

# Reputation is the be-all and end-all



By Clare O'Donovan

31 Jan 2018

Corporates in SA are coming under fire with Capitec Bank as the most recent in the spotlight. The bank will no doubt respond vigorously to the allegations made by Viceroy, but in the meantime, according to *BDLive* its shares have taken a hit. Any negative report from a company with a reputation as influential as that enjoyed by Viceroy would make waves in the market and we've seen the pressure of public opinion end careers and corporations. All of which is played out in the public eye and under intense media scrutiny.



© [Capitec Bank website](http://Capitec Bank website).

Considering the current state of affairs, I've taken a look at the top five risks that could impact reputation and which I believe should be the top priority for corporate South Africa:

**1. Guilty by association:** The public at large are sick of corruption, from both the public and private sectors, and are not afraid to voice their opinion. Social media provides the public platforms from which everyone can get on their soapbox and be heard. Trial by public opinion has become increasingly apparent, not only in SA, but globally, and the pressure will be on corporate SA to make sure their house is clean inside and out. Important, in this situation, will be to understand fully all risks the business may have through direct or indirect association (sometimes as far removed as simply being part of an industry that is under attack), and what to do to mitigate these risks.

**2. Cybercrime:** On the increase, this threat is very real. In 2017 we saw hackers hitting dozens of countries at once, severely impacting health, logistics and security systems. This threat is often ignored by corporates who are loath to admit that their IT infrastructure and employee policies could ever let them down, and many don't have a mitigation plan in place for the eventuality that should they be a victim, how the crisis would be approached from a communication perspective.

**3. Strikes and service delivery protests:** Civil action in the country has never before been as prevalent, and will not decrease in the lead up to the 2019 elections. Further compounding this complex issue is the uncertainty surrounding the recently gazetted National Minimum Wage Bill. Many industries will be facing tough times as belts tighten and unions continue to remain vocal, and companies should be investing in their internal and external stakeholder relations to deal with the issues that will arise.

**4. Retrenchments:** A struggling economy, investor insecurity, and a trend in many industries towards consolidation of offices in different regions are putting companies under increasing pressure and restructuring or retrenchments could become a reality down the line in 2018. A decision not taken lightly, it is emotive and if not handled correctly from a communication point of view (in addition to the legal aspects) it can have a long-term detrimental impact to the company reputation.

**5. Lobbying versus capture:** Corporates worldwide are known to lobby for their preferred policies. In South Africa events in 2017, for example, the industry lobbying against the then proposed sugar tax, highlighted concerns that although lobbying is not illegal, it needs to be done in a transparent manner. Companies should, of course, be responsible and refrain from crossing the line from lobbying into bribery or paying backhanders. The results can be detrimental in the extreme as many major corporations found out last year.

Assessing the company's reputational risk should be part and parcel of due diligence processes, and with a changing world, the question is whether your reputation is prepared to deal with it?

## ABOUT CLARE O'DONOVAN

Clare works predominately in the corporate and professional services portfolio with a focus on the sustainability, resource and industrial sectors. Clare is a certified crisis counsellor and has managed a number of issues for multinational clients.  
» Reputation is the be-all and end-all - 31 Jan 2018

[View my profile and articles...](#)

For more, visit: <https://www.bizcommunity.com>