



This insights summary is based on a Deloitte's digital dialogue on *The role of business in combating COVID-19* that was held with *business leaders in South Africa including Lwazi Bam*, Chief Executive Officer, Deloitte Africa; **Dr Leila Fourie**, Group Chief Executive Officer, JSE; **Busi Mavuso**, Chief Executive Officer, Business Leadership South Africa (BLSA); **Cas Coovadia**, Chief Executive Officer, Business Unity South Africa (BUSA) and **Saks Ntombela**, Group Chief Executive Officer, Hollard and Moderated by Dr Martyn Davies, MD, Emerging Markets & Africa, Deloitte Africa

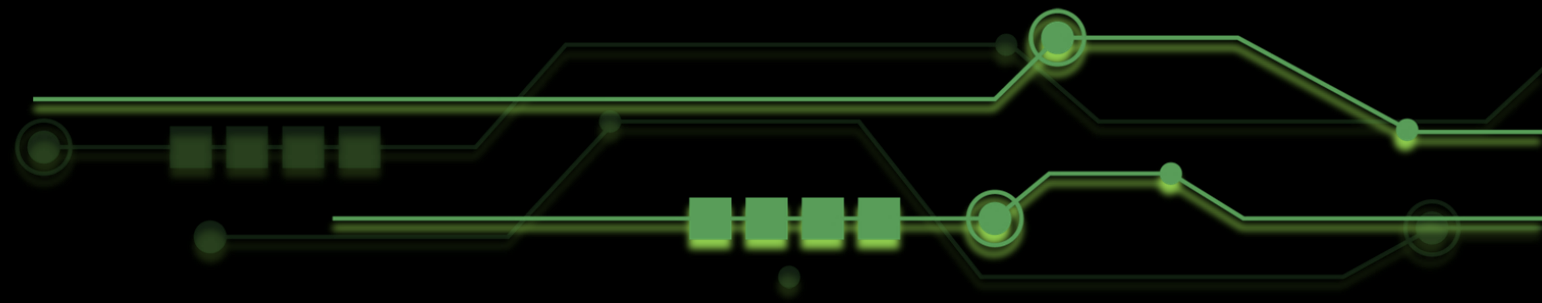


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“We need to fight this together”: The role of business in combating COVID-19



The COVID-19 pandemic has challenged economies, businesses and individuals to come together and unite in these unprecedented times of crisis. Government has played an important role in combating the spread of COVID-19. Similarly, businesses also play an important role in mitigating the impact of COVID-19 on the economy together with government.



“There is a need for courageous leadership in order to reignite and reposition the South African economy in the global market.”

The impact of COVID-19 on the South African economy

The South African government has been proactive since the beginning of the COVID-19 outbreak. There has been a high degree of decisiveness and courageous decision-making, such as the economic lockdown, which will flatten the infection curve, but also negatively impact the overall economy.

With the country already having struggled with structurally weak growth prior to the first recorded novel coronavirus infection in South Africa, the COVID-19 crisis has resulted in a compounding effect on the South African economy. Added to that, with 80% of the global economy affected by the lockdown,¹ a global recession also has an adverse impact on open economies such as South Africa.

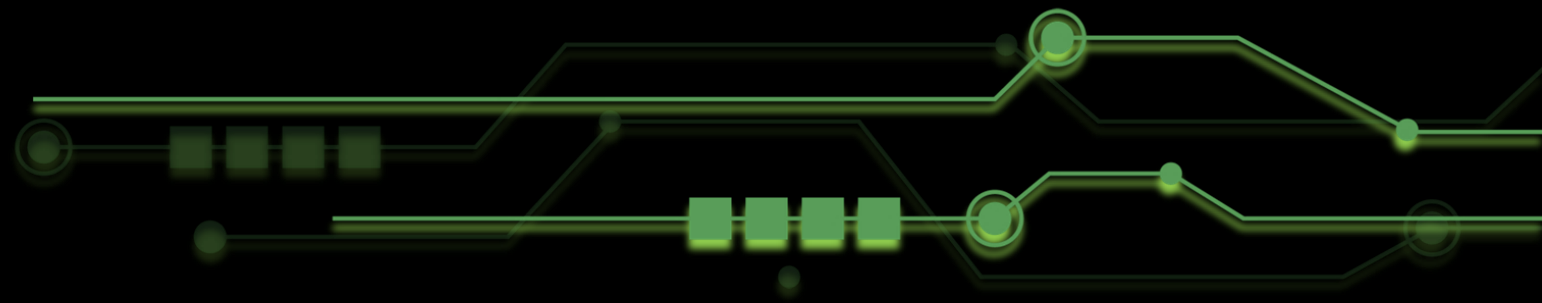
Increased borrowing, aimed at curbing the spread of the virus will weigh on South Africa’s fiscal budget which is already overburdened. These fiscal risks are a concern for domestic stakeholders and also for foreign investors.

