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**Research Topic**

*Globalization is a process that targets emerging markets. In South Africa Wal-Mart has become a reality and is just one example of a number of foreign chains which have entered the local retail market.*

*India, like South Africa will soon be experiencing the onslaught of organized retail. How are Indian retailers such as Pantaloons, Shopper Stop and Reliance Fresh, to name a few, preparing themselves for competition as foreign chains becomes a reality in the Indian market place?*

*What can South African Retailers apply from India, as their local chains and brands prepare for the impact of globalization? How are they preparing to face foreign competitors?*

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**Abbreviations**

1. GDP – Gross domestic product
2. YOY - Year on year
3. ILDP – International leadership development programme
4. FDI – Foreign direct investment
5. SOE’s – State owned enterprise
6. DTI – Department of trade and industry
7. GATT - The General Agreement on Tariffs and Trade
8. TRIMS -Trade –Related Investment Measures
9. GATS - General Agreement on Trade Services
10. WTO – World Trade Organization
11. MNCs – Multi National Corporations
12. APO – Asian Productivity Organization
13. SCM – Supply chain Management
14. UN – United Nations
15. BRICS – Brazil, Russia, India, China, South Africa
16. SMMEs – Small, Medium and Micro Enterprises

**Executive Summary**

The world as we know it today is a different place and how individuals, companies and countries are experiencing it has changed. Technology has driven companies to the extent that the global business community is available at the touch of a button. As companies jockey for more profit, globalization of the world community will continue and South Africa will not be left unscathed.

The core objective of the project was to learn how foreign markets primarily India and China have prepared for globalization and what learning’s can be applied to the South African market from these countries as we face the onslaught of globalization. To further understand the imperative of the topic, our research led to five core objectives that were researched and these included:

* An investigation and understanding of the concept of globalization.
* The development of a view of the impact of globalization to the South African retail market and to explore the benefits and risks of Foreign Direct Investment to the South African economy.
* An assessment of the possible reactions from the retail sector.
* Gathering best practice from the Asian retail market on how they prepared themselves for globalization.
* Proposals of findings to South African retailers in order to provide recommendations as they are faced with foreign competition that will allow:
	+ The local retailers to co-exist with Global Players.
	+ The understanding of the concept of ”glocalization” to remain competitive and survive in the era of Globalization

Through the research both in the local segment and international immersion, it became abundantly clear that understanding the local market conditions, customer needs and the way business is done in any respective market are the keys to survival or opportunity in an increasingly competitive retail environment. Both South African Breweries and Carrefour adopted this strategy on their entry into the Chinese market and have been extremely successful. On entry into a Carrefour store in China, it is not unusual to think the west and east are colliding. The customer is bound to see water tanks with live fish, eels, bull frogs and turtles right next to vacuum packed bacon and pepperoni. Similarly SAB also learnt the local way of doing business, the local environment and guanxi (relationships and connections), and this can be attributed to SAB’S success in China. These businesses glocalized their business models adequately and reaped the rewards accordingly.

In order for South African retailers to survive the impact of globalization and through our learning’s in both India and China we have concluded that understanding the local market, local shopper needs and local way of doing business will create a competitive advantage for local retailers against foreign competition. We therefore recommend a five step model called “The Glocalization Model to Gain Competitive Advantage” for retailers to consider, if they are to survive the onslaught of foreign competitors into the market. The five steps of the model include:

1. Understanding your business.
2. Understanding your shopper.
3. Understanding your competition.
4. Developing your glocalization plan.
5. Implementing a measurement and monitoring system

It is not about changing your strategy; it is about changing your understanding of the customer and local market conditions, it is about knowing South Africa is diverse, a Rainbow Nation with different shopping requirements. Know your customer, serve your customer and they will be loyal and keep coming back to your store.

**1. INTORDUCTION**

**1.1 Definition of Globalization**

Globalization can be identified as a borderless world where distance and space disappear. Trade and financial flows, the exchange of technology and information as well as the movement of people come together. Geographical location in today’s world is starting to play a lesser role in business, whilst economic policy now determines failure or success in the global arena.

**1.2 Contextual History**

Globalization can be traced back to the early days when traders including Marco Polo have been the pioneers of cross border trade, the industrial revolutions of the 18th and 19th century and the multilateral framework established in 1945 are evidence of the integration of the world economy. The world has moved to the modern day where international businesses relationships are mandatory for success. According to Quattara (1997)*,* over time economic thought has evolved to suggest that outward, orientated and open economies are more successful than closed inward looking ones.

**1.3 Environmental Review**

Post 1994 when South Africa transitioned into a young democracy and now 19 years down the road into maturity is faced with the challenges of an economic divide through the opposing demands of business and labour. The country continues to be faced with the challenges of education, poor health services, high levels of crime, the rising cost of energy particularly electricity.

Post 1994 South Africa enjoyed several years of economic boom through better disposable income to the previously disadvantaged and the emerging black consumer. Towards 2008, South Africa, similar to the rest of the world faced the economic depression. Although South Africa was not impacted to the extent other countries were, it was not left unscathed. South Africa did see job losses and the tightening of spend by consumers. It is believed that the National Credit Act that was introduced in 2007, assisted in softening the impact of recession on South Africa.

**1.4 Market Segmentation of the South African Retail Sector**

 Source: Stats SA

Figure 1: Indicates that large enterprises accounts for the largest portion of the sector while the remaining 26% is shared between micro, small and medium enterprises.

**2. OPPORTUNITY STATEMENT**

Globalization is a process that targets emerging markets. In South Africa Wal-Mart has become a reality and is just one example of a number of foreign chains which have entered the local retail market.

India, like South Africa will soon be experiencing the onslaught of organized retail. How are Indian retailers such as Pantaloons, Shopper Stop and Reliance Fresh, to name a few, preparing themselves for competition as foreign chains become a reality in the Indian market place?

What can South African Retailers apply from India, as their local chains and brands prepare for the impact of globalization? How are they preparing to face foreign competitors?

**2.1 Why is the opportunity important?**

Whilst most of the economies in the world, particularly Europe and the United States decline or shrink, Africa remains the only frontier and last major opportunity for a retail presence into an untapped market. The population of one billion, a sixth of the worlds market, is seeing growth in both the emerging formal and informal sectors. As such, global companies looking for growth will keep Africa and particularly South Africa on their radar for future growth. The entry of larger and well established brands and players from around the world will offer consumers far more alternatives to choose from; on the other hand it will have an impact on local retailers.

It is important for the South African wholesale and retail industry to get an insight into how retailers can better prepare themselves to deal with foreign companies operating in their retail space. It is also important to establish if best practices adopted by other retailers outside the country are applicable to the South African retail sector.

**2.2 What are the outcomes of not addressing the opportunity statement?**

The dangers of not preparing for foreign competition could potentially impact the following stakeholders:

|  |  |
| --- | --- |
| **Stakeholder** | **Impact** |
| Foreign Investors | Discouragement due to complex investment requirements / protests by Trade Unions and competitors. |
| Local Companies | Risk of loss in business and closure due to competition and international best practice coming into the country. |
| Country | Lack of foreign investment could have a negative impact on economic growth and employment. |
| Individuals | The risk of job loss due to business closures. |
| Suppliers | Loss of business due to influx of international products and brands as opposed to local products. |
|  |  |

**3. PROJECT SCOPE**

**3.1 Project Justification**

The project justification is driven around a mindset that globalization has negative connotations to the sustainability of local business, through business closure and job losses. Through the research framework we will attempt to provide, guidelines and suggestions where:

* The benefits and risks of foreign direct investment into the South African economy are clearly understood and embraced.
* Local and global players can co-exist in the same market.
* Job security is considered as a pillar of sustainability.
* The concept of ‘Glocalization’ is explored and embraced.

The research will provide academic investigations, and qualitative analysis on how best the local retail market should approach the concept of globalization and how best to allow co-existence of the different role players.

**3.2 Project Deliverables**

The final Action Learning Project will be delivered through a research document of the key findings; it will include a summation of the problem and the importance of addressing the problem with respect to the wholesale and retail sector of South Africa. The project will cover key deliverables that will propose specific solutions, alternative solutions as well as recommendations on how best the local retail market can deal with the concept of Globalization. The results of the research will include an executive summary and action plans that will need to be carried beyond the completion of the ILDP.

**3.3 Research objectives**

* To conduct an investigation and understand the concept of globalization.
* To develop a view of the impact of globalization to the South African retail market and to explore the benefits and risks of Foreign Direct investment to the South African economy.
* To assess and weigh possible reactions from the retail sector.
* To gather best practice from the Asian retail market on how they prepare themselves for globalization.
* To tailor make these findings to South African retailers in order to provide recommendations as they are faced with foreign competition that will allow:
* The local retailers to co-exist with Global Players.
* The understanding of the concept of”glocalization” to remain competitive and survive in a time of Globalization.

**3.4 Assumptions / Limitations and Exclusions**

**3.4.1 Boundaries and exclusions:**

The research will focus exclusively on the Wholesale and Retail sector, and exclude any other sector which may also be impacted by the process of globalization. Retailers in South Africa, India and China will be included.

**3.4.2 Assumptions:**

Assumptions are based on the fact that most of the big retail chains in India and China have already experienced the impact of globalization, and they would be willing to share their experiences for research purposes.

**3.4.3 Limitations and Constraints:**

In order to gain a better insight, the research audience consists of all key players in the industry, as detailed under the research methodology.

