

HOW SA IS CHANGING

PROGRESS

Adult literacy has improved from less than **70%** in 1994 to **92.9%** in 2014.

91% of learners progressing through matric are black.

The matric pass rate has climbed from **53.4%** in 1994 to **72.5%** in 2016.

The proportion of African public sector workers increased from **64%** in 1995 to **79%** in 2014.

In 1994, **97%** of all judges were white males. By 2013, **61.8%** of judges were black.

SOUTH AFRICA IS A TRANSFORMED SOCIETY - IT IS THERE IN BLACK AND WHITE. OR IS IT? RESEARCH BY ALTERNATIVE PROSPERITY, COMMISSIONED BY FINWEEK, ANALYSED NUMEROUS PUBLICLY AVAILABLE STATISTICS ON TRANSFORMATION ACROSS A PERSON'S LIFETIME TO ASSESS THE PROGRESS THAT HAS BEEN MADE SINCE THE DAWN OF DEMOCRACY.

By Marcia Klein

Gallo Images/Getty Images

ROOM FOR IMPROVEMENT

In 1994, **7.1%** of individuals had a tertiary education. This number increased to **17.3%** in 2014.

The percentage of black chartered accountants increased from **8%** in 2002, to **23%** in 2014.

The percentage of African medical professionals increased from **19%** in 2005 to only **28%** by 2014.

DANGER ZONE

The total number of unemployed Africans increased from **1.6m** in 1994 to **4.4m** in 2014.

54.2% of South Africans between the ages of 15 and 35 are unemployed.

Disposable income by economically active African person declined by **1.7%** from 1996 to just R38 156 in 2013.

By 2012, only **16%** of university professors were black.

Yes, transformation has occurred in South Africa since 1994. But no, South Africa is not yet transformed.

In a study by Alternative Prosperity for *finweek*, the researchers selectively examined progress across four stages of economic life: education; work, earnings and accumulation; leadership, influence and ownership; and retirement. The results were surprising – and often also disappointing.

"The strongest message from our research is that we still have a long road before achieving black economic empowerment. In the years that followed our democracy there is reason to be disappointed. We are sure that this is not news to South Africans," says Rudolph Fourie, director of Alternative Prosperity.

The results partly reflect the evolution of South African society and partly the effects of race-based policies and interventions to stimulate the inclusion of black people in the economy, such as laws on employment equity and black economic empowerment. (In this article, the term black is used to describe African, Indian and Coloured South Africans, as per legislation on BEE.)

In general, though, access to education and the relative number of Africans passing matric and going into higher education, has increased significantly. There are more African academics, judges, doctors and accountants than in 1994 – so while nowhere near reflecting SA's demographics, the numbers are increasing.

The same can be said for ownership of shares and people in leadership positions. There are also now significantly

more people who are being supported by pensions as more black people have become members of pension funds. To a large extent, the rapid transformation of government and its employees was the most significant contributor, Alternative Prosperity said. Black household ownership of cars and homes, and black membership of medical aids has also increased.

Work in progress

But in large, transformation in SA remains a work in progress. And many outcomes have not yet been achieved.

"It does not imply that no progress has been made against empowerment targets set. When studying empowerment over a typical economic lifecycle, we found a number of examples to be proud of," Fourie says.

One example is how the growth in the value of the South African economy (which includes listed and unlisted companies) has contributed to a healthy Government Employees Pension Fund (GEPF), by far the largest investor in the South African economy through its manager, the Public Investment Corporation (PIC).

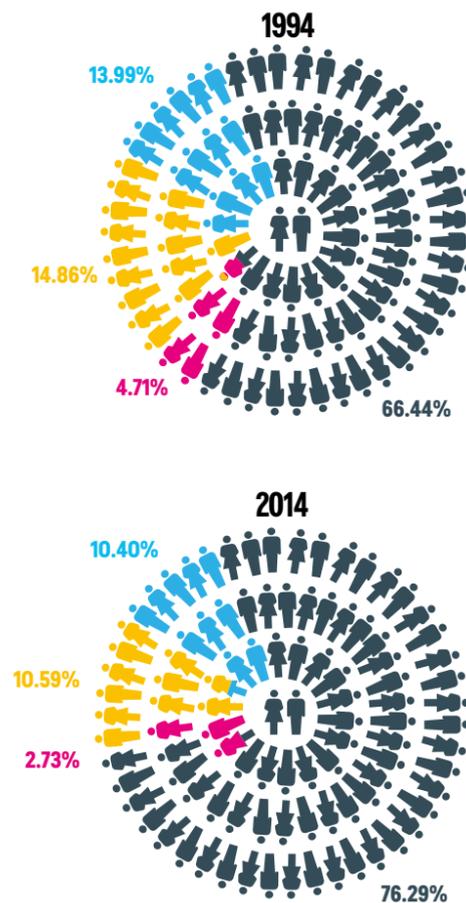
"Since 1994, the GEPF has grown to a fully capitalised pension fund that, if sustained, will ensure that public servants retire with decent pensions. The fact that the fully transformed public sector employs a large part of the South African workforce, highlights the importance of making the connection between institutional investments and empowerment," Fourie says.

