

BLACK ECONOMIC EMPOWERMENT IMPLEMENTATION IN THE

NAMIBIAN FINANCIAL SECTOR: AN EMPIRICAL EVALUATION

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Abstract

Economic empowerment in Namibia has a valid historical grounding. The country's history before and after independence, as the consequences of the apartheid regime, has been marked by inequality and profound economic exclusion of the majority black people from participation in mainstream economic activities. To deal with the legacy of apartheid, direct intervention in the distribution of economic assets and opportunities was deemed desirable. The Namibian government introduced various policies aimed at redressing inequalities of the past subjected on the black majority by the former regime. One of these policies is Black Economic Empowerment (BEE). It was envisaged that for the economy to succeed, the majority of the citizens must play a meaningful role, beyond being workers, but must participate also as business owners, executives and senior managers, entrepreneurs and also as decision-makers in the economy.

The financial sector in Namibia is crucial to the growth of the economy and the overall achievement of developmental goals of the country. The sector, in response to the call by government to transform, developed and adopted a voluntary charter to spearhead, guide and drive the implementation of BEE in the sector. This study evaluates the implementation outcomes of BEE in the financial sector of Namibia. A gap and disconnect was identified in the literature between the intentions and prescripts of the voluntary adopted Namibia Financial Sector Charter, and the financial sector's response to and implementation outcomes of the BEE initiative. Furthermore, a gap was identified between the government's objectives and intended outcomes of the BEE initiative on one hand and the financial sector's response, progress made and outcomes in implementing BEE policy on the other. The study adopts an outcome evaluation design that utilises sampling, data collection and data analysis methods that are aligned to both the research objectives and theoretical foundations of the research paradigm. The research employs a mixed research methodology with predominantly qualitative approach to assemble and analyse the data in examining the implementation outcomes of BEE in 13 large-scale financial institutions. Primary data was collected from individuals officially designated to represent these institutions through a 42 item questionnaire and through semi-structured interviews of a highly selective sample of 11 prominent, knowledgeable individuals representing industry regulators, trade

unions, industry bodies, academics as well as selected economic, social and political commentators. The interviews were based on an interview guide consisting of predominantly open ended questions. The data in this study was analysed by using a combination of qualitative and quantitative methods. The processing of qualitative data analysis, involved transcribing collected data into rich text format, then cut and pasted onto Microsoft Word (2010). The data was coded and labelled using the appropriate coding and labelling technique. Quantitative data was analysed using SPSS (version 20) and Microsoft Excel (2010) software packages.

A number of informative findings emerged, but chief among them is that in its current form, the voluntary financial charter adopted to drive the implementation of BEE in the sector, performed below expectations and is not as successful and effective as anticipated. Lack of a legislative and policy framework to guide and enforce implementation is one of the numerous highlighted contributing factors. The study provides a range of suggestions for research to fill a number of identified gaps in the existing body of knowledge on BEE. Finally, the study presents a number of recommendations to the regulators, financial institutions, executives and to the government that may be useful in making BEE implementation effective. It is the conclusion of the study that, despite the highlighted flaws and defects, BEE initiative is necessary and Namibia should not deviate from the principle of a more equitable society and economy.

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Dedication

This study is dedicated to my parents, Mr Bartholomew Mabuku Simataa and Ms Rosemary Moola Lifalaza, and to all my children, who are the sun that brightens my days and the stars that light up and glorifies my nights. Thank you for the countless delights.

Declarations

I, Evans Mulele Simataa, declare hereby that this study is a true reflection of my own research, and that this work, or part thereof has not been submitted for a degree in any other institution of higher education.

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List of Abbreviations

BAN	Bankers Association of Namibia
BEE	Black Economic Empowerment
BoN	Bank of Namibia
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
GRN	Government of the Republic of Namibia
HPP	Haraambe Prosperity Plan
IPBF	Indigenous People Business Forum
LAAN	Long-term Assurance Association of Namibia
NAFINU	Namibia Financial Institutions Union
NAMFISA	Namibia Financial Institution Supervisory Agency
NAU	Namibia Agricultural Union
NCCI	Namibia Chamber of Commerce and Industry
NDP	National Development Programme
NEEEB	New Equitable Economic Empowerment Bill
NEEEF	New Equitable Economic Empowerment Framework
NEF	Namibia Employers' Federation
NLFS	Namibia Labour Force Survey
NSA	Namibia Statistics Agency
OPM	Office of the Prime Minister
TIPEEG	Targeted Intervention Programme for Employment creation and Economic Growth

CHAPTER ONE

INTRODUCTION TO THE STUDY

1.1 Orientation of the study

Much of the liberation struggle in Namibia was focussed on ending the discrimination against and exclusion of the majority of Namibians from many spheres of life, including the economy. It was therefore to be expected that attempts to reverse the legacy of such discrimination would be on the agenda of a democratically elected government. However, twenty-seven years after gaining independence, Namibia is still characterised by huge socio-economic inequalities that are largely a reflection of its colonial apartheid history, but also of the class stratification that has taken place since independence (Jauch, 2011).

Namibia's history before and after independence, as the consequences of the apartheid regime, has been marked by inequality and economic exclusion of the majority of the black population. Prior to independence in 1990, the previous oppressive South African regime with its policies of segregation created an economic structure that excluded the vast black majority citizens from economic participation. According to the Government of the Republic of Namibia (GRN), black people were explicitly excluded from economic participation, and were also denied the right to economic and intellectual growth through various destabilisation mechanisms (GRN, 2011). Jauch (2011) concurs with this view and states that the colonial apartheid policies created deep divisions along the lines of colour (race), gender and ethnicity. Moreover, these divisions are still visible in all spheres of life from education, health care, housing, to

the labour market and ownership of productive resources such as land, mines and fishing factories. As a result, today, economic inequality is one of the dividing forces of the Namibian population (Jauch, 2011).

