

Opinion & Analysis

QUOTE OF THE DAY
Difficulties increase the nearer we approach the goal.

– Johann Wolfgang Von Goethe, German writer, artist and politician. (1749 – 1832)

Electricity hikes will kill manufacturing, economy

BUSINESS WATCH

ONLY last week Public Enterprises Minister Malusi Gigaba said to MPs on the public enterprises committee that while he hoped the electricity increases would not be higher than 16 percent, the extra revenue was needed by Eskom to fund its aggressive build programme. Then on Tuesday, Eskom financial director Paul O'Flaherty told the National Assembly energy committee that above-inflation hikes were required for at least 15 years.

Yesterday, Garth Strachan, the former ANC Western Cape MEC for economic development and now the acting deputy director-general of the Department of Trade and Industry, said his department was not responsible for energy matters, but it was highly distressed about the impact of electricity prices on manufacturers.

His unquestionable logic was that if you put prices way beyond what industry could afford, you would strangle the economy, shed jobs and close down manufacturing concerns. He reported the Eastern Cape's foundries – which supply the motor

industry – were in particular distress.

Citing academic studies, Strachan said that if there was a 2.8 percent cut in power demand for basic and fabricated metals, this would equal a 0.7 percent loss to gross domestic product and the loss of 86 304 jobs. "Some municipalities... are using electricity tariffs to generate revenue and for cost recovery [for] inefficiencies. This may lead to closing down companies... it might be a case of killing the goose that lays the golden egg."

Strachan also took on the Treasury. The possible adoption of a carbon tax – being considered by the Treasury – had the potential "to add significantly to the problem" of manufacturing efficiency.

Sometimes one gets the impression that there are two governments in one country in South Africa.

Brand SA

President Jacob Zuma says the South African brand is still strong. He made these remarks yesterday in a statement announcing several new surprising or unsurprising faces to the Brand SA board of trustees.

"Regardless of challenges we have faced recently, our brand has remained strong and we have a responsibility to nurture and build it further," Zuma said.

Which aspects of Brand SA, or better yet, which brand could he have been referring to? Perhaps the Zuma brand – the most prominent brand at present.

If there was a 2.8% cut in power demand for basic and fabricated metals, this would equal a 0.7% loss to gross domestic product and the loss of 86 304 jobs.

If the former, then could Zuma be referring to the same brand that only recently limped from the intensive care unit wounded by embarrassingly unattractive labour unrest that culminated in deaths, widows and homes without breadwinners? What more of the lashing of Brand SA in the highly influential international publication, *The Economist*? The list of trustees, we are told, have been selected to "help strengthen the South African brand identity locally and abroad".

It features many familiar faces in the local corporate environment, including Connie Molusi, former chief executive of then Avusa Media and Stavros Nicolou, senior executive responsible for strategic development at Aspen Pharma.

Charlotte "Chichi" Maponya, the managing director of Maponya Group, and Happy Ntshingila, former Absa executive

and current chief executive of Supersport, are chairperson and deputy chairperson.

Businessmen Sandile Zungu and Moss Leoka also join the other prominent South Africans to lift the national brand higher.

As with many things concerning Zuma, the list too took an interesting turn with the appearance of another of the Gupta gang, joining Ajay Gupta is Ryland Fisher, a former editor of the Gupta newspaper *The New Age*.

Locally, the Gupta's infamous relationship with the president garnered much free publicity. There is no telling how much further this family of business operators can fly with Brand SA.

Education

The results of Census 2011 reveals the progress achieved in the provision of basic services to the country's citizens, despite the many documented instances of poor service delivery, wastage of taxpayer funds, inept public officials and corruption. It also revealed a still wide discrepancy in income and living conditions, which is split along racial lines.

This should come as no surprise because South Africa has frequently been described as one of the most unequal societies in the world in terms of the difference between the incomes earned by the poorest of the poor and the super rich.

There can be no doubt that part of the reason for this is the country's history of

racial exclusion and the impact of the migrant labour system on families, more particularly the upbringing and education of their children. President Jacob Zuma stressed at the release of the Census 2011 results that the progress from 1994 until now should be contextualised with the need for quicker service delivery and faster turnaround times.

In this regard, probably one of the most shocking results from the census, is that less than a third of South Africans have completed matric, while 8.6 percent had not had any schooling at all, although this is an improvement on the 17.6 percent without any schooling in 2001.

The link between schooling and education and the discrepancy in income and living conditions should also not be ignored. From this perspective, it would have been interesting to see details of the differences between income and living conditions by educational level and on racial lines.

It is likely this will reveal that the better educated citizens, irrespective of race, earn the highest salaries. In this context, the government's appallingly poor track record in ensuring that schools are provided with text books on time are a blight, not only on its own stated goals, but on the ability of ordinary citizens to improve themselves and their future prospects.

Edited by Peter Delonno. With contributions from Donwald Pressly, Asha Speckman and Roy Cokayne.