With the shutdown now extended by two weeks in South Africa (until end of April 2020),² it is undeniable that the domestic economy will face even greater impairment than previously anticipated, mainly due to the closure of the country’s largest sectors, halted production and the resultant possibilities of increased unemployment.

There is a need for courageous leadership in order to reignite and reposition the South African economy in the global market.

¹ Fitch Solutions, 2020. Covid-19 Recession: Three Downside Scenarios for the Global Economy.

² South African Government News Agency, 2020. Nationwide lockdown extended by two weeks. Available [Online]. <https://www.sanews.gov.za/south-africa/nationwide-lockdown-extended-two-weeks>



“The COVID-19 crisis is an opportunity for business to reposition and contribute positively to society by changing the economic and social trajectory of the country.”

Business as an active social partner

The COVID-19 crisis has exposed the depth of South Africa’s structural flaws, ranging from high inequality, high unemployment and overdependence on commodity exports, to name a few. These are some of the issues that need to be dealt with urgently.

As businesses seek to protect operational continuity in these challenging times, they should also see this as an opportunity to draw on individual values and the premise that the purpose of business needs to be much broader than profit-seeking. The COVID-19 crisis is an opportunity for business to reposition and contribute positively to society by changing the economic and social trajectory of the country.

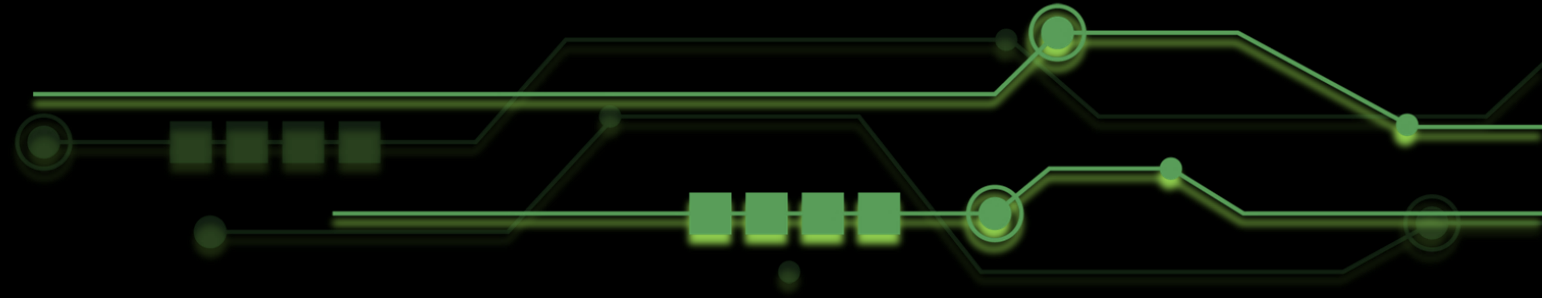
Given the accelerated global shift towards digital and new ways of working, and with the South African society characterised by low skilled workers, there is an increased likelihood that many jobs could be

considered redundant in the next few years or even months. This will undoubtedly impact the country’s employment levels (currently at 29.1% - narrow definition).³

Businesses need to play their role as active social partners, working with government and other social partners in finding solutions for scenarios such as these. For example, businesses can proactively influence local school curriculums and careers to ensure that they are fit-for-purpose for the new ways of working and include digitisation.

In addition, businesses must collectively explore different ways of protecting local employment and engage with government to assist in providing incentives to avoid or limit retrenchments and contribute to the livelihood of people.

³ StatsSA, 2019. Quarterly Labour Force Survey. Available [Online]. <http://www.statssa.gov.za/publications/P0211/P02113rdQuarter2019.pdf>



“...leaders need to find new ways to manage volatility and complexity in the most efficient manner.”



Effective response in times of complexity

The high sense of urgency and decisiveness that has transpired among the business community since the pandemic started has mirrored the significance of effective and continuous transformation. It is clear that the business response cannot remain stagnant in times of crisis. It is in times like these that leaders need to find new ways to manage volatility and complexity in the most efficient manner.

Technology has showed up during this crisis, and has made it easier for some businesses to respond accordingly and continue operations. Businesses have created new ways of interaction, coordination as well as new ways of working, mainly using innovative technology. Indeed innovation in crisis has posed to be important for rapid response and problem-solving. This is what is needed in order to help fight the spread of COVID-19 and ensure business continuity.