At independence, the new government considered that the creation of greater political equality in itself, though necessary, was not sufficient to unwind the inherited social and economic inequalities (GRN, 2012). To deal with the legacy of Apartheid, direct intervention in the distribution of assets and opportunities was deemed desirable. One of the key objectives of the Namibian government since independence has been the transformation of the economy through the redress of historical inequalities.

The Namibian government introduced various policies aimed at redressing inequalities of the past enforced on the black majority by the former apartheid regime. One of these policies was the Black Economic Empowerment (BEE) policy, which the government identified as the key instrument with which to tackle the inequality and exclusion the apartheid era had built around the Namibian economy. This empowerment policy has undergone different name changes. It was initially known as BEE. The name was later changed to Transformational Economic and Social Empowerment Framework (TESEF), before being reintroduced in 2011 as the New Equitable Economic Empowerment Framework (NEEEF) which was adopted by the Cabinet of the Republic of Namibia (GRN, 2012). This empowerment policy is reflected in the published national broad-based New Equitable Economic Empowerment Framework (NEEEF).

At the same time, numerous sector charters such as the fishing sector, mining sector and financial sector charters have been drafted to reflect these industries' acceptance of and support for the policy.

Though, the policy has gone through various name changes, the main objective remains the same. As a result, in this study, this policy initiative will be referred to as BEE. BEE is a policy initiative by the Namibian government that endeavours to create an enabling environment through which the black majority should participate in economic activities of the country. Its fundamental aim is to increase black people's participation in commerce and mainstream economy. BEE has been viewed as a great tool for economic empowerment, with the goal of restoring economic power to sections of the population that social discrimination processes had previously excluded from decision-making based on race and gender among others (GRN, 2011).

As a transformation policy, BEE aims at transforming the Namibian economic landscape so that it better reflects the country's diverse population. With this policy, corporations operating in Namibia are expected to integrate previously disadvantaged individuals in the economy through ownership, management control and employment equity, human resources and skills development, entrepreneurship development, and community investment (GRN, 2012).

A number of years have passed since the adoption of BEE and there is still no certainty as to what the real benefits and disadvantages are. To this end, the outcome of the BEE policy has been met with mixed feelings and the extent to which it can act as an effective agent of social change within the country is increasingly being debated (Akwenye, 2007; Melber, 2009; Gaomob II, 2015; Sherbourne, 2016). Despite the introduction of this empowerment initiative, the government still contends that the Namibian society is still characterised by racially-based income and social inequalities (GRN, 2012). It further maintains that the vast majority of Namibians remain excluded from ownership, control and management of productive assets. The government

concludes that this is not only unjust, but inhibits Namibia's ability to achieve its full economic potential (GRN, 2012).

This study focusses on the implementation of BEE in one of the important economic sectors in Namibia – the financial sector. The financial sector in Namibia is crucial to the growth of the economy and the overall achievement of development goals of the country. However, the financial sector remains characterised by large disparities in access to opportunities and benefits, and in particular, to opportunities and benefits for black people (Ministry of Finance, 2011). The Ministry of Finance, through the Namibian Financial Sector Strategy, further contends that the sector is largely white-owned and still largely inaccessible to the majority of black Namibians (Ministry of Finance, 2011). The Namibian government recognises the potential the financial sector has in terms of reducing inequalities and therefore saw a need for this legacy created by apartheid to be reversed by making the financial sector more adaptable and accessible to black Namibians (GRN, 2010). The Namibian government has further constantly urged the sector to transform in order to become more inclusive, which in turn would increase the performance of the sector.

In acknowledging the need for transformation, the financial sector in response, drafted and adopted a voluntary charter for the sector in 2009, which spells out the sector's transformation agenda. The Namibian Financial Sector Charter is a voluntary adopted transformation charter which constitutes a framework and establishes the principles upon which empowerment will be implemented in the financial sector. The charter which outlines specific targets is seen as an instrument to effect transformation and to facilitate meaningful participation of blacks in the financial sector. The main goal of the financial charter as outlined by the Namibia Financial Sector Charter (NFSC) is to guide the transformation of the Namibian financial sector (NFSC, 2009). According

to the charter, the transformation of the Namibian financial sector includes the achievement of Namibianisation of the sector and diversification of participation in the sector. BEE is one of the main and central transformation initiatives agreed upon by the financial sector and included in the charter. The charter constitutes a framework and establishes the principles upon which BEE will be implemented in the financial sector (NFSC, 2009).

The charter further lists seven focus areas to promote the implementation of BEE in the sector as follows; human resource and skills development, preferential procurement and enterprise development, ownership and control, empowerment financing, and Corporate Social Investment (CSI). Besides establishing targets and quantified responsibilities in respect of each principle focus area or pillar, the charter also outlines processes for implementing the charter and mechanisms to monitor and report on progress.

Generally, the adoption of the charter was viewed and lauded by sector players, politicians and other commentators as a salvation for the vastly poor black majority (Jauch, 2011). The charter was seen as an instrument that would bridge the gap of inequality and accelerate economic participation of the excluded majority. However, since the adoption of the financial sector charter in 2009, there has been little assessment of how effective the implementation of the charter has been. This researcher viewed this as opportune to take stock and evaluate the implementation of the financial charter in general and BEE in particular in the sector to ascertain if the objectives and intents of the Charter are being met.

