

Insights

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Entrepreneurs up against it

Various issues need to be addressed before additional changes are made to BEE codes, writes
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WITH the last revision to the broad-based black economic empowerment (BBBEE) codes taking place only five years ago, there has been insufficient time to measure the impact of these changes and to ascertain what their consequences have been on the economy – particularly on enterprise development, according to Liz Zambonini, CEO of enterprise development initiative, The Hope Factory.

She says given that the government is considering revising the codes again this year, there is some concern among those in the enterprise development arena that companies are only now compliant with the codes, so any changes would be premature.

“A bigger concern is that the

government may change the way in which organisations are compelled to gain enterprise development points, as too much prescription may not be in the best interests of entrepreneurs,” she argues.

“Before further changes are made to the codes, we believe there are various issues that need to be addressed urgently. Having spent 11 years assisting entrepreneurs to get their businesses off the ground, we have seen countless times how difficult it can be to register a company, get a BEE certificate, obtain a tax certificate and open a bank account.

“These issues are made even more challenging by the costs that are involved, particularly those of running a business bank account,” says Zambonini.

Piecemeal solutions are not the answer to problems with job creation, she says.

“The South African government could take a leaf out of Brazil’s book, where that country’s government recently engaged with their soy bean producers to determine what



Liz Zambonini ... possibilities.

would assist them in growing the industry further (Brazil is currently the world’s largest exporter of soy beans).

“Following on from this consultation, Brazil’s government is building a new port to facilitate growth in this sector, creating wealth across many industries and levels of society,” says Zambonini.

She says much of SA’s

legislation caters to established entrepreneurial ventures; however, given that home-based enterprises provide R6n to our annual GDP, this is an area that should not be overlooked.

“A multipronged approach is therefore needed to assist entrepreneurs, looking at all five levels of entrepreneurship: informal sector/start-ups, home-based enterprises and grassroots entrepreneurs (up to R1m), emerging enterprises (R1m to R5m), solid performing SMMEs (R5m to R35m) and high-growth companies (above R35m).

“In addition, a holistic and inclusive outlook is vital if we are to stimulate the growth of new businesses. Most businesses do not fail because the owner did not work hard – they fail because the owner did not have the necessary skills and knowledge to succeed.

“The most common challenges we see entrepreneurs facing are a lack of skills, limited access to markets, no seed capital, a lack of work experience and low self-esteem. If any of these areas is not

addressed, the entrepreneur’s chance of success reduces dramatically,” says Zambonini.

She says the reality is that SA does not have enough people starting their own businesses. In fact, only 1,4% of the total population end up being entrepreneurs with a business lasting more than four years.

“By growing the pool of entrepreneurs, it is not only the individuals themselves who profit, but seven others also benefit indirectly – through food on the table, paid school fees, new shoes, books, knowledge and the like. This also supports the country through a reduction in social grants, an increase in employment and a lowering in crime and poverty levels.

“By teaching would-be entrepreneurs basic business, financial, technical and life skills, as well as mentoring them through their start-up phase and beyond, we can expect to see our entrepreneurial businesses thriving. If this could be replicated across the country, the possibilities are infinite.”