The team is aware that where interviews are successful, it may still be difficult to obtain enough information to build a strong business case and make sustainable recommendations to the South African Retail Sector, therefore; the following research methodologies will also be used, taking into account the Gordon’s Institute of Business Science (GIBS) policy against Plagiarism:

* Literature reviews - articles and journals on companies and the retail industry both locally and internationally
* Questionnaires

**4. RESEARCH METHODOLOGY**

**4**.**1 Outline of Methodology**

The team concentrated on qualitative research methodology which involves the following:

* Interviews, specifically limiting the research audience to retail industry experts, policy makers, business analysts, large and medium sized local retailers.
* Academic research, including literature reviews and journals.
* Information obtained from international (Asia) immersion.

**4.2 Interviews**

Interviews were conducted locally, with policy makers, large retail enterprises, as well as small and medium enterprises. The interviews concentrated on getting insights on the potential impact of globalization on the South African retail market as well as gain views and perspectives on how best South Africa should handle the concept. We further attempted to formulate through the interviews recommendations and potential solutions for the project.

**5. RESEARCH RESULTS**

**5.1Understanding the Concept of Globalization**

**5.1.1Borderless Societies and the Impact on Local Markets**

Globalization has brought about images of a world in which goods, services, capital and information flow across seamless national borders. In this imagined world, choices over where to produce, shop, invest and save are no longer confined within national borders, but have taken on a global orientation. There has been speculation by some analysts that globalization has blurred the economic distinctions between countries, creating a “borderless world”, in which economic decisions are made without reference to national boundaries, a controversial issue, which has potentially important implications for economies and policy makers. A truly borderless world / society would mean complete economic integration, which requires no trade barriers between countries, resulting in strong economies. Recent advances in communication and information technologies have promoted economic integration by enhancing knowledge of and access to foreign consumers and products.

The effects of national borders extend beyond the economic impacts of geographic distance, and formal trade barriers. Merely liberalizing trade or reducing transportation costs between national markets may not be enough to cause the border to disappear.

Factors that may have to be considered for full economic integration or that would affect domestic markets in a borderless society:

* Government-imposed barriers to trade
* Fluctuations in exchange rates
* National historical ties with other countries
* Cultural and Religious differences
* Product pricing policies and differences thereof
* Protection from foreign economic shocks i.e.; recession

The availability of information and technology, access to Internet (World Wide Web), and the democratization of finance have made national borders more accessible, people and goods can move easily between borders, but that does not necessarily mean these borders no longer exist. Borders and demarcations are still relevant as the different cultures and religions of the world *(*Ceglowski 2005).

**6.THE ADVANTAGES AND DISADVANTAGES OF GLOBALIZATION AT COUNTRY, COMPANY AND INDIVIDUAL LEVEL**

**6.1Advantages and disadvantages at Country Level**

**Advantages:**

* The freedom of trade between countries has allowed people to access items that were previously unavailable to them before. This has lead to more competitive pricing.
* International travel has made it possible to have access to different countries, cultures and experiences easily.
* Globalization has also lead to the ability of countries to work together, an example is the member states of “BRICS”, which constitute Brazil, Russia, India, China and South Africa.
* It increases understanding and breaks down cultural barriers between countries
* More developed countries are able to support developing countries in business and economics.
* It has the propensity of creating economic growth in countries.

**Disadvantages**

* As financial markets including the stock markets become interconnected, any financial insecurity in one country or group of countries will also affect the world at large. An example of this was the 2008 Economic Depression.
* More well developed countries using their power and influence to interfere and take advantage of developing nations and political systems.
* It can make illegal activity easier as large scale syndicates can be set up across numerous countries.
* It increases the level of unemployment in countries as jobs are outsourced to other countries that pay lower.
* Globalization can also lead to cultural homogenization. Each nation / society has its own distinct culture, but under globalization the cultures of developing countries are eroded as they are required to accept the values and norms of developed countries.
* Abomination of local natural resources, due to exchange policies around foreign direct investments e.g. China’s investment in infrastructure development on the African continent, in exchange for its natural resources.

**Impact**

As companies continue looking for markets to increase profitability and global market share, South Africa will not be left unscathed in this quest, South Africa and the rest of Africa are the final frontier of expansion for many global companies. Globalization has the propensity of creating economic growth through international investments and international trade into the country, it also has the ability to remove wealth from a country, through the movement of profit back to Multi National Company’ countries. Furthermore has South Africa becomes more part of the global community it also is at risk to global economic fluctuations and has such; the economic policy in the country must be accordingly structured not to put the country at risk. This includes sound monetary and investment policy.

**6.2 Advantages and Disadvantages of Globalization at Company Level**

**Advantages**

* Resources and goods can be transported around the world and processed more efficiently.
* Businesses are able to access much wider markets thereby increasing profits.
* Through competition prices can be kept relatively low.
* Successful managers will need to understand the similarities and differences across national boundaries in order to utilize potential opportunities.
* Foreign competition will encourage domestic players to increase efficiency, companies get better by competing against companies that are better than them.

**Disadvantages**

* The threat of corporate ruling the world is high, as there is a lot of money invested in them.
* Companies face much greater competition. This can put smaller companies at a disadvantage as they do not have resources to compete at a global scale.

**Impact**

Entry of global players into markets creates a platform of introspection by the current players within the market. Companies look for efficiencies, cost reductions and better supply chain management to be able to compete with global players. On the converse side the companies most at risk are the smaller companies that do not have the resources or infrastructure to compete and thereby stand the risk of closure. In order for small local companies to remain relevant, it is imperative these companies find ways to develop competitive advantages that are not easily copied by large multinational corporations.

**6.3 Advantages and Disadvantages of Globalization at an Individual Level**

**Advantages**

* Job opportunities have increased as people are able to compete abroad and in global companies for positions.
* People have greater access to skill, training and educational opportunities due to globalization.

**Disadvantages**

* It increases the gap between the poor and the rich through income inequalities. The poor remain in the poverty trap.
* Spread of a materialistic lifestyle and attitude that sees consumption as the path of prosperity.
* Many multinational corporations are capital intensive rather than labour intensive, resulting in technology replacing unskilled labour, thus, increasing the risk of unemployment.

**Impact**

Whilst global companies bring with it job opportunities as well as training opportunities, it can also be argued that multinationals corporations, with their drive on profitability will use different methods and mean’s such as technology and robotics to achieve this objective and will not be afraid of reducing people in this quest. South Africa with its high unemployment rate, cannot afford international companies coming into the country and laying people off, this will have negative impact on people’s lifestyles, the economy and the country as a whole. As individual South Africans it is important we do our jobs to the best of our ability at all times and that we are able to compete in the global arena. Furthermore South Africa’s labour market and particularly unions must be cognizant of the imperative of employment creation in the country and not make unreasonable demands on companies wanting to invest in the country.

**7.THE CURRENT STATE AND SOUTH AFRICA’S RESPONSE TO GLOBALISATION AT COUNTRY, COMPANY AND INDIVIDUAL LEVEL**

**7.1 Country Level**

**7.1.1 South African Policy on Globalization**

In the case of the Walmart / Massmart merger, South Africa could not in good faith ignore the commitment it made to the WTO with regard to international law. Should this merger not have been approved it would have sent a negative message to the international community about investing in South Africa. Furthermore, in the case of Walmart / Massmart merger both the Competition Commission and the Competition Tribunal viewed the international agreements before coming to a decision. Whilst the deal with Walmart and Massmart was approved in South Africa, should this have not been the case, the merging companies could have contested the decision in the courts based on the fact that South Africa is a member of the World Trade Organization.

**7.1.2 Regional Economic Integration and Free Trade Agreements**

Whilst there are many agreements, for the purpose of this assignment, the Southern African Development Community (SADC) economic co-operation plan has been explored because of its importance to the region as a whole. South Africa as the economic hub of the region has a key role to play from an outward globalization perspective, that is to forge close relationships with member countries thereby creating opportunity for South African companies to invest in these countries. Members include, South Africa, Angola, Botswana, Lesotho, Democratic Republic of Congo, Mauritius, Namibia, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe who have declared their commitment to pursue policies aimed at economic liberalization and integrated development of their national economies. The objective being to create a common economic community of approximately 130 million people dedicated to the ideals of free trade, free movement, a single currency, democracy and the respect for human rights. The treaty went on to further highlight the following objectives:

* To achieve development and economic growth.
* To alleviate poverty.
* To enhance the standard and quality of life of the peoples of Southern Africa.
* To support the socially disadvantaged through regional integration.
* To evolve common political value systems and institutions.
* To promote and defend peace and security.
* To promote self-sustaining development on the basis of collective self-reliance and interdependency of member states.
* To achieve complementarity between national and regional strategies and programmes.
* To promote and maximize productive employment and utilization of natural resources and effective protection of the environment.
* To consolidate the long standing historical, social and cultural affinities and links amongst the people of the region.

(Burgess and Bothma 2007).

Whilst the treaty may have the correct ideals and objectives, it is failing to reach the man on the street. In order for the above objectives to materialize into economic integration for the region, it will require more commitment from all the relevant stakeholders. South Africa in particular has an opportunity to take a lead in the region and be at the forefront of this integration to the benefit of both the region and South Africa. Whilst many South African companies such as Shoprite, Game and Mr. Price have stores in African countries, further embracement of the opportunity afforded by the collaboration within the SADC is still to be fully realized.

**7.1.3 Unionization in South Africa**

Trade Unions play a role in most free economies, in order to not be counter- productive, it is important that the interest of the masses and the country are taken into consideration. To further understand, we have explored the union set up in South Africa. A union is an organization of workers of various backgrounds across economic classes who have a common interest to ensure collective rights are protected in the workplace. Unionization therefore is a process which drives the mandate of union in advancing the interest of the working class.

