Wholesale&Retail LEADERSHIP CHAIR

Cape Peninsula University of Technology

W&RSETA
WHOLESALE AND RETAIL SETA
Skills Development for Economic Growth

"Collaboration opens the window to a world of opportunities."

Project 2013/06:

Strategic Alignment of the South African Wholesale & Retail Business Sector with the National Development Plan: Vision 2030

12 August 2014

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Project 2013/06:

Strategic Alignment of the South African Wholesale & Retail Business Sector with the National Development Plan: Vision 2030

12 August 2014

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'OUR WHOLESALE & RETAIL FUTURE: MAKE IT WORK'

POSITION PAPER CONTEXT, OBJECTIVES AND SCOPE

A national survey report entitled *Priority Research Needs of the South African Wholesale and Retail Sector* (CPUT 2013) marked the first step taken by the Wholesale & Retail Leadership Chair (WRLC) towards the creation of a basis for relevant research in this dynamic business sector. The WRLC survey report provides an overview of significant research and knowledge requirements within the Wholesale and Retail (W&R) sector, seeking to prioritise strategic topics, within the broad framework of South Africa's National Skills Development Strategy lll, National Development Plan; and the W&R Sector Education and Training Authority mission and mandate.

The objectives and scope of this position paper focus on one of the 'Top Ten Researchable Topics' identified in the WRLC national priorities survey; namely *to determine the level and nature of strategy alignment of the Wholesale and Retail business sector with the National Development Plan: Vision 2030 (RSA 2012),* with the following outcomes*:*

- Indicate how the National Development Plan socio-economic vision and objectives impact on the Wholesale and Retail business sector (including corporates, SMMEs and informal traders);
- Review how Wholesale and Retail sector enterprises currently align their strategies with relevant socio-economic developmental objectives of the NDP;
- Identify gaps in strategy alignment between wholesalers, retailers and the NDP;
- Identify possible actions to be taken by the Wholesale and Retail business sector, in order to address the identified strategy gaps; and
- Identify possible adjustments to the National Development Plan, in order to accommodate the realities and challenges of the Wholesale and Retail sector.

The over-arching framework for strategy alignment review in this report is the National Development Plan: Vision 2030. Based on the National Planning Commission's *Diagnostic Report* (RSA 2011a), collaborative change leadership and policy co-ordination are needed across a broad front of 'active citizenry'. The core developmental priorities, strategy themes and 'critical success factors' of the National Development Plan provide meaningful agenda for W&R sector research, given that the links in the W&R supply chain - from producer to consumer- represent much potential for collaborative and innovative contributions to the achievement of the Plan's inclusive socio-economic developmental priorities, strategy themes and 'critical success factors':

➢ **NDP core developmental priorities**

- *Raising employment through faster economic growth*
- *Improving the quality of education, skills development and innovation*
- *Building the capability of the state to play a developmental, transformative role.*

➢ **NDP strategy themes**

- Economy and Employment
- Economic Infrastructure
- Environmental Sustainability and Resilience
- Inclusive Rural Economy
- South Africa in the Region and the World
- Transforming Human Settlements
- Improving Education, Training and Innovation
- Health Care for All
- Social Protection
- Building Safer Communities
- Building a Capable and Developmental State
- Fighting Corruption
- Nation Building and Social Cohesion

➢ **NDP 'critical success factors'**

- Focussed leadership
- A Plan for All
- Institutional capability
- Resource mobilisation and agreement on trade-offs
- Sequencing and willingness to prioritise
- Clarity on responsibility

NDP strategy themes towards inclusive socio-economic growth are formatively evaluated in this report, in terms of their current frequency of alignment with strategies, policies and practices in the W&R sector. A literature review, purposive sample of sector stakeholder questionnaires and semi-structured dialogic interviews indicate the currently limited strategic 'ownership' and synergy of W&R sector alignment with the NDP socio-economic developmental vision and values.

The W&R business sector is the fourth largest contributor to Gross Domestic Product. W&R enterprises employ some 20% of the total economically active workforce of the country

(StatisticsSA 2014); and its growth potential is largely dependent on growth and job creation achieved in the other economic sectors. Rapid urbanisation is a significant factor in South Africa's demographic and economic landscape (Turok 2012; Pieterse 2014). The NDP predicts that by 2030, about 70% of the national population will live in urban areas. The W&R SETA Sector Skills Plan (W&R SETA 2013:24) indicates that highest densities of retail enterprises are in the urbanised regions of the country, which are home to about 76% of the total W&R sector workforce; and are therefore the focal regions for this study.

In common with many developed and developing economies, South Africa has moved increasingly towards mall-based retailing; a trend which is generating negative implications for the commercial equality and sustainability of informal, small and micro-retail traders and their future job creation potential (Mazwai 2014; Charles 2014; Müller 2014; Kiva Ka Zazela 2014), within the inclusive socio-economic objectives of the National Development Plan.

"A PLAN FOR ALL?" THE WAY FORWARD, TOWARDS NDP STRATEGY ALIGNMENT.

South Africans from all walks of life participated in the consultative processes informing the National Planning Commission's Diagnostic Report (RSA 2011a:28), which highlights that "*since the dawn of non-racial democracy in 1994*, *much has been achieved, but still more work needs to be done, to make South Africa truly belong to all who live in it."*

The stakeholder questionnaire and semi-structured dialogic interviews for this study were purposively designed to evaluate W&R sector alignment with the NDP strategy themes, 'critical success factors' (RSA 2012:59) and stakeholder responses to 29 NDP objectives identified as most relevant to W&R sector strategic plans. The diversity of corporate, franchisee, independent and informal retailers across South Africa is reflected in the diversity of sector strategy alignment responses and gaps; as well as in the apparent reluctance of many W&R roleplayers to adopt the NDP 'active citizenry' change leadership strategy of inclusive collaboration, in working co-operatively across their value chains to contribute to sustainable socio-economic development.

KEY FINDINGS AND RECOMMENDATIONS

Findings across the diverse W&R communities, in major urban regions and rural areas alike, reflect differentials in NDP strategy alignment responses from W&R sector stakeholders based on the diversity of the country's people and cultures, the powerful concentration of major corporates, the high expectations of state support amongst informal and emerging retailers; and the lack of a shared W&R business sector 'active citizenry' development commitment to 'A Plan for All', as expressed in the NDP critical success factors.

The typical NDP alignment incentive for South African wholesale and retail enterprises emerging from this study is the opportunity to make sustainable profits, through community visibility, customer loyalty, sales promotion and expense controls. Evidence of W&R governance strategies towards building a ‘capable state‘ is low, especially for independent SMMEs and informal traders, for whom ‘survival’ is the driving motivation. Several corporate executives, however, indicated that their business plans do include strategic commitment to social investment, contributing towards equality, social cohesion and sustainable supply-chains; in collaboration with sector colleagues.

Towards supporting achievement of the NDP inclusive socio-economic developmental outcomes, many of which have recently been incorporated into national government’s Medium Term Strategic Framework 2014-2019, it is recommended that the findings of this utilisation-focused formative evaluation report will provide a pragmatic agenda for collaborative consideration of the W&R sector NDP strategy alignment status quo, recognition of significant inclusive developmental initiatives and growth achievements in the sector; and will stimulate W&R thought leader strategic engagement with National Planning Commissioners; especially to optimise the NDP Retail ‘Drivers of Change’ opportunities and to minimise regulatory framework inhibitors to job creation and inclusive development.

It is therefore recommended that the CPUT Wholesale & Retail Leadership Chair, together with mandated leaders of W&R business associations and federations, jointly convene a Sector Strategy Forum to review and reinforce progress of the NDP strategy themes and ‘critical success factors’, agree and prioritise inclusive change leadership steps, public- private ‘active citizenry’ governance principles and ‘capable state’ accountability and regulatory frameworks, towards building a W&R sector leadership network which is committed to co-operative support for cost-effective, inclusive implementation of relevant National Development Plan strategies.

CHAPTER 1

INTRODUCTION: CONTEXT, OBJECTIVES AND SCOPE

1.1 CONTEXT

The Wholesale and Retail Leadership Chair (WRLC) at the Cape Peninsula University of Technology (CPUT) was established in 2013, based on an initiative by the Wholesale & Retail Sector Education and Training Authority (W&R SETA) to contribute towards contemporary sector research and professional qualifications development at Higher Education levels.

A national survey report entitled *Priority Research Needs of the South African Wholesale and Retail Sector* (CPUT 2013) marked the first step taken by the WRLC towards the creation of a well-informed basis for relevant research in this dynamic business sector. The WRLC survey report provides an overview of significant research and learning requirements within the South African Wholesale and Retail sector, seeking to prioritise strategic and operational W&R sector research topics, within the broad framework of South Africa's National Skills Development Strategy lll, National Development Plan objectives; and the W&R Sector Education and Training Authority vision, mission and competence development mandate. The initial WRLC research needs survey was designed to assist roleplayers from all over South Africa to address the key W&R business functional areas and challenging topics identified by sector stakeholders

1.2 'TOP TEN WHOLESALE AND RETAIL RESEARCHABLE TOPICS'

Towards building the shared commitment of a collaborative network of W&R business sector thought leaders, the WRLC research priorities report recommended that the following 'Top Ten Researchable Topics' would facilitate a focus on key issues which emerged from sector stakeholder consultations, nationally:

- Analyse and evaluate strategic information on priority aspects required by the W&R SETA for effective updates of the W&R Sector Skills Plan.
- Explore Talent Management as an essential tool for attracting, developing and retaining scarce W&R skills, linked with youth development and employability goals.
- What business strategies, corporate governance and risk mitigation steps should wholesalers and retailers promote, in support of National Development Plan: Vision 2030 inclusive socio-economic strategies?
- Define and explore logistics challenges and risks for Wholesale and Retail ventures in Africa and BRICS countries.

- Evaluate ‘Customer Centricity’ in South African retail business strategy processes; and define how to build a sustainable customer base, especially for emerging retailers and small traders.
- Towards sustainable Financial Governance: effective budgeting, integrated reporting and cash flow management; especially for SMME and Informal traders in rural and urban South Africa.
- Explore and evaluate Shrinkage and Loss Control strategies in high-performance wholesale and retail businesses.
- Define and evaluate technology trends and challenges for 21st Century retail managers, in South Africa and Africa.
- Explore and propose optimal Tenant Mix Models for Shopping Centres in a transforming South Africa, towards the achievement of National Development Plan: Vision 2030 objectives.
- Evaluate the opportunities, problems and potential risks for South African wholesalers and retailers, in E-Retailing, E-Tailing, and E-Commerce.

1.3 POSITION PAPER OBJECTIVES AND SCOPE

The objectives and scope of this position paper focus on the third of the ‘Top Ten Researchable Topics’, encompassing the significant business functional areas identified in the WRLC research priorities survey. To determine the level and nature of strategy alignment of the Wholesale and Retail business sector with the National Development Plan (RSA 2012) vision, strategy themes and critical success factors, this formative evaluation study seeks to:

- Indicate how the National Development Plan socio-economic vision and objectives impact on the Wholesale and Retail business sector (including corporate enterprises, SMMEs and informal traders);
- Indicate how Wholesale and Retail sector enterprises currently align their strategies with relevant socio-economic developmental objectives of the NDP;
- Identify gaps in strategy alignment between wholesalers, retailers and the NDP;
- Identify possible actions to be taken by the Wholesale and Retail business sector, in order to address the identified strategy alignment gaps; and
- Identify possible adjustments to the National Development Plan, in order to accommodate the business realities and challenges of the Wholesale and Retail sector.

The over-arching conceptual and strategic framework for review in this study is the National Development Plan: Vision 2030 (NDP), formulated by the National Planning Commission (NPC), which was appointed by President Zuma in May 2010.

This report seeks to define the current status and actionable recommendations towards achieving enhanced W&R sectoral alignment with NDP critical success factors (RSA 2012:59), strategy themes and core priorities. While the achievement of all 13 NDP strategy themes and 75 socio-economic and public governance objectives, based on the National Planning Commission's Diagnostic Report (RSA 2011a), will require collaborative change leadership and effective policy co-ordination across a broad front, the Plan highlights (RSA 2012: 27) **"***three core strategic developmental priorities, towards an inclusive, coherent South African society:*

- *Raising employment through faster economic growth;*
- *Improving the quality of education, skills development and innovation; and*
- *Building the capability of the state to play a developmental, transformative role".*

The links in the consumer goods W&R supply chain can have significant economic added value and job creation potential (National Retail Federation 2011; Lawrence 2014; Pillay 2014; Cohen 2014; Bureau of Market Research 2014), within the socio-economic diversity of South African society, and internationally, across the Southern African Development Community (SADC) region, the African continent and in collaboration within the Brazil, Russia, India, China, South Africa (BRICS) group of developing economies. National Planning Commissioner Muller (2014) remarked that this had been a topic of strategic debate at the recent World Economic Forum in Davos: "*How do we organise supply chains and the wholesale and retail sector operations more inclusively, to build a sustainable society (and business enterprises) in the long term, rather than just to extract maximum profit in the short term?"*

Other National Planning Commissioners, including experienced developmental economists, researchers and change management facilitators Altman (2014), Maphai (2014) and Moloi (2014) recognised that the broad Plan includes few specifics relating directly to the Wholesale and Retail sector, although NDP Chapters 3 and 7 highlight strategic themes which will require well-informed data and concerted action by Wholesale & Retail sector thought-leaders. Critical success factors and strategies towards inclusive socio-economic growth, equality and equity in those and other potentially relevant NDP chapter themes will be explored and evaluated, in terms of their alignment with current and future business strategies in the W&R sector.

It needs to be acknowledged, however, that there is not unanimity of private or public sector support for national socio-economic developmental strategies. Since the advent of non-racial democracy in 1994, successive post-apartheid South African macro-economic policy frameworks have been declared and discontinued; from the initial *Reconstruction and Development Programme* (RDP- RSA 1994), followed by *Growth, Employment and Redistribution* (GEAR- RSA 1996), and the *Accelerated Shared Growth Initiative for South Africa* (AsgiSA- RSA 2004), all of which are now in the policy archives (Gelb 2003).

Gumede (2010:20) argues that "*the catalyst to structural eradication of poverty and inequality is employment*" and that for substantive democracy to prosper in South Africa, reasonably high levels of paid employment and inclusive socio-economic stability are essential. In their seminal study of *Class, Race and Inequality in South Africa*, Seekings and Nattrass (2006) demonstrate a continuity in public policy between the late-apartheid and post-apartheid periods. They make the case that "the overall increase in inequalities in South Africa was not simply a matter of inheritance; but was also the product of policy choices made by political elites under the new democratic dispensation".

Witwatersrand University Principal Habib (2013) echoes this perspective, referring to contradictory policy messages from factions of the governing party Alliance, varying between strategies of 'growth with distribution' and 'growth through redistribution'. The governance challenge now, in Habib's incisive analysis (2013:202), is "*for South African political and business leaders to make and implement policy choices which will optimise the Constitutional objectives of socio-economic justice, growth and prosperity, together with deracialisation, equity and inclusive development".* The dilemma remains, he cautions, of "*how to advance such transformative strategies, in a world in which powerful stakeholders are hostile to these objectives*" (2013:235). This 'developmental dilemma' will need to be a component of this W&R strategy alignment study.

The Organisation for Economic Co-operation & Development *African Economic Outlook* (OECD 2013) and '*Going for Growth'* Report (OECD 2014), Business Unity South Africa policy adviser Parsons (2013) and international investment facilitator Worrall (2014) all express similar cautions, especially with regard to the fiscal sustainability of the NDP strategies and the responsiveness of the South African labour market, which they and Dirksen (2013) describe as a 'key structural challenge'. Parsons (2013:23) points to the country's performance in the *Global Competitiveness Report* (2012), in which South Africa was rated overall 52nd of 144 in the world, but only 138th in terms of labour–employer relations, wage determination and productivity issues. Nonetheless, Parsons welcomes the NDP inclusive developmental vision, as "*the roadmap to a new normal*" in the South African socio-economic scenario (2013:37 and 2014).

BUSA economic policy director Ngoasheng (2014), Brand South Africa research manager De Kock (2014) and international investment facilitator Worrall (2014) similarly welcome national government's stated commitment to the NDP inclusive vision and strategies, while underlining that *organised business must continue to engage with government in all three spheres, aiming to advise, encourage and promote sustainable, cost-effective implementation of the inclusive socio-economic strategies of the Plan*.

Aspects of both the New Growth Path (RSA 2010) and National Development Plan economic data and strategies are contested by governing party Alliance affiliates, including the influential Congress of South African Trade Unions (Kotze and Ehrenreich 2014), as "not closely enough aligned with the Freedom Charter goals", as well as the assertion that "NDP claimed employment in the wholesale and retail sector is more than double the actual total" (Coleman 2013:17).

1.4 SOCIO-ECONOMIC SIGNIFICANCE OF THE W&R BUSINESS SECTOR

The Wholesale and Retail business sector is a significant component of the South African economy and a major employer. According to the Statistics South Africa website (www.statsa.gov.za**),** W&R is the fourth largest contributor to Gross Domestic Product (GDP); and the 30 000 tax-registered retail enterprises employ about 20% of the total economically active workforce of the country (StatsSA 2014; De Beer 2014).

The recent update of the W&R Sector Education and Training Authority Sector Skills Plan: 2011-2016, (W&R SETA 2013), states that recent employment data depicts wholesaling and retailing as "*one of the least transformed sectors"* (2013: 26; Sipengane 2014); and that permanent employment within the W&R Sector as a percentage of the total South African workforce has been decreasing. This trend suggests that the typical W&R enterprise practice of periodic employment of casual staff is increasing, aligned with seasonal sales and promotional peaks.

Rapid urbanisation is a significant factor in South Africa's demographic and developmental landscape (Turok 2012). UCT African Centre for Cities director Pieterse (2014) has highlighted the "complexity and scale of urban development and liveability problems, which need to be resolved by intersectoral coalitions, seeking social justice and grounded pragmatism". The National Development Plan predicts that by 2030, about 70% of South Africa's population will live in urban areas. The W&R SETA Sector Skills Plan update (W&R SETA 2013:24) indicates that highest densities of wholesale and retail enterprises are in the most urbanised regions of Gauteng, KwaZulu-Natal and Western Cape. Together, these urbanised regions are home to about 63% of the total registered national workforce of the Wholesale & Retail sector; and are therefore the focal regions for this NDP alignment study.

Recent studies of the geography of supermarkets within major conurbations in South Africa and other developing economies, have suggested that "*the spatial distribution of supermarkets is highly unequal; and that the distance of low-income residential from high-income shopping areas often hinders access to supermarkets, for the urban poor*" (Battersby and Peyton 2014).

Urban South Africa is moving increasingly towards shopping mall-based retailing; a trend which is generating negative implications for the competitive sustainability of informal traders (City of Johannesburg 2013; Müller 2014; Charles 2014; Mahlangu 2014; Tiseker 2014; Mazwai 2014; Kiva Ka Zazela 2014) and the future job creation potential of emerging SMME retailers.

1.5 STANDARD INDUSTRIAL CLASSIFICATION DIVISIONS AND CATEGORIES

Statistics South Africa (StatsSA) defines a Wholesaler as "*an enterprise deriving 50% or more of its turnover from sales of goods to other businesses and institutions"* and a Retailer as "*an enterprise deriving more than 50% of its turnover from sales of goods to the general public, for household use"*. These definitions and major international Standard Industrial Classification (SIC) Divisions listed below have been indicated by Economic Development Department (Mowzer 2014; Makgetla 2014) and W&R SETA officials as aligned with their W&R business sector analyses:

- *SIC Division 61: Wholesale and Commission trade*
- *SIC Division 62: Retail trade: General merchandise*
- *SIC Division 63: Retail trade: Motor vehicles and automotive fuel.*

This NDP / W&R strategic alignment report reflects formative evaluation data and insights from stakeholders in all these divisions of the Standard Industrial Classification trade categories of Wholesale & Retail sector enterprises.

1.6 LITERATURE REVIEW

Besides diligent study of the National Planning Commission Diagnostic Report (RSA 2011a) and National Development Plan:Vision 2030 (RSA 2012), the strategic literature review undertaken for this study encompassed potentially relevant national and international socio-economic developmental analyses, including topics relating to State-Business Relations and Economic Growth in sub-Saharan Africa (Te Velde with Leftwich 2010), Minimum Wage Review (Australian Retailers Association 2010),The Future of Shopping (Rigby 2011), The Economic Impact of the United States Retail Industry (National Retail Federation 2011), Retail Management: A Strategic Approach (Berman and Evans 2013), Bureau for Economic Research / Ernst & Young (2013), Business Monitor International (Centurion 2013),European Retail Round Table (2013), European Union Retail Forum for Sustainability (2013), Responsible Retailing Forum (2013), Supermarket & Retailer (2013), Contemporary Urbanism (Paddison and McCann 2014), Wholesale Business (2014); and Stores magazine, including retail-related papers (www.stores.org/content/whitepapers 2014), all of which provide insights into international socio-economic developmental trends in this volatile, multi-faceted business sector.

Few academic papers directly relating to the Wholesale & Retail sector/ National Development Plan strategy alignment research questions were found; although some Higher Education Institutions have published generic papers relating to the NDP vision and goals, with implications for Higher Education policy (Badsha & Cloete 2011; Higher Education South Africa 2012); Energy, environment and climate change (University of Cape Town 2012) and National macroeconomic challenges (North-West University, Potchefstroom Campus 2014).

In reviewing and analysing the W&R sector NDP strategy alignment *status quo* within the research objectives of this report, note was also taken of national, provincial and municipal constitutional, public governance and regulatory framework factors which may promote or retard sustainable growth, socio-economic inclusivity and job creation potential, including:

- ‘Huge increases in household debt and increased investment and employment in the retail and wholesale sector‘ (Daniel, Naidoo, Pillay and Southall (Eds) 2010)
- Legislation impacting on local procurement, supply chain logistics and costs (Luke & Heyns 2013; Republic of South Africa 2011c and 2013a)
- Metropolitan economic development and trading trends towards ‘the 24 Hour Economy’ (Gauteng Department of Economic Development 2012; City of Johannesburg 2013; City of Cape Town 2011& 2013; Human Sciences Research Council 2014)
- Urbanisation and spatial development challenges (Turok 2012; Pieterse 2014; RSA 2014b)
- Economic Infrastructure development resources and skills requirements (De Bruin 2013)
- On –line retailing trends and socio-economic implications (Goldstuck 2013)
- Proposed national licensing legislation for all businesses, including retail traders (Davies 2013)
- Entrepreneurship, youth unemployment and job market entry (African Frontiers Forum 2013; Chatterji, Glaeser & Kerr 2013; SA Board for People Practices 2014a)
- Mechanisms for promoting ‘active citizenry’ in monitoring government services (RSA 2013b)
- Citizenship, social redress and racial inequality within organisations (Bentley & Habib 2008; Morton & Blair 2013)
- Franchising models, retailer reputations and community trust (Falala 2013; Franchise Association of South Africa 2014); and
- Economic development challenges of complex labour legislation and bureaucratic regulations (Parliamentary Monitoring Group 2013a and 2013b; SA Board for People Practices 2014b).

Early in the process of literature review and semi-structured dialogic interviews, several W&R sector thought-leaders expressed the urgent need for strategic NDP collaboration amongst retail-related business associations and relevant spheres of government (Lawrence: SA Clothing Retailers Federation 2014; Pillay: SA Retail Council 2014; Cohen: Retail Association 2014; Mazwai: W&R SETA 2014; Hutchings: National Business Initiative 2014; Parsons and Ngoasheng: Business Unity SA 2014). Their well-grounded NDP insights reinforced recent literature reflecting

- the ‘need for government and business to work together to create jobs’ (Graham 2011);
- the ‘toxic relationship between government and private sector’ (Landman 2013); and
- the ‘potentially inclusive role of organised business and economic development agencies’ (KPMG 2012; Gauteng City-Regional Observatory 2013; Trade and Investment KwaZulu-Natal 2013; and Western Cape Economic Development Partnership 2013).

Literature sources of particular South African W&R sector relevance, informing this position paper’s NDP alignment insights, sustainable business inhibitors and opportunities included *inter alia*:

- **National Labour and Economic Development Institute (NALEDI)**

Commissioned by the Department of Trade and Industry’s Economic Research and Policy Co-ordination Unit, this insightful NALEDI (2007) report is entitled *The Retail Sector: An Analysis of its contribution to Economic Growth, Employment and Poverty Reduction in South Africa.*

- **NEDLAC Trade and Industry Chamber: National Retail Sector Strategy**

This strategic review of the retail sector was undertaken as a Fund for Research into Industrial Development, Growth and Equity study, via the National Economic Development and Labour Council (NEDLAC 2010). Key outcomes of this benchmark study indicate that the primary ways to stimulate W&R economic growth are through minimising the regulatory burden and by creating a more conducive public governance environment in which to do business.

- **National Creditor Regulator: Literature Review on small and medium enterprise access to credit and support in South Africa**

This National Credit Regulator (2011) strategy review highlights the importance of small and medium enterprises, including wholesalers and retailers, in the South African economy and employment growth. The NCR Review identifies the demand for credit access by small businesses; and questions: “*Why has government support of small businesses failed*?” (2011: 43).

- **Retail Association Labour Conference 2013**

According to the Retail Association 2013 Labour Conference report (Cohen 2014) ”Gearing up for future growth, retailers need to take a strategic look at the sector’s labour market requirements. The economic and regulatory environment is shifting. Collaborative, pro-active strategies are vital to ensure that retail has the human capital capacity to stimulate and sustain growth in the sector”.

- **South African Chamber of Commerce and Industry Annual Convention 2013**

The SACCI 2013 annual convention programme featured the topical theme of ‘*South African Business: a Vision for Growth,’ indicating references to NDP strategies.*

- **Consumer Goods Council of South Africa Annual Report 2013**

The Consumer Goods Council, incorporating the Retail Council, brings together a wide range of consumer product manufacturers, importers, wholesalers and retailers. The CGCSA Annual Report (2013) reflects many aspects of collaborative sector achievements and opportunities for enhancing inclusive economic development, which will be explored in this study.

- **Institute for Poverty, Land and Agrarian Studies and Southern Africa Food Laboratory**

Associated with the Universities of the Western Cape, Stellenbosch and Cape Town, these two innovative organisations (PLAAS and SAFL 2013) collaborate in developmental learning projects, supporting smallholder growth towards commercial agriculture, including sustainable supply chains for retail supermarket groups.

- **Inequality and Economic Marginalisation: How the Structure of the Economy impacts on opportunities on the Margins**

This insightful socio-economic analysis (Philip 2010) was described by the Deputy Director-General of the Economic Development Department as *"highlighting a key issue which the wholesale and retail sector needs to consider seriously*" (Makgetla 2014). Philip argues that while scholarship has critiqued the concept of the 'second economy', the stark inequalities of the South African economy must soon be addressed, not least in the Wholesale and Retail trade.

1.7 CONCLUSION: TOWARDS 'OUR FUTURE: MAKE IT WORK'

South Africans from all walks of life participated in the consultative processes informing the National Planning Commission's Diagnostic Report (RSA 2011a), which highlights that "*since the dawn of inclusive democracy in 1994, much has been achieved, but still more work needs to be done, to make South Africa truly belong to all who live in it*". (2011a:28).

Roleplayers interviewed for this formative evaluation study, within the public and private sector determinants of links in the W&R supply chain, identified a limited range of socio-economic developmental, transformation and sustainability strategies which are currently being debated, towards aligning diverse business sector strategies more positively with the inclusive developmental vision, strategy themes and critical success factors of the NDP.

Organised business collaboration with state developmental initiatives is not a new phenomenon, as has been demonstrated in the post-World War 2 'Marshall Plan' and recent East Asian national developmental projects; as well as in the current European Union regional development programme. Business Unity South Africa, a federation of major companies and business associations, including the Retail Association and Retail Motor Industry Organisation (BUSA Annual Review 2013), has been active in promoting sector transformation charters; including the

Manufacturing Bulletin (2013) and Mining Industry Growth, Development and Employment Task Team (2014); though not as yet in the Wholesale and Retail business sector.

