

**Assessing the effectiveness and value of Black Economic
Empowerment initiatives to date**

26 August 1997

NAFCOC keynote address, Wild Coast Sun

**(Best read in tandem with :BLACK BUSINESS AT THE CROSS
ROADS", pp. 44-55)**

Ten years ago, in 1987, I was asked by NAFCOC to deliver a keynote address on the topic: Black business at the cross-roads: challenges for the future.

In many ways that topic would be more appropriate today than it was then. Ten years ago it was difficult to find any evidence of black business save for the subsistence activities in trading and other services by one man or at best, family-run concerns. Today, 10 years later, I have been prevailed upon to deliver a keynote address on: "Assessing the effectiveness and value of Black Economic Empowerment initiatives to date." Implicit in this topic, from the vantage point of the thesis I posited in 1987, is that there has been progress in black business in the past ten years. That may well be so. You be the judge.

Without putting too fine a point on any of the points made then, I should like to review the thesis presented in 1987 and offer a view of where we are today:

1. Ten years ago we queried the fundamental premise that there was any black business to talk about, never mind to assess its challenges for the future. We argued then that by whatever index measured, black business was minuscule, estimated at less than 1% of the JSE.

Today, still by whatever measure we use, such as contribution to GDP, total turnover, asset base, percentage of the stock exchange, black business is still relatively minuscule. The best estimates today, no doubt somewhat romanticised, put black control at between 3% and 5% of the JSE. However, as if to make up for the relative insignificance and obscurity of the past, we appear to be obsessed with size, with bigness. We let our egos drive our investment strategies. We measure ourselves and the deals we conclude by the size of turnover, or asset base, and rarely by the quality of these revenues and assets and even less by the size and quality of the returns of our businesses or the deals we conclude.

2. Ten years ago we argued that repression and exclusion by whites had been more effective in crushing blacks economically than politically, and that the economic repression was so complete that we had not been able even to create mythologies and heroes of economic achievement similar to our then political heroes and legends such as Shaka, Luthuli, Mandela, Sobukwe, Biko and Ramaphosa.

Today our economic successes, if we could call them that, are still insignificant relative to our spectacular political successes. However, more importantly, we have begun to develop a mythology, we are able to create legends and heroes extolling and promoting noble effort and achievement in the economic sphere. It is still early days and the jury is still out. However, whatever the controversies, few will challenge the notion that when we retell our economic history in the future, among others, the names of Motlana, Mahanyele, Khumalo, Ramaphosa, Ncube, Luhabe and the Kunenes will feature prominently.

3. At the time, 10 years ago, we were consumed by sterile ideological debates about capitalism versus socialism, confusing means and ends, without a clear conception of cause and effect.

Today debates about socialism versus capitalism are passe, overtaken by history. Today we have puerile debates about empowerment versus enrichment. We are still totally confused about the difference between means and ends and without a care about cause and effect. We have allowed ourselves to be sidetracked by spurious and self-serving arguments, and have become party to vilifying our brave pioneers who are trying to chart a path in the face of great obstacles. We have not even had the decency for a scant pause to applaud the outstanding innovations and success of the various retail schemes and public offerings such as the Johnnic-lkageng Scheme, the M-Net-Phutuma Scheme and the Wiphold public offer to women. We seem not to grasp the difference between entrepreneurial requirements and dynamics, and socio-economic considerations. We have blundered into the growth versus redistribution debate through the back door, oblivious to the implications of the positions we espouse.

4. Ten years ago we argued that black business, such as it was, was perceived to be largely characterised by a victim mentality; trying to find a special accommodation through narrow interest pleading; without a vision and no capacity to set and drive an agenda regarding the economy and other issues of relevance to us.

Today black business is still perceived as lacking a vision and a coherent agenda for the economy and the role of black business in the polity. We are still accused of pleading our special case, trying to seek special accommodation and exemption instead of developing a clear coherent sense of our rights as businesspeople. The image we portray is that when we are not scrounging on all fours under the master's table for the crumbs and scraps that have fallen, we are supping at the devil's table, often without the grace of long spoons. We let national debates about the economy fly over our heads and then go cap in hand to seek special exemption from regulations we belatedly recognise will harm our legitimate interests. Our empowerment agenda, such as it is, is driven more by the corporations we seek to do business with, or rather that seek to do business with us, along with the assorted advisers and financiers who in fact stand to benefit more from these empowerment initiatives than ourselves, the ostensible principals.