The study therefore empirically evaluated the implementation of BEE through the financial charter focussing on its stated pillars and the main objective of each pillar. The study by evaluating the implementation of BEE, establishes the extent to which

BEE addresses the systematic exclusion of the majority black Namibians from full economic participation in the financial sector and advancing economic transformation.

1.2 Background to the Namibian financial sector

The Namibian financial sector has changed to a great extent since independence. Pre-independence participation in the financial sector was a preserve of a privileged few (Ministry of Finance, 2010). Popovic (2016) states that Namibia has the second largest financial system in Southern Africa after South Africa. He further maintains that the financial system is relatively well-developed compared to regional peers and is dominated by non-bank financial institutions (Popovic, 2016). The Ministry of Finance (2010) concur when it contends that the Namibian financial sector is relatively developed, sound and well-functioning. On its part, Bank of Namibia (BoN) describes the Namibian financial sector as world class in terms of its infrastructure and technology (Bank of Namibia, 2014). Fleermuys, Nakusera, Shangula and Steytler (2007) had long established this when they stated that Namibia has one of the most sophisticated, diverse and developed financial system in Africa. On its part, the Ministry of Finance corroborates and states that at present the financial sector is one of the most established industries in Namibia which plays a crucial role in economic development (Ministry of Finance, 2014). The Ministry of Finance further states that the performance and contribution of the financial sector to the country's economic growth in recent years has been significant. Moreover, it is expected that in the next ten years, the financial sector will play a pronounced role in supporting economic growth through an expanded intermediation role (Ministry of Finance, 2014).

Given its apartheid and colonial legacy and the current global downturn, the Namibian financial sector is relatively performing well. According to the Ministry of Finance (2014), the sector has enjoyed 24 years of consistent growth. The Ministry adds that although much has been achieved since 1990, unfortunately, the extent to which this growth has been shared equitably amongst all Namibian is not yet adequate for the requirements of a stable, integrated and prosperous financial sector.

The sector also plays a critical role in terms of employment opportunities in the country. Namibia Statistics Agency (2013) reveals that the financial intermediation sector employed 3,935 people in 1991. This figure increased to 12,645 employees in 2012. The financial intermediation sector employed more people than the mining sector in 2012, compared to 1991, when the mining sector employed more than 3 times as many people as the financial intermediation sector (Ministry of Finance, 2014). Furthermore, according to Ministry of Finance (2014) the financial sector not only contributes to the economic growth and employment in Namibia, but through the intermediation channel it can also accelerate economic growth by increasing the efficiency of resource allocation and improving distribution of wealth.

The Namibia Financial Institutions Supervisory Authority (NAMFISA) maintains that towards the end of 2013 there were approximately 3,500 entities and individuals conducting financial services business in Namibia (NAMFISA, 2014). The Ministry of Finance (2010) maintains that financial intermediation's contribution to GDP grew from 2.0 per cent in 1990 to 3.6 per cent in 2000 and further to 4.3 per cent in 2010.

Bank of Namibia (2014) reports that the banking sector, which accounts for more than 40 per cent of the total assets of the financial sector, plays a more crucial role to the sector and country. On the other hand, the pension funds accounts for more than 35

per cent and insurance companies 20 per cent of total assets of the sector (NAMFISA, 2014).

The Namibian financial institutions consists of regulating and supervising institutions, commercial banks, long and short-term insurance companies, a stock exchange, asset managers, management companies, unit trust schemes, micro lending institutions, reinsurers, medical aid funds, pension funds, and friendly societies. The intermediation is composed of brokers and tied agents (NAMFISA, 2014). There were five commercial banks operating in the country in 2014 (Bank of Namibia, 2014). The non-banking sector on the other hand, consisted of 1 stock exchange, 43 asset managers, 10 management companies, 3 trustee of unit trust schemes, 388 micro-lending companies, 17 registered long-term insurance companies, 1 reinsurer, 12 short-term insurer, 9 medical aid funds comprising of four open funds and five closed funds, 2 registered active friendly societies, 156 registered pension funds, with 243 brokers and 3,133 agents for the long and short-term insurance sector (NAMFISA, 2014).

The financial sector is regulated by BoN and NAMFISA. BoN is the central bank of the Republic of Namibia, whose establishment is enshrined in Article 128(1) of the Namibian Constitution. It was established in 1991 by an Act of Parliament (Act No. 8 of 1990) (Bank of Namibia, 2010). The Constitution mandates the Bank to serve as the State's principal instrument to control money supply, the currency and the institutions of finance.

NAMFISA on its part was established by an Act of Parliament, the NAMFISA Act, (Act No. 3 of 2001) (NAMFISA, 2014). It regulates and supervises the non-banking financial services sector in Namibia, and is responsible for licensing, compliance and enforcement. It is in charge of regulating institutions and activities such as pension funds, medical aid funds, friendly societies, long and short-term insurance, investment

managers, unit trusts, stock brokers and sponsors, the Stock Exchange and micro lenders (NAMFISA, 2014). Table 1 below highlights the different classes and number of financial institutions in Namibia.

