

BEE - A strategic business imperative

Black Economic Empowerment (BEE) in South Africa is, undoubtedly, as much a moral imperative as it is a matter of policy. BEE has been defined as an integrated and coherent socio economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the number of black people who manage, own and control the country's economy, as well as significant decreases in income inequalities.

Arguably, the key concept in the definition is that of "significant" which points at the intention for this transformation to be as broad-based as possible. Many of the initial BEE deals were publicly attacked for being mere schemes to 'enrich a few'. A key new trend has emerged of late, that of including black management and staff in employee trust schemes, with tangible benefits such as increased motivation and retention of staff. These new empowerment deals tend to be more broad-based, present corporate social investment components, have clear incentives for the empowerment of business partners and afford the previously unemployed the opportunity to up-skill and participate in the economy.

The consequent emergence of a black middle class signals a wider participation of black people in the country's economic growth and development, which in turn, generates interesting opportunities for businesses that are able to address the needs of those with increased acquisitive power. And so a new virtuous circle completes itself.

Organizations need to understand the strategic imperative of transformation and to weave it into their strategies, in order to participate in the growth opportunities. Moreover, they must strive to understand the forces that shape the behaviour of these new customers and to lead their employees toward using resources to create sustainable value to those customers.

BEE transformation is enjoying unprecedented attention at present. Government is resolute to fast track its implementation, businesses are keen to ascertain best-practice trends related to BEE governance, as a survey by KPMG seeks to reveal. KPMG will conduct an annual BEE survey, starting with 2005, to ascertain the current level of transformation within business in South Africa, and establish a baseline from which to track the next 10 years of transformation. The results of their first survey was made available on 30 June 2006. Furthermore, businessman Patrice Motsepe has announced his intention to step down from his high-level position in business organizations to concentrate on black empowerment. The time appears to be here for all stakeholders to make a concerted effort to enhance the economic and social wellbeing of all South Africans.

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