

## **Evaluation of Black Economic Empowerment (BEE) Policy Implementation in the Ngaka Modiri Molema District, North West Province, South Africa**

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**ABSTRACT** Black Economic Empowerment (BEE) is a precondition for a truthful and meaningful transformation of the socio-economic landscape in the country in general, and Ngaka Modiri Molema District in particular. This is so, because BEE has been identified by the present South African government as one of the key areas that need to be tackled in order to address and redress the past inequalities and inequities inherited from the apartheid regime. Four pertinent themes that are the prerequisite for sustainable BEE at local government level were adopted and used as a basis for this analysis. These themes are: (1) development and support of small, medium, and micro enterprises, (2) job-creation, (3) poverty alleviation, and (4) entrepreneurial skills development. Using qualitative paradigm and the corresponding research design, as well as employing qualitative data collection methods such as participant observation, in-depth interviewing; and case studies as well as data analysis techniques such as content analysis, document analysis and case analysis, the article focused on the management's capacity to enhance the functionality and performance of BEE in the District. It also explored the adequacy and/or the inadequacy of the BEE policies, plans, strategies and procedures. The findings revealed that management's capacity to enhance the functionality and performance of BEE could not be easily ascertained due to the fact that the responsibilities and accountability pertaining to the implementation of BEE were non-existent. With regard to the adequacy and/or inadequacy of the BEE policies, plans, strategies, and procedures, it was established that managers in the District failed to establish relevant and adequate BEE policies, plans, strategies, and procedures for the entire District and thus contributing negatively to the functionality and performance of BEE. Based on these findings the article suggested "the all-inclusive participatory BEE model" and recommended it for the transformation of the functionality and performance of BEE in the District.

### **INTRODUCTION AND BACKGROUND**

Black Economic Empowerment, broad-based or not, has been identified by the present South African democratic government as one of the priority areas that need to be attended to in order to address and redress the past inequalities and inequities, and thus assist in the alleviation of poverty and imbalances (Black Economic Empowerment Commission (1997). The history of socio-economic and political exclusions in South Africa is well documented and need not be repeated here. However, it must be noted that the continued White male dominance of the economic landscape has resulted in untold inequalities and inequities that left the majority of Black people at the periphery of the mainstream economy. While Whites were enjoying protection under colonial apartheid rule, their Black counterparts remained at the receiving end, as the exclusive White colonial government initiated laws to monopolise economic resources. Blacks were excluded from economic participation and

were also denied the right to economic growth. For example, the Republic of South Africa Land Act, Act of 1913 denied Blacks from owning land outside designated areas (bantustands/homelands), and forced communal ownership of land in these areas further complicated Black commercial farming. Again, in 1950 the apartheid regime enacted the Republic of South Africa Native Act, Act of 1950 which concentrated Blacks to the designated locations. Even though legislation did not limit commercial activities in these locations, government tacitly instigated local councils to do so. Worse of all, the Republic of South Africa Group Areas Act, Act of 1950 restricted Blacks, Coloureds and Indians from operating business outside their designated areas. To protect white business interests, Blacks wishing to continue trading have to return to their respective homelands to do business there.

The democratisation and transformation of the South African economy started to come forth, and raised many eyebrows. The need for socio-economic equality and equity arose from

four concerns, namely: (1) *moral imperative*, to make right the wrongs of the past, (2) *social imperative*, conceding that the wealth of the country is a social problem, and in the South African context, it has remained a major cause of racial categories and other social upheavals and ills, that led to political uprisings by Blacks and total lack of social cohesion and racial tolerance, (3) the *economic growth imperative*, which has been fueled by poverty levels in the country and unemployment rate said to be around 35% to 40%, and (4) *labour skills level imperative*, which seeks to increase skills levels of black labour and generate value-added activities within the economy (Mabaso 2006). In a nutshell, Black Economic Empowerment policy entails the following fundamental principles: (1) it must be broad-based, (2) it must be an all-inclusive process, (3) it must be part of the broader South Africa's growth strategy, and (4) it must conform to the principles of measurability, sound economy, fundamental issues such as that of substance over form, comparability, reliability, timeliness, and completeness. Its programmes and projects are centred around area such as: (1) overcoming the socio-economic legacy of apartheid, (2) addressing and redressing systematic exclusion of the majority of Black people in the mainstream economy, (3) addressing and redressing the socio-economic and 2) political marginalisation of the Black people, (4) dismantling of apartheid and the deracialising the South African economy, (5) increasing the number of the previously disadvantaged groups in economic activities, (6) outlawing all forms of unfair discrimination and oppression, and (7) bringing about changes in socio-economic structures and processes.

