

# Trust or Bust

## The World of Business post-COVID-19

*Jannes van der Velde*

*Special Advisor Dutch Employers' Cooperation Programme (DECP)*

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Good morning

- The Deputy Minister of Labour, Honourable Vera Kamtukule
- Secretary for Labour, Mister Dickson Chunga and all officials from the Ministry of Labour
- Chairperson of the ECAM Board of Trustees and all Trustees
- Esteemed Chief Executive Officers, Managing Directors
- The President of the ECAM Executive Council

Ladies and Gentlemen,

What an honourable invitation to speak here on this special occasion.

Special for me as after almost two years I have been allowed to travel to Malawi, my second home.

But leave my personal wellbeing out of the picture. Let's look at the bigger picture.

This occasion is of course special to you, both employers and government.

Special as it is the first of hopefully many occasions where the top of Malawi's government officials meet with the top of Malawi's private sector within the tripartite arrangements envisaged in the Labour Relations Act and International Labour Conventions.

In a few minutes I shall explain why in our view these meetings will become more frequent as they will prove to be necessary to tackle the world of business post-COVID-19.

And those words bring me to the subject of this brief speech. How has the world changed because of the COVID-19-crisis and especially how have the World of Work and the World of Business changed? How will they change?

I've called this speech 'Trust or Bust'. I shall get back to that phrase in a few minutes when I draw some conclusions.

## Observations

Let me first spend a few words on what brings me here. The Dutch Employers' Cooperation Programme – DECP, in brief – is a programme ran by the Netherlands' business organisations and the Netherlands' government. We work in a growing number of countries, currently 23. We hope to improve economies and work with and through business organisations like ECAM. We bring knowledge, not money. Why do we do that? We want to be where the action is and where the action will be. And we want to make friends.

Working in so many countries we get the opportunity to see the bigger picture. Let me share with you some observations that my colleagues at DECP and myself have made in the last one-and-a-half years.

1. There is a geopolitical clash of attitudes: carrot versus stick. A soft approach in democracies versus a tough command and control approach in more autocratic countries.
2. All governments have been struggling in tackling the pandemic. Maybe they are dealing with a situation that is new and may at the moment be too big to handle. It is fair to say though that governments in democratic countries have been struggling more in implementing their policies than governments in autocratic systems. It is in the nature of the systems.
3. Countries like Malawi have suffered more from developments in the global economy than from the virus itself. Those changes in the economy have of course been caused by government policies, especially in the West and in China.

Let's now limit our observations to countries that have a democratic government, usually with a market driven economy. So for instance Malawi, my home country of The Netherlands, Kenya, Germany. To name just a few.

4. In democracies governments have turned to the business community for assistance. Not only to call for avoiding job losses. But also for help with a reliable internet, with face masks, with vaccines, with logistics.  
Businesses and labour unions have turned to governments for support in coping with the economic effects of COVID-19-policies. Tax relieves etc.  
In other words: governments and businesses have been depending on each other.
5. But in many if not most countries the relations between governments and businesses were improvised, ad hoc, random and not institutionalised. Therefore, the cooperation was suboptimal.  
It is fair to say in this context that The Netherlands was very quick in putting together an approach to save the economy. Employers, labour unions and governments shared a common goal and they had the institutionalised forum, a tripartite social dialogue, to put a plan together. Thus money from the government was used to save companies from going bankrupt and to save many, many jobs. Our economy has been growing at a fast pace in 2021, so even during the pandemic.  
Just to put events into perspective: the starting point of The Netherlands was different. There was a lot of money available to mitigate effects of COVID-19-policies on the economy.

Now, what about the world inside your businesses? What has happened there? I shall point out three phenomenons.

6. The world has gone and is going through a new digital revolution. Digitalisation is everywhere. It brings technological advantages that help increase productivity, and it allows for new ways of working. Working from home for example and meeting online. At DECP we are now running an online community with employers' organisations from all over Africa, including ECAM. To be honest, until March 2020 I had never heard of Microsoft Teams or Zoom...
7. Health and safety in the workplace has become an important topic over the last two decades. That trend has accelerated over the last one-and-a-half years due to the COVID-19 pandemic. The issue of vaccine mandate is now taking prominence globally, even in democratic societies.
8. Supply chains have been in danger. This is especially worrying in a global economy.

History tells us that both Napoleon and Hitler lost wars in Russia because their supply chains were too long. French and German soldiers, far away from home and from mothers' kitchen, died of cold and starvation in a strange land.

Manufacturers and consumers alike have experienced what it means when supply chains are becoming dysfunctional. Cars not being produced because of a lack of microchips. Countries failing to import raw materials and vital supplies. Delays in shipping goods. The reopening of the global economy putting pressure on petroleum prices which is triggering inflation globally.

