

Black economic empowerment progress in the advertising industry in Cape Town: Challenges and benefits

R.G. Duffett, I.C. Van der Heever & D. Bell

ABSTRACT

Black economic empowerment (BEE) aims to enable black people in South Africa, as legislatively classified, to make a noteworthy contribution to the local economy by irreversibly altering the racial profile of ownership, management echelons and all employment levels of existing and new organisations (SA dti 2004: 4-5). The transformation process in South Africa has been a lengthy and complex one, with the government gradually enacting enabling legislation. The advertising industry has been criticised for its slow empowerment advancement, which led to two parliamentary hearings in the early 2000s to investigate allegations of racism and poor transformation progress. The Association for Communication and Advertising (ACA) has been the main driving force of transformation within the South African advertising industry, but there have been few studies that have effectively investigated transformation and BEE progress within this industry over recent years. Therefore, the main objective of this study was to explore progress made by advertising agencies towards transformation in Cape Town, as well as the challenges and benefits that result from implementing BEE measures. The aforementioned was thoroughly examined by utilising a multiple case study approach and by interviewing the top 12 traditional full-service advertising agencies in Cape Town.

Key words: advertising agency; advertising industry; affirmative action; Association for Communication and Advertising (ACA); black economic empowerment (BEE);

All the authors are at the Cape Peninsula University of Technology. Mr R.G. Duffett is a lecturer in the Marketing Department, Mr I.C. van der Heever is Associate Dean of the Faculty of Business and Ms D. Bell is a senior lecturer in the Marketing Department. E-mail: duffetr@cput.ac.za

broad-based black economic empowerment (BBBEE); employment equity (EE); Marketing, Advertising and Communication (MAC) Transformation Charter; previously disadvantaged individual (PDI); transformation; transformation charters; verification agencies

Introduction

Black economic empowerment (BEE) has become synonymous with transformation in South Africa; however, transformation does not commence and conclude with BEE – rather, it starts with a change of perceptions and attitudes (Xate 2006: 14). BEE has become a regular feature since South Africa became a democracy, when a token few conglomerates sold controlling stakes to black empowerment consortiums (Coulsen 2004: 19–20). Companies in South Africa were also required to drastically increase the number of previously disadvantaged individuals (PDIs) in their employ when the Employment Equity Act (Act No. 55 of 1998) was passed into law in 1998. Renewed impetus has been placed on empowerment since the promulgation of the Broad-Based Black Economic Empowerment (BBBEE) Act (Act No. 53 of 2003). The BBBEE Codes of Good Practice (Codes) were gazetted on 9 February 2007, and this significant piece of legislation has provided a framework to guide and measure transformation activities.

There has been a proliferation of articles referring to empowerment deals and transformation of the advertising industry since the first parliamentary hearings, as well as several debates about racism. The pace of the transformation process in the advertising industry over the last ten years of democracy (Clayton 2004) has received much condemnation. The main reason why it was imperative to transform the advertising industry was because the mere 5 000 people employed in this sector have a huge influence on trends and societal norms (Marsland 2005). The dedication of the Association for Communication and Advertising (ACA) resulted in the Marketing, Advertising and Communication (MAC) Transformation Charter being gazetted on 29 August 2008 (Jones 2008). This summary of transformational milestones shows that transformation has taken place, but now that vital legislation is in place, it is time to establish BEE's real success.

Transformation in South Africa is an ongoing process, and companies across industries are still coming to terms with the volumes of complex BEE legislation that have been promulgated. There has been a distinct lack of information or investigation on the extent to which companies have embraced transformation, the challenges that they face and the benefits that they receive from implementing BEE

measures in the advertising industry. These factors were explored in this article by investigating transformation progress in the advertising industry in Cape Town.

South African advertising industry role-players

The advertising industry is based on a series of relationships between five main players, namely the marketer (advertiser or client), advertising agency, service suppliers, and media and target market, which together form the communication value chain (Wells, Burnett & Moriarty 2003: 17). The importance of advertising in South Africa is reflected by the amounts that advertisers spend on promoting their products. Over R23 billion was spent on above-the-line (ATL) advertising in 2007, and this figure has doubled over a five-year period (Koenderman 2008: 146). The advertising and media industries have expanded in a period of relative economic prosperity in South Africa, which means that advertising agencies should appreciably increase staff to keep up with the greater demand for their services. This has created a problem, since there is a shortage of suitably qualified black PDIs in the advertising industry, especially at senior levels – the same problem is inherent in the mining industry (Fauconnier & Mathur-Helm 2008: 1–14). The lack of management skills has hindered BEE companies from obtaining external funding and/or lucrative international contracts (Ackermann & Meyer 2007: 23–44; Horn 2007: 490–503) and Don Mkhwanazi, president of the Black Management Forum, has suggested that South Africa's critical skills shortage is due to the failure of the education and training fields (Hoffman 2008: 10–11). However, the Skills Development Act (Act No. 97 of 1998) provides a structure to help with the development of black staff, particularly in professional and management levels, but many companies do not understand or know how to use this platform effectively (Babb 2006/2007: 106). Furthermore, Kgomotso Mateseke, head of Actis African Empowerment Fund, believes that there are skilled black individuals, but companies do not want to employ them for fear of being used as a stepping stone (Peacock 2007a: 17). Moemise Motsepe, National Empowerment Fund marketing and communications manager, agrees that affirmative action has produced a number of suitably qualified black candidates that could be appointed on to boards (Milazi 2008a: 4).

Over the past few decades, several alternatives to traditional advertising agencies have developed. However, for the purposes of this research, only traditional full-service advertising agencies that predominantly utilise ATL advertising and are classified as designated employees are included in the study. The top 12 traditional full-service agencies in Cape Town (in terms of income) fall within the ambit of

the study (refer to Table 1). The remaining three advertising agencies (Boomtown, FoxP2 and Singh & Sons) fall outside the scope of the study, because they are not classified as designated employers (fewer than 50 employees or turnover of less than R10 million).

Table 1: Rankings of advertising agencies in Cape Town

	Advertising agency name	Staff 2007	Staff 2006	Staff 2005	Income R million	Above the line (ATL) %	Below the line (BTL) %
1	Ogilvy Cape Town	246	230	206	100-125	64	36
2	TJDR Cape Town	149	136	96	60.1	55	45
3	Draftfcb Cape Town	135	110	96	40-60	70	30
4	BBDO Cape Town	133	97	88	60-80	70	30
5	King James Group	87	78	67	36.9	64	36
6	Saatchi Cape Town	81	91	90	46-51	80	20
7	JWT Cape Town	48	44	43	20-30	65	35
8	Bester Burke Slingers	47	48	30	22	50	50
9	Lowe Bull Cape Town	41	38	37	25	70	30
10	Y & R Cape Town	40	21	28	10-20	65	35
11	Admakers International	33	28	25	96.7	50	50
12	Boomtown	31	28	25	6.9	40	60
13	TBWA Hunt Lascaris	24	25	45	20-25	60	50
14	FoxP2	8	9	-	5.5	45	55
15	Singh & Sons	8	5	-	9.1	50	50

Note: ATL = above the line

Source: Adapted from Furlonger (2008: 90); Koenderman (2007a: 150); Koenderman (2007b: 22-23); Koenderman (2008: 146); Maggs (2007a: 52-99); Maggs (2007b: 102)

There are numerous South African advertising or affiliated industry bodies that represent various aspects of the industry and interact with one another. The vision, mission, objectives and strategies of these organisations have altered in recent years to reflect their commitment to the transformation of South Africa's advertising industry. The most important of these is the ACA, which is a professional advertising organisation that represents the combined interests of its member advertising agencies (approximately 80% of total advertising and marketing communication expenditure) in South Africa (ACA 2007). This BEE study has revealed how the

ACA's efforts have resulted in significant transformation progress in the advertising industry in South Africa and more particularly in Cape Town.

Overview of the transformation process in South Africa

The transformation process in South Africa has been long and complicated, and the authors predict that this situation will persist for another decade. The government has progressed slowly but steadily in the promulgation of legislation, whereas the advertising industry's progress has been slightly more rapid in striving to attain goals that are prescribed by the legislation. Swart (2006: 48) affirmed that the delays in the dissemination of BEE legislation have a negative impact on economic growth.

Employment equity

South Africa has a history of discriminating against certain racial and gender groups as well as those with disabilities. These groups were not granted equal opportunities of employment, education and basic wealth creation (SA DoL 2004). The Employment Equity Act has the two primary objectives of eliminating unfair discrimination and implementing affirmative action measures.

All employers are required to accomplish the first objective, but only designated employers are legally required to take active steps to implement affirmative action measures. Designated employers include:

- All employers that employ 50 or more employees.
- All employers that employ fewer than 50 employees, but have a total annual turnover that is equal to or greater than the applicable turnover of a small business in terms of Schedule 4 of the Employment Equity Act (SA DoL 1998). The designated annual turnover is R10 million for the Transport, Storage and Communication (TSC) sector, which includes the advertising industry.

The effectiveness of affirmative action has been questioned, since research has shown that it only benefits those who are already in key positions and/or fails to uplift the black majority (Human, Bluen & Davies 1999; Nel, Van Dyk, Haasbroek, Schultz, Sono & Werner 2004; Janssens, Van Rooyen, Sefoko & Bostyn 2006: 381–405; Hoffman 2008: 10–11). The Commission for Employment Equity's (CEE) annual report (SA DoL 2007) revealed that some employment equity progress had been made, but at a slow pace, and that there were still major racial and gender discrepancies in South Africa.