Former Business Leadership South Africa director Spicer (in Graham and Coetzee (Eds) 2002:74) reflects on the pro-active role that some business leaders and institutions have played in South Africa's democratic transition processes and economic policies. He suggests that "*similar corporate social investment initiatives will assist in planning and co-ordinating the achievement of NDP strategic objectives, towards building future national stability, equality and inclusion for the socio-economic benefit of the majority of South Africans".*

Expressing a cautionary 'reality check', however, retail sector analyst Parker (2014) pragmatically reflected that "the successful retailer is the one who correctly identifies the key customer service, staffing and merchandise value issues and develops strategies to accomplish them. This is what leads retail entrepreneurs to think out of the box and take risks. The greatest incentive and long-term growth strategy for South African wholesale and retail enterprises is the opportunity to make sustainable profits."

This report will provide an overview of the National Development Plan: Vision 2030 strategy themes and 'critical success factors'. The study will review the socio-economic diversity of the South African W&R sector, within the realities of the value chains and household consumption expenditure data which form the strategy framework for W&R decision-makers when they consider the commercial challenges in aligning their business objectives with those of the NDP. Within that framework, the report will analyse the outcomes of a stakeholder alignment survey of NDP strategy themes and objectives identified as most relevant to the W&R business sector.

It is intended that the findings and recommendations of this WRLC position paper, framed within the NPC diagnostics, NDP strategy themes and W&R business sector perspectives, will promote 'active citizenry' engagement with inclusive socio-economic developmental issues. As former President Nelson Mandela urged in his autobiography *Long Walk to Freedom* (1994:612): *"South Africans must now unite and join hands and say we are one country, one nation, one people, marching together into the future!"*

CHAPTER 2

METHODOLOGY

2.1 RESEARCH TYPE

In framing the mixed methods research methodology for this formative evaluation study, cognisance was taken of the National Planning Commission's commitment to wide public consultation in its diagnostic and dissemination phases; as well as the ongoing need for "catalysing development in Africa" (African Management Initiative 2011); for "African voices in the development debate" (The Africa Report 2013) and for consideration of the recent State of Development Evaluation Survey (Society for International Development 2013).

Following Patton's (1997; 2002) utilization-focused developmental evaluation methodology, widely used within the South African Monitoring and Evaluation Association, opportunities were identified for exploratory and descriptive review of NDP-related literature, strategy themes and critical success factors in seminars and conferences, notably at the Stellenbosch University School of Public Leadership (2013). Thereafter followed semi-structured dialogic interaction with National Planning Commissioners and officials, economic development practitioners, business, labour and political thought-leaders; as well as with government officials accountable for socio-economic infrastructure development in all three spheres of the South African state (De Coning 2013).

- The exploratory and descriptive phases sought to strengthen understanding of the context of the National Planning Commission Diagnostic Report (RSA 2011a) processes and subsequent publication of the National Development Plan (RSA 2012), the chapters of which define various strategy themes, critical success factors and developmental objectives for achievement by 2030. Thereafter, pilot interviews with a cross-section of W&R sector stakeholders sought to gain insights into current and evolving perceptions of the NDP socio-economic strategies.
- Based on the outcomes of the exploratory /descriptive phase, it became evident that the low W&R stakeholder awareness of NDP context, processes and strategic complexity made it necessary, for meaningful research purposes, to limit the number of NDP strategic themes and developmental objectives relevant to the W&R sector; and to focus the survey on a purposive cross-section of sector stakeholders and thought leaders.

2.2 SAMPLING

Emmel's (2013) grounded 'realist approach' to qualitative research sampling and 'dynamics of knowledge production and utilisation' (Bailey 2005) proved insightful, in seeking to interpret the diversity of NDP/ W&R sector stakeholder alignment perceptions, policies and priorities. A purposive sample of 283 W&R sector roleplayers (from wholesale and retail enterprises, business associations, labour unions, government agencies, sector consultants and service providers) was contacted, in order to gain their insights into NDP strategy alignment, significant gaps and perceived needs for developmental policy review. The respondent sample included W&R stakeholders and thought leaders in all three SIC code divisions, across all provinces; focussed largely in the major urban regions. Contact points were provided by W&R SETA management, augmented by the researcher's retail and public governance network. A respondent target of at least 100 was agreed; and 104 completed survey questionnaires were ultimately analysed.

2.3 DATA COLLECTION

The research questionnaire (Appendix A) was designed to identify frequency of alignment with National Development Plan strategic themes, relevant objectives and significant alignment gaps, across the major Wholesale & Retail SIC divisions; as well as possible corporate / independent trader and other alignment variances; in order to generate meaningful insights and recommendations, as per the defined research objectives.

Data collection from the emailing of 283 contact points across all nine provinces was initially sparse. Telephonic follow-ups revealed a low awareness of NDP vision, values and objectives, coupled with a reluctance to comment on company policy; and a frequently stated perception by W&R enterprise management that *"this NDP thing is the government's plan; it has nothing to do with my business bottom line".*

Thereafter, data and qualitative interview collection were accelerated through stakeholder contacts at regional fora of the W&R SETA; and through interactive participation in Retail Council, Consumer Goods Council, Petroleum Retailers Association, Retail Motor Industry, Investment KwaZulu-Natal, Cape Chamber of Commerce & Industry, Gauteng City-Regional Observatory and National Business Initiative dialogic opportunities. Interactions during these group and individual contacts facilitated consideration of current W&R business strategy debates, especially where the NDP developmental strategy themes were previously unknown by many W&R sector roleplayers.

2.4 DATA ANALYSIS

104 completed questionnaire responses were captured on a master schedule indicating the averaged frequency of W&R sector alignment ratings with each of the 13 NDP strategy theme chapters and 29 identified objectives on a 4 point alignment scale, reflecting the following ratings:

- Rating 4: '*We have a well-established business strategy, for this NDP objective'.*

- Rating 3: '*We have an informal/recently started business strategy for this NDP objective'.*
- Rating 2: '*Our business strategy is currently under discussion, regarding this NDP objective'.*
- Rating 1: '*Not our business priority, at this time'.*

The alignment survey process soon indicated that several W&R respondents perceived some NDP strategies or objectives as 'not applicable' or 'irrelevant to their business plans'; such 0 ratings were also included in the frequency totals, for analysis. Based on the respondent rating frequency analysis of W&R sector alignment with the 13 NDP strategy themes and 29 relevant NDP objectives, the 'Top Five ' alignment ratings (highest NDP strategy alignment values) and 'Bottom Five' ratings (strategy alignment gaps) were identified.

Qualitative analysis and interpretation of W&R development priority strategies emerging from these alignment frequency insights were facilitated by semi-structured dialogic interview review of the NDP 'critical success factors', and by explanatory comments appended by respondents. A reluctance to 'commit our company to the government's NDP objectives' was frequently noted, even when anonymity was assured.

2.5 VALIDITY AND RELIABILITY

Face- and context-validity of stakeholder responses were optimised, within the variables of their organisational and individual perceptions of W&R enterprise alignment with the NDP 13 strategy themes and 29 objectives identified as most relevant to the W&R sector; and of the relative commitment of private and public governance, for effective collaboration, leadership and implementation of those developmental strategies.

Reliability of data will largely be a function of the sampling distribution of the averaged alignment rating frequencies; and of the credibility and sectoral transferability of these rating values, among the diversity of W&R respondents' business plans and strategic accountability.

2.6 FOCUS GROUP AND BUSINESS ASSOCIATION CRITIQUE

Valuable critique of the second draft of this report was provided by a focus group of ten experienced W&R stakeholders from diverse backgrounds in the sector, facilitated by the Wholesale and Retail Leadership Chair.

The researcher presented an overview of the study objectives, methodology, key findings and draft recommendations to the focus group; and participants provided feedback on aspects of the draft report which, in their view, needed greater clarity, focus or 'user-friendly' formatting.

Prior to submission of this report, representatives of several national W&R business associations also provided constructive critique. Their candid comments and well-informed recommendations were helpful in enhancing the validity and utilization-focused pragmatic value of this position paper.

2.7 CONCLUSION

The mixed methods, knowledge production and utilisation methodology (Bailey 2005; Emmel 2013) of this formative evaluation study has been purposively designed, piloted and sampled, seeking to '*determine the level and nature of strategy alignment of the Wholesale and Retail sector with the National Development Plan',* as specified in the research objectives.

While the W&R 'thought leader' exploratory phase, survey questionnaire process and semi-structured dialogic interactions with W&R sector roleplayers in major city-regions contributed positively to the validity and reliability of the data, it is acknowledged that the consistency and 'utilization focus' of the quantitative alignment ratings, qualitative insights and formative evaluation findings are dependent on the clarity of respondents' 'active citizenry' policies, business growth aspirations, inclusive socio-economic developmental commitment; and the rigour of their 'critical success factor' organisation development and strategy implementation, towards effective alignment with NDP Vision 2030 strategic themes.

CHAPTER 3

OVERVIEW OF THE NATIONAL DEVELOPMENT PLAN: VISION 2030

3.1 CONTEXT AND ORIGINS OF THE NATIONAL DEVELOPMENT PLAN

In his inaugural State of the Nation Address (RSA 2009a), President Jacob Zuma indicated a restructuring of the South African economic policy, to improve performance in terms of labour absorption; as well as the composition and rate of growth. The priority result areas of the Economic Development Department's *New Growth Path* strategy (RSA 2010), for achievement by 2020, were substantially different from the *Growth, Employment and Redistribution* (RSA 1996) and *Accelerated and Shared Growth Initiative for South Africa* (RSA 2004) macro-economic strategies of previous eras. Later in the same year, a *Green Paper: National Strategic Planning* (RSA 2009c) was published, detailing yet another framework for national development. The National Planning Commission (NPC) of 26 socio-economic activists and experts was appointed in 2010, with a mandate to draft a new National Development Plan.

Institute of Democracy political analyst Judith February (2012) consequently commented that "*it seemed that South Africa had a plethora of policies, plans and programmes, not yet quite finding their direction".* The often divergent economic policy directions driven by two different national ministries were depicted (Figure 3.1) by cartoonist Zapiro (2010) in a national newspaper.

Figure 3.1: Economic Policy Direction © 2010 Zapiro

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For more Zapiro cartoons visit **www.zapiro.com**

The National Planning Commission's *Diagnostic Report*, (RSA 2011a) set out South Africa's socio-economic achievements and shortcomings since 1994. Based on wide public consultations, the NPC Diagnostic Report identified failure to implement policies effectively and absence of inter-sectoral partnerships as the two main reasons for slow progress towards the vision and values of the 1996 Constitution; and set out the following "*primary socio-economic challenges:*

- *Too few people work*
- *The quality of school education for black people is poor*
- *Infrastructure is poorly located, inadequate and under-maintained*
- *Spatial divides hobble inclusive development*
- *The economy is unsustainably resource- intensive*
- *The public health system cannot meet demand or sustain required quality*
- *Public services are uneven and often of poor quality*
- *Corruption levels are high*
- *South Africa remains a racially divided society*".

South Africans from many walks of life responded to the NPC Diagnostic Report public consultation processes, which led to the publication of the National Development Plan: Vision 2030 (RSA 2012).

As Minister in the Presidency: National Planning emphasised in his Budget speech (Manuel 2011) "*national development has never been a linear process, nor can any development plan proceed in a straight line*". Accordingly, the NPC proposed a 'multidimensional change leadership framework' to bring about a 'virtuous cycle of development', with progress in one sector supporting advances in others. The NDP lists 13 strategy themes, 75 developmental objectives and 119 recommended action steps which are needed to transform the South African economy and society by 2030*.*

This chapter provides an overview of the NDP vision, strategy themes and developmental objectives, with a view to identifying those with most relevance to the W&R business sector.

3.2 FOREWORD AND INTRODUCTION TO THE PLAN

In his foreword to the National Development Plan, Minister in the Presidency Manuel comments that "since 1994, the nation has built democratic institutions, transformed the public service, extended basic services, stabilised the economy and taken its place in the family of nations. Despite these successes, too many people are trapped in poverty and we remain a highly unequal society; and our state lacks capacity in critical areas. Despite significant progress, our country remains divided, with opportunity still shaped by the legacy of apartheid. Our Constitution obliges all of us to tackle these challenges." (RSA 2012: 1).

"South Africa must translate political emancipation and equality into economic wellbeing for all", Minister Manuel emphasised to the Annual General Meeting of the Cape Regional Chamber of Commerce and Industry (2013). "*Realising such a society will require collaborative transformation of the economy and focussed efforts to build the country's capabilities"*.

Although the Wholesale and Retail sector is mentioned only 21 times in the National Development Plan strategies, specific mention is made in NDP Chapter 3 of W&R business sector 'Drivers of Change' (RSA 2012:152) in support of inclusive employment and growth strategies. Subsequent chapters of this report will evaluate current alignment with those W&R Drivers of Change, towards realisation of the NDP inclusive socio-economic vision, values and strategies.

3.3 STRATEGIC APPROACH TO CHANGE: CAPABILITIES AND ACTIVE CITIZENRY

While achievement of the vision and objectives of the National Development Plan requires co-ordinated progress on a broad front of socio-economic transformation strategy themes, three core developmental priorities are specifically highlighted in the Plan (RSA 2012: 27), namely**:**

- *Raising employment through faster economic growth*
- *Improving the quality of education, skills development and innovation*
- *Building the capability of the state to play a developmental, transformative role.*

These NDP core developmental priorities are defined as *"essential to achieving higher rates of investment and competitiveness, expanding production and exports*". The goal of inclusive social cohesion anchors the NDP strategic themes: business, labour, communities and government will need to work together, to achieve faster, sustainable economic growth.

3. 4 CRITICAL SUCCESS FACTORS FOR ACHIEVEMENT OF NDP STRATEGIES

In this overview of key strategic themes and objectives envisaged in the National Development Plan, it is significant to note that the National Planning Commission identifies the following six "critical success factors" (RSA 2012: 59):

3.4.1 Focussed leadership

Because the Plan is designed to bring about fundamental change in less than two decades, it "*requires a degree of policy consistency that straddles changes of leadership in government,* *business and labour. Many aspects of the Plan will require years of focussed effort to deliver".*

3.4.2 A Plan for All

Broad support across society is essential for the successful implementation of the Plan. In a vibrant democracy, this support will not be uncritical. "Vigorous debate is needed for building consensus and broad-based ownership of the Plan. *Constructive debate also contributes to nation building, by enabling South Africans to develop a better shared understanding and ownership*".

3.4.3 Institutional capability

Much of the Plan deals with the institutional reforms required to overcome weaknesses, particularly where public agencies are unable to meet their responsibilities. The NDP chapter on 'building a capable and developmental state' provides pointers on the approach, "*which need to be actively supported by the private sector: commitment to high performance, an uncompromising focus on ethics and a willingness to learn from experience".*

3.4.4 Resource mobilisation and agreement on trade-offs

The NDP seeks to influence state resource allocations over the next two decades, but will not determine annual budgets. The *Plan recognises that the best way to generate state resources is to grow the economy faster*. If the economy grows by more than 5 percent a year, profits of private enterprise (and tax revenue) will more than double over the next 20 years.

3.4.5 Sequencing and willingness to prioritise

"Implementing the NDP will require some tough, potentially unpopular decisions; government and business sector executives must be willing to engage and prioritise, by focussing most of their attention on defined strategic developmental priorities". The Plan provides such a national strategic priorities framework; it defines high-level priorities and, in some areas, a specific sequencing.

3.4.6 Clarity on responsibility

A recurring 'success factor' in the NDP is that "public and private governance accountability need to be clarified and tightened. Organised business sector representatives need a clear sense of who is accountable for what. Systems to hold leaders accountable for their outcomes are needed".

Significantly*, "these NDP critical success factors acknowledge that Business, Labour and Civil Society are diverse groupings and rarely speak with a common voice. Clear accountability chains, including with social partners, will be essential for national success"* (RSA 2012:61).

Semi-structured dialogic interviews with a range of W&R sector stakeholders reflected concurrence with the NDP view that "*working together towards the NDP strategic objectives will help build trust, within and between the private and public sectors*" (Pillay 2014; Cohen 2014; Lawrence 2014;

Parsons 2014; Muller, M 2014; Kariem 2014; Oakley 2014; Baard 2014; Bagraim 2014; Kotze 2014; Müller, R 2014; Dugmore 2014; Botha 2014; Fourie 2014).

In subsequent chapters of this report, the current alignment of Wholesale and Retail business sector strategies and practices with relevant National Development Plan strategy themes and socio-economic objectives will be reviewed; followed by analysis and evaluation of significant gaps, potential use of 'active citizenry' public - private partnership governance mechanisms (RSA 2013b) and recommended steps towards collaborative W&R business sector synergistic planning and implementation, within a shared NDP vision.

3.5 DEMOGRAPHIC TRENDS AND EXTERNAL DRIVERS OF CHANGE

The NDP highlights that South Africa's socio-economic development is affected by what happens in the African region and the world. Several 'External Drivers of Change' (RSA 2012:28-34) underline that national success will depend on the country's response to such developments.

3.5.1 Demographic trends

National Planning Commission Diagnostic Report (RSA 2011a) strategic observations which inform the NDP strategy framework include the following:

- "Today, about 60 percent of the population lives in urban areas. The movement of people from the countryside to the cities is expected to continue, and by 2030 about 70 percent of the population will live in urban areas. Gauteng province and the city-regions of eThekwini and Cape Town are the fastest-growing, with implications for planning and delivery of basic services.

- To maximise the benefits of the 'demographic dividend', the NDP requires better nutrition and health care, improved educational standards, increased access to further and higher education, easier entry into the labour market and greater labour mobility."

3.5.2 Building a future for South Africa's youth

South Africa has an urbanising, youthful population. This presents an opportunity to boost economic growth, increase employment and reduce poverty. Recognising that young people bear the brunt of unemployment, the NDP adopts a 'youth lens' in its strategic proposals.

3.5.3 Policy in a dynamic global environment

Long-term shifts in global trade and investment are reshaping the world economy. Among these developments is the emergence of rapidly growing economies, such as China, India and Brazil. South Africa can benefit from rapid growth in developing countries that leads to increased demand for South African commodities, in expanding consumer markets.

3.5.4 Africa's development

The economies of many African countries have grown rapidly over recent decades, significantly reducing poverty; and the continent has established a greater voice in global institutions. African regional growth also provides opportunities for South African enterprises, which have contributed to development by investing in telecommunications, banking, mining, construction and retailing.

3.5.5 Climate change

Emissions of carbon dioxide and other greenhouse gases are changing the earth's climate, imposing a significant global cost. South Africa is also vulnerable to the effects of climate change on health, livelihoods, water and food, with a disproportionate impact on the poor. South African businesses have to reduce their negative impact on the environment.

3.5.6 Technological change

As a middle-income country, South Africa needs to use its knowledge and innovative products to compete internationally. The NDP suggests that about 17 percent of South Africa's population is currently able to access the internet – and that this is rising by 20 percent a year. Young people have embraced the digital communications media, representing a potentially powerful means of fostering social inclusion. The high cost of broadband internet connectivity is a major hindrance.

3.6 OUTLINE OF NDP STRATEGY THEMES AND OBJECTIVES

The implementation chapters of the National Development Plan highlight 13 strategy themes, with a total of 75 developmental objectives, which National Planning Commission members have formulated through their public participation processes, towards the achievement of the ultimate NDP vision of "*Our future – make it work."* (See Appendix B for full list).

These 13 NDP strategy themes, with the 29 operational objectives identified as most relevant for strategy alignment within the W&R business sector, provide the framework for this study.

3.6.1 Key NDP Objectives by 2030

- Eliminate income poverty – Reduce the proportion of households with a monthly income below R419 per person (in 2009 prices) from 39 percent to zero.
- Reduce income inequality – The Gini Coefficient (a comparative analysis ratio which measures the income distribution of a nation's residents) should fall from the current 0.69 to 0.6.

3.6.2 Strategy Theme: Economy and Employment (NDP Chapter 3)

As highlighted by National Planning Commissioners Altman (2014), Muller (2014), Moloi (2014) and Maphai (2014)**,** this significant chapter of the NDP includes economic developmental objectives and generic 'Drivers of Change' which are relevant to W&R business sector strategic alignment with the Plan, *inter alia:*

- The unemployment rate should fall from 24.9 percent in June 2012 to 14 percent by 2020 and to 6 percent by 2030. This requires an additional 11 million jobs.
- The proportion of adults working should increase from 41 percent to 61 percent.
- The proportion of working adults in rural areas should rise from 29 percent to 40 percent.
- The labour force participation rate should rise from 54 percent to 65 percent.
- Gross Domestic Product (GDP) should increase by 2.7 times in real terms, requiring average annual GDP growth of 5.4 percent over the period.
- The proportion of national income earned by the bottom 40 percent should rise from about 6 percent today to 10 percent in 2030.
- Broaden ownership of assets to historically disadvantaged groups.

Amongst the 'Drivers of Change' in National Development Plan Chapter 3, Table 3.1 highlights this focus on the contributions of Wholesale & Retail Business.

Table 3.1: NDP Drivers of Change in the Wholesale & Retail sector

"In support of promoting employment and growth, the following will be pursued in the Plan:

- The wholesale & retail sector will be encouraged to procure goods and services aimed at stimulating local producers, and especially small and expanding firms.
- Further investigation will be conducted on opportunities to stimulate sustainable small-scale retail and co-operative buying, with the aim of reducing costs in townships and rural areas, and stimulating related employment.
- South African retail operations in the SADC region will be encouraged to supply stores with South African products, and will also be supported to develop suppliers within the region, in support of regional industrialisation objectives.
- Information technology-enabled service exports will be promoted, with the aim of attracting United States, United Kingdom and Indian business-process outsourcing. South Africa should become a leading provider of information technology-enabled services globally, with services integrated into the region.
- Rising consumption of the lower-income groups in South Africa and the SADC region should stimulate retail employment and demand for supplier industries".

Source: RSA 2012:152

To contextualise these *W&R 'Drivers of Change'* within the current South African socio-political economy, all 13 NDP strategy theme chapters are listed below; and the 29 theme-related NDP objectives identified with sector thought leaders as most relevant to the W&R business sector were included in the stakeholder alignment survey questionnaire (Appendix A):

- **Economy and Employment** (NDP Chapter 3)
- **Economic Infrastructure** (NDP Chapter 4)
- **Environmental Sustainability and Resilience** (NDP Chapter 5)
- **Inclusive Rural Economy** (NDP Chapter 6)
- **South Africa in the Region and the World** (NDP Chapter 7)
- **Transforming Human Settlements** (NDP Chapter 8)
- **Improving Education, Training and Innovation** (NDP Chapter 9)
- **Health Care for All** (NDP Chapter 10)
- **Social Protection** (NDP Chapter 11)
- **Building Safer Communities** (NDP Chapter 12)
- **Building a Capable and Developmental State** (NDP Chapter 13)
- **Fighting Corruption** (NDP Chapter 14)
- **Nation Building and Social Cohesion** (NDP Chapter 15)

3.7 CONCLUSION: "UP TO ALL TO PLAY A ROLE IN FIXING THE FUTURE"

The National Development Plan is "*based on extensive research, public consultation and engagement; it is up to all South Africans to play a role in fixing the future*" (RSA 2012: 61). Brand South Africa chief executive Matola (2014) has described the NDP as " *a blueprint for citizens to rally round pro-actively*."

While the researcher had participated in several National Planning Commission public consultation sessions, dialogic interviews within the W&R business sector did not indicate a broad awareness of the NPC diagnostic processes; nor an 'active citizenry' commitment to 'collaborative ownership' of the NDP strategy themes, developmental priorities and implementation objectives. During the pilot process with W&R sector thought leaders, 29 of the 119 NDP objectives were identified as most relevant to Wholesale and Retail sector alignment with the NDP strategy themes; and were therefore included in the stakeholder survey questionnaire (see Appendix A).

The next chapter of this report will review and analyse the socio-economic diversity of South Africa and the stratified market dynamics of the Wholesale & Retail sector, as a platform for formatively evaluating the current strategy alignment of W&R enterprises with the National Development Plan inclusive strategy themes, developmental objectives and critical success factors.

CHAPTER 4

THE W&R SECTOR: SOCIO-ECONOMIC SIGNIFICANCE, CHALLENGES AND NDP ALIGNMENT FACTORS

This chapter provides an overview of the South African Wholesale and Retail sector, in terms of its socio-economic diversity and potential significance to the National Development Plan strategy themes, developmental objectives and critical success factors. This W&R sector overview will build a platform for the evaluation of survey questionnaire responses, stakeholder dialogic interviews, current NDP strategy alignment findings and recommendations, in subsequent chapters.

4.1 NATURE AND SCOPE OF THE SOUTH AFRICAN W&R SECTOR: DEFINITIONS, DATA AND MACRO-ECONOMIC TRENDS

The Standard Industry Classification (SIC) categories of the W&R business sector, illustrated in Table 4.1 below, indicate the various trading activities in this multi-faceted sector.

A Wholesaler is defined by StatsSA (2104) as '*an enterprise deriving 50% or more of its turnover from sales of goods to other businesses and institutions';* and a Retailer as *'an enterprise deriving more than 50% of its turnover from sales of goods to the general public, for household use'.*

The following SIC divisions and trade categories as defined by StatsSA are used in this study:

Table 4.1: Major SIC Division 6: Wholesale and Retail Trade

Division	Major group	Title of category
		MAJOR DIVISION 6: WHOLESALE AND RETAIL TRADE
61		**Wholesale and commission trade, except of motor vehicles and motor cycles**
	611	Wholesale trade on a fee or contract basis
	612	Wholesale trade in agricultural raw materials, livestock, food, beverages and tobacco
	613	Wholesale trade in household goods
	614	Wholesale trade in non-agricultural intermediate products, waste and scrap
	615	Wholesale trade in machinery, equipment and supplies
	619	Other wholesale trade
62		**Retail trade, except of motor vehicles and motor cycles; repair of personal household goods**
	621	Non- specialised retail trade in stores
	622	Retail trade in food, beverages and tobacco in specialised stores
	623	Other retail trade in new goods in specialised stores
	624	Retail trade in second-hand goods in stores
	625	Retail trade not in stores
	626	Repair of personal and household goods
63		**Sale, maintenance and repair of motor vehicles and motor cycles; retail trade in automotive fuel**
	631	Sale of motor vehicles
	632	Maintenance and repair of motor vehicles
	633	Sale of motor vehicle parts and accessories
	634	Sale, maintenance and repair of motor cycles and related parts and accessories
	635	Retail sale of automotive fuel

Source: Statistics South Africa 2014

An analysis commissioned by the Department of Trade and Industry (NALEDI 2007) of the South African retail sector's contribution to economic growth, employment promotion and poverty reduction, in support of the *Accelerated Shared Growth Initiative for South Africa* economic strategy, commented on the "concentration of major corporates in the sector"; and also stated that "reliable comparative data on direct and indirect growth, employment trends and linkages with SA manufacturing sources, are relatively hard to come by" (2007:11).

Echoing Kabat's (1983:287) *Notes on South African Retailing* that "no other economic activity measures the economic progress of a country to the extent that retailing does", W&R in South Africa is a significant sector of the national economy and a major employer, according to the W&R SETA Annual Report (2013b). The W&R sector is the 4th largest contributor to Gross Domestic Product; representing about 20 percent of the total economically active workforce (StatsSA 2014; De Beer 2014; Fourie 2014), employed by some 30 000 tax-registered enterprises. It is a sector which is more volatile, dependent on investor confidence, consumer disposable income, lifestyle aspirations, cyclical changes and global economic conditions, than are most other sectors.

South Africa's wide gap in income distribution, measured by the Gini Coefficient (United Nations Development Program 2012) is a significant socio-economic indicator, highlighted as a strategic objective of the NDP. This apartheid era legacy constrains social equity, cohesion and potential growth of retail sales and job creation, given the current limited disposable income and purchasing power of a large proportion of the population (Botha 2014; Roman 2014; Kiva Ka Zazela 2014).