Such positive stories are however dwarfed by the crisis in South African education. "In the case of education, it is clear that numbers have been advanced, but quality has not followed. Not at secondary level. The knock-on effect is being felt in further and higher education," Fourie says.

Poverty and unemployment

An overriding impediment to transformation appears to be a lack of economic growth. GDP growth, which

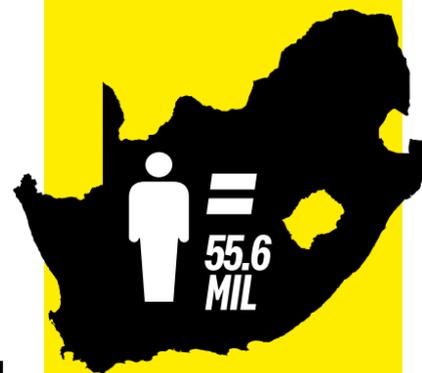
TOTAL ECONOMICALLY ACTIVE POPULATION 1994-2014



*The % on the graph reflect the number of individuals per race group as % of the total economically active population.

SOURCE: IRR, SA Survey 2007/2008, p. 189 from 2003/2004 Survey, p. 140, Stats SA; IRR, SA Survey 2009/2010, p. 189 from StatsSA, Labour Force Survey Historical revision March series; Quarterly Labour Force Survey Q1 2010; and IRR2014 survey, Workbook: Employment, Sheet: "EAP.race.01-14" from IHS Global Insight Southern Africa, Regional eXplorer ver 752, 2014. *1994-1999 based on October Household Survey, 2000-2007 based on Labour Force Surveys.

*In this article, the term black is used to describe African, Indian and Coloured South Africans, as per legislation on black economic empowerment.



CHANGING DEMOGRAPHICS

Importantly, the country's population reached 55.6m by June 2016, according to Stats SA – up from around 40m in 1994. And while the white population has dropped marginally to 4.5m by June 2016 (from 4.6m in 1994), the African population has grown by 4m to almost 45m.

Demographic change in racial demographics should be a factor against which to understand the complexity of transformation better, the researchers say.

Looking at the total population by race – Africans have increased to over 80% of the population, from 77% in 1994, and now make up 76% of the economically active population, from 66% in 1994.

Alternative Prosperity chairman Trevor Chandler says the impact of demographic changes over time is well-illustrated in the business world, where the pace of transformation is also hampered by racial demographics. "A significant part of the African economically active population is young," he points out.

"Since the African population is relatively young compared with the white population, a large portion of African people are at school or at an early stage of their careers. It follows that their participation in the economically active population, and eventually their levels of wealth and influence, are set to increase as they age. The caveat is that the South African education system and workplace provide them with the necessary skills, experience and opportunity." ■

improved from 3.2% in 1994 to 5.6% in 2006, slipped back to an estimated 0.3% in 2016, according to the International Monetary Fund (IMF). It is forecasting growth of only 0.8% for 2017.

Unemployment is up from 20% in 1994 to 27.1% in the third quarter of 2016.

A breakdown of the numbers, based on the latest available data, shows 4.4m African people were out of work in 2014, up from 1.6m in 1994. Coloured unemployment has increased from 260 000 to about 504 000, white unemployment from 42 000 to 139 000 and Indian unemployment from 48 000 to 68 000.

Youth unemployment remains one of SA's most serious crises, with 54.2% of people between the ages of 15 and 35 currently unemployed. (This excludes people in education and training, and also people who have given up actively looking for work.)