5. The last key thesis we made 10 years ago was that when we as black business ventured beyond the one-man/woman operations in trading, consulting and the like, we distinguished ourselves, or should one rather say, extinguished ourselves more by our failures than by our successes.

Ten years later after the Blackchains, Shareworlds and the African Banks of yesteryear, we are still painfully reminded of our apprenticeship in the economy by the National Sorghum Breweries, the New Age Beverages and the New Nations.

However, such failures and set-backs have ceased to be the defining characteristics of our economic effort. Today we measure ourselves more by our successes that far outweigh our failures. Those, as at this day that can be counted as success stories, are too numerous to mention. Suffice it to mention just a handful of our new pioneering institutions: Thebe, Nail, Real Africa, Saflife, Capital Alliance and WIP. We will continue to have failures,

some of them spectacular, but we always have to be mindful to put failure in context, to recognise that no success, no achievement of note, is possible where humiliating failure is not also possible. More importantly, we have come to reject the spurious correlation between black business effort and failure. There is no causal or any special relationship between being black and failure.

It is important to assess where we come from and the progress we have made over the past 10 years. It is more important to assess what progress we will have made by the year 2007 and the year 2017. Are we putting ourselves in a position where 10 years or 20 years from now we will have made significant achievements as black business? This conference may view these questions as somewhat off the mark given the conference theme is “Business in transition towards an integrated economy”. Implicit in the theme is that in the near future we should have stopped talking about black or white business, and start talking about integrated business in an integrated economy. I seek your indulgence to continue focusing specifically on black business and the issues we as black business should be thinking about in order to be integrated as equals in the future.

I wish to confine myself to the aspects suggested by the topic I have been asked to address, namely, assessing the effectiveness and value of Black Economic Empowerment.

Let us first look at two phenomena on the broad canvas:

Firstly, the political leadership and emerging black businesspeople are enamoured of the Malaysian model of economic development. This model has been touted as a role model for affirmative action and the development of black business in South Africa. The model as practised in Malaysia depends on a close relationship between government and the intended beneficiary sector of business. In short, Malaysia embarked on a policy of affirmative action and empowerment that had as its core purpose the shifting of economic activity, power and wealth from the minority Chinese to the majority ethnic Malays, the Bumiputra.

Politics and the economy, or if you will, government and business in this model, are really two sides of the same coin. In this way the targeted business sector becomes a direct beneficiary of political largesse. The similarity with South Africa is obvious. Many in black business and politics hold this as the model that South Africa should follow. Indeed privatisation policy and other state procurement policies have set out to deliberately advantage black business over the previously advantaged businesses. In Malaysia, as would no doubt become the case in South Africa, the continued self-interest of the government party will dictate an ever-closer and symbiotic relationship between the governing party and the beneficiary business sector.

Secondly, Thabo Mbeki has begun to articulate the African renaissance as a keystone of South Africa’s vision. It is a vision for South Africa and for the African continent as well as the African diaspora. It is about geopolitics and the political economy of Africa and its nation states. It is about Africans defining an identity for themselves that is consonant with their own legitimate aspirations and their responsibilities to themselves as a people. It is a vision that is as much, if not more, about the mind-set of the African, as it is about the mind-set of others about Africans. It is about the phoenix that will rise from the ashes to soar majestically when all had given it up for dead.

As this vision unfolds, it will inform our approach to the entire range of human endeavour, including culture, technology, politics and the economy. The success of this vision of the African renaissance will depend critically on how well Africa and its respective nation states succeed in establishing facilitative processes, systems and institutions relating to politics and the economy.

