

The official era of the entrepreneur

Throughout human history, crises have been pivotal in developing our societies. Pandemics have helped advance healthcare systems, wars have fuelled technological innovations and the global financial crisis helped advance tech companies like Uber and Airbnb. The present coronavirus pandemic will arguably not be an exception; entrepreneurs can be expected to rise to the challenge.



John Jack, CEO of Galetti Corporate Real Estate

Given the recent impact of Covid-19, what may have once appeared to be a stable position working for a large corporate may no longer be a feasible option.

Looking Back

While jobs in industries such as finance, mining, manufacturing and banking were once sought-after, these sectors have shed jobs at an alarming rate in recent years.

2019 saw thousands of job losses across some of the country's most prominent sectors. At least 28,000 people lost their jobs in construction, manufacturing and community services between July and September 2019 alone.

John Jack, CEO of Galetti Corporate Real Estate says that some of the country's much-loved 'household names' were amongst those reporting unavoidable retrenchments. "Tongaat Hulett shed 5000 jobs while Multichoice cut more than 2000

jobs. The banks continued to reduce their headcount and construction giant, Group Five went into business rescue,”

“In the fourth quarter of 2019, our GDP contracted by a further 1.4%. This was far worse than economists had expected. Based on this, 2020 could not have come at a worse time for South Africa”.

Right Now

The Treasury has estimated that between 3 million and 7 million workers could lose their jobs, depending on the length of the lockdown and the time that it takes the economy to recover.

“It’s estimated that even if the pandemic is contained quickly, around 3 million jobs are at risk. A slow recovery could see between 5 and 7 million job losses. This worst-case scenario would push the unemployment rate to over 50%, from its current rate of just under 30%” explains Jack.

Recently large businesses like Dimension Data announced a Section 189 process which will see around 480 retrenchments. Further job losses are on the cards for South Africa’s banking sector and Barloworld is currently in retrenchment consultations.

“The Commission for Conciliation, Mediation and Arbitration (CCMA) has received an influx of large-scale applications in recent weeks and this is believed to be the tip of the iceberg”. Nxesi noted that the CCMA had received 17 applications for large-scale retrenchments in terms of section 189 of the Labour Relations Act and 151 smaller applications. They noted that both large and small businesses have been equally impacted by the crisis.

“The possible number of workers that could be retrenched in the large-scale applications is said to be around 3,300 and some of the smaller applications amounted to single-employer retrenchments. This includes a number of ‘larger’ companies such as Edcon, South African Express, Comair and Phumelele Gaming”.

The impact on corporate real estate

Asked about the impact of Covid-19 on employment in the commercial real estate services industry, Jack says:

“ Covid-19 will force people to take risks, to adopt an entrepreneurial mindset and to be creative in terms of earning an income. To benefit from a more flexible, high risk, high reward earning pattern/structure no longer seems as daunting as it did before. ”

Traditionally, when people enter the job market, they weigh up security and growth with remuneration. Given the current situation, however, we are now forced to change this way of thinking. Tenacity, grit and the willingness to take the path less travelled has brought out the entrepreneurs in all of us.

In the realm of commercial real estate, the playing field has levelled. “Entering into commercial property broking and advisory has long since been viewed as a high-risk, high reward market to sink one’s teeth into”.

“The market is small; I would estimate in the region of 1000 commercial real estate brokers nationally. To earn in the highest tier, you need to have a specific skill set and experience in the market,” says Jack.

The risk of not receiving an income at the end of the month simply makes other, previously more stable, employment opportunities more attractive and that is why so many have gravitated to these in the past.

The future of our industry specifically revolves around prop-tech. “The ability to understand and track the market is a vital component to all stakeholders. Companies that have invested in tech development and infrastructure are already reaping the benefits of this data”.

Jack concludes saying that with high risk comes high reward. “We are going to see a big shift as many move away from traditional employment opportunities to take up more ‘unconventional’ means of creating their own wealth.”

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