

STRATEGIC ALIGNMENT OF THE SOUTH AFRICAN RETAIL SECTOR WITH THE NATIONAL DEVELOPMENT PLAN

William Sewell, Roger B Mason,** Petrus Venter****

Abstract

This paper provides an evaluation of the strategy alignment of the South African retail sector with the National Development Plan (NDP) governance values and objectives. The paper considers the commercial realities which form the framework for retail decision-makers when they address the challenges in aligning their business growth strategies with the regulatory framework of a capable, developmental state. Within that context, the outcomes of a retail stakeholder alignment study of the NDP strategy themes are analysed. The method involved a policy survey of a purposive sample of retail business and governance stakeholders. The survey findings reflect retailer alignment with many NDP regulatory and 'active citizenry' strategies, but with strong beliefs that others are not the retail business sector's governance responsibility. ****

Key Words: National Development Plan; Post-Apartheid Inequality; Poverty; Urbanisation; Inclusive Governance Strategy; Regulatory Alignment

* Cape Peninsula University of Technology, South Africa

** Corresponding author, Wholesale & Retail Leadership Chair, Cape Peninsula University of Technology, South Africa

Tel.: +27(0)21 460 3040

E-mail: masonr@cput.ac.za

*** Head of Department: Retail Business Management, Cape Peninsula University of Technology, South Africa

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1. Introduction

1.1 Context of research

The aim of this paper is to reflect the current and potential alignment of the South African retail business sector with the National Development Plan: Vision 2030 (NDP) transformative governance strategy themes and 'critical success factors', as formulated by the multi-stakeholder National Planning Commission (NPC).

While the achievement of all 13 NDP strategy themes and socio-economic developmental objectives, based on the NPC Diagnostic Report (RSA 2011), require 'collaborative leadership and effective policy co-ordination across a broad front', the Plan highlights (RSA 2012: 27) 'three core developmental priorities towards an inclusive South African society:

- 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'.

The links in the wholesale and retail supply chain have significant job creation potential within the socio-economic diversity of South African society, across the Southern African Development Community (SADC) region, the African continent and Brazil, Russia, India, China, South Africa (BRICS) group of developing economies. National Planning Commissioner Muller (2014) remarked that this was a topic of strategic debate at the recent World Economic Forum:

'How do we organise supply chains and the 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?'

In their seminal study of Class, Race and Inequality in South Africa, Seekings & Nattrass (2006) demonstrate a continuity in public economic 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.

Frye & Kirsten (2012), Leibbrandt et al (2012) and Van der Berg & Moses (2012) echo this post-

apartheid inequality perspective, reflecting the contradictory social spending messages from factions of the governing party alliance, varying between regulatory policies of 'growth with distribution' and 'growth through redistribution'.

The governance challenge now, in Habib's analysis (2013:202), is 'for South African political and business leaders to 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, Habib cautions, of 'how to advance such transformative strategies, in a world in which powerful stakeholders are hostile to these objectives' (2013:235).

1.2 The National Planning Commission and the NDP

The NPC Diagnostic Report of the Republic of South Africa (RSA 2011) sets out South Africa's socio-economic achievements and shortcomings since 1994. Based on wide public consultation, the Diagnostic Report identifies 'failure to implement policies effectively and absence of inter-sectoral partnerships' as the reasons for slow progress towards the values of the democratic Constitution; and highlights the following 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 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.

Extensive public consultation processes led to the developmental strategy themes and 'critical success factors' of the NDP, providing a meaningful agenda for retail sector research, given that the links in the supply chain represent potential for collaborative contributions to achievement of inclusive socio-economic developmental regulation.

1.3 NDP Critical Success Factors

Manuel (2011), in his Budget speech, emphasised that 'national development has never been a linear process, nor can any development plan proceed in a straight line'. Accordingly, the Plan proposes a 'multidimensional change leadership framework' with 'progress in one sector supporting advances in others'.

The NDP therefore notes the following 'critical success factors' for effective policy formulation and implementation (RSA 2012: 59):

- Focussed leadership
- A Plan for All
- Institutional capability
- Resource mobilisation and agreement on trade-offs
- Sequencing and willingness to prioritise
- Clarity on responsibility and highlights that '...these 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 developmental success' (RSA 2012:61).

2. Literature Review

2.1 NDP parameters

Besides study of the core literature relating to National Planning Commission Diagnostic Report (RSA 2011) and National Development Plan: Vision 2030 (RSA 2012), the literature review undertaken encompassed several international developmental analyses, including topics relating to State-Business Relations and Economic Growth in sub-Saharan Africa (Te Velde with Leftwich 2010), The Economic Impact of the United States Retail Industry (National Retail Federation 2011), retailers' management of corporate social responsibility (Elg & Hultman 2011), Poverty, Governance and Economic Growth (Karim, Zouhaier & Adel 2013), European Retail Round Table (2013), European Union Retail Forum for Sustainability (2013), and Responsible Retailing Forum (2013); which provided comparative international insights into socio-economic governance and regulatory parameters in this people-intensive business sector.

Within the research objectives, note was also taken of South African public governance framework factors which may promote or retard sustainable growth, socio-economic inclusivity and job creation, *inter alia*:

- Legislation impacting on local procurement, supply chain logistics and costs (Republic of South Africa 2013a)
- Metropolitan economic development and trading trends towards 'the 24 Hour Economy' (Gauteng Department of Economic Development 2012; City of Cape Town 2013; Human Sciences Research Council 2014)
- Entrepreneurship, youth skills development and job market entry (African Frontiers Forum 2013; SA Board for People Practices 2014a)
- Economic development challenges of complex labour legislation and bureaucratic regulations (Parliamentary Monitoring Group 2013; SA Board for People Practices 2014b).

2.2 South African Retail Business Sector

Early in the study, while piloting the dialogic interview approach, several retail thought-leaders expressed the need for strategic NDP collaboration amongst sector trade associations, labour unions and relevant spheres of government. Their insights reinforced literature reflecting the:

- ‘need for government and business to work together to create jobs’ (Graham 2011);
- ‘toxic relationship between government and private sector’ (Landman 2013); and
- ‘potentially inclusive role of organised business and economic development agencies’ (KPMG 2012; Trade and Investment KwaZulu-Natal 2013; and Western Cape Economic Development Partnership 2014).