In South Africa there are three major union federations namely Congress of South African Trade Unions (COSATU) and Federated Union South Africa (FEDUSA) and National Council of Trade Unions (NACTU).

Cosatu affiliates are big in any sector of the economy where they organise.

**Progressive Unions:**

Unions in the context of South Africa as a developing economy with massive socio economic challenges need to be pro economic development, willing to embrace the following realities as they confront the nation:

* Unemployment
* Lack of proper, decent and developmental education

This entity should be prepared to work with business in addressing challenges and improving the overall standard of all and to make logical demands for pay increases, which will ensure that workers live in acceptable conditions. Interestingly societies which are highly productive and aggressively developing like China have a glaring absence of powerful unions.

**Un-progressive Unions:**

These are irrelevant and obsessed with backward and counter-productive concepts of living wage and make absurd demands on businesses, which makes it impossible for employers to provide employment to multitudes of young and old people. They have been known to oppose the arrival of big business and massive FDI flows particularly in the retail sector as evidenced recently when they opposed the acquisition of Massmart Holding by Wal-Mart form the United States. Their ultimate impact is that unions are making it difficult for employers to recruit new employees, thus increasing the cost of labour as an input in production to unsustainably high levels. The process of hi tech advancement and human replacement by robots then seems more appealing at the expense of the workers, the country and the continent. The effect, if not an unintended consequence of this free reign that the so called champions of the workers will achieve in the medium to long term is to destroy industrial relations in the country and make this country seem like an unattractive investment destination

Whilst unions are part of business, their role must be to canvas for employment of the masses, and should globalization be a means to create employment, then it must be embraced accordingly.

**7.2 Company level**

**7.2.1 Customer Centricity**

Customer centricity is more than having the capacity to understand and respond to the customer’s needs. In an increasingly dynamic and competitive business world, a deeper understanding and focus on the customer is required in order to succeed.

Mitreanu (2005) states that there are three types of customer centricity; first Generation Customer-Centricity, second Generation Customer-Centricity and third Generation Customer-Centricity. Each generation of customer-centricity has built upon previous generations, bringing additional value for the adopting company. The first generation allows the vendor to respond to the customer’s demands making transactions, and therefore commerce, possible. The second generation allows the vendor to understand the customer’s needs and identify the right offerings and their substitutes. The third generation allows the vendor to identify the opportunities for diversification through higher-value offerings, based on his existing portfolio.

As expected, the next –generation of customer-centricity, the Customer Issue Centricity, maintains all of these benefits. Additionally, it brings to the table two more very important benefits. The benefits are; direct relationship between an issue’s position and the vendor’s approach, dynamic perspective of the customer’s issues (Mitreanu, 2005*).*

The customers of today are expecting and require an increasingly individualized store experience, in this hyper competitive world, therefore companies that can react quickly to new customer behaviours will achieve high performance and growth despite market conditions. It is critical for retailers to apply a personal touch at every stage of the customer purchase journey. The use of social interplay and instant gratification that customers can experience by welcoming and helpful team in most cases guarantee’s a return of the customer to your store. Shopping is fundamentally a social activity; customers want an enjoyable and relevant experience when they shop. In essence you need to satisfy the customer, acknowledge the customer reward the customer and follow up with the customer and they will keep your cash registers working.

South African companies that can embrace a customer centric approach to their business will not only position themselves for better results but will also be creating a competitive advantage that foreign players will find difficult to copy.

**7.2.2 Agility, Adaptability and Innovation**

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Figure 2 Porters Model of national competitive advantage (Porter’s diamond)

*Source: Competitive advantages of Nations by Michael E Porter*

The four attributes highlighted in Porters Diamond shape the environment in which local firms compete and that they either promote or inhibit the creation of innovation and competitive advantage. Porter found that the success of nations and their individual business organizations were closely linked and that national competitive advantage from successful organizations that innovate and continually improve their processes and service offerings can withstand competition and still succeed (Johan Hough and Ernst Neuland, 2007*).*

South African companies facing the onslaught of globalization will need to continually innovate, understand the behavior of competitors to remain relevant. A thorough understanding of local consumer behavior and needs that cannot be easily copied by global players is an added advantage. This will include a deep understanding of their likes / dislikes and being able to offer outstanding service.

**7.2.3 Globalization and the Supply Chain**

According to the Asian Productivity Organization (APO) (2002) the basis of global competition has changed. No longer are companies competing against other companies, but rather supply chains are competing against supply chains. The success of a business is invariably measured neither by the sophistication of its products nor by the size of its market share. It is instead usually seen in the light of the ability to harness its supply chain, sometimes forcefully and deliberately to deliver responsively to customers and when they demand it.

More often than not, this necessity is brought about by the onset of new and emerging, albeit sometimes disruptive, technologies. The rapid penetration of these new technologies such as the Internet, is also transforming global commerce, shrinking the marketplaces forcing situations of highly unstable and unpredictable demand intensities, and shortening the lead times of critical information flow. In this setting, the literature both trade and academic, has repeatedly reported how technology as a driver of change has influenced the supply chain practices of many Multinational Corporations (MNCs).

For these MNCs, their supply chains are intricately linked to the digital economy or path of no return. Therefore, Supply Chain Management (SCM) will have to be linked to the new digital economy as demanding and technologically-savvy customers around the world increasingly expect goods and materials to be delivered to their doorstep at “click speed”, courtesy of broadband capabilities. Countries and firms alike that desire to participate in global supply chains must understand and embrace without further hesitation a new mantra of SCM on which the new competition is premised. Likewise, Asian enterprises must adopt these new technologies to participate effectively and navigate successfully in the new economy.

**7.3 Individual level**

**7.3.1 Human Capital and Training**

South African Wholesale and Retail Sector contributes around 13.3% of South Africa’s GDP (Source: www.wrseta.org.za) and is the fourth largest GDP contributor in the country. The supply of well trained employees, with an understanding of the retail business is often inadequate compared to the needs of organized retail. It has become increasingly difficult to attract talented people, particularly school and university graduates into retail as in most instances it is not their desired field

Furthermore The Wholesale and Retail Seta, in its medium term strategic framework (2009-2014) has highlighted that casualisation has serious practical implications in that casual workers receive little or no skills development and in many instances permanent positions are replaced by casual ones in an effort to increase margins and avoid labour union demands. Whilst the Wholesale and Retail Seta has a comprehensive skills development strategy, it is not only the responsibility the Seta to develop the sector. Retailers will need to:

* Embrace the Wholesale and Retail Seta’s Medium Term Strategic Framework(2009-2014)
* Ensure skills levies are paid, so the Seta can continue developing the workforce.
* As retailers to offer mentorship programmes, larger retailers to smaller businesses.
* Provide bursaries to encourage students to embrace retail as a career.
* Propose and canvass for the introduction of degree courses that are retailer centric in tertiary institutions, such as degrees for buyers and planners.
* Cross train employees, that can function effectively in more than one department at a time.

With the Wholesale and Retail sector currently contributing 18.66% to the South African workforce,1.27% of the workers holding bachelor’s degrees, 4.35% with matric and diploma, 34.95% with matric only, 12.86% with grade 11 and the remaining 39.71% having education below grade 11(Source: Sigcau,AQLFS(2nd Quarter 2010) unpublished raw data) is indicative of the work that needs to be done in the sector to up skill its workforce and remain efficient, competitive and sustainable in the face of global competition

Figure 3: Highlights the adoption of ubuntu values for firm cultures

*Source:McFarlin,D.B and Sweeney,P.D.2002 International Management Strategic opportunities and cultural challenges. P225*

Ubuntu views the enterprise as a community of relationships reflecting the group solidarity prevalent in many African cultures. This approach emphasizes sharing, supportiveness, co-operation and participative decision making based on collective values. South Africa in its diversity embraces ubuntu. Bringing this principle and values into management and the training of managers will create leaders that are fair and employees that are productive. It is this uniqueness that South Africa possesses that could allow South Africa to be better prepared for global players coming into the market.

**8. REACTIONS FROM THE SOUTH AFRICAN WHOLESALE AND RETAIL SECTOR**

**8.1 The Walmart / Massmart Merger**

The announcement of their investment into the South African economy in April 2011 was met with resistance by a number of stakeholders. Government’s opposition was based on a fear that the floodgates to cheap imports into the local market will fundamentally affect domestic manufacturers and employment.

Government’s perception was mainly informed by the historical evidence of negative effects of Wal-Mart in various economies they have invested in previously. It was probably exacerbated by the fact that they are the world’s biggest retailer, and always prone to attack by unions and undue scrutiny by legislative unions. According to Farell et al in Mexico Wal-Mart’s “every day low prices” ended a long history of hefty margins for the country’s leading retailers to such an extent that some analysts now credit the company with helping to reduce the country’s inflation rate. Prices fall because foreign players improve a sector’s efficiency and productivity by bringing in new capital, technology and management skills, and by forcing less efficient domestic companies either to improve their operations or exit.