Black Economic Empowerment is therefore a central feature under these circumstances and the role of developmental local government is given a particular attention as it is the key role-player in the implementation of Black Economic Empowerment at local community level. During his inauguration for his second term of office on Freedom Day (April 27, 2004), the former President Thabo Mbeki alluded to the commitment of his government in engaging in the fight against poverty and in improving the quality of life for all South Africans Mbeki (2004). Moreover, in its 2004 election campaign manifesto, the African National Congress (ANC) highlighted its vision of a "Peoples' Contract", aiming at fight-

ing poverty and unemployment in the country (African National Congress 2004). Then, the President urged all the role-players, including politicians, administrators, managers, and officials in Ngaka Modiri Molema District to provide opportunities for those in dire need, especially those relegated to the "second economy" and those at the periphery of the mainstream economy—the poor and the marginalised.

It is against this background that this paper looks into the implementation of BEE in the District and perhaps attempt to come up with a BEE model that will lead to the transformation of BEE functionality and performance in the District. It is believed that such a model will represent a paradigm shift from how BEE is handled at corporate level, as it will now focus on the developmental needs of local communities which cannot be addressed through the laborious Elements, Codes of Good Practice, Sector Charters and Scorecards that are common at corporate level. Although the central government provides policy guidelines and funding for BEE programmes and projects, the actual responsibility of driving BEE processes is cascaded down to the provincial administrations and municipal authorities. BEE emerged as a strategic issue that posed challenges, threats, and potential opportunities facing businesses of all sizes, structures, and shapes in South Africa. It is a government initiative to promote economic transformation in order to enable meaningful participation in the economy by Blacks. The Constitution of the Republic of South Africa Act 108 of 1996, allows government to introduce legislative policy designed to advance previously disadvantaged groups. BEE represents a serious effort towards integrating Blacks into the mainstream economy. Broad-Based Black Economic Empowerment Act, Act 53 of 2003 defines BEE as:

*An integrated and coherent socio-economic process that directly contributes to economic transformation of South Africa and brings about significant increase in the number of Blacks that own, manage, and control the country's economy, as well as significant decrease in income inequalities and inequities.*

*This Act further states that BEE means the economic empowerment of Blacks including women, workers, youth, disabled, and people living in rural areas, through diverse but integrated socio-economic strategies, that include, but are not limited to:*

- ♦ *Increasing the number of Blacks that own, manage, and control enterprises and productive assets;*
- ♦ *Facilitating ownership and management of enterprises and productive assets by communities, workers, youth, co-operatives and other collective enterprises;*
- ♦ *Enhancing human resources skills development;*
- ♦ *Achieving equitable representation in occupational categories and levels in the workplace;*
- ♦ *Facilitating preferential procurement; and*
- ♦ *Achieving investment in enterprises that are owned, managed, and controlled by Blacks.*

In pursuit of BEE in South Africa the government's stated objectives are to facilitate empowerment of Blacks by:

- ♦ Promoting economic transformation in order to enable meaningful participation of Blacks in the economy;
- ♦ Achieve change in racial composition of ownership and management structures and in skilled occupations of existing and new businesses
- ♦ Increasing the extent to which black women own and manage existing and new businesses, and increasing their access to economic activities, infrastructure, and skills training;
- ♦ Increasing the extent to which communities, workers, co-operatives, and other collective businesses own and manage existing and new businesses, and increasing their access to economic activities, infrastructure, and skills training;
- ♦ Promoting investment programmes that lead to BEE and meaningful participation in the economy by Blacks in order to achieve sustainable development and prosperity;
- ♦ Empowering rural and local communities by enabling them access to economic activities, land, infrastructure, ownership, and skills; and
- ♦ Promoting access to BEE financing and funding.

