



INSTITUTE OF PEOPLE MANAGEMENT (IPM)

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OPENING ADDRESS

'DOES THE NATIONAL DEVELOPMENT PLAN MEAN BUSINESS?'

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SETTING THE CONTEXT - 1

- * IPM's mandate resonates with the goals of National Development Plan (NDP)
- * IPM key commitment to 'effective management and development of human potential, in accordance with its values' is pertinent
- * IPM 2013 Annual Convention theme also rested on the three pillars of building high performance organisations, the changing business landscape, and sustainable transformation
- * all this can be easily translated into the language and the goals of the NDP, at both a conceptual and practical level

SETTING THE CONTEXT - 2

- * the genesis of the NDP through the National Planning Commission (NPC)
- * process followed by the NPC in drafting the NDP
- * decisions taken by Government on the NDP (Cabinet, Parliament, ANC Mangaung Conference, ANC election manifesto, etc.)
- * responses by key stakeholders.....business, labour, civil society
- * the latest position regarding the NDP...acid test of implementation

SETTING THE CONTEXT - 3

* despite socio-economic achievements to date, it has been widely felt that SA needed a longer term vision and plan to address unemployment, poverty and inequality more effectively by 2030, and to be more globally competitive

* aside from a few short windfall episodes, SA has remained a modest 3.0% to 3.5% growth performer (the 'low road'). It has not yet discovered within itself the magic to transform towards 6% or even 7% growth rates (the 'high road') as some other leading emerging economies have done in recent years

SETTING THE CONTEXT - 3

* SA has for some time been facing low growth, high unemployment (especially among the youth) an excessive reliance on foreign capital inflows to finance the large deficit on the balance of payments, and exchange rate volatility

* more recently labour relations and the collectively bargaining system have been under unprecedented strain and these events have had a negative impact on investor confidence and the exchange rate

SETTING THE CONTEXT - 4

* clear that previous plans since 1994 - for example, the RDP, GEAR, GDS, and ASGISA, NGP etc. - have for various reasons (practical and ideological) fallen short of what was required to meet SA's socio-economic challenges, thus a new fresh look required

* hence the mandate to the NPC in 2010 to draft a new plan and vision for 2030.... it is not a plan for government but a plan for all the people of SA

SETTING THE CONTEXT - 4

- * independently produced by the NPC, after wide consultation, the NDP is the most significant research of its kind produced at the highest level to shape the future of SAan essential bridge between the present and the future
- * it is an overriding 500-page long term document that extends beyond the electoral and business cycle and should form the framework of future policy creation
- * 'It trumps all other plans', says President Jacob Zuma

BRIEFLY, WHAT DOES THE NDP SAY? - 1

- * tackling the challenges of poverty and inequality in SA
- * too few people work, especially among the youth
- * the standard of education for most black students is of poor quality
- * infrastructure is poorly located, under-maintained and insufficient to foster higher economic growth (eg. electricity)
- * Spatial patterns exclude the poor from fronts of development

BRIEFLY, WHAT DOES THE NDP SAY? - 2

- * a widespread disease burden is compounded by a failing public health system
- * public services are uneven and often of poor quality
- * the economy is overly and unsustainably resource-intensive....we need to diversify the economy
- * corruption is widespread
- * SA remains a divided society

IN A NUTSHELL, WHAT IS THE NDP'S APPROACH? - 1

* the active efforts and participation of all South Africans in their own development, or 'active citizenry', as the NDP describes it

*redressing the injustices of the past effectively....conflict management needed

* faster economic growth (5%-6% pa by 2030), increased total investment (30% of GDP by 2030) and higher employment (total employment should rise from 13 million to 24 million by 2030)

IN A NUTSHELL, WHAT IS THE NDP'S APPROACH? - 1

- * rising standards of living (per capita income should double to about R100 000 p.a by 2030), better education, a healthier population and effective social protection
- * focusing on the key capabilities of people and the state

IN A NUTSHELL, WHAT IS THE NDP'S APPROACH? - 2

- * strengthening links between economic and social strategies eg promotion of small business
- * an effective and capable government
- * increased collaboration between the private and public sectors
- * leadership from all sectors of society
- * 'Fix the future, starting now', says the NDP....
the challenge of implementation