**8.2 An Overview of the Wal-Mart Journey into South Africa - Interview with Jon Martinek:**

Africa remains the only frontier and last major opportunity for a retail presence into an untapped market. The population of one billion, a sixth of worlds market, is seeing growth in both the emerging formal and informal sectors. As such global companies looking for growth will keep Africa and particularly South Africa on their radar. Wal-Mart through its global strategy is constantly looking at new markets for investment. The International Division of Wal-Mart is the fastest growing division within the Wal-Mart Organization. The South African decision was on the drawing board for between 3 to 4 years before the final decision to invest. The investment went through a robust filter process that included:

* Population statistics
* What sector of the market was formal versus informal.
* In country visits and market analysis
* Investigation of the emerging middle class.
* Analysis of risk index, as prepared by the different worldwide monitors.
* South Africa being part of “BRICS”

According to Martinek, Wal-Mart procurement is between 70 to 80% local, whilst these may not necessarily be manufactured locally. Wal-Mart believes that sourcing products locally is the preferred option. When Wal-Mart enters a new market it has an impact on other retailers, suppliers and customers:

* Retailers – They create a catalyst for inward reflection. Many retailers revisit the old and new, trying to create efficiencies in their businesses that will create an environment that allows them to compete and exist with entry of global players into the market.
* Suppliers – Generally suppliers have two options to either look at Wal-Mart’s entry into a market as a threat or opportunity. With between 70 to 80% of purchases being made in the market entered, Wal-Mart generally has a positive impact on suppliers in new markets. Products such as fresh produce are purchased from local producers. Walmart also have agreements with many local farmers where these farmers grow crops exclusively for Walmart, and Walmart guarantee they will purchase 100 percent of the crop. Since their arrival into South Africa Walmart through the supplier development fund has started many iniatitives to assist local suppliers, and these include small local farmers.
* Wal-Mart’s entry into a market also results in both suppliers and other retailers finding more efficiency in their businesses, through better supply chain management, and cost management.

 *(For full interview with Jon Martinek refer to the appendices)*

**8.3 An Overview from local South African retailers**

According to Simon Suzman (Chairman of Woolworths Holdings Ltd), the prospect of the South African retail landscape looks positive. The consumer base is shifting upwards, and considering the economic environment both in the USA and Europe, South Africa will continue being viewed as a good investment opportunity by international companies. Suzman highlighted the following as necessary requirements in the face of globalisation:

* The need for a body recognised by government that represents the Wholesale and Retail Sector.
* South African business should invest more into education and skills development.
* Recruitment of employees with the right attitude for customer service.

Furthermore the smaller retailers interviewed felt they have not fully experienced the impact of globalization. The view from these players is that they expect increased competition and a reduction in prices as international players enter South Africa. In preparing themselves, small retailers believe the best they can do is keep on servicing their customers well, improving their entrepreneurship skills, and look for new businesses ventures. They also highlighted the importance to maintaining good and sound relationships with suppliers and customers.

*(For full interview with Simon Suzman refer to the appendices)*

**8.4 An Overview from the South African Competition Commission**

According to the competition commission, South Africa is not particularly well known within global investment circles, when large global companies consider investment into South Africa, this must be viewed as a confidence booster as it creates awareness amongst other potential investors and fund managers to consider investing into South Africa as well. Furthermore large investments such as the recent Wal-Mart / Massmart merger have the potential of creating jobs not only through new stores but also with other service providers that will grow with Wal-Mart / Massmart.

On the other hand less efficient suppliers and retailers can be disadvantaged and put out of business when global players enter a market. This can happen through the new players being more efficient, have better buying power and funding for expansion.

**9. THE ASIAN PREPARATION FOR GLOBALIZATION**

**9.1 India - Retail and Government Policy**

Retail in India is one of the cornerstones of the economy and accounts for between 14 to 15 % of the country’s Gross Domestic Product, with an estimated value of USD 45O billion. India with its population of 1.2 billion people is one of the top five retail markets in the world by economic value.

The market is primarily owner manned small shops and this was particularly evident in our recent trip to India. In 2010 larger format convenience stores and supermarkets accounted for about 4% of the industry and were largely visible in the urban areas. Employment in the retail and logistics sector accounts for approximately 40 million jobs approximately 3.3% of the Indian population.

In January 2012, India approved reforms for single-brand(1) stores welcoming anyone in the world to innovate in the Indian retail market with 100% ownership, but imposed the requirement that the single brand retailer source 30% of its goods from India. Indian government continues the hold on retail reforms for multi-brand stores(2).

On the 14th of September 2012, the government of India announced the opening of FDI in multi-brand retail, subject to approvals by individual states. This decision has been welcomed by economists and the markets, however has caused protests and an upheaval in India's central government's political coalition structure. On the 20th of September 2012, the Government of India formally notified the FDI reforms for single and multi brand retail, thereby making it effective under Indian law.

* India will allow foreign groups to own up to 51 per cent in "multi-brand retailers", as supermarkets are known in India, in the most radical pro-liberalization reform passed by an Indian cabinet in years;
* Single brand retailers, such as Apple and IKEA, can own 100 percent of their Indian stores, up from the previous cap of 51 percent;
* both multi-brand and single brand stores in India will have to source nearly a third of their goods from small and medium-sized Indian suppliers;
* All multi-brand and single brand stores in India must confine their operations to 53-odd cities with a population over one million, out of some 7935 towns and cities in India. It is expected that these stores will now have full access to over 200 million urban consumers in India;
* Multi-brand retailers must have a minimum investment of US$100 million with at least half of the amount invested in back end infrastructure, including cold chains, refrigeration, transportation, packing, sorting and processing to considerably reduce the post harvest losses and bring remunerative prices to farmers;
* The opening of retail competition will be within India's federal structure of government. In other words, the policy is an enabling legal framework for India. The states of India have the prerogative to accept it and implement it, or they can decide to not implement it if they so choose. Actual implementation of policy will be within the parameters of state laws and regulations*."*[*http://en.wikipedia.org/w/index.php?title=Retailing\_in\_India&oldid=525327201*](http://en.wikipedia.org/w/index.php?title=Retailing_in_India&oldid=525327201)"

It is therefore apparent that India through its planned review of legislation is looking to foreign direct investment as a means for future growth in the world’s largest democracy. Furthermore as the need of consumers evolve, so does the need for markets to change, to remain relevant become’s important. Notwithstanding a major benefit would be to the stakeholders across the entire span of the supply chain. For example, farmers would benefit from the reduction in post-harvest losses and fair prices for their produce. Another example, are small manufacturers, who would benefit from the condition that requires investors to source 30 percent of their products from small industries. In addition, the condition for 50 percent of the FDI to be invested in backend infrastructure will benefit the whole country.

Another benefit from the policy change is that FDI will create more employment opportunities for Indian workers. Moreover, consumers will benefit from lower prices and improvement of product quality, which come from supply chain efficiencies, technological upgrades, testing and quality control. The learning that South Africa can take is the clarity of guidelines offered by the Indian government to potential investors. The rules of engagement are clear for investors and needs of the local economy and employment requirements have all been considered. South Africa needs to create a clear platform where both the global market and local market are aware of its investment policy and not send mixed messages to the world as was the case in the Walmart/Massmart merger.

**9.2 China - Retail and Government Policy**

China as a re-emerging Economy, fully embraces modern concepts of doing business, particularly, in retail. The country has openly allowed foreign players to operate in their markets. China has a very open policy in respect of embracing FDI, and State Owned Enterprises (SOE) collaborate and buy stakes of up to 51% in these foreign entities.

The government has equally allowed if not ignored the emergence of illegal trade across patented goods like the development of cell phones. The informal and small manufacturer referred to as the “Shenzhen Bandits” primarily catering for the bottom end were allowed to test and develop their products sometimes below industry standards because of the long term strategic plan of creating a global Chinese competitor to the multinationals. An example of this is “Huawei” the cell phone manufacturer from humble beginnings to now becoming a global brand.

According to the Ministry of Commerce (MOFCOM), foreign invested enterprises account for over half of China's exports and imports; they provide for 30% of Chinese industrial output, and generate 22% of industrial profits while employing only 10% of labor – because of their high productivity.

FDI policies in China have evolved alongside economic development and strengthened institutional capacity. China has been quite open for FDI in almost all manufacturing and most service industries.
China’s highly decentralized FDI approval and policy implementation creates opportunities for healthy competition but can also become cause of excessive red tape and corruption. In such a decentralized environment transparency of regulation and open communication between Government and business community is of special importance.

The challenge for China now is to attract the right kind of FDI as it strives to rebalance its economy and improve the environment. As a result, recent FDI strategies have taken a more selective approach, to attract environmentally sustainable, energy efficient, and technologically advanced industries. As befits its economic global rank China is providing a level playing field for all firms, domestic or foreign alike.

*(*[*www.worldbank.org/en/news/foreign-direct-investment-chinastory*](http://www.worldbank.org/en/news/foreign-direct-investment-chinastory)*)*

South Africa can learn from China, in terms of being open to, and embracing FDI to assist in economic growth. There needs to be clear policies in place, minimizing red tape. Government can look into laws that will force these foreign companies, once they have entered into the country, to partner with local firms, or allow joint ownership, to ensure that small local retailers still survive. South Africa is a resource based country; foreign investors can also be encouraged to set up production plants for export purposes, this would contribute positively to the economy, and help alleviate unemployment.

**9.3 An Overview of Retailer Experiences in India and China**

**9.3.1 Key Insights: South African Breweries - China**

1. China with a population in excess of a billion has large provinces, it is therefore important to understand the mix requirements with each province and deliver accordingly.
2. It is apparent that the beer growth will come through urbanization. As more cities get developed; SAB Miller believes this will have a direct impact on the consumption of beer.
3. Due to the many SOE’s in China, in order to succeed, it is important to have government support.
4. The necessity for brand positioning and price tiering is relevant and required, when operating in a diverse market.
5. SAB Miller has been successful in China because its Joint Venture Shareholders are fully aligned. In order to succeed they have segmented the market based on beer drinking habits and supplied the market product based on what is preferred in each region as opposed to sending all products to all regions.

It is once again apparent that in order to succeed understanding the nuances of the local market conditions, local market needs and the way business is done is the key to opportunity.