Those involved in politics have stated their intentions:

They have begun to articulate and propagate this vision of an African renaissance as a driving force

They have established political institutions and processes which, viewed individually or collectively, match if not exceed those of the best democracies

They have established a constitution with a commitment to freedom, justice, equality, accountability and transparency, regarded as second to none

They have come out strongly and publicly against the continued racial monopoly of sectors of our economy

They have initiated a policy and introduced a government procurement system designed to draw blacks into the economic activity and benefits from which they were previously excluded.

The privatisation policy is unambiguous about ensuring the Africanisation of the future ownership of current state assets

They have spearheaded a diplomatic initiative designed to persuade the region and the continent of the necessity for the establishment and maintenance of democratic, stable governance systems

They have mounted a diplomatic initiative abroad designed to retain the interest of the world on the region and on the continent for purposes of trade and investment

They are spearheading an investment process in the infrastructure of the region through a number of initiatives, including Eskom and the corridor developments in the entire subregion.

The above list is not complete or exhaustive, nor does it suggest that the politicians have had unqualified success.

The point is that in terms of beginning to establish a foundation for an African renaissance, they have come to the party, they have established their bona fides. Frankly there is not

much more that the politicians, at least in South Africa, can do except to deepen and consolidate the political framework for an African renaissance that they have already begun laying.

What is needed from here on is for similar groundwork and initiatives to be undertaken in the economic field to support and nourish the vision of an African renaissance. This is where those of us involved in economic leadership should come to the table, where we as business demonstrate our bona fides and pay our dues. We have a historical responsibility to help create and shape the economic processes, systems and institutions which support and nourish the vision of an African renaissance.

The task for black business is simple and easy, and yet profoundly difficult. In the economic sphere our contribution as business people is to begin doing those things that most fundamentally reflect African values and interests, those things that help define Africa and its people as competent, successful and with a profound sense of dignity and sense of self-worth.

It is easy and simple because it is straightforward and is a natural desire of any people, individually and collectively. It is difficult because we have not sufficiently developed the vision, the courage, the honesty, the consistency and the discipline to make those decisions constantly and to do those things, in the course of black economic empowerment deals, that could be seen to be contributing to an African renaissance.

Many of our decisions and activities are characterised more by shortsightedness, expediency, greed and vanity. In many instances where our hearts are in the right place and we are trying to do the right things, we seem to lack the intellectual framework or the self-belief to stay the course and prevail when challenges arise.

This may seem a harsh and unforgiving indictment of our efforts. I do beg your pardon. However, it has to be said, and I feel extremely well-qualified to comment. I am part of the process of the compromise and betrayal of those values that would help affirm us as proud people. The ways in which we compromise and betray our values are many and varied. I shall not catalogue them, but with your permission, I should like to outline a few thoughts with the use of some metaphors that, with further input and refinements from the collective business community, could be used as a form of compass to assess the extent to which we contribute to or detract from the vision of an African renaissance:

1. In a time gone by, a lot of hopes, dreams and effort were invested

in a delusion that through some pseudo-scientific process, base metals such as iron, could be transformed into gold. This process was called alchemy. It obviously was a sham and it did not work. Today black business has found a new alchemy, a new way of creating gold.

We believe that through some pseudo-economic process such as sophisticated financial engineering, we can turn blackness, in and of itself, into gold. These are questionable expectations, erroneous assumptions and flawed arguments, and have led us from a position where we all understand, quite reasonably so, blackness to be a necessary condition for the economic transformation we are seeking, to a position where we now seem to believe, quite unreasonably so, that blackness is a sufficient condition for economic transformation.

Often we bring no more to the table than the pedigree of our blackness and expect this to do the magic for us. We bring little by way of strategy, a plan, capital, expertise or skills to the deals we get involved in. Quite simply, we believe we should be able to turn our blackness into gold. History will tell whether our brand of alchemy is more effective than that of those who went before us.

2. Another phenomenon that characterises our efforts is a combination of short-term mentality, lack of a compelling vision and a lack of self-confidence. In the economic jungle we now inhabit we seem not to have the foresight, the spirit or the strength to establish ourselves as a distinct, identifiable, self-sustaining species. We seem to most emulate the weeds that grow and flower very fast in an opportunistic manner and wither away as quickly. In the parlance of plant biology, we seem most comfortable when we act like small off-shoots grafted on to other plants, more often than not, huge tree trunks that are already decaying even as they stand.

