



Quick Brief

A news update from the NBI on its programmes, business leadership and issues on sustainable development.

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Business has a key role to play in addressing inequality in South Africa

The seemingly intractable issues of poverty and inequality in South Africa pose fundamental challenges now and for the future. The democratic transition has not been accompanied by the social and economic transformation essential for a just and equitable dispensation and social cohesion. Strong and committed leadership across all sectors of the economy will be the cornerstone of the change needed to secure a sustainable future for all the citizens of South Africa.

At the recent Thought Leadership Series on transformation, a high-level panel gave input on research undertaken from different perspectives and engaged in robust discussion with delegates on the theme of poverty and inequality in the country.

The panellists were:

- Dr Beth Vale and Themba Moleketi, researchers from MISTRA
- Professor Imraan Valodia, Dean of the Faculty of Commerce, Law and Management at Wits University
- Lesetja Mashao on behalf of Busisiwe Ngwenya, Commissioner, BBBEE Commission

The discussion was wide-ranging and insightful, emanating from an evidence-based examination of the issues and nuanced proposals were suggested for practical solutions to the urgent challenges that face us as a society.

Dr Beth Vale and Themba Moleketi focused on research undertaken on future global and local megatrends as part of the Indlulamithi Scenarios 2030 project with a focus on building social cohesion. Through an extensive process working with representative groups of participants, they identified the key threats to social cohesion as:

- Unemployment and unemployability;

- Failed education system;
- Incomplete democratic transition; and
- Corruption.

Dr Vale shared some key insights from youth participants of the formidable entry barriers resulting from intergenerational unemployment and complete lack of access to networks of help and advice. She also highlighted the fact that members of society who can afford to do so, privatise their lives and disinvest from the public space in terms of education, health care etc. She suggested that investment in public assets and spaces could go a long way in enhancing social cohesion.

Prof Valodia speaking on the newly formed Southern Centre for Inequality Studies at Wits University, framed his input in terms of extensive research into the specific drivers and characteristics of poverty in southern hemisphere countries. He highlighted the historical roots of the fundamentally unequal distribution of power in South Africa across different groups and the deep poverty faced by many South Africans. It is notable that there has been no significant reduction in inequality in post-apartheid South Africa. A key insight was the fact that the notion that economic growth on its own is sufficient to address inequality is deeply flawed. The distribution of power in society also needs to be addressed to ensure better quality outcomes across the board with a particular focus on race, class and gender inequalities.

Lesetja Mashao from the BBBEE Commission covered the history of the development of BBBEE legislation in South Africa under the Department of Trade and Industry, its various elements and presented statistical information derived from compliance reports. Many companies view BBBEE as a core driver for addressing issues of inequality in our society, therefore it is deeply concerning that 23% of companies are only at a Level 7 and 8, while 33% of larger companies are not compliant with the legislation and this derails implementation. Furthermore, BBBEE is often not aligned with company strategy and so has limited transformative impact.

The business community has a key leadership role to play as a catalyst in addressing many hard societal challenges. Commitment to meeting compliance requirements is an important action, and lasting and sustainable change requires us to go beyond this and address issues such as racial and gender discrimination, youth unemployment, as well as foster the growth of the productive forces in the economy.

The overarching conclusion to the discussion on transformation was the need to reflect critically on the fault lines in society caused by deep-rooted poverty and inequality and to promote a collective approach to finding solutions based on a shared vision for the future to complete the process of democratic transition in South Africa.

We would like to hear your feedback, so please send your thoughts and comments to: Gugu McLaren-Ushewokunze.

Business Action for Sustainable Growth

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