**9.3.2 Key Insights: Carrefour - China**

Carrefour, the single largest foreign retailer in China is driven by the vision of “Different World, Different Cultures” It is the company that brought the supermarket and hypermarket concept of retail into China. Unlike the stores in Europe and United States, you will find tanks of live fish, eels, bullfrogs and turtles dominate the fresh food section, where modern formats mix with local tastes. Carrefour currently has 211 stores in China.

1. Learn the art of adaptability – do not go into a market with pre-conceived ideas of the West, you will be bound to make mistake after mistake.
2. If you are in a new market follow and stay close to the local competition. Conduct regular stores visits to gain market intelligence.
3. Update your strategy every three years to remain relevant.
4. Have a strong local management team and take appropriate actions to retain good managers.
5. React to consumer needs based on detailed customer surveys and be prepared to have an adaptive action plan.

It is also clear that consumer behaviors as noted in the table below are different and as such, it is important for potential investors to understand and for local retailers to continue using these to their advantage.

Consumption Behavior as Defined by Carrefour in China

|  |  |
| --- | --- |
| **European** | **Chinese** |
| Once a week | Everyday |
| Supermarkets | Open Air markets |
| Far from downtown | Close to living community |
| Packaged Food | Touch and Smell |
| Cold or Frozen | Live and Fresh |

By understanding and adapting to the local market needs, Carrefour recorded an average growth of 18% for the period 2005 to 2011.

**9.3.3 Key Insights: Standard Bank - India**

1. Understanding other cultures and respecting their way of doing business is a requirement of any potential foreign entrant into a new market.
2. The rigidity of labour laws in South Africa is slowing down potential investors to invest in South Africa.
3. The Department of Trade and Industry (DTI) should encourage foreign investment through tax rebates and incentives to invest in SA. Roll out the red carpet.
4. Make investing into South Africa simple.
5. In order to succeed remain focused on your strategic intent.

**9.3.4 Key Insights: Twinings Tea - India**

1. A comprehensive understanding of the Indian consumer and a message that talks to responding to the consumer needs, that was to stick to the knitting.
2. The Twinings tea brand is positioned clearly in line with the targeted market, emphasizing that Retailers can't be everything to everyone, as a retail brand, you have to pick your targeted market and position your brands as such to be accessible to the targeted market and become aspirational to those who cannot afford it.
3. After this brand positioning was done, Twinings tea‘s results grew between 21% and 37% with higher prices and less offering.
4. Twinings tea has maintained its history and thrives through with its brand equity intact through proper brand positioning. Those from within the Indian market, who understand the brand, are willing to pay the premium for its exclusivity.

**10 SUMMARY OF SIMILARITIES AND DIFFERENCES OF DOING BUSINESS IN CHINA, SOUTH AFRICA AND INDIA**

|  |  |  |
| --- | --- | --- |
| **China**  | **South Africa**  | **India**  |
| Relationships – Long term value | Relationships - Short term gains.  | Relationships – Valued above all |
| Urgency – Agility to react is quick.  | Urgency – Lack agility to move at required pace, and not taking accountability  | Urgency – Non apparent – the system seems to work at its own pace.  |
| Efficiency – the system works. Also synergized, working together to create significantly tangible value.  | Efficiency – labour is highly unionized, therefore slowing down productivity.  | Efficiency – whilst the system works, opportunities seem to be amiss due to local.  |
| Adaptability – Many international retail brands are evident in the market, in line with consumer behavior.  | Adaptability – Slowed down by trade barriers.  | Adaptability – slow to act – government interference.  |

It is apparent from the table above that both South Africa and businesses within the country, will need to improve efficiencies, become more agile and adaptable if we are to compete in the global arena.

**11. THE LOCAL RETAILERS TO CO-EXIST WITH GLOBAL PLAYERS**

During the international immersion of the ILDP, it was evident in Beijing that the residents supported the local players. The elderly and stay at home mothers would make their way and begin a daily ritual of inspecting produce and haggling with vendors as they exchange greetings with familiar faces. Through the past two decades when China opened its doors to 26 percent Foreign Direct Investment in the retail sector, neighbourhood markets and small local retailers have continued to coexist with the big Chinese and international retailers. The local retailers are favoured to be source of fresher and cheaper produce. Walmart which has more than 350 store in China, only has a 5.5 percent market share, whilst the biggest retail chains are all Chinese.*( Source:The Hindu News International ,A. Krishnan – In China local retailers thrive after gradual opening)*

The India immersion highlighted a very strong local presence in the retail sector, made up primarily of “mom and pop(3)” and “kirana(4)” stores. Similarly the Indian shopper likes to have a relationship with the local shop keeper as well to have the ability to make purchases and settle the account on a monthly basis, without risk of credit checks and chain store requirements. Their dealings with the local shop keeper is based on trust, with both the rich and poor supporting these businesses. Whilst India prepares to allow Foreign Direct Investment, it is evident that both the local and global will coexist because this is what the consumer demands.

A potential learning for South Africa from China is the formalization of informal retail. During visits into the Chinese retail sector it was quite apparent the government has provided facilities for “flea market” type business to blossom and these are supported by both the local residents and tourists. The Chinese are bringing this concept into South Africa by opening “China Malls” in key urban areas. The South African government should invest in setting up facilities at low rent in the key metropolitans that will allow the informal retailers a more formal approach to sell their products and thereby service both the local community and tourists.

**12. UNDERSTANDING THE CONCEPT OF “GLOCALIZATION”**

Specifically, glocalization refers to any individual, group, division, unit, organization and community which are able to think globally while acting locally. It is a process whereby localities develop direct, economic and cultural relationships to the global system through information technologies.

Glocalization affords Africa an alternative to the perceived negative influences of globalization. The process of glocalization can create new opportunities for Africa to assert local autonomy and control its own socio-political and economic destiny. This can be done by adopting those positive influences of globalization like IT development to enrich the socio-cultural and economic system of the country, while those things that are truly alien can be resisted.

The term “glocal”, which is a combination of global and local, indicates how this concept represents an attempt to find optimal and sustainable solutions to local and/or international problems in the era of globalization. Glocalization seeks to retain local space and local identities.

Glocalization can be practiced in the following areas; education, science and technology, social welfare, communication, among others. For this to work, glocalization must involve blending, mixing, and adapting of two or more processes, one of which must be local. In other words, glocalization for Africa must include at least one component that addresses Africa’s local culture, belief and value systems, political and economic practices. (Shamsuddoha, 2008).

Glocalisation in retail will demand retailers getting closer to their customers, understanding what their shopping patterns and needs are and devise ways that allow them to use these to their competitive advantage.

**13. POTENTIAL SOLUTIONS AND RECOMMENDATIONS**

**Option 1**

Multi-skilling of employees in the Retail Sector should become the norm, so that the effects of globalization do not impact negatively.

* **Why**

South African employees need to move away from being fixated with job descriptions because that would lead to them not being exposed to more knowledge, skills, expertise and attributes. Their skills set would be very broad and instead of globalization resulting in some being redundant, other opportunities could be explored.

* **When**

This should be treated as a matter of urgency and all organizations in the Retail Sector should begin to clearly indicate to employees what is expected of them and those that are not able to carry out their objectives, should urgently be trained, coached or mentored.

* **What**

Available resources could be utilized and we should not stall the progress because of solely viewing money as the panacea. There will be instances where seasoned Retail employees could transfer or train the ill experienced. All senior officials in the Retail Sector should be involved.

* **Where**

The focus of our implementation would be in the Retail Sector, as we are hoping an awareness of the Retail Sector would be enhanced. We are also hoping that the country could also benefit.

* **Who**

The Impendulo team would assist some retail organizations with getting job profiles for employees. Indentify the skills gaps and propose appropriate corrective measures to be taken.

* **How**

The implementation would be done in accordance with the Sector’s senior officials’ availability and would mostly take place on weekends. The duration of the implementation of the project would be determined by all stakeholders.

**Option 2**

The Wholesale and Retail sector will have to provide a platform (a formal body) for retailers to address the following issues:

* The over-regulation or inflexibility of labour laws in South Africa, affecting retail.
* Skills development to equip South Africans in becoming and producing new generation entrepreneurs. This may require government support. South African employees need to move away from being fixated with job descriptions because that would lead to them not being exposed to more knowledge, skills, expertise and attributes. Their skills set would be very broad and instead of globalization resulting in some being redundant, other opportunities could be explored.
* The need to develop talent at grass roots, creating an environment that will allow sustainability of the sector. This is equally the responsibility of retailers and the wholesale and retail sector.
* The need to create educational qualifications relevant to the wholesale and retail sector through our tertiary institutions.
* The awareness and the need for retailers to understand the market, the consumer, and the need for continuous innovation.
* The need for collaboration by retailers to be able to operate and compete on a large scale, to improve supply chain relationships and reduce costs.
* To highlight that Globalization can exist side by side with localization, as seen in India.

The emphasis should be on highlighting how the locals could capitalize on their knowledge of the mother country’s cultural dynamics, norms and practices to be a step ahead of the foreign retailers. This would lessen the impact of globalization.