We achieve our rapid growth from nutrients sucked from the host, totally dependent on the host plant for our existence. Another name for the plants we emulate, those that depend on other plants, is parasite.

Not enough attention is being paid to the planting of acorns deep into the ground to grow the mighty oak trees of tomorrow: tall, proud and independent. To think of oak trees is to forego immediate results and the instant gratification that comes with it in the form of income, status, peer recognition and power. To think of oak trees is to think of wealth creation, to invest generationally, to cultivate businesses which will survive at least three to four generations from today.

3. Thirdly, when we look at the animal world, perhaps our adopted mascot as black business would be best represented by a lemming - a rodent-like creature whose key characteristic is periodic, unthinking group self-destruction. We have increasingly come to distinguish ourselves through how we allow others to determine our agenda, to prescribe our corporate desires and to influence the businesses we should go into. We allow any self-serving corporation to dangle a seemingly tasty morsel of corporate equity and to encourage us to fight amongst ourselves for the privilege of doing business with them, or at their exclusive election otherwise compel us to enter into unwieldy consortia that are not coherent, cogent nor stable. We let others palm off their tired, wasting assets on us.

We spend a lot of our time watching one another and chasing the same deals, or if too late, doing our damndest to emulate what the other empowerment groups have put together.

We are busy recreating the conglomeration as a business model, where worldwide, even in South Africa, the major conglomerations are unbundling, restructuring, layering the pyramid structures, and focusing on core competencies and industries.

4. Lastly I want to draw from the field of mythology. We are all aware of the allegory of the emperor without clothes. We seem intent on developing a novel twist to this. We are busy creating seemingly splendid corporate edifices; yet our deep, spiritual ownership and centrality as black people to these edifices is questionable. Very little of our own souls, dreams and aspirations drive some of the initiatives we purport to own. Very little of our own intellectual acumen and mental energies is invested in these initiatives we purport to

own. Very little of our own brawn and sweat is employed in the creation and continued existence of these initiatives we purport to own. Under the guise of being dedicated to professionalism and results, we turn to those who have been previously privileged with skills, resources and access to markets, who conceive, initiate, and drive what are ostensibly our initiatives. In many instances, though the public relations are well managed, in reality it becomes difficult to tell who is the principal and who is the agent.

In the future, when we look in the mirror, we will probably see splendid imperial robes, called black companies, but we will not be able to detect any visible body which these robes adorn. Nothing. No head, no face, no arms, no body ... at least not black! We shall have created our own new mythology - clothes without emperors!

In conclusion, my fellow business colleagues, we have choices to make:

We could choose to believe in alchemy or we could choose to invest in the development and employment of the necessary strategic and technical capabilities, and in the intellectual capacity to understand cause and effect

We could choose to be like parasitic weeds, sprouting opportunistically at any and all instances, striving for instant growth and flowering, or we could choose to be like oak trees, independently rooted, sturdy and designed for the next millennium

We could choose to follow blindly in the paths of those who have gone before us, and to follow the dictates and agendas of others, or we could choose to develop our own compelling vision and agenda, confident and courageous enough to follow our dreams no matter how long it takes, no matter what obstacles we face

We could choose to invest in the development of a mirage, of appearances, through fancy ownership and financing structures and courtesans who make the critical decisions behind the scenes, or we could choose to invest in the development of the real thing, of blacks as unquestionable principals of their own ventures, through the development of our only true asset, black intellectual capital

We could choose to perpetuate the stereotype of the African as a dependent, servile, parasitic citizen of the world, or we could choose to create a new prototype of the African as a proud, productive and independent citizen of the world, equal to his compatriots, and commanding unconditional global respect.

When we have chosen the latter, then we have positioned ourselves to address the conference theme: Business in transition towards an integrated economy- managing change.

**Mama Africa Pulse of my spirit
BY Munene Khoza**

It pulsates through your immortal soul.

Drenched in the blood of those who were muted by the ignorance of the generation that is,

And cursed by the echoes of the homogeneous songs of those who are to come.

It is the march to the drum of conformity, a disease brought to my land by those intruders so many years ago.