Table 1: Classes and number of financial institutions in Namibia

Sub-sector	Number of institutions
Commercial Banks	5
Long-term insurance	17
Short-term insurance	12
Pension Funds	156
Asset Managers	43
Management companies	10
Medical Aid	9
Stock exchange	1
Microlenders	388
Friendly societies	2
Brokers	243
Agents	3133
Re-insurer	1

Note. Adapted from the 2014 Annual Report of Namfisa, 2014

A framework for cooperation between the Ministry of Finance, BoN and NAMFISA was developed to strengthen the country's financial system stability (Ministry of Finance, 2014). The framework set out the roles of each institution, and explains how

they would work together towards the common objective of ensuring financial stability in Namibia.

For most of the last 25 years, Namibia’s banking sector has been dominated by the four commercial banks: First National Bank (FNB), Standard Bank (SBN), Bank Windhoek (BW) and Nedbank (NB) (previously Commercial Bank of Namibia) (Sherbourne, 2016). Table 2 below highlights the different financial institutions and their BEE partners in Namibia.

Table 2: Financial institutions and BEE partners

INSTITUTION	BEE PARTNER	YEAR
FNB Namibia	Sovereign Capital and Chappa Ai	2004
Alexander Forbes	Cherish Investment	
Old Mutual	Range of BEE partners including women’s organisation, Management and staff	2006
Bank Windhoek	Nam-mic	2005
Sanlam	Nam-mic	2005

Note. Adapted from Guide to the Namibian Economy 2017, by Sherbourne, R. (2016)

The non-banking sub-sector is made up of numerous institutions that vary in size and scope. The institutions range from insurance companies, pension funds, investment companies, and other smaller financial intermediaries in the form of stock brokers and money market funds, and the stock exchange. Pension funds and insurance companies are the largest component among non-banking financial institutions (Popovic, 2016). NAMFISA (2014) declares that as at 31 December 2013, the assets of, and assets

managed by financial institutions, size of capital markets and loans disbursed by micro-lenders totalled N\$347 billion or 289.9 per cent of the Namibian GDP.

The long-term insurance sector is regulated in terms of the Long-term Insurance Act, 1998 (Act No. 5 of 1998). According to the Ministry of Finance (2010) the insurance sector is performing well, but challenges do remain. Most of the companies offering these products are South African, but have local representation which tailors their offerings to suit the local market. At the end of December 2013, there were 16 insurance companies, 1 re-insurer, 132 brokers and 2,133 insurance agents (NAMFISA, 2014). This study concentrated on the foreign-owned insurance companies such as Old Mutual Namibia, Sanlam Namibia and MMI.

The short-term insurance sector is regulated in terms of the Short-term Insurance Act, 1998 (Act No. 4 of 1998) (NAMFISA, 2014). The NAMFISA Annual Report further states that at the end of 2013, there were 12 registered short-term insurers, 1 reinsurer, 139 brokers and 433 agents. The biggest companies operating in the short-term insurance are Santam Namibia, Outsurance, Hollard Namibia and Trusco's Legal Shield.

NAMFISA (2014) proclaims that as at 31 December 2013, there were 111 active retirement funds and 145 inactive funds supervised by NAMFISA. The medical aid sector is made up of nine registered medical aid funds comprising of four open funds and five closed funds (NAMFISA, 2014). During 2013, there were five registered friendly society institutions in Namibia supervised by NAMFISA, with one going through the process of liquidation, while three (3) were inactive (NAMFISA, 2014). As at 31 December 2014, there were 273 registered micro-lenders in Namibia, an increase from 266 at 31 December 2012.

Investment managers, management companies, trustees of unit trusts schemes and the stock exchange are also supervised by NAMFISA. During 2013, NAMFISA's oversight included 28 investment managers, 13 management companies, and three trustees (NAMFISA, 2014).

Other important players in the financial sector include; Bankers Association of Namibia (BAN) in the banking sector, Long-term Assurance Association (LAAN) in the long-term insurance sector, and Namibia Insurance Brokers Association (NIBA) representing the intermediaries, especially brokers.

The Ministry of Finance (2014) notes that in order to address some deficiencies in the sector, the Namibia Financial Sector Strategy (NFSS) was launched in August 2012. The strategy is a long-term development approach for the Namibian financial sector. It is expected that the strategy will guide the achievement of the financial sector objectives as set out in the various National Development Plans (NDPs and Vision 2030, especially those related to capital and financial market development, ownership of financial institutions, access to finance, consumer protection, and financial literacy. Moreover, the Ministry of Finance (2010) claims that in recognition of the significance of the financial sector to the growth of the economy, the Namibian government through the NFSS urged the sector to transform in order to become more inclusive, which in turn could increase the performance of the sector. In responding to this call and to drive transformation within the sector, institutions in the financial sector developed the Namibia Financial Sector Charter (NFSC), which established the principles upon which BEE would be implemented to reflect the demographics of Namibia and contribute to the creation of an equitable society. The drafted and adopted voluntary charter for the sector spelled out the sector's transformation agenda.

In the financial sector charter, BEE implementation featured predominantly and was the central theme of the charter. With the adoption of the financial charter, it seemed like the financial sector had reached a milestone and was determined to decisively make a break from the past. However, and according to the Ministry of Finance (2010), although the charter contains specific provisions and targets aimed at transformation, some of the targets set out in the Charter are not sufficient to truly lead to transformation.

The charter constitutes a framework and establishes the principles upon which empowerment will be implemented in the financial sector (NFSC, 2009). The charter establishes targets and quantified responsibilities with respect to each principle and outlines processes for implementing the charter as well as mechanisms to monitor and report on progress towards given goals which are aligned with vision 2030 (NFSC, 2009). This is the focus of the evaluation of BEE implementation and outcomes in this study.

