

## **Biased attempts to reduce the transformation project to corruption undermine black excellence and South Africa's quest towards a truly inclusive economy**

*"American lawyer, novelist, historian and essayist Louis Auchincloss is quoted as saying: "If you can sense the corruption in me, it is because there is a dose of it in you." This is what I tell people, especially non-Africans, who want to describe my continent as being inherently corrupt." - Victor Kgomoeswana*

Karima Brown in her 702 talk radio show interview with Sikonathi Mantshantsha, Financial Mail Deputy Editor, on 5<sup>th</sup> March 2019, summarised Business Unity South Africa (BUSA) President Siphon Pityana's open letter to Black Business Council (BBC) President Sandile Zungu as follows: "the practice of Black Economic Empowerment (BEE) aided and abetted state capture and that black professionals who were part of this nefarious act need to own up". Carol Paton's article "Dots connected between BEE and corruption", published on 5<sup>th</sup> March 2019 also supported this view and reiterated the same message.

While it is true that BEE is not exempt from corruption, state capture, however, is not a consequence of BEE. Brown, Paton and Pityana's assertions, therefore, were a failed opportunity to fully acknowledge the fact that corruption is not only a politically endemic problem and that it is not an endemic black problem which black professionals are supposedly exemplary of as this recklessly exonerates the predominantly white corporate sector which has created a conducive environment for illicit transactions and activities without ever being called to account.

BEE policy is relevant and necessary in addressing socio-economic injustices of the past. What has been lacking, and should be strengthened, is the inadequate implementation and monitoring of the policy. Thus, when it comes to state capture, the breakdown in ethical leadership and governance in the public and private sectors is the primary contributing factor to the state capture project and prevalence of corruption in South Africa, and so both sectors, black and white professionals, need to be held to account.

### Unjustified scapegoating of black professionals in the state capture project

We need to reject misleading narratives concerned with primarily using black professionals as scapegoats in state capture.

The Black Management Forum (BMF) President Andile Nomlala recently slammed ANC NEC member, Senzo Mchunu for blaming black managers for all the trouble at State-owned enterprises (SOEs), particularly Eskom.

Nomlala acknowledged that Eskom's underperformance as with other major SOEs is due to a gross failure in corporate governance and ethical leadership.

The whole political body in South Africa including the ministers today that are fervent ambassadors of the "new dawn", including President Cyril Ramaphosa himself, act as if they were not part of the cabinet decision that agreed on appointing abominable board members that brought SOEs to their knees. The very same "new dawn" champions "forget" that they too defended Jacob Zuma on eight occasions of vote of no confidence in parliament.

The BMF, therefore, will not defend individuals and organisations, black or white, that have aided state capture and it will continue to call for those professionals who succumbed to the pressure of politicians and compromised their ethical standing to be charged and be brought to book.

As emphasised by Nomlala, the political leadership must self-introspect and interrogate the role they have played in the failure of SOEs instead of perpetuating the narrative that black professionals are incompetent looters that cannot be trusted with positions of responsibility.

#### What about unethical white owned companies? Who is bringing them to book?

The lack of accountability of the involvement of white professionals and companies in state capture is dismal. One hardly sees anyone fervently trying to call them to order or calling them incompetent thieves.

In August 2017, South African entrepreneur Magda Wierzycka of Sygnia cut a lonely figure when she took a firm stand against corporate corruption by firing KPMG as her JSE-listed firm's auditors after its involvement in Gupta state capture were revealed. No other business leaders followed suit, and this is despite the national outcry that prevailed against state capture at the time.

While South Africans react with outrage over the vast and growing body of evidence that white dominated multinationals such as KPMG, SAP, Bain & Co, ABB, China South Rail, McKinsey and so forth, have been complicit in the Gupta state capture campaign, the leaders of these companies remain unbothered and these companies continue to do business with the state and private sector. In KPMG's case, for example, neither the police nor the Financial Intelligence Centre appeared to be investigating damning allegations that the company was aware and involved in tax evasion and money laundering by the Gupta family.

Bain & Co was called in to help restructure SARS when it fell under the leadership of Tom Moyane. Officials testifying at a commission of inquiry into SARS chaired by Judge Robert Nugent said the restructuring had damaged the tax agency's capacity and contributed to a shortfall of R50 billion revenue.