Assessment of any changing trends in W&R sector remuneration strategy, towards a narrowing of the legacy income distribution gap, has not been possible to determine for this report. Corporate subscribers to a national retail remuneration survey declined to disclose their strategic or policy data. The recent *Executive Directors' Practices and Trends Report* (PriceWaterhouseCoopers 2013) suggests, however, that executive performance incentive remuneration trends may actually be exacerbating the income gap, rather than moving towards equality. Anecdotal evidence from a reputable retail remuneration consulting source (Oakley 2014) indicates that "*there is no general trend towards reducing the dreaded wage gap"*, because the remuneration packages of senior retail executives are typically enhanced by performance bonuses; whereas the remuneration policy at store level is a fixed-pay structure, seldom with performance or productivity incentives.

Significantly, the current update of the W&R Sector Skills Plan 2011-2016 (W&R SETA 2013a:16) notes that "about *86% of the number of registered enterprises in this sector consists of small and micro enterprises, compared with 9.5% medium size and 4,5% large corporate enterprises*". The W&R Sector Skills Plan also estimates that "*66 % of operational retail traders are formally registered and contributing to the national fiscus; suggesting that there are over 100 000 informal (unregistered) traders in this sector, with annual sales of about 10% of total national retail turnover*".

Available data indicates that employment in South Africa's W&R sector has been increasing sporadically from 2006 to 2011. The main employment increase has been in the Informal /SMME sub-sector, while semi- and unskilled Formal employment has decreased, as depicted in Table 4.2:

Table 4.2: Employment by Skill Level in the W&R sector

SOUTH AFRICA'S EMPLOYMENT BY SKILL LEVEL IN THE WHOLESALE & RETAIL SECTOR, 2005-2011							
SKILL LEVEL	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Total Formal and informal employment	2 336 587	2 385 845	2 432 848	2 428 787	2 364 799	2 377 501	2 403 943
Formal employment	1 425 885	1 440 896	1 518 659	1 520 931	1 454 622	1 415 777	1 410 836
Formal employment by skill: Highly skilled	180 573	183 828	195 219	197 006	189 855	186 184	186 928
Formal employment by skill: Skilled	967 512	978 524	1 032 262	1 034 778	990 619	965 108	962 686
Formal employment by skill: Semi- and unskilled	277 799	278 544	291 177	289 147	274 149	264 485	261 222
Informal employment	910 703	944 949	914 189	907 856	910 178	961 724	993 108

Source: Quantec, 2014

Statistics SA (2014) data in Tables 4.3 and 4.4 below reflect the officially reported monthly variations in recent sales trends in the Wholesale and Retail sector, by type of trader:

Table 4.3: Wholesale trade sales at current prices by type of wholesaler (R million)

Type of Wholesaler	Aug -13	Sept -13	Oct -13	Nov -13	Dec -13	Jan -14 1/
Fee or contract basis	5 940	6 817	7 795	7 908	6 740	6 137
Agricultural raw materials and livestock	9 135	9 665	9 729	10 815	10 188	8 669
Food, beverages and tobacco	20 483	19 434	20 203	21 633	26 246	17 806
Textiles. Clothing and footwear	3 048	3 207	3 718	4 268	2 471	2 406
Other household goods except precious stones	11 639	12 451	14 086	14 296	10 679	11 517
Precious stones, jewellery and silverware	1 577	2 328	2 778	3 262	1 614	1 606
Solid, liquid and gaseous fuels and related products	30 448	29 322	32 061	32 637	31 641	31 540
Metal and metal ores	3 525	3 123	3 810	3 918	2 136	3 103
Construction and building material	6 403	6 070	7 466	7 093	4 841	6 108
Other intermediate products, waste and scrap	5 178	5 313	6 543	6 216	4 526	4958
Machinery, equipment and supplies	17 985	17 995	19 455	20 881	16 997	18 219
Other goods	14 847	13 438	15 091	16 798	15 959	13 108
Total	**130 209**	**129 164**	**142 736**	**149 725**	**134 038**	**125 177**

1/ Preliminary
Source: StatisticsSA 2014

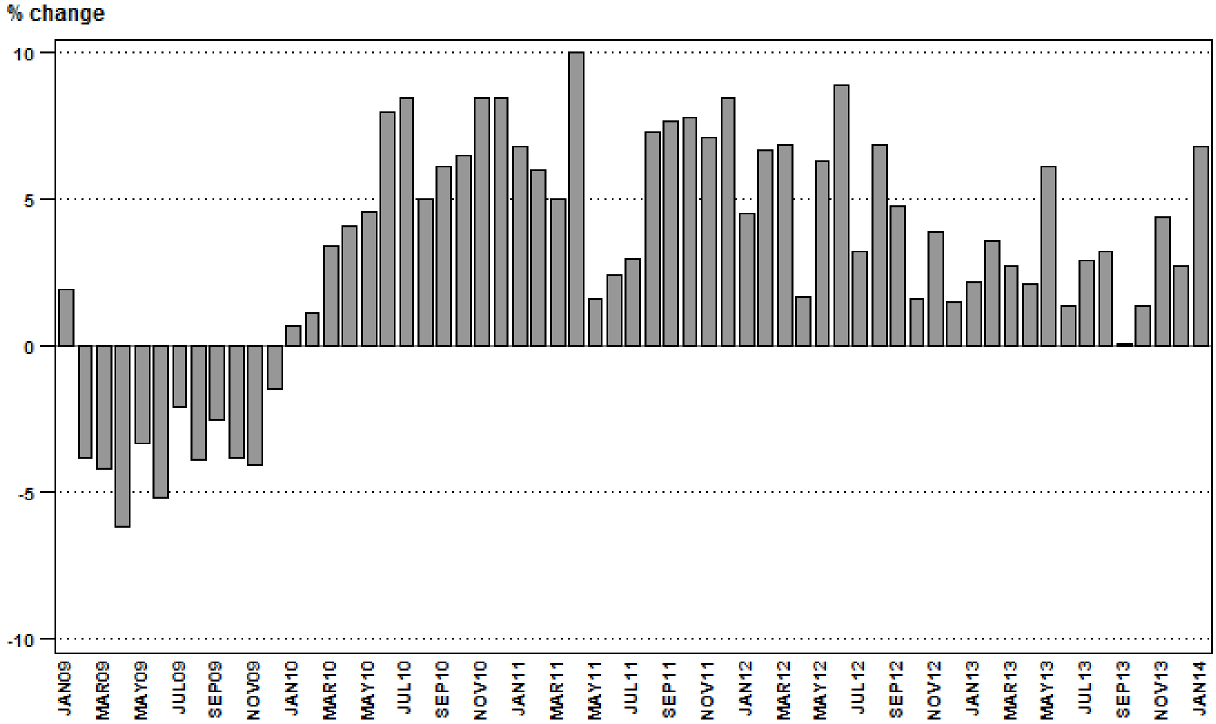
Table 4.4: Retail trade sales at current prices by type of retailer (R million)

Type of Retailer	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14 1/
General dealers	22 138	23 218	21 516	23 616	31 578	23 545
Food, beverages and tobacco in specialised stores	5 258	5 116	5 372	5 723	8 125	5 070
Pharmaceuticals and medical goods, cosmetics and toiletries	4 098	3 957	4 324	4 108	4 591	4 265
Textiles, clothing, footwear and leather goods	12 086	11 113	12 506	14 583	20 394	12 057
Household furniture, appliances and equipment	2 788	2 706	3 009	3 325	4 067	2 597
Hardware, paint and glass	4 940	4 781	5 020	5 564	5 432	4 194
All other retailers	5 859	5 519	5 926	6 234	7 512	6 189
Total	**57 167**	**56 411**	**57 674**	**63 154**	**81 698**	**57 917**

1/ Preliminary
Source: Statistics SA 2014

The cyclical volatility of Retail sector sales is a significant reality, as illustrated below in Figure 4.1, reflecting the period January 2009 – January 2014. This sales volatility factor needs to be carefully considered, in planning and evaluating sustainable employment policy and job creation practices, within the NDP strategic vision of inclusive economic growth, commercial sustainability and equity.

Figure 4.1: Retail trade sales at constant 2012 prices: year-on-year percentage change



Source: StatisticsSA 2014

4.2 SOUTH AFRICAN RETAIL AND CONSUMER MARKET CHARACTERISTICS

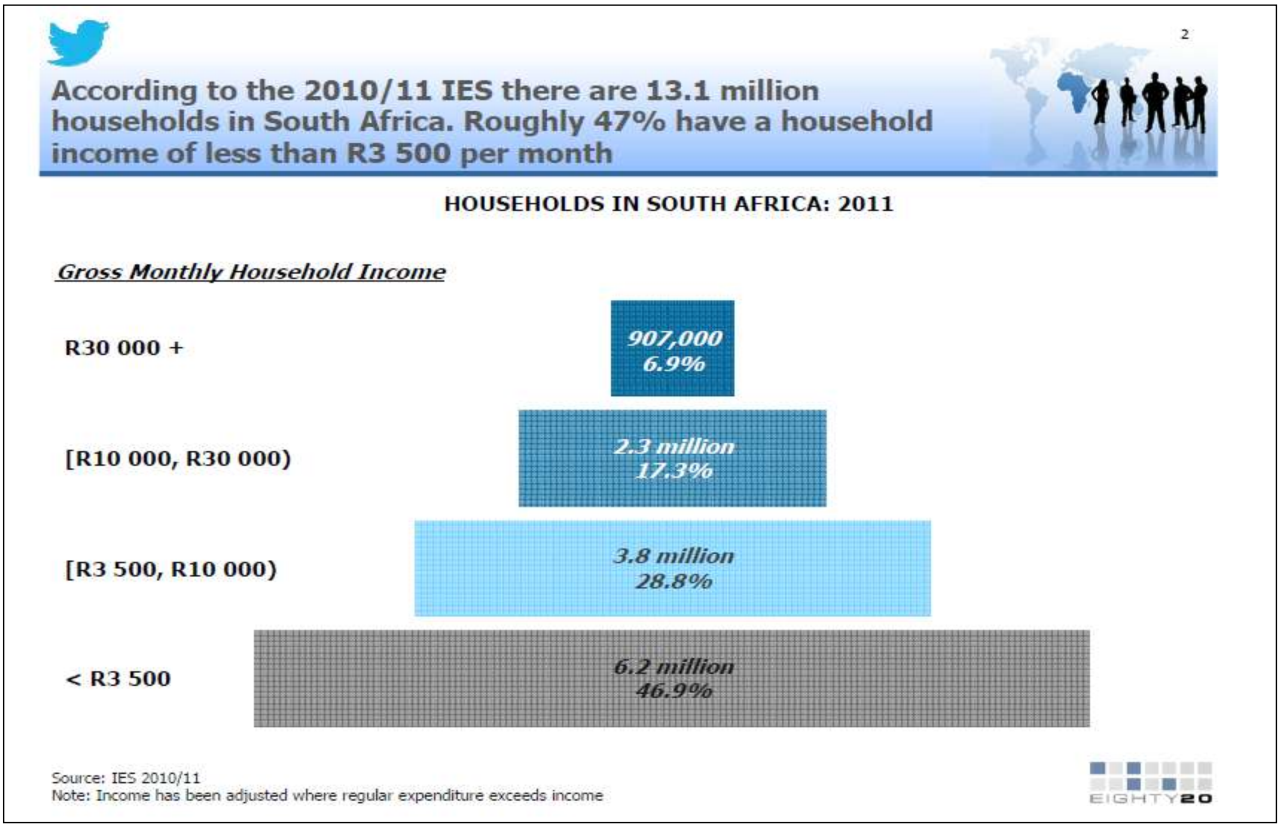
4.2.1 Income and Expenditure Survey and Living Standards Measurement data

A recent article in *Business Report* (Delonno 2014) described South Africa as "the most established retail market on the African continent"; and stated that modern, formal stores account for more than 60 percent of retail sales in South Africa - while in many other African countries, they account for only 10 percent. *Business Times* (2014) reports complement this international comparability, with Woolworths South Africa's acquisition of Australia's second largest retail chain, David Jones; and the recent expansion into the South African market of leading international retail brands, including WalMart, Zara, Topshop and Cotton On.

The stratified household income and lifestyle characteristics of the South African consumer goods market are graphically illustrated in household Income & Expenditure Survey data (Statistics SA 2010/11), provided by 'Conspicuous Consumption' niche research (Fulton 2014).

In seeking answers to the question: '*Which disposable income and expenditure patterns typify the lifestyle aspirations and choices of South African households and consumers - and therefore inform the merchandising, marketing and socio-economic development strategies of South African retailers?'*. These data illustrate the disposable household income and expenditure patterns within which South African wholesalers and retailers must plan, co-ordinate and optimise their business development and job creation strategies, towards cost-effective decisions affecting customer centricity, skills development, business survival, sustainability and long-term growth.

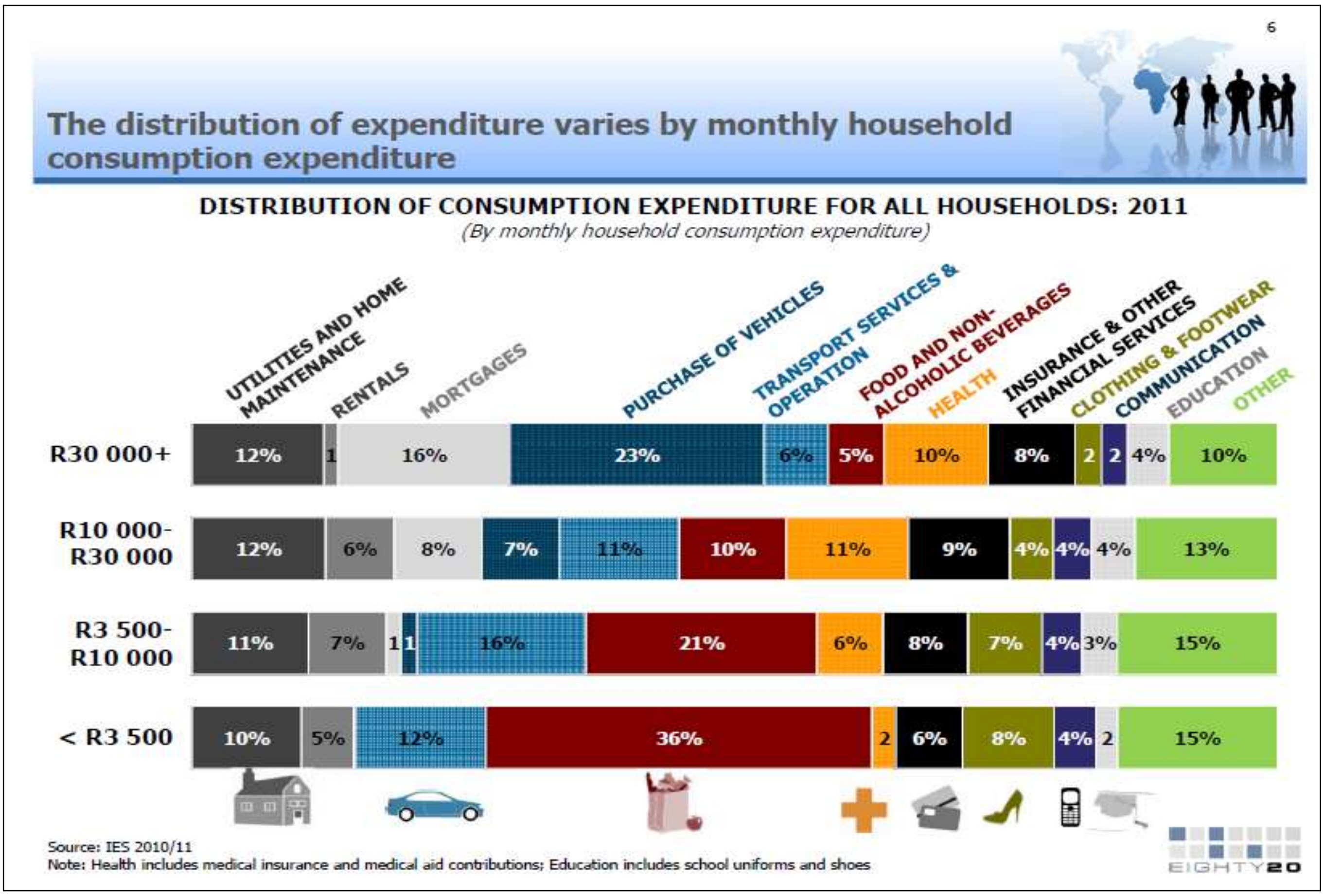
Figure 4.2: Gross monthly household incomes in South Africa



Source: StatisticsSA (Income & Expenditure Survey 2010/11)

Within this gross monthly household income pattern, Figure 4.3 below depicts the typical pattern of South African gross monthly household consumption expenditure, within which wholesale and retail enterprises need to plan, monitor and evaluate their merchandising, marketing and sustainable job creation strategies.

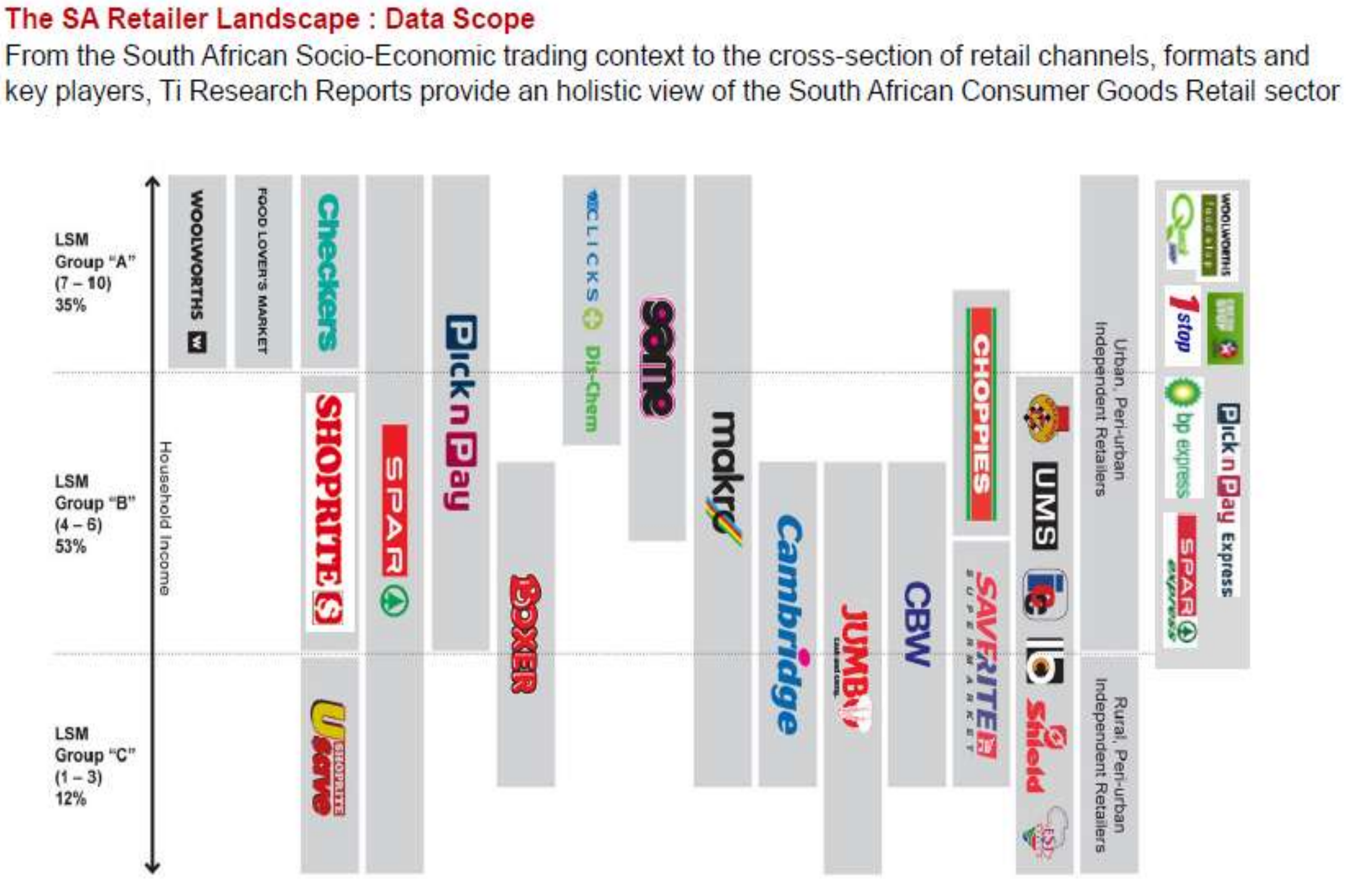
Figure 4.3: Distribution of Consumption Expenditure for all Households: 2011



Source: StatisticsSA (Income & Expenditure Survey 2010/11)

Within the evolving variables of South African household income and consumption expenditure characteristics depicted above, wholesalers and retailers need to segment and strategise their target markets by *Living Standards Measures (LSM)* groups as illustrated in the *Trade Intelligence Retail Research* (2014) analysis in Figure 4.4 below.

Figure 4.4: Living Standards Measures groups and Retailer market segmentation



Source: Trade Intelligence (Ti) Retail Research 2014

4.2.2 South African Retail and Consumer Products Outlook 2012-2016

Within the household disposable income, expenditure and Living Standards Measures groups illustrated above, the *South African Retail and Consumer Products Outlook 2012-2016* (PriceWaterhouseCoopers 2012 and Wilkinson 2014) provides a meaningful analysis of current performance and future inclusive socio-economic National Development Plan strategic challenges, within the Wholesale & Retail sector. This authoritative review considers the outlook for South African retailers, highlighting the major opportunities, economic pressures and growth strategies being deployed. Produced in collaboration with the Economist Intelligence Unit (www.eiu.com), the most significant findings of the *SA Retail and Consumer Products Report 2012-2016* include:

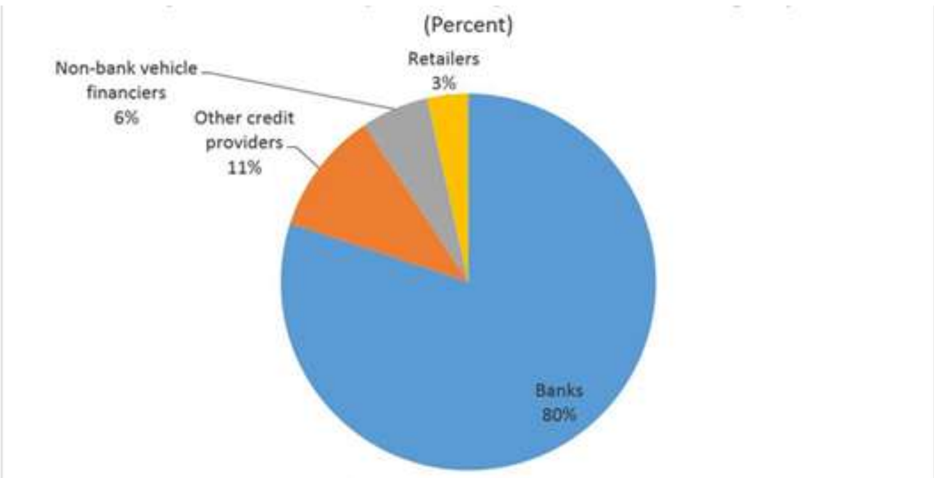
- Total retail sales will continue to expand slowly but steadily, driven in particular by the continued emergence of a black middle-class.

- Unemployment will remain the country's largest drag on sustained economic growth, entrenching high ratios of income inequality.
- Although overall economic growth will moderate, retail sales growth will be strong at both the low-end and high-end, reflecting South African society's income profile.
- Although South Africa's retail market has bounced back from recession, growth prospects remain fragile; with considerable downside risks, structural and political.
- Operational efficiency must remain a core focus for retailers in the medium term.
- On-line retailing remains a niche proposition for the medium term.

4.2.3 Consumer Credit as an NDP retail growth factor

A recent *Consumer Credit Market Report* (Quantec 2013) projects that the proportion of consumer credit granted by the retail sector, illustrated in Figure 4.5 below, is unlikely to be an NDP growth factor in stimulating retail sales and consequent job creation. The Quantec Report suggests that the retail credit granting proportion of 3 percent, compared with 6 percent by non-bank vehicle purchase financiers and 80 percent by banks will probably remain so, for the foreseeable future.

Figure 4.5: Proportion of credit granted by various lender groups



Source: Quantec 2013

4.3 SOUTH AFRICAN RETAILERS EXPANDING INTO AFRICA

The Africa Report (www.theafricareport.com) annually chronicles the Top 500 Companies in Africa's business sectors. These comparative rankings reflect the achievements of major enterprises on the African continent, categorised by business sector, turnover and net profits.

Distilled from the most recent available *Top 500 Companies in Africa*: *2013*, the Retail sector table 4.5 below (The Africa Report 2013) indicates major South African corporate retailer rankings amongst the African Top 500 Companies, based on their 2011 and 2012 results.

In 1995, Shoprite Holdings had just one store outside South Africa; but has become the African continent's largest food retailer. It is closely followed in the 'expansion into Africa' by Pick n Pay, Massmart and the Spar Group; hence the Retail 'Drivers of Change' expectation in NDP Chapter 3 (RSA 2012: 152), that South African retail operations in the region should supply their stores with South African products; and develop local suppliers in support of job creation objectives.

Table 4.5: Retail Sector Extract from Top 500 Africa Companies (2013)

Rank 2012	Rank 2011	Company	Sector	Country	Turnover (1000$)	Turnover change	Net profits (1000$)
7	7	Shoprite Holdings	Retail	South Africa	8 879 613	-12.44%	308 251
13	11	Pick 'n Pay Stores	Retail	South Africa	6 795 692	-13.05%	49 791
16	13	Massmart Holdings	Retail	South Africa	6 503 331	-8.90%	107 725
32	23	Spar Group	Retail	South Africa	4 723 498	-9.90%	116 998
44	39	Edgars Consolidated Stores	Retail	South Africa	3 424 713	-11.03%	-245 517
50	44	Woolworths Holdings	Retail	South Africa	3 141 981	-10.73%	202 776
64	57	Masscash	Retail	South Africa	2 410 183	-8.03%	0
77	72	JD Group	Retail	South Africa	1 933 310	-2.83%	85 114
87	71	Clicks Group	Retail	South Africa	1 732 121	-13.28%	79 947
92	76	Massdiscounters	Retail	South Africa	1 637 498	-10.53%	0

Source: The Africa Report 2013

4.4 URBANISATION IN SOUTH AFRICA: IMPLICATIONS FOR DEVELOPMENT STRATEGIES OF RETAILERS AND INFORMAL TRADERS

South Africa has the largest and most industrialised economy in Africa and the 28^{th} largest economy in the world, according to an authoritative review of the political economy by the Gauteng City-Region Observatory (GCRO 2010). The GCRO political economy review states that over two-thirds of the total South African population of 51 million people live in urban areas. This makes South Africa one of the most urbanised countries in sub-Saharan Africa.

UCT African Centre for Cities director Pieterse (2014) has highlighted the complex scope and scale of urban development and socio-economic liveability problems, which need to be resolved by intersectoral coalitions, seeking ‘social justice and grounded pragmatism’. The National Development Plan predicts that by 2030, about 70% of the national population will live in urban areas. (RSA 2011a:105). The updated W&R SETA Sector Skills Plan (W&R SETA 2013a:24) indicates that highest densities of wholesale and retail enterprises are found in the most urbanised regions of Gauteng, KwaZulu-Natal and Western Cape. Together, these urbanised regions are home to about 76% of the total registered national workforce of the W&R sector; and are therefore the focal regions for consideration in this National Development Plan strategy alignment study.

Some recent South African retail urbanisation studies are summarised below, illustrating the challenges to the achievement of inclusive, equitable socio-economic growth and development, as envisaged in the NDP strategic themes.

4.4.1 Gauteng City-Region Occasional Paper on modelling urban spatial change

The Gauteng City-Region Observatory (GCRO), a joint venture between the Witwatersrand and Johannesburg Universities with the Gauteng Provincial Government, seeks to analyse and optimise the socio-economic development potential of South Africa’s most urbanised region.