Social welfare net

SA has expanded its social welfare net substantially since the late 1990s in an attempt to address poverty, and the percentage of people who benefitted from social grants rocketed from 12.7% of

Coloured unemployment has increased from 260 000 to about **504 000**, white unemployment from 42 000 to **139 000**, and Indian unemployment from 48 000 to **68 000**.

the population in 2003 to 30.1% in 2015, according to Stats SA. More than 17m South Africans currently receive some form of welfare grant.

While some have expressed concern and criticism that SA's welfare spending, which totalled R121bn in the 2014/15 financial year, may not be sustainable, the researchers observed that government's ability to provide social grants to the poorest of the poor can actually be seen as one of the key successes of pro-poor policy.

This is supported by the latest SA Child Gauge Report, which was published in 2016 by the Children's Institute in partnership with Unicef SA. It found almost two-thirds of children in SA live below the upper band of the poverty line, but that the child support grant system has made a big impact on millions of children who would otherwise be living in extreme poverty.

The grant, which was introduced in 1998, has halved the proportion of children living below the food poverty line (the most severe poverty measure), from 58% of children in 2003 to 30% in 2014. In 2016, 12m children received the grants, with each recipient getting R360 a month. ■

ABOUT THE RESEARCH

The research paper, titled *South Africans' progress since democracy: An exploration of our ability to learn, earn, lead and transform economically*, is based on publicly available statistics.

The objective was to provide a clear reflection of the impact that 20 years of race-based policy and laws have had on the post-1994 South African society, specifically from an economic transformation perspective. These include the Constitution, Employment Equity, Women Empowerment and Gender Equality, Higher Education, Skills Development, Broad-Based Black Economic Empowerment, Land Restitution, Land Reform, Social Assistance and Pension Funds Acts as well as social grant programmes, housing subsidies, municipal rates rebates, minimum wage, access to banking and no-fee schools.

It aims to shed some light on the changes in the economic lives of African, Coloured, Indian and white South Africans since 1994.

There are, however, serious limitations to transformation-related data and available research. On the explosive issue of land ownership, for example, there is no comprehensive data. Ownership of shares on the JSE, houses, and retirement plans are all difficult to split by race. This leaves the level and rate of transformation in these areas open to debate.

The bigger issues relate to the pace and quality of the changes reflected in the figures, whether the figures themselves are an accurate reflection of transformation and, depending on one's view, whether transformation has been helped or hindered by government, policy, corruption, global events, "white" capital or any number of other factors.

Direct comparisons are difficult, as many things were not measured by race, or were not measured in the same way, between the dawn of democracy and now. ■

To access the full report, please visit www.fin24.com/finweek.

EDUCATION

Increased access to education has been an outstanding theme of South Africa's transformation since 1994, but the quality of education has been one of the biggest stumbling blocks to transformation.

Remarkably, in the 20 years since the dawn of democracy, adult literacy has improved from below 70% to 93%.

The matric pass rate was 75.8% in 2014, up markedly from 53.4% in 1994. Of the learners who passed, 79% were African, 8% Coloured, 4% Indian and 9% white, representing a significant shift in the number of successful black matriculants since 1994. While the figures point to a significant increase in the number of black people being educated, protests in the higher education sector highlight that the pace of change is not acceptable to many young South Africans.

But while the total number of learners passing has increased significantly, this might be due to lower pass requirements. The most worrying number is the one that is not evident in the pass rate: the drop-out rate. Only 36.4% of those who started off schooling some 12 years before matriculated in 2014.

The researchers say **the quality of education and teacher training in the public sector is "a major cause for concern"**, and in the *Global Competitiveness Report*, SA is ranked fourth last in terms of the quality of maths and science education and eighth last in the quality of the education system.

One challenge is the number of unqualified teachers, with a recent report by Stellenbosch University showing only 32% of grade 6 students had access to maths teachers with a desirable level of subject knowledge. By comparison, countries like Kenya (90%) and Zimbabwe (76%) recorded much higher proportions.

In the 2016 matric exams, which saw 717 371 learners write, only 33 511 students scored more than 60% for maths, of which only 1 700 were African.

Action group Equal Education said closer attention needs to be paid to inequality and historical legacies and its impact on performance.

