

# Broad-Based Black Economic Empowerment (B-BBEE) as a Competitive Advantage in Conducting Business in South Africa

KR Chauke

University of Limpopo, South Africa

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**Abstract:** Government develop policies and promulgate laws that are aimed at promoting economic growth initiatives and help the growth of companies or enterprises. When government policies are implemented effectively, they determine the overall success of its economic growth vision. Successful economic development is determined amongst others by the policies of the government and their implementation. For businesses to influence economic growth, they need to influence the architecture of government policy, and that should be organised collectively and strategically. It became evident in this study that for the business to operate in the growing economy that is characterised by political and social stability, they should act in a manner that promotes government actions that are geared in the best interest of businesses and their definition of growth. The advent of transformation, specifically the Broad-Based Black Economic Empowerment (B-BBEE), has introduced the requirements that enterprises will need to comply with B-BBEE to get licenses, concessions, or authorisation from the state and to provide goods and services to the organ of state or to enter into a partnership with the state (Meyer, 2007). The organ of state and public entities use their Black Economic Empowerment (BEE) status or levels as measured under the B-BBEE Codes of Good Practice to enter into a business transaction. Private businesses, in dealing with each other, they also require the B-BBEE scorecard, as this has an impact on their scorecard and ultimately their B-BBEE compliance levels. This paper outlines the transformation processes and argues that B-BBEE has an impact on the competitiveness of businesses and the level of BEE compliance influences the winning of business opportunities. The research methodology adopted for this study is qualitative. The existing literature and practices of organisations have been systematically reviewed and synthesised.

**Keywords:** Broad-Based Black Economic Empowerment, Business, Competitive advantage, Compliance, Economy, Transformation

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## 1. Introduction

According to the South African Transformation Strategy for Broad-Based Black Economic Empowerment from the Department of Trade and Industry of March 2003, South Africa requires an economy that can meet the needs of all her economic citizens and businesses sustainably (DTI, 2003). This type of position can only be attained if the economy is built on the full potential of all people and communities across the length and breadth of the country (Strydom *et al.*, 2009). The government's objective to achieve the vision of meeting the needs of the economy and its citizens will require an economy that is agile and adaptive to the essential characteristics of a country and such should result in employment and the equity that the country has set (Strydom *et al.*, 2009). From this strategy, it was envisaged that by 2014, the vision would have been achieved; unfortunately, this became only a dream that has been deferred as such has not been realised, the

transformation progress has instead deteriorated (Lindsay, 2015). In the book by Duncan Innes, *Visions of Black Economic Empowerment* (2004:43), he indicated that the national economies form the bedrock of societies in which individuals and groups interact at various levels, which include globally, politically, culturally and ideologically. Furthermore, these types of economies often appear to have an existence that is independent of the societies and groups of which they are comprised or emanate from (Gereffi, Humphrey & Sturgeon, 2005; Strydom *et al.*, 2009). It is, therefore, vital to dissect and comprehend as to what drives the economy and as to whether it is the politics of the country or is the economy that drives itself.

According to modern economies, theories regard the laws of economics as being absolute because these laws are assumed to express certain objective principles, which in essence should not be tampered with or mired by political or social interference lest

their proficient operation is weakened (Jayasuriya, 2006; Lindsay, 2015). This approach is inherently conservative in that it promotes the maintenance of the economic status quo as well as a hands-off approach or attitude toward economic change (Jayasuriya, 2006; Lindsay, 2015). According to this approach, such change needs to occur, and it should be allowed to do so in terms of the evolution of the economic laws themselves, but not through political or social intervention (Jayasuriya, 2006; Lindsay, 2015). B-BBEE is a political intervention that is aimed at including the previously excluded black majority from participating in the South African economy (Lindsay, 2015)