## What's next?

So far our observations. Now a bit more speculative: what lessons will the world draw from the events of the last almost two years? And what should businesses be prepared for?

1. From the supply chain issue. Economic blocks are at danger of turning their view inwards and focus on themselves. USA, EU, have become aware of their dependency on China. Add that to geopolitical issues, like spying, and the conclusion is obvious. China in turn tends to focus more on home markets, the development of the own population.  
I'm not sure as to what this means for Africa, but it may not be good news.
2. Other trends will also be amplified because of this risk of economic blocks turning inwards. Western markets are looking more and more not only at price and product quality, but also at the way it was produced. No child labour? Decent working conditions? Carbon foot print not too large?  
What happened to clothes from Bangladesh may happen to tea from Kenya or Malawi. Better be prepared. Otherwise EU-African trade agreements may pass you by and you may be out of business.
3. Health and safety on the workplace has gained importance and will remain to be so. Businesses have to play their role in keeping workers safe and healthy. This is partly self-interest as ill workers reduce the production. It is also general interest as societies have raised expectation about the behaviour of businesses.
4. Digitalisation in different manifestations is here to stay. This may actually be the most important practical consequence coming from the COVID-19-crisis. More and more businesses that are not hooked up on the internet will lose their access to clients.  
At the same time productivity jumps as a lot of things we used to do travelling can be done online, thus saving loads of time and money.  
And everywhere in the world working from home has become accepted if not normal. Take your own ECAM office....  
We see many Malawian companies adopting internet based technologies to conduct their business. But is access to the masses readily available and affordable or this creates further divides?

## What to do?

### As a business

1. Check your supply chains. How can we make as sure as possible that the things that we need are delivered timely?

2. Make sure that you meet the new demands of your markets. Are your workers well paid? Are their working hours not excessive? Are employee relations mechanisms robust to deal with employee grievances? Etc. A good start is to make sure to comply with ILO Conventions and Recommendations. Even better to do this in close consultation with representatives of recognized trade unions.
3. Make sure your occupational health and safety policies are up to date and executed. Including, of course, a COVID-19-chapter.
4. Invest in online presence. The last two years have shown that countries like Malawi can make big jumps when the heat is on. I personally never thought that I would on camera speak to George Khaki, he being in Blantyre, me in my Frisian home. Poor man, he must be tired of my face... Less obvious, but very important: adapt your management style. To get the best out of staff working from home, you have to give them freedom. Tight control mechanisms often work counterproductive.
5. Develop online services. Banks and software developers have already been moving in this direction for a number of years. But what about training institutes that move to hybrid forms of training – that is partly in a class room, partly online. Make ICT affordable and available to the masses that are our customers. I predict that it will not be long before ordering in a restaurant from a digital menu will be commonplace...

#### As a society

1. Be prepared for the next pandemic. Build institutions that can take a shake. Build emergency structures and plans to tackle extreme situations and that use the best available resources, from government and private sector alike.
2. The players in society depend on each other, therefore they have to learn to trust each other. This is especially true for countries where the government is serving the people rather than the other way around. So, that applies to all democracies. Those countries need mechanisms to work together: workers, governments, businesses.  
To put it in rhyme: In countries with a market economy and democracy it is trust or bust. Trust or bust. The only alternatives are control mechanisms that are common only in undemocratic states. I don't think that is the way we want to go.
3. Social dialogue may be a good means to achieve such a cooperation mechanism. Many countries, including Malawi, already have some form of social dialogue. My personal opinion is that in many places it has to be strengthened.
4. Business leaders need to stand up and lead – look behind their own horizon. They should explain that a healthy business climate is good for society as a whole. It will attract investors, it will make companies grow and it will create jobs for people to earn a living. And business leaders have to deliver. I'm happy to see so many of you here today.

#### Conclusion

Deputy Honourable Minister, Ladies and Gentlemen,

After World War II democracy became the winner in Western Europe. Democracy became the leading system to shape societies. It's dominance became even stronger after the collapse of Marxism around 1990, the fall of the Iron Curtain. But the rise of democracy didn't happen overnight. After the defeat of Nazi-Germany it took another 44 years....

In similar fashion in ten years, twenty years from now, when all this COVID-19-talk has long been forgotten, Social Dialogue may appear as the winner. Simply because it provides for mechanism to work together. Tackling threats like a pandemic take a shared effort of everyone in a society and everybody is benefitting.

Then finally a personal contemplation. This whole COVID-19-pandemic has been a humbling experience.

First of all for mankind that – especially the Western world - suffered from hubris. But now we have to admit there are still many things beyond our control.

Secondly it has become clear that societies are complex but vulnerable systems in which the best possible outcome will only be achieved if everyone is ready to work together. Governments need businesses, businesses need workers, workers need government and employers.

Everybody needs somebody.

Thank you.