MATRIC PASS RATE



1994
53.4%

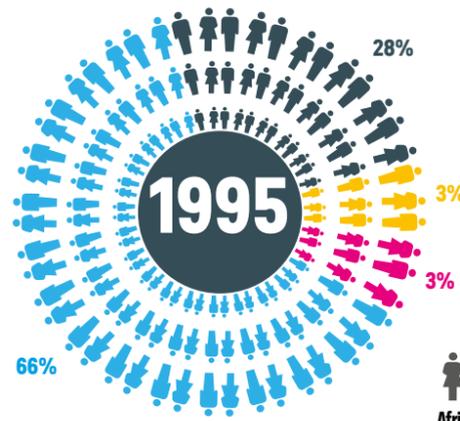


2016
72.5%



Remarkably, in the 20 years since the dawn of democracy, adult literacy has improved from below 70% to 93%.

HEADCOUNT OF GRADUATES BY RACE, 1995



HEADCOUNT OF GRADUATES BY RACE, 2011



SOURCE: CHE Annual Report 1998; CHE, 2013. VitalStats of Public Higher Education 2011, p. 8.

Higher education conundrum

Transformation in higher education was a burning issue in 2016. The numbers indicate a fairly rapid transformation since 1994.

In 2012, 82% of enrolments in universities were black, comprising 70% African, 6% Coloured and 6% Indian – with 18% being white. In 1995, only 50% were African while 38% were white, 6% Coloured and 6% Indian.

Access to higher education has increased, with total university enrolments between 1995 and 2012 growing from 570 000 to 945 765 and enrolments of African students increasing markedly while white enrolment decreased.

Among graduates (in 2011), 63% were African (against 28% in 1995), 24% (66%) white, 7% (3%) Coloured and 6% (3%) Indian. However, the ratio of graduates to enrolment is extremely low, reflecting significant dropouts due to financial constraints and inability to cope with higher education due to poor school education and lower matric standards.

Looking at numbers rather than percentages, the number of Africans enrolled in universities in 2012 was 662 000, Coloureds 59 000, Indians 52 000 and whites 173 000.

The problem of black graduates relative to enrolments is clear in graduate numbers for 2011, which show that African graduates totalled 100 000, Coloureds 10 000, Indians 9 000 and whites 158 000.

At doctoral level, only 32% of enrolled students are black and while the number of African doctoral graduates has increased from 14 in 1990 to 325 (of a total

1 249) in 2012, the researchers say the low relative number "creates a challenge for transformation of academia, especially at senior and professorial level, since PhDs are the feeder for academia, specifically progression to professor".

In terms of academic staff, transformation has been relatively slow. By 2012, only 46% of academic staff at universities were black and were largely junior lecturers, with only 16% of professors being black.

Among medical professionals, whites continue to dominate although there has been some change. In 2014, 51% were white compared with 62% in 2005. Ditto for chartered accountants (CAs), where blacks now account for 23% against 8% in 2002.

In 1994 there were just 77 African CAs and by 2014 there were 3 332.

Access to higher education

The researchers point out that the funding crisis and disruptions will affect both the ratio and quality of graduates in the future. They say a significant number of South Africans are still excluded from access to higher education with almost 2.8m 18- to 24-year-olds not in education, employment or training.

Stats SA's *General Household Survey 2015* says just over a fifth of premature school leavers mentioned "a lack of money" as the reason, 20.3% dropped out due to poor academic performance and 9.4% due to family commitments.

In terms of access to funding, the percentage of learners who said they were exempted from paying tuition fees increased from 0.4% in 2002 to 64.6% in 2015.

While the total number of **doctoral enrolments** increased from 4 924 in 1994 to 9 152 in 2012, only **32%** of 2012 enrolments were black.

Africans made up **32%** of the **academic staff** in the higher education system in 2014, up from **5.7%** in 1994.

The number of **African university enrolments** increased from **286 000** in 1995, to **689 503** in 2013.

Between 1994 and 2011, the percentage of **black graduates** increased from **34%** to **76%**.

Alternative Prosperity's Fourie says that since 1994, there has been a notable catch-up in education with respect to numbers, "but we do not seem to have a handle on offering quality education to the broad base of South African pupils at primary and secondary school levels. Instead pockets of excellence exist amongst affluent groups that can afford to pay for schooling. This is evidenced by the rise of private schools that are frequented by both black and white families that can afford it.

