

Debunking the common myths about BEE plan

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The policy of black economic empowerment was introduced to empower groups that were affected negatively by apartheid.

The policy has been blamed for a number of things, notably the loss of highly skilled white people to other countries.

Studies have, however, shown that the "brain drain" started long before the democratic government came into power in 1994.

BEE is often mistaken for affirmative action, although employment equity forms part of it, and has been blamed for widespread poverty and an ailing economy.

Ajay Lalu of Bravura Economic Empowerment Consulting and Owen Adendorff & Associates compiled a list of common misconceptions about BEE.

Lalu said the most common misconceptions were:

- BEE transactions had made beneficiaries wealthy. According to Lalu, most of those who benefitted from BEE transactions were "heavily indebted to funders and financiers, resulting in minimal black participation".
- Companies spent "a lot of money" on enterprise development and corporate social investment.

Lalu said though enterprise development was meant to benefit small, medium and micro enterprises, in reality it was "funding BEE shareholders".

- Companies were doing relatively well on employment equity. Lalu said there was a "significant shortfall" on the representation of black females at senior management levels.
- Companies were doing well in skills development.

Lalu said he "was not certain" that the money splashed out on skills development was well spent.

He said a significant increase in the number of black managers was expected to correlate with the money spent on skills development.

Owen Adendorff & Associates highlighted five myths about being BEE compliant.

- Companies had to give at least 25percent of their shares to be BEE compliant.

According to the firm, this came about because of companies publicly announcing offering shares to black companies to get "the most publicity out of the transaction".

- The myth about the BEE scorecard and the "rating agency". There is no such thing as a "rating agency", but a verification agency exists to confirm a company's compliance.

- Companies that export all or most of their products are not affected by BEE.

"This may be true unless you are dependent on the state for some kind of export licence or permit. Your BEE credentials may then form part of the required criteria," said Owen Adendorff & Associates.

- A company owned by a parent company in Europe, the US or the Far East is not affected by BEE.

To do business with the state or do business with a company working for BEE points, one needs a BEE rating.

The shareholding section of the scorecard can be substituted with an "Equivalent Programme for Multinationals".

- Owning a business as a black, Indian or coloured person automatically qualifies it as BEE compliant.

There are six other parts to the scorecard, according to the firm.

Large clients will benefit from your ownership status if you can give them evidence that your company is more than 50percent black- owned or more than 30percent black women-owned.

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