The *Gauteng Quality of Life Survey 2011* (GCRO 2012) outlines the experience of urbanisation in the economic hub of South Africa. In the 19th and 20th centuries, segregated urban development was put in place, reflecting the needs of the political economy for cheap migrant labour to support rapid industrialisation. The main effect was to fracture cost-effective spatial planning for equitable housing, multi-purpose zoning, convenient public transport and accessible retail nodes which typify inclusive urban development strategies and practices in other developing regions such as Curitiba, in southern Brazil (MLH Architects and Planners 1995).

The purpose of the GCRO Occasional Paper entitled *Modelling Urban Spatial Change* (GCRO 2013) is to examine international and South African urban modelling projects which monitor inclusive urban spatial planning; including provision for formal and informal retail trading. Gauteng planners suggest that urban growth and land use change models have the potential to become important tools for urban spatial planning and management, including provision of conveniently located retail zones, relative to human settlements and user-friendly public transport systems, which are strategic elements of the NDP (Peberdy 2014).

Until recently, there has been no consistent national policy for planning and managing the significant processes of urbanisation (RSA 2013c & 2014a); and little evidence has been available of collaborative 'active citizenry' efforts by W&R business sector leaders to influence post-apartheid urban design (Tiseker 2014; Mullagie 2014; Majiet 2014; Bloor 2104;Turok 2014).

South African cities are the dominant centres of retail-related economic activity; and continue to attract most foreign investment- but they are not performing to their potential or reaping the benefits of agglomeration, because of shortages of energy, water and health facilities infrastructure, transport congestion and shortfalls in built environment technical skills, as evidenced by a recent formative evaluation of National Treasury's Infrastructure Development Improvement Programme (De Coning 2013).

The GCRO *Quality of Life Survey* and Occasional Paper both recommend that urban policies and sectoral programmes need to be translated into focused city-level strategies that deliberately align housing, public transport, land-use and economic (including retail zoning) development decisions within a long-term inclusive vision. Such urban development strategies are opportunities to engage local communities and business organisations, including retailers, in order to achieve the inclusive developmental vision of the NDP (Pieterse 2014; Majiet 2014; Mullagie 2014).

4.4.2 Geography of Retailing in Cities: Supermarket Expansion and Food Access

Building on an aspect of a Gauteng Department of Economic Development (2012) paper on the *24 Hour Economy in Gauteng Cities*, Battersby and Peyton (2014) produced an insightful study of the socio-economic effects of supermarket location and food access for poor city-dwellers, in post-apartheid Cape Town Metropolitan Municipality. They conclude that, although the rapid expansion in the number of supermarkets in Southern Africa in recent years is well-documented, the potential impact of this urbanisation process is not well understood. In their view, existing academic literature does not engage with the spatial distribution of supermarkets within cities; and is therefore unable to address the impact of retail convenience stores on household food security.

Their study maps the location of supermarkets in metropolitan Cape Town, with reference to the income characteristics of neighbourhoods, store types and public transport routes. The current distribution of supermarkets is shown to be highly unequal and the distance of low-income from high-income areas hinders equitable access to supermarkets for the urban poor. These findings point to the NDP strategic recommendation to review current metropolitan regulatory frameworks for inclusive spatial planning, trading licences, public transport and environmental health services.

4.4.3 Retail business development in Soweto, South Africa's largest 'township':

According to former W&R SETA chairman Mazwai (2014) and Informal Traders Alliance executive Kiva Ka Zazela (2014), there is little doubt amongst proponents of retail business development that entrepreneurship skills and small business support are important keys to economic growth and development. Although SMME development is one of the South African government's priority programmes, the 2010 *Global Entrepreneurship Monitor* survey (Herrington, Kew & Kew 2010) confirmed "South Africa's record of below-average entrepreneurial and small business development; and the need within both the public and private sectors for more information about the effective drivers of entrepreneurship and business development and the barriers which need to be overcome".

These socio-economic developmental factors are comprehensively considered and documented in the Unisa Bureau of Market Research Report 434 (BMR 2013), which reviews owner/ management and entrepreneurial practices in small businesses in Soweto, the major 'township' area within the City of Johannesburg Metropolitan Municipality.

The distinction between 'productive' and 'unproductive' entrepreneurs in the NDP job creation context closely resembles the *Global Entrepreneurship Monitor* (2013) categories of entrepreneurs who pursue business opportunities; and those who are involved in an entrepreneurial endeavour because they have no other choice of work. The latter category of 'necessity entrepreneurs' are strongly associated with the informal economy, representing a major percentage of economic activities in developing urban societies, typified in the Soweto study.

The BMR Soweto study confirms the survivalist nature of the majority of informal retail and other businesses. Until 2004, townships were dominated mainly by informal businesses, offering basic products and services. These informal businesses can be classified into the following three groups:

- hawkers (street vendors) often located in informal markets at transport interchanges,
- home-based businesses located in residential areas (e.g. spaza and tuck shops); and
- small formal businesses, located in demarcated business areas.

Since 2004, the retail business fraternity in township areas has expanded, with the establishment of large retail malls. The majority of these dominant new business spaces, according to the BMR Soweto study, are occupied by corporate national retailers and their franchise businesses.

During the period 2007 to 2011, the BMR also conducted a longitudinal study on the commercial sustainability and 'co-operative' growth potential of informal businesses in Soweto. A panel of 300 small businesses was established in 2007 and monitored in the subsequent five years. Emphasis was placed on the potential of informal businesses to sustain their activities within the corporate competitive and complex regulatory environment, as well as their entrepreneurial acumen.

As illustrated in table 4.6 below, only 130 of the BMR panel of 300 SMME retail and other businesses selected in 2007 were still operational in 2011. This represents a survival rate of just 43.3% after five years. Of significant importance to the sustainable achievement of National

Development Plan inclusive socio-economic objectives, is the survivalist nature of informal and emerging SMME businesses, measured in terms of growth in sales and job creation.

Table 4.6: Survival Rate by Type of Small Business[1] 2007 and 2011

Type of business	2007		2011		Survival rate
	No	%	No	%	%
Grocers/general dealers	152	50.7	72	55.4	47.4
Hair salons	35	11.7	11	8.5	31.4
Phone shops	20	6.7	3	2.3	15.0
Liquor shops (incl shebeens)	16	5.3	10	7.7	62.5
Butcheries	12	4.0	5	3.9	41.7
Snacks (sweets/biscuits, etc)	8	2.7	4	3.1	50.0
Take aways (cooked food)	8	2.7	4	3.1	50.0
Hardware	8	2.7	2	1.5	25.0
Fruit & vegetables	7	2.3	4	3.1	57.1
Motor mechanics/repairs/spares	6	2.0	2	1.5	33.3
Artisans (carpentry, welding, etc)	5	1.7	2	1.5	40.0
Other[2)]	23	7.7	11	8.5	47.8
Total	**300**	**100.0**	**130**	**100.0**	**43.3**

1) All business types with five or more respondents in 2007 were separately identified.
2) Includes dry cleaners, florists, paint shops, beauticians, bakeries and carwash and software (linen) businesses.

Source: Unisa Bureau of Market Research 2013

An encouraging growth perspective is evident, however, in a review by the Gauteng Provincial Treasury Economic Analysis Unit (2012) entitled *The Retail Industry on the Rise in South Africa.* This Gauteng Provincial Treasury review indicates that inclusive urban economic activity within the retail sector has flourished in recent years; and that Gauteng has seen rapid growth of shopping centre development. About 27 percent of the province's youth are employed by wholesalers and retailers. With some major retail groups indicating their plans to open more stores, especially in townships, the W&R sector is set to grow further. "This has had a positive impact by reducing transportation costs incurred by locals, who formerly had to travel to the nearest town or formerly white suburb, to shop" (2012:3).

4.4.4 South African Cities Network: Urban development strategies in progress

Given the increasing urbanisation of South Africans and the concentration of wholesale and retail facilities in the major city-regions of the country, it might be expected that W&R business organisations would promote an 'active citizenry' in negotiating urban development strategies with municipalities, seeking a focus on mixed use spatial planning, land use zoning policies, and integrated public transportation facilities which will optimise the 'liveability', costs and convenience of retail access for the millions of citizens who live on the margins of urban society.

Such ‘active citizenry’ has been a significant component of the USA National Retail Federation (2011) *‘Retail Means Jobs’* campaign, which empowered the organised retail sector in the USA to influence federal, state and municipal socio-economic strategies. To date, little evidence has been available in the South African context, of organised retail sector ‘active citizenry’ well-informed lobbying or significant public / private governance engagements with urban planning thought leaders (Majiet 2014; Hadingham 2014; Pieterse 2014; Kariem 2014, Bloor 2014; Human Sciences Research Council 2014).

Noteworthy in the context of applying National Development Plan inclusive and socially cohesive urbanisation strategies, is the collaborative *City Development Strategy* approach promoted by the South African Cities Network (2013); which reflects progressive steps since 2006, towards integrated themes of ‘Productive City’, ‘Inclusive City’, ‘Sustainable City’ and ‘Well- governed City.’ The SACN processes have involved urban reform workshops in all major cities; and have led to joint proposals for human settlements, energy efficiency, financial sustainability and drafting of new land use and spatial planning legislation, across all nine provinces.

While the City of Cape Town ‘*Mayoral Urban Renewal Programme’* (Bloor 2014) has initiated several local urban improvement projects in townships, including provision for 71 retail nodes, with an embryonic Informal Traders policy, active involvement in the influential South African Cities Network by mandated wholesale and retail sector representatives, however, has not been evident (Boraine 2014; Gordon and Shabangu 2014; Hadingham 2014; Mullagie 2014; Bloor 2014).

In the Cape Town city-region, Theewaterskloof Municipality (2011) has successfully facilitated inclusive stakeholder workshops to produce a joint *Theewaterskloof Vision 2030*, modelled on the NDP principles; and the German –funded ‘Violence Prevention through Urban Upgrading’ (2014) non-profit corporation is working closely with several municipalities, to facilitate inclusive community socio-economic development projects. Again, organised retail business sector participation or support has not been evident (Anders 2014).

Aligned with NDP inclusive developmental strategies, a noteworthy urban renewal programme is the *Operation Sukuma Sakhe* (‘Rebuild the City’) model, in the Province of KwaZulu-Natal (2012). This collaborative programme aims to apply NDP principles and inclusive values to urban renewal in the KZN province. It consists of five themes, promoting ‘active citizenry’ and public-private partnerships: Economic Activities, Community Partnerships, Behaviour Change, Environmental Care; and Integration of Government Services. A National Treasury evaluation study of the *Infrastructure Development Improvement Programme* (De Coning 2013) indicates that this KZN urban planning process involved organised business sector consultation, which contributed to cost-effective infrastructure improvement, especially for economic, education and health facilities.

4.5 W&R SECTOR ORGANISED BUSINESS IN SOUTH AFRICA

Within the diverse demographics, consumer disposable incomes, lifestyle aspirations and socio-economic trends reflected in this chapter, it is not surprising that a wide range of special-interest associations and federations of Wholesalers and Retailers exists in the South African economy, each seeking to promote co-operation in their respective market sectors and to represent their members' interests in optimising the burden of regulatory frameworks, nationally, provincially or locally (Cohen 2014; Pillay 2014; Lawrence 2014; Olivier 2104; Lewies 2014; Parsons 2014).

➢ The diversity of South African W&R special interest associations includes, *inter alia*:

- **Association of Sales and Merchandising Companies (**www.asmc.co.za**)**
- **Fuel Retailers Association** (www.fuelretailers.co.za**)**
- **Liquid Fuels Wholesalers Association of Southern Africa** (www.oilgasafrica.com)
- **National Automobile Dealer Association** (www.nada.co.za**)**
- **National Clothing Retail Federation of South Africa (**www.ncrfsa.org**)**
- **National Association of Pharmaceutical Wholesalers** (www.napm.co.za)
- **Retail Association,** a constituent sector member of Business Unity South Africa.
- **Retail Motor Industry Organisation** (www.rmi.org.za), with 7500 automotive trade members.
- **South African Informal Traders Alliance**, a recently formed national federation**.**
- **South African Booksellers Association (**www.sabooksellers.com**)**
- **South African Liquor Traders Association (**www.salta.co.za**)**
- **South African Nursery Association (**www.sana.co.za**)**
- **South African Petroleum Retailers Association** (www.sapra.co.za**)**
- **South African Retail Council**, an affiliate of the Consumer Goods Council of South Africa (www.cgcsa.co.za), facilitating collaboration between producers, wholesalers and retailers.
- **The Banking Association of South Africa** (www.banking.org.za), which includes retail banking activities.
- A special-interest association for **eCommerce retailers** will soon be formed (Retail Indaba Report 2013); and a second **Retail Congress Africa** is scheduled for November 2014, in Sandton (www.worldretailcongressafrica.com**).**

➢ Over-arching Institutions, serving W&R Sector stakeholders

Several over-arching institutions are positioned to play strategic and supportive roles in the formulation, negotiation and co-ordination of W&R sector strategies and policies aligned with the National Development Plan vision, values, strategies and objectives, as highlighted in the previous chapter. These inclusive institutions include *inter alia:*

- **Wholesale & Retail Sector Education and Training Authority (**www.wrseta.org.sa**)**

The W&R SETA was established in terms of the Skills Development Act (RSA 1998). This national entity aims to provide for the skills development needs of the W&R sector, through implementation of learnerships, grant disbursements and monitoring of education and training aligned with the W&R Sector Skills Plan. The W&RSETA Annual Report (2013b: 10) defines its strategic goals as:

- To create a culture of lifelong and workplace learning;
- To address historic imbalances with a focus on class, race, gender, geographical locations and disability, in the skills development of people in the W&R sector;
- To facilitate funded and accessible training, to meet the sector needs; and
- To align with national development strategies, in line with the requirements of government to foster skills development in the Wholesale & Retail sector.

Socio-economic collaboration and constructive engagement between private and public roleplayers is the goal of the following major national business associations:

- **Business Unity South Africa** (www.busa.org.za**)**

Business Unity South Africa (BUSA) is a confederation of national and regional chambers of commerce and industry, as well as unisectoral, corporate and professional bodies. BUSA sectoral members include the Retail Association and the Retail Motor Industry Organisation.

- **National Business Initiative (**www.nbi.org.za**)**

The National Business Initiative (NBI), formed in 1995, defines its mandate as *'a voluntary coalition, committed to... building relationships of trust between government, business and key stakeholders, for sustainable growth and development'* (NBI 2005 and 2014). Several major retail corporates are active NBI members, and participate in an NBI- facilitated *Sustainable Retailers Forum* (Hutchings 2014; Van Hille 2014) and the *Southern Africa Food Laboratory* programme (Carden 2014).

- **Afrikaanse Handelsinstituut (**www.ahisites.co.za)

The Afrikaanse Handelsinstituut (AHI) is a multi-sectoral business organisation, with national and regional members involved in most sectors of the economy, including retail. The AHI aims to 'positively influence government and the business climate, in order to promote the interests of members' (including wholesale, consumer goods and retail businesses).

- **National African Federated Chamber of Commerce** (www.nafcoc.org.za)

NAFCOC has affiliates in several business sectors, including the ‘African Co-operative for Hawkers and Independent Businesses’, which represents formal and informal traders.

- **Trade Unions active in the W&R Sector**

Two major trade unions are active in the Wholesale and Retail sector, with differing socio-political alliances, which influence their views on the National Development Plan strategies:

- South African Commercial, Catering and Allied Workers Union (SACCAWU: www.cosatu.org.za/affiliates);
- Federal Council of Retail and Allied Workers (FEDCRAW: www.fedcraw.org.za).

4.6 CONCLUSION: DEVELOPMENTAL DYNAMICS OF THE W&R SECTOR

This chapter has reviewed data and socio-economic insights into the current stratified dynamics and hierarchical nature of South African consumers and the W&R business sector, contrasting starkly with the inclusive ‘equality’ vision and equitable development strategies of the NDP.

The W&R sector review reflects dimensions of South Africa’s stratified inequality and socio-economic legacy, inclusive growth challenges and pro-developmental regulatory strategies needed for NDP collaborative development (Roberts 2013; Hutchings 2014; Botha 2014; Hlongwane 2014; Kiva Ka Zazela 2014), towards further exploration of ‘active citizenry’ synergies in the value chains linking producers, wholesalers, retailers and consumers, within their diverse resources, aspirations and Living Standards Measures.

The fundamental challenge, according to some W&R sector leaders interviewed, is “*how do we ensure a retail voice that is representative and able to bring buy-in to our discussions and actions? A key element, going forward, is the building of the underlying trust between key stakeholders - this is sorely lacking.”*

The diversity of W&R sector socio-economic dimensions and collaborative change leadership skills needed to generate equitable access to resources, business transformation, innovation and sustainable employment growth (Weidemann 2013; Van Vuuren 2014; Müller 2014; Muller 2014) will be formatively evaluated in the next chapter, based on analysis of sector stakeholder questionnaire responses, semi-structured dialogic interview insights and relevant literature; within the framework of the NDP strategy themes, core developmental priorities (RSA 2012:27) and cross-cutting ‘critical success factors’ (RSA 2012:59).

CHAPTER 5

W&R STAKEHOLDER SURVEY: EVALUATING NDP STRATEGY ALIGNMENT

The intent of this chapter is to analyse and evaluate the responses of Wholesale and Retail sector stakeholders to the 13 NDP strategy themes and 29 objectives highlighted in the survey questionnaire (Appendix A), in order to contextualise insights gained in semi-structured dialogic interviews, identify areas of high NDP strategy alignment and significant strategy gaps; and so to build a basis for pragmatic recommendations for collaborative change leadership and 'active citizenry' within the socio-economic diversity of the W&R business sector.

5.1 SURVEY QUESTIONNAIRE RESPONSES

The survey questionnaire was completed by 104 respondents from all Wholesale &Retail SIC Divisions, primarily in the major urban regions of Gauteng, KwaZulu-Natal and the Western Cape. Respondents were asked to rate the current strategy alignment of their W&R enterprise or organisation with the 13 NDP strategy themes and 29 'most relevant' NDP objectives, identified (on the advice of W&R thought leaders) in terms of their potential significance within typical W&R business strategies. The NDP strategy themes and identified objectives were clustered within the "three NDP core developmental priorities (RSA 2012: 27), namely:

- *Raising employment through faster economic growth;*
- *Improving the quality of education, skills development and innovation; and*
- *Building the capability of the state to play a developmental, transformative role".*

Strategy alignment rating options in the questionnaire were on a 4 point scale, from high alignment (rating 4: '*We have a well-established business strategy')* to low alignment (rating 1: *'Not a priority, at this time'*). Respondents could also indicate a zero rating *('not applicable / no response'*) for any of the listed NDP strategic objectives, if they were unaware of their W&R organisation's strategy or policy relevance, with regard to a specific NDP objective.

When the averaged W&R respondent strategy alignment ratings of the 29 NDP objectives are displayed from highest (75.5%) to lowest frequency (34.5%) as depicted in Figure 5.1 below, a strategy alignment precedence becomes evident, in terms of the relative alignment of current W&R business profitability and sustainability priorities with the NDP strategy themes and socio-economic developmental objectives.

Figure 5.1: W&R respondent ratings of NDP objectives alignment, from highest to lowest frequency percentages

The developmental implications of these averaged NDP objectives and strategy theme alignment frequencies by W&R stakeholders will then be reviewed; together with an illustrative gap analysis and discussion of significant differentials in the W&R strategy alignment data depicted.

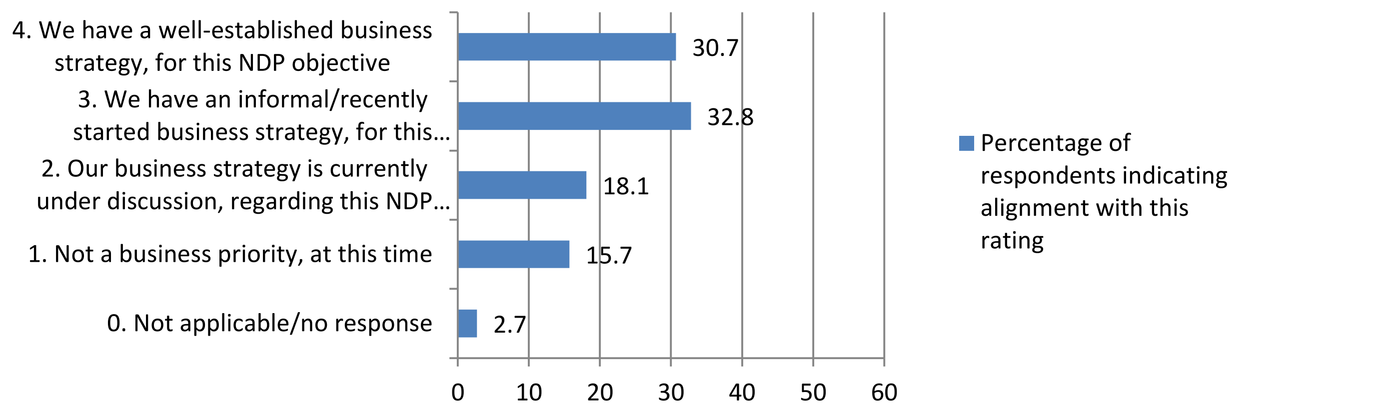
5.2 STRATEGY THEME ALIGNMENT ANALYSIS

The averaged percentage response frequencies of W&R sector alignment with each of the 13 NDP strategy themes are graphically depicted from Figure 5.2 onwards. For each figure an alignment analysis, together with insightful commentary from survey respondents, literature and media sources are given, which will inform possible W&R sector actions or NDP adjustments proposed in Chapter 6. (Averaged responses for all the questions relative to a strategy theme: see Appendix D for details.)

5.2.1 Economy and Employment

Over 60 percent of respondents indicated alignment with this fundamental NDP strategy, including the need for a focus on youth employment and employability. Business strategy concerns underscore the need for simplified labour laws and regulatory frameworks.

Figure 5.2 Strategy Alignment: Economy and Employment



Respondent, literature and media insights

- “As a major retail group, our business is fully supportive of NDP strategies, for the good of our country, customers and staff. The more we can help grow our national economy and create more jobs ... the more potential customers we will have” (Chairman of a national retail chain).
- “ Proudly South African (2014) retail procurement and consumer marketing should be more strongly promoted, to leverage NDP job creation strategies”. (Retail marketing manager).
- “We are collaborating with several big retail chains, to support them in designing youth workplace exposure and employment projects” (Harambee Youth Employment activist).
- “We are very cautious about hiring more interns or staff, with all the highly complex labour laws and time-consuming regulations; they need to be simplified, urgently.”(Retail HR manager).
- “*Any job might be better than having no employment at all*. South Africa’s unemployment is

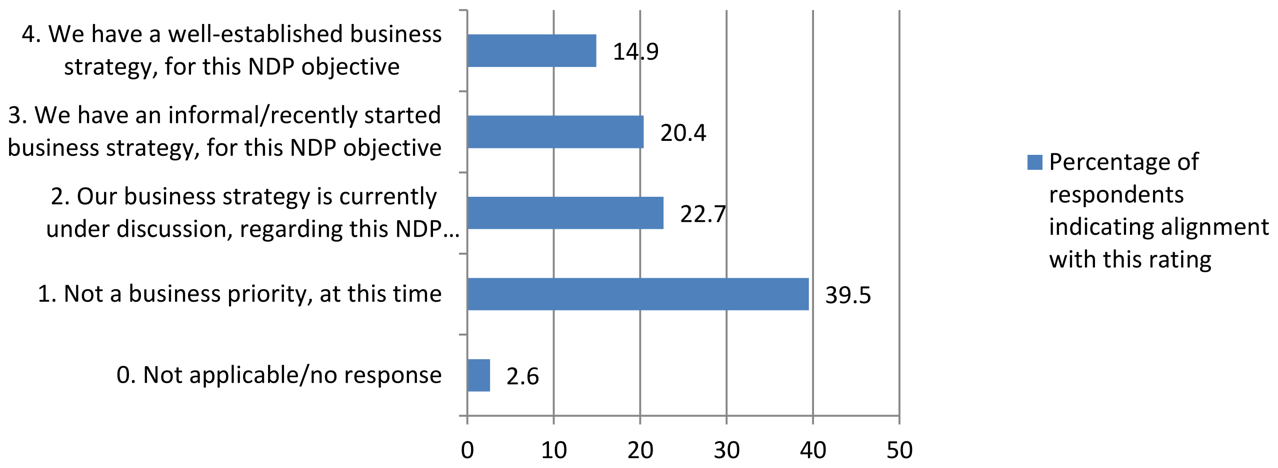
structural and overcoming unemployment will take a package of integrated structural reforms. The first such reform would be an ideological rethink about how to create jobs, among all South Africa' s key social partners: organised business, organised labour and the national government. We may have to adopt the idea of a dual labour market – in which certain sections are exempt from some labour laws." (Gumede: Business Times, 19 January 2014).

- *"Spazas suffer, as big retail moves in.* A 2002 study by the Unisa Bureau of Market Research estimated that spaza shops brought in around R7billion a year, employing up to 290000 people. These numbers have come under pressure in the past decade, as big grocery chains push into townships, targeting rising consumer spending." (KZN Daily News, 22 April 2014).

5.2.2 Economic Infrastructure

Fewer than 15 percent of W&R stakeholders have a well-established business strategy related to this NDP theme; and 40% do not regard the development of economic infrastructure as a priority.

Figure 5.3: Strategy Alignment: Economic Infrastructure



Respondent, literature and media insights

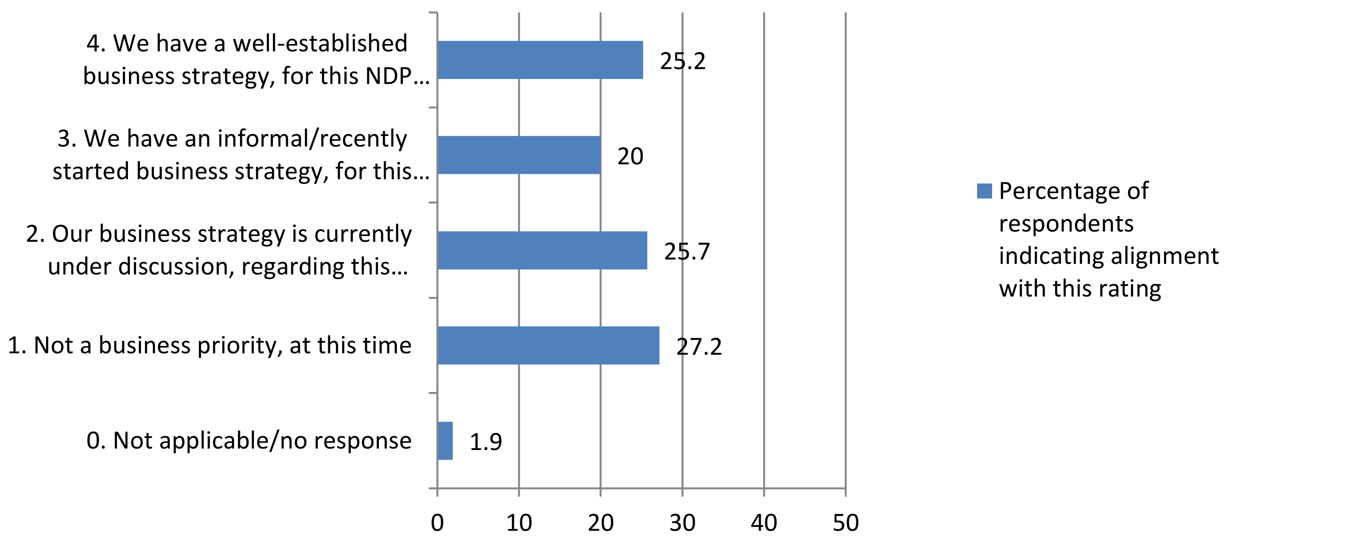
- "We are opening new stores in rural areas & lack of broadband and municipal infrastructure is a real problem" (Retail Marketing executive)
- "Our water usage is regulated, including special valves on all taps at Head Office" (Retail Group HR executive)
- "We arrange a shuttle service from public transport stations, for staff at head office and stores" (Retail Group HR executive)
- We engage with the local municipalities on planning and updating infrastructure needs, through local Chambers of Commerce" (Retail Group CEO)

- *“Infrastucture Development Bill: What will the Legislation Build?* The work of the Presidential Infrastructure Co-ordinating Commission (PICC) is to fast track Strategic Infrasructure projects nationally, which have five core functions: to unlock opportunity, transform the economic landscape, create new jobs, strengthen the delivery of basic services and support the integration of African economies.” (Development Bank of Southern Africa - Infrastructure Dialogue. Midrand, 6 February 2014.) A DBSA source indicated to the researcher that no W&R sector representatives participated in this national Infrastructure Dialogue.
- “*City’s ‘Clean Sweep’ is a dirty affair*. Johannesburg is to undergo a major facelift, that will lead to the densification of mass transit corridors. A City spokesperson said that the forced removal of an estimated 6000 informal traders dovetailed with a simultaneous cleansing of the streets and fixing of potholes. Meanwhile, as many as an estimated 30 000 dependents of the evicted traders, the majority of whom do have legal permits to trade, remain unsure where their next meal is coming from.” (Mail & Guardian 1 November 2013 and The Times, 6 December 2013).