Literature sources of particular South African retail sector significance, informing 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 Naledi (2007) report is entitled *The Retail Sector: An Analysis of its contribution to Economic Growth, Employment and Poverty Reduction in South Africa*.

- **National Retail Sector Strategy Review**

This strategic Retail sectoral review was undertaken via the National Economic Development and Labour Council (Nedlac 2010). Key findings of this review indicate that the primary ways to stimulate retail growth are through minimising the regulatory burden, creating a public governance environment which is conducive to doing business.

2.3 Socio-economic significance of the South African retail sector

The wholesale and retail sector is the fourth largest contributor to South African Gross Domestic Product. Retail enterprises employ some 20% of the total economically active workforce of the country (StatisticsSA 2014); and its growth potential is largely dependent on growth achieved in the other business sectors. Rapid urbanisation is a significant factor in South Africa’s demographic landscape (Pieterse 2014; Turok & Borel-Saladin 2014).

The NDP predicts that by 2030 about 70% of the national population will live in urban areas. The Retail Sector Skills Plan (W&R Sector Education and Training Authority) (W&RSETA 2013:24) indicates that highest densities of retail business enterprises are in the urbanised regions of the country, which are home to about 76% of the total sector workforce.

2.3.1 Retail Drivers of Change

Specific mention is made in the Plan of retail sector ‘Drivers of Change’ (RSA 2012:152) in support of growth and job creation strategies, as depicted in Table 1. Sectoral alignment with these developmental drivers was evaluated in this research.

Table 1. NDP Drivers of Change in the Retail Business Sector

<p>‘ In support of promoting employment and growth, the following will be pursued in the Plan:</p> <ul style="list-style-type: none"> • The 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’.
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Source: RSA 2012:152

2.3.2 Retail Business Sector Characteristics

The recent update of the Retail Sector Skills Plan 2011-2016 (W&RSETA 2013:16) notes the developmental diversity of the sector, in that ‘86% 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 Sector Skills Plan also estimates, however, that ‘only 66% of operational traders are formally registered and

contributing to the national fiscus’, thereby suggesting that there are over 100 000 informal traders in this sector, with annual sales of about 10% of total national retail turnover.

Available data indicates that employment in the sector has been increasing sporadically from 2005 to 2011. The main employment increase has been in the Informal/ SMME sub-sector, while semi- and unskilled Formal sector employment has decreased, as depicted in Table 2:

Table 2. Employment by Skill Level in the Retail Sector

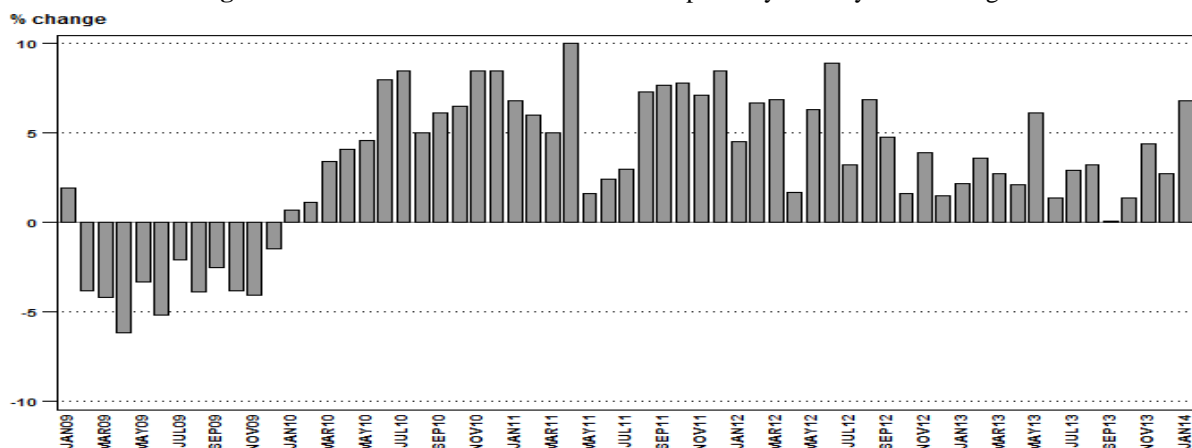
EMPLOYMENT BY SKILL LEVEL IN THE RETAIL SECTOR, 2005-2011							
SKILL LEVEL	2005	2006	2007	2008	2009	2010	2011
Total Formal and informal employment	2 336 587	2 385 845	2 432 848	2 428 787	2 364 799	2 377 501	2 403 943
Formal employment	1 425 885	1 440 896	1 518 659	1 520 931	1 454 622	1 415 777	1 410 836
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- & 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

In common with many 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 job creation potential (Mazwai 2014; Müller 2014; Kiva 2014). This trend is counter-productive to the socio-economic developmental strategies of the NDP.

The cyclical volatility of retail sector sales is a significant commercial reality, as illustrated in Figure 1, reflecting the period January 2009 – January 2014. This retail sales volatility is a factor in planning and implementing sustainable job creation to support the NDP strategic vision of inclusive economic growth, commercial sustainability and equity.