### **Background to the Problem**

The democratisation and the ultimate transformation of the socio-economic landscape

serve as a good starting point in explaining the introduction of BEE in Ngaka Modiri Molema District. It is hereby conceived that unlike BEE at corporate level, where focus is placed mostly on issues such as Scorecards, Sector Charters, Codes of Good Practice, Governance, Ownership, Management, Employment Equity (Republic of South Africa: Employment Equity Act, Act 55 of 1998), Skills Development (Republic of South Africa: Skills Development Act, Act 97 of 1998) and Preferential Procurement (Republic of South Africa: Preferential Procurement Policy framework Act, Act 5 of 2000), the emphasis of BEE at developmental local government level, must be on the following four dimensions or areas:

- ♦ ***Development of Small, Medium, and Micro Enterprises (SMMEs):*** Ababio (2004) alludes to the fact that no other sphere of government can exert more meaningful development than what local government can deliver. Based on this assertion, it becomes clear that SMMEs development aims at assisting and accelerating the development of the operational and financial capacity of entrepreneurial enterprises which contribute towards BEE in the District.

The primary beneficiaries of enterprise development are the small, medium, and micro enterprises owned and managed by local community members in the District. The measures underpinning this process usually range from direct financial assistance to non-monetary support provided to entrepreneurial enterprises.

- ♦ ***Job-creation:*** Historically, South African Blacks are not socialised or educated to become entrepreneurs, but to enter the labour market as employees, and in many cases, as the providers of cheap labour. Incorporated in this culture of providing labour, they become consumers of existing jobs instead of being creators of new and existing jobs. What remains a problem for the South African economy is that this culture is still entrenched, despite the fact that the South African Labour market is characterised by a very low labour absorption capacity. The large pool of the unemployed and underemployed among the economically active population is a serious matter of concern. This trend of people

being socialised and educated to become jobseekers rather than job creators, is especially prevalent among Black South Africans in particular, and must be discouraged as a matter of urgency.

From this it becomes evident that many people who became entrepreneurs are not doing so because of a highly developed need to achieve as business people, but in order to survive financially. Among those people who became entrepreneurs, very few succeed. This fact strengthens the belief among many people that it is preferable to become an employee rather than an entrepreneur (Van Aardt et al. 2000)

Central to job-creation is the nature and composition of the labour market system within a particular country. With regard to South Africa, there are considerable debates over the factors that underlie the lack of job creation. Clearly common to these factors, is the role of the recent labour market reforms that have taken place since 1994. Several issues have been identified in respect of this phenomenon, including, but not limited to:

- ♦ Recent labour reforms (COSATU 1999);
- ♦ Legislative measures and policy guidelines (The Republic of South Africa: Labour Relations Act, Act 66 of 1996, and The Republic of South Africa: Basic Conditions of Employment Act, Act 75 of 1997); and
- ♦ Macro-economic and industrial policies, training for the unskilled and 'working poor' (Bhorat et al. 2001).
- ♦ **Poverty Alleviation:** The South African economy has been facing challenges with regard to unemployment and economic growth. By and large, unemployment in South Africa is structural in organised sectors. During the last ten to fifteen years or so, the population of South Africa has grown at an alarming rate per annum, whereas employment opportunities have not been increased correspondingly due to slow economic growth. Chennappa (2004) touches on the most alarming form of unemployment in South Africa today, namely, 'educated youth unemployed'. This form of unemployment represents the intellectual and young section of the society, and their frustration and discontentment may result in political instability as well as an atmosphere of pessimism and loss of confidence in the government. Factors like increased

educated unemployed youth, government disinvestments in the public sector enterprises (privatisation), downsizing the employment in organised sectors and the vanishing of regular employment opportunities would imply the need for creating the opportunities through self-employment and poverty alleviation schemes, which would drastically improve employment potential, and it will gain importance in national and provincial levels in general and local level in particular, in mitigating the complex problems of unemployment and poverty.

Bhorat et al. (2001) maintain that the existing social security net is presently under review and it is hoped that an immediate outcome of the new system will improve social protection for workers and the poor. The present Unemployment Insurance Fund (UIF) does not cover all workers, especially the working poor such as domestic workers, farm workers and workers in the informal sector. An improved 'social safety net' such as the Basic Income Grant (BIG) should not only promote job mobility, but must also reduce social costs associated with employment. Bhorat et al. (2001) also state that addressing poverty in a context such as that of South Africa requires urgent attention to employment and wage levels, and transfer provision of services and productive resources to the poor. The specific social policy holds many implications for the labour market, particularly with regard to the impacts of the quantity and quality of education on access to employment and labour market earnings. Policy analysis therefore should start with social policy and follows on to labour market policies. It is therefore imperative to emphasise possible new policies as well as understanding the impact of the present policies and recent policy shifts. This is, after all, the art of any pragmatic analyst of policies to fight poverty and inequalities.