Black economic empowerment

The economic, political and social oppression of black South Africans led to major structural misrepresentations. As a result, the South Africa economy in the 1980s was characterised by high levels of unemployment, disproportionate distribution of income, as well as low levels of growth and investment. Jack (2006: 19–23) divides BEE into three distinctive periods known as ‘waves’. The first wave of BEE began in 1993 and focused primarily on labour-related issues (such as skills development and employment equity) and the development of small, medium and micro-enterprises (SMMEs).

The second wave of BEE began in 1999 and gathered pace after Mr Thabo Mbeki was elected as South Africa’s new president in 2000. This wave was exemplified by the passing of BEE legislation, and the establishment of policies and regulations to highlight the need for transformation, transformation charters and the introduction of the first phases of the BBBEE codes and scorecards (Jack 2006: 19–23).

The first phase of the third BEE wave, which commenced in 2004, is characterised by black individuals starting their own businesses and growing them by means of procurement and enterprise development opportunities that had arisen from BEE, without having to enter into BEE ownership deals (Reddy & Shubane 2007).

The second phase of the third BEE wave commenced when the Department of Trade and Industry (dti) gazetted the BBBEE Codes in February 2007, which provided a vital framework both for approaching and measuring BEE endeavours for the transformation of the South Africa economy. Simply acquiring a BEE partner was no longer sufficient to satisfy the stipulations of BEE, since meaningful participation was required in every aspect and all areas of organisation via the seven elements of BBBEE (Lalu & Webb 2007).

The BBBEE Codes of Good Practice (Section 9[1]: Code 000 [statement 000]) provides a comprehensive outline of seven core elements of BBBEE in terms of the generic scorecard, namely ownership, management control, employment equity, skills development, preferential procurement, enterprise development and socio-economic development (SA dti 2007a: 8). The BBBEE Codes have cleared up much confusion surrounding BEE, but this BEE study will show that some of the impediments remain problematic. BEE studies in the agricultural/wine (Janssens et al. 2006: 381–405; IDC & ABC 2008: 139 & 141), automotive (Horn 2007: 490–503) and mining (Fauconnier & Mathur-Helm 2008: 1–14) industries have yielded comparable concerns.

Transformation charters

Since the first phase of the BBBEE Codes was made public in December 2004, various industries have prepared documents stating their commitment to transformation. These are known as sector transformation charters, and Section 12 of the BBBEE Act (No. 53 of 2003) made provision for the gazetting of transformation charters, but there was no comprehensive framework on the basis of which to develop and benchmark the charters. Some of these charters were developed well before the BBBEE Act and Codes were promulgated, and there were hence extensive differences between these industry charters and subsequent legislation (Empowerdex 2007). The advertising industry had already completed and implemented two transformation charters by the time government approved phase 1 of the BBBEE Codes. Statement 003 provides a complete regulatory framework to direct the formation of transformation charters, which also allows for them to be gazetted either in terms of Section 9 or 12 of the BBBEE Codes. As already mentioned, the MAC Transformation Charter (the industry's third charter) was gazetted on 29 August 2008 under Section 12 of the BBBEE Act (Act No. 53 of 2003).

Challenges and benefits of BEE

A number of challenges and benefits of BEE have been identified from the BEE literature. A majority of these also occur in the advertising industry; however, not necessarily in the same way. The challenges pertaining to the implementation of BEE include:

- High costs associated with BEE: The cost of doing business in South Africa has escalated in terms of the real costs of BEE compliance, specifically in terms of implementation and investment risk (Jack 2006: 19–23; Turok 2006: 59–64; IDC & ABC 2008: 139 & 141). However, some view BEE as an operating cost that ultimately provides long-term benefits (BusinessMap Foundation 2004).
- Detrimental to foreign investment: The aforementioned costs of BEE could discourage international companies from investing in South African businesses owing to the decrease of return on investment (Butler 2006: 80–85); however, Wolmarans and Sartorius (2009: 180–193) found that BEE announcements had a positive impact on shareholder wealth. A survey conducted by the British, Italian and Swedish business chambers (Hazelhurst 2006) revealed that 44% of European companies were positive about BEE, whereas 35% viewed BBBEE ownership as a problem.

- BEE partners often add little value to BEE deals: Some BEE investors amass numerous investments without developing the necessary expertise and skills to make a significant contribution to all of their investments (BusinessMap Foundation 2004).
- Insincere government affiliations: There is an increasing tendency for companies to partner with prominent politicians and government officials, thereby gaining unfair access to government business via contracts and tenders (Balshaw & Goldberg 2005; Turok 2006: 59–64; Naidu 2008: 6), although the recent Public Administration Management Bill aims to curtail the practice of civil servants being awarded lucrative government tenders (Mkhabela 2009: 1–2).
- Fronting: This contemptible practice mainly transpires via window dressing and the creation of BEE special purpose vehicles for short-term gains (Balshaw and Goldberg 2005; Naidu 2008: 6). Furthermore, the dti does not have the human resources or the will to monitor fronting (Peacock 2007b: 17), although Fauconnier and Mathur-Helm (2008: 1–14) found that there is an increased focus on ensuring real and sustainable BBBEE in South Africa.
- Discrimination: Many Coloureds feel marginalised by the current black African-dominated ruling party (Manbanga 2007: 13; Rosenberg 2006). Geysler (2007: 12–13) states that women previously filled low-key positions in South Africa. Certain European countries have prescribed boards of listed companies to have 40–50% female representation, whereas South Africa female directorships showed only a marginal increase from 14.3% in 2007 to 14.6% in 2008, and women executive managers decreased from 25.3% to 18.6% over the same period (Stewart 2008a: 2; I-Net Bridge 2009; Morna & Made 2009). Several BEE advocates stated that black women have started to make a more significant contribution to the corporate environment in South Africa (Fauconnier & Mathur-Helm 2008: 1–14; Stewart 2008a: 2; Zondo 2008: 2) and the total number of black female directorships has increased by 80% since 2006 (Empowerdex 2008a: 7).
- Narrow-based transformation: BEE tends to benefit very few black individuals (Janssens et al. 2006: 381–405; Petersen 2007: 24–26; Hoffman 2008: 10–11; Naidu 2008: 6; Burger 2009: 16–21). An empowerment analyst highlighted that BEE deals worth over R300 million had taken place since 1994, with a large portion involving only a small number of the black elite (Anon 2008: 1). There were only 714 JSE black directors in 2008, although this represents a 48% increment since 2006 (Empowerdex 2008a: 7). However, innovative BBBEE ownership schemes have offered a stake in big corporations – for example, Sasol, Telkom, Multichoice, MTN, Nedbank and Barloworld – to the black majority at discounted prices (Sutcliffe 2006/2007: 26; Milazi 2008b: 8; Milazi 2008c: 15).

BEE was created for the purpose of benefiting – and, therefore, if implemented correctly and in the spirit of real transformation, does hold a number of benefits for – the following:

- The attainment of the objectives of BEE improves the lives of PDIs, however, Sandile Hlophe, director of KPMG, asserts that several companies simply adopted the scorecard approach to meet the minimum stipulations of legislation, which ultimately benefited very few PDIs (Peacock 2007c: 16; Fauconnier & Mathur-Helm 2008: 1–14; Milazi 2008b: 8).
- A substantial black middle class of Black Diamonds has emerged as a result of BEE policies. This group has increased by 43% since they were studied in 2006 and account for 3.7 million of the total 23.6 million black African adult population and 40% (R250 billion) of South Africa's consumer spending power in 2008 (Naidoo 2007; UCT Unilever Institute of Strategic Marketing & TNS Research Surveys Black 2008; Buhr 2009; TGI 2009). However, this is also a challenge, since the vast majority of the black population (over 80%) still live in poverty, in comparison with the Black Diamonds.
- BEE facilitates the utilisation of the scarce and unique skills of the previously marginalised black majority. The Eastern Cape dairy industry is an example of how black people have been successfully empowered by investing in skills development (Burger 2009: 16–21).

Advertising agencies in Cape Town have experienced several of these BEE challenges and benefits, but also face challenges that are inherent to the advertising industry.

Current state of affairs

The South Africa advertising industry has not yet been successfully analysed in terms of in-depth qualitative BEE data, although there have been several failed attempts. Several national quantitative surveys have been commissioned to measure the state of BEE in South Africa across all industries and to serve as valuable benchmarks for future BEE measurements.

The ACA has voluntarily monitored the progress of its members in terms of major empowerment elements since 1998, and the last survey results were released in 2006. The average percentage of black shareholding in the advertising industry increased from 28.7% in 2004 to 37.6% in 2006 (the MAC Transformation Charter target is 45% by 2014). Overall, the representation of black employees increased from 35.2% in 2004 to 40.2% in 2006 (the MAC Transformation Charter target is

60% by 2014). The total number of black females employed in the industry increased from 21% in 2004 to 23.9% in 2006, and the number of black females employed in management and/or professional levels increased from 13.8% in 2004 to 17.7% in 2006. The three largest hindrances identified in the ACA survey were the lack of skills of black executives, the low number of black females at management level and the brain drain of senior employees (Da Silva 2006).

The BBBEE baseline 2007 survey was commissioned to determine the state of BEE in South Africa. A sample of over 1 780 organisations across industries, size and type were selected. Almost 8% of the responses were from the transportation, storage and communications (TSC) sector (which includes advertising agencies) (Consulta Research 2007). The results of this survey concluded that organisations have begun the process by implementing the BBBEE elements that provided the most direct benefits (ownership and skills development), whereas the indirect strategy of empowerment was mostly disregarded (Consulta Research 2007).