Figure 1. Retail sector sales at constant 2012 prices: year-on-year % change



Source: StatisticsSA 2014

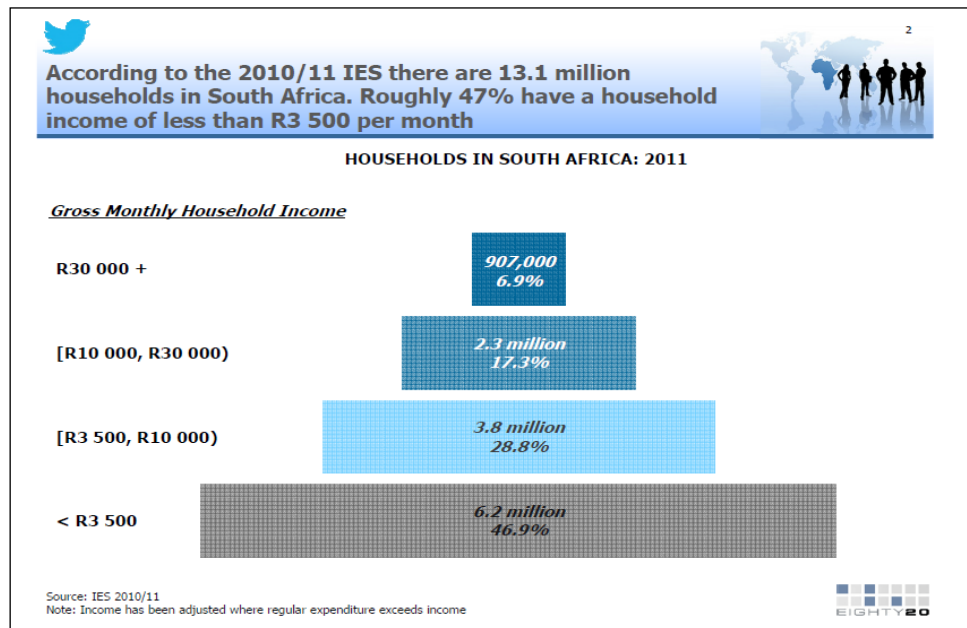
2.3.3 Income and Expenditure Survey data

Another potential constraint to the retail sector's inclusive socio-economic development is the stratified household income and lifestyle characteristics of the South African consumer goods market. This current reality is graphically illustrated in Figure 2: Gross monthly household incomes in South Africa (Statistics SA 2010/11).

In seeking answers to the research question: 'Which disposable income and expenditure patterns

typify the lifestyle aspirations and choices of South African households and consumers - and therefore inform the socio-economic development strategies of South African retailers?', these data illustrate the disposable household income patterns within which South African retailers plan and optimise their business development, merchandise assortment, marketing and job creation strategies, while trying to achieve cost-effective goals.

Figure 2. Gross monthly household incomes in South Africa



2.3.4 Retail and Consumer Products Outlook 2012-2016

South African Retail and Consumer Products Outlook 2012-2016 (PriceWaterhouseCoopers 2012) provides an analysis of current performance and challenges to inclusive, equitable socio-economic NDP strategies, within the retail sector. This review considers the outlook for South African retailers, highlighting opportunities, economic pressures and the growth strategies being deployed. The most significant findings 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
- Retail sales growth will be strong at both the low-end and high-end, reflecting South African society's income profile.

2.3.5 Urbanisation in South Africa: Retail development implications

South Africa has one of the largest and most industrialised economies in Africa and the 28th largest economy in the world, according to a developmental review by the Gauteng City-Region Observatory (2010). This review underlines that over two-thirds of the South African population live in urban areas. Gauteng provincial planners suggest that urban growth and land use change regulatory models are potentially important tools for strategic elements of the NDP.

Until recently, there has been no consistent national policy for planning and regulating the developmental processes of urbanisation (RSA 2013b & 2014a) and little evidence has been available of collaborative 'active citizenry' efforts by retail business leadership to influence post-apartheid urban design or governance.

The Gauteng City-Region review recommends that current urban policies and sectoral programmes need to be translated into focussed spatial development strategies that deliberately align housing, public transport, land-use and economic

(including retail zoning) development decisions, within a long-term inclusive vision.

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

Small business support and entrepreneurship skills are keys to sustainable economic development according to Mazwai (2014) and Kiva (2014). Although SMME development is one of the government's priority programmes, the 2010 Global Entrepreneurship Monitor survey (Herrington, Kew & Kew 2010) reflects South Africa's record of below-average entrepreneurial and small business development, and the need for more information about the effective drivers of entrepreneurship and small business development.

These post-apartheid developmental factors are documented in the Unisa Bureau of Market Research Report 434 (BMR 2013), which reviews entrepreneurial practices in small businesses in Soweto, the major 'township' area within Johannesburg, the national economic hub city. The BMR Soweto study confirms the survivalist nature of the majority of informal retail businesses.

Until 2004, townships were dominated mainly by informal businesses, offering basic products and services. Since 2004, township retail business activity has expanded, with the establishment of large retail malls. The majority of these dominant new business spaces, according to BMR (2013), are occupied by corporate retailers and their franchisees.

The BMR also conducted a longitudinal study on the sustainability and 'co-operative growth' potential of informal traders in Soweto. Emphasis was placed on skills development for the sustainability potential of informal businesses within the competitive and complex regulatory environment. Only 130 of the 300 SMME retail and other businesses selected for inclusion in this longitudinal study in 2007 were still operational in 2011. This represents a survival rate of just 43.3% after five years. Of significant importance to the sustainability of achievement of NDP inclusive socio-economic objectives, therefore, is how to optimise the survivalist potential of informal and emerging businesses, measured in terms of growth in sales and job creation.

2.3.7 Urban development strategies in progress

Noteworthy in the context of applying the National Development Plan's inclusive 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.' Urban reform workshops in several cities 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 provincial governments.

3. Method

3.1 Research design

In framing the mixed methods research methodology for this study, cognisance was taken of the National Planning Commission's commitment to wide public consultation, as well as consideration of the recent State of Development Evaluation Survey (Society for International Development 2013).

The NDP strategy themes for inclusive socio-economic development were evaluated in a national study of the current alignment of retail sector stakeholder strategies and practices, relative to the strategy themes of the National Development Plan. A literature review, a purposive sample of 103 sector stakeholder questionnaires and semi-structured dialogic interview insights indicated the current 'ownership' and collaborative synergy of retail sector strategy alignment with the NDP vision and values.

3.2 Respondent sample

A purposive sample of n=103 sector stakeholders, primarily in the major urban regions, from wholesale and retail enterprises, sector associations, labour unions, government agencies and service providers was selected, in order to gain their collective insights into NDP strategy alignment, significant gaps and perceived needs for changes to retail strategies or to the NDP.

The respondent sample consisted of the following stakeholder mix:

Table 3. Number of respondents by category

Respondent Category	Number
Corporates & Franchises	61
Independent & Informal Traders	24
Trade Unions	3
Trade & Business Associations	7
Government Agencies	8
Total number of respondents	103

3.3 Data Collection and Analysis

The stakeholder questionnaire and semi-structured dialogic interview guides were designed to evaluate retail sector alignment with the NDP strategy themes, ‘critical success factors’ (RSA 2012:59) and developmental objectives identified as potentially relevant to sector business plans. The competitive diversity of corporate, franchisee, independent and informal retailers across South Africa is reflected in the alignment responses and gaps. It is also shown in the apparent reluctance of many role players to contribute to inclusive, sustainable development by operating co-operatively across their respective supply chains.

