

President's  
Corner



I must apologize for the late publication of the letter for this month. In the midst of the turmoil from the outbreak of the COVID-19 pandemic and its unfolding effects on people, industries, and the global economy, it has been a challenge to put my mind at ease and place my thoughts on paper.

I'm continuing on the topic of leadership and the lessons that are coming through in response to the pandemic, both locally and elsewhere around the world. I'll focus on two key leadership characteristics – namely, dealing with uncertainty and building trust.

As I write this letter, in South Africa we would have completed our 21-day lockdown at midnight on 16 April 2020. However, at the end of the second week the President announced a further two-week extension to the lockdown, which will now likely end on 30 April 2020. It was a bold decision on the part of the President and government, given the difficult social and financial challenges that have been experienced in the first two weeks – *viz.*, lack of subsistence income, which meant that most people could not provide basic food for themselves, loss of employment, and in some instances a permanent loss, which will result in higher unemployment rates for the country and the beginning of a deep recession, with the economy likely to contract by about

6% according to the South African Reserve Bank. This is despite essential services continuing, such as energy generation, health, and food production to name a few, but these industries will not be able to hold up the economy on their own given the social distancing protocol that must continue to be observed – as such, the mining industry is operating at about 30–35% of capacity compared to the period before the lockdown.

The decision to extend the lockdown was nevertheless necessary in light of increasing infection rates, a poor healthcare system, and the absence of a vaccine. Given these circumstances, the future remains uncertain, but the potential for a blowout of infections on lifting the lockdown after three weeks would have made this the worse alternative. Such is the difficult situation that our government, and many others around the globe, find themselves – balancing the need to save lives of citizens with protecting and promoting their livelihoods. There have been few, perhaps no, precedents of this nature – but a decision was required and a decision taken in the best interest of the nation.

And so, it is during challenging times that decisions taken by leaders build trust and followership. It is by making the tough decisions that no one else accepts that the leader can earn the support, in our case, of the nation. It is this trust that will be the building block for future tough decisions that will be required in order to reform economic policy and lift the country out of the recession. The stimulus packages, both domestically and abroad, may help, but it will require more than an injection of liquidity into the markets for the domestic and world economies to recover. The COVID-19 pandemic has changed the world order – socially, economically, and politically – as we have known it. Reform will manifest in many guises, including the continuing shift in global political power. My own observations on expected changes include the following:

1. Greater emphasis on universal access for the poor to basic health care services. The divide between the 'haves' and 'have-nots' have been shown up once again from the response to the pandemic.

## President's Corner (*continued*)

2. Increased focus on *governance*, in both the private and public sectors. In relation to government – to govern and lead with integrity (not an oxymoron) and give priority to the needs of the nation. In the past nine to ten years, due to corruption, opportunities have been, lost in terms of investment in basic infrastructure (health, education, transport, water, and energy to name a few) which could have provided employment to millions of South Africans. There will also be increased expectations regarding the role that business should play in society. This will differ by territory, and publicly listed companies will be judged by their sustainability (ESG) practices and reporting. Development of small businesses will become an area of focus in order to increase employment opportunities.
3. ESG (environmental, social and governance) concerns may broaden, but will certainly deepen in terms of their indicators. For the *environment*, impacts on health (from air and water pollution) will gain greater attention – in addition to lifestyle diseases, illnesses arising from air pollution that affect the functioning of the lungs, for instance, have increased the vulnerability to infection from the coronavirus; for *social*, co-investment and collaboration in education and health infrastructure and other social impact initiatives at scale will be a key distinguishing feature of responsibility and accountability to society, especially after governments have spent money saving some companies/industries from bankruptcy.
4. The postponement of the climate change conference scheduled for the end of calendar 2020 does not make climate issues secondary to COVID-19. I'm of the view that the required response to the climate challenge has been elevated. While a vaccine for COVID will possibly be available in 12 to 18 months' time, the solution to climate change and its potential effects still requires much more resolve and it will take longer for the world to achieve an equivalent 'climate vaccine' to limit temperature increases to below 1.5 degrees Celsius. An environment with higher temperatures will provide a foothold for new and unknown diseases which will add to already complex life challenges.
5. An increased in and universal utilization of digitalization, and therefore increasing innovation. A critical benefit of a digitalized environment is the very quick access to information. Appropriate technology and capabilities enable the capture and manipulation of vast amounts of data (health status, location and mobility, medication, *etc.*) which provides information on the effectiveness of any response strategies implemented as well as immediate insights on complementary interventions to resolve the challenge at hand. For these opportunities to be taken advantage of, South Africa will require much higher bandwidth and investment in telecommunication infrastructure and skills.

Wishing you all continued safety and health during and after the lockdown. Practice social distancing and do not make the infection a stigma. Give understanding and the appropriate support to those affected and less fortunate.

**M.I. Mthenjane**  
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