The commitment to black economic empowerment has been one of the major thrusts of the broad economic transformation agenda pursued by the Namibian government since Namibia gained independence in 1990. Despite the Namibian government's efforts in pursuing and promoting BEE in the financial sector and the fact that BEE is the central transformation initiative included in the voluntary financial charter, the financial sector is still characterised by low levels of black participation, the dominance of foreign ownership with no or very little local ownership and low numbers of indigenous or black Namibians in management positions (Ministry of Finance, 2010).

1.3 Statement of the problem

One of the major consequences of apartheid was the deliberate exclusion of black people from meaningful participation in the economy. This culminated in limited access to economic participation, proper education, skills development and employment opportunities for black people. Since 1990, the Namibian government undertook a “multi-faceted” approach to address inequality which existed as a result of past discrimination. Having triumphed on the political front, the government faced a new, formidable and intractable challenge of how to bring the majority blacks from economic exclusion, bridge the inequality gap, reduce unemployment and alleviate poverty especially amongst the majority blacks. Despite the introduction of all these initiatives socio-economic oppression persists today for a large number of black Namibians. The current distribution of ownership and control of financial institutions is inequitable and does not reflect the demographics of the country or promote socio-economic justice, political stability and economic growth. There is a great danger with overwhelmingly devastating consequences if the present status quo of socioeconomic inequalities and the limited economic access of the majority citizen of the country is allowed to continue.

The objectives of the government’s BEE policy seem not to be finding expression in the implementation of BEE by the financial sector. A gap was identified in the literature between the stated objectives of the voluntary adopted Namibia Financial Sector Charter, as the foremost vehicle for implementing government’s BEE policy, and the financial sector’s response to and implementation of the BEE initiative (GRN, 2011). There is fundamental disconnect between the government’s objectives and intended outcomes of the BEE initiative on one hand, and the financial sector’s

response to, progress made and outcomes in implementing BEE policy on the other hand (Ministry of Finance, 2010).

1.4 Objectives of the study

1.4.1 Broad Objectives of the study

The main and primary objective of the study was first to evaluate the implementation and outcomes of BEE in the financial sector of Namibia and therefore determine the extent to which this policy framework addresses the systematic exclusion of the majority black Namibians from full economic participation in the sector and advancing economic transformation. With the financial charter acting as a framework and central instrument for guiding BEE implementation, this study focused on this initiative and critically analysed its implementation.

The secondary objective was to propose a comprehensive management evaluation framework that would assist in the planning, implementing and evaluating of the performance of the BEE initiative. This framework can be used by Government and its different line ministries, regulators of the financial sector, managers of the different financial institutions, academics, as well as the beneficiaries of BEE initiatives.

1.4.2 Specific Objectives of the study

Specific and subsidiary objectives of the study were as follows:

- (i) to investigate the extent to which financial institutions ensure management representation of black Namibians in senior levels;

- (ii) to examine the extent to which financial institutions are owned by direct empowerment of black Namibians;
- (iii) to examine whether financial institutions contribute to human resource and skills development for black Namibians;
- (iv) to determine the extent to which financial institutions contribute to community investment;
- (v) to assess the extent to which financial institutions contribute to enterprise development; and
- (vi) to propose an alternative effective management framework for planning, implementing and measuring performance of BEE in the financial services sector.

1.5 Significance of the study

Prosperity that benefits only a few people in a country cannot be sustained. At the same time, a country where the majority of its people are poor, excluded from economic participation and opportunities, and where there is high inequality is a fertile ground for political, economic and social strife and instability. The successful implementation of BEE in Namibia in general and the financial sector in particular, is hoped to go a long way in promoting much needed economic transformation in business, combating and effectively tackling the inequality and economic exclusion the apartheid era had built around the Namibian economy.

The study investigated progress, challenges, strengths and shortcomings in the BEE implementation process and ways to address the challenges to ensure sustainability and the successful implementation of the financial charter. The study further

contributed to a better understanding of the complexities, issues and challenges of BEE implementation from a management, sector and government perspective.

This study was deemed important in the Namibian context and comes at an opportune time because of the urgent need to transform the demographics of the economy. BEE if effectively designed and implemented can increase the number of black people who own, manage and control, are skilled and who participate in economic activities in the financial services sector in Namibia, which in turn could help to further improve the political, economic and social situation of the country.

The Namibian government is at present in the process of consulting and reviewing its transformation strategy and broad based empowerment is a key area of focus in the newly introduced Harambee Prosperity Plan (HPP). This study contributes to this review and provides much needed empirical evidence for the government. The study has direct and immediate relevance to different stakeholders as it addresses an issue which is critical to the transformation not only of the financial sector, but indeed the whole country. The study's findings and conclusions were considered pertinent for public and organisational policy and practice. The findings could assist managers of financial institutions, financial institution bodies, sector regulators, and policy-makers to determine the appropriate ways of planning, implementing and evaluating performance of BEE initiatives for the benefit of the institutions, the sector and the country at large. The gaps and shortcomings that are unearthed and identified in this study could be useful to the relevant stakeholders. Furthermore, the results of this study would be of interest to government policy analysts, investors and managers as they will significantly assist them in strategically adjusting the policy.

The findings of the study were also considered significant because they could provide an insight on how to address and seal the loopholes identified in the implementation

of the BEE initiative in the financial sector. More specifically, the study contributes to the development of a management framework that could contribute effectively to the evaluation and monitoring of BEE implementation in the sector.