The other leg of the economic theory, including specific versions of Marxism, that subscribe to a form of financial determination which claims that economics evolves according to their inherent laws of motion (Jayasuriya, 2006; Lindsay, 2015). According to this approach, the role of political and social actors is not to intervene to change the historical evolution of an economy, but rather to seize the political opportunities that such development provides to alter the cause of history (Jayasuriya, 2006; Lindsay, 2015). The common thread in these theories is that the notion that the economy, which is the bedrock of society, somehow stand outside of social and political intervention instead of being determined by social action (Jayasuriya, 2006; Andrew, 2008). The question that might need to be answered is how the South African history and the structure of the economy developed (Lindsay, 2015). Was it in terms of predetermined economic laws or as a result of competing interests, interactions and struggles between relevant social and political groups (Lindsay, 2015)? This is a fundamental issue that needs to be answered.

Despite all the challenges posed by the advent of new democracy from a global perspective, the country's economy has to grow (Gereffi *et al.*, 2005). A further problem emerges in that achieving sustainable economic growth cannot be the only legitimate target for a democratic government that seeks to promote its credibility with the broad masses of the population (Lindsay, 2015). Transformation based on the redistribution of wealth and income to the previously disadvantaged group also need to play a vital role in government economic strategy, a fact that the government has acknowledged both in terms of the commitment to reducing unemployment by 2014 and its responsibility of promoting

B-BBEE. This paper investigates how much can transformation be used as a competitive advantage in the world of business and South Africa in particular. With the advent of B-BBEE codes of good practice, a scorecard came about and is going to serve as a measure of the company's level of transformation. On the challenges of businesses' non-compliance with B-BBEE that is faced by a government, which is against its wish to see all businesses complying voluntarily without being legalistic about it. It is a fact that a legal compliance issue has the propensity to become a tick box exercise (Lindsay, 2015).

## 2. Theoretical Perspective

The theoretical framework for this paper comprises the theory of justice and the Black Economic Empowerment Act 53 of 2003. The two concepts are imperative as they are interconnected, in that the BEE legislation has come about due to the result of the social injustices of the past and such injustices are affecting the majority of South Africans and have left most of them out of the South African economic mainstream (Andrew, 2008; Fauconnier & Mathur-Helm, 2008; Lindsay, 2015). John Rawls in his theory of Justice asserted that several virtues characterise an excellent society, wherein justice is the first virtue of a good organisation, which means that judgment is necessary but not a sufficient condition of a good society (Rawls, 1999). The proponents who believe that justice should not be allowed to come into the way of social advancement and progress may be exposed to the risk of the moral degradation of society (Lindsay, 2015). In a just society, matters of justice are established as the foundation of the social structure (Lindsay, 2015). It is, therefore expected that all political and legislative decisions should be designed to fulfil the requirements of justice (Lindsay, 2015).

In the theory of justice, it is argued that for a principled reconciliation of liberty and equality, the principles of justice should guide the conduct of the different parties (Rawls, 1999). The principles are found to be neither naturally humane nor purely egocentric (Rawls, 1999). These principles have ends that they aim to advance, but, they, however, prefer to be promoted through the cooperation within mutually acceptable terms (Rawls, 1999; Lindsay, 2015). Rawls sets out his theory by placing individuals preoccupied from their social and economic contexts behind what he calls the veil of ignorance (Rawls, 1999). Perhaps the most influential idea

of Rawls' Theory of Justice is the famous thought experiment called the original position (Rawls, 1999). The intuition that motivates its employment is that the specification of the correct standpoint will significantly benefit the enterprise of the political philosophy that a person should take in one's thinking when it comes to justice (Rawls, 2019). Rawls' original position in this regard meant to encode all of the intuitions about the features that are relevant (Rawls, 1999). Rawls believes there are two such essential capacities which the individuals perceive themselves to possess (Rawls, 1999).