KPMG conducted a survey of BEE transformation progress to coincide with the conclusion of the transitional phase for the measurement of the BBBEE Codes in August 2008 (KPMG 2008). A sample of 500 companies across industries, size and type were selected, and 26% of the responses were from the TSC sector (Consulta Research 2007). The survey coincided with xenophobic attacks and trade union protests that stipulated that government should reduce high transport and energy food prices. These occurrences demonstrate that more emphasis should be placed on the growth of SMMEs, socio-economic development programmes and employment equity in order to create economic opportunities and tangible income, especially for the most disadvantaged black majority. Findings in terms of BEE progress regression, in some sectors, do not bode well for significant equitable monetary opportunities for all South Africans (KPMG 2008).

Research problem

The advertising industry is unique in that it is self-regulated, and the industry has zealously guarded this fact, since it is one of the few industries in South Africa that has this privilege. The ACA is a self-regulatory organisation (SRO) for advertising agencies in South Africa, which established a mandate for all its members with the signing of the MAC Transformation Charter. However, since it has only been gazetted under Section 12 of the BBBEE Codes, it is therefore not binding on advertising agencies (SA dti 2007b: 28). Consequently, advertising agencies are compelled to adhere to government legislation, but are encouraged to strive for attainment of the objectives outlined in this charter, since it will ultimately be gazetted in terms of

Section 9 of the BBBEE Codes, which is prescriptive. Consequently, the research question is as follows: What transformation progress have advertising agencies in Cape Town made in implementing BEE measures and complying with the BBBEE Codes scorecard and/or the MAC Transformation Charter?

Research objectives

The primary objective of this research explores the transformation progress at advertising agencies in Cape Town by assessing the implementation of BEE measures and compliance with the BBBEE Codes scorecard and/or the MAC Transformation Charter.

The first secondary objective investigates the challenges facing advertising agencies in Cape Town in striving to comply with BBBEE targets. This objective also investigates how advertising agencies in Cape Town have addressed these challenges.

The second secondary objective examines additional benefits that advertising agencies in Cape Town have received for having a transformation agenda, over and above complying with BBBEE targets.

Research methodology

Paradigmatic perspective, research approach and design

The study follows an interpretivist paradigm, which offers insights into a situation by qualitatively exploring, understanding and analysing participants' perspectives and explanations of the situation (Maree 2007: 60), and a qualitative approach was therefore predominantly utilised to investigate the research objectives. The case study design can be described as a set of related occurrences that aim to describe and explain the topic of study, which in this instance is advertising agencies' endeavours to transform by implementing BEE measures. The use of two or more cases is referred to as 'multiple case design', and in this BEE study a number of cases, namely 12 advertising agencies, were investigated and assisted in providing a clearer understanding of the acquired knowledge (Silverman 2005: 127).

Selection of participants

Traditional full-service agencies in Cape Town that were either classified as a designated employer or had an estimated income exceeding R10 million were included as participants in this BEE study. The research population consisted of

the top 12 advertising agencies in Cape Town (in terms of annual income), and it was decided to target all the advertising agencies, since the research population was small enough to conduct a census, whereby each member of the research population is included in the study (Welman, Kruger & Mitchell 2005: 101).

Data collection methods

The data for this study were collected from multiple sources, namely interviews and internal documents, which yielded predominantly qualitative data. The researcher formulated a semi-structured interview guide and conducted face-to-face interviews with senior employees (predominantly managing directors) from the advertising agencies to generate in-depth data on each advertising agency's endeavours to attain its quantitative empowerment targets. Using a semi-structured interview is advantageous when the topic is sensitive in nature (Welman et al. 2005: 167), as a majority of South African companies are protective about transformation progress and the corresponding data. Each advertising agency was also asked for a copy of its BEE contribution (rating) certificates and employment equity plans. These documents are classified as primary sources of data, since they were unpublished and provide imperative quantitative and qualitative data that were necessary for triangulation purposes (Maree 2007: 82–83).

Data analysis

Qualitative data analysis encompasses selection, examination, categorisation, tabulation, reviewing and/or amalgamation of data to address the initial notions of the research study (Yin 2003: 109). The content analysis approach was applied and utilised for the interviews and documents by identifying themes and examining the ways in which they were presented and the frequency of their occurrence (Ritchie & Lewis 2003: 199–200). Content analysis was a practical approach for investigating the experiences of the advertising agencies and allowed for a descriptive analytical framework to be created in which to organise the case studies (Yin 2003: 114). The researcher used *a priori* coding to establish the themes, since the same questions were asked in the semi-structured interviews. This process of establishing the themes beforehand is also known as deductive analysis (Marshall & Rossman 2006: 159).

Each theme was explored in terms of recurring patterns and associated text to identify different views and elements that emerged and reveal a number of categories (Ritchie & Lewis 2003: 237–239). A total of 22 categories, some with up to eight subcategories, emerged from the questions. The categories were examined

in terms of similarities, differences, contradictions, interrelations and evidence that affirm or challenge interpretations between the categories and cases (Maree 2007: 110). Network illustrations were also generated by utilising Atlas.ti, a computer-assisted qualitative data analysis software (CAQDAS) program, to graphically depict relationships between the various themes and categories.

Data interpretation and conclusion formulation

The categorisation of the data into themes and categories is essentially a descriptive summary of what participants have said and done, but nevertheless signifies some level of interpretation (Merriman 1998: 187). The explanations were derived in a number of ways: some were given by the participants; others emerged from the number of times a phenomenon occurred across the cases or came from comparisons with other studies (or surveys) on BEE (and transformation) from different industries or countries (Ritchie & Lewis 2003: 252–255). Conclusions that were drawn from the data were compared with the literature review and show significant connections as well as deviations when compared with the results of this BEE study (Mouton 2001: 124).

Results and discussion

The data derived from the interviews and documents yielded repetitive patterns and collections of connected text that were assembled into categories and provided a wealth of qualitative and some quantitative information regarding BEE and transformational issues. Figure 1 provides an overview of transformation and BEE progress categories. The diagram summarises and highlights factors (revealed by this study) that hinder, support, promote and have a positive effect on overall transformation and BEE progress in the advertising industry in Cape Town.

The various data theme categories are discussed in the following paragraphs.

Category 1: Embracing BEE and transformation. Each advertising agency that participated in this BEE study had concluded an empowerment deal of at least 25% black shareholding and maintained black representation of at least 30% over the past decade. Notwithstanding the steady progress made in BEE since the parliamentary hearings, 72% of respondents in the national AdFocus 2007 opinion survey of senior advertising agency management proclaimed that they were still experiencing transformation challenges (Maggs 2007c: 109).

