

State, business partnership vital for post-Covid recovery

The state and the private sector have important roles to play in South Africa's post-Covid recovery, but neither can be relied upon solely to pull the country out of its economic quagmire without the other. A panel at the South African Venture Capital Association (Savca) explored in some depth the ways in which the country can go back to basics as the world economy reopens.



Professor Nick Binedell

Ronak Gopaldas, director, Signal Risk began the discussion with the observation that a more activist, more muscular role for the state is evolving. "I think the state is both the problem and the solution to the situation in South Africa. There's a lot of talk about how to bypass the state but you can't get away from the fact that a capable, agile and accountable state is going to be central to whatever the post-Covid future looks like."

One of our weaknesses is that our state is far from agile. "We need to work to strengthen the state's agility," said the conference moderator, Professor Nick Binedell from the Gordon Institute of Business Science.

The way the state and private sector have worked together through the Covid crisis has been a good model of public-private partnership though. "Government initially responded to the pandemic quickly and well," said Dr Anthony Costa, investment programme lead: President of South Africa's Investment Mobilisation Programme.

"Of course there have been plenty of mistakes along the way, but overall the government has performed well during a challenging time. It is more flexible and adaptable than it's been given credit for in the past," said Costa..

Reimagining the relationship between state and business

For Polo Leteka, Association of Black Securities and Investment Professionals (Absip) president and chair: IDF Capital, it's unequivocal that the private sector leads the recovery. "I believe there has to be a private sector-led recovery but that it shouldn't leave government behind."

For the two parties to work effectively together, it's also crucial that the trust deficit that exists between state and business is addressed.

With a more cohesive relationship in place, the duo can go back to basics and look to address some of the challenges South Africa faces, said Gopaldas.

Unemployment and a lack of digital skills

"An Arab Spring might be awaiting us if we don't do something to try get unemployment down," Binedell said.

Meanwhile Costa described the issue as a "national crisis" and Leteka as a "ticking timebomb." With more than one-million unemployed people in South Africa, there can be no doubt that this is an enormous hurdle we must overcome.

"Covid and the closing of the economy has brought to the surface a deep underlying structural challenge we face as a country: a lack of digital skills and tools," Leteka said.

This is especially the case for black women and black youth who typically occupy semi-skilled and unskilled jobs, she continued.

However, Ben Bierman, managing director, Business Partners put forward the notion that perhaps we are looking at employment the wrong way around. "We, as the private sector should see employment as an objective in and of itself, rather than simply the by-product of expansion. This could have a multiplier effect and improve dire confidence levels."

Other lessons learnt

While these big picture basics are crucial, there are also smaller individual things to be done. Mark Sack, CEO, Sally Williams, provided some practical tips on how businesses can get back to basics.

1. Don't be consumed by negativity
2. Trim the fat from your business
3. Retain the faith in your business
4. Stay close to customers
5. Be ready to pivot
6. Execute quickly
7. Get your hands dirty

Wrapping up the session, the panelists all agreed that rolling up one's sleeves to understand exactly what customers and the enterprise need to grow is a non-negotiable. Less time should be spent online and more time on getting to grips with reality and doing what is needed.

"Get out into the real world and see how your customers and their customers are embracing your product," said Binedell.

At the end of the day, Binedell reminded us, we all need one another. State and business need to support each other, and as customers we need to support the state and business.

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