"At a higher education level, we should also remember that quality at university level includes the ability to produce research outputs that drives South African competitiveness. Building a transformed and world-class academia over time should be a priority. Researchers' contribution will help South Africa innovate to solve societal issues."

Challenges

Ajay Lalu, managing director of black lite consulting, says there is a need for a "committed response to the current challenges of youth unemployment and the education crisis".

Lalu says society and government are to blame for creating the expectation that if one did well at school, one would end up in a tertiary institution. "We told them we need all sorts of professionals, then they borrow or get bursaries, and at the end there are significant levels of disappointment and disillusionment as there are not opportunities to start businesses or earn income in constructive economic activity."

Economists.co.za's Mike Schüssler says "SA is not getting the results for the money it spends [on education]. [...] It is a crime against humanity at the moment."

Another problem is the expectation that everyone should get a university education. "We look down on artisans, hairdressers, cameramen, aircon technicians or people who lay cables, but that is what is missing in the economy. Education and training colleges, which are meant to facilitate this, have not taken off," Schüssler says. "Education by its very nature is not an equal thing and a skill set by its nature cannot be because we all have different skills.

"It must be made clear that not everyone can get a degree." ■

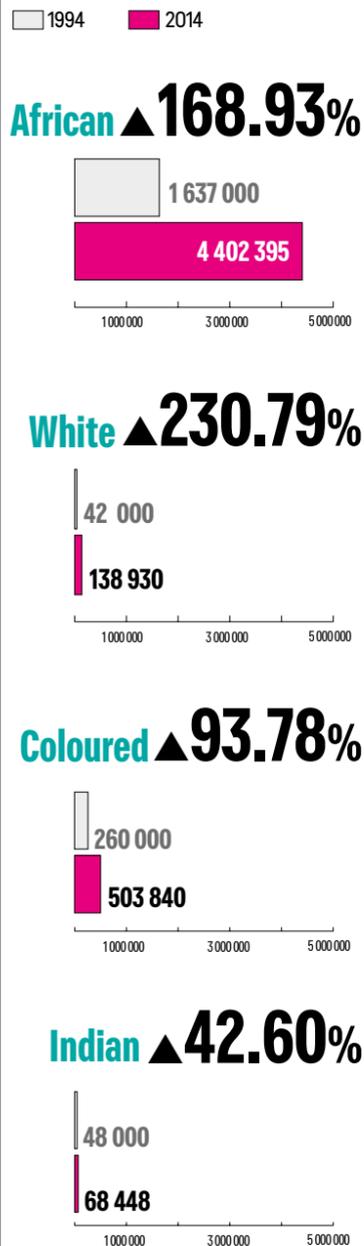
WORK, EARNINGS, ACCUMULATION

SOURCE: Stats SA, National and provincial labour market: Youth, Q1:2008-Q1:2015, 29 June 2015; IRR, SA Survey 2009/2010 p. 215-216 from 2009/09 survey, p. 228; SARB data series, quarterly bulletin, June 2010, p. 17, 19

Unemployment numbers by race, 1994-2014

UNEMPLOYMENT = "People that had not worked in the survey reference week of the Quarterly Labour Force Survey; had actively looked for work or tried to start a business in the four weeks prior to the survey reference week; were available for work in the survey reference week; had not actively looked for work in the four weeks prior to the survey reference week, but were starting at a definite date in the future."

- Stats SA



all races are feeling the pain of increased unemployment – from 20% in 1994 to 27.1% by the third quarter of 2016.

By actual numbers, this picture looks much worse, with Africans accounting for the vast majority of unemployed people in SA. According to Stats SA, there were 4.4m African people out of work in 2014, up from 1.6m in 1994. Unemployment among Coloureds increased from 260 000 to around 504 000, white unemployment from 42 000 to around 139 000 and Indian unemployment from 48 000 to 68 000.

In 1994, 42.2% of the white population had skilled jobs (managers, professionals, technicians, etc.), compared with only 15.1% for Africans. **Between 1994 and 2014 there was a general increase in the proportion of skilled employment for all population groups, according to Stats SA. However, progress differed vastly across race groups.**

The lowest increase took place within the African population, which saw an increase from 15.1% to only 17.9%; the highest occurred within the Indian/Asian population, which saw a jump from 25.2% to 50.7%. Skilled employment among white workers reached 61.5% in 2014 (up from 42.2% in 1994), while skilled employment within the Coloured population grew to 25.5% (up from 11.6%).