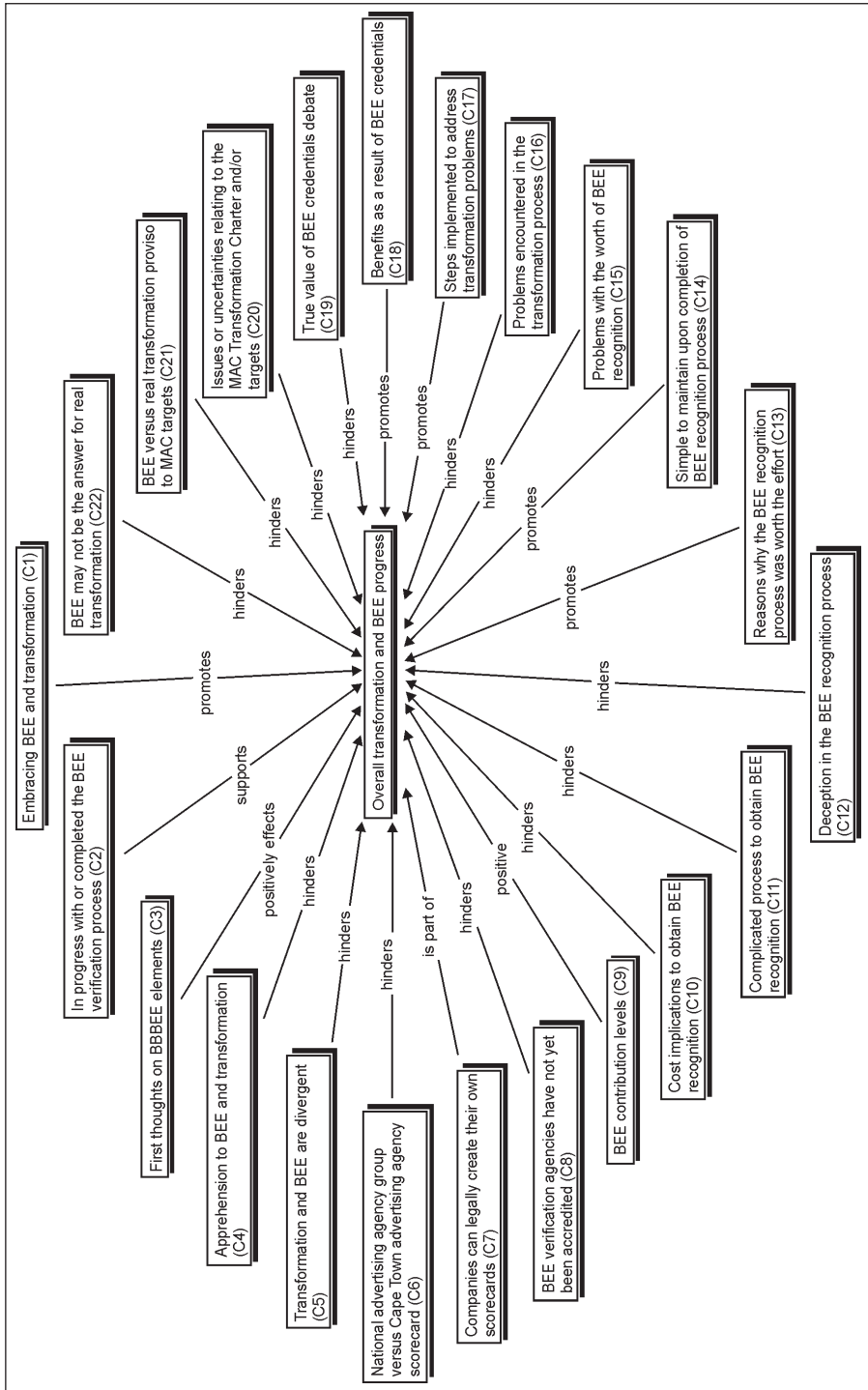


Figure 1: Overview of transformation and BEE progress categories

Category 2: BEE verification process in progress or completed. BEE rating certificates expire after one year, and advertising agencies should hence be verified annually, which means that they will frequently be engaged with the BEE verification process. Nevertheless, it is a positive sign that all the advertising agencies in Cape Town (all of which participated in this study) are in the midst of measuring their BEE progress, which thus displays a certain degree of commitment to transformation.

Category 3: First thoughts on BBBEE elements. The BBBEE scorecard consists of seven elements that are the pillars of BBBEE and are necessary for measuring advertising agencies' quantitative progress (SA dti 2007a: 8). Several advertising agencies highlighted issues pertaining to one or more of the seven BBBEE elements in the first question of the interviews.

Category 4: Apprehension towards BEE and transformation. BEE remains a sensitive topic for a few advertising agencies, but the majority were willing to assist. One of the main reasons why the BEE Monitor and the MAPPP-SETA (Media, Advertising, Publishing, Printing and Packaging Sector Education and Training Authority) advertising skills needs analysis surveys were unsuccessful was owing to the confidential nature of BEE. However, the careful selection of an appropriate data collection technique was successfully utilised to overcome this barrier in this BEE study. The confidential BEE contribution certificates (ratings) were obtained from all 12 of the advertising agencies, but only one employment equity plan was received.

Category 5: Transformation and BEE are divergent. Transformation is more than simply complying with BBBEE scorecards and quantitative targets. BEE is the legislated instrument that was constructed to provide a platform for transformation, but real transformation goes beyond BEE and is ultimately about making a difference to people's lives. One advertising agency was quick to emphasise the aforementioned. Refer to Categories 16.1, 17.1 and 22 for more discussion of this finding.

Category 6: National advertising agency group versus Cape Town advertising agency scorecard. There is no mention of whether a BBBEE scorecard should be compiled for a national advertising agency group or an individual advertising agency in the two fundamental BEE documents, namely the BBBEE Act and Codes. A benefit of crafting national advertising agency group scorecards is that the BEE rating would be higher for certain regional branches that may otherwise have been BEE non-compliant. However, the top three BEE ratings were achieved by advertising agencies in Cape Town that had established separate scorecards, and

hence qualified as qualifying small enterprises (QSE); in other words, they were required to utilise only four of the seven BBEE elements, whereas the generic scorecards are inclusive of all seven BBEE elements. The dti's BEE division was contacted in an attempt to find the correct interpretation. A sequence of puzzling and equally ambiguous responses was received and reflected poorly on the state of affairs at government level in terms of BEE. Advertising agencies can thus effectively choose whether they will comply with the BBEE scorecards on a national or individual advertising agency level, since there is no clarity on this issue.

Category 7: Companies can legally create their own scorecards. Advertising agencies are encouraged to use independent verification sources, according to the BBEE Codes, but self-assessment is permitted. Findings from the KPMG BEE 2008 survey revealed that a third of the 500 respondents had computed their own scorecards (KPMG 2008), but all the advertising agencies in Cape Town had opted for the independent verification route. However, several had delayed the finalisation of their scorecards as a direct consequence of there being no accredited BEE verification agencies.

Category 8: BEE verification agencies have not yet been accredited. The fact that no BEE verification agencies have been accredited has not been widely publicised and resulted in the question whether to use a BEE verification agency or self-assessment. The primary purpose of the Association of BEE Verification Agencies (ABVA) is to assist with accreditation of its members (BEE verification agencies), all of which have applied to the South African National Accreditation System (SANAS) for accreditation (ABVA 2008). For some unknown reason, SANAS postponed the accreditation process as of 28 July 2008 (Stewart 2008b: 4). The findings of this BEE study show that there is significant confusion in the advertising industry regarding the accreditation of BEE verification agencies, which has undoubtedly delayed the pace at which transformation could advance.

Category 9: BEE contribution levels (ratings). All advertising agencies in Cape Town, except for one (which is in its corrective year and will have a BEE rating in 2009), have BEE ratings. The mean average was a BEE rating of four, which is remarkable when compared to the national average rating of six (KPMG 2008). BEE rating certificates were used to verify the BEE ratings, and all information provided by the interviewees was found to be accurate.

Category 10: Cost implications of obtaining BEE recognition. The BEE recognition process costs advertising agencies a fair amount of money, but most viewed this as an operating cost. A medium-sized advertising agency in Cape Town estimated that the tangible cost of obtaining its BEE contribution certificates was

about R60 000. This is not a large amount for a company whose turnover is almost R100 million per annum. Turok (2006: 59–64) agrees that the implementation of any BBBEE element is a costly undertaking, especially in terms of money, time, commitment and other resources. The main problem in this study was found to be the demands on the time of key personnel, who also needed to complete their everyday tasks.

Category 11: Complicated process to obtain BEE recognition. Time was again identified as the main problem in terms of implementing preferential procurement. Some advertising agencies use hundreds of suppliers and simply do not have the time to check on all of them for BEE rating certificates, coupled with the fact that the BEE recognition process is administratively driven. There is no standardised format for BEE rating certificates, and the dearth of BEE interpretations for key legislation adds to the complexity of the task. The BBBEE baseline 2007 survey found that numerous companies and suppliers displayed a lack of understanding of BBBEE principles (Consulta Research 2007).

Category 12: Deception in the BEE recognition process. BEE is open to dishonesty and deceptive practices, which allow companies to improve BEE ratings and hence the possibility of increasing business as a result of good BEE credentials. The director of KPMG, Sandile Hlophe, agreed that it was easy for companies to fiddle with figures, which added little value to BEE (Peacock 2007c: 16).

Category 13: Reasons why the BEE recognition process was worth the effort. Over a third of the advertising agencies confirmed that the BEE recognition process had merit primarily because it allowed them to pitch and gain new business, as well as government accounts. This was how the ACA promoted its initial BBBEE ownership target of 26% (by 2004), without which the advertising agency would be excluded from all government business (Koenderman 2002: 66). This strategy appears to have worked, since 11 of the 12 advertising agencies in Cape Town that were interviewed have subsequently attained the target (and one is marginally below 26%).

Category 14: Simple to maintain scorecard upon completion of BEE recognition process. Advertising agencies generally believed that the BEE recognition process was easy to maintain if it was monitored frequently. The fact that some advertising agencies continually monitor their scores is also encouraging, even though they strive to improve their BEE status at the same time that they address the BBBEE elements in order to advance transformation.

Category 15: Problems with the worth of BEE recognition. Generally, small advertising agencies do not have a great deal of free income and/or time, which is further compounded by small companies that display the least amount of BEE understanding. It is also true that some companies do not ask for BEE credentials when an advertising agency pitches for their business; however, larger clients generally insist.

Category 16: Problems encountered in the transformation process. A diverse array of problems was raised concerning the transformation process (some of which had already been mentioned in previous categories by individual agencies).

Category 16.1: BEE versus real transformation problems. The underlying thought in the BEE versus real transformation problems surfaced in Category 5, where one advertising agency stressed that transformation and BEE had little to do with each other. Reed (2003: 11) declared that several large companies were more concerned about BEE regulations than acting in the true spirit of transformation and, consequently, did not make any difference in their stakeholders' lives. Balshaw and Goldberg (2005) added that BEE tended to be narrow-based and ultimately benefited only a few. One advertising agency embarked on a transformation endeavour by implementing a project that employs hundreds of homeless people (of all races) and thereby improves the quality of their lives; however it counts for naught in terms of the BBBEE scorecard. Therefore, even though some advertising agencies have attempted to strive beyond the constraints of BEE in order to make a difference, it is apparent that the system is dogmatic.

Category 16.2: Black staff transformation problems. Some black staff transformation problems were stereotypical in nature (but nevertheless can be problematic). For example, black PDIs who are not interested in advertising careers tend to job-hop and cannot be employed without the services of employment agencies. Another real problem is the shortage of skilled black PDIs, especially in the creative arena. The BBBEE baseline 2007 survey findings revealed that two of the greatest obstacles to BBBEE were a high turnover of black people and a shortage of skills (Consulta Research 2007). Possible solutions to these problems are comprehensively discussed in Category 17.2.

