

The new BBBEE codes can be positive

Broad-Based Black Economic Empowerment (BEE) has had a somewhat chequered history. Few would argue that after 300 years of colonial rule, and 40 years of apartheid, South Africa had a racially skewed economic landscape that needed urgent reform. And having education and health inequality of the highest order exacerbated the economic inequality.



Taddy Blecher

The consequence was that even if one attempted to correct the economic imbalance, the significant effect of poor education for most people, and the compound interest effect for the privileged few would mean that the gap would not close rapidly.

Adding to the mix the inescapable fact that the country needed the wealth and business experience of the advantaged population to keep the engines of commerce turning while change was effected, meant that the challenges that the original architects of BEE faced were considerable. While white businessmen of the time worried that this was a social engineering exercise that would be debilitating, and many felt that the example of Zimbabwe may be playing itself out here, the black majority welcomed it, but were ultimately to be disappointed.

While BEE has changed the ownership landscape, it has not been in a way that changed the lives of the many. Educated and connected black businessmen flourished, a black middle class of some size was established, but the lives of most black South Africans have not changed. Many will tell you that it has regressed. Unemployment is up and the rate of urbanisation - driven by the expectation that one had to 'go to the city' to find work - has caused the creation of urban slums of epic proportions in spite of an aggressive housing programme.

It has taken too long for us to realise that the lethal mix of poor education, rapid urbanisation and a recession, that has significantly slowed global and local growth, would take us to the current state of instability. And it would be foolish to think that it will take less than a decade to make a dent in these problems.

Addressing the fundamental problems

Fortunately there are initiatives that are addressing the fundamental problems, including The National Education Collaboration Trust (NECT) initiative, which is a significant effort that has brought together teacher unions, the Department of Basic Education, and big business in what can only be described as an education CODESA. Its objective: Radical action to reform basic education in a collaborative way. It is a major step forward, and has a good chance of success.

The revised BEE regulations seek to overcome the faults of the first system. Inevitably the first attempt, although noble in intention, was not perfect. The majority view is that it enriched the few and did not assist the many, although this is probably an overcritical view. Many aspects of the current BEE system have caused beneficial change, but the new regulations will reward a broadening of the benefit, and should achieve the objectives more directly.

The changes to the ownership, enterprise development and training sections of the regulations, and the penalisation of organisations that do not transform will make a difference. Window dressing and a 'tick box' approach to compliance will simply not work any longer. Therefore, if a company does not embrace the spirit of the BEE process it is much more likely to lose turnover, margin and profits now. On the other hand, by embracing BEE, companies will not only avoid these negative effects but are likely to be economic beneficiaries of their BEE action.

But could even more be achieved through the same decision on how to preserve and improve one's own BEE status? Is it possible to combine the concepts of BEE transformation and improve our country's education output? According to social entrepreneur Taddy Blecher, the answer is absolutely "Yes!" He has created a value-adding 'one stop shop' for businesses to fix their BEE conundrum, and at the same time help to create a more educated nation. This is done through partnering the Imvula Education Empowerment Trust. Imvula's primary beneficiary is the Maharishi Institute - which facilitates access for bright but disadvantaged students into University partners - and provides extensive support mechanisms so these students succeed. These are young people who ordinarily would not be able to attend university because they simply don't have the means.

Through funds generated by Imvula, the costs of the university education are covered and, at the same time, donors are provided with a BEE qualification faster and more conveniently than others can. Imvula assists companies with any of their ownership, enterprise development, socio-economic development, skills development, supplier development needs, allowing companies to attain acceptable scores at the lowest cost, in the simplest possible way, and with the least disruption to their operations. Imvula provides free consulting and free training to companies on the new BEE codes.

Local BEE deals, including ownership, skills development, socio-economic development, enterprise and supplier development, have taken advantage of the changed rules and Imvula has helped companies to achieve impressive BEE levels.

The scheme brings new meaning to the concept of social entrepreneurship, get involved.

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