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BEE overlooks smaller black businesses

SOUTH Africa's Black Economic Empowerment (BEE) model has dominated the elections manifesto debate. This is understandable in a society characterised by glaring race, class and gender inequalities.

The government has introduced various policies over the past 25 years to address this trend. But research illustrates that intersectional inequality persists in the post-apartheid era.

The World Bank's 2018 diagnostic report concludes with the following statement: "Overall, being white or South African Indian – for whom apartheid legislation was less harsh – remains a strong predictor of wealth."

This raises the question: why has the nation's BEE strategy failed?

Political parties have tried to answer this question, and propose divergent solutions in their manifestos. Some advocate for reform, while others argue for repeal. This discourse is based on two influences: a need to appease constituencies and party ideologies.

COMMENT



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Reference to in-depth, BEE-related research is minimal in this discourse, and it subsequently gets reduced to a purist, identity-based redress debate.

Most research focuses on governance aspects and the major black empowerment groups' growth, with an emphasis on neo-patrimonialism and the credibility of BEE beneficiaries.

All parties use this narrative to critique opponents and score political points. There are few studies on the systemic and structural socio-economic trends associated with BEE.

The Mapungubwe Institute for Strategic Reflection (Mistra) is con-

ducting research that addresses this gap. It explores the socio-economic impact of BEE legislation and black entrepreneurs' diverse experiences in post-apartheid South Africa.

The authors of this study transcend the dominant discourse by posing some interesting questions.

One of these is the relationship between BEE transactions and market structure in various sectors. Have BEE transactions reinforced or altered economic concentration in the South African economy? Another important theme is the level of youth, rural citizen and black female participation in BEE economic activity.

South Africans lauded the expanded concept of beneficiaries in the amended Broad-Based Black Empowerment Act (2003). But there is no evidence which provides deep insight into broad-based beneficiaries' participation in BEE-related economic activity over the past 25 years.

Furthermore, society has neglected

smaller institutions' experiences in BEE because of pre-occupation with the prominent empowerment groups, and their integration into JSE-listed companies. Trade unions, community trusts, social enterprises and SMMÉs have played a significant role in BEE.

But there are few references to these organisations' accounts in the poll manifesto discourse. The dominant concept presents all black entrepreneurs as neo-patrimonial beneficiaries, and overlooks historical development of black business in rural areas. Politicians need to adopt a categorisation which appreciates social differentiation among emerging black capitalists.

The BEE elections manifesto discourse overlooks the salient questions mentioned above. We hope future political incumbents and policy-makers take these factors into account when revising BEE policies.

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