Category 16.3: Client transformation problems. Some clients from other industries are not as progressive as the advertising industry and therefore do not understand what real transformation is about and are only interested in BEE credentials. This problem was highlighted in the communication value chain and in the parliamentary hearings by the South African Advertising Research Foundation, in that clients were at the top of the chain and were therefore dominant players with power to drive the transformation process positively (SAARF 2002). However,

this has not happened in some instances, as confirmed by the fact that some clients do not ask for advertising agencies' BEE credentials. Possible steps to solve these problems are provided in Category 17.3.

Category 16.4: BEE partner transformation problems. It is important for advertising agencies to find partners that are congruent with their corporate values, objectives and strategies in order to circumvent unforeseen transformation problems in the future. Fauconnier (2007: 154–158) also found that selection of the most fitting BEE partner/s was a major challenge in the mining industry. The problem is further explored in Category 17.4.

Category 16.5: International ownership transformation problems. The international majority-ownership of advertising agencies in South Africa appears to compound problems in the transformation process, since there is less shareholding available to be distributed among local shareholders. Conversely, Butler (2006: 80–85) was of the opinion that BEE deals and measures were detrimental to the much-required foreign investment in South Africa, owing to the high costs associated with BEE and the subsequent decrease in return on investment (ROI). This problem is further investigated in Categories 17.5, 18 and 20.2.

Category 16.6: Racial transformation problems. White males should be the last candidates and last in the pecking order in terms of employment equity. Some white interviewees pondered over the truth that by embracing transformation, they were effectively working themselves out of a job or financial rewards. It is commendable that a majority of interviewees were white males and openly embraced BEE.

Category 16.7: Cape Town versus Johannesburg transformation problems. Johannesburg is ahead of Cape Town in terms of racial integration, the number of talented black PDIs and salaries. Paice (2004: 18–20), Kevan Aspoas (MD of TJDR) and Koenderman (2007a: 148) agree that advertising agencies in Cape Town will continue to struggle to attract black talent owing to the political situation, lower salaries compared to Johannesburg and the fact that Cape Town does not necessarily reflect a South African way of life. Potential solutions are offered in Category 17.7.

Category 16.8: Other transformation problems. There was some perplexity concerning the use of the MAC Transformation Charter versus the BBEE generic scorecard. Young black persons are often easily influenced by white role models and tend to imitate their every move. They therefore run the risk of losing their cultural identity, which results in the 'white black' employee syndrome – a phenomenon whereby black people have adopted their white counterparts' culture. This phenomenon defeats the object of employing black people, which is to utilise their diversity and richness to reach diverse target markets in South Africa. BEE

fronting remains a problem; even although the BBBEE Codes outline measures to circumvent this deceitful practice, it will continue since the dti does not have the human resources or resolve to monitor fronting (Peacock 2007b: 17). Potential steps to solve these problems are investigated in Category 17.8.

Category 17: Steps implemented to address transformation problems. Half the advertising agencies offered possible measures that could be implemented to help solve the problems mentioned in Category 16, but the others believed that nothing could be done.

Category 17.1: The key to BEE versus transformation problems. A single advertising agency believed that the key to making a difference in the lives of black PDIs was not necessarily in financial terms, but in raising their self-worth and allowing them to realise their self-actualisation goals. Khotso Mokhele, former president of the National Research Foundation, agreed with this view and stressed that there would not be a democracy until all black people felt that they were architects of South African society (Empowerdex 2008b: 5). Some advertising agencies have started such initiatives; these endeavours and other aspects are also discussed in Categories 21 and 22.

Category 17.2: Steps implemented to address black staff transformation problems. It is true that some black PDIs who have scarce abilities are offered lucrative salaries to attract them to larger advertising agencies or into other industries; the MD of TDJR agreed that it would be difficult to attract and retain black talent if they were not paid competitive salaries (Manson 2005: 102–105). Mateseke believed that the right incentive, such as awarded shares, would help to retain black staff (Peacock 2007a: 17). Training programmes can be used to create job satisfaction, which may result in a high staff retention rate. As mentioned in a previous category, if black staff thought differently about themselves, it would help solve black staff problems.

Category 17.3: Advice for client transformation problems. The suggestion made regarding client-related transformation problems was to simply attain good BEE credentials. There is little advertising agencies can do about their clients being at the top of the communication value chain or if their BEE credentials are not requested, since they need to win new business in order to survive, regardless of transformation.

Category 17.4: Advice for BEE partner transformation problems. It is important for advertising agencies to select a fitting BEE partner that can add real value to the business. The BusinessMap Foundation (2004) agreed with this advice and

stated that several partners added little value to BEE deals, since they accumulated too many investments without the necessary knowledge and proficiency to make meaningful contributions to all of them.

Category 17.5: Advice for international ownership transformation problems. Several international companies have embraced BEE by forgoing their majority ownership to the local advertising agencies in order to further transformation, while others will not do so for two main reasons. International advertising agencies cannot reflect the South Africa advertising agency figures in their financial statements if they do not own a majority stake, and the only way that they can get their ROI out of South Africa is by means of dividends. These problems are more thoroughly explored in Category 20.2.

Category 17.6: How to address racial transformation problems. Black staff are often unequally remunerated and employed, as advocated by BEE and affirmative action. The question is thus how to avoid white employees feeling prejudiced. The theoretical solution is to grow the advertising agency, which will allow white staff to be retained, more black PDIs to be employed and greater rewards for all. The main difficulty is how to grow a business in a tough economic climate.

Category 17.7: Explanation of Cape Town transformation problems. How can one overcome the fact that Johannesburg pays higher salaries? Simple solutions would be to pay scarce black talent their worth and/or utilise some form of staff trust to retain them. Some believe that social integration would improve marginally in the Western Cape with a change in the ruling political party, but others simply believe that diverse cultural groups socialise in their own way and that little can be done to change this occurrence.

Category 17.8: Possible solutions to other transformation problems. The dti's generic scorecard should be utilised, since the MAC Transformation Charter was only gazetted in terms of Section 12, which is not binding. Different people are more secure and content with themselves than others; it depends on each individual, irrespective whether they are black or white. No solutions were offered in terms of circumventing BEE fronting, but there has been discussion in the press about making BEE fronting a criminal offence, which should reduce this deceitful practice. Administrative, time and interpretive issues that relate to the BEE transformation process can be solved by employing BEE consultancies and/or staff, but this is a costly option.

Category 18: Benefits as a result of BEE credentials. A diverse assortment of benefits was listed as a consequence of having BEE credentials, and it became evident that the better the BEE credentials, the longer the list of benefits.

Category 18.1: Diversity of staff benefits. It is obvious that black PDIs have a far superior understanding of the black target market than their white counterparts, and it was therefore encouraging that half of the advertising agencies believed that diversity of staff was a principal benefit of BEE.

Category 18.2: Other staff-related benefits. Advertising agencies felt that BEE credentials gave agencies the ability to recruit, provide incentives to, empower, nurture and discipline black PDIs. It is gratifying to observe that this goal appears to be realised and that black staff are not only receiving, but also delivering benefits.

Category 18.3: Deliberation over new business benefits. Advertising agencies do believe that a certain level of BEE credentials is necessary to gain access to new clients, but that it should not be a deciding factor in terms of who should win the account. This appears to be a rational notion, since advertising agencies' services are used primarily for their creativity, which should therefore logically be the main point of appraisal.

Category 18.4: Client preferential procurement benefits. Advertising agencies have taken cognisance of the fact that BEE credentials were significant to their clients' BEE ratings in terms of preferential procurement. It is distressing to observe that only a small number of clients, mainly the larger ones, request BEE credentials.

Category 18.5: Prerequisite for government or big business benefit. BEE credentials are important for advertising agencies when pitching for or retaining big clients (such as JSE-listed companies) and profitable government business. There appears to be a fair degree of pressure on big companies to transform, but not much on smaller enterprises.

Category 18.6: BEE training received from big clients. The fact that a big client was willing to provide BEE training to a small supplier (advertising agency) is certainly what the spirit of real transformation is about. This client has consequently reaped benefits, since the advertising agency received a BEE rating of two and is in turn now training its suppliers.

Category 19: True value of BEE credentials debate. Advertising agencies that view BEE only in terms of acquiring new business are narrow-minded in terms of real transformation, but having said this, even if BEE has been implemented only for financial gain, it will still improve the lives of black PDI employees.

Category 20: Issues or uncertainties relating to the MAC Transformation Charter and/or targets. The simple expectation was that all advertising agencies would be aware of the MAC Transformation Charter and/or targets, but there appeared to be a fair amount of concern to be addressed before this expectation could be realised.

Category 20.1: The MAC Transformation Charter has not been gazetted. A notable number of advertising agencies were waiting for the MAC Transformation Charter to be gazetted at the time of the interviews before they would do anything about it. Subsequently, the charter has been gazetted, and it would be interesting to observe how the advertising agencies responded to this news.

Category 20.2: International ownership constraints inhibit MAC Transformation Charter target. It is apparent that any form of international ownership will potentially have a negative impact on local advertising agencies' abilities to meet the MAC transformation targets. However, this problem should also be examined from the international company perspective, as highlighted in Category 17.5. There appears to be no easy solution to the problem, unless the international company really wants to sacrificially advance transformation in this country by relinquishing its majority shareholding.

Category 20.3: Differences between MAC Transformation Charter and the dti's generic scorecards. It was pointed out by two advertising agencies that there are several differences between the MAC Transformation Charter and the dti's scorecards, even after the ACA attempted to harmonise the scorecard before submitting it to the dti. Key differences are that the charter has more demanding targets, since the advertising agencies will have four years less to accomplish the targets, and fewer points are on offer. In light of these differences, the ACA may struggle to promote the more stringent charter scorecard targets to its member advertising agencies. Once the charter has been gazetted according to Section 9, however, advertising agencies would be forced to implement BBEE elements more rigorously.