**14. PROPOSED RECOMMENDATION – “SOUTH AFRICANIZE AND LOCALIZE”**

A core requirement of the research topic to identify what South African retailers can apply from India as their local brands and chains prepare for the impact of globalization. The insight gained from both local research and the international immersion and particularly our interactions with retailers from both the local and international segment have indicated, that in the preparation of globalization having **a clear understanding of the nuances of the local market conditions, customer needs** **and the way business is conducted are the keys to survival or opportunity.**

Post 1994, the South African landscape has fundamentally changed, we have seen a growth in urbanization, a growth in the middle class, improvement in infrastructure, a massive increase in education spend and have seen a general improvement in living standards of the masses. Through this evolution of our country, we have seen a massive change in customer needs. **Our recommendation to the South African retail sector, whilst very simple is to gain a better understanding of the customer, their wants and needs.** We have chosen this recommendation because across the research conducted it being clearly apparent that common point coming through was understand your customer and understand your local market.“Customers are atoms of business. The importance of an individual customer might be small but together those small forces will determine whether your business will prosper or decline

Retailers in South Africa will need to build on their customer insights in order to succeed, and these can be done through

* Market research,
* Focus groups,
* Interviews,
* Data analysis

Customer insights provides a deeper consumer understanding allowing a customer centric approach to retail and using these retailers can create a competitive advantage in the face of international competition. It further allows retailers to leverage previously underutilized observations, resulting in positive changes for the customer and opportunity for the retailer. Global players spend money before entering our market to thoroughly understand the customer and on their entry, they quickly “glocalize” the market and meet the needs of the customer.

Our research in the international immersion highlighted that, Carrefour in China had to quickly realize the differences between the different cities for example in the bigger and coastal cities customers preferred to buy their fish alive, right out of fish tanks, Chinese in the middle or west China preferred to purchase frozen fish because they are further away from the coast and want their fish fresh. After Carrefour adopted this concept it saw fish sales go up between 30 – 40%. Carrefour the biggest French retailer was able to accustom to local taste to the extent that when a customer enters a Carrefour in China, it is not unusual to think the west and east are colliding. The customer is bound to see water tanks with live fish, eels, bull frogs and turtles right next to vacuum packed bacon and pepperoni. **Through the learning gained from the Carrefour experience, it is important to react to consumer needs based on detailed customer surveys and for retailers to be prepared to have an adaptive action plan**.( Through this mantra Carrefour recorded an average growth of 18% in the Chinese market for the period 2005 to 2011)

Similarly South African Breweries learned some of the peculiarities of competing in China, that this market could not be viewed as a single country because of the distances, differing levels of wealth and sophistication and weather patterns. They quickly decided on a process of building geographic strongholds. This allowed synergy in distribution as well as economies of scale. A key to their success has been their focus on local beers such as “Snowflake” rather than brewing other SAB brands. **They also learnt local ways of doing business, the local environment and guanxi (relationships and connections), and this can be attributed to SAB’S success in China.**

South Africa is a diverse country, the “Rainbow Nation” in order to South Africanize and Localize retail offerings, retailers must:

* Know what their customer expect or want
* Build their ranges to satisfy the needs or wants of the customer
* Understand these needs by store location or store cluster.
* Be Agile, adaptable and have sense of urgency to react quickly.

It is with this in mind we recommend retailers use the “Glocalization Model” to deliver on the needs of their customers and ensure they build competitive advantages.

**Glocalization Model to Gain Competitive Advantage**



*The model above provides a guideline for local retailers to use to better understand their customer, the local market and thereby start building competitive advantages that will make it difficult for foreign players to copy on their entry into the South African retail sector.*

It is not about changing your strategy; it is about changing your understanding of the customer. Know your customer, serve your customer and they will be loyal and keep coming back to your store.

Whilst the recommendation does not provide a return on investment as this is not measurable from a sector perspective and cannot be quantified from the research conducted. It does however point to the fact that understanding your customer and meeting their needs and requirements will have an impact on your sales, profit and sustainability in an increasingly competitive market.

**15. CONCLUSION**

*“Globalization is complex, at one extreme globalization is seen as an irresistible and benign force for delivering economic prosperity to people throughout the world, at the other it is blamed as a source of all contemporary ills” ( source: article on globalization).*

Whilst most economies in the world continue shrinking South Africa and Africa will continue being the only major frontier for global players to expand their business and as such globalization is here to stay. Preparation for the competition and arrival of foreign players to large extent is dependent on the local retailer or wholesaler. Sam Walton, the founder of Walmart stated in his book Made in America “The secret of successful retailing is to give your customers what they want” It is therefore up to us as retailers to exceed our customer expectations and build customer loyalty. Being aware of who our customers are, how we address their shopping needs, how we predict and influence their purchasing patterns are all necessary and become increasingly relevant to survive the onslaught of globalization.

**GLOSSARY:**

1. Single Brand Retail: is one in which a single brand is sold across all outlets such as Reebok, Puma etc.
2. Multi Brand Retail: Is where many items are sold under a single roof such as Walmart, Big Bazaar.
3. Mom and Pop store: A small, independent, usually family owned, controlled and operated business that has a minimum amount of employees.
4. Kirana Stores – Common term for neighbourhood shops in India selling daily needs such as rice, dal, chillies and kerosene etc.

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**APPENDICES**

 **Project Plan and Timelines**

**Project Plan**

The project plan with the responsibilities and the ALP completion dates for “Impendulo” Syndicate 1, are detailed below:

|  |  |
| --- | --- |
| Amesh Sewchurran | Team leader, whose role is to provide the team with the vision, direction and set the pace throughout the programme |
| Jabulani Ntlabathi | Coordinator, responsible for meeting facilitation (dates and venues), also responsible for communication to stakeholders and the coach. |
| Dinesh Singh & Tshepo Lefera | Logistics coordinators and assisting the Coordinator with meeting facilitation as well as information researchers. |
| Wonderful Mothiba | Information Management, responsible for coordination of research information, and interviews from Industry experts. |
| Zanele Zwane | Report Writer, responsible for putting together information for report purposes, and also for review by team members.  |
| Fardeen Hurbans | Multimedia expert. Report and PowerPoint presentation set-up. |

**Project Timelines**

|  |  |
| --- | --- |
| **Deliverables** | **Delivery Date** |
| Project Scope and Team Charter | Complete |
| Team Communication and Research | On-going |
| Team Meeting (JHB) | 29 Sept 2012 |
| Submit 50% completed document | 01 Oct 2012 |
| Refine document from feedback of 50% completion  | 08 Oct 2012 |
| **Deliverables** | **Delivery Date** |
| Continue Research | 02 Oct to End Jan |
| Submit 80% completed document | 09 Jan 2013 |
| Refine document from feedback of 80% completion  | 20 Jan 2013 |
| Submit final draft – 95% completion | 25 Feb 2013 |
| Refine and complete finishing touches. | 05 Mar 2013 |
| Submit final ALP. | 11 Mar 2013 |
| Dry run for final presentations. | 18 Mar 2013 |
| Final presentation to SETA, GIBS and Sector role players. | 20 Mar 2013 |

**The Impact of Globalization to the South African Retail Market**

Outlines the Impact of Globalization with respect to Country, Company and Individual

The impact of globalization has far reaching consequences and can be argued both for its advantages and disadvantages. It is however apparent that these consequences impact at a country, company and individual level.

**Interview with Simon Suzman – Chairman – Woolworths Holdings Limited**

*According to Simon Suzman, t*he future of South African retail is extremely bright, the consumer base is shifting up the living standard, especially the black South Africans, and so retailers have a lot to do to capture this consumer. This shift is supported by the Government initiatives with some policy framework in place such employment equity, black economic empowerment and better legislation on human resource management.

The population continues to grow which supports local consumption, even though starting to shrink; it is in proportion to the economic performance over the years. We have to monitor this young generation closely in order to capture their spend in the future, they seem to be technologically driven and we need to invest now on technology especially the online business.

The retail and wholesale sector has performed well over the years, and there are no signs of future threats on the performance of the sector. So there is future growth in South African retail. The government is pretty stable in S.A. through the democratic dispensation led by the ANC which has been recognised by the whole world as a success within the African continent. This positions S.A as the market to invest in, therefore the international brands will continue to flock to the country. The future is the international and local brands living side by side. We are very optimistic and in fact we are best being in S.A now than Europe and America, where retailers are struggling.

*What is the impact of the current FDI policies to the South African Retailer?*

The policies are clear and perhaps more advanced than some of the BRICS countries, our problem is the current political structure of the ruling party. We have Cosatu creaming on the Wal-Mart deal, the government says little and this has hurt the FDI into S.A as a country. Another example is the nationalisation of the mines, and recently the Marikana incident, we need to be clear as a country and move away from the ambiguity mode. We need to have the world recognised retailers to come to our shores; it is much needed and healthier competition which can only have a positive outlook on the wholesale and retail sector.

*What are the possible improvements necessary in government regulations that impact on S.A. Retailers?* We need a body that is recognised by Government that represents the entire Wholesale and Retail Sector. We need a unified representative body that will tackle all the wholesale and retail sector related matters and be fully recognised by the Government.

Our government has to provide a clear policy and let companies do business and create more jobs. As responsible S.A. Corporate companies, we need to invest back to S.A, especially into education so that we contribute to skills development.  Our constitution is the best in the world however our labour market is highly regulated which provides for quality and less quantity, the country needs a relaxed labour market so that the unemployment burden can be eased from the government's shoulders. We need to strike the balance on both quality and quantity within the workplace.

*Advantages and disadvantages of Mergers and or Acquisitions with foreign companies that come into the country?*

 The key is to pick mergers and acquisitions that fit with your brand positioning and certainly be part of the strategic intent of your business. Mergers and Acquisitions can go horribly wrong if not carefully thought and be done as part of your business strategy. You can either make a good return on investment or lose it all.

*What are the advantages of partnering with other local retailers as a competitive strategy in the era of Globalization?*

This will never happen in a real world, globalization has its good and bad sides. The key to succeed through tough competition in retail is through knowing your customers well, because once you know them well, you will supply them with the right goods and services all the time. The customer is King.