The first one is that each individual knows that he can form, pursue, and revise a conception of the right or life plan (Rawls, 1999). The second one is that each individual understands himself to have the capacity to develop a sense of justice and a generally active desire to abide by it (Rawls, 1999). The idea is that proposals would ordinarily think of this as unjust when blacks or women are not allowed to hold public office, or they will not be proposed in the original position because it would be irrational to recommend them. Rawls assumes that these hypothetical people would be conservative risk-takers, and in the situation of uncertainty would opt for least disadvantageous outcome in any choice that can be presented (Rawls, 1999). Hence, they would choose those principles which would maximise the position of the worst-off, assuming that when the veil is removed, they will turn out to be the worst-off.

Rawls expressed his ideas of justice as fairness in the two principles of justice, with the first principle indicating that each person has the same inalienable claim to a fully adequate scheme of equal fundamental liberties, which programme is compatible with the same system of rights for all. The second principle indicates that social and economic inequalities are to satisfy two conditions (Rawls, 1999). The two terms of the latter principles are that the attachment to the offices and positions are open to all other terms of fair equality of opportunity, and they are the most significant benefit of the least-advantaged members of society (Rawls, 1999; Lindsay, 2015). The first principle of equal fundamental liberties is to be used for designing the political constitution, while the second one applies primarily to economic institutions (Lindsay, 2015). Fulfilment of the first principle takes priority over the realisation of the second one. Within the second principle, there is fair equality of opportunity that

takes precedence over the difference principle (Lindsay, 2015). The first principle affirms for all citizen's familiar fundamental rights and liberties. In terms of the Constitution of South Africa (1996) fundamental rights include freedom of conscience and freedom of association, freedom of speech and freedom of the person, the rights to vote, to hold public office, to be treated following the rule of law. The principle ascribes such rights and liberties to all the citizens equally (Lindsay, 2015). The unequal rights would not benefit those who would get a lesser share of reasons; therefore, justice requires that equal rights be dispersed in all normal circumstances (Lindsay, 2015).

The Rawls' first principle accords with widespread convictions about the importance of equal fundamental rights and liberties (Rawls, 1999). Two additional features make this first principle distinctive (Lindsay, 2015). First is its priority: the fundamental rights and freedoms must not be traded off against other social goods (Lindsay, 2015). The draft is a drastic infringement on fundamental liberties, and if a selection is implemented, then all who can serve must be equally be subjected to it (Lindsay, 2015). The second feature that is distinctive in Rawls' first principle is that it requires the fair value emanating from the political liberties (Rawls, 1999). The political freedoms are, therefore, the subset of the fundamental freedoms, concerned with the rights to hold public office, the power to affect the outcome of national elections (Lindsay, 2015).

The theory of social justice is predominately expressed as the human rights, equality and democracy of an economy (Rawls, 1999; Theohari, 2007). This theory is the process of inheriting equity and fairness, which is primarily identified by the governmental systems in the formulating and implementing the fundamental rights of an economy (Rawls, 1999). The political institutions have the propensity to determine the division of social advantages in the economy and the influence the rights and life expectations of all the citizens (Rawls, 1999). In South Africa, the history of apartheid has resulted in the copious social injustices on the employment opportunities that exist within the economy (Esterhuizen & Martins, 2008; Arya & Bassi, 2011). The post-apartheid government, which is currently led by the African National Congress (ANC), aimed at transforming the marketplace by placing the imperative emphasis on the equal rights for all citizens (Human, 2006; Arya & Zhang, 2009).

The Broad-Based Black Economic Empowerment is one of the policies that have been implemented to maximise the country's citizens' worth (Arye *et al.*, 2008). The B-BBEE policy was formulated to benefit the previously disadvantaged majority of the country, however, these intentions of economic emancipation, if not implemented and achieved may only remain a figment of their imagination (Andrew, 2008; Arya & Zhang, 2009). The government cannot rely on South African companies and citizens to self-regulate concerning the implementation of such a critical transformational policy and expect them to recognise the emphasis of equality as enshrined in the Constitution of South Africa (1996). This type of set-up may not be the ideal way to achieve social justice (Andrew, 2008; Arya & Zhang, 2009).