Among people who have jobs, African progress has been most pronounced in the semi-skilled category (which includes jobs like clerks and salespeople).

Using the broad definition of unemployment, which includes people who have given up on looking for work, in 2014, 42% of unemployed people had less than matric (1994: 40%), 34% a matric (1994: 28%) and 14% a tertiary qualification (1994: 6%). The unemployment rate for Africans with a tertiary education more than doubled from 8% to 19% over this period, according to Stats SA. "Not many would have predicted such an outcome for the post-apartheid period when access to the labour market, at least for those with skills, should have been much easier after so many decades of racial exclusion," Stats SA said.

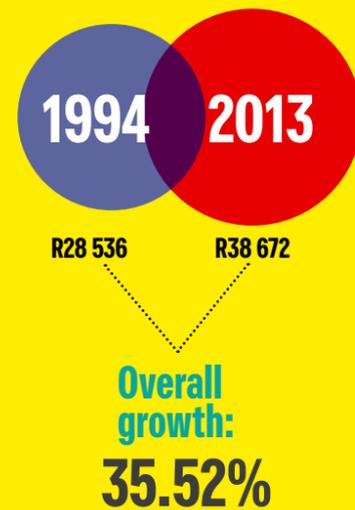
Income and spending

The lack of African and Coloured South

GDP per head, 1994-2013

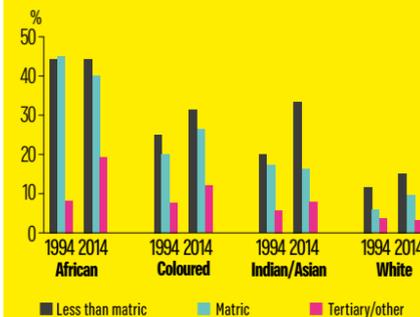
GROSS DOMESTIC PRODUCT (GDP) =

"The GDP is the total value of all final goods and services produced within the boundaries of a country in a particular period. This definition has four important elements: "total value", "final goods and services", "within the boundaries of the country" and "in a particular period"."



SOURCE: SARB

UNEMPLOYMENT* RATES BY POPULATION GROUP AND EDUCATION LEVEL



*Includes people who have given up looking for work.

SOURCES: IRR, SA Survey 2009/2010

Africans in skilled positions is a significant factor preventing individuals in these race groups from increasing income in absolute terms and alleviating the pressure on disposable income, the researchers found.

Income levels remain highly skewed in favour of whites, which saw their disposable income by economically active person (EAP) increase by 21% between 1996 and 2013 to R203 808 (at constant 2005 prices). Indians saw the highest percentage increase, with income growing 45.9% to R118 971, while Coloureds saw income rise 13.4% to R44 316. For Africans, annual income per EAP decreased marginally, declining 1.7% from R38 817 in 1996 to R38 156 in 2013.

On the upside, the middle class has grown significantly, with African middle class individuals increasing from 340 874 in 1993 to nearly 3m in 2012, according to the UCT Unilever Institute. Coloured, white and Indian middle-class individuals grew from 3.2m in 1993 to 4.25m by 2012.

These changes can also be illustrated by changes in e.g. vehicle ownership – where Africans constituted 35% of households with at least one vehicle in 2004, this has increased to 54% by 2013, according to data from the Institute of Race Relations. All population groups have recorded an increase in medical aid membership between 2004 and 2014, with African membership showing the biggest increase (nearly 70% to 4.5m members).

Of the 12m African households in 2013, 7m owned fully paid-off houses, according to Stats SA. This constitutes 84% of all the fully paid houses in the country. Whites owned 7.6% of fully paid houses.

The researchers pointed out that the paid-off houses do not necessarily reflect the value of the property, and that data around bonded houses should also be taken into account to determine access to finance and better quality housing.

Based on the available data, 479 000 African households were busy paying off their houses to a bank, compared with 419 000 white households. "The lower percentage African households in houses not fully paid are likely an indicator that other race groups are able to access finance that allows them to buy larger homes," the researchers pointed out. ■



The unemployment rate for **Africans with a tertiary education** more than doubled from 8% to **19%** between 1994 and 2014.

The **official unemployment** rate has increased from **20%** in 1994 to **27.1%** in 2016 (September quarter).

Between 1994 and 2014, **skilled employment within the African population** increased from **15.1%** to only **17.9%**.