Category 20.4: MAC Transformation Charter versus the dti's generic scorecard. There was some confusion regarding which scorecard should be used, but it is clear that the dti's generic scorecard should be employed, since the MAC Transformation Charter has not been gazetted in terms of Section 9. However, advertising agencies should use the targets as a benchmark, since the charter will eventually be gazetted in terms of Section 9, which would make the targets compulsory for the entire advertising industry.

Category 20.5: Economic climate may hinder MAC Transformation Charter targets. An advertising agency also highlighted that strong economic growth makes the implementation of BEE measures easier and swifter, for example, more black PDIs can be employed as the advertising agency grows. During times of economic prosperity, companies are generally more prepared and able to increase employment equity and inject money into socio-economic and enterprise development and other community developmental projects (Athukorala & Menon 1999: 1122–1123). However, over the last year, there has been a noticeable decline in economic activity, given the current global financial crisis, which does not bode well for accelerated attainment of advertising industry targets.

Category 21: BEE versus real transformation proviso to MAC targets. Transformation is about equal opportunities and making a difference in people's lives; BEE should therefore not simply be concerned with quantitative targets or misuse for gain, which is sadly the case for some advertising agencies. Two advertising agencies emphasised that transformation was not about benefiting only a few rich black people.

Category 22: BEE may not be the answer for real transformation. A third aspect of the BEE versus transformation problem/debate emerged. One advertising agency believed that the targets and scorecards had value but did little to transform the industry. Another felt that BEE should be terminated after 21 years, because if it had not accomplished its goals after this period, another solution should be sought. BEE was implemented correctly by some advertising agencies and resulted in real transformation, whereas in others BEE had failed to accomplish real transformation that made a tangible difference to people's lives, in other words, largely because it was done simply to comply with numbers. The ratio of success to failure in BEE is determined on a daily basis.

Conclusions and recommendations

The advertising industry in Cape Town has implemented BEE strategies and has made steady progress to comply with quantitative targets that have been promulgated by the BBBEE Codes and MAC Transformation Charter. A number of problems have been encountered on the transformation journey, but the advertising industry in Cape Town has implemented a host of unique transformation strategies that have resulted in several success stories. The recommendations serve as a guide to

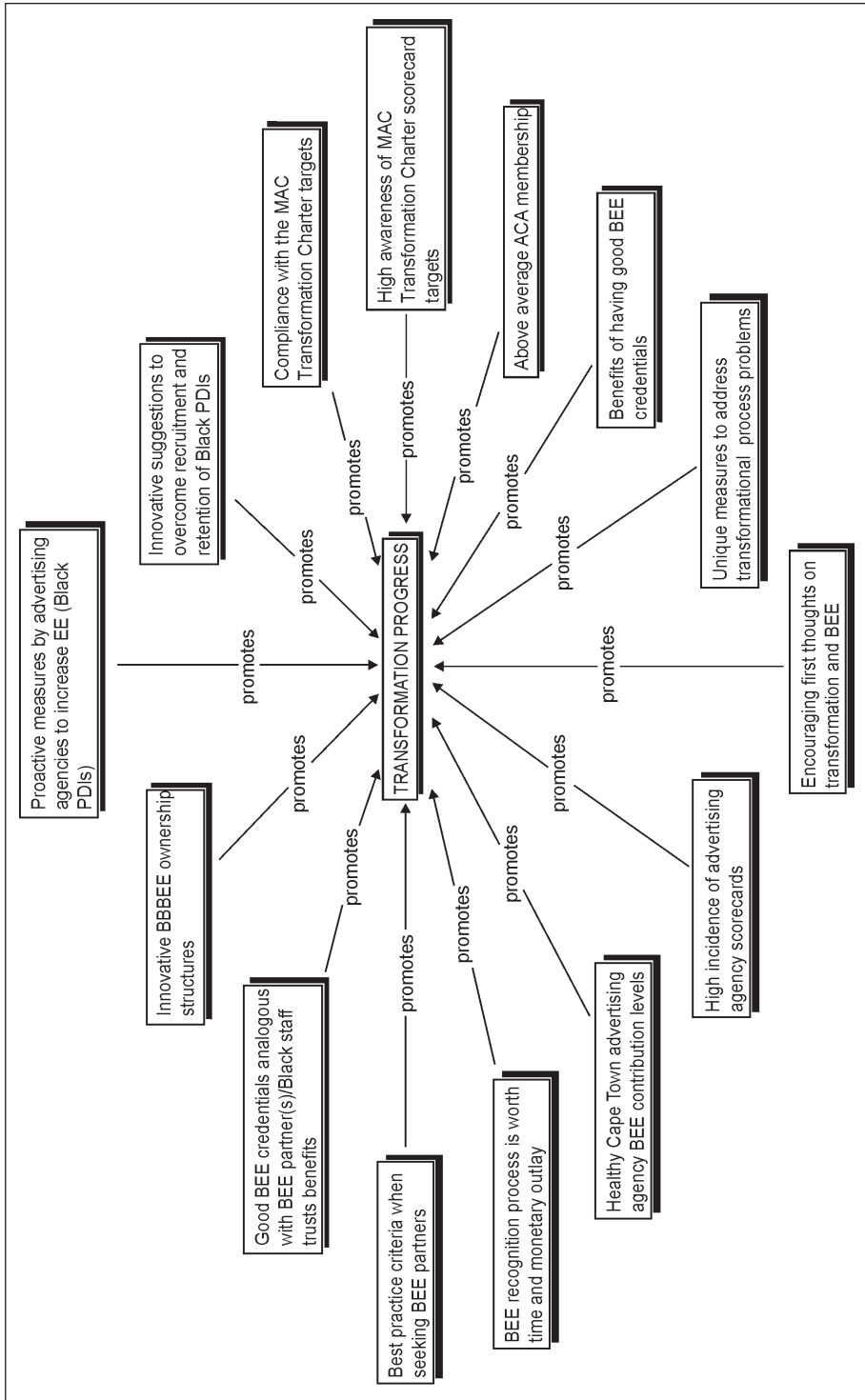


Figure 2: Overview of factors that promote transformation progress

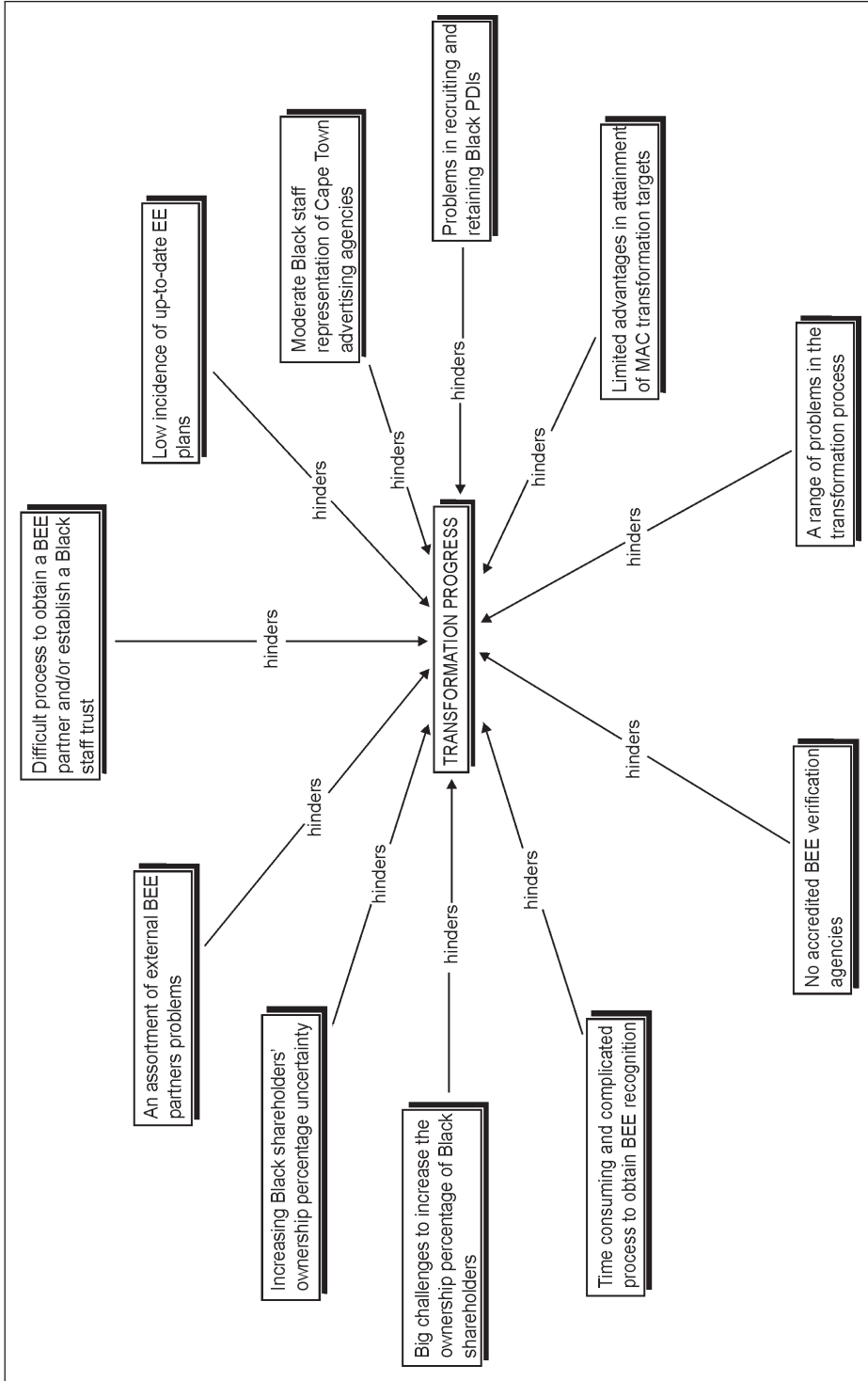


Figure 3: Overview of factors that hinder transformation progress

the rest of the advertising industry, other sectors and particularly the government in making the transformation process more efficient. Figures 2 and 3 illustrate the factors that promote and hinder transformation progress in the advertising industry in Cape Town.