- ♦ **Entrepreneurial Skills Development:** Entrepreneurial skills development is viewed as referring to the development of core business/entrepreneurial competencies for the Blacks to facilitate their interaction and integration in the economic mainstream. In terms of the North West Provincial Growth and Development Strategy 2004-2014, (North West Province 2004), it is imperative that there should be a focus on core technical skills that will enable Blacks to

participate in the wider economy in a meaningful manner. Investment in the human capital should remain the most important sacrifice that government must make in equipping residents with skills and choices to benefit from opportunities in the labour market. It must also be stated that skills development constitute part of a broader, integrated effort at fighting poverty and promoting job creation, and focus should be on growing skills and vocational training in the services and financial sectors for long-term sustainability and ability to compete globally. Focused Adult Basic Education and Training (ABET) can be used to address high illiteracy levels and to facilitate further education and training.

Companies should be encouraged to promote employee development through on-the-job learning and learnership. In terms of the Republic of South Africa: Skills Development Act, Act 97 of 1998, skills development spending, refers to investment in skills development initiatives through both external training providers and the quantifiable costs of accredited internal training programmes. Internal training spending does not include the opportunity costs of employees attending the skills development initiatives. In certain sectors skills development is measured as a percentage of total payrolls. For example, a target of three percent of the payroll can be set within five years or so. Skills development spending on training of Black employees can also serve as an indicator of skills development. The other indicator in this regard is the number of learnerships as a percentage of total employees.

### Statement of the Problem

The key problem underlying this article is stated as thus: Even though the purpose and objectives of BEE are desirable and commendable, its benefits are not reaching the intended beneficiaries in Ngaka Modiri Molema District, this prompting and leading to the following research problem, namely: *The functionality and the performance of BEE in Ngaka Modiri Molema District are not effective and sustainable*. Contributing to this key problem the researcher would want to answer the following questions: *Are the functionality and performance of BEE in the District effective and sustainable?* Link to this key question are the following sub-questions:

### Management

Are management BEE structures and systems well-designed and consolidated?; and  
Are BEE policies, plans, strategies, and procedures well-coordinated and integrated?

### Resources Availability

Are BEE budgetary arrangements clear and sound?; and  
What is the position regarding the provision of human resources pertaining to BEE in the District?

### Research Objectives

Emanating from the research questions alluded above, are the following specific research objectives:

### Management

To explore management's BEE structures and systems; and  
To analyse management's BEE policies, plans, strategies, and procedures

### Resources Availability

Explore and described BEE programmes budgetary arrangements; and  
Describe BEE human resources provision in the District.

### Empirical Discourse

The methodology underlying this article is a qualitative one and has been duly directed by the nature of the problem and its sub-problems to be address, the objectives to be achieved, and the research questions posed. This means that qualitative design, data collection methods and data analysis techniques remain central in this analysis. The selection of this approach was further justified on the ground that qualitative researchers attempt to understand the behaviour and institutions by getting to know the persons involved and their values, rituals, symbols, beliefs, and emotions (Babbie and Mouton 2001). In applying such a perspective, researchers would, for example, study by immersing themselves in the life of the subjects rather than col-

lecting data with a structured questionnaire (Frankfort-Nachmias and Nachmias 1996). The selection of this approach was also based on the premise that the primary commitment of research should be 'true to the phenomena'—and closely related to this rationale is the fact built in it, with the argument what is required is to capture the complexity of the real world, rather than seeking to reduce it to some theoretical model or a set of variables and measurement procedures (Hammersley 2008). The following characteristics of qualitative approach played a significant role in influencing and justifying this methodological selection:

- ♦ The researcher attempts to gain a first-hand, holistic understanding of the phenomena of interest by means of a flexible strategy of problem formulation and data collection, shaped as the investigation proceeds;
- Methods such as participant observation and unstructured in-depth interviewing are used to acquire an in-depth knowledge of how the persons involved construct their social world (the insider role);
- ♦ As more knowledge is gained, the research questions may shift and the data collection methods may be adjusted accordingly. To this end, the investigator is constantly analyzing data using formal logical procedures, although final analysis is ordinarily completed after the early immersion phase of the study; and
- ♦ Qualitative methodology rests on the assumption that valid understanding can be gained through accumulated knowledge acquired at the first hand by a single researcher. (De Vos et al. 2005).