Survey respondents were asked to rate the current alignment of their organisations with the 13 strategy themes and critical success factors of the NDP.

Strategy alignment rating options in the survey questionnaire were on a 4 point scale, from high alignment (‘We have a well-established business strategy’) to low alignment (‘Not a priority, at this time’). Respondents could also indicate a zero rating

(‘not applicable’) for any of the listed NDP strategies, if they were unsure of their organisation’s developmental strategy or policy relevance.

4. Strategy Theme Alignment Results

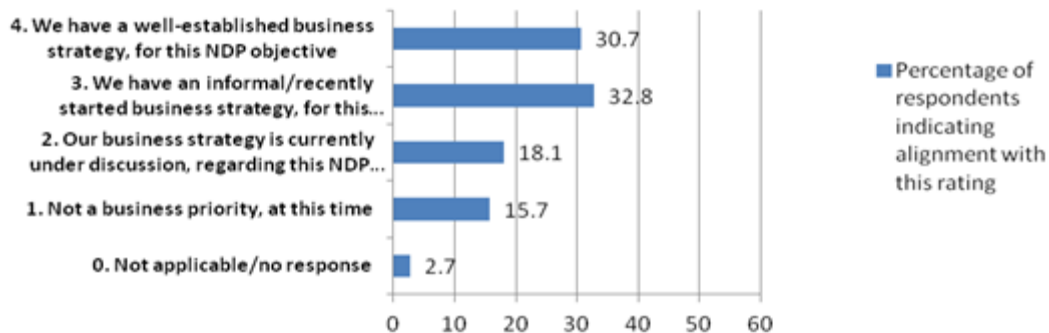
The averaged percentage response frequencies of retail sector alignment with each of the 13 NDP strategy themes are graphically depicted in Figures 3 - 16.

Each strategy alignment figure is reinforced by quotations which are typical of the respondents’ attitudes towards alignment, policy implications or possible NDP strategy adjustments.

4.1 Economy and Employment

For this fundamental strategy theme, over 60% of respondents indicated positive alignment with the NDP, including the need for focus on youth employment, skills development and employability. Business strategy concerns underscored the need for simplified labour laws and regulatory frameworks, to facilitate job creation.

Figure 3. Strategy Alignment: Economy and Employment



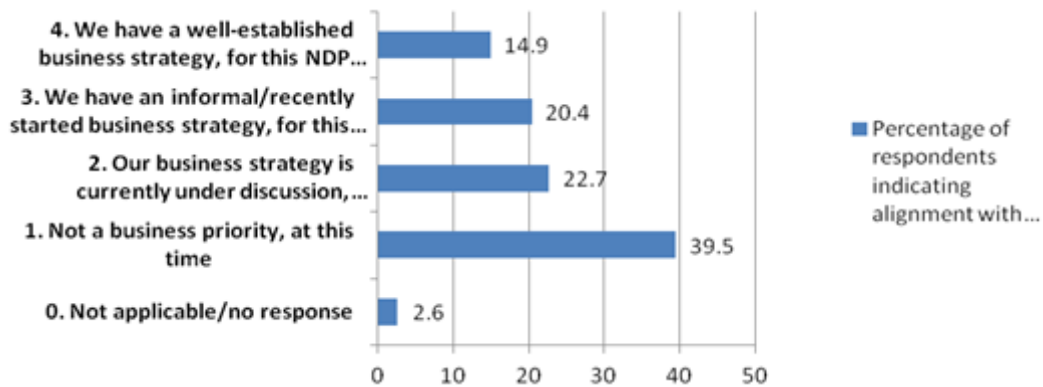
- *As a major retail group, our business is fully supportive of NDP strategies, for the good of our country, customers and staff. The more we can help grow our national economy and create more jobs...the more potential customers we will have* (Chairman of a national retail chain).

- *‘We are very cautious about hiring more staff, with all the highly complex labour laws and time-consuming regulations; they need to be simplified, urgently.’* (Retail Group HR executive).

4.2 Economic Infrastructure

Fewer than 15% of retail stakeholders reported well-established business plans related to this NDP strategy theme; and 40% indicated that they do not regard the development of economic infrastructure as their business priority.

Figure 4. Strategy Alignment: Economic Infrastructure

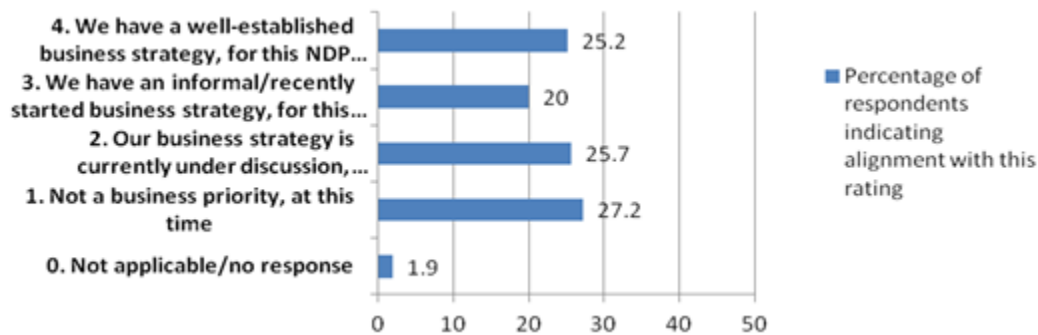


- *We are opening new stores in rural areas & lack of broadband and municipal infrastructure is a real problem.* (Retail Marketing executive)
- *'We engage with municipalities on planning and updating business infrastructure needs, through local Chambers of Commerce.'* (National Retail CEO)

4.3 Environmental Sustainability and Resilience

A more nuanced retail sector alignment is evident with this NDP strategy theme, as over 70% of respondents indicate awareness of, or support for, environmental sustainability issues, while over 25% do not see it as their business developmental priority.