First thoughts on transformation and BEE: A majority of advertising agencies in Cape Town are positive about BEE measures that they have implemented, and several were engaged with the BEE verification process at the time of the interviews. There is still some sensitivity regarding transformation and BEE, but at least the advertising agencies have been striving to comply with the mandatory quantitative targets. It is recommended that black PDIs' (employed in advertising agencies in Cape Town) perceptions, attitudes and experiences of transformation and BEE should be explored by means of additional research in order to establish whether they differ or are in agreement with management views. This will reveal the degree of real transformation that has taken place in the advertising industry in Cape Town.

High incidence of advertising agency scorecards: A majority of advertising agencies have scorecards, while the BEE contribution certificates of two of the agencies had expired or they were in the verification process to attain their first one. However, the BEE verification process is quite lengthy, time consuming and costly, especially for small advertising agencies. It is proposed that the BEE rating certificates of qualifying small enterprises be valid for two years (as opposed to one year) in the same way that small employers are only required to submit employment equity plans to the Department of Labour every two years.

No accredited BEE verification agencies: Over 80% of advertising agencies had utilised the services of BEE verification agencies to confirm their BEE credentials. However, the delays in the accreditation of BEE verification agencies emphasise a fair degree of incompetence on the part of specific government departments and have detrimentally impacted the transformation process. BEE verification agencies must be accredited without delay.

BEE contribution levels (ratings) of advertising agencies in Cape Town: Advertising agencies in Cape Town are two years ahead of national BEE rating targets and two levels above the present national average ratings. It is therefore apparent that quantitative BEE targets have been largely attained by the advertising industry in Cape Town. However, there is room for deceit in the BEE recognition process, since BEE certificates have not yet been standardised. It is recommended that a standardised format be developed for BEE rating certificates and scorecards.

Time and complexity of BEE recognition process: The BEE recognition process does have relatively large cost implications, but this is not viewed as a problem. However, the process was viewed as protracted, especially in terms of onerous

administrative components, tying up the valuable time of senior staff. There is also a universal problem regarding the complexity of one or more aspects of BEE, especially in terms of interpretation and understanding of the legislation. Advertising agencies should consider employing an additional staff member to address these problems.

Worth of the BEE recognition process in terms of time and monetary outlay: All the advertising agencies believe that the BEE recognition process was worth the time and monetary outlay for a range of reasons; the most significant were that BEE recognition allowed them to pitch and obtain new business and that the BEE recognition process was easy to maintain once it was operational. Both these benefits are possible selling points that the dti could use to promote the BEE recognition process.

Problems in the transformation process: The answers to transformation problems will ultimately be determined by whether individuals, companies and government act in a manner that satisfies their own self-indulgence and political agendas or the spirit of real transformation. Government should add legislation to the existing BEE framework that recognises and rewards transformation endeavours, over and above the seven elements of BBBEE, as well as publicise and heavily fine companies that are found guilty of dishonest BEE practices.

Measures to address transformational process problems: Advertising agencies have implemented or offered several inventive solutions to overcome some of the problems encountered in the transformation process. These include creating initiatives that allow black staff to personally feel transformation by establishing discretionary or staff trusts and incorporating innovative training and mentorship programmes. These resourceful solutions should be publicised to other industries.

Benefits of having good BEE credentials: The most significant benefits included a diverse range of staff that led to a better understanding of the market; gaining access to new and/or government business; client contentment owing to preferential procurement; and client-based BEE training. These benefits should be disseminated to other industries to highlight the advantages of having a transformation agenda. Larger advertising agencies and companies should also develop programmes to provide BEE training to their clients, especially since they may ultimately benefit by improving their BEE ratings (in terms of preferential procurement).

Awareness of MAC Transformation Charter scorecard targets: A majority of advertising agencies were aware of the MAC Transformation Charter scorecard targets. However, the ACA should create greater awareness by disseminating the charter to all advertising agencies in South Africa (regardless of whether they are ACA members).

Compliance with the MAC Transformation Charter targets: A majority of advertising agencies aspire to complying with the MAC Transformation Charter targets, and some have already achieved the 2009 targets. The hindrances raised included the fact that the MAC Transformation Charter had not been gazetted; there were international ownership constraints; differences exist between the MAC and dti's scorecards; BEE interpretations are problematic; and the fact that a poor economic climate may hinder the attainment of MAC Transformation Charter targets. The ACA and the dti should speed up the process of gazetting the MAC Transformation Charter in terms of Section 9 in order to make the targets binding on the advertising industry, which would provide an industry-specific platform to accelerate BEE.

Advantages to the attainment of MAC transformation targets: Some advertising agencies believed that there were some advantages to attaining the MAC transformation targets, but a majority were uncertain or did not believe that there were any advantages. The government should regularly publicise company and industry BEE success stories to show what has worked and what BEE has accomplished, instead of allowing the media to dominate the press with the failures of BEE, which creates negative sentiment.

The findings of this research study show that there are still challenges, but with most of the fundamental legislation in place, and if all of the aforementioned recommendations are considered, the path will be open to making more rapid and tangible differences to the lives of South Africa's most disadvantaged citizens. One of the advertising agencies appropriately summed up what should happen in order for BEE to succeed: "It is the ticket without the promise. We have to go to build the prize."

References

- ABVA (Association of BEE Verification Agency). 2008. Updates on SANAS accreditation process. [Online] Available at: <http://abva.co.za>. Accessed: 16 September 2008.
- ACA (Association for Communication and Advertising). 2007. Member agencies. [Online] Available at: <http://www.acasa.co.za>. Accessed: 1 October 2007.
- Ackermann, P.L.S. & Meyer, P.G. 2007. 'The identification of credit risk mitigation factors in lending to Black Economic Empowerment (BEE) companies in South Africa', *Southern African Business Review*, 11(1): 23–44.
- Anon. 2008. 'Gravy train on track', *Business Times*, July 13: 1.
- Athukorala, P. & Menon, J. 1999. 'Outward orientation and economic development in Malaysia', *World Economy*, 22(8): 1122–1123.

- Babb, S. 2006/2007. 'Skills development: Best vehicle to meet BEE scorecard requirements', *Human Capital Management*, 4: 106.
- Balshaw, T. & Goldberg, J. 2005. *Cracking Broad-based Black Economic Empowerment: Codes and Scorecard Unpacked*. Cape Town: Human and Rosseau.
- Buhr, A. 2009. Rudo Maponga: Digging for the black diamond. [Online] Available at: <http://www.bizcommunity.com/Article/196/423/34879.html>. Accessed: 14 August 2009.
- Burger, L. 2009. 'BEE is big business: Main feature', *Dairy Mail*, 16(3): 16–21.
- BusinessMap Foundation. 2004. Empowerment 2004. Black ownership: Risk or opportunity. [Online] Available at: <http://www.businessmap.org.za>. Accessed: 29 November 2007.
- Butler, A. 2006. 'Black economic empowerment: An overview', *New Agenda*, Second quarter: 80–85.
- Clayton, L. 2004. Presentation by the ACA chairperson at the parliamentary report-back on the transformation of the marketing and advertising industry. E-mail: 29 October 2004, lia@aaltd.co.za.
- Consulta Research. 2007. *BBBEE Progress Baseline Report 2007*. [Online] Available at: <http://www.dti.gov.za/bee/BaselineReport.htm>. Accessed: 5 December 2007.
- Coulsen, M. 2004. 'Economics 1996. Tale of two empowerments: A decade of democracy', *Financial Mail*, May 7: 19–20.
- Da Silva, I. 2006. ACA survey shows increased Black ownership. [Online] Available at: <http://www.bizcommunity.com/Article/196/12/12606.html>. Accessed: 4 December 2007.
- Empowerdex. 2007. *Codes or Charters?* [Online] Available at: <http://www.empowerdex.co.za/content/Default.aspx?ID=21>. Accessed: 11 October 2007.
- Empowerdex. 2008a. 'JSE Black directorship analysis', *Business Times: Trailblazers*, September 28: 7.
- Empowerdex. 2008b. 'How we ranked the top directors', *Business Times: Trailblazers*, September 28: 5.
- Fauconnier, A. 2007. Black economic empowerment in the South African mining industry: A case study of Exxaro Ltd. Unpublished MBA dissertation thesis, University of Stellenbosch, Stellenbosch.
- Fauconnier, A. & Mathur-Helm, B. 2008. 'Black economic empowerment in the South African mining industry: A case study of Exxaro Ltd', *South African Journal of Business Management*, 39(4): 1–14.
- Furlonger, D. 2008. 'Advertising agency performance', *Financial Mail: AdFocus*, November 28: 90.
- Geyser, YA. 2007. 'BEE girl's guide to the boardroom', *HR Highway*, 1(1): 12–13.
- Hazelhurst, E. 2006. 'Few European firms in SA see benefits in BEE', *Business Times*, 30 November.
- Hoffman, P. 2008. 'BEE vs equality: people risk', *Enterprise Risk*, 2(4): 10–11.
- Horn, G.S. 2007 'Black economic empowerment (BEE) in the Eastern Cape automotive industry: Challenges and policies', *South African Journal of Economic and Management Sciences*, 10(4): 490–503.