While the popular media and some academic outlets are saturated with debates about the BEE policy, few have analysed the puzzling level of actual implementation by corporate Namibia in general and in particular by the financial sector. There is therefore, an existing and acute literature gap on how BEE is implemented in Namibia and particularly in the financial sector. There is no comprehensive and formalised study on the implementation of the financial sector charter and BEE in the Namibian financial sector in particular. Furthermore, there is no study that explicitly incorporates a comprehensive management framework that outlines, evaluates and monitors the implementation and performance of BEE in Namibia. This study by examining this topic is filling a void in the BEE implementation literature and by developing a comprehensive BEE management framework, could go a long way in contributing to effective and successful implementation of BEE in the sector. It is also imperative that an empirical investigation is conducted to examine how this well-intentioned policy of government and the voluntary sector initiative is implemented and to propose an appropriate framework for managing, planning, implementing and evaluating this social intervention.

Despite a heightened interest in the BEE initiative and a vibrant media debate in Namibia on the BEE phenomenon, little and scanty academic analysis on the evaluation of the implementation of this initiative has been conducted until now. Academically, this study greatly and significantly makes a unique theoretical and practical contribution to the BEE body of knowledge and literature, thus addressing a gap in knowledge in this field. The results of the study, besides contributing to

literature on BEE, could undeniably inform, influence and improve existing practices on BEE planning, implementation and evaluation in Namibia.

The financial sector was selected for the study because it is a major source of economic activity in the country and an engine of growth for other economic sectors. At the same time, the financial sector was in the forefront of voluntarily formulating a charter to act as an instrument to guide BEE implementation in the sector. It is also for this reason that deliberate effort and steps have been imposed by the Government of the Republic of Namibia to establish policies and guidelines to transform this sector.

Lastly, this research analysis and discussion provides knowledge towards the enhancement of the state's and private sector's capacity by strengthening government institutions and financial institutions' ability to more effectively design, execute, and monitor the BEE initiative to realise the goals of the NDPs and Vision 2030.

1.6 Limitations of the study

Limited formal academic literature existed on BEE in Namibia during the undertaking of this study. The following are some of the limitations that the researcher experienced whilst undertaking the study. Firstly, accessing information from respondents was a challenge as respondents felt the information sought was highly sensitive, confidential and certainly not for public consumption. However, after the research explained in depth the importance of the research and the fact that information collected will be used in aggregate without singling out specific companies great improvement and contribution from responded was achieved. Secondly, the researcher hailing from the same sector, the issue of not wanting to divulge information to an employee of a competing company hindered the process of accessing required information. This

limitation was also addressed by pointing out to the companies that no specific names of companies were requested on the questionnaires.

1.7 Delimitations of the Study

The concept of BEE and its application in Namibia is much wider than the area presented in this dissertation. The scope of this study was limited to the implementation of BEE in the financial sector, as well as the development of a comprehensive evaluation framework that can be used to monitor and evaluate the implementation of BEE in the sector. This investigation was limited to investigating the five pillars of BEE policy as outlined in the financial services charter. The five pillars are ownership, management control and employment equity, skills development, enterprise development and procurement, and corporate social investment. Reference to BEE implementation in this study therefore refers to the five elements, unless otherwise indicated. The intention of the study was to provide a deeper understanding of how BEE is implemented in the sector. Other aspects of BEE including the implementation of the concept in other sectors of the Namibian economy were not specifically discussed in this study.

1.8 Clarification and Definition of key terms and concepts

Apartheid: a former social system in Namibia by the colonial South African regime in which black people and people from other racial groups did not have the same political and economic rights as white people and were forced to live separately from white people.

Black Economic Empowerment: is a policy introduced by the Namibian government to redress the inequalities of apartheid by giving the previously disadvantaged groups of Namibian citizens economic privileges previously not available to them. It includes measures such as ownership, management control and employment equity, Human resources and skills development, entrepreneurship development, and community investment.

Black Economic Empowerment Beneficiaries means natural persons who are black Africans, Bastards or Coloureds; and Namibian citizens by birth or naturalisation before 21 March 1990.

Black Economic Empowerment transactions means transactions for the acquisition by BEE beneficiaries of direct ownership of an existing or new company (other than an SME) or in the financial, SPV (Special Purposes Vehicle) or any other sector of the economy; or joint ventures with, debt financing of or another form of credit extension to, or equity investments in, BEE companies (other than SME's).

Control in relation to a company, means the authority or power to manage assets, to determine policies and direct the business operations of that company.

Corporate Social Responsibility (CSR) means projects that aim to uplift the standards of living of disadvantaged and marginalised communities, including specific developmental projects through investment in strategic social infrastructure that foster education, create sustainable employment opportunities, encourage technological advancement, and develop entrepreneurial spirit.

Designated groups mean BEE beneficiaries, including women, disabled, aged and unemployed persons, persons living in rural underdeveloped communities and start-up entrepreneurs.

Economic empowerment has been defined by the Namibian government as: “an integrated and coherent socio-economic process that directly contributes to the economic transformation of Namibia and brings about significant increases in the numbers of black persons that manage, own and control the country’s economy, as well as significant decreases in income inequalities” (NFSC, 2009)

Economic exclusion: the process through which individuals or groups are wholly or partially excluded from full participation in the economy of a country within which they live resulting in the denial of economic opportunities—such as access to capital assets, development of skills, and education.

Economic inclusion: the process through which individuals or groups are allowed and encouraged to fully participation in the economy of a country within which they live.

Economic interest means a claim against an enterprise representing a return on ownership of the enterprise similar in nature to a dividend right.

Economic participation: the process through which individuals or groups are allowed encourage to fully participation in the economy of a country within which they live, through employment, ownership, control and management of productive assets.