### Description of the Setting

Ngaka Modiri Molema District is situated in the central portion of North West Province in South Africa. It shares a boundary with Botswana and as such it serves as a gateway to Southern African Development Countries (SADC). The District has five local municipalities in its area of jurisdiction, namely; Ratlou, Tswaing, Mafikeng, Ditsobotla, and Ramotshere Moiloa local municipalities. Based on the Census 2001 by Statistic South Africa, the District is dominantly occupied by small scattered villages, which present a serious threat and challenge when it comes to the provision of basic service

delivery. As a predominantly rural area, the District does not have sufficient spatial guidelines for rural development at local level. For example, water provision, both in terms of infrastructure and sources, is a real threat to the communities; there is inadequate infrastructure and service delivery; acute poverty; high unemployment (especially at the rural areas); inadequate skills and education; and scourge of HIV and AIDS pandemic.

### COMPOSITION OF THE DISTRICT COUNCILLORS

With regard to governance structures, the Council of the District is composed of forty (40) Councillors and three (3) traditional leaders (Dikgosi), and the councillors are constituted as in Table 1.

**Table 1: Composition of the district's councillors**

<i>Number of directly elected councillors</i>	<i>Number of councillors seconded from local municipalities</i>	<i>Total Number</i>
16	24	40

*Source:* Ngaka Modiri Molema District

Seconded councillors are constituted as in Table 2

**Table 2: Seconded councillors**

<i>Local municipality</i>	<i>Number of councillors seconded to the district</i>
Mafikeng	8
Ramotshere Moiloa	5
Ditsobotla	5
Tswaing	3
Ratlou	3

*Source:* Ngaka Modiri Molema District

The District Council has the following Council Committees: rules committee; remuneration committee; appeals committee; oversight committee (ad hoc committee of Council) appointed each year in terms of section 129 of the Municipal Finance Management Act, Act 56 of 2003, to oversee the annual report; and the audit committee. The administrative governance structure is represented in the following approved high level organisational structure for the District presented in Figure 1.

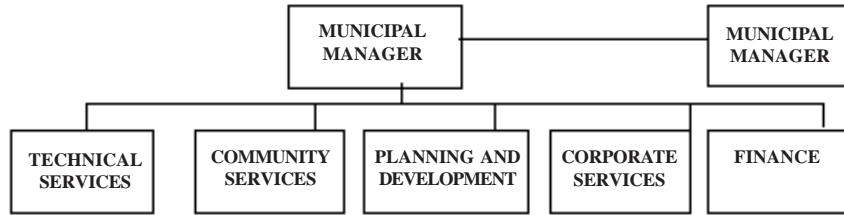


Fig. 1. Approved high level organisational structure for the district

**SAMPLING**

To capture adequately the relevant and pertinent data useful for the purposes of the article, a non-probability purposive sampling technique (Patton 2002) was adopted as it was most suitable. The justification for the selection of this technique was based on the fact that it allows for the selection on the grounds of knowledge of the population and its components. In other words, selection of respondents was based on the author’s judgment. The sample consists of eighty-four (84) respondents: fourteen from the District; fourteen from Mafikeng; fourteen from Tswaing; fourteen from Ramotshere Moiloa; fourteen from Ditsobotla; and fourteen from Ratlou local municipalities. This sample is presented in Table 3.

**Data Collection, Analysis, and Interpretation**

Having taken due consideration on challenges facing a qualitative researcher, the researcher first decided to establish rapport in order to gain information from participants and also work to cope with the unanticipated problems and rewards of interviewing in the field, and recording and managing the large volume of data generated by even relatively brief interviews. To ensure

maximum collection of the appropriate data, the researcher also guarded against the so-called ‘interviewer falsification’ which refers to intentional departure of the researcher from the designed interviewer instructions, unreported by the interviewer and which can result in the contamination of data (Monette et al. 2005). For this particular reason the approach used here consists of:

**Participant Observation**

Under this method of qualitative data collection, the author was engaged in an environment that entailed total involvement on the one hand and total observation on the other. This made it possible for the author to decide earlier on the role he played in the inquiry since this action affected the total process of the inquiry. In particular, the author went and spent a lengthy period of time living with, and observing the participants in their natural working settings (Neuman 2003).