5.2.3 Environmental Sustainability and Resilience

A more nuanced W&R alignment is evident with this NDP strategy, as over 70 percent of respondents indicate awareness of, or support for, environmental issues; while over 25% do not see it as a strategic priority.

Figure 5.4: Strategy Alignment: Environmental Sustainability and Resilience



Respondent, literature and media insights

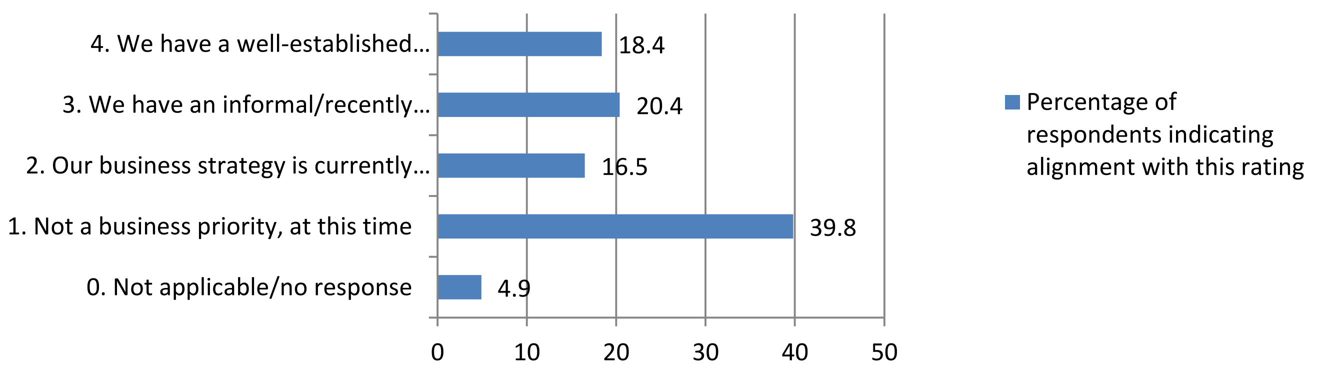
- “Our policy requires all franchisees to implement plastic and paper recycling. Old oil is collected and turned into bio-fuels” (Senior manager in a national franchise chain).

- “ Business will be wary of zero emissions policy, as this will increase capital costs. We can only be concerned with safe and effective removal of waste.” (Retail Operations manager).
- “ As part of our dealer training for service stations, we focus in detail on waste management” (Automotive and Fuel Retail consultant).
- “Our group policy is Zero Landfill” (Chairman of major retail group).
- “We have set targets for emission standards and waste disposal, for all our stores and distribution centres” (National Retail Group HR executive).
- “*European retailers lead the way towards a sustainable future in a resource-constrained world*. The Retail Forum for Sustainability’s annual event confirmed retailers’ commitment to living up to their environmental responsibilities. The Director-General of European Retail Round Table said that despite the current economic downturn... retailers are leading the way in improving resource efficiency and encouraging their supply chain partners to do the same. Members continue to progress towards meeting their environmental targets and reporting on their achievements in a transparent way.” (ERRT press release: 17 October 2013).

5.2.4 Inclusive Rural Economy

The urban target markets and supply sources of 40% of retail respondents are reflected in the low alignment priority rating of this strategy. Several major chains, however, are prioritising the promotion of agro-processing and smallholder support, to develop their supply-chain sources.

Figure 5.5: Strategy Alignment: Inclusive Rural Economy



Respondent, literature and media insights

- “Our group has an active black micro-farmers development project” (Franchise executive)
- “We have developed supply chain contracts with several fresh produce and milk suppliers, in all provinces” (Major supermarket chain marketing manager).
- “We retailers are very concerned with the quality and costs of local produce, to be competitive” (National retail operations manager)

- “Sometimes, the corporate procurement conditionalities are a real burden for small emerging farmers” (Economic development consultant)

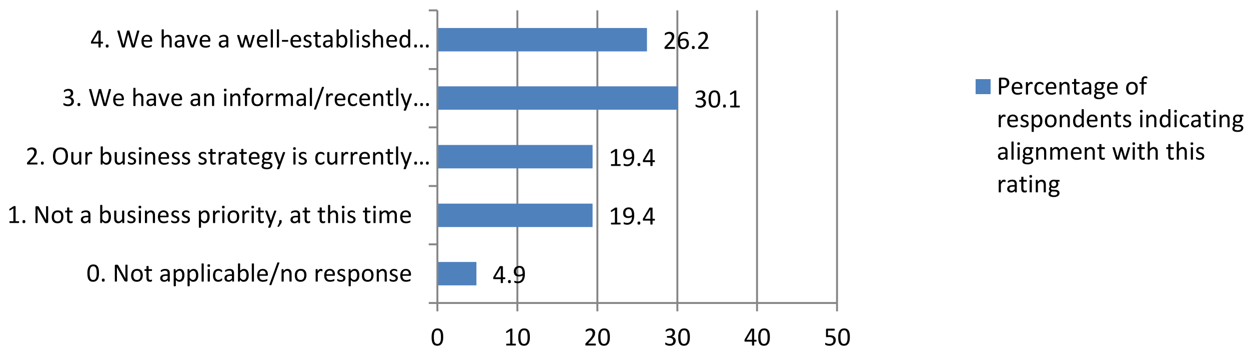
- “The SA Food Laboratory project is supporting smallholders as they move into commercial agriculture and seek to supply the big retail chains” (SA Food Laboratory consultant).

- “*Good for Whom? Supermarkets and small farmers in South Africa – a Critical Review of Current approaches to increasing access to markets*. Many factors determine the livelihoods of small farmers, but reliable and sustainable access to output markets where they can sell their production for a reasonable price, is near the top of that list. A closer examination of the supermarket model suggests that it is inherently hostile towards smaller producers... who are increasingly excluded from these value chains. The current structure of the South African food retail sector and the procurement practices of supermarket groups can and has created effective barriers to entry for smaller producers.” (Van der Heijden and Vink, 2011).

5.2.5 South Africa in the Region and the World

The 56% positive alignment with this international trade strategy reflects the strong thrust of several major retail chains into African and other markets, leading to consideration by another 20% of their potential corporate or franchise growth beyond South African borders.

Figure 5.6: Strategy Alignment: South Africa in the Region and the World



Respondent, literature and media insights

- “Our company is very much committed to cost-effective exports and imports, within the Africa region” (Chairman of a national retail group).

- “We have stores throughout Africa and are committed to increasing the volume of merchandise sourced from local & regional suppliers” (HR executive of a major retail chain).

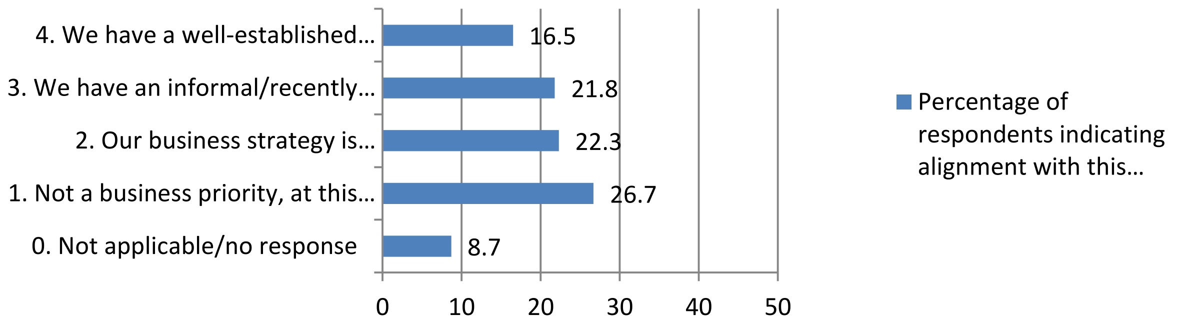
- “Inefficient local manufacturing is a real problem – and the government’s tariff regime prejudices SA retailers, as we seek to meet our customer demands for quality and low prices.” (W&R sector association director).

- "Government must protect us from unfair and illegal competition; 90% of SMEs are owned by Somalians, Chinese, Pakistanis – and usually not properly registered." (KZN small retailer)
- "*SA is said to be losing retail advantage*. "South Africa's advantage as the gateway into Africa is being eroded, even as there is an increasing appetite from overseas retailers to invest in the continent. This was the message from the inaugural World Retail Congress Africa, held in Sandton." (Business Times, 10 November 2013)
- "*Chicken imports row rages on*. "Consumers could face further increases in chicken prices in the next few months, when the government is expected to take a decision on anti-dumping duties on frozen bone-in chicken portions, from certain European countries." (Business Times, 20 April 2014)
- "*BITs put SA at risk of litigation, Minister explains*. "South Africa would end up at the mercy of international tribunals, if it did not phase out Bilateral Investment Treaties (BITs), Trade and Industry Minister Rob Davies said. This was because developing economies faced increased litigation from the developed countries, with which they had such agreements. Foreign investors were sueing governments, if laws that could affect their earnings were introduced. One foreign company, for example, had sued the SA government over black economic empowerment regulations." (Business Report, 19 February 2014)

5.2.6 Transforming Human Settlements

While there is apparently broad-based (60%) W&R awareness of the significance of emerging markets in township areas, over 30% of retailers do not regard the transformation of former apartheid human settlements and urban spatial planning as their business plan priority.

Figure 5.7: Strategy Alignment: Transforming Human Settlements



Respondent, literature and media insights

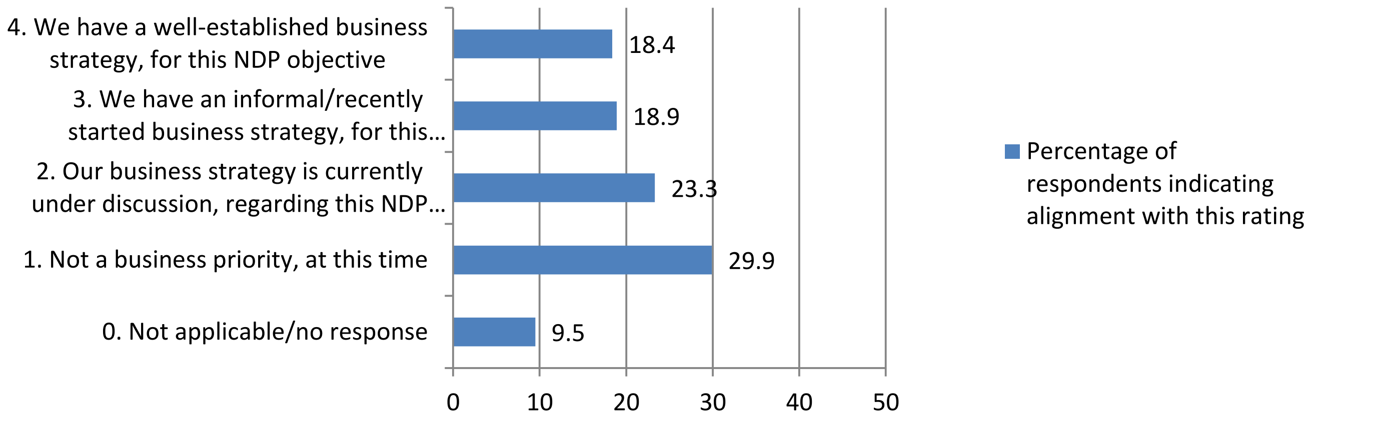
- "Not much that we can do, to transform the townships" (HR executive of a national chain)

- “We are opening stores in township areas where poor infrastucture and lack of transport prevents residents’ access to main city centres” (KZN regional chain HR manager).
- “This matter is not within our organisational scope, but we do try to influence municipal spatial development where we plan to trade” (Legal specialist in retail group).
- *“Insights into South Africa’s development projects*. This brochure reflects the CSI programmes of several major retail groups and supply chain partners, with the slogan that “*We cannot do it alone; and that is where the co-operation between the NGO sector, the public sector and the private sector needs to happen*”. (Corporate Social Investments Review, Initiatives and Practices: October 2013)
- “*Housing backlog to be tackled* and *Extension of Bus Rapid Transit system, to link poor areas to city”*. These two reports reflect co-operative urban planning projects defined by the Gauteng Provincial Government, City of Johannesburg and local Chambers of Commerce and Industry, seeking to upgrade human settlements and transport to commercial / industrial hubs. (Business Times, 1 June 2014)

5.2.7 Improving Education, Training and Innovation

While 60% of W&R sector stakeholders support the need for enhanced education and skills development, to promote South Africa’s economic competititiveness and potential growth, over 30% do not regard this strategy theme as their business priority. Apart from the community relations benefits, education and training are seen as “capable state” functions.

Figure 5.8: Strategy Alignment: Improving Education, Training and Innovation



Respondent, literature and media insights

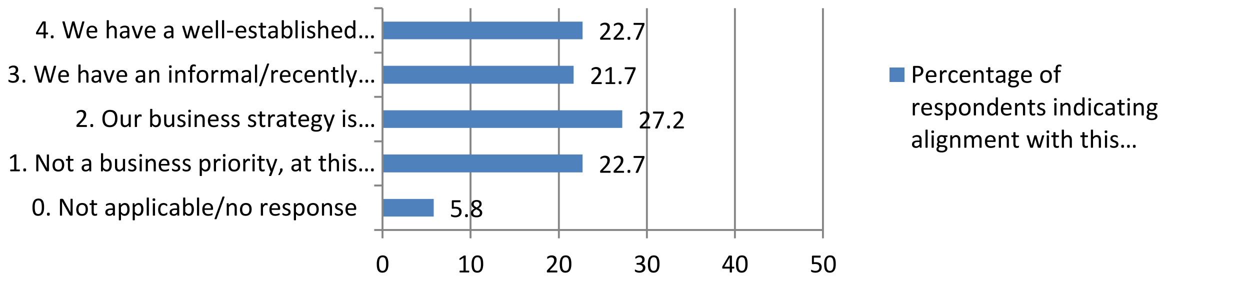
- “Many retailers, large and small, try to focus on community development projects including childhood education, and work readiness” (HR executive of a national retail chain).

- “We are very interested in helping to improve the quality and functionality of FET College education, as a key source of future skilled staff” (HR executive of a national retail chain).
- “No, early childhood development and basic education are the roles of government...we can help with social responsibility initiatives, but not much” (Retail operations manager).
- “Our group helps to fund science classrooms and computer centres at several adopted schools” (Financial executive in a national retail group).
- “The W&R SETA for the year ended 31 March 2014 had a target of five partnerships with Colleges and it has achieved the target as set; another illustration is that DHET in terms of the NDP has set a national target of 30 000 competent artisans. The W&R SETA had a target of 100 competent artisans for the year ended 31 March 2014, of which it has over-achieved on this target. There are other various learning programmes that the W&R SETA and member employers are effectively involved with, central to NDP strategies; i.e. providing bursaries & skills programmes for the unemployed, to address the triple social ills (unemployment, poverty and inequality) as specified in the NDP.” *Commentary by the Deputy Director-General: Skills Development of the Department of Higher Education and Training (Mvalo, 2014).*

5.2.8 Health Care for All

Similarly to the Education and Training strategy theme responses, the need for Health Care is highly rated in principle, with 70% recognition of its significance, for socio-economic development. Fewer than 50% of W&R respondents, however, have rated Health Care as part of their business strategy; they regard it as primarily a ‘capable state’ accountability.

Figure 5.9: Strategy Alignment: Health Care for All



Respondent, literature and media insights

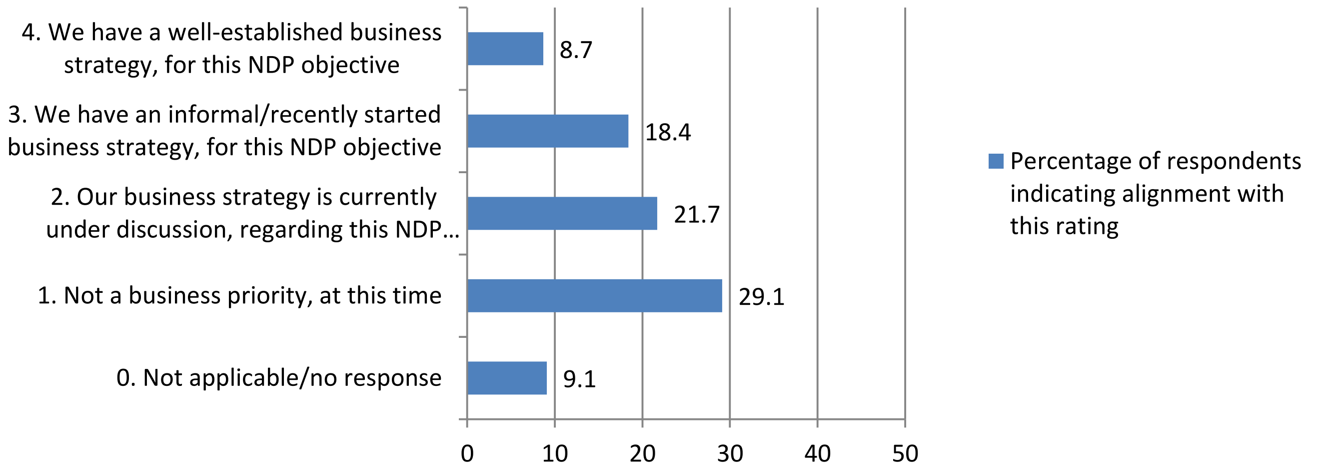
- “Maybe we retailers should get together and have regular contact sessions with provincial government health care providers?” (HR executive of a national retail group).
- “ We are getting there, to reduce workplace accidents and injuries, through pro-active policies promoting OHASA” (Senior retail operations manager).

- “We encourage our staff to have regular health and wellness checks; not much else that we can do, as a commercial retail business”. (Senior HR manager in a Gauteng retail company).
- Several of the *Corporate Social Investment* (October 2013) initiatives and practices referenced relate to nutrition, primary health care and employee wellness schemes promoted by major retail groups and their CSI foundations.

5.2.9 Social Protection

While fewer than 30% of W&R respondents define Social Protection as a high NDP alignment strategy, and only 30% regard this as a potential business priority, some major retail chain policies do provide their staff and families with professional social welfare services.

Figure 5.10: Strategy Alignment: Social Protection



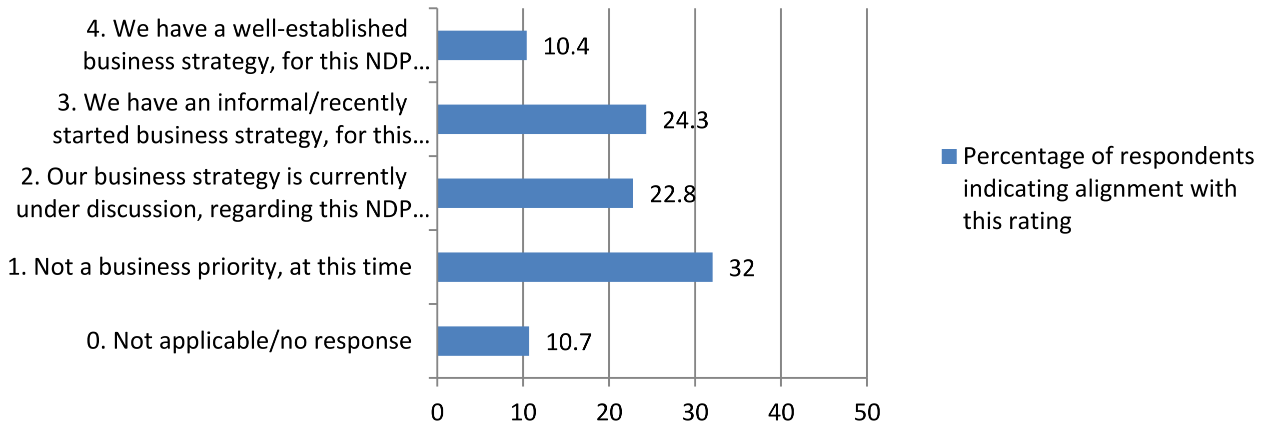
Respondent, literature and media insights

- “All full-time staff must join our pension fund; and we actively encourage and educate staff to plan for their retirement strategy” (HR manager in a national retail group).
- “Of course, government social welfare services are important and we grant leave to staff, when they need to see those social welfare people; but we cannot do anything about improving government staff skills.“ (Senior HR executive).
- “Our Regional offices have social workers, who are accessible to our staff and their families.” (Chairman of a national retail group).
- “We are one of the founding fathers of the Nelson Mandela Children’s Hospital, soon to be built in Johannesburg” (HR manager in a national retail group).

5.2.10 Building Safer Communities

A potentially significant dichotomy is evident in respondent ratings of this NDP strategy; with almost 60% indicating various frequencies of strategic alignment; yet over 40% do not regard community safety programme support as part of their business strategy.

Figure 5.11: Strategy Alignment: Building Safer Communities



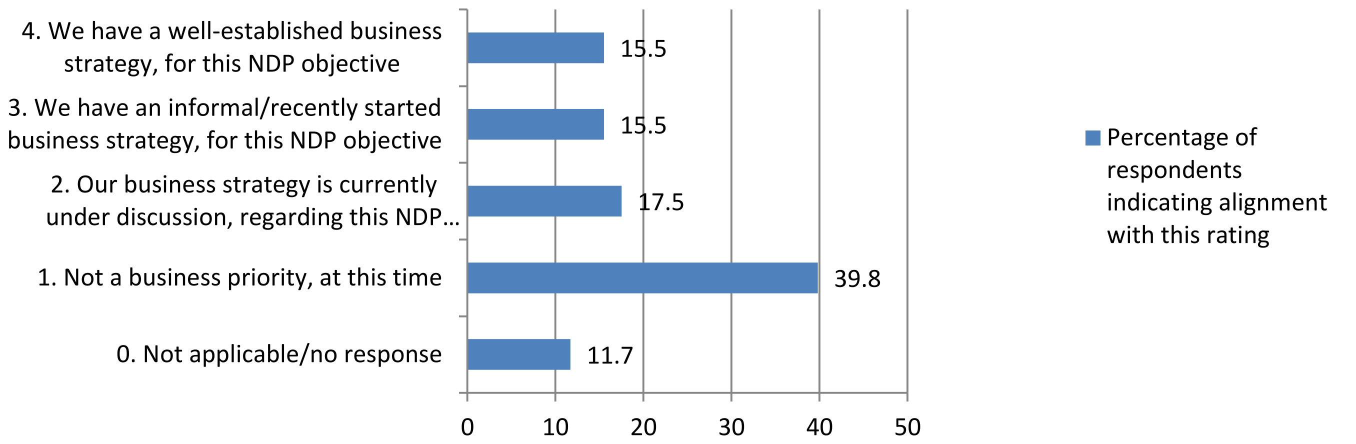
Respondent, literature and media insights

- **"**Our Group has a Visible Policing partnership with the SAPS national and provincial commissioners and with SAPS station clusters, across the country" (HR executive of a national retail group).
- " We encourage our staff to join Business Against Crime or their local Neighbourhood Watch, as volunteers" (Chairman of a major retail group).
- " We would like to help mobilise youth against crime in the areas where our stores are, but how do we start?" (Retail operations manager).
- Several of the *Corporate Social Investment* (October 2013) initiatives and practices referenced relate to company sponsorship and staff involvement in community safety & security projects, promoted by major retail groups and their CSI foundations.

5.2.11 Building a Capable and Developmental State

Reflecting the largest strategy alignment gap in this study, over 50% of respondents indicated that the building of a 'capable, developmental state' is not applicable to their business plans. The need for developing the skills of a capable state, however, was acknowledged by almost 50% - with reservations regarding state authority, roles, red tape and accountability for service standards.

Figure 5.12: Strategy Alignment: Building a Capable and Developmental State



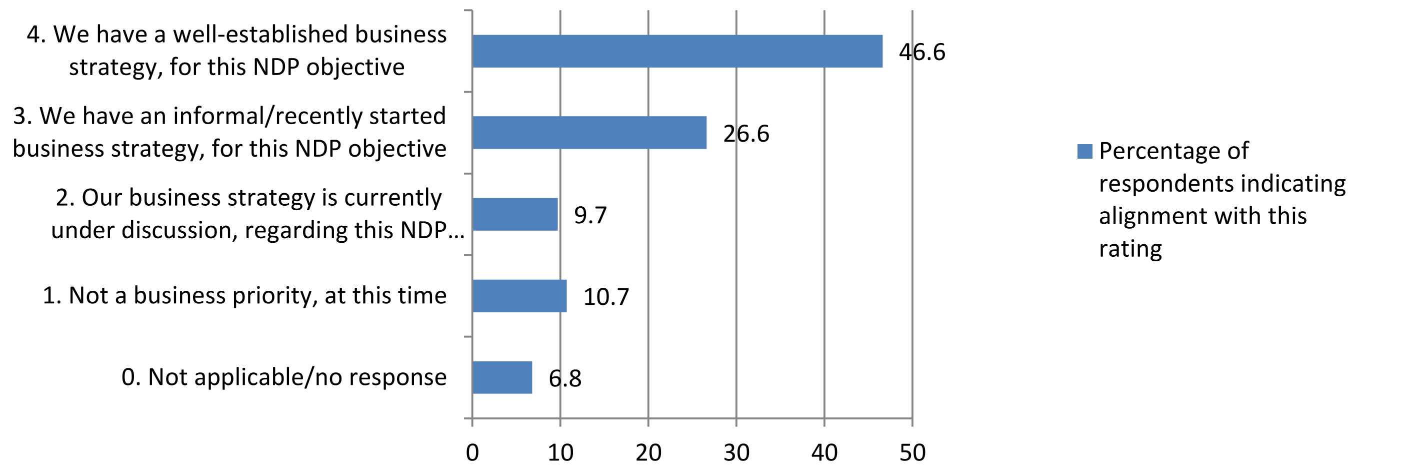
Respondent, literature and media insights

- "This NDP is the government's job – leave me alone and let me get on with solving my business bottom line problems, to keep our shareholders happy!" (MD of a national chain)
- "Business must work together and hold government's feet to the fire, to simplify bureaucratic red tape and get improved state services."(Policy adviser to a national business federation).
- "Of course, we all want a capable state ... but not a 'nanny' welfare government that tries to tell us what to do and how to run our business". (CEO of a national retail company).
- " A battery of new laws and regulations –some already in force, others looming- will make it tough for busineses and entrepreneurs, at a time when our economy is hovering on the edge of a recession" (Economist and University of Pretoria GIBS academic Botha 2014).
- "70% of clothing sold in SA is imported, often illegally. The Department of Labour must protect legitimate SA manufacturers and retailers, by applying the legislation effectively...otherwise, new job creation is just a pipe dream" (Retail business organisation director).
- *"Co-operative Government: The Oil of the Engine*. The SA Constitution, and Inter-governmental Relations Act processes are by far the most elaborate and detailed intergovernmental legal framework in the world. It is the attitude, dedication, leadership, commitment, training and skills of people that will bring governance success." (Konrad Adenauer Stiftung South Africa Policy Paper: Issue 6, February 2011:36).
- After a decade of volatility, during which this municipality had 7 mayors and 6 municipal managers, a collaborative public / private sector change leadership programme achieved stability and a shared developmental vision. Consequently Saldanha Bay Municipality was rated the "best performing Local Municipality" in the *80/20 Local Government Report*, commissioned by the SA Institute of Race Relations (2014).