- Human, L., Bluen, S. & Davies, R. 1999. *Baking a New Cake: How to Succeed at Employment Equity*. Johannesburg: Knowledge Resources.
- IDC (Industrial Develop Corporation) & ABC (Agricultural Business Chamber). 2008. 'BEE shortfalls identified', *Dairy Mail*, 15(2): 139 & 141.
- I-Net Bridge. 2009. 'Pool of female directors dries up', *The Times*, 12 August: 13.
- Jack, V. 2006. 'Unpacking the different waves of BEE', *New Agenda. South African Journal of Social and Economic Policy*, 22: 19–23.
- Janssens, W., Van Rooyen, J., Sefoko, N. & Bostyn, F. 2006. 'Measuring perceived black economic empowerment in the South African wine industry', *Agrekon*, 45(4): 381–405.
- Jones, G. 2008. MAC Transformation Charter gazetted. [Online] Available at: <http://www.marketingweb.co.za/marketingweb/view/marketingweb/en/page74600?oid=111182&sn=Marketingweb%20detail>. Accessed: 10 September 2008.
- Koenderman, T. 2002. 'Empowerment rush is on', *Financial Mail*. 12 April: 66.
- Koenderman, T. 2007a. 'Leading Cape agencies', *FIN Week: AdReview*, 20 April: 148 & 150.
- Koenderman, T. 2007b. 'The big league', *FIN Week: AdReview*, 20 April: 22–23.
- Koenderman, T. 2008. 'Leading Cape agencies', *FIN Week: AdReview*, 1 May: 146.
- KPMG (Klynveld Peat Marwick/McClintock Goerdeler). 2008. *2008 BEE Survey*. [Online] Available at: <http://www.kpmg.co.za/images/naledi/pdf%20documents/remote/kpmg%20bee%202008%20survey.pdf>. Accessed: 11 September 2008.
- Lalu, A. & Webb, K. 2007. *Gazetting the Final Codes of Good Practice*. [Online] Available at: <http://www.bee.sabinet.co.za>. Accessed: 7 November 2007.
- Maggs, J. 2007a. 'Agency profiles', *Financial Mail: AdFocus*, 25 May: 52–99.
- Maggs, J. 2007b. 'SA's Top 20 advertising agencies', *Financial Mail: AdFocus*, 25 May: 102.
- Maggs, J. 2007c. 'What senior agency executives think', *Financial Mail: AdFocus*, 25 May: 109.
- Manbanga, T. 2007. 'Too Coloured for BEE', *Business Times*, 13 May: 13.
- Manson, H. 2005. Transforming Cape Town. *Finance Week: AdReview*, 9 April: 102–105.
- Maree, K. 2007. *First Steps in Research*. Pretoria: Van Schaik.
- Marshall, C. & Rossman, G.B. 2006. *Designing Qualitative Research*, 4th edition. Thousand Oaks, CA: Sage.
- Marsland, L. 2005. It began with parliamentary hearings... [Online] Available at: www.bizcommunity.com/Article.aspx?c=11&l=196&ai=8691. Accessed: 7 March 2007.
- Merriman, S.B. 1998. *Qualitative Research and Case Study Applications in Education*. San Francisco: Jossey-Bass.
- Milazi, M. 2008a. 'Too many ships, too few captains', *Business Times: Trailblazers*, 28 September: 4.
- Milazi, M. 2008b. 'Self-defeating attitudes', *Business Times: Trailblazers*, 28 September: 8.
- Milazi, M. 2008c. 'Markets wipe out BEE gains', *Business Times*, 12 October: 15.
- Mkhabela, M. 2009. 'New law to stop the gravy train', *Sunday Times*, 9 August: 1–2.
- Morna, C.L. & Made, P. 2009. Women still hitting glass ceiling in media. [Online] Available at: <http://www.bizcommunity.com/Article/196/15/38665.html>. Accessed: 13 August 2009.

- Mouton, J. 2001. *How to Succeed in your Master's and Doctoral Studies: A South African Guide and Resource Book*. Pretoria: Van Schaik.
- Naidoo, S. 2007. Black power. [Online] Available at: <http://www.sundayTimes.co.za/PrintEdition/Article.aspx?id=467164>. Accessed: 11 July 2007.
- Naidu, B. 2008. 'Empowerment in the spotlight', *Business Times*, 19 October: 6.
- Nel, P.S., Van Dyk, P.S., Haasbroek, G.D., Schultz, H.B., Sono, T. & Werner, A. 2004. *Human Resource Management*, 6th edition. Cape Town: Oxford University Press.
- Paice, D. 2004. 'While you were sleeping', *Marketing Mix*, 11: 18–20.
- Peacock, B. 2007a. Determining BEE success', *Business Times*, 20 May: 17.
- Peacock, B. 2007b. 'Little hype about fronting', *Business Times*, 20 May: 17.
- Peacock, B. 2007c. 'Transformation: No place to hide', *Business Times*, 20 May: 16.
- Petersen, E. 2007. 'Those Codes raise concerns about narrow-based BEE: BEE law', *Without Prejudice*, 7(6): 24–26.
- Reddy, C. & Shubane, K. 2007. BEE and the black middle class. [Online] Available at: <http://www.businessmap.org.za>. Accessed: 21 October 2008.
- Reed, J. 2003. 'South Africa's cappuccino effect: Will economic empowerment do more than create a sprinkling of Black tycoons?' *Financial Times*, 5 November: 11.
- Ritchie, J. & Lewis, J. 2003. *Qualitative Research Practice*. Thousand Oaks, CA: Sage.
- Rosenberg, J. 2006. Discriminations. [Online] Available at: <http://www.discriminations.us/2006/04/>. Accessed: 12 November 2008.
- SA DoL (South African Department of Labour). 2004. Employment equity. [Online] Available at: http://www.labour.gov.za/programmes/programme_display.jsp?Programme_id=2670. Accessed: 3 February 2005.
- SA DoL (South African Department of Labour). 2007. *Commission for Employment Equity Annual Report 2006–2007*. Pretoria: Government Printer.
- SA dti (South African Department of Trade and Industry). 2007a. *Codes of Good Practice for Broad-Based Black Economic Empowerment: BBBEE Booklet*. Pretoria: Government Printer.
- SA dti (South African Department of Trade and Industry). 2007b. *Interpretive Guide to Broad-Based Black Economic Empowerment Act: The Codes of Good Practice*. Pretoria: Government Printer.
- SAARF (South African Advertising Research Foundation). 2002. South African Advertising Research Foundation: Portfolio committees on communications hearings into transformation of the advertising and marketing industry. [Online] Available at: www.gcis.gov.za/docs/portcom/02saarf.html. Accessed: 14 January 2005.
- Silverman, D. 2005. *Doing Qualitative Research*, 2nd edition. Thousand Oaks, CA: Sage.
- Stewart, T. 2008a. 'Women 'make a good start' in corporate SA', *Business Times: Trailblazers*, 28 September: 2.
- Stewart, T. 2008b. 'Agencies awaiting SANAS stuck in limbo', *Business Times: Trailblazers*, 28 September: 4.

- Sutcliffe, J. 2006/2007. 'Black economic empowerment: Empowerment in SA paying healthy dividends', *Human Capital Management*, 4: 26.
- Swart, L. 2006. 'Affirmative action and BEE: Are they unique to South Africa?' *Management Today*, 22(4): 48.
- TGI (Target Group Index). 2009. Black middle class on the up ... [Online] Available at: <http://www.bizcommunity.com/Article/196/19/28679.html>. Accessed: 14 August 2009.
- Turok, B. 2006. 'BEE transactions and their unintended consequences', *New Agenda. South African Journal of Social and Economic Policy*, 22: 59–64.
- UCT (University of Cape Town) Unilever Institute of Strategic Marketing & TNS Research Surveys Black. 2008. Diamonds still shine, despite gloomy economy. [Online] Available at: <http://www.bizcommunity.com/Article/196/19/29258.html>. Accessed: 14 August 2009.
- Wells, W., Burnett, J. & Moriarty, S. 2003. *Advertising Principles and Practice*, 6th edition. New Jersey: Prentice-Hall.
- Welman, C., Kruger, F. & Mitchell, B. 2005. *Research Methodology*, 3rd edition. Cape Town: Oxford University Press.
- Wolmarans, H. & Sartorius, K. 2009. 'Corporate social responsibility: the financial impact of Black Economic Empowerment transactions in South Africa', *South African Journal of Economic and Management Sciences*, 12(2): 180–193.
- Xate, N. 2006. 'The word game', *Financial Mail: AdFocus*, 12 May: 14.
- Yin, R.K. 2003. *Case Study Research*, 3rd edition. Thousand Oaks, CA: Sage.
- Zondo, S. 2008. 'Nhleko's passion is catching', *Business Times: Trailblazers*, 28 September: 2.