Me, I marched to a different drum, the drum of Mama Africa.

For as far back as I can remember, I have been told I speak in a peculiar tongue; a tongue that caresses the burden my ancestors had to bear. It is the very same tongue that tightened the suffocating grip of apartheid around the necks of the generations that preceded mine.

My generation has been given a voice and although my voice may be one that implies a betrayal to Mama Africa, my song is sung with her spirit threaded through it.

I have been asked why it is that I have chosen to make the white woman my sister, and the white man, my brother. I have no answers for such questions for I do not see white or black or any shades in between. It is not with my eyes but rather with my heart that I am able to seek others to join me in the march that defines who I am.

I have been asked why I have adopted the customs of those who so blatantly suppressed mine. Are customs not intended to bring people together? By sharing and gaining knowledge of other customs and beliefs I have come to embrace my own with a sense of pride for its uniqueness. At the same time I have come to respect the difference between various cultures and have adopted beliefs that have a peace which agrees with that of Mama Africa.

To outsiders it may appear that I am no longer in touch with my roots and have lost my sense of Africanism. However, this is of no relevance, for both of these things do not manifest themselves in one's outward actions and appearances. They manifest themselves within, in a place where only the rhythms of hearts that beat in unison, can connect. Conformity robs us of our individuality, of the right to be true to ourselves. Conformity holds us down when we should be free to dance the syncopated dance that is life.

Why march to the hollow drum of conformity when the drum of Mama Africa has such richness about it?

Mama Africa gives of herself both incessantly and unconditionally. Her pulse is in the air you breathe, the earth on which you tread, and the waters that are your sustenance. She allows for an individuality which is not built on a weak foundation of segregation and self-centredness but rather on a strong foundation of unity and altruism.

I pray the drum of Mama Africa will continue to propel its ethnic pulse into my feet to enable them to sustain me in the march that is my life.

I am only a name
BY Munene Khoza

I am only a name.
A black, nigger, kaffir name.
A name that is read as such by the white man and a name given to me, not by my blood but by the colour of my skin. A skin I was not ashamed of until that day.

I woke up to a shining summer sky with a multitude of thoughts racing through my fertile mind. I was going to a new school and I was ready to share the seeds of limited knowledge and wisdom that I had; ready to have seeds of knowledge planted into my heart and mind.

Questions, so many questions: Am I going to make any new friends? Who is my teacher going to be? Will everybody stare and point at me because I am different?

These were questions that only time could answer. I waited for it to do so.

An hour later I found myself standing at the gates of St Stithians Collegiate. My time had come. I was willing and waiting, ready to take on my new world.

I took the first step and caught my reflection in my polished new ebony shoes. I found myself thinking the shoes were truly a reflection of what I was going through at the time. Ebony, they wanted to carry me forward. Their colour emulated my own and they shone the way I so desperately wanted to shine.

All eyes fell upon me like boulders as I walked into the classroom. I hated the fact that I was late. Now one of their many prejudices about black people being confirmed. As soon as one generalization was confirmed, all others would be affirmed. But I chose to forget about that and pulled out the Colgate smile I had so neatly packed into my school bag.

Then it happened.

“Kaffir” The word that emerged from a smirk that was repulsive.
My stomach churned, eyes burned and legs yearned to carry me away from this place where that word had pierced my heart.

My heart was no longer fuelled by a curious smile. It was fuelled by an unbearable anger that emerged from each pore of my venerable skin like an assegai with an immortal intent to kill my spirit. My angered spirit soon became vengeful, then contemptuous, then hate filled...

Finally my spirit became a silenced one.
And my spirit was silenced, a part of me died.
The essence of ubuntu that fired through me was diminished. The marrow of my passion for others, regardless of race ceased to exist.

I had to find the courage to go on in a place where it was blatantly obvious that I was an outsider, that I was not wanted. However this courage laid down a sturdy foundation for true knowledge of self. I learned that I had to stay strong in myself if I was going to make it through the chapter of my life that had begun in such a horrific way.

That day was a rebirth, for on that day, I came to realize: I am only a name.
A black, nigger, kaffir name.