5.2.12 Fighting Corruption

Almost a mirror image of the previous strategy theme alignment, over 70% of W&R business respondents indicated high commitment to “fighting corruption”; with another 10% currently considering their strategy position.

Figure 5.13: Strategy Alignment: Fighting Corruption



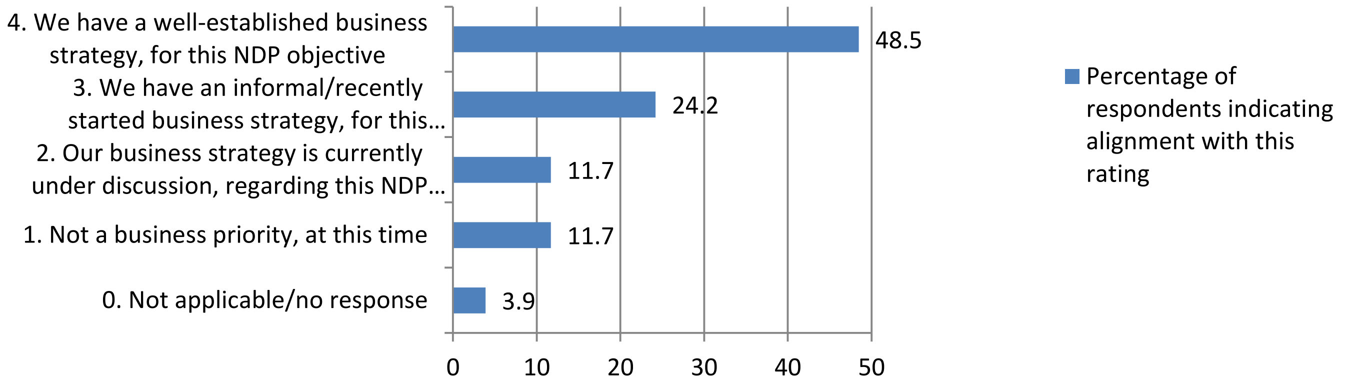
Respondent, literature and media insights

- “Our company policy clearly states that corruption will not be tolerated; and we do not hesitate to act, when corruption is indicated by any individual, department or franchisee” (Chairman of a national retail group).
- “ Firstly, our country needs a government that is transparent & corruption-free; otherwise, how can we in business set the pace for our staff and suppliers?” (Retail Financial executive).
- “We manufacturers, wholesalers and retailers must get our act together in our sector, if we want to stamp out corruption and ensure government co-operation.” (Merchandise director).
- “Most big W&R companies that I deal with, have a clear transparent governance and ethics policy.” (W&R sector corporate management consultant).
- *“Understanding the scourge of corruption*”. Of all the issues relating to rampant corruption in South Africa, the one that is most concerning is the public acceptance that corruption is a way of life (in the public and private sectors). Corrupt people do not operate alone. They exist within our communities, in our families, workplaces, and also in government. There is a glimmer of hope: namely that the 2013 South African Social Attitudes Survey showed that 94% of the population perceived corruption as a major problem, which means that the majority of our country’s people do not support such behaviour.” (Dr Olive Shisana, CEO: in Human Sciences Research Council Review, July 2013).

5.2.13 Nation-building and Social Cohesion

An identical W&R alignment profile is reflected for the NDP “nation-building” strategy theme, as was the strong support for “fighting corruption”, above. This clearly indicates that social cohesion, stability and shared commitment to building Brand SA has inherent advantages for all South African businesses, in the competitive global economy.

Figure 5.14: Strategy Alignment: Nation-building and Social Cohesion



Respondent, literature and media insights

- “Retail organisations and government agencies need to have a strategic conversation soon, to seek consensus on the ‘Greater Good’ for job creation and business incentives to ensure our country’s future stability and growth.” (CEO of a national retail company).
- “Of course, we all believe in nation-building, but the key issue in the business world is how to build sound employee relations, with less arrogance and more trust.“ (Retail union organiser).
- “To achieve this developmental aim, we need to create better W&R sector collaboration, especially in our HR and labour relations strategies and policies.” (Labour law consultant).
- “We take our BEE goals seriously; 80% of our store managers are not ‘pale males’; i.e. they are females and/or black.” (Chairman of a national retail group).
- “Class inequality has become the greatest impediment to national reconciliation, an annual survey by the Institute for Justice and Reconciliation has found. The SA Reconciliation Barometer Survey Report lists six over-arching social cohesion issues, of which ‘class’ was most often identified as most divisive (27.9 percent), with ‘race’ dropping down to fourth place (14.6 percent). The 100 survey items indicated that nation-building is progressing steadily. Citizens showed the highest confidence in religious institutions and the Public Protector, with lowest confidence in politicians and the police Confidence and trust in retailers and other businesses was not measured” (Cape Times, 5 December 2013).

5.3 ANALYSIS OF SIGNIFICANT NDP STRATEGY ALIGNMENT AND GAPS

For ease of reference and analysis, the '*Top Five'* and '*Bottom Five'* alignment frequencies of the NDP strategy themes and objectives listed in the survey questionnaire are tabulated below, in Tables 5.1 and 5.2. These averaged frequency response ratings reflect W&R stakeholder perceptions of the current aligment strengths or gaps between their business priorities and the 13 National Development Plan strategy themes.

Appendix C shows the variations in respondent strategic W&R alignment ratings, in NDP strategy themes and objectives sequence, as listed in the stakeholder survey questionnaire (Appendix A). Appendix D depicts respondent averaged percentage frequency of NDP alignment within each strategy theme, using the 0 to 4-point rating scale.

5.3.1 'Top Five' and 'Bottom Five' NDP / W&R strategy theme alignment

The 'Top Five' highest NDP strategy theme alignment expressed by W&R respondents in Table 5.1 reflect a long- term inclusive socio-economic developmental perspective in their business plans; seeking to optimise their target community visibility and customer loyalty as opportunities to stimulate sales growth and profitability, and in so doing to create sustainable jobs.

Table 5.1: 'Top Five' NDP strategy themes: highest W&R sector alignments

NDP strategy themes	NDP objectives
➢ **Nation Building and Social Cohesion**	• Build a society where opportunity is not determined by race or birthright; and where citizens accept that they have both rights and responsibilities
➢ **Fighting Corruption**	• A corruption-free society, with a high adherence to ethics throughout society
➢ **Economy and Employment**	• Create new jobs • Increase per capita income • Broaden ownership of assets, to historically disadvantaged groups • Reduce youth unemployment • Simplify procedures for dismissal, non-performance & misconduct
➢ **South Africa in the Region and the World**	• Increase South Africa's trade with regional neighbours
➢ **Health Care for All**	• Improve TB prevention and cure • Reduce injury, accidents and violence by 50% • Everyone must have access to an equal standard of health care.

By contrast, the ‘Bottom Five’ strategy alignment ‘gaps’ listed in Table 5.2 below depict the ‘*business as usual’* perspective of many W&R stakeholders; namely that these NDP socio-economic strategy themes and objectives are ‘capable state’ governmental accountabilities; and are not ‘active citizenry’ imperatives for their profit-driven W&R business plans.

Table 5.2: ‘Bottom Five’ NDP strategy themes: W&R sector alignment ‘gaps’

NDP strategy themes	NDP objectives
➢ **Economic Infrastructure**	• Reduce water demand • Promote use of public transport • Competitively priced, widely available broadband
➢ **Building Safer Communities**	• Increase community participation in crime prevention and safety initiatives • Mobilise youth, for inner-city safety, to secure safe spaces for young people
➢ **Inclusive rural economy**	• Create additional jobs in the agricultural sector
➢ **Building a Capable and Developmental State**	• Build a state that is capable of playing a developmental, transformative role
➢ **Social Protection**	• All children should enjoy services aimed at facilitating access to nutrition, health & social care. • Address the skills deficit in the Social Welfare sector • All working individuals should make adequate provision for their retirement.

Within these highest and lowest strategy alignment rankings, other differentials were also considered (in terms of the research project specification) for possible actions to be taken by the W&R sector; or for possible adjustments to the NDP, in order to accommodate the commercial realities of the W&R sector.

5.3.2 Corporate / Independent alignment differentials

Respondent numbers of corporate and independent W&R stakeholders in this survey were approximately equal. Further analysis of the NDP strategy alignment ratings noted by respondents in Corporate businesses and their franchisees, compared with the alignment ratings indicated by Independent retailers and traders, reflect that 64% of survey respondents most highly aligned with the ‘Top Five’ strategy themes were from Corporate organisations and their franchisees; while only 36% were from Independent retailers and traders.

This Corporate / Independent retailer enterprise strategy alignment dichotemy was confirmed in semi-structured dialogic interviews across all regions, as corporate respondents spoke of their social responsibility policies and participation in regional or national business association 'NDP awareness' discussions; while independent / SMME retailers and informal traders typically emphasised their focus on short-term 'bottom line survival' strategies for building a local community profile, achieving sales targets and maintaining 'hands on' cost controls.

5.3.3 Urban / Rural alignment differentials

The urban/rural alignment differential is much the same as the Corporate/Independent dichotomy mentioned above. In major urban areas, information-sharing and project collaboration is more frequent, sometimes leading to 'active citizenry' lobbying on matters of mutual self-interest through the local Chamber of Commerce.

Rural retailers (independents and co-operatives) contacted in this survey were seldom well informed about or aligned with the National Development Plan strategies (Mugadamani 2014). Non-responses to the initial questionnaire requests and follow-ups were largely from rural areas.

5.3.4 'Active Citizenry' alignment differentials

Flowing from the above indicators, the NDP success factor of 'active citizenry' is most evident in major W&R corporates (and their franchisees) which have the 'institutional capability', necessary budget provision and are collaborative in regional co-operatives or national business associations.

Local independent traders and co-operatives, seeking to strengthen their community profiles in the face of aggressive, well-resourced corporate/franchise expansion in urban townships and rural centres, are becoming more pro-active in their communities, according to well-informed sources.

'Active citizenry' strategies and tactics by trade union respondents (Kotze and Ehrenreich 2014; Nkosibomvu 2014) show a shared desire to influence national, provincial and municipal government developmental policies; not only through statutory channels, but also through socio-political alliance contacts and community activism.

5.4 CONCLUSION: TOWARDS STRATEGY SYNERGY IN W&R / NDP ALIGNMENT

The range of NDP strategy alignment frequency responses from W&R business sector stakeholders reflects the diversity of South Africa's cultures, household disposable incomes and living standards measures, the market concentration of major corporates, high expectations of state support amongst emerging traders; and the lack of W&R 'active citizenry' collaborative commitment to '*A Plan for All'*, highlighted as an NDP 'critical success factor'.

Several Wholesale & Retail business executives and sector roleplayers interviewed in this study commented that few of the National Development Plan's 13 strategy themes, 75 objectives and 119 proposed action steps have direct alignment with their commercial 'bottom line' strategies, to meet the profit and pricing expectations of their investors and customers.

For instance, the Managing Director of a national retail chain commented: "*I've spent some time on this, but I really don't see that my completing this survey can be useful to anyone. We are a retail commercial business and serve many stakeholders, who expect commercial results*."

Further probings during dialogic interviews and regional W&R forums, however, indicated that many corporates, their franchisees and some independent traders have adopted business strategies which seek to promote transformation - aimed at non-racial customer loyalty, employment equity, staff wellness, skills development, anti-corruption policies, social responsibility and community development initiatives which will promote their brand visibility and sales.

Analysis of the diverse NDP alignment data evident in the W&R stakeholder response frequencies to the NDP strategy themes and 'critical success factors' depicted in this chapter, suggests that:

- The need for envisaged NDP 'fundamental changes' in South African social cohesion, equality, economic growth and job creation strategies is not widely shared or effectively co-ordinated, in the Wholesale & Retail sector.
- 'Institutional capability' of the various W&R business sector co-operatives, associations and federations could be purposefully engaged and co-ordinated within a Retail Sector Charter, with 'clarity on responsibility', 'sequencing and willingness to prioritise' and 'resource mobilisation' as sector leadership success factors.
- Mandated W&R thought leaders from sector associations could participate in a sector development forum, with an agenda seeking common ground on the NDP strategy themes, Retail 'Drivers of Change' priorities (RSA 2012:152) and regulatory framework inhibitors.
- When sufficient W&R sector leadership 'common ground' and trust have been achieved on the 'Drivers of Change' agenda, engagements should be scheduled with National Planning Commissioners accountable for economic development, to reinforce positive alignments and review state policies and priorities, in order to optimise their business-friendly modalities.

These Wholesale & Retail / NDP strategy alignment findings will be evaluated in the final chapter of this report, towards formulation of a collaborative agenda by mandated W&R sector thought leaders, towards achievement of:

- purposeful reinforcement of sector alignment with inclusive developmental strategy themes;
- policy engagement and change leadership for inclusive sector collaboration; and
- sustainable resource mobilisation to optimise the W&R value chain in 'A Plan for All'.

CHAPTER 6

TOWARDS ‘A PLAN FOR ALL’ TO OPTIMISE W&R SECTOR ALIGNMENT WITH NATIONAL DEVELOPMENT PLAN STRATEGIES

The research objective of this position paper has been to determine the level and nature of strategy alignment of the South African Wholesale and Retail business sector with the core developmental priorities, strategies and objectives of the National Development Plan: Vision 2030.

This concluding chapter seeks to integrate the insights and perspectives included in the foregoing chapters of the report, in order to evaluate and facilitate progress in the following indicators:

- Indicate how the National Development Plan socio-economic vision and objectives impact on the Wholesale and Retail business sector (including corporate enterprises, SMMEs and informal traders);
- Review how Wholesale and Retail sector enterprises currently align with relevant socio-economic developmental strategies of the NDP;
- Identify gaps in strategy alignment between wholesalers, retailers and the NDP;
- Recommend possible actions to be taken by the Wholesale and Retail business sector, in order to address the identified strategy gaps; and
- Identify possible adjustments to the National Development Plan, in order to accommodate the realities and challenges of the Wholesale and Retail sector.

6.1 HOW THE NDP IMPACTS ON THE WHOLESALE AND RETAIL SECTOR

As was evident in the overview of the National Development Plan strategy themes and objectives earlier in this report, few of the 75 NDP objectives and 119 action steps refer specifically to the W&R business sector’s potential role in South Africa’s inclusive socio-economic development.

The most specific expected NDP impact on the W&R business sector is highlighted in NDP Chapter 3: Economy and Employment, by the “*Drivers of Change*” (RSA 2012: 152), which consolidate the strategic focus of the 29 NDP objectives which were identified in the piloting and thought leader consultation phase as most potentially relevant to this sector; and were therefore specified in the survey questionnaire and explored in semi-structured dialogic interviews.

National Planning Commissioners Altman (2014) and Muller (2014) indicated their expectation that wholesale and retail businesses would focus on those collaborative W&R ‘Drivers of Change’, towards organising their “*supply chains for good”,* in order to *“build a sustainable society (and business enterprise) in the long term, rather than just to extract maximum profit in the short term.”*

Most survey respondents acknowledged the strategic importance of these ‘Drivers of Change’ towards job creation across the interdependent links in the W&R supply chain; and in achieving sustainable, inclusive socio-economic development in this volatile and competitive business sector. Several pointed to international protocols and national regulatory framework inhibitors which may need to be reviewed, in drawing up a ‘Retail Sector Charter’ which defines the developmental agenda, principles and strategies for innovative, inclusive sector growth and ‘unity in diversity.’

National Planning Commission Chairman Manuel (2013) emphasised the NDP strategic imperative to organised business thought-leaders and decision-makers; namely to promote “*an active citizenry, working together with all three spheres of government, towards building innovative, long-term, sustainable development solutions for post-apartheid South Africa”.*

6.2 HOW THE W&R SECTOR ALIGNS WITH THE RELEVANT NDP STRATEGIES

As reflected in the W&R stakeholder questionnaire alignment frequency ratings and dialogic interview insights reported in a previous chapter, the majority of sector survey respondents indicated their support for a ‘Top Five’ list of societally inclusive NDP objectives, largely relating to business-friendly strategies such as anti-corruption, equal opportunity, broadened ownership of assets; as well as for operational business goals of skills development, job creation, increased per capita income, regional trade promotion, reductions in waste disposal volumes; and an urgent need for simplified labour relations and performance improvement procedures, in order to overcome their current reluctance to create new jobs and employ more staff.

Reflected in stakeholder interviews and in the focus group review of the draft report, the strength of NDP strategy alignment and commitment to sectoral implementation of these themes varies greatly amongst the diversity of South African W&R target markets, merchandise assortment, business scale and management maturity. Evidence of NDP strategy alignment and developmental policy commitment is more readily identified in Corporate Social Investment projects; and by ‘active citizenry’ involvement of W&R business leaders in business chambers, retail sector associations and/or national business federations.

Significant W&R sector collaborative projects noted as models for pro-active NDP alignment, are:

- the ‘*Retailers Unite against HIV /Aids’* initiative (Cohen 2014), in which members of the Retail Association have collaborated since 2008, running joint voluntary counselling and testing centres, with access to ARVs.
- the ‘*Sustainable Retailers Forum’*, (Hutchings 2014; Van Hille 2014) initiated by corporate retail members of the National Business Initiative – an association formed specifically to

promote organised business/state engagement (NBI 2005);

- the *'Southern Africa Food Laboratory Project'* (Carden 2014) which aims at developing small-scale farmer skills development, job creation and sustainable W&R supply chains;
- the '*Southern African Sustainable Cotton, Textile and Apparel Cluster'* (2013), a Department of Trade and Industry-recognised collaborative of textile producers, apparel manufacturers and retailers, funded by the stakeholders, seeking to optimise the sustainability and cost-effectiveness of textile supply chain processes, for mutual benefit of all stakeholders; and
- The regular Retail Council / Consumer Goods Council stakeholder seminars on topics of mutual commercial interest, which have helped to build trust and strategic co-operation (Pillay 2014; Penny 2014).

These W&R multi-stakeholder collaborative projects merit strategic analysis, as potential paradigms for promoting the NDP inclusive socio-economic developmental agenda in the sector.

6.3 GAPS IN STRATEGY ALIGNMENT BETWEEN W&R AND THE NDP

Also evident in the questionnaire survey ratings and interview insights are the low W&R priority '*strategy alignment gaps'* expressed by sector stakeholders (Table 5.2) within the 13 NDP strategy themes and objectives identified as potentially most relevant to the W&R business sector.

These 'Bottom Five ' low priority rated NDP 'strategy alignment gaps' relate to inclusive socio-economic developmental functions which were seen by most W&R sector survey respondents as "*government's job, not ours: that is why we pay taxes*". These 'strategy alignment gaps' reflect 'capable state' accountabilities such as zero emission building standards, inclusive urban spatial planning, cost-efficient public transport services, early childhood development, basic education standards, crime prevention and state staff competence.

While many W&R sector respondents (corporates, SMMEs and informal traders alike) indicated recognition of the vital importance of these public governance developmental needs, their 'active citizenry' commercial strategies were typically focussed on community relations, customer centricity and sales promotion initiatives; but seldom rated them as core to their business plans.

Chair of the National Planning Commission's Economic Working Group (Muller 2014) puts the W&R sector / NDP strategic alignment gap question as follows:

"How do you ask W&R corporates whether they have considered (or actually implemented) fundamental changes to the way they do business, in order to achieve the National Development Plan goals? As SAB Miller and Nestlé make a point of developing and supporting (rather than just

exploiting) small-scale farmers; in the same way, fair retail franchising as opposed to management through wholly -owned branches can open opportunities for emerging retail entrepreneurs.
So a question such as 'have you changed your retail business model to help achieve the country's goals?' would be interesting."

6.4 POSSIBLE ACTIONS TO BE TAKEN BY THE W&R SECTOR TO ADDRESS NDP STRATEGY ALIGNMENT GAPS

The nature of the 'NDP strategy alignment gaps' identified in the survey analysis points to a gap in awareness by many W&R business thought leaders and executives that the National Development Plan is intended to be "*Uniting South Africans around a common programme*" (RSA 2012:35) in a "*virtuous cycle*" of civil society, private and public governance co-operation (RSA 2012:37); towards the NDP critical success factor of "*A Plan for All* "(RSA 2012:59).

Recommended alignment actions to be taken within the W&R sector, therefore, are premised on heightened 'active citizenry' awareness, trust and collaboration; within the 'Proudly South African' (2014) value chain (noting that only 3 W&R businesses are currently members of this initiative), and in public-private partnership forums, where corporate and public governance priorities and information-sharing can be engaged, towards promoting mutual understanding, trust and enhanced regulatory frameworks, developmental policy and fiscal strategy in all three spheres of a 'capable state'.

Developmental organisations such as the South African Local Government Association (Mullagie 2014), Trade and Investment KwaZulu-Natal (2013), Gauteng City-Region Observatory (2013), the Western Cape Economic Development Partnership (Boraine 2014) have indicated that they would welcome mandated W&R sector stakeholders to their forums, to help define urban socio-economic strategy, inclusive spatial planning and public service standards.

In similar spirit, the Mayor of eThekwini Metropolitan Municipality in KZN convened an Informal Traders' Imbizo in April 2014, including the signing of a pledge by sector stakeholders to cement relationships and to launch a 'Clean and Maintain My City' competition; and the Cape Town Mayoral Committee, together with the Cape Regional Chamber of Commerce and Industry, convened an annual "City meets Business" engagement summit with the goal of enhancing socio-economic developmental information-sharing and collaboration (Bloor 2014). Ironically, neither of those business sector / local government symposia mentioned the National Development Plan as a strategic framework, though both engagements were clearly striving to promote 'active citizenry' economic developmental collaboration.

Examples of W&R supply chain innovation and collaboration have been referred to by respondents in the preparation of this paper, while acknowledging the ethical need to avoid collusion or anti-competitive information-sharing (Lawrence 2014; Cohen 2014). Such examples include the National Business Initiative '*Sustainable Retailers Forum'* (Hutchings 2014, Van Hille 2014), the ongoing Retail Association, Retail Council / Consumer Goods Council, Retail Motor Industry Organisation and SA Petroleum Retailers Association membership forums (Pillay 2014; Cohen 2014; Lewies 2014; Olivier 2014) and '*The Secret of Seamless Retailing Success'* international study insights, across 20 countries (Accenture 2014).

Significantly, the CPUT Wholesale and Retail Leadership Chair has adopted a motto, promoting this NDP 'active citizenry' critical success factor: "*Collaboration opens the window to a world of opportunities!"* The Mining Industry Growth, Development and Employment Task Team (2014) and Manufacturing Circle (Manufacturing Bulletin 2013) collaboration initiatives in South Africa, inspired by the National Development Plan inclusive principles (Parsons 2014), are possible sector-specific collaborative paradigms for the Wholesale & Retail business sector to emulate, in order to leverage inclusive business growth, equitable job creation, skills development, profitability and sustainability opportunities, within the National Development Plan: Vision 2030 strategic themes.

6.5 ADJUSTMENTS TO THE NDP TO ACCOMMODATE THE W&R SECTOR

Few W&R stakeholders engaged in this NDP strategy alignment study, whether in semi-structured dialogic interviews or in completing the survey questionnaire, indicated a need for significant adjustments to the National Development Plan vision, values and objectives.

In fact, most W&R stakeholder comments on *'The Plan in Brief'* (RSA 2012: 34) which highlights the NDP 'enabling milestones' and the six *'Critical Success Factors'* (RSA 2012:59) were in principle supportive of South Africa's national need for inclusive socio-economic development. The key needs now, many stakeholders highlighted, are a shared public / private sector economic growth agenda and cost-effective implementation of strategies through local procurement accords and the newly-formed Department of Small Business Development (Hlongwane 2014).

The NDP success factors of '*Institutional capability'* and '*Clarity on responsibility'*, however, were often noted as significant *'capable state' strategy implementation gaps*, perhaps exemplified by the apparent disappearance from the national socio-economic policy and legislative agenda of the comprehensive Final Report: *National Retail Sector Strategy* (NEDLAC 2010), which was drafted for public governance action by sector stakeholders, including the Retail Association (Cohen 2014).

It is in the shared definition and agenda of the 'capable, developmental state' authority and competencies; and recognition of the interdependent roles of the private and public sectors, that National Development Plan strategy adjustments need to be made. This would help to build mutually beneficial public-private partnerships in '*A Plan for All';* with collaborative commitment to the NDP *'Approach to Change: Enhanced Capabilities and Active Citizenry*' (RSA 2012: 27).

6.6 CONCLUSION: MAKING THE NDP WORK – FROM DESIGN TO DELIVERY?

Formal evaluation of NDP / Business sector alignment progress has not as yet been undertaken by the Department of Performance Monitoring and Evaluation in the Presidency (Phillips 2014); though the incorporation of many NDP strategies into the newly-adopted national *Medium-Term Strategic Framework* (RSA 2014c) will generate regular Presidency progress reviews of defined outcomes through collaborative implementation. In evaluating the varied responses of Wholesale and Retail sector stakeholders to this formative survey of their current and potential future alignment with National Development Plan vision, values and strategies, their broad generic alignment of developmental support is evident, for the inclusive socio-economic transformation strategies of *Vision 2030.*

No W&R sector respondents - corporate or independent, urban or rural, formal or informal - questioned the principle of a co-ordinated national programme to address the socio-economic challenges identified in the National Planning Commission's Diagnostic Report (RSA 2011a), nor the validity of the strategy themes proposed in the National Development Plan (RSA 2012).

The W&R sector stakeholder and thought-leader concerns and NDP strategy questions which have arisen in generating this position paper, however, relate to significant strategies, namely:

- the nature, authority and competences of a 'capable, developmental state';
- the collaborative leadership accountabilities and management modalities, for achievement of clearly defined, shared W&R sector socio-economic developmental objectives; and
- the practicalities of working towards an agreed 'Retail Sector Charter', based on the NDP 'Drivers of Change' (RSA 2012:152), which would define developmental priorities, commitments and policy parameters for strategic collaboration and policy compliance by W&R businesses, trade unions and all three spheres of government.

To this end, the change leadership approach of Harvard Professor John Kotter (1996 and 2008) provides an internationally proven paradigm, for engagement by mandated W&R leadership. Kotter, who has facilitated complex processes of organisational change for 30 years, underlines that *there are significant differences between change efforts which have been successful, and change efforts which have failed*. His eight steps of *Leading Change* (1996) depicted in Table 6.1, are processes which, purposefully planned and effectively implemented, have led to sustainable strategic outcomes when engaged by organisations in South Africa and elsewhere.

Table 6.1: Eight Steps to Successful Change Leadership

1.	**Establish a sense of urgency.** • Define organisational challenges, realities and motivations • Identify an agenda of major opportunities, problems, and potential challenges.
2.	**Form a powerful guiding coalition team.** • Assemble a group with enough energy and authority to lead the change effort. • Encourage this group to work together as a leadership team.
3.	**Create a clear change vision, expressed simply.** • Create a vision to direct the change effort. • Develop strategies for achieving the change vision.
4.	**Communicate the vision, positively and frequently** • Use every possible means to communicate the new vision and strategies. • Teach new competencies using the example of the leadership team.
5.	**Empower others to act on achieving the vision.** • Get rid of obstacles to the planned change. • Change systems or structures which seriously undermine the vision.
6.	**Plan for and create short-term wins.** • Create and promote visible performance improvements. • Recognise and reward employees involved in the improvements.
7.	**Consolidate improvements and produce even more change.** • Use increased credibility to change systems, structures, and policies which don't fit the new vision. • Hire, promote, and develop employees who can (and will) implement the vision.
8.	**Institutionalise the new approaches.** • Articulate the connections between the new systems, competencies and institutional success. • Develop ways to ensure sustained leadership development and accountability.