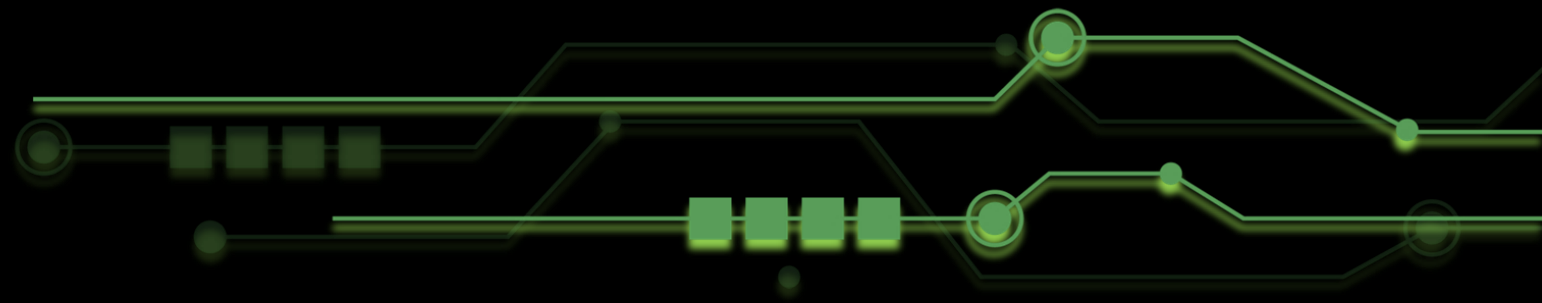
However, there is a need for businesses to rethink the future of work, how to create employment in these times of change and ensure that their current professionals are upskilled and capable to adjust to digital transformation to prepare for life post COVID-19.

There is light at end of the tunnel...

While the rapid spread of COVID-19 and its adverse impact on the economy and businesses will be substantial, this crisis also gives business leaders the opportunity to lead and redefine what a restructured, more inclusive, sustainable and competitive South African economy could look like going forward.

South Africa should see this crisis as a chance to shift the focus from an overdependence of traditional drivers of growth, such as raw commodity exports, and imported goods, to uplifting domestic industries through increased local manufacturing. South Africa's fiscal budget is already overburdened and may be further impacted by the pandemic.

Therefore, government needs to redraft the country's fiscal budget and draw more focus towards urgent spending.



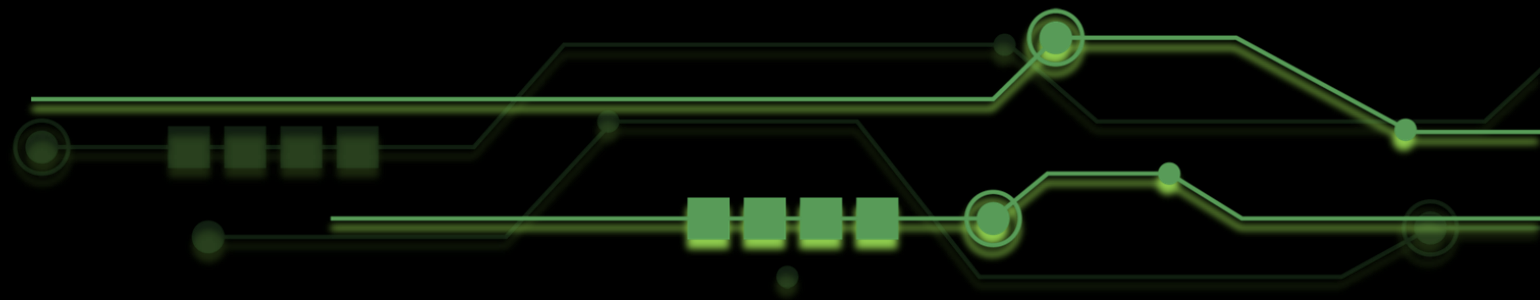
“Business together with government must prioritise both supply-side and demand-side interventions and consider financial incentives for businesses that are greatly affected.”

This must be accompanied by prioritising sectors that are vulnerable to job losses and business failure. Priority must also be directed to interventions that contribute more to job creation and saving jobs in order to avoid even higher levels of unemployment. Government also needs to redraft the country’s fiscal budget and draw more focus towards urgent spending.

Business together with government must prioritise both supply-side and demand-side interventions and consider financial incentives for businesses that are greatly affected. Furthermore, businesses need to interact on potential options that need to be implemented to avoid much bigger challenges that may arise post the COVID-19 crisis.



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This insights summary is based on a webinar with the dialogue that was hosted by Deloitte Africa's **Dr Martyn Davies**, Managing Director of Emerging Markets and Africa on 7 April 2020. Speakers included:

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