

BEE no longer tops SA's Business Agenda

59% of the privately held businesses surveyed in Grant Thornton's annual International Business Report (IBR), feel Black Economic Empowerment (BEE) is an important issue in terms of winning new business. This is a sharp decline from the 70% recorded in 2007.

A sector analysis revealed that 69% of the construction industry and 68% of the services industry believe BEE contributes to the attraction of new business. However, only 53% of the retail sector and 52% of the manufacturing sector believe BEE helps win new business.

Tony Balshaw, Managing Partner of Grant Thornton, Eastern Cape said, "The construction and services sector's clients insist on procuring services with businesses who have good BEE credentials. In many instances they supply large corporate clients who wish to be seen as delivering on BEE. The retail and manufacturing sectors are less impacted by BEE as they sell directly to consumers who are more price driven, than BEE sensitive."

Strategic importance of BEE scorecard elements

When asked to rate how important each element of the broad-based BEE scorecard is to their business, skills development (63%) and employment equity (55%) were ranked as the highest of the seven elements. Together with preferential procurement (37%) these elements showed a decrease in perceived importance. Elements showing an increase in importance were management (47%), corporate social investment (35%) and enterprise development (32%). Ownership at 38% was the only element that remained unchanged.

BEE strategies being employed by South African businesses

South African businesses employ a variety of strategies to achieve their human resource BEE targets. The most popular strategies are developing people internally (84%) and the fast tracking of key employees (68%).

Balshaw added, "There has been a shift in corporate thinking with regard to BEE. Ownership is no longer the foremost element on the BEE scorecard. There is now a stronger emphasis on skills development. We are seeing more businesses favouring developing people internally and fast tracking key employees as their preferred BEE strategies. Businesses have realised that to achieve their BEE goals, they must place a stronger emphasis on recruiting the right people and developing them, rather than only focusing only on equity ownership."