*What preparations do we need to make to our workforce in order to adapt and adopt the foreign cultures in era of Globalization?*

There is nothing that beats the right recruitment process in any business. The foundation for that is to seek and recruit employees with the right attitude for service, customers and for themselves. Customers love to deal with employees that have an excellent body language, it is that simple.

Interview with Jon Martinek – Senior Executive – Walmart / Massmart

1. The advent of globalization is being driven into emerging markets by most global players. Do you think SA is viewed as a good investment and why?

*Africa remains the only frontier and last major opportunity for a retail presence into an untapped market. The population of one billion, a sixth of worlds market, is seeing growth in both the emerging formal and informal sectors. As such global companies looking for growth will keep Africa and particularly South Africa on their radar*

1. Does walmart have a global investment strategy?

*Walmart is constantly looking at new markets for investment and the international division of Walmart is the fastest growing division*

1. How long the SA investment on the drawing board before a decision was was taken to invest in SA. *The South African decision was on the drawing for between 3 to 4 years before the final decision to invest. The investment went through a robust filter process that included:*
* *Population statistics*
* *What sector of the market was formal versus informal.*
* *In country visits and market analysis*
* *Investigation of the emerging middle class.*
* *Analysis of risk index, as prepared by the different worldwide monitors.*
* *South Africa being part of “BRICS”*
1. What type of research did Walmart conduct before entering the South African?

Refer question 5

1. What percentage of business does Walmart do, within the foreign markets it operates?

*Between 70 to 80% is bought locally, however these are not necessarily manufactured locally. Walmart believes that sourcing products locally is the preferred option.*

1. What is the impact of Walmart when it enters a new market, to other retailers, suppliers and customers
* *Retailers – Walmart’s entry into a new market creates a catalyst for inward reflection. Many retailers revisit the old and new, trying to create efficiencies in their businesses that will create an environment that allows them to compete and exist with entry of global players into the market.*
* *Suppliers – Generally suppliers have two options to either look at Walmart’s entry into a market as a threat or opportunity. With between 70 to 80% of purchases being made in the market entered, Walmart generally has a positive impact to suppliers in new markets. Walmarts entry into a market also results in finding more efficiency in their businesses. Two success have been noted through exports of South African product, the first being Econoheat heaters to Walmart Canada and the second being Frozen Hake Fillets to Sams Club USA.*
1. What in your opinion are the barriers to investing in South Africa?
* *Entry into any new market by any Global Player must be filtered through the regulatory process of the land. In the Wal-Mart case the due diligence by the regulatory authorities could possibly have been completed quicker, considering this deal was a landmark case and was being watched by future potential investors. The message sent into the market due to the length of the process taken to finalise Walmart deal have an adverse effect on future potential investors.*
1. How will foreign investment impact employment and the economy/
2. Do you think foreign investors should be obligated to ensure skills transfer?
* The transfer of skills should not be legislated, as this cannot be measured. Walmart currently employs 12 expatriates in South Africa and most of these will return home in the next year. Walmart has found that local expertise best suits it’s business and was one of the core reasons for its purchase of Massmart.
1. One of the fears/risks sighted in the merger was job losses that would result from increased imports from Walmart – What is Walmart’s contribution to improving employment in SA.

*Expansion, opening new stores. This will also create employment in the service related industries as well, such as cleaning, security etc.*

1. What is the view on the Supplier Development Fund. - Local/Imports?

*Hopefully, the government and other business will see the benefit coming through the fund and will follow suit in setting up a national fund.*

**Action Learning Project: Learning’s Amesh Sewchurran**

Being nominated for the ILDP and accepted has been such a privilege and an opportunity I will always appreciate. Once on the course I heard a lot about the Action learning project and could not wait to meet my syndicate, get our topic and get started. Looking back on the journey, whilst there have been challenges, the overriding fact is that I have learnt so much that I can now take to the workplace and implement. These learning include:

* Content is not always king, I need to be able to think, problem solve and apply. In the workplace I plan to book time in my diary for thinking, we are so caught up in day to day activities, that adequate time is not spent on thinking and strategizing. Furthermore it is important to create a thinking environment at the workplace, and as a leader I need to set the example.
* Through the ALP I have learn’t we are not debating enough in the workplace and plan to engage more with my team in this regard, we need to allow more questions to be asked in the workplace.
* I have learn’t about believability when I am making presentations, this will allow me to better engage with my audiences and get my point across.
* Working with a syndicate on the project, whilst challenging at times, has given me the confidence of respecting group dynamics. To understand that it is okay if I may not have all the answers. To be able to listen to other points of view, that may differ from your own. To encourage the team that the team goal is more important than individual wins.
* It has thought me that today’s winners could be tomorrow’s losers and that I have to constantly innovate if I have to stay ahead of the game.
* It has improved my ability to apply big picture thinking that I must be able to look at the overall problem or opportunity before making recommendations or suggestions.
* It has highlighted the importance of getting first hand information, to be able to make informed decisions.
* As a leader in the workplace and my personal life, I need to listen more instead of predetermining outcomes. Always understand the context, it us up to me to create a context where both my family and staff feel free to give feedback.
* The ALP has given me the ability to be adaptable and agile when business is tough. I can now make use of the different models we used on the course to better understand the context and react quickly.

My overall view is that the ALP learning process allows you to engage, listen to different opinions and views before coming to a conclusion or outcome. By doing this you are bound to get a better overall perspective.

**Action Learning Project: Learning’s – Dinesh Singh**

As business leaders we are taught to expect the unexpected and can easily adapt as we are familiar with our environments and our culture. When I was selected as one of the candidates I felt honoured and there was a sense of achievement, however nothing could prepare me for the once in a life time voyage I was about to embark on.

What a journey it was from the lecture rooms at Gibbs to the lecture rooms at CEIBS (China Europe International Business School) and the boardrooms of some the biggest retailers in Asia. I had travelled both to India and China before and yet this time round I saw these two great countries like I’ve never seen them before. I suppose this time around I went with the right set of binoculars and truly saw why India and China are the leading emerging markets in the world.

In the lecture rooms at CEIBS I truly learnt about China, its people, culture and work ethic. Here is a country with a massive population and a government that is geared towards future growth to ensure the survival of the country and therefore the survival of its people. This made me think about what we could potentially do as South Africans if we just put our heads together, planned and set long term goals and strategies, put them in place and followed through. We could probably give China a run for its money.

Amazing India, here was a country that seriously lacked in infrastructure yet has one of the highest GDP’s around. The fact that so many successful Indian owned business were able to match if not beat the global competition was at first very hard to understand. The strength was in their relationship with the markets they served and to a large degree of sense of trust. Many of the people I met in India were students ranging from 17 to 70 and this was amazing, they want to be educated; the more highly educated the better. Wow! We too have aspiring students in South Africa and if we gear up towards adequate and sufficient educational facilities just imagine where our GDP would be sitting in just a short few years.

Throughout my entire journey both local and international there were a few key learning’s that stood out for me. Mastering or should I say trying to master team dynamics was definitely a challenge within itself. We were thrown in the deep end with people we just knew for a few hours and within a matter of days given a massive project to complete. This could only be achieved with team work, people working together towards a common goal and leaving all emotions out. Once you master team dynamics you could do virtually anything together. This learning has now changed the title of my staff from employees to team members as we all are working together towards one common goal. The philosophy of unlearning to learn, moving away from what you know or what you think you know and by doing so you could explore endless possibilities. When I am exposed to problems in the daily running of my business, I take myself out of the situation completely and away from the answers that always seem to work and by doing so I have been able to come up with amazing solutions, unlearn. The exposure to top companies overseas opened my eyes to the endless possibilities of streamlining business processes to ensure greater customer satisfaction and therefore increased profitability. Strategy became and still is a big BUZZ word for me because as a family owned business we neglect to sit around the table and strategize, look at where we going, where we want to go and how we going to get there. We do that now and it makes the challenge of business a very exciting one. Business is exciting.

**Action Learning Project: Learning’s – Fardeen Hurbans**

The W&R seta has given me the opportunity to grow my knowledge in retail. We seldom overlook at the finer detail in retail but this course has allowed me to go in depth and look at retail from all areas. It has also thought me to listen when people is talking rather than making an assumption as to what the person want to say and giving him/her a solution without listening.

As leaders we often do not listen to suggestions from our subordinates because we think we know it all. Now I can say I listen to everyone no matter how junior or senior the employee is. I believe every suggestion can help and contribute to ensuring a business functions profitably.

The trip to India and china has made me as an individual value what I have both personally and professionally. We have seen many unemployed people in both countries but the individuals still survive and make ends meet. my biggest challenge will be to make our people appreciate what they have and motivate them to work harder and constantly reminding them that tomorrow is another day if we fail today, we fail to succeed tomorrow. We got to understand that we all know and have been long in retail. We all know what is expected of us so we as leaders got to deliver. The only way this will be possible is through working with our people.

Remember a business is nothing without its people.

**Action Learning Project: Learning’s – Zanele Zwane**

The Action Learning Programme has shaped my leadership skills in different ways:

* Teaming up with other delegates from different industries, some of them being Executives required us to treat each other as equals, as colleagues regardless of the positions we hold in our different Organizations.
* At the beginning of the programme, when choosing a Research Topic, we needed to compromise, and accept majority choices and views. I learnt that as a leader, I need to be resourceful, and be able to search for information from articles, newspapers, interviews etc. I started having an interest in reading newspapers (business section), and paying attention to economic updates, locally and internationally. This has increased my level of confidence in discussions regarding business, specifically retail, and what is happening economically around us.