**In-depth Interviewing**

In this activity, the author spent considerable time interviewing potential participants in their working environment. The author as an

Table 3: The sample of the study

Municipality	Executive mayor	Municipal manager	Black economic empowerment		Local business Leaders	Total
			Manager	Coordinator		
Ngaka Modiri Molema District	1	1	1	1	10	14
Mafikeng	1	1	1	1	10	14
Tswaing	1	1	1	1	10	14
Ramotshere Moiloa	1	1	1	1	10	14
Ditsobotla	1	1	1	1	10	14
Ratlou	1	1	1	1	10	14
Total	6	6	6	6	60	84

interviewer allowed for interactional interviews with all interviewees as respondents. On the other hand, the interviewer engaged in this mode of data collection knowing that interviewing participants involves description of the experiences, as well as involving reflection on the description (Krueger and Casey 2000).

### *Document Study*

In applying this method of data collection the author dealt with a variety of non-personal documents, including but not limited to, minutes of meetings, agendas of such meetings, internal office memos, newspapers, magazines, and government's legislative and policy documentation. This, the author did with the absolute knowledge that these documents are studied and analysed for the purposes of scientific research inquiry. The author went to government printers, municipal offices, university and local libraries, as well as electronic and print media to look for these valuable sources of data (Ritchie and Lewis 2003).

### *Case Study*

Working from the premise that a factual statement makes a claim about what really the case is, the author decided to also undertake the case study as another method of data collection for this paper. Subsequently, various kinds of descriptive statements emerged that allowed the author to distinguish between types of statements according to the following categories: the number of cases covered by the description; the number of variables in a description; and the level of measurement in this discourse. Consequently, the author went through BEE cases lodged with the District to analyse both the successes made, the failures reported, and the challenges that still lie ahead (Leedy and Ormrod 2001).

### *Content Analysis*

The author employed content analysis as a qualitative research data analysis technique knowing that it plays an important role as it involves detailed and systematic examination of the contents of materials for purposes of identifying patterns and themes under consideration. The author went through the analysis with a conscious mind of guarding against any chance that could perpetuate the presence of biases in the data (Patton 2002).

### *Qualitative Case Study Analysis*

This method was adopted in this article as it takes into account, and attempts to understand the influences of multilevel social systems of subjects' perspectives and behaviours. The defining characteristic of this technique is its emphasis on the individual. All BEE cases lodged with the District were treated with circumspection, with special focus placed on their merit, validity, reliability, and credibility in the inquiry to ensure the quality, relevance, and the authenticity of the data they provided this discourse (Babbie and Mouton 2001).

## **FINDINGS**

From the data collection methods and data analysis techniques used in the study, the findings of the study are presented thus:

In respect of the research objectives stated, the study revealed that:

### *Management*

*Objective 1:* Management's BEE structures and systems in the District were found to be wanting, as they were not well-designed and consolidated.

*Objective 2:* Management's BEE policies, plans, strategies, and procedures in the District were discovered to be haphazard as they were not well-coordinated and integrated.

### *Resources Availability*

*Objective 1:* It was also revealed that BEE programmes budgetary arrangements were not clearly and soundly articulated.

*Objective 2:* The study also found that the position regarding the provision of human resources pertaining to BEE could not be ascertained as it was not accounted for.

## **DISCUSSION**

From the above findings, the following results and discussion becomes eminent:

### *Management*

*Finding 1:* Regarding BEE structures and systems in the District, management should be



decisive and resolute in designing workable and viable structures and systems in order to sustain effective and efficient implementation of BEE, and such structures and systems must be designed in a manner that will enable the District to sustain its: (1) strategic capacity, (2) integrating and coordinating capacity, and (3) a community orientation approach.