Source: Kotter 1996

These systematic 'developmental change leadership' steps require collaborative engagement by a representative forum of mandated W&R sector thought-leaders and decision-makers, towards an agenda of pragmatic alignment around the NDP 'core developmental priorities' and achievement of the NDP strategy themes, building on the 'critical success factors', now incorporated into the national Medium-Term Strategic Framework 2014-2019 (RSA 2014c).

The collaborative '*Retail NDP Strategy Forum'* agenda would focus on topics including those reflected below, in Table 6.2.

Table 6.2: Retail NDP Strategy Forum Agenda for collaborative leadership action

Agenda Topics	NDP Strategic Objectives
➢ **Shared understanding of National Development Plan core developmental priorities:**	• Raising employment through faster economic growth • Improving the quality of education, skills development and innovation • Building the capability of the state to play a developmental, transformative role.
➢ **Reinforcement of high-alignment (Top Five) NDP Strategy themes:**	• Nation Building and Social Cohesion • Fighting Corruption • Economy and Employment • South Africa in the Region and the World • Health Care for All
➢ **Building on the NDP 'critical success factors'**	• Focussed leadership • A Plan for All: 'Proudly South African'? • Institutional capability • Resource mobilisation and agreement on trade-offs • Sequencing and willingness to prioritise • Clarity on responsibility

Effective business sector collaboration examples are demonstrated in the European Retail Round Table (2013) and USA National Retail Federation (2014); and in South African models such as the Mining Industry Growth, Development and Employment Task Team (2014) and Manufacturing Circle (Manufacturing Bulletin 2014).

It is therefore recommended that a collaborative W&R / NDP 'developmental change leadership' process to be initiated by the Wholesale and Retail Leadership Chair, convening a Retail NDP Strategy Forum of mandated leaders from W&R related business associations, to consider the recommendations of this report, define strategic priorities and actions for the way forward; and to build collective ownership of the 'active citizenry' sector leadership processes towards the adoption of an agreed *Wholesale & Retail Vision 2030.* Thereafter, a W&R Sector leadership engagement with National Planning Commission members is recommended, in order to review the NDP /MTSF 2014-2019 strategies and 'critical success factors,' towards building a 'powerful guiding coalition' of mandated W&R thought-leaders with a 'clear change vision', in order to 'consolidate improvements' and to 'institutionalise new approaches' within the diverse commercial realities of the Wholesale & Retail business sector.

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Appendix A

Wholesale & Retail Leadership Chair

Cape Peninsula University of Technology

"Collaboration opens the window to a world of opportunities"

W&RSETA

Skills Development for Economic Growth

Research Project 2013/06:
Strategic Alignment of the Wholesale & Retail Business Sector,
with the National Development Plan: Vision 2030

Thank you for your contribution to this national survey by the Wholesale & Retail Leadership Chair at CPUT. Survey results will be available on the Wholesale & Retail Leadership Chair website (www.wrlc.org.za) and will help to facilitate Public / W&R business sector collaboration.

- Researcher Contact details: Dr Bill Sewell
  Cellphone: 084 748 7674 Fax: 086 600 1982 Email: bill@peopleandperformance.co.za

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- **Company /Business Association name (Optional):** ______________________________

Standard Industrial Classification Division:	(please tick)	
61	Wholesale and Commission trade	
62	Retail trade: General merchandise	
63	Retail trade: Motor vehicles and automotive fuel	
	Other SIC division / Business association	

YOUR CURRENT AND PLANNED NATIONAL DEVELOPMENT PLAN (NDP) STRATEGIES	
Please give ratings (4,3,2,1) as below & examples of your organisation's business plan commitment to achieving profitability as well as developing corporate social investment; using the following rating scale, for the various NDP objectives listed below:	
4	We have a well-established business strategy, for this NDP objective
3	We have an informal/recently started business strategy for this NDP objective
2	Our business strategy is currently under discussion, regarding this NDP objective
1	Not a business priority, at this time.

➢ NDP Priority: 'Raising Employment, through faster economic growth'						
	Rating	4	3	2	1	Our strategy: examples / comments
Chapter 3: Economy and Employment						
3.1	Create new jobs					
3.2	Increase per capita income					
3.3	Broaden ownership of assets, to historically disadvantaged groups					
3.4	Reduce youth unemployment					
3.5	Simplify procedures for dismissal, non-performance & misconduct					
Chapter 4: Economic Infrastructure						
4.1	Reduce water demand					
4.2	Promote use of public transport					
4.3	Competitively priced, widely available broadband					
Chapter 5: Environmental sustainability and resilience						
5.1	Zero emission building standards					
5.2	Reductions in the volume of waste					

	disposal					
	Rating	4	3	2	1	Our strategy: examples / comments
Chapter 6: Inclusive rural economy						
6.1	Create additional jobs in the agricultural sector					
Chapter 7: South Africa in the Region and the World						
7.1	Increase South Africa's trade with regional neighbours					
NDP Priority: 'Improving the quality of Education, Skills Development and Innovation'						
Chapter 8: Transforming Human Settlements						
8.1	Efficient spatial planning, well integrated across the spheres of government					
8.2	More jobs created in, or close to, dense urban townships					
Chapter 9: Improving Education, Training and Innovation						
9.1	Make early childhood development a top priority					
9.2	80 % of learners should complete 12 years of schooling, and/or vocational education					
9.3	Expand the FET College system, with a focus on quality					
9.4	Expand science, technology and innovation outputs					
Chapter 10: Health Care for All						
10.1	Improve TB prevention and cure					
10.2	Reduce injury, accidents and violence by 50%					
10.3	Everyone must have access to an equal standard of health care.					
NDP priority: 'Building the Capacity of the State, to play a developmental, transformative role'						
Chapter 11: Social Protection						
11.1	All children should enjoy services aimed at facilitating access to nutrition, health & social care.					
11.2	Address the skills deficit in the Social Welfare sector					
11.3	All working individuals should make adequate provision for their retirement.					

	Rating	4	3	2	1	Our strategy: examples / comments
Chapter 12: Building Safer Communities						
12.1	Increase community participation in crime prevention and safety initiatives					
12.2	Mobilise youth, for inner-city safety, to secure safe spaces for young people					
Chapter 13: Building a Capable and Developmental State						
13.1	Build a state that is capable of playing a developmental, transformative role					
Chapter 14: Fighting Corruption						
14.1	A corruption-free society, with a high adherence to ethics throughout society					
Chapter 15: Nation-building and Social Cohesion						
15.1	Build a society where opportunity is not determined by race or birthright; and where citizens accept that they have both rights and responsibilities					

YOUR ADDITIONAL COMMENTS/RECOMMENDATIONS FOR ALIGNMENT WITH THE NDP OBJECTIVES:
➢ **How to enhance effective Wholesale & Retail business support for NDP objectives**:
➢ **How to enhance effective NDP policy for Wholesale & Retail business sector objectives**:

(OPTIONAL) Organisation Contact Person & Title:____

Phone: ___________________ Email: ____________________________________ Date: _________________

Appendix B:

Complete List of NDP Strategy Theme Chapters and Objectives

NDP Chapter	Title	W&R relevance to NDP objectives from questionnaire
3	Economy and Employment	• The unemployment rate should fall from 24.9 percent in June 2012 to 14 percent by 2020 and to 6 percent by 2030. This requires an additional 11 million jobs. Total employment should rise from 13 million to 24 million. • The proportion of adults working should increase from 41 percent to 61 percent. • The proportion of working adults in rural areas should rise from 29 percent to 40 percent. • The labour force participation rate should rise from 54 percent to 65 percent. • Gross Domestic Product (GDP) should increase by 2.7 times in real terms, requiring average annual GDP growth of 5.4 percent over the period. GDP per capita should increase from about R50 000 per person in 2010 to R110 000 per person in 2030. • The proportion of national income earned by the bottom 40 percent should rise from about 6 percent today to 10 percent in 2030. • Broaden ownership of assets to historically disadvantaged groups. • Exports (as measured in volume terms) should grow by 6 percent a year to 2030 with non-traditional exports growing by 10 percent a year. • Increase national savings from 16 percent of GDP to 25 percent. • The level of gross fixed capital formation should rise from 17 percent to 30 percent, with public sector fixed investment rising to 10 percent of GDP by 2030. • Public employment programmes should reach 1 million by 2015 and 2 million people by 2030.
4	Economic Infrastructure	• The proportion of people with access to the electricity grid should rise to at least 90 percent by 2030, with non-grid options available for the rest. • The country would need an additional 29 000MW of electricity by 2030. About 10 900MW of existing capacity is to be retired. • At least 20 000MW of this capacity should come from renewable sources. • Ensure that all people have access to clean, potable water and that there is enough water for agriculture and industry, recognising the trade-offs in the use of water. • Reduce water demand in urban areas to 15 percent below the

NDP Chapter	Title	W&R relevance to NDP objectives from questionnaire
		business-as-usual scenario by 2030. • The proportion of people who use public transport for regular commutes will expand significantly. By 2030, public transport will be user-friendly, less environmentally damaging, cheaper and integrated or seamless. • Durban port capacity should increase from 3 million containers a year to 20 million by 2040. • Competitively priced and widely available broadband.
5	Environmental Sustainability and Resilience	• A set of indicators for natural resources, accompanied by publication of annual reports on the health of identified resources to inform policy. • A target for the amount of land and oceans under protection (presently about 7.9 million hectares of land, 848kms of coastline and 4 172 square kilometres of ocean are protected). • Achieve the peak, plateau and decline trajectory for greenhouse gas emissions, with the peak being reached around 2025. • By 2030, an economy-wide carbon price should be entrenched. • Zero emission building standards by 2030. • Absolute reductions in the total volume of waste disposed to landfill each year. • At least 20 000MW of renewable energy should be contracted by 2030. • Improved disaster preparedness for extreme climate events. • Increased investment in new agricultural technologies, research and the development of adaptation strategies for the protection of rural livelihoods and expansion of commercial agriculture.
6	Inclusive Rural Economy	• An additional 643 000 direct jobs and 326 000 indirect jobs in the agriculture, agroprocessing and related sectors by 2030. • Maintain a positive trade balance for primary and processed agricultural products.
7	South Africa in the Region and the World	• Intra-regional trade in Southern Africa should increase from 7 percent of trade to 25 percent of trade by 2030. • South Africa's trade with regional neighbours should increase from 15 percent of our trade to 30 percent.
8	Transforming Human Settlements	• Strong and efficient spatial planning system, well integrated across the three spheres of government. • Upgrade all informal settlements on suitable, well located land

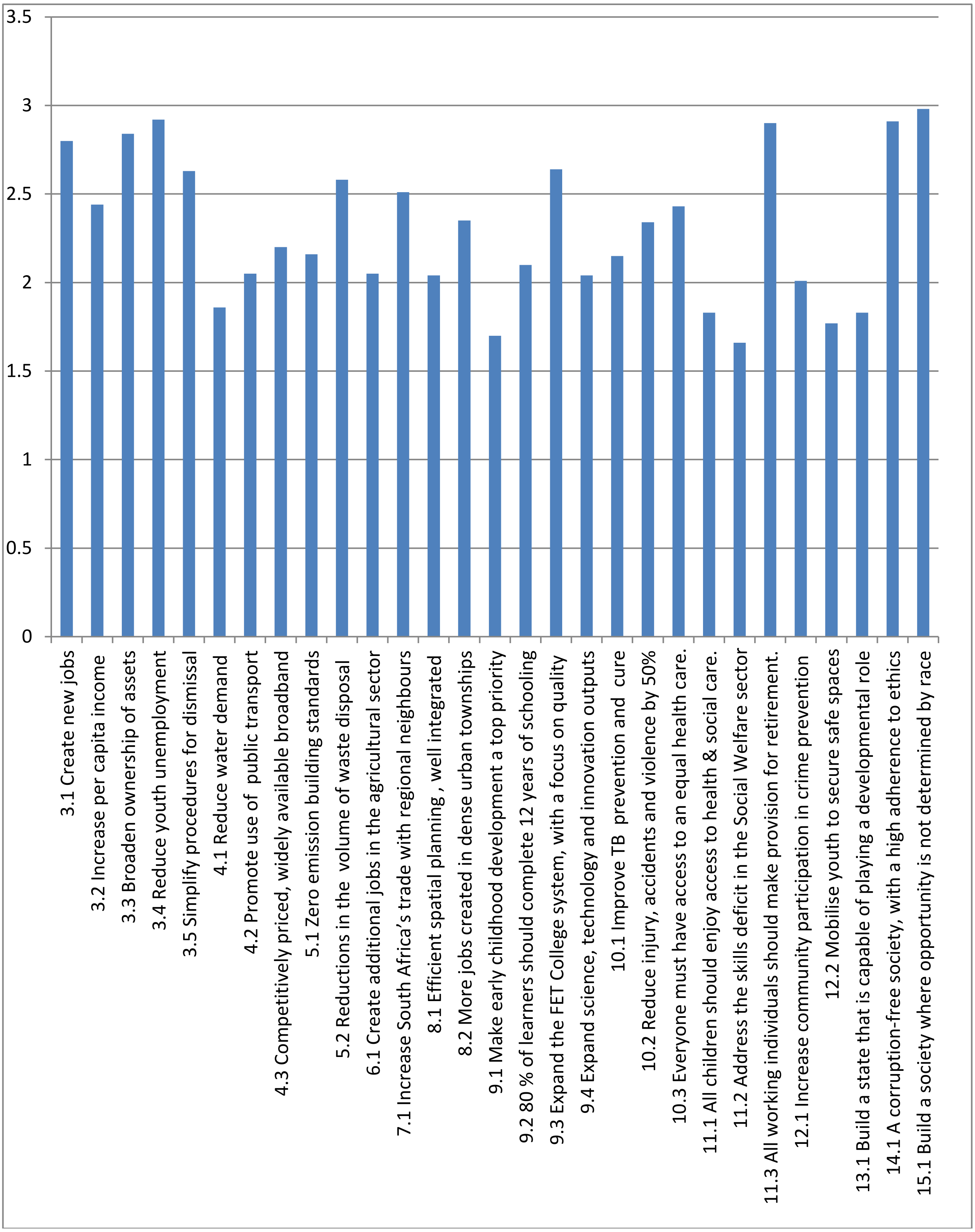
NDP Chapter	Title	W&R relevance to NDP objectives from questionnaire
		by 2030. • More people living closer to their places of work. • Better quality public transport. • More jobs in or close to dense, urban townships.
9	Improving Education, Training and Innovation	• Make early childhood development a top priority among the measures to improve the quality of education and long-term prospects of future generations. Dedicated resources should be channelled towards ensuring that all children are well cared for from an early age and receive appropriate emotional, cognitive and physical development stimulation. • All children should have at least 2 years of pre-school education. • About 90 percent of learners in grades 3, 6 and 9 must achieve 50 percent or more in the annual national assessments in literacy, maths and science. • Between 80 – 90 percent of learners should complete 12 years of schooling and or vocational education with at least 80 percent successfully passing the exit exams. • Eradicate infrastructure backlogs and ensure that all schools meet the minimum standards by 2016. • Expand the college system with a focus on improving quality. Better quality will build confidence in the college sector and attract more learners. The recommended participation rate of • 25 percent would accommodate about 1.25 million enrolments. • Provide 1 million learning opportunities through Community Education and Training Centres • Improve the throughput rate to 80 percent by 2030. • Produce 30 000 artisans per year. • Increase enrolment at universities by at least 70 percent by 2030 so that enrolments increase to about 1.62 million from 950 000 in 2010. • Increase the number of students eligible to study towards maths and science based degrees to 450 000 by 2030. • Increase the percentage of PhD qualified staff in the higher education sector from the current 34 percent to over 75 percent by 2030. • Produce more than 100 doctoral graduates per million per year by 2030. That implies an increase from 1420 in 2010 to well over 5 000 a year. • Expand science, technology and innovation outputs by increasing research and development spending by government and through encouraging industry to do so.

NDP Chapter	Title	W&R relevance to NDP objectives from questionnaire
10	Health Care For All	• Increase average male and female life expectancy at birth to 70 years. • Progressively improve TB prevention and cure. • Reduce maternal, infant and child mortality. • Significantly reduce prevalence of noncommunicable chronic diseases. • Reduce injury, accidents and violence by 50 percent from 2010 levels. • Deploy primary healthcare teams provide care to families and communities. • Everyone must have access to an equal standard of care, regardless of their income. • Fill posts with skilled, committed and competent individuals.
11	Social Protection	• Ensure progressively and through multiple avenues that no one lives below a defined minimum social floor. • All children should enjoy services and benefits aimed at facilitating access to nutrition, health care, education, social care and safety. • Address problems such as hunger, malnutrition and micronutrient deficiencies that affect physical growth and cognitive development, especially among children. • Address the skills deficit in the social welfare sector. • Provide income support to the unemployed through various active labour market initiatives such as public works programmes, training and skills development, and other labour market related incentives. • All working individuals should make adequate provision for retirement through mandated savings. The state should provide measures to make pensions safe and sustainable. • Social protection systems must respond to the growth of temporary and part-time contracts, and the increasing importance of self-employment and establish mechanisms to cover the risks associated with such. • Create an effective social welfare system that delivers better results for vulnerable groups, with the state playing a larger role compared to now. Civil society should complement government initiatives.
12	Building Safer Communities	• In 2030, people living in South Africa will feel safe and have no fear of crime. They will feel safe at home, at school and at work, and enjoy an active community life free of fear. Women can walk freely in the street and children can play safely outside. • The police service is a well-resourced professional institution

NDP Chapter	Title	W&R relevance to NDP objectives from questionnaire
		staffed by highly skilled officers who value their work, serve the community, safeguard lives and property without discrimination, and respect the rights of all to equality and justice.
13	Building a Capable and Developmental State	• A state that is capable of playing a developmental and transformative role. • A public service immersed in the development agenda, but insulated from undue political interference. • Staff at all levels have the authority, experience, competence and support they need to do their jobs. • Relations between national, provincial and local government are improved through a more proactive approach to managing the intergovernmental system. • Clear governance structures and stable leadership enable state-owned enterprises (SOEs) to achieve their developmental potential.
14	Fighting Corruption	• A corruption-free society, a high adherence to ethics throughout society and a government that is accountable to its people.
15	Nation Building and Social Cohesion	• Our vision is a society where opportunity is not determined by race or birthright; where citizens accept that they have both rights and responsibilities. Most critically, we seek a united, prosperous, non-racial, non-sexist and democratic South Africa.

Appendix C

Respondent strategic W&R alignment ratings in NDP strategy theme & objectives sequence



Appendix D

Graphs depicting averaged percentage frequency of NDP alignment within each strategy theme

Figure 5.3: Economy and Employment Strategy (NDP Chapter 3)

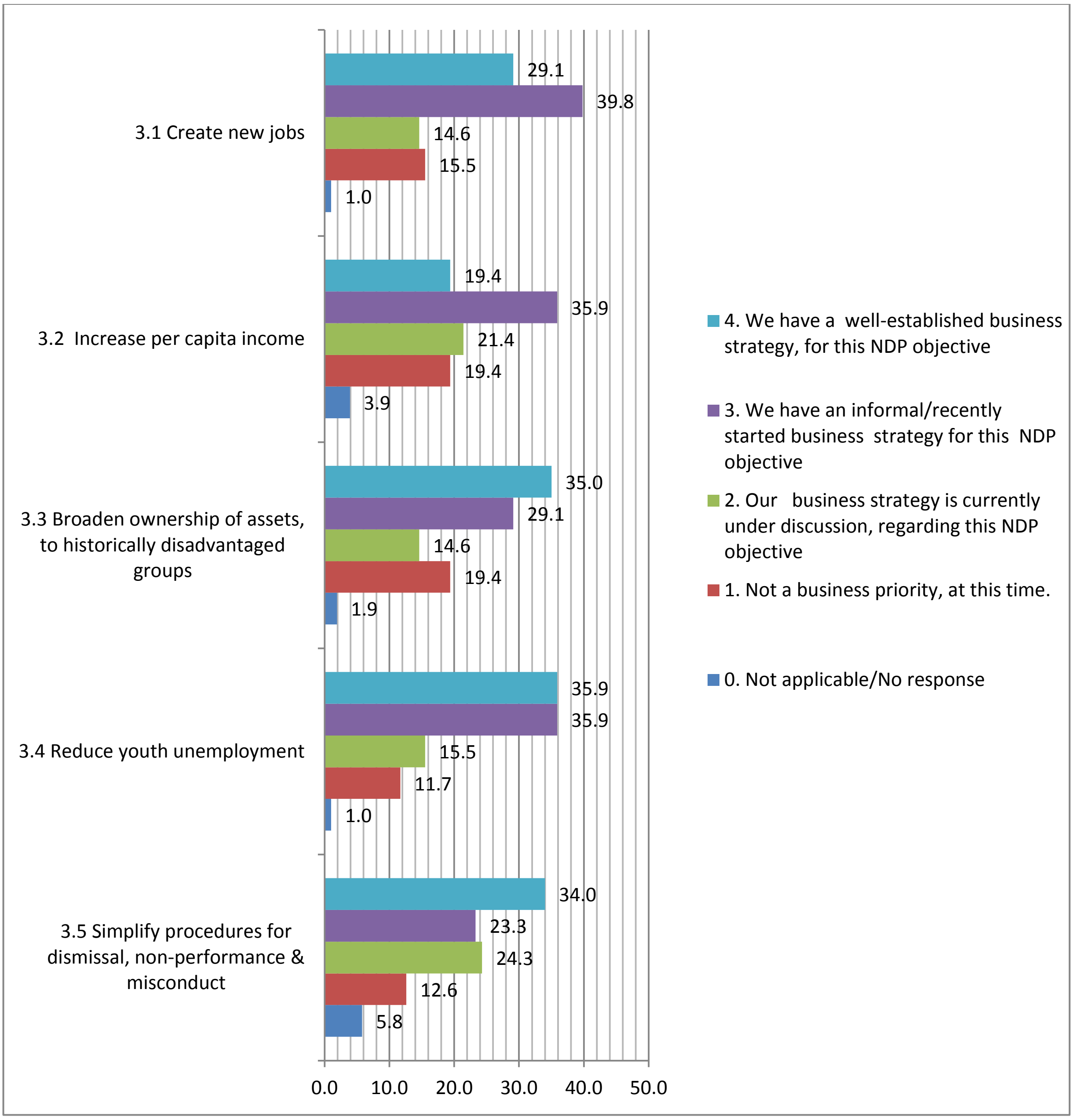


Figure 5.4: Economic Infrastructure Strategy (NDP Chapter 4)

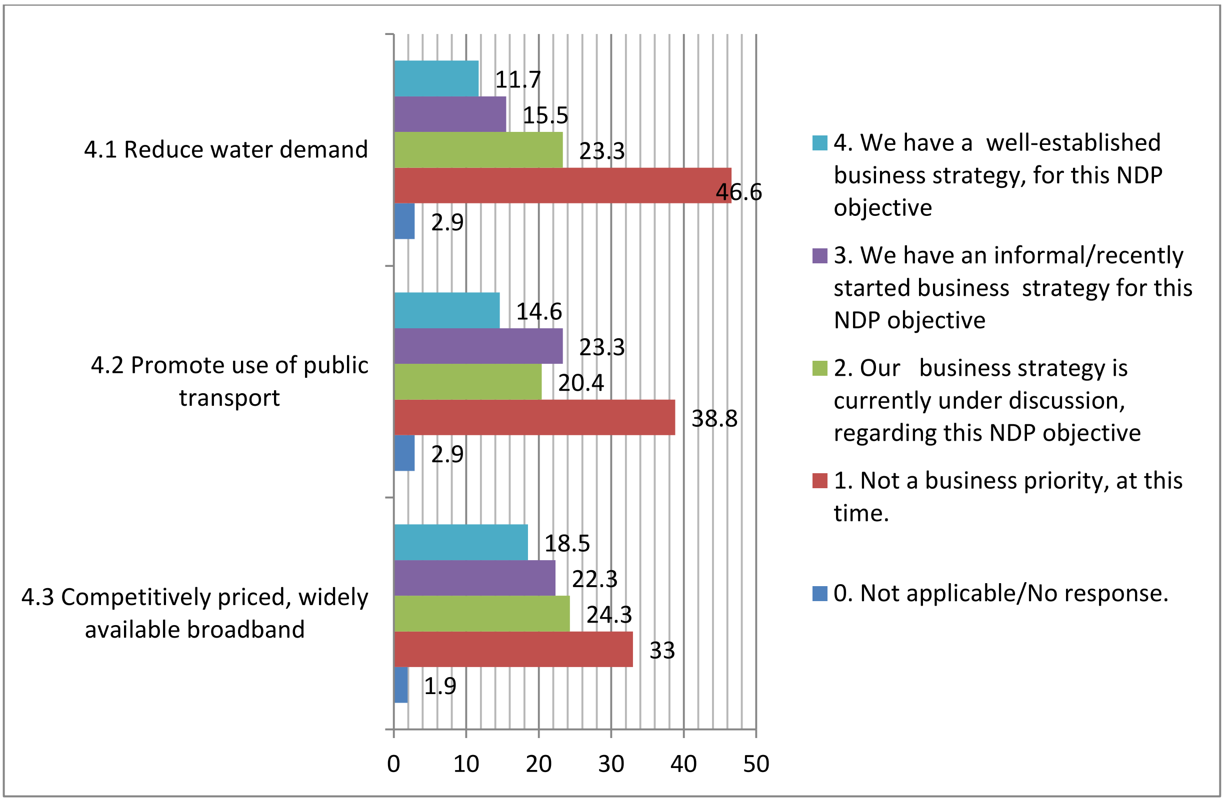


Figure 5.5: Environmental Sustainability and Resilience Strategy (NDP Chapter 5)

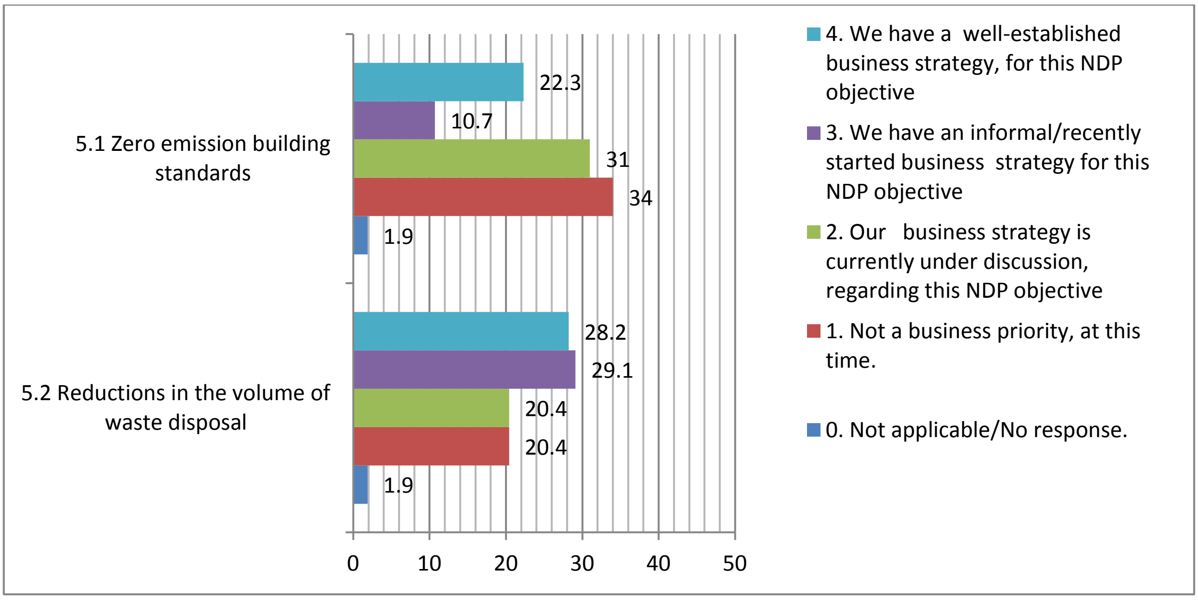


Figure 5.6: Inclusive Rural Economy Strategy (NDP Chapter 6)