### 3. Source of South African Business Inequalities: A Historical Perspective

The practice of affirming disadvantaged groups is not new in South Africa (Arya & Bassi, 2011). In the 1930s, affirmative action was introduced as an economic movement (Terreblanche, 2002; SACBC, 2010). The affirmative action drive was later accelerated when the nationalist party ascended to power in 1948, and their affirmative action was focused on Afrikaners to the exclusion of black people and some extent, English speaking Whites (Terreblanche, 2002; SACBC, 2010). In implanting affirmative action, states entities were unofficially reserved for Afrikaners (Terreblanche, 2002). In this process of affirming whites, legislation was also used, wherein the employment legislation deliberately favoured them in general industries, and there were given specific essential qualifications which put them at a complete advantage (Terreblanche, 2002; Arya & Bassi, 2011).

It was in the circumstances that prevailed during the apartheid era, which came to an end in 1994 that the government of the time deliberately engineered laws which resulted in a gross imbalance in socio-economic statutes between black and white peoples (Arye *et al.*, 2008; Arya & Zhang, 2009). It was during the years before 1994 that the exclusively white government decided to engineer laws first through colonialism, and then later on through apartheid that was designed to monopolise the economic resources of the country (Arye *et al.*, 2008; Chabane, Goldstein & Roberts, 2006). Black people were not only excluded from economic participation, but they were also denied the right to participate in

the commercial and intellectual growth through various destabilisation mechanisms (Arye *et al.*, 2008).

In 1913 a law was enacted which prevented black Africans from owning land outside their designated areas, and it was because of these laws that Africans were forced to do communal ownership of agricultural land in these areas and this further destabilised black commerce (Jackson, Alessandri & Black, 2005; SACBC, 2010). In 1923, the colonial government introduced the native Act, which restricted black Africans or effectively migrant labour to designated locations (Terreblanche, 2002:247-256) and the 1950 Group Areas Act was enacted. The Group Areas Act prohibited black Africans, colours and Indians people from operating business outside their designated areas (Terreblanche, 2002:297-302). It was during this time that black people were no longer allowed to own property, even in their designated areas (SACBC, 2010). These restrictions limited the black-owned business to a single operation in a single location (SACBC, 2010). These limitations on trading prevented the blacks from competitively venturing into industry, except concentration on those activities that were only necessary for them to obtain supplies (Fauconnier & Mathur-Helm, 2008). Emanating from these circumstances and restrictions, there was no way in which black entrepreneurial venturing could have possible, and this resulted in impeding the entrepreneurial growth (Terreblanche, 2002:386-396).

Apart from the circumstances and restrictions that impeded entrepreneurial growth activities, the government also prescribed the type of jobs and skills development that was permissible for black people (Arya & Bassi, 2011). To make sure that the government view is carried through, white businesses were provided with a list of allowable jobs for black people, using job reservation; however, that type of employment that is to be allocated to black people excluded the management activities or jobs that required technical training (Jackson, Alessandri, & Black, 2005; Arya & Bassi, 2011). The policy was further designed to limit the scope of education, in particular concerning science and technical subjects (Bolton, 2008; Arya & Bassi, 2011). Based on these restrictions emanated from the procedures, the skills levels of black people was low and they could only be the providers of cheap labour. It was in the early 1980s that there were changes in apartheid policy which suggested some recognition (Terreblanche, 2002; Lindsay, 2015).

#### **4. The Impact of Political Changes Post 1994 on Business Inequalities**

From 1994, the government view was that South Africa requires an economy that can meet the needs of all its citizens and their enterprise in a sustainable manner (Chabane, 2003; Chabane, Goldstein & Roberts, 2006). This will only be viable and possible if the economy builds on the full potential of all personnel and the communities across the length and breadth of the country (Chabane, Goldstein & Roberts, 2006). Government's objective is to achieve this vision of an adoptive economy characterised by growth, employment and equity (Chabane, Goldstein & Roberts, 2006).