Figure 5. Strategy Alignment: Environmental Sustainability and Resilience

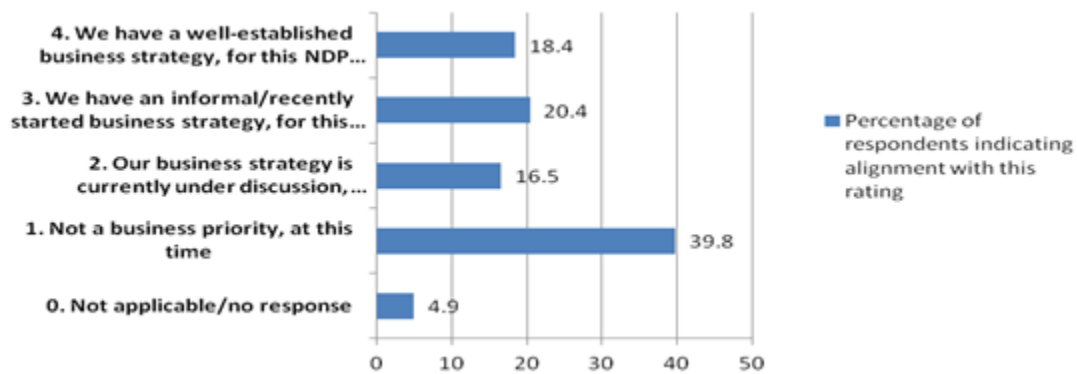


- *Business will be wary of zero emissions policy, as this will increase capital costs. We can only be concerned with safe and effective removal of waste.* (Retail Operations manager).
- *'We have set targets for emission standards and waste disposal, for all our stores and distribution centres.'* (National retail group HR executive).

4.4 Inclusive Rural Economy

The urban-oriented target markets and supply sources of 40% of retail stakeholders are reflected in their low alignment rating with this strategy. Several major retail chains, however, do prioritise agro-processing and smallholder support, to develop their local food supply chains.

Figure 6. Strategy Alignment: Inclusive Rural Economy

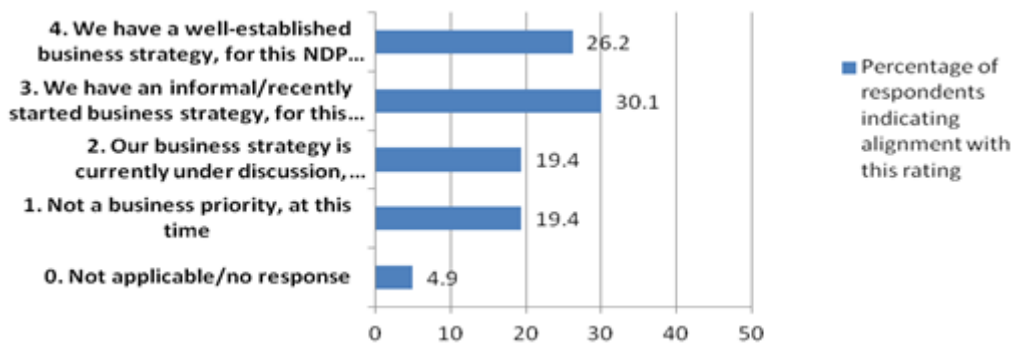


- ‘We are very concerned with the quality and costs of local produce, to be competitive’ (National Retail Operations manager)
- ‘Corporate procurement conditionalities are often a real burden for small emerging farmers’ (Economic Development consultant)

4.5 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, as well as current consideration by another 20% of their potential growth beyond South African borders.

Figure 7. Strategy Alignment: South Africa in the Region and the World

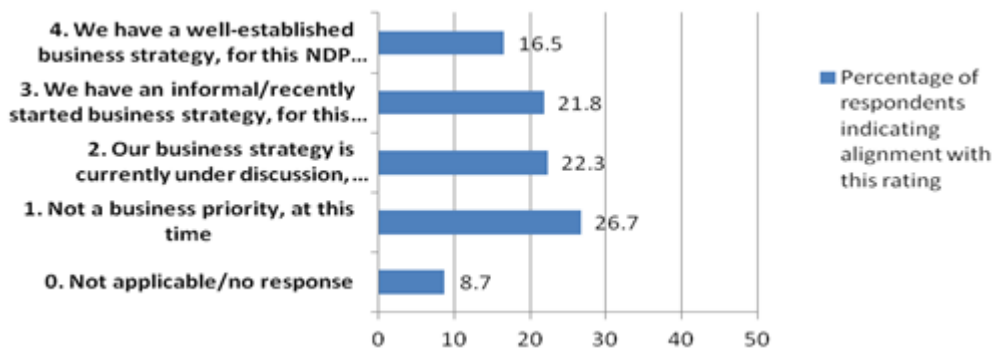


- ‘Our company is very committed to promoting cost-effective exports and imports, within the Southern African region.’ (Chairman of a national retail group).
- ‘Inefficient local manufacturing is a real problem – and the government’s tariff regime prejudices SA retailers, as we seek to meet our customer demands for quality and low prices.’ (Retail sector association director).

4.6 Transforming Human Settlements

While there is broad-based (60%) awareness of the significance of emerging markets in township areas, over 30% of South African retailers do not regard the transformation of former apartheid settlements and spatial planning as their strategic business priority.

Figure 8. Strategy Alignment: Transforming Human Settlements



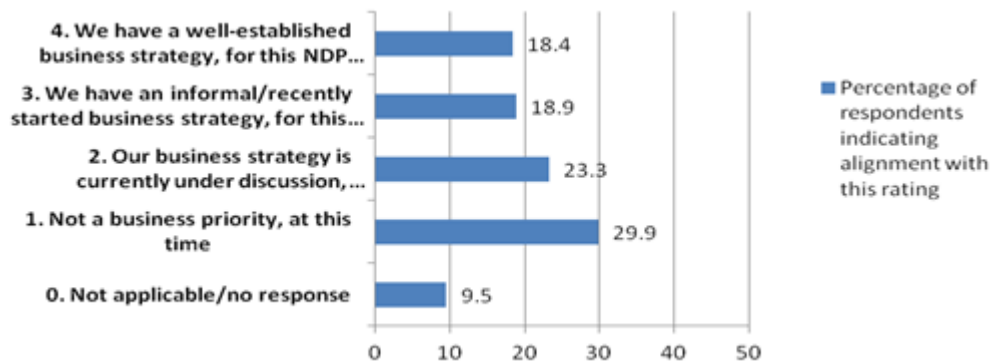
- *We are opening stores in township areas where poor infrastructure and lack of transport prevents residents' access to main city centres.* (Major chain HR manager).