**Team Dynamics:**

* When documenting the Team Charter, it was important that we become objective on choosing the Team Leader and allocating the other roles in the team. I learnt that having a team leader did not mean the rest of us, had no leadership traits, but it was appointing the best person to shape us as a team. Making a commitment to the Charter meant that we fully rely on each other to succeed as a team. This required a lot of sacrifice and compromise from our families, and our day to day jobs.
* A big learning for me was how to deal with a situation where some team members do not comply to the Charter, hence compromising the deadlines. This has taught me that sometimes as part of a team, you do have to go an extra mile, to get the job done.
* Assertiveness is one of the requirements of an effective leader, to be able to say no without instigating conflict. This has been a challenge for me, especially trying to balance the need to do whatever it takes to meet deadlines, and being assertive at the same time. I learnt that sometimes you need to assume different roles in a team, and benefit from the lessons learnt.
* I learnt that a team goes through different stages, from forming (getting to understand each other), to storming (arguing or having different ideas), to norming (managing the conflict and accepting each others’ different views), then ultimately to performing (working well together, communicating at every level). It is not possible for people from different backgrounds to immediately work well together. Building a team is an on-going effort.
* As a team we also went through a stage of “fear of conflict”. We treated each other with mutual respect, but sometimes we would maintain the “status quo”, to avoid stepping on each other’s toes. We then learnt that if we do not debate issues, we will not get the best out of each other. As a team member you have to come to terms with the fact that you are not always right, your ideas may not be the best. Through this experience, I have learnt to listen more, be open minded and I have learnt a lot from my fellow team members personally and professionally.

**Action Learning Project: Learning’s - Tshepo Lefera Snr’s**

It’s a critical component to this qualification as its key research that looks into pressing challenges confronting the Wholesale and Retail sector broadly which needs men and women in this sector to acknowledge and give the concrete and sensible responses that will take us forward as an industry and the country.

I consider this to be a critical component of our ILDP work and in a sense it consolidates the lesson of cooperation and mutual work amongst role players in various teams. It fosters team cohesion and compels us to work together irrespective of our differences to produce one common result without which no group shall successfully complete this programme.

Our research topic focusing on Globalisation and Mutual existence of foreign players with local players in the market could not be more interesting and challenging. It addresses a critical reality wherein the world is becoming borderless and changing the old order borders meant to maintain a global political order which created a problematic dichotomy between the North and the South and condemnation of the South to constant backwardness have become irrelevant and competition is thriving and cut throat.

The world is changing rapidly and yesterday’s losers are today’s winners, former colonies are now the ones offering bail out to failed western imperialist states, Angola a former colony of Portugal is in a position to offer loans to the former colonial masters.

Africa and the broader developing community is the new basket of development and growth, no company in the world serious enough about its existence will lack an Africa or developing world strategy. Everybody is coming to Africa to benefit from the opportunities presented by massive populations we have which in the past was a laughing point and a measure of backwardness and now is a strength that is we are riding on to unlock the economic potential locked in our Continent.

Our key challenge is to ensure that this time no one is going to do what has been done to us before, our resources are not going to be stolen, and we are not going to kill each other whilst the imperialist are busy stealing our resources.

We need to embrace this developmental opportunity and make sure we develop the lives of our people and set our continent on a developmental path and in our sector our retailers and wholesalers irrespective of the size are able to compete with these foreign players irrespective of their financial muscle and dominance.

**Action Learning Project: Learning’s - Wonderful Mothiba**

I wish to heartily thank the W&RSETA for giving me a life time opportunity that has immensely altered my view of the world and has changed my perspectives on all sorts of things. The trip lead to us learning, unlearning and relearning a whole lot of stuff. In China we learnt the importance of having a sense of urgency, getting capitalism and communism to work harmoniously and have one common goal for the country through collective efforts. Generally, the Chinese culture centres around “the pie is there for all of us, as long as we do our bit”. The country is unbelievably clean, orderly and the government is the employer of choice. Government employees mostly have PhDs and Masters Degrees and they do deliver or risk being booted out. I felt this utter sense of freedom, as I could walk around the streets around mid-night, and paradoxically, the communist party rules and controls everything, no access to Google or websites they do not like or know off. Mention anything that the ruling communist party does not like and risk being thrown away for life. One would do extremely well as an entrepreneur, as there are no labour laws and non-performers are simply fired. The Chinese are unbelievably agile and could copy almost anything. There are patent and copy-right laws but they are not strictly enforced. As a way of showing commitment towards eradicating piracy, the government has given Bill Gates about 1billion dollars to apologise for what the Chinese have done. Bill Gates in turn has set up schools in China, to train people on computers and is employing some of the expert’s hackers. A win-win situation indeed!

Lessons learnt in India were extremely humbling because of the poverty that looms around, although, people have the determination to succeed against all odds. The country is quite filthy, chaotic and interestingly, systems, processes and procedures function pretty well. The hotel we put-up in was five-star-deluxe and very clean the food was extremely delicious. The ultra rich and the poor live side-by-side. The Indians are highly educated and most have MBAs and Engineering Degrees, if they could sort the disorder, their productivity and agility could surpass China soon. Indian could become the world’s most populous country in 2025, because China has the one-child policy system, which has been seen to be problematic and there are efforts to change that. The Chinese are instead considering a situation where the only child in a family may be allowed to have more than one child.

We were taught by some of the greatest minds of this world and lessons learnt could be implement in our organisation, our country, personal lives and in the W&RSETA. One particular Professor that struck me most, was Prof. Izak Duenyas, he is a Professor in Supply Chain Management. He has unbelievably simple formulae that we could implement for our organisation’s inventory management.

**Action Learning Project: Learning’s - Jabulani Ntlabati**

As a leader, you have to understand the context of the matter that you are dealing with, this context can be easily created by planning to the detail. This lesson was given by Professor Adrian Seville. The examples used were the South Pole expedition by Amundsen Roald competing with Captain Scott Falcon. Again with Professor Adrian Seville, the second learning was Agility as a way of doing things, get on with it and be as fast as lightening. I guess retailers in S.A. Lacks this skill of doing things a lot faster as the speed to the market will determine ones success.

The critical learning though was how do we make S.A a successful country which if we are to do that, we need to fix the following: Education systems, understand our Demography and align our infrastructure as a country with our economic sector outputs, promote Savings and investment as a nation, create a sound Health system so that people can be looked after when they are not well, create an Open country to foreign investment, create our Policies in such that they promote S.A as a lucrative country. What will be my role in this as I grow within the business corporate ladder?

Leadership is a process where one as a leader has knows oneself first before leading others. The awareness of one will make sure as a leader you know that you are dealing with people or others as a whole, body, mind and soul. People have feelings, they reason things and acknowledgement of this is critical. This leads to knowing others better and lead them better. Professor Carl Hoffmeyer shared the personal insights with us.

Leaders anticipate problems, this can be done through Scenarios planning which has to be plausible, because it is at this stage where Strategic planning for strategic or operational decisions are taken. It is important to think laterally at our level so that we can be creative and innovative in our thinking. One can promote an environment that those that you lead feel safe to air their views. Teams that are encouraged to think are self sufficient and free time for the leader to do other things. Problem solving has to done through critical thinking which will prompt the leader and those are being led to be part of the solution finding process. It's a great lesson for me as most of the time we don't get given the opportunity to think by the corporates we work for and I'm fully aware to promote Thinking Time for those that I lead. As a leader, one has to create an environment that promotes lateral thinking, inclusive problem solving, innovative thinking, forward or futuristic thinking and this can happen if the leader creates a safe ground for all employees at various levels to have their views noticed without fear.

Successful businesses have brand values. These brand values are to be lived by the employees through the entire organization starting from the lowest paid job to the highest paid job.

Investing to the future of the business is key. These investments are to be made through employees, systems and in all facets of the business operations. As leaders, we are to avoid erratic changes; we need to evolve our operations, switching on or off the plugs as the business viability deems so. However we need to be cautious of lacking agility.

Our overseas trips taught me to be aware of the external environment, it's important to understand other countries especially those that they’re your trading partners so that one has a clear view of the business landscape. Things that are happening in Europe, America or Asia has an impact on us while in South Africa, this has been created due to being a borderless world. The Macro landscape analysis and its understanding thereof, will help leaders to formulate strategies that are customer realistic & centric and focused on products, services and goods which meet the demand of our consumers, the end results will be successful strategy execution because these strategies are real.

Businesses have to create sound Value Chain systems so that they remain competitive with the international competition and even with our local competition. Supply chain will be even more critical than ever before during the tough trading economic environment.

The business model that succeeds requires one to be customer centric, customers are Queens and Kings in our businesses and we have to make them feel as such. The products, goods and services we sell has to fulfill their needs not what we as retailers think it's their need. All of the above will be driven to success through sound strategy development and executions which is driven by our businesses customer value proposition offering with values. Companies have to live their brand values and this must be seen by those that they serve and do things for their customers that are value add.

The employees of business are the brand ambassadors of the organizations they work for and any interaction with the consumer should be that of ambassadorship. We are to understand the local trading environment in order to thrive or we will die as businesses.

Lastly I have learnt to link the financial reporting to all the business activities that one undertakes as a leader, be it a strategic or operational decision, this is key for any leader as numbers don't lie. Everything we plan to undertake or we intend to do will be interpreted by the financial numbers at the end. The leader’s ability to report and interpret financial numbers determines the company’s success in either making or losing money during the process of any business endeavors. Financial prudence has become so vital for the modern leadership.