Economic transformation is, therefore, of necessity and as a consequence thereof they influence the financial and economic growth, however, the South African historical high unemployment rate can only be addressed in a growth environment (Lindsay, 2015). A vital imperative of transformation can enable this growth, because for transformation to succeed there must be growth (Lindsay, 2015). A social imperative: very few high-income earners carry a significant load of the South African economy. The GINI coefficient measures the disparity between a few wealthy elites and the poor majority and neglects the level of social exclusion. The South African GINI coefficient is one of the worst in the world; it is too large. If the GINI coefficient is too large, there is a tendency towards an unstable society. Therefore, economic transformation through BEE is a commercial tool that can be used to grow the black middle class in South Africa, thereby avoiding destabilising the political transformation of the country and its very young democracy (Meyer, 2007; Strydom *et al.*, 2009; Lindsay, 2015). According to Jeffrey (2016), who has a different view of BEE, he believes that BEE does not work but did not propose any realistic proposal that can work. Clearly transformation is both a challenge and economic opportunity for economic development and social de-racialisation that is facing South Africa.

#### **5. Emerging Opportunities from Transformation**

Globalisation is a reality that affects all countries and South African is no exception and has forced South Africa to lower the trade barriers. Initially, the relaxing of the trade barriers had an impact on developing countries. As results thereof, many

citizens from different sectors rallied against the globalisation move but to no avail, even though internationally, the anti-globalisation movement also remains strong (Gereffi *et al.*, 2005). It should, however, be recognised that the countries that embraced globalisation did not necessarily impoverish their citizens (Gereffi *et al.*, 2005). It demonstrates that good government creates a predictable environment in which markets thrive (Gereffi *et al.*, 2005). Thus if the government aims to benefit from their involvement in globalisation, they will have to focus on improving the effectiveness and less on trying to protect themselves from the competition that is brought by globalisation (Gereffi *et al.*, 2005). The countries that care about development and helping the world's poor will have to stop looking for ways to restrict their participation in the globalisation processes and should instead ask what is needed to be done in the developing world to allow countries to benefit from international market opportunities (Gereffi *et al.*, 2005). B-BBEE is structured in such a way that it also takes care of the participation of the international role players in the South African economy. It can, therefore, be inferred that it has factored the impact of globalisation within the domestic economy.

#### **6. South African Business Landscape**

In South Africa, there is talk of two miracles that have transformed South Africa. The wonder of political transformation that enabled the nation to forgive the past and accept a new political order, and the miracle of economic stability, which resulted in reduced inflation and healthy debt to GDP ratio (Lindsay, 2015). It can, however, be inferred that this situation has been negatively impacted on in the budget of 2020 as well as entering into the economy of the Covid-19, which impacted the economic activities due to the business lockdowns that were declared by many countries including South Africa. Economic transformation is one of the initiatives that need to be implemented in South Africa (Lindsay, 2015). South Africa needs to transform the economy so that it is equitably shared among all population groups, unemployment reduced, and poverty eradicated (Lindsay, 2015). For the transformation to be realised, it requires that active steps be taken to empower black people economically (Lindsay, 2015). To that end, the government implemented a scorecard of code of good practice, to be used to measure the success of its implementation (Lindsay, 2015).

The different sectors charters have been adopted to advance transformation within the business landscape; these charters are used to enforce and measure compliance (Wolmarans & Sartorius, 2009). The sector charters are aggressive and ensure that any business that does not adhere to such will be impacted on its business performance if such does not comply with such sector charter (Wolmarans & Sartorius, 2009). It can, therefore, be argued that B-BBEE will be generally endorsed as part of the South African business environment and that, after a few years, it will be fully integrated into general business practice. It can, therefore, be inferred that in the employment front, merit and talent will always be the selection criteria that carries the most weight, but affirming the previously disadvantaged will have to be factored in when selection decisions are made in line with the requirements of B-BBEE.