BUILDING BRIDGES BETWEEN THE NDP AND THE BUSINESS SECTOR - 1

'ZUMANOMICS REVISITED - THE ROAD FROM MANGAUNG TO 2030' RECLASSIFIED THE CHALLENGES FACING THE NDP AS FIVE KEY 'DEFICITS' THAT NEED TO BE ADDRESSED TO SUCCEED:

BUILDING BRIDGES BETWEEN THE NDP AND THE BUSINESS SECTOR - 1

- * the social deficit
- * the fiscal deficit
- * the trade deficit
- * the delivery deficit
- * the trust deficit

All five have a compelling logic and are interdependent...neither will any one stakeholder resolve these challenges alone

BUILDING BRIDGES BETWEEN THE NDP AND THE BUSINESS SECTOR - 2

* human resource management and development is common to a greater or lesser extent in meeting the five 'deficits' and to breaking the cycle of low growth, low investment, and high unemployment

* yet the one overriding factor in 'people management' which permeates the NDP throughout is the 'trust deficit' and how low levels of trust undermine so much of what SA wants to achieve, especially at the workplace

BUILDING BRIDGES BETWEEN THE NDP AND THE BUSINESS SECTOR - 2

- * the NDP identifies low trust as a key constraint to the achievement of its goals and acknowledges that 'long term growth and investment requires trust and cooperation between business, labour and government ...in SA levels of trust are low'.
- * the NDP rightly concludes that this says a great deal about SA history and lack of trust
- * a low-trust society like SA in effect imposes a 'tax' on all form of economic activity, apart from its potential threat to social stability in a worst-case scenario

BUILDING BRIDGES BETWEEN THE NDP AND THE BUSINESS SECTOR - 3

'ZUMANOMICS REVISITED' MAKES FOUR KEY ASSERTIONS REGARDING LACK OF TRUST:

1. the 'trust deficit' inhibits the capacity to adopt reform of change institutions for the better.... we need more trust among major stakeholders in the economy, including an 'active citizenry', to help to provide the ideas, commitment and leadership that will lift SA beyond current dogmas, tensions and disputes to realize a future shared vision
2. while trust-building is not a 'silver bullet', empirical evidence globally shows that promoting solidarity and building trust is associated with stronger economic and business performance

BUILDING BRIDGES BETWEEN THE NDP AND THE BUSINESS SECTOR - 3

3. trust goes further than being embodied in formal institutions, as important as they are to the economy and society....trust needs to be more visible in our way of life in intangible ways but with tangible outcomes

4. phenomena such as corruption or collusive practices in the private sector, or maladministration in the public sector, are corrosive of trust...trust is damaged by excessive selfishness or opportunism

BUILDING BRIDGES BETWEEN THE NDP AND THE BUSINESS SECTOR - 4

- * the challenge is to enlarge the positive radius of trust between individuals and groups in SA in ways that acts like a lubricant that makes any group or organisation run more efficiently, apart from any other advantages, such as in collective bargaining
- * if people who have to work together in an enterprise trust one another because they are all operating according to a common set of ethical norms, then the costs of doing business are reduced

BUILDING BRIDGES BETWEEN THE NDP AND THE BUSINESS SECTOR - 4

- * such a society as a whole will be better able to innovate organizationally, since the high degree of trust will permit a wide variety of social relationships to emerge as a solid basis for better collective action
- * building trust in SA also embodies an acceptance that what usually passes as economic motivation is often not a matter of monetary gain but a manifestation of the desire for social status or recognition, which can bridge divides that can otherwise become systemic

BUILDING BRIDGES BETWEEN THE NDP AND THE BUSINESS SECTOR - 5

- * trust in SA cannot be created by a magic wand or because rhetoric claims it is 'a good thing', or that it is the only solution
- * trust evolves and is renewed by people and groups working together to resolve differences and issues that should be in their common interests to do
- * the NDP is a people-centered plan which seeks encourage citizens to be volunteers, not supplicants, and to collaborate in their own interests

BUILDING BRIDGES BETWEEN THE NDP AND THE BUSINESS SECTOR - 5

- * development of human resources lies at the heart of the NDP
- * this brings it squarely within the sphere of influence of IPM members and the interface between employers and employees as a vital component in building confidence in the bigger picture