SA's future voters are likely to blur party lines



UNDERSTANDING YOUTH

Pierre Heinstein

"I AM a republican but that doesn't mean I always vote republican. People need to learn how to vote outside of their party loyalty." It was a strange sentiment to hear from a civil servant in the US, but a wise lesson for the voting population. While inconceivable to many past voters, and possibly the political parties themselves, party loyalty will soon be determined by the present rather than the past actions of South Africa's leaders. Priorities are set to change and it will be the youth that will reshape the political landscape.

Many developed nations are facing a crisis of inverted population pyramids. They simply do not have enough people of working age to support their population.

The recently published results of Census 2011 show that South Africa has exactly the opposite situation. 29.6 percent of the population are 14 and younger and a further 28.9 percent are between the ages of 15 and 34. Of those in the latter group who are willing to work, half do not have jobs.

While the 2014 national elections are unlikely to unseat the ANC from majority rule, the census gives an interesting insight into how things may pan out in the round of voting thereafter. By the time people go to the polls in 2019, approximately 25 percent of voters will have been born after South Africa became a democracy.

The demands of this group are very different to what political leadership is used to. While they appreciate the ANC's freedom fight, they want to look to the future.

Their focus is less on politics and more on jobs, housing and wealth. They want to know what the ruling party can do for them and when. Yet even though this segment of society holds more voting power, there is nobody representing their voice.

The ANC Youth League has positioned itself between an independent political party and a labour union and has since forgotten the specific needs of the demographic its constitution says it represents.

The DA Youth provides occasional commentary on important matters but does not take an active stand in decision making. Other parties are mere spectators.

The result is frustration. The youth would rather not vote than vote for a party that does not represent them.

As this post-democracy-born group grows into voting age, there is an increasing relationship between political success and economic prosperity. It is a voting population that is prepared to use their ballot to create change and they are waiting for somebody to fill the gap.

The effect of focusing on this group will compound to other voters through timely economic dynamics. In its youth, South Africa sits on a resource that can give it a competitive advantage over developed economies who are held back by a decreasing number of workers and an increasing number of people reliant on support.

The census shows that the youth are more educated than ever before, as 12.1 percent of the population over 20 have a post Grade 12 education, an increase from 8.5 percent in 2001. The vast majority of these graduates are black. Households that have access to internet is at 35.2 percent, up from 9.1 percent in 2003.

As the youth grow into a powerful voting group, they bring with them new demands, education and mediums of creating and processing information. As the population reinvents itself, the political party that wishes to lead it will need to follow suit or risk falling away to new and upcoming leadership.

Pierre Heinstein is the convener of UCT's Applied Economics for Smart Decision-Making course.

Are South Africa and America ready to choose real leaders?



MAKING UP MINDS

Liza van Wyk

IN THE run-up to the upcoming elections in the US this month and the ANC elective conference in Mangaung the following month, I am reminded of that healthy dose of wisdom from one of the 20th century's great leaders, American president Theodore Roosevelt when he said: "There's nothing brilliant or outstanding in my record, except perhaps one thing: I do the things I believe ought to be done... And when I make up my mind to do a thing, I act."

I ask myself whether in today's fast changing organisational, business and political world, do our leaders act to improve economic, business and social performance? Are President Barack Obama and President Jacob Zuma comfortable about their leadership qualities?

While Zuma and Obama and their respective praise singers' talk reverberates with populist-style rhetoric, it is important to ask what are our expectations from the leader of the world's remaining super power and that of Africa's regional super power?

Like a chief executive of a company, can they lead their countries to economic prosperity? Of course, if we ask them, their answer will always be positive, declaring themselves as real leaders.

In my school days, I was told that the word leadership comes from an ancient word associated with taking a journey. Ancient people associated leadership with planning a route to an unknown destination, at home or abroad. Such a journey required mystery, excitement, terror, adventure, vision, imagination and faith.

Zuma and Obama are just examples of different styles of leadership. According to a Gallup Poll taken a few months ago, Americans rate Obama most highly for his leadership skills. Seventy-two percent said he "is willing to make hard decisions", and 66 percent described him as "a strong and decisive leader", while 64 percent said he "can get things done".

The poll also shows that Obama got

high marks for empathy, with 64 percent having said he understood the problems Americans faced in their daily lives.

Obama was also rated by Americans on several other characteristics Gallup has tracked during Obama's presidency. These included questions on whether or not he shared their values and whether he was a strong and decisive leader.

On addressing major challenges with the economy, the wars in Afghanistan and Iraq, and health-care reform, Americans acknowledged his leadership qualities, including his willingness to make hard decisions and the strength and decisiveness of his leadership.

Today's business and political leaders must be afraid, very afraid, of complacency and be ready to take action.

According to a TNT research poll taken a few months ago, Zuma's approval level, particularly in the metro areas, dropped to a new low of 42 percent. Respondents said the president was indecisive and people were crying out for bold and exemplary political moral leadership.

The poll found Zuma's leadership to be painfully deficient, saying he was also failing to motivate and inspire his ministers to exert their leadership.