One of the first stages that companies, as well as the owners, go through when they encounter B-BBEE is denial and not wanting to embrace the black economic empowerment (Wolmarans & Sartorius, 2009). They cannot believe that the concept of B-BBEE applies to them. The conventional thinking of that is that such denialism stages are the excuse that they do not provide goods or services to the government, who is the major proponent of BEE; therefore, they do not worry about the BEE (Fauconnier & Mathur-Helm, 2008; Lindsay, 2015). They argue that B-BBEE is far removed from them. Companies may also think that they do not belong to those sectors in which BEE is a hot topic (Fauconnier & Mathur-Helm, 2008). They believe that the nature of their industry exempts them from participation. This way of thinking is, however, undone by affirmative action procurement that is used by government and other corporations because before they can be preferred or be given rebates, their B-BBEE scorecard is considered (Bolton, 2010; Lindsay, 2015). It can, therefore, be inferred that this is the only time in which they realise that without the B-BBEE scorecard, it becomes difficult doing business, either with fellow private sector or government.

Currently, market dynamics indicate that if companies are not careful, they could face reputational risk (Lindsay, 2015). For the businesses that do not transform, they may also lose business opportunities that could have uplifted their businesses (Lindsay, 2015). The fact that transformation is the country's phenomenon, there could also be an element of peer pressure to conform to BEE (Lindsay,

2015). There is also a possibility that customers may start applying pressure to those businesses that are not transforming (Lindsay, 2015). Internationally, the international perspective is aware that there are domestic issues that need to be solved for the country to move forward, and that the international community will prefer that (Lindsay, 2015). Global players are sympathetic to the South African situation, and would like these matters to be resolved; hence the open participation in transformation initiatives and participation in BEE equity deals (Nienaber, 2008; Lindsay, 2015). A multinational business does not have to comply with the ownership provision of the generic scorecard (Nienaber, 2008; Lindsay, 2015). A multinational may instead obtain an equity equivalent by making other contributions that will give BEE status (Nienaber, 2008). This may be done by establishing programmes for which the multinational will be awarded ownership points (Nienaber, 2008). The other option is to obtain equity equivalent through the sale of offshore equity to South Africans who are black (Nienaber, 2008). Equity equivalent contributions to the ownership element made by multinationals are measurable only against the value of their operation in South Africa (Nienaber, 2008). It can, therefore, be inferred that even the multinationals have embraced the B-BBEE practices and support through the transaction that they enter into.

## 7. Results and Discussion

Broad-Based Black Economic Empowerment is a strategy which is aimed at assisting the disadvantaged black majority in South Africa. It is also evident that there can be no restitution of political and economic rights without trampling on the toes of those who enjoyed and continue to enjoy these rights, in the South African context. It also transpired that it is not possible to empower the disempowered without curtailing the advantage to that section of the society that has always been advantaged. It also became evident that, despite the transformation agenda, the reasons for the economic inequality that continues to exist in South Africa are well-established. During apartheid, the state intentionally limited the African people's access to assets and capital. The African farmers and land-owners had their lands taken away while whites were provided adequate assistance and the credit to grow their businesses (Lindsay, 2015). Most African communities were deprived of crucial resources such as proper housing, electricity

and telecommunications, which made it hard for aspiring black businesses to survive (Lindsay, 2015). The South African black people were stripped of their citizenship, legally becoming citizens of one of ten tribally based and nominally self-governing tribal homelands, four of which became nominally independent states (Lindsay, 2015). As is familiar to South Africans, the whole population was arranged into African, Coloured, Indian and white racial groups; there was strict racial segregation in the urban areas; restricted African urbanization; a tightly-controlled and regulated system of migrant labour which was confined to blacks and a stronger accent on tribalism.

There has been the marginalisation of blacks which includes Africans, coloureds and Indians, in terms of access to education and training created a large class of people who were very largely dependent on the government and the white-controlled business community for survival. A group or community that depends on external sources for sustenance were eventually not economical, but socially and politically disadvantaged and overpowered by the economically superior community. Even after twenty-six years of democracy, overall economic inequality showed little improvement and, though the share of black businesses and assets continued to rise, it was nowhere close to being representative.