The number of **African individuals in the middle class** increased from **340 874** in 1993 to nearly **3m** in 2012.

Between 1994 and 2014, **skilled employment within the Indian population** increased from **25.2%** to **50.7%**.

LEADERSHIP, INFLUENCE, OWNERSHIP

Some of the stickiest transformation issues are around leadership, ownership and influence, which are all difficult to quantify. Where it has been easy to quantify: By 2014, blacks made up 91% of the 1.2m public sector employees and 86% of public sector managers were black (up from 40% in 1995), as are 61% of judges and 59% of magistrates, 15% of senior advocates, 27% of advocates and 36% of attorneys. There are now more women than men in the public service. Black directors of listed companies increased from 15 in 1992 to 1 046 in 2012 (but 869 of these were in a non-executive role).

So apart from the complete transformation of the country's political leadership, leadership in other measurable areas has been slow to transform.

Ownership

In the area of ownership, transformation is visible, but there are few, if any, statistics available to quantify the level of success.

Ownership of the JSE remains a contentious issue. The researchers highlight previous research, conducted by Alternative Prosperity on behalf of the JSE, which shows 23% (10% direct and 13% indirect) of the JSE Top 100 traded shares were black-owned at the end of 2013, with 22% in non-black hands.

In addition, 39% of the Top 100, which represents 95% of the JSE's value, were owned by foreign investors, according to Alternative Prosperity.

A big concern around B-BBEE deals was whether the high levels of debt in the deals allow net value to be created in the hands of black shareholders. Intellidex showed that since 1994 R316bn worth of direct net value has been created by the JSE Top 100 as at the end of 2014. Of this, R196bn was attributable to strategic partners and R69bn to community groups.

The Alternative Prosperity/JSE study found that industries which have a significant reliance on government procurement contracts to earn revenue, or a dependency on regulators from a "license to operate" perspective, generally tend to exceed the market aggregate when it comes to black ownership.

"Given the fact that institutional

investors, such as the GEPF and other retirement funds, are significant owners of the JSE Top 100 companies (mandated investments made up 25% of JSE in 2013), an opportunity exist for groups such as organised labour to drive its transformation agendas as active shareholders," Fourie says. "Currently it is mainly the GEPF's investment manager, the PIC, that is driving B-BBEE and transformation through its investment activities."

From a small business perspective, it is widely estimated that 70% of small- and

medium-sized enterprises (SMEs) are black-owned. Although analysis is lacking, it is likely that by value SME ownership will be skewed heavily towards white ownership, the researchers say. Another challenge is SA's low rate of entrepreneurial activity, which is only about a quarter of that of other sub-Saharan African countries.

Land ownership

When it comes to land, it's a bit more difficult, if not impossible, to determine ownership by race, and government has been dragging its feet on doing a proper land audit.

A contested 2013 fact sheet by the Institute for Poverty, Land and Agrarian Studies (Plaas) showed that 25% of land, including black communal areas, belongs to the state, and 67% (of which only 13% is arable) to "white" commercial farmers. The remaining 8% includes metropolitan areas.

Looking at various housing statistics, Stats SA has indicated that 14.4% of South African households were living in RDP or state-subsidised dwellings.