The list of white owned companies captured by greed is endless, but you do not see the Brown's, Paton's and Mantshantsha's of this world denouncing this irregularity.

Companies such as SAP who went and confessed to US Authorities about their involvement in Transnet tender fraud are still well entrenched in government and private sector companies doing business as normal – which means normality to them might mean their corrupt means. Even though these international companies have confessed their involvement in the state capture, they have not been charged nor have they testified in state capture. Even the banks have not closed KPMG, McKinsey, SAP, Bain & Co, ABB accounts yet, despite glaring evidence involving them to corrupt activities. Government has not even threatened to chase them out of our country for being involved in corruption.

#### The BMF has not been an observer of state capture

The BMF has not failed to call out black professionals on their involvement in state capture. On 12<sup>th</sup> May 2017, the BMF condemned the decision taken by the Eskom board of directors to reappointment Brian Molefe as the CEO of its entity.

The organisation asserted that the decision taken by the Eskom Board of Directors to reappoint Molefe was not in the interest of good governance and that it made a mockery of black leadership, particularly in SOEs. The BMF strongly asserted that Molefe's return to Eskom before being cleared on the allegations that made him leave the entity the first time nullify good governance and that the board did not act in the best interest of the company since its decision put the Molefe ahead of the entity.

#### Unfounded allegations implicating the BMF in state capture

Despite the BMF's public denouncement of state capture, there is a narrative that ignorantly and imprecisely links BMF to state capture.

The BMF, however, cannot be implicated in state capture because its past leaders in their individual capacity and business activities are linked to state capture. The organisation refuses to be reduced to careless actions of its former leaders. The fact that former BMF leaders including Mzwanele Manyi are implicated in state capture, does not mean BMF as an organisation was used as a tool to facilitate state capture. There have been three presidents of BMF since Manyi's tenure of which none of them are linked in any way to state capture. We call upon anyone who has evidence that our organisation was used as a conduit to propel state capture project to come forward with such evidence.

#### Transformation remains at the epicentre

The BMF will not let companies get away with being reluctant to put transformation imperatives at the fore of business practice. Denel's appointment of a white CEO was challenged because the organisation refuses to allow a persistent culture of appointing white males into executive positions to prevail when there are qualified and competent black professionals that continue to be side lined.

#### The importance of putting HDI's at the fore of the transformation project

The 18th Commission for Employment Equity (CEE) report showed that 67.7% of top management positions were occupied by Whites, 14.3% by Africans, 5.1% by Coloureds and 3.4% by Foreign Nationals.

Men occupied 77.1% of top management positions, women 22.9% and people living with a disability constituted 1.3% of top management.

White people held 56.1% of senior management positions, black people held 22.1%, Indian people held 10.9%, Coloured people held 7.7% and foreign nationals held 3.4% in their professionally qualified category.

Semi-skilled labour positions were mostly held by black people at 76.8%. At the unskilled level, 83.5% of positions were held by black people.

The 18th CEE report unsurprisingly showed that the pace of transformation was lacking especially in the upper levels of management where white people (especially males) still dominate.

It is due to this reality that "we need to retain BEE to ensure we have a more inclusive economy", as highlighted by Trevor Manuel during his state capture enquiry testimony in February 2019. And the BMF will continue to unapologetically advocate for transformation imperatives. However, we need to, as indicated by Manuel, "have a nationwide discussion about how we can remedy some of the matters" pertaining to BEE and corruption.

#### Conclusion

Companies still need to realise that BEE is not just a piece of legislation that they are expected to comply with but rather a transformational imperative that will in the long run, make sense for their bottom line. The advancement of a truly inclusive working environment, in the pragmatic sense, would yield greater economic stimulation. The inability for companies to see this speaks to their lack of interest in sustainable economic development in the country.

Thus the BMF is not going to subsidise transformation because there are former BMF leaders that are implicated in state capture in their personal capacity. The BMF's continued advocacy of transformation is independent from the questionable greed driven activities of its former leaders.

Pityana may have “wanted to make many in black business rethink their association and cast doubt on our odious political culture”, rightly so, but what about white business and the Agrizzi’s of this world in light of the role they have played in state capture? Who is holding *them* accountable?

*The Black Management Forum Presidency*