*Finding 2:* In the area of management's BEE policies, plans, strategies and procedures, must be strategically linked and be clearly integrated and consolidated, and they must be aligned to the following developmental objectives: (1) Promotion and support of Small, Medium, and Micro Enterprises (SMMEs), (2) Job creation, and (3) Poverty alleviation,

### ***Resources Availability***

*Finding 1:* Sufficient budget for BEE programmes must be made available as a matter of urgency, and once available, this budget must be utilised both sparingly and prudently, so that not even a single BEE programme should fail due to the lack financial support of outright funding

*Finding 2:* As much as sufficient financial backing is needed for sustainable BEE, so is the adequate supply of properly skilled and well-trained human resources. Once acquired, such employees must strive very hard to ensure that the District achieves its developmental objectives as outlined in the White Paper on Local Government, published in March, 1998, and stressed in the Constitution of the Republic of South Africa, Act 108 of 1996.

### ***Management's Capacity to Enhance the Functionality and Performance of BEE in the District***

In respect of this element, it was found that in the District, including all its local municipalities, management's capacity to enhance the functionality and performance of BEE could not be easily ascertained due to the fact that responsibilities regarding the implementation of BEE were non-existent. This could be attributed to the following important factors:

- ♦ *The error of judgment:* according to which managers wrongfully perceived themselves as being not responsible for BEE since it was not falling within the area of their func-

tions, but, instead, it is driven from the provincial sphere of government. In fact, this confusing state of affairs contributed negatively to the effectiveness of functionality and performance of BEE in the District;

- ♦ *BEE legislation and regulations:* The current position whereby BEE legislation and regulations are initiated from the national and provincial governments and thereafter cascaded down to the local sphere of government serves as an impediment and challenge as it is not appropriate and relevant to the needs and aspirations of local communities; and
- ♦ *National and provincial spheres of government:* By their nature, both national and provincial spheres of government are not strategically positioned to address the local challenges does the local sphere. This is simply because that there is no way that the national and provincial spheres of government can be closer to the people on the ground as is the case with local sphere. For this particular reason, it is believed that the local sphere, being closer to the people, is in the best position to understand, aggregate, and articulate the needs and aspirations of local communities more effectively and efficiently than the other two spheres of government.

### ***The Adequacy and/or the Inadequacy of BEE Policies, Plans, Strategies, and Procedures in the District***

Also discovered in this regard, managers failed to established BEE policies, plans, strategies, and procedures that were adequate for facilitating effective, efficient, and sustainable implementation of BEE in the District. It is fundamental that for the effective, efficient, viable, and sustainable management and implementation of BEE, adequate relevant and appropriate policies, plans, strategies and procedures are required and necessary, and strategic planning remains a key component that enables managers to establish these vital tools.

### ***Promotion and Support of SMMEs***

It emerged that even though SMMEs are vital to BEE, there were still numerous obstacles when coming to their promotion and support. It

was found that there was a complete lack of well-consolidated, integrated, and coordinated strategies to fast-track the promotion and support of SMMEs throughout the District. What was discovered was a plethora of uncoordinated and meaningless piece-meal approaches which were haphazardly arranged and implemented on an *ad hoc* basis.

### **Job-creation**

It was revealed that the majority of job-creation programmes and projects were disjointed, leading to the total collapse of such programmes and projects throughout the District. The degree of failure to secure funding for these pertinent job-creating and income-generating projects was an alarming and disturbing factor. The other issue that was found to be discomfiting, was that the quality of the jobs created and their impact on local economic development and empowerment were far from being measured, defined, and ascertained.

### **Poverty Alleviation**

The slow pace of poverty alleviation in the District contributed to a large number of the poor failing to access the necessary funding from the various development funding agencies, which in turn seriously hampered the extent of impact on poverty alleviation efforts, and thus rendering them ineffective and therefore, counterproductive.

## **CONCLUSION**

The article reports on the findings of a comprehensive analysis of the implementation of Black Economic Empowerment (BEE) in Ngaka Modiri Molema District in the North West Province, South Africa. It identified four important themes constituting a functional BEE implementation at local government level, namely: development of small, medium, and micro enterprises (SMMEs); job-creation; poverty alleviation; and entrepreneurial skills development, and used them as a basis for this analysis. The article examined the District management's capacity to enhance the functionality and performance of BEE in its area of jurisdiction as well as dealing with the adequacy and/or the inadequacy of its BEE policies, plans, strategies, and procedures

## **RECOMMENDATIONS**

### **The Suggested BEE Model**

Based on the above findings and discussion, the article suggests the following BEE model that is recommended for transformation of BEE functionality and performance in the District: "*The all-inclusive participatory BEE model*", graphically presented in Figure 2 and Figure 3 respectively: The former represents BEE management reporting structure and the latter represents BEE implementation process (steps and processes).