- *'This matter is not within our business scope, but we do try to influence municipal spatial development where we plan to trade.'* (Retail group legal specialist).

4.7 Improving Education, Training and Innovation

While 60% of sector stakeholders support the need for enhanced education and skills development to promote South Africa's economic growth, over 30% do not regard this strategy theme as their business priority. Apart from the community relations benefits, education and training improvement is often seen as a 'capable state' accountability.

Figure 9. Strategy Alignment: Improving Education, Training and Innovation



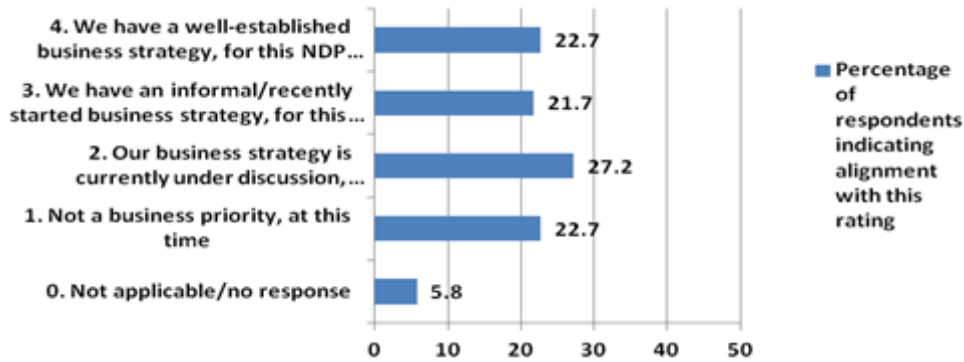
- *'Many retailers, large and small, focus on community development projects including childhood education, and work readiness.'* (National Retail HR executive).

- *'Our company helps to fund science classrooms and computer centres at several adopted schools.'* (Financial Executive in a national retail group).

4.8 Health Care for All

Similarly to the Education and Training strategy responses, the need for Health Care equality is highly rated, with 70% recognition of its significance for development. Fewer than 50% of retail respondents, however, rated Health Care as part of their business strategy; they regard it as primarily a 'capable state' accountability.

Figure 10. Strategy Alignment: Health Care for all

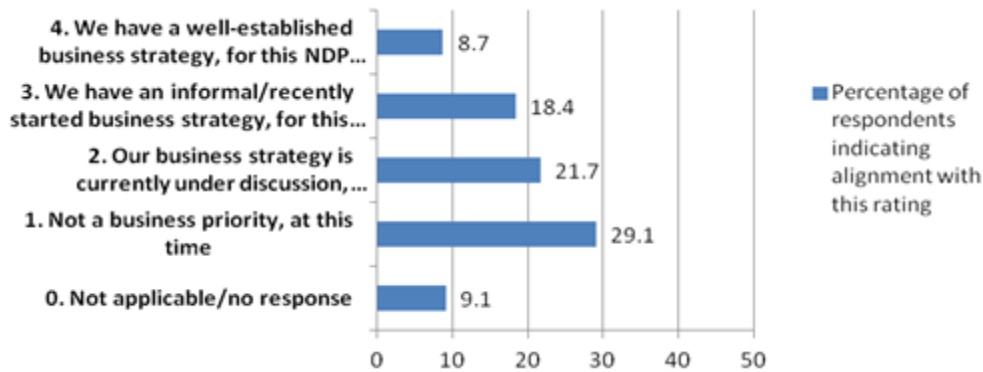


- *We encourage our staff to have regular health and wellness checks; not much else that we can do, as a commercial retail business.* (Senior HR manager in a Gauteng retail company).

4.9 Social Protection

While only 30% of retail stakeholders defined Social Protection as a high NDP alignment business strategy, some major corporate retail chain policies do provide their staff and families with access to professional social welfare services.

Figure 11. Strategy Alignment: Social Protection



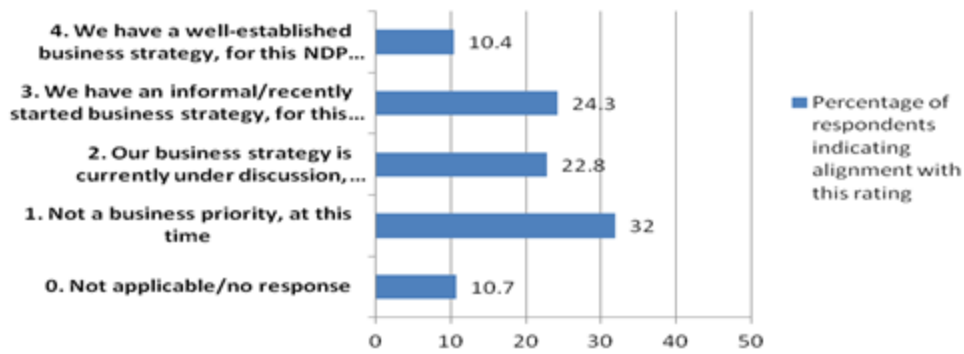
- *‘Of course, government social welfare services are important and we grant leave to staff, when they need to see those social welfare people; but we cannot do much about improving government staff skills.’* (Senior Retail HR executive).

- *‘Our Regional offices employ social workers, who are accessible to our staff and their families.’* (Chairman of a national retail group).

4.10 Building Safer Communities

A developmental dichotomy is evident in ratings of this NDP strategy; almost 60% indicate various frequencies of strategic alignment, yet over 40% do not regard community safety programme support as their business priority.