It is recognised in the Black Economic Empowerment Act that competition law has to address and deal with the excessive concentration of ownership and control of the economy on the minority. It is therefore expected that the unjust restrictions that existed on the full participation of black people in the economy that emanated from the various Apartheid laws need to be addressed. The Act, therefore, needs to allow for the exemptions from the provisions of anti-competitive practices as envisaged wherein such practices will promote the ability of black-owned and controlled enterprises to become competitive. The effect of BEE policies on the application of competition legislation is that they should be suspended to allow for the success of Broad-Based Black Economic Empowerment. It is evident from the objectives of the Act that it should promote the employment and the advancement of the social and economic welfare of all South Africans while supporting the greater spread of ownership, mainly, to increase the ownership stakes of historically disadvantaged persons. The requirements that before any entity could transact with other entities

and any organ of state, there is a need to give a proof of transformation in terms of the generic scorecard of the Broad-Based Black Economic Empowerment codes or any sector charter code if a proof enough to enforce the codes. Based on the level of transformation, any entity transacting with the other will consider that in deciding as to from whom to buy or transact with.

A large part of the black population remained out of the mainstream economy, and this is evidenced by their lack of assets, education, skills, and capital and their high rate of joblessness. It certainly seemed imperative for the ANC to continue to implement B-BBEE measures to eradicate this economic inequality and to provide an opportunity for the masses to be a part of South Africa's economic future. The BEE Act (2003), in the form of remedial and diversity affirmative action, is not only to compensate for the irregularities of the past but also to ensure a more socially and economically equal society. Without compliance with B-BBEE, and being at the right level or score, it is virtually difficult to make the business success.

## **8. Conclusion and Recommendations**

South Africa's transformation into democracy, with its inherent challenges of political reform, highlights specific issues for business. Political leaders have to balance the implications of the global economy, institutions of state that are weakened by years of transition away from an authoritarian regime, a fundamental shift in the party policy from classic socialism to full-blown capitalism, and a weak neighbourhood of poor surrounding countries in Southern Africa (Bolton, 2008). This political shift opens up potential business/government relationships, which were never exploited, let alone explored under the former apartheid order. In these times of changes the business has a role to play. It is understood and accepted that to promote growth cannot be based on the health of one firm or company, but there is a need for the involvement of all the communities. A range of government policies if effectively implemented can underpin and result in overall economic growth. The successful economic development is primarily determined by the policies of the government and their practical implementation. If a business wants to promote economic growth, it needs to influence the architecture of government policy and ensure that they also implement such.

It is recommended that companies and all government entities should implement transformation as per the matrix, and the five elements of the Department of Trade and Industry's generic scorecard or the requirements as determined in the sector charters. The purpose of the scorecard is to facilitate the vision and the achievement of the goals and to align and focus businesses into coherent strategic activities, to create synergies within the companies and to provide a measurement of progress. The implementation of transformational agenda and the maintenance thereof should be accepted, and due to its scale and complexity and strategic importance, it will have to be managed by business' transformation in consultation with the different structures that are established in the organisation to deal with transformational matters.

Government is responsible for ensuring that the compliance level in the organisation is enforced (Visser, 2005). While meagre enforcement and implementation due to deficiency of government capacity remain a staid challenge; however; legislation seems to have been recognised and acknowledged as the driver for change (Visser, 2005). The strategy that informed the creation of B-BBEE Commission as the agency of the department (DTI) has the responsibility of ensuring, through equity and empowerment policies and strategic interventions, that the South African economy is structured, to enable the meaningful participation of black people in the mainstream economy in the manner that has the positive impact on the employment, income redistribution, structural readjustment and economic growth and ensuring that organisations that do not comply are not able to transact or do business and if found having contravened the BEE Act (2003), they are punished as stipulated in the Act (DTI, 2007; Andrews, 2007)

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