Enterprise development means the development of new or existing BEE SMEs or BEE-accredited companies through the provision of operational and financial capacity.

Executive management means employees who are appointed by, or on authority of, the board to undertake the day-to-day management of the measured enterprise; and who are actively involved in the development and implementation of the enterprise’s strategy.

Financial charter: refers to the Namibian Financial Sector Charter which is a voluntary adopted transformation charter which constitutes a framework and establishes the principles upon which empowerment will be implemented in the financial sector.

Financial institution: means an institution, whether incorporated or unincorporated, authorised in accordance with the laws of Namibia to conduct business as a banking institution, long-term insurer, short-term insurer, pension fund, medical-aid fund, stock exchange, board of executors, trust company or any other entity the business of which is engaging in financial activities as a financial service or financial products provider, including asset administration services, asset management services, investment management services or investment advisory services.

Financial sector: means the Namibian financial sector comprising of all financial institutions. This sector includes banking institution, long-term insurer, short-term insurer, pension fund, medical-aid fund, stock exchange, board of executors, trust company or any other entity the business of which is engaging in financial activities as a financial service or financial products provider, including asset administration services, asset management services, investment management services or investment advisory services.

Junior management means people in a supervisory role with limited authority. Junior management commonly comprises supervisors, foremen and superintendents, who are technically skilled or academically qualified. They are restricted to making routine decisions which are usually process related. They do not have a budget to control; they work within budget constraints imposed by higher authority.

Middle management means people who are professionally qualified and experienced specialists. Middle management has more interpretive decision-making power, which means they are given latitude to implement plans from executive management. Middle managers are usually responsible for a budget and have input into the size of the budget allocated, but not authorisation of the budgeted amount.

Namibianisation means the process of increasing the local ownership and decision-making capacity of institutions based in Namibia, including the representation or participation of Namibian citizens in the control and management structures of the institution, i.e. board of directors, executive management and other decision-making structures within the institution.

Ownership: means equity or shareholding, or economic interest arising from equity or shareholding in a business entity.

1.9 Structure and organisation of the study

The approach of this study in laying out the information, discussion elements and conclusions is to arrange it in different, but linking chapters. The complete study is divided into 5 chapters structured and organised as follows:

Chapter one of this dissertation provides an introduction to the study. It introduces the subject of BEE, giving the background of the financial sector, defining the statement of the problem, outlining the objectives, explaining the significance of the study and highlighting the limitations and delimitations of the study, and finally, providing the definitions of terms mostly used in the study.

Chapter two focusses on the literature review and theoretical framework underpinning the study. It mainly concentrates on the literature review based on distinguished opinions and views from various sources, different researchers and

authors whose work is significant and relevant to the study. This chapter further provides background information into Namibia's economic and political landscape immediately before and after independence. It further discusses the areas in the constitution that deal with the subject matter of inequality and economic orientation. The chapter more importantly, introduces and discusses BEE, its objectives, origins, policy instruments guiding it and how it has transformed since its introduction. Moreover, the chapter also discusses the theoretical and philosophical perspectives in which BEE is grounded.

Chapter three focusses on research methodology. The chapter outlines the research design and methodology followed and utilised in conducting this study. The chapter further details the research population, sample size, sampling technique, data collection instruments used, and how data was collected and analysed. It further highlights the ethical consideration employed by the researcher.

Chapter four focusses on the presentation of data and analysis. This chapter comprehensively presents the outcomes and results of the research findings. It further highlights how the questionnaires were administered and how the interviews were handled. It then dwells on the actual outcome of the research. The main discussion of the research findings is also presented in this chapter. The chapter systematically explains and interprets the research findings. The findings are discussed in relation to the five research objectives driving this study. The implementation of BEE in the financial services sector is then examined in detail.

Chapter five is the final chapter of the dissertation. The chapter develops and provides a proposed evaluation framework for successful implementation of BEE. The chapter also outlines the summary and conclusions of the research findings. Recommendations to Namibian policy-makers, regulators, executive management of financial

institutions, and recommendations for further research are provided. Limitations to the study are outlined and a conclusion is provided.

1.10 Summary

This chapter commenced by introducing the prevailing situation that necessitated the introduction of the BEE initiative and provides a snapshot of the financial services sector. The chapter then goes on to define the problem statement and state the purpose of the research, the research questions, research objectives and the significance of the study. It also outlined the scope of the research. The next chapter (Literature Review) will provide a detailed background into Namibia's economic and political landscape immediately before and after independence. It will also discuss the areas in the constitutions that deal with the subject of inequality and economic orientation. The chapter more importantly, will discuss Black Economic Empowerment and the financial sector charter used as a guide for the implementation of BEE in the financial sector. It highlights the objectives, origins, policy instruments guiding BEE and how it has transformed since its introduction. The views, opinions, findings and perspectives of other authors and commentators on the subject will be highlighted. Moreover, the chapter will also discuss the theoretical and philosophical perspective in which BEE is grounded.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In the Namibian business environment, Black Economic Empowerment (BEE) is arguably one of the most widely debated empowerment and transformational policies (Jauch, 2011). Various opinions have been expressed and articles written on BEE (Esser & Dekker, 2008; De Klerk, 2008; Sartorius & Botha, 2008; Emkes, 2012; Sherbourne, 2016). This chapter mainly focusses on the literature review on BEE and theoretical framework underpinning the study. Firstly, this chapter establishes the significance of BEE as an empowerment policy. Secondly, the chapter presents an insight on the broader topic of BEE through critically evaluating, surveying and reviewing some of the existing literature on BEE from a general point of view to a financial sector specific point of view. The reason for analysing this from these two angles is that BEE in the financial sector generally takes its cue from how BEE plays itself out in other sectors of the economy.