Figure 12. Strategy Alignment: Building Safer Communities Strategy

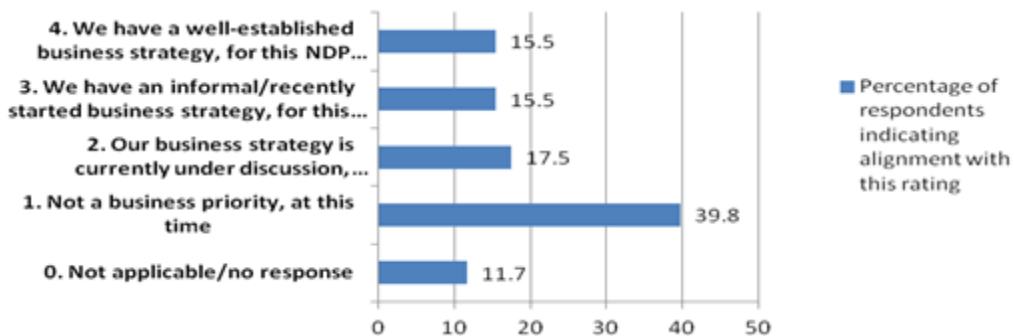


- *We encourage our staff to join Business Against Crime or their local Neighbourhood Watch, as volunteers.* (Chairman of a national retail group).
- *'We would like to help mobilise youth against crime in the areas where our stores are, but how do we start?'* (Regional Retail Operations manager).

4.11 Building a Capable and Developmental State

Reflecting the most significant NDP strategy alignment gap in this study, over 50% of respondents indicated that the building of a 'capable, developmental state' is not in their business plans. The urgent need for developing the skills of a capable state, however, was acknowledged by almost 50%; with several reservations regarding state authority, red tape, democratic transparency and accountability.

Figure 13. Strategy Alignment: Building a Capable and Developmental State

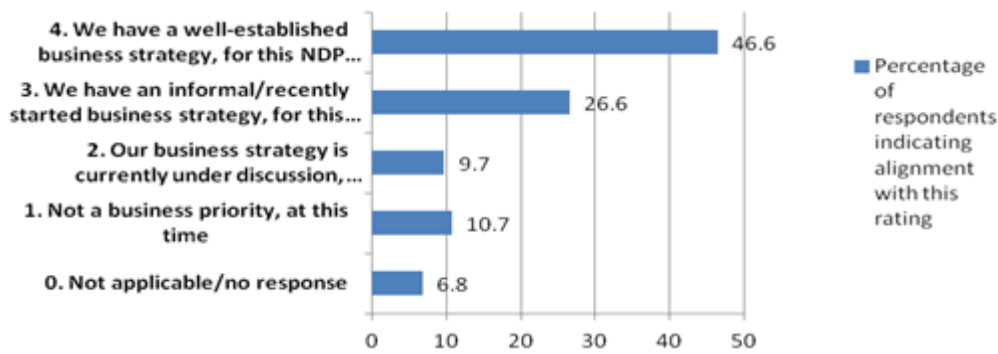


- *This NDP thing is the government's job – leave me alone and let me get on with solving my business bottom line problems, to keep our shareholders happy!* (CEO of a national retail chain)
- *'Business must work together and hold government's feet to the fire, to simplify bureaucratic red tape and get improved state services.'* (National business federation executive).

4.12 Fighting Corruption

Almost a mirror image of the previous strategy theme alignment, over 70% of retail sector respondents indicated their high commitment to 'fighting corruption'.

Figure 14. Strategy Alignment: Fighting Corruption

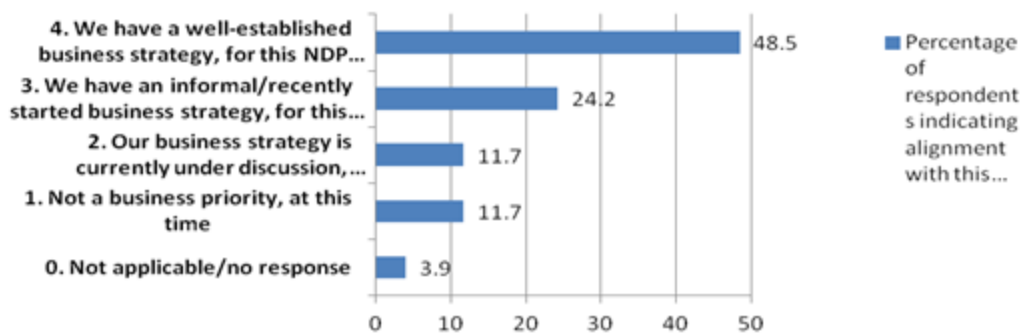


• *We manufacturers, wholesalers and retailers must get our act together in our sector, if we want to stamp out corruption and ensure government co-operation.* (Retail Merchandise director).

4.13 Nation-building and Social Cohesion

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

Figure 15. Strategy Alignment: Nation-building and Social Cohesion



• *Retail organisations and government agencies need to have a strategic conversation to seek consensus on the ‘Greater Good’ for job creation and business incentives to ensure our country’s future stability and growth.* (National retail group CEO).

NDP strategy themes and objectives listed in the survey questionnaire are listed below.

5. Findings and Discussion

Survey findings across the retail business sector reflect differentials in NDP strategy alignment, based on the diversity of the country’s people, the powerful concentration of major retail corporates, the high expectations of state support amongst emerging traders and the lack of a shared sector ‘active citizenry’ commitment to ‘A Plan for All’.

5.1.1 ‘Top Five’ NDP strategy themes: highest W&R Sector alignments

The ‘Top Five’ highest NDP strategy theme alignments expressed by retail sector stakeholders reflect a long-term inclusive developmental perspective in their business plans, seeking to optimise their target community visibility and loyalty as opportunities to stimulate sales growth, and in so doing to create sustainable jobs.

- Nation Building and Social Cohesion
- Fighting Corruption
- Economy and Employment
- South Africa in the Region and the World
- Health Care for All

5.1 Significant NDP Strategy Theme Alignment and Gaps

For ease of reference and analysis, the ‘Top Five’ and ‘Bottom Five’ alignment frequencies of the thirteen

5.1.2 'Bottom Five' NDP strategy themes: W&R Sector alignment 'gaps'

By contrast, the 'Bottom Five' alignment 'gaps' listed below depict the 'business as usual' governance perspective of many retailers; namely that these national socio-economic strategy themes are 'capable state' accountabilities and are not 'active citizenry' imperatives for their profit-driven business plans.

