

BEE vital to win new business

South African Privately Held Business (PHB) owners believe black economic empowerment (BEE) to be an important factor in winning new business, according to a survey out on Monday by global audit, tax and business advisor Grant Thornton.

Six in 10 PHBs affirmed this statement in the group's 2010 International Business Report (IBR), which surveyed over 7 400 PHB owners across 36 economies.

The figure has remained fairly constant since 2008 (59 percent) and just 2 percent down from 2009.

From a regional point of view, the survey found that BEE is far less of an issue in KwaZulu Natal (53 percent) in terms of winning business, while the Eastern Cape (66 percent), Gauteng (65 percent) and Western Cape (61 percent) rank BEE as an imperative.

Tony Balshaw, managing partner at Grant Thornton East London said: "The past 36 months have seen a similar level of attention on Broad-based BEE implementation with most PHB owners citing the issue as important.

"However, we believe that surviving the tough economic conditions was the primary focus in most companies over the past 18 months, rather than businesses giving specific attention to the B-BBEE codes."

When asked to rate the importance of each element of the B-BBEE scorecard to their business, skills development (48 percent), employment equity (39 percent) and management (36 percent) were ranked the highest.

The elements of ownership (35 percent), socio-economic development (34 percent), followed closely behind, with preferential procurement (31 percent) and enterprise development (27 percent) being cited as the least important factor in the B-BBEE scorecard, in terms of PHB business practice.

"Whilst the B-BBEE Codes have been operational for more than three years, the public sector have yet to harmonize their procurement policies, contained in the Preferential Procurement Policy Framework Act, with the B-BBEE Codes of Good Practice.

"We think the Broad-based scorecard is more important going forward to attaining effective empowerment in our nation, than the narrow-based elements of ownership and management," Balshaw said.

Local business owners believe that developing people internally (77 percent) and fast tracking key employees (61 percent) are the most beneficial strategies to achieve corporate BEE targets.

"PHB owners also turn to socio-economic development initiatives (58 percent) in an effort to improve their B-BBEE score," said Balshaw.

"Procurement policies are a powerful tactic too, in this regard, with 54 percent of business owners in South Africa agreeing that procurement from suppliers with certified procurement recognition levels play a vital role in ensuring businesses achieve targets set by the codes," he concluded. I-Net Bridge.

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