As I said, Zuma and Obama are just examples of different styles of leadership. So, what do we want from our leaders? They should display a sense of humility and calmness. That's how they get people on their side, become loved and respected. Humility and calmness is a key part of the engagement process.

A calm leader promotes trust and confidence by making leadership natural and easy. But being calm does not mean being always quiet as long as such calmness is accompanied by good communication and inspirational leadership.

Leaders should embrace change to act as a stabilising force. It is about being bold to challenge the way things used to be

done, confronting the rituals of the past, helping to re-frame traditional perceptions and ideas to take the nation to the next level, about inspiring and encouraging others to share the challenge.

Today's business and political leaders must be initiators and should be afraid, very afraid, of complacency and be ready to take action.

So what attributes and qualities should political and business leaders possess?

There are four attributes and qualities I demand from leaders. They must know what they want, be prepared to act, possess the ability to take risks and take accountability and responsibility for any mistakes they make.

Indeed, the starting point of every leader is to know what he or she wants. That is the only way a leader recognises an opportunity when it comes their way.

As Roosevelt attested, leaders must push themselves to act. Leaders do not wait for other people to motivate them, they know it's their responsibility to push themselves beyond their comfort zone and act.

Once a leader has the initiative, he or she must be ready to take risks, particularly because they know that things do not come easy.

Once a leader is not afraid to act and take risks, he or she will acknowledge mistakes when he or she makes them. In other words, great leaders know that the greater the potential, the greater the chance for failure and they will be ready to accept responsibility and accountability.

A successful leader has a vision, a clear, exciting image of the future to set the agenda; shows commitment; generates enthusiasm and helps lead people through times of change. A great leader is honest, open and positive and spends time talking and listening to people.

Like a chief executive of a company, a great leader has ways of bringing people through turbulent times, helps to spread a common understanding of what the organisation is about, generates enthusiasm, team spirit and can be a powerful motivator and gets the best out of his team.

Of course there are no disadvantages to effective leadership, but domineering leaders tend to trample on other people and stifle innovation. A dominant or charismatic leader may go along blindly, like in a company, this is something detrimental to a country. Some domineering leaders can lead to a personality cult and can split teams and the organisation.



Here are the dos and don'ts for effective leadership.

Effective leaders match style to the situation, are clear about their values, keep communication channels open, listen and empower people. They instill enthusiasm and show it.

Effective leaders are not domineering, they do not think that leaders have to come up with all the ideas or that leaders are the only ones who have ideas. Effective leaders don't rely on charisma and never refuse to listen to people.

Indeed, the skills and attributes required to become a successful leader of a country are the same as that of a chief executive of a successful company.

The attributes include a genuine motivation to achieve positive economic

returns just as a chief executive strives for commercial returns.

As chief executive of a country, the leader of a country must not be motivated by personal gain, but must be driven by integrity and the ability to inspire others.

Just like a chief executive who presides over the organisation's day-to-day, month-to-month, and year-to-year operations, the leader of a country must be a visionary, be insightful and courageous to make a difference, be a compassionate team player, be trustworthy and possess integrity and must be willing to learn. Let 2013 usher in such leadership qualities.

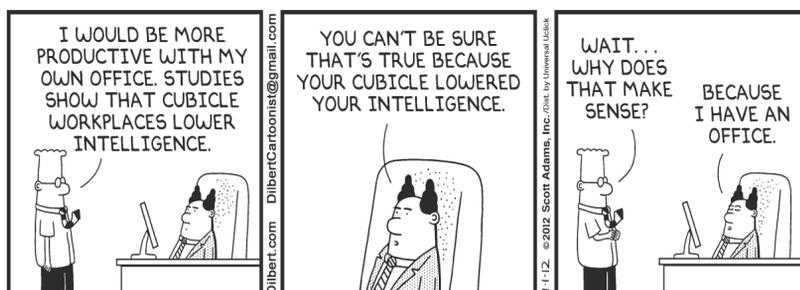
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DILBERT



DIARY

How smartphones add two hours to your working day

OWNING a smartphone may not be as smart as you think.

They may let you surf the internet, listen to music and snap photos wherever you are... but they also turn you into a workaholic, it seems.

A study suggests that, by giving you access to e-mails at all times, the all-singing, all-dancing cellphone adds as much as two hours to your working day.

Researchers found that Britons work an additional 460 hours a year on average as they respond to

e-mails on their cellphones.

The study by technology retailer Pixmania reveals the average UK working day is between nine and 10 hours, but a further two hours is spent responding to or sending work e-mails, or making work calls.

More than 90 percent of office workers have an e-mail-enabled phone, with a third accessing them more than 20 times a day.

Almost one in 10 admits spending up to three hours outside their normal working day checking

work e-mails, and even those without a smartphone check e-mails on their home computer.

Some workers confess they are on call almost 24 hours a day, with nine out of ten saying they take work e-mails and calls outside their normal working hours.

The average time for first checking e-mails is between 6am and 7am, with more than a third checking their first e-mail in this period, and a quarter checking them between 11pm and midnight. – Daily Mail