THE NATIONAL DEVELOPMENT PLAN - UNFINISHED BUSINESS - 1

- * the NDP therefore stresses the significance of human inputs into production - the education, health, skills and well-being of the population - which are closely associated with productivity growth
- * SA now devotes more resources to the field of education than most developing countries, yet its education and training systems lag those of many competitors

THE NATIONAL DEVELOPMENT PLAN - UNFINISHED BUSINESS - 1

* human capacity in SA is also wasted by millions of workers having no jobs at all no matter what their level of skills....the economic and human costs of having one-in - three would-be workers idle is far too great

* perhaps the worst consequence of low labour absorption is long-term youth unemployment

THE NATIONAL DEVELOPMENT PLAN - UNFINISHED BUSINESS - 2

* success of the NDP depends on cooperation between the public and private sectors

* business needs to be both a consumer and contributor of ideas on the implementation of the NDP...it needs to be 'business unusual'....business response must move beyond stock lines.....the private sector is the yeast in the bread that has to be baked, in terms of the NDP

THE NATIONAL DEVELOPMENT PLAN - UNFINISHED BUSINESS - 2

* both the public and private sectors need to understand the urgency of seriously implementing the NDP once the election is out of the way

* just as there are obligations on the private sector, it must also ensure that the public sector meets its commitment to steadily align its policies with the NDP, to provide more certainty and predictability in the policy environment

THE NATIONAL DEVELOPMENT PLAN - UNFINISHED BUSINESS - 3

* your Conference themes today of 'sustainability' and 'global competitiveness' are well captured in the NDP's vision of a bigger, stronger and better economy by 2030

* suggest that the IPM should make a detailed study of the NDP to see how human resources expertise can make a difference to the important outcomes that are needed and where the greatest value can be added

THE NATIONAL DEVELOPMENT PLAN - UNFINISHED BUSINESS - 3

- * HR practitioners should, for example, see how they can maximize the use and impact of the tax incentives for youth employment, which have been one of the early recommendations of the NDP to be implemented
- * collectively to enlarge the IPM's sphere of influence on broader policy issues in the human resources sphere through apex organisations like Busa and Nedlac, as well as to stay abreast of future developments around the NDP
- * the NDP is a major element in a changing business landscape

CONCLUDING COMMENTS...'OUR FUTURE, MAKE IT WORK', SAYS THE NDP - 1

* the NDP may be SA 's last opportunity for many years to mobilize the nation behind a shared vision and to avoid the economy falling into a 'low-growth trap'

* leadership remains a crucial element in galvanizing the nation and business behind the goals of the NDP at national, provincial and local levels

CONCLUDING COMMENTS...'OUR FUTURE, MAKE IT WORK', SAYS THE NDP - 1

* the current instability in labour relations require a review of leadership and behaviour in the labour market. Effective leadership is needed to overcome cynicism and hostility, and to facilitate conflict management

* we must see how the values espoused by the NDP can infuse what we need to do in SA to create a better life for all through inclusive processes that can build trust, among other things

CONCLUDING COMMENTS...'OUR FUTURE, MAKE IT WORK', SAYS THE NDP - 2

* socio-economic existence in SA is a continuing process...as some problems are solved, others emerge, often from the previous solutions...the very best ones may possibly only be temporary achievements, although not to be minimized on that account...the NDP is a 'living document', but with a sense of broad direction

* the NDP must not become a victim of what Prof Paul Krugman calls a 'timidity trap' - the consistent tendency of policymakers generally who have the right ideas in principle (eg the youth wage subsidy) to go for half-measures in practice, and the way this timidity often ends up backfiring, politically and even economically

CONCLUDING COMMENTS...'OUR FUTURE, MAKE IT WORK', SAYS THE NDP - 2

* we need to use the framework of the NDP to inspire the leadership and business steersman ship needed to identify the solutions which may sometimes be 'outside the box'

* it is leadership that wins the confidence of the nation by demonstrating its capacity to address new challenges successfully and implement policies that will make for a better future by 2030

FINALLY.....

'In this world, the optimists have it, not because they are always right, but because they are positive. Even when wrong, they are positive, and that is the way of achievement, correction, improvement, and success. Educated, eyes-open optimism pays; pessimism can only offer the empty consolation of being right'.

Professor David Landes, 'The Wealth and Poverty of Nations' (1998)



Thank You

