil society. It will become more terrier-like."

In addition, "the judiciary is most likely to continue to display its independence, and judgments on constitutional matters are likely to go against the government", she says.

Many South Africans are feeling powerless about the results of poor leadership, but joining a civil society organisation is an effective way to make one's voice heard and to have one's concerns tackled. Dozens of groups have sprouted over the past decade, including the Right2Know Campaign, Freedom Under Law, Corruption Watch and the Council for the Advancement of the South African Constitution.

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Lawson Naidoo, executive secretary of the council and a member of the Save SA steering committee, urges the public to become involved in opposing the nuclear procurement deal. "Two challenges arise from this key issue: state capture and how it will play out in state-owned enterprises," he says.

An orchestrated civil society campaign is being planned to scrutinise the processes involved in the deal and to fight it, Naidoo says.

"All stakeholders need to work together to counterbalance the instability in government," says Naidoo.

During the sociopolitical turmoil in 2016, "the triumvirate of fiduciary management [the Treasury], business and organised labour triumphed".

Gon says business "has spoken up to a greater extent than before. Business is really the most powerful constituency after government. They must help us by speaking out more and staring down the bullies.

"South Africans must be bold, courageous and outspoken in demanding to be properly governed.... We must demand government's respect. They serve us, not the other way round."

• *Fontyn is a Johannesburg-based writer*