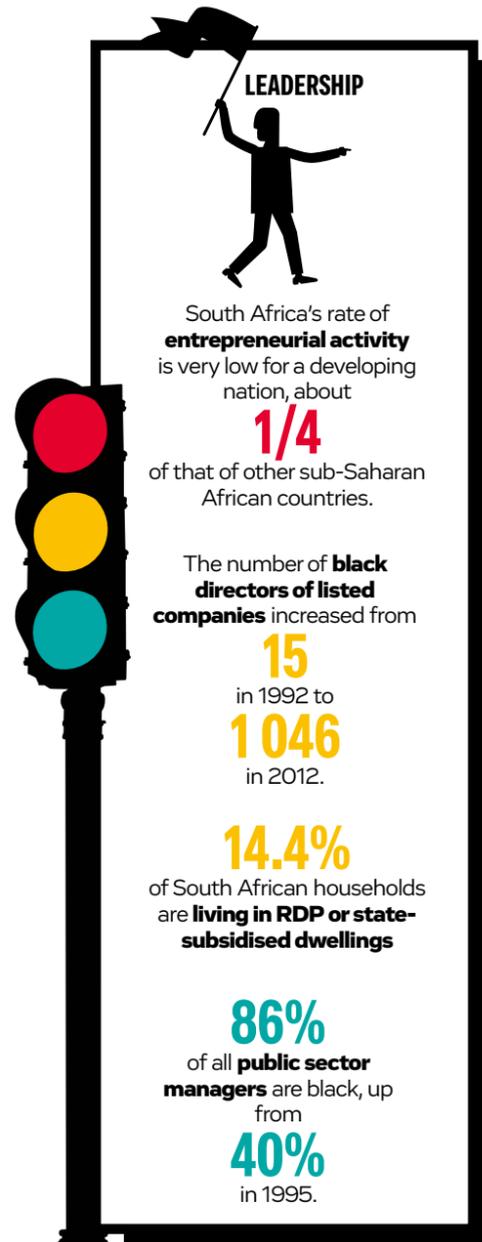
According to government data, 12.5m people have been given access to accommodation and a fixed asset. The Presidency has also said that government and the private sector have delivered 5.7m houses, increasing the number of people living in formal housing from 64% in 1996 to 77.7% in 2011.

Outlook

Fourie says the research highlights potential for positive changes in SA as a result of a changing economically active population.

"African people who are young are moving into the 'older' cohort of the economically active population and more white people are moving out of it, and as more black people move in, they are more likely to start accumulating assets if they have acquired the necessary skills and were presented with opportunities to participate in the economy." ■

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'WE'RE AT A TIPPING POINT'

There is no denying that transformation is taking place in South Africa, says **Ajay Lalu**, managing director of **black lite consulting**. For one, SA is educating young people, and there have been positive outcomes, he says.

"The other thing we are doing right is that we are starting to see pockets of change in procurement, where we are developing young black entrepreneurs, and I would like to see more of that happening.

"If we don't fundamentally change supply chains, and provide an enabling environment where young black South Africans benefit from procurement opportunities, we will have a society dominated by big companies and this is no good for sustainability."

He is critical of transformation research, which is often focused on the quantitative rather than the qualitative.

"For example, there may be an increase in blacks in leadership positions in companies but they are more often than not appointed in non-core positions, and if they are in core positions, we replace them with people who are not black. In this day and age, there should be no excuses that we don't have experienced, skilled people and it is also an indicator of poor succession planning."

Economists.co.za's Mike Schüssler says transformation is "an ongoing project", but agrees that there has been significant positive change.

There are, he says, many things people often don't take into account. For example, the median age of whites is higher than the median age of Africans. "By virtue of their age, white people should be in more leadership positions and should earn more."

SA is ranked 6th highest in pension fund assets to GDP and 56% of SA's workforce say they have a pension fund. This is important, says Schüssler, as this represents long-term savings as opposed to savings accounts.

"On the asset side, for such a young population, there is a high proportion of black people who own a home and people are making productive use of their land," says Schüssler.

The biggest challenge is getting the economy to grow at higher rates. Only within an economy that is growing, can the pie be shared disproportionately, Lalu says. But the worst enemy of transformation, he says, is corruption. "It deprives people of real opportunities. It is the thing young people are revolting against and should be revolting against.

"My biggest criticism of transformation, of BEE, is that we haven't defined the end state – what these interventions are meant to achieve, and we have created a culture of dependency. When you break your leg, you have a crutch to assist you and when the cast is off you have to get rid of the crutch. We are not getting rid of the crutch. For me one of the biggest lessons we need to learn is that you cannot have this culture of dependency, otherwise the entrepreneur will remain dependent on big companies for work and for capital," Lalu says.

He believes it is "far too premature" to be congratulating ourselves on the levels of transformation reached since 1994. "When we spoke of the rise of black diamonds – the relative number that were benefitting was small. Middle classes in the rest of the world are less indebted and have significantly more savings.

"I think we are at a tipping point from a transformation perspective," says Lalu. "It could go horribly wrong, like Zimbabwe where there are land grabs and declarations that all companies be 51% black-owned. Or we can recognise that current notions and practices (from narrow-based enrichment to resistance and avoidance) have not yielded results. The consequence of that is that we need to revisit or reconstitute how we view transformation." ■



Ajay Lalu
Managing director of
black lite consulting

"Middle classes in the rest of the world are less indebted and have significantly more savings."