### **Description of the Model**

In terms of Figures 2 and 3 the proposed BEE model consists of management BEE reporting structure on the one hand and BEE implementation process on the other. With regard to management BEE reporting structure, it is recommended that the District must be in the forefront and occupy the centre stage in influencing and determining BEE legislation and policy in its area of jurisdiction, formulation of BEE strategy, implementation plan, monitoring system, and evaluation plan. However, in doing so it is suggested that the District must have a flexible interaction with both the provincial and national spheres of government as shown by dotted lines in Figure 2. Direct community interaction through non-governmental organisations (NGOs), community-based organisations (CBOs), and local SMMEs, remains vital to the success and sustainability of BEE at the local level as indicated by solid arrows in the same figure. To achieve this, it is recommended that the District should establish a BEE committee consisting of all relevant stakeholders, that will see to the coordination, integration, implementation, monitoring, evaluation, and interventions in the BEE process.

Linked to the management reporting structure as depicted in Figure 2, is the BEE implementation process (Fig. 3) that highlights the pertinent steps that include, but are not limited to: (1) the identification of community needs and aspirations in terms of BEE, (2) the planning of the implementation of BEE, (3) the actual implementation of BEE policies, plans strategies, and procedures, (4) the monitoring of the BEE implementation, (5) the evaluation and report-

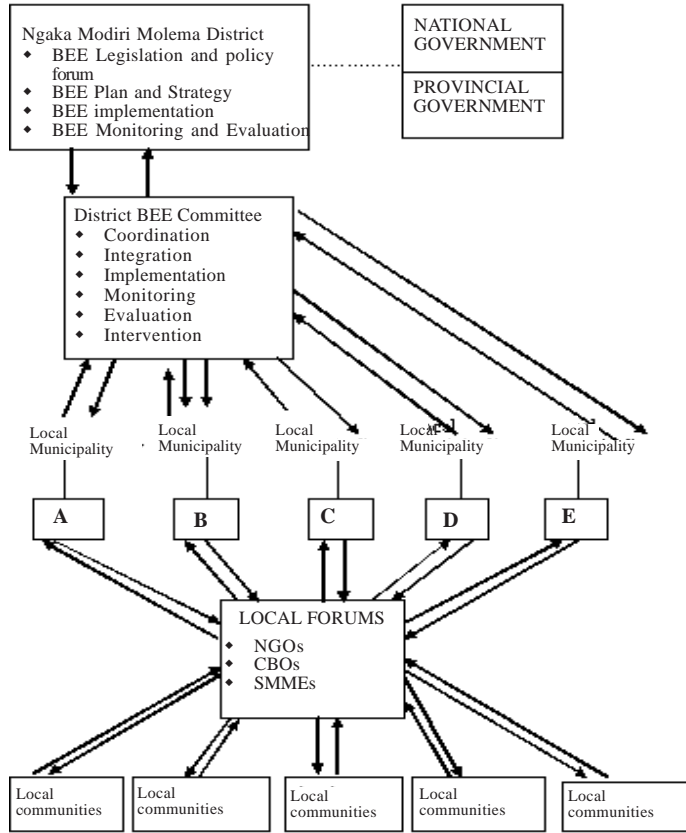


Fig. 2. Suggested BEE model for the district (Management BEE reporting structure)

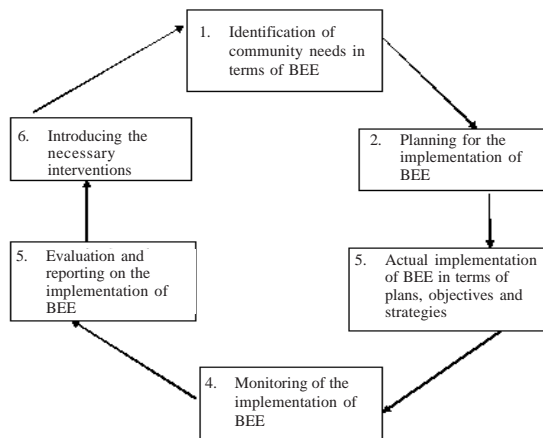


Fig. 3. BEE implementation process: Steps and processes

ing on the implementation of BEE, and (4) the introduction of the necessary BEE interventions.

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