- Economic Infrastructure
- Building Safer Communities
- Inclusive rural economy
- Building a Capable and Developmental State
- Social Protection.

5.2 Implications of Findings

5.2.1 Implications for the Retail sector

Given the increasing urbanisation and vulnerability of South Africans (Ngcamu 2012) and the concentration of retail enterprises in the major city-regions, it might be expected that retail leaders would promote their 'active citizenry' in negotiating urban development strategies with municipalities, seeking a focus on mixed-use spatial planning, land use zoning 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.

Survey data and stakeholder socio-economic insights into the current dynamics and hierarchical nature of South African consumers and the multi-faceted retail sector organisations, contrast starkly with the 'equality' vision and inclusive development strategies of the NDP.

The fundamental challenge, according to several retail thought leaders interviewed, is 'how do we ensure a retail voice that is representative and able to bring buy-in to our developmental discussions and actions? A key element is the building of the underlying trust between key retail stakeholders - this is sorely lacking.'

Spicer (in Graham and Coetzee 2002:74) commends the pro-active role that business leaders and institutions have played in South Africa's democratic transition processes and post-apartheid socio-economic developmental policies.

Expressing a cautionary 'commercial reality check', however, retail sector analyst Parker (2014) pragmatically reflected that 'the successful retailer is the one who correctly identifies the customer and merchandise value issues and develops staffing strategies to accomplish them. The greatest incentive and long-term growth strategy for South African retail enterprises is the opportunity to make sustainable profits.'

The typical incentive for South African retail enterprises emerging from this study is the opportunity to make sustainable profits, through

community visibility, sales promotion and staff productivity. Evidence of pro-active business strategies to help build a 'capable state' is low, especially for emerging retailers and informal traders, for whom 'survival' is the driving motivation. Several corporate executives, however, indicated that their business strategies do include commitment to 'Brand South Africa' social investment and skills development, so contributing towards equality, social cohesion, sustainable local supply-chains and job creation.

5.2.2 Implications for Public Governance and Regulation

Many of the inclusive socio-economic developmental objectives of the NDP have recently been incorporated into national government's programme of action, the Medium Term Strategic Framework 2014-2019 (RSA 2014b). The findings of this study provide a potential agenda for collaborative retail strategy engagements with government agencies in all three spheres, based on recognition of inclusive developmental initiatives in the sector.

The findings will also stimulate retail thought leader engagement with National Planning Commissioners, especially to optimise the NDP proposals for Retail 'Drivers of Change' (RSA 2012: 152). In such strategic engagements, the agenda may include the need to enhance public governance interactions with organised business and to minimise regulatory inhibitors to inclusive economic development and job creation.

5.2.3 Implications for further academic research

Few wholesale and retail sector stakeholders, in completing the questionnaire or in the interviews, indicated an in-depth understanding of the NDP strategic vision or values.

The NDP success factors of 'Institutional capability' and 'Clarity on responsibility', for instance, were typically described by retailers as 'capable state' implementation gaps – and not seen as developmental factors which they could influence. It is in the shared agenda of the 'capable, developmental state' and review of the interdependent roles of the private and public sectors that developmental strategy adjustments need to be refined. Further research into, and engagement with, this shared developmental agenda could build mutually beneficial public-private partnerships in 'A Plan for All'. Such partnerships could lead towards mutual understanding and collaborative programmes to achieve the NDP 'Approach to Change: Enhanced Capabilities and Active Citizenry' (RSA 2012: 27).

6. Recommendations

While acknowledging the need to avoid unethical collusion or anti-competitive information sharing, current examples of retail supply chain innovation and collaboration were referred to by stakeholders in dialogic interviews, as paradigms for a sectoral developmental collaboration, seeking NDP strategy alignment. These include the National Business Initiative 'Sustainable Retailers Forum', the ongoing Retail Association, Retail Council/Consumer Goods Council, Retail Motor Industry Organisation and SA Petroleum Retailers Association membership forums and 'The Secret of Seamless Retailing Success' international research insights, across 20 countries (Accenture 2014).

It is therefore recommended that mandated leaders of retail trade associations convene a Retail Strategy Forum to review the NDP strategy themes and 'critical success factors'. The Forum should seek to define the change leadership principles necessary to implement 'active citizenry' and 'capable state' accountability processes, and building a retail leadership network of co-operative support for implementation of relevant NDP strategies.

7. Conclusion: Towards synergy in Retail Sector/NDP strategy alignment

The range of NDP strategy alignment responses from retail sector stakeholders surveyed reflects the diversity of South Africa's cultures and disposable incomes, the retail market concentration of major corporates, high expectations of state support amongst emerging traders, and the current lack of 'active citizenry' collaboration towards 'A Plan for All', which has been highlighted as a developmental 'critical success factor'.

Policy insights gained during interviews and regional stakeholder forums, however, indicated that many corporates, franchisees and some independent traders have adopted strategies to promote skills development, non-racial customer loyalty, employment equity, staff wellness, anti-corruption, social investment and community development initiatives.

Analysis of the developmental governance alignment data evident in the diverse retail stakeholder responses to the NDP strategy themes and 'critical success factors' reviewed in this paper, suggests that:

- The need for 'fundamental changes' in South African social cohesion, equality, economic regulation and job creation strategies, as envisaged in the NDP, is not strongly shared or effectively co-ordinated, within the retail business sector.
- 'Institutional capability' of the various retail trade associations and federations could be purposefully engaged in a Retail Strategy Forum, with NDP-aligned 'clarity on responsibility',

'sequencing and willingness to prioritise' and 'resource mobilisation' as success factors.

To this end, Kotter's (1996) Leading Change approach provides an internationally proven paradigm for engagement by mandated retail sector leadership. Kotter defines eight steps which, purposefully planned and collaboratively implemented, will generate a shared strategic vision towards inclusive developmental governance and regulation objectives, engaged by mandated organisational leaders in the retail sector.

As former President Nelson Mandela urged in his autobiography Long Walk to Freedom (1994:612): "South Africans must now unite, join hands and say we are one country, one nation, one people, marching together into the future!"

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