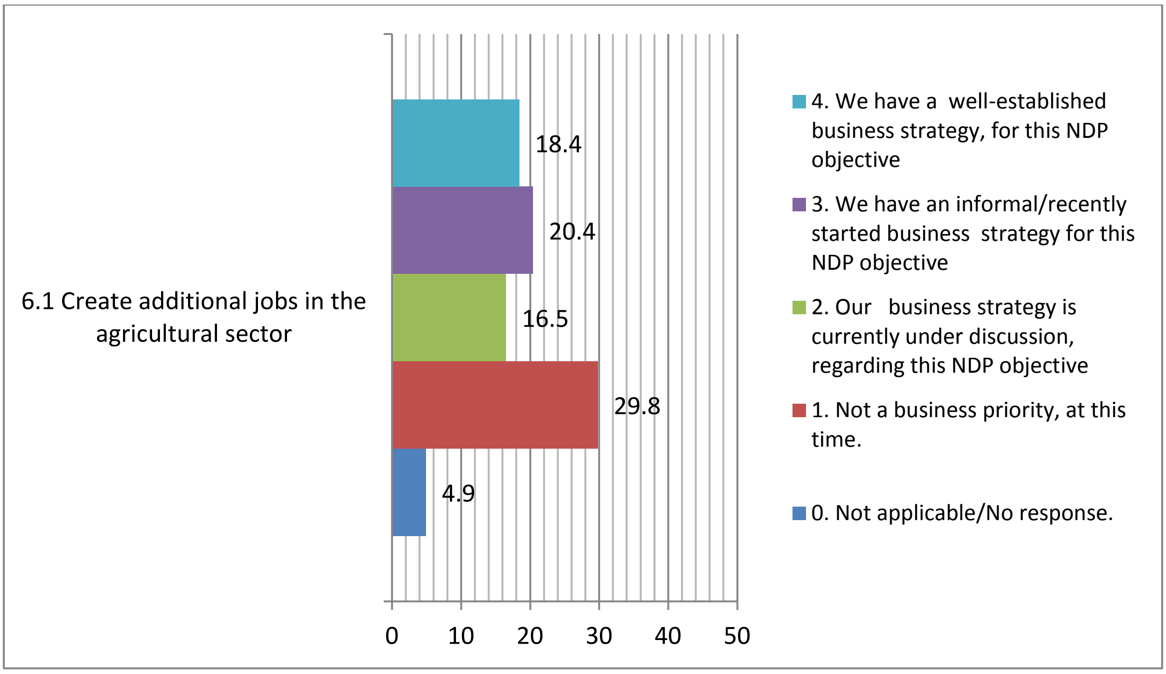


Figure 5.7: South Africa in the Region and the World Strategy (NDP Chapter 7)

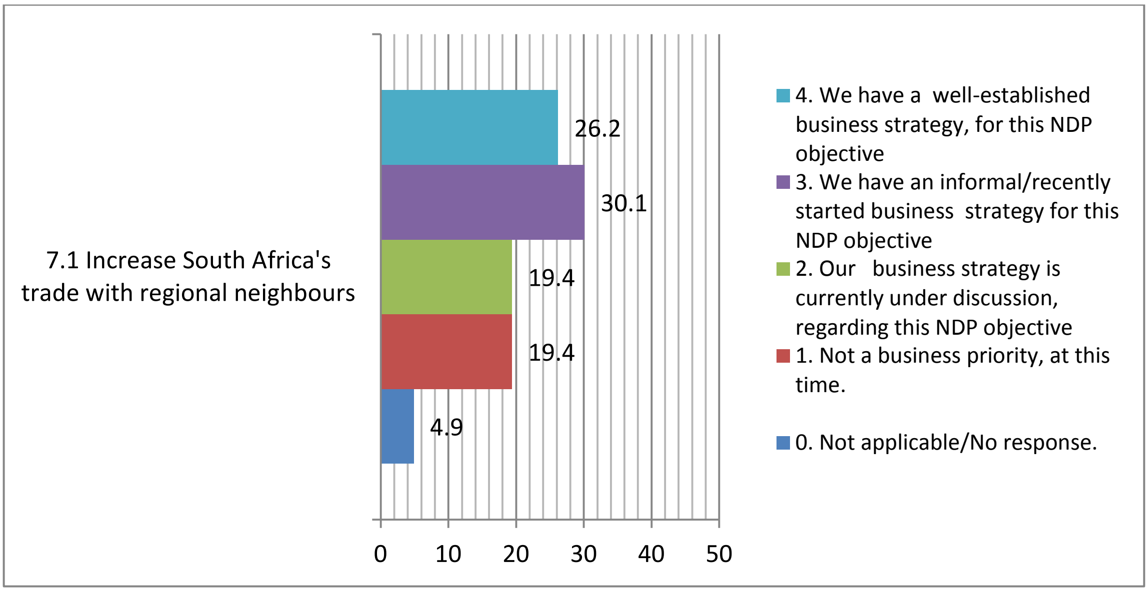


Figure 5.8: Transforming Human Settlements Strategy (NDP Chapter 8)

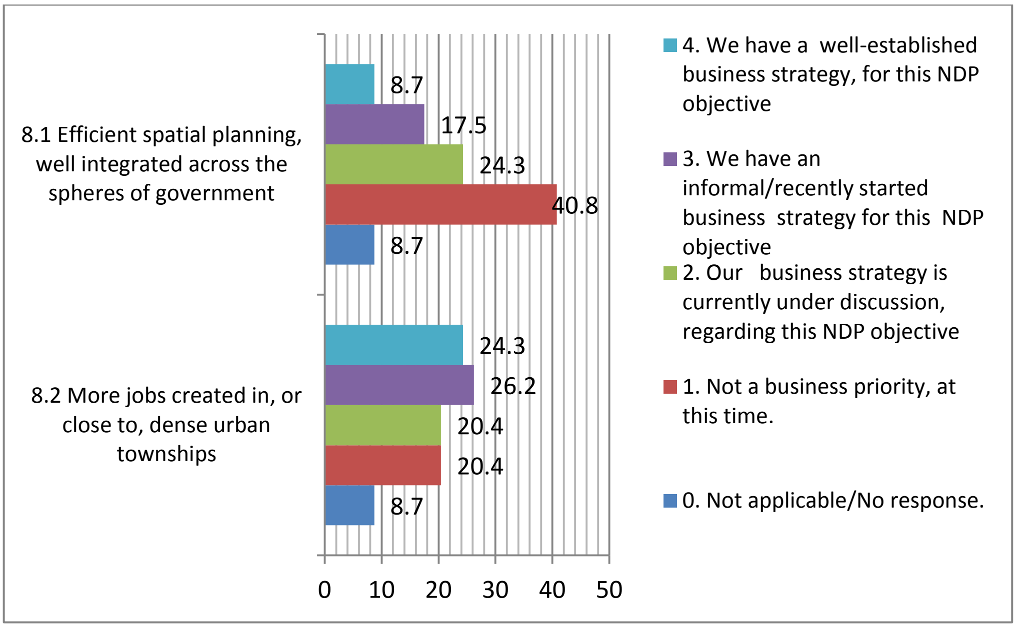


Figure 5.9: Improving Education, Training and Innovation Strategy (NDP Chapter 9)

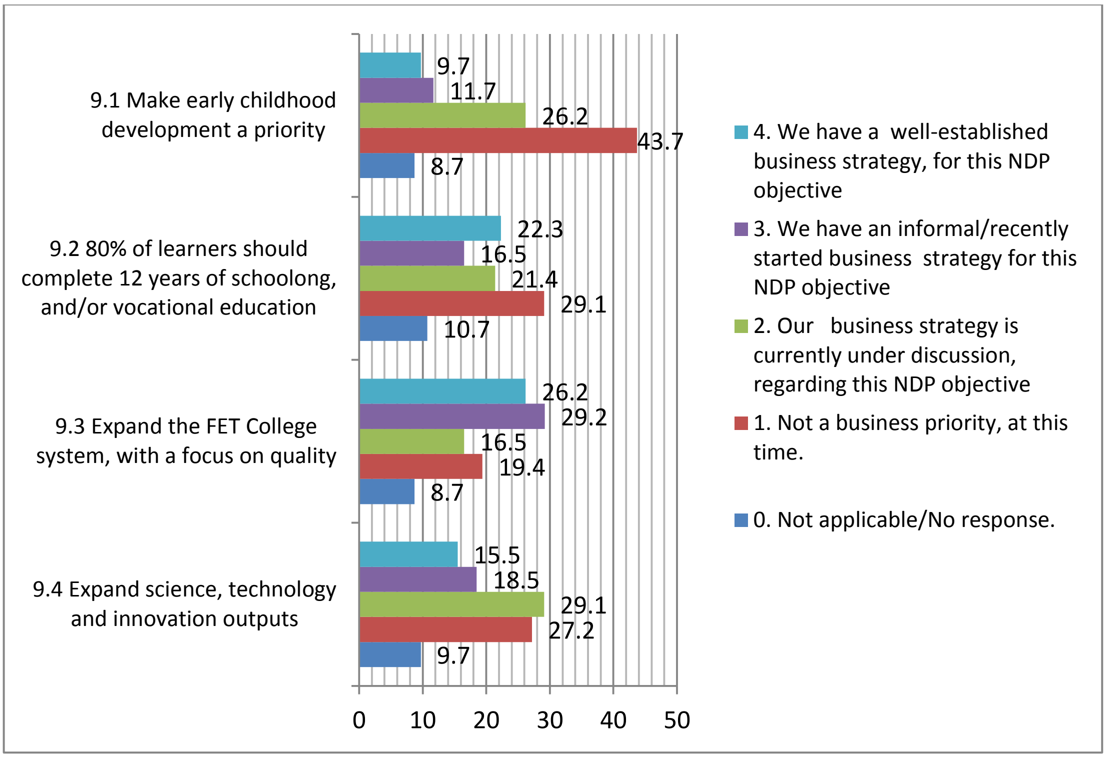


Figure 5.10: Health Care for All Strategy (NDP Chapter 10)

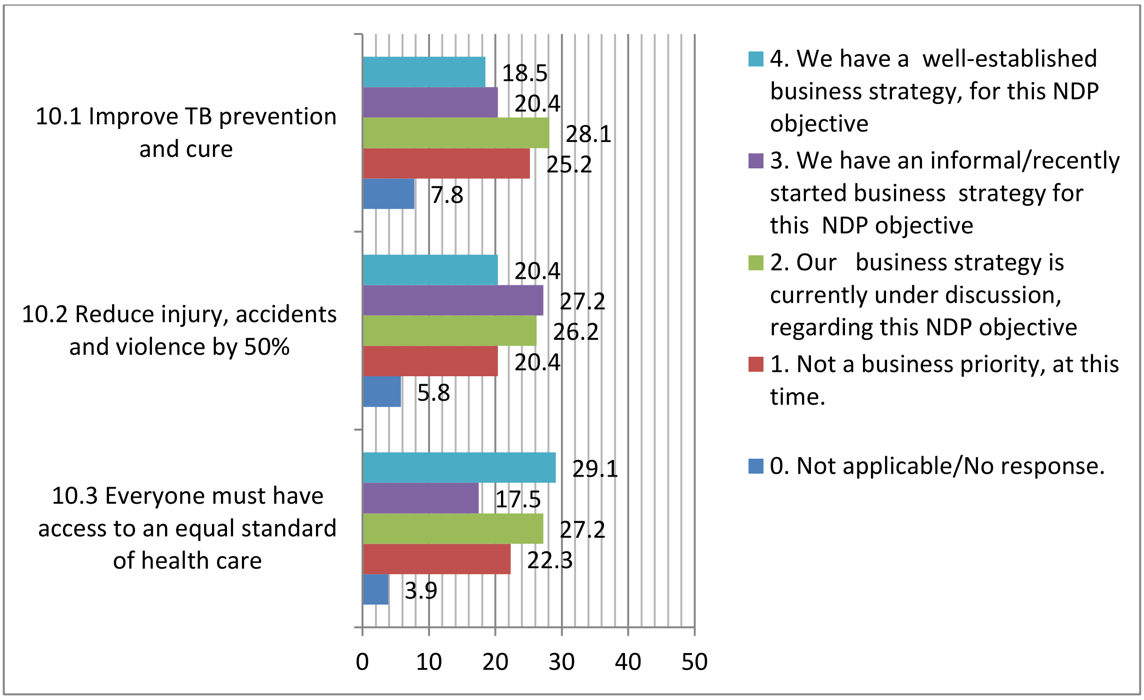


Figure 5.11: Social Protection Strategy (NDP Chapter 11)

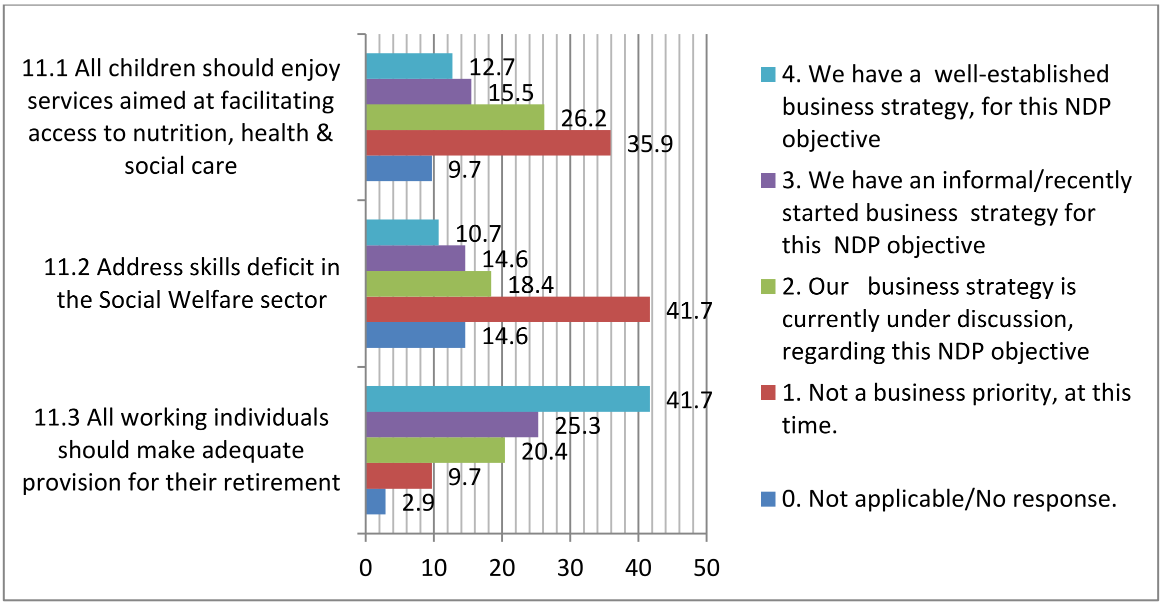


Figure 5.12: Builing Safer Communities Strategy (NDP Chapter 12)

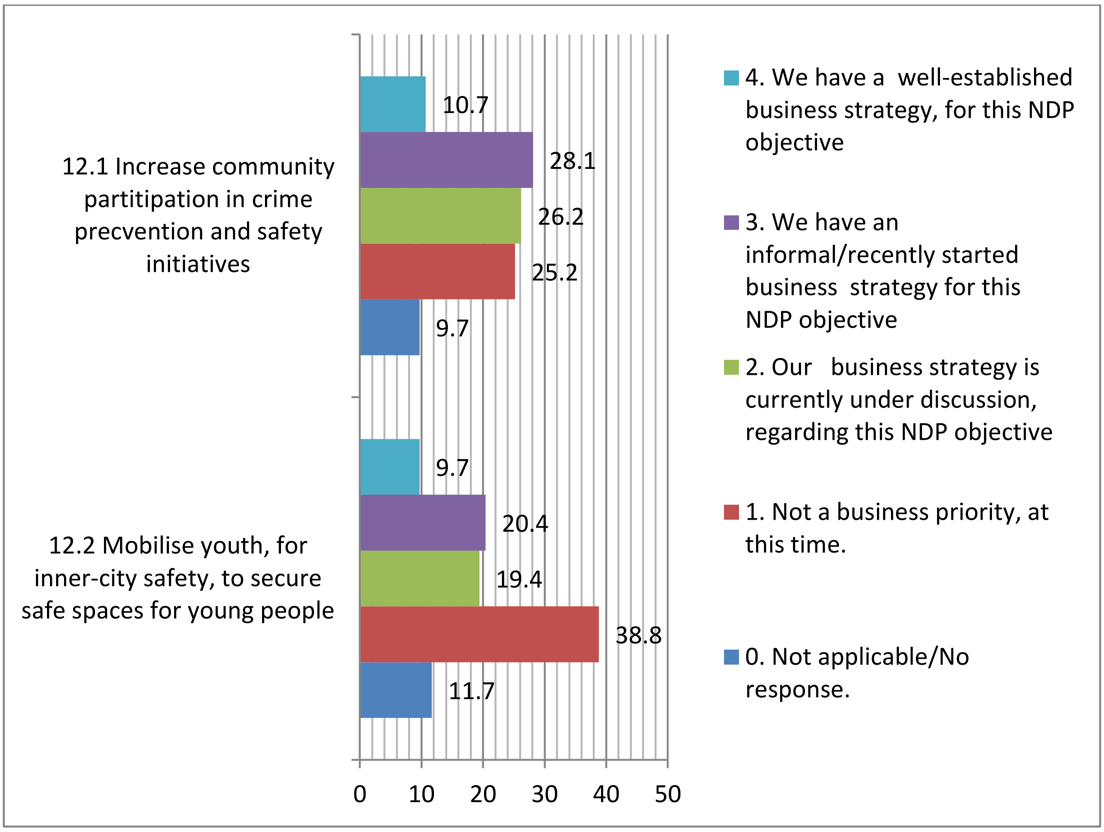


Figure 5.13: Building a Capable and Developmental State Strategy (NDP Chapter 13)

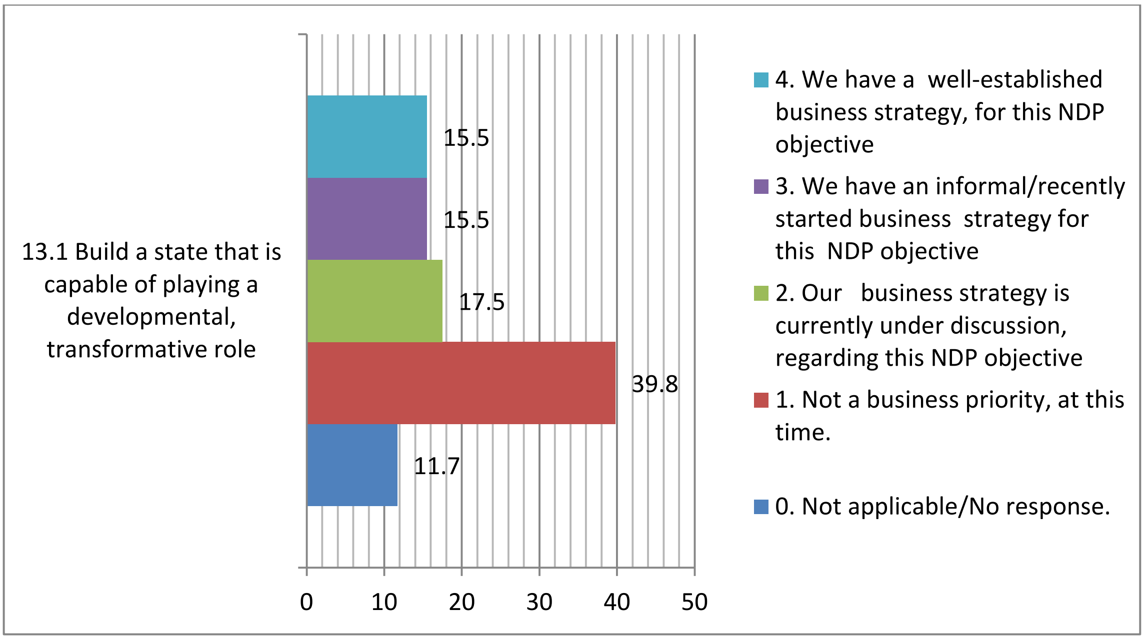


Figure 5.14: Fighting Corruption Strategy (NDP Chapter 14)

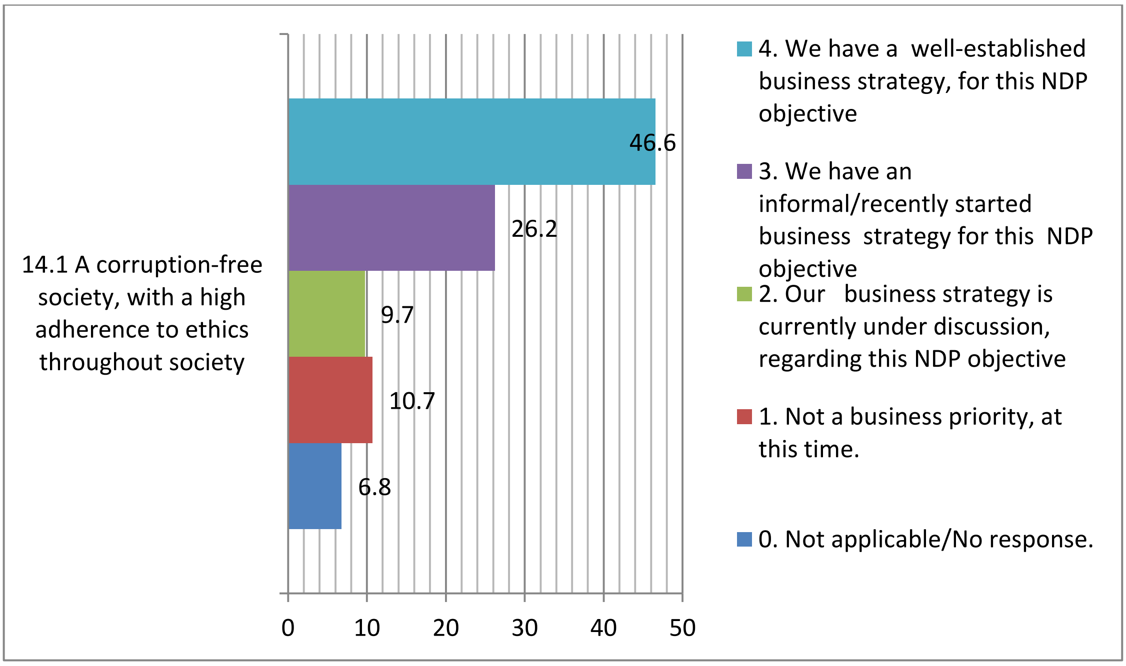
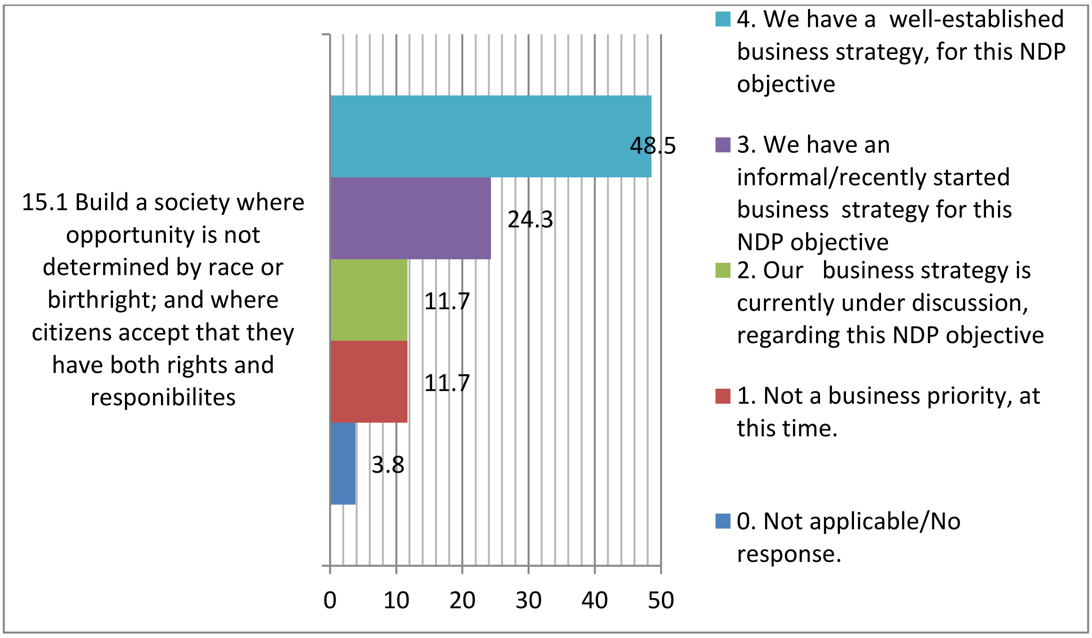


Figure 5.15: Nation-building and Social Cohesion Strategy (NDP Chapter 15)



APPENDIX E

ETHICS CLEARANCE CERTIFICATE

Cape Peninsula
University of Technology

P.O. Box 1906 • Bellville 7535 South Africa •Tel: +27 21 4603239 • Email: zouityf@cput.ac.za
Symphony Road Bellville 7535

Office of the Chairperson Research Ethics Committee	Faculty: BUSINESS

At a meeting of the Research Ethics Committee on 4 March 2014, Ethics Approval

was granted to DR WJ SEWELL for research activities Related to the: Retail Chair in the

RETAIL BUSINESS MANAGEMENT DEPARTMENT, Business Faculty at the

Cape Peninsula University of Technology

Title of Project:	Strategy Alignment of Wholesale & Retail sector with the Nation Development Plan Researcher: DR WJ Sewell

Comments:

Decision: APPROVED

Signed: Chairperson: Research Ethics Committee	04 MARCH 2014 Date
Signed: Chairperson: Faculty Research Committee	Date

Clearance Certificate No | 2014FBREC164

APPENDIX F

LETTER OF INFORMATION AND INFORMED CONSENT

Wholesale & Retail Leadership Chair

"Collaboration opens the window to a world of opportunities"

17 March 2014

LETTER OF INFORMATION AND INFORMED CONSENT:
Research Project 2013/06:
"STRATEGIC ALIGNMENT OF THE WHOLESALE & RETAIL BUSINESS SECTOR, WITH THE NATIONAL DEVELOPMENT PLAN: VISION 2030"

Dear Participant
I am currently undertaking a research project on behalf of the Wholesale & Retail Leadership Chair at Cape Peninsula University of Technology. This national study aims to produce an objective position paper, reflecting the current level of W&R business sector/ National Development Plan alignment, with recommendations for future progress.

Would you please agree to complete a research questionnaire (or be interviewed) for this study? The questionnaire/interview will take approximately 20 minutes. Participation is voluntary and you are free to refuse to participate at any time without giving reasons, and without prejudice. The information you give will be used for research purposes only, and will be aggregated with other responses, so that only the overall or average information will be used. Your identity and individual answers will be kept confidential. If any quotations are used, these will remain anonymous, unless you consent to specific quotations in the paper. To discuss this request further, please feel free to contact me on the number below; or the W&R Leadership Chair, Professor Roger Mason, on: masonr@cput.ac.za or 021 460 3040.

By completing the questionnaire or being interviewed, you are confirming that the purpose of the study has been adequately explained to you, that you understand that you may withdraw from it at any time without giving reasons; and that you are taking part voluntarily.

Your professional input will be greatly appreciated, to assist in the preparation of a meaningful position paper & recommendations, for the Wholesale & Retail Leadership Chair at CPUT.

Yours faithfully

Dr Bill Sewell
Cell number: 084 748 7674
Fax number: 086 600 1982
Email address: bill@peopleandperformance.co.za

"Informed Consent" to participate in this CPUT Wholesale & Retail Leadership Chair research project:

________________________	________________________	________________________
Name	Date	Signature