In order to properly evaluate the current state of BEE implementation in Namibia and to place its intrinsic nuances into perspective, the chapter begins by introducing and discussing the history and evolution of the BEE phenomenon in Namibia and specifically in the financial sector. It outlines its definition, objectives, origin, and policy instruments guiding it and how it has transformed since inception. Other economic empowerment programmes in other countries are also highlighted. The chapter then provides the legislative and policy environment within which BEE is located as well as policies and other programmes which support the implementation of BEE. This is achieved by scrutinising the sections in the Namibian Constitution that deal with the subject of inequality and economic orientation.

Moreover, the chapter critically examines the financial sector charter which guides the implementation of BEE in the sector. It highlights the pillars of the charter on which BEE implementation is measured in the Namibian financial sector.

Best and Kahn (2006) supported by Anderson (2010) posits that effective research is based on past knowledge. Therefore, the pertinent theoretical and philosophical perspective that informs this research and in which BEE is grounded in this study are also discussed and evaluated. Since the aim of this chapter is to demonstrate the researcher's familiarity with existing knowledge of the subject area and to provide insights in the field, the chapter concludes by providing and highlighting the different contemporary views, issues, positions and opinions on BEE by various commentators and authors. The literature reviewed in this study was obtained from a variety of published sources. The literature sources that date back to the 1990s are mainly of the "fathers and foundation of BEE" and the authors who pioneered and laid the foundation for debates on BEE during its early development. Their contributions were included as they were found to be fundamental and necessary to this research. The literature of the past five to ten years deals with the latest developments on BEE and these form the majority and bulk of the literature reviewed in this study.

2.2 Black Economic Empowerment

2.2.1 Overview

The commitment to black economic empowerment has been one of the major thrusts of the broad economic transformation agenda pursued by the Namibian government since Namibia gained independence in 1990 (GRN, 2012; GRN, 2016). The NEEEF policy document, which is the latest economic empowerment version, identifies BEE

as being broad-based, inclusive, and part of a sustainable long-term growth and development strategy (GRN, 2012; GRN, 2016). The aim and objective of the BEE policy in Namibia in general, and in the financial services sector in particular, is to redress the inequalities perpetrated in the apartheid era. BEE attempts to achieve this by increasing the number of skilled black people who own, manage and control, and participate in economic activities in Namibia in general and the financial sector in particular. This aim clearly correlates with the guiding principles of the financial sector charter.

In understanding BEE in Namibia and its implementation, one needs to take cognisance of the fact that the Namibian government inherited one of the most fragmented societies at independence in 1990 (Melber, 2009; Jauch, 2011). Since independence, the Namibian government has embarked upon a number of initiatives to redress social and economic inequalities that came about as a result of the legacies of racial discrimination under apartheid. As alluded to in chapter 1, prior to independence, the oppressive South African regime, with its policies of segregation, created an economic structure that excluded the vast black majority citizens from economic participation. Twenty-seven years after gaining its independence from apartheid South Africa, Namibia with Gini-coefficient of 0.5971, is still one of the countries in the world with extreme and highest levels of inequality (Shejavali, 2016). This according to the Namibian government is a situation that cannot be tolerated and needs to be urgently addressed (GRN, 2012). Despite the introduction of affirmative action in employment to promote women, black Namibians and people with disabilities, staff composition in many companies still reflects the old apartheid patterns (Shejavali, 2016). In addition, the ownership and control of the productive sectors of the economy as well as land ownership is still skewed and Namibia's natural

resources like minerals and fish are still overwhelmingly under foreign control (Sherbourne, 2016). The minority whites still owns, run and control all the large firms in the country, while the majority blacks are extremely excluded and side-lined from active participation in mainstream economic activities (Office of the President, 2012). A strategy therefore, to effect economic empowerment in Namibia and indeed in the financial sector had to be proposed and implemented. This largely contributed to the conception of BEE in Namibia. The new government initiated the BEE policy aimed at redressing inequalities of the past enforced on the black majority by the former apartheid regime.

2.2.2 Origins of Black Economic Empowerment

Commenting on the origins of BEE, Mbeki (2009) maintains that most people in South Africa, in Africa (including Namibia), and the rest of the world, naively believe that BEE was an invention of South Africa's nationalists, especially the African National Congress (ANC). Mbeki (2009) argues that this is further from the truth since BEE was in fact invented by South Africa's economic oligarch, referring to the handful of white businessmen and their families, who control the country's economy. He supports his argument by asserting that the flagship BEE company New Africa Investments Limited (Nail), started operating in 1992, two years before the ANC came to power. Mbeki claims that Nail was created by the second-largest South African insurance company, Sanlam, with the support of the National Party government-controlled Industrial Development Corporation (IDC), a state-owned industrial investment bank created in 1940. The formation of Nail according to Mbeki (2009), was soon followed by the creation of another BEE company, Real African Investment Limited (Rail), sponsored by mining giant Anglo American Corporation through its financial services

subsidiary Southern Life. Diale (2012) and Bogopane (2013) supports this when they claim that it needs to be pointed out that, the post 1994 democratic government under the African National Congress (ANC), was prepared and coached for the management of the country by the very corporate sector or big business that propelled the apartheid government. Klijn, Pais and Vorsatz (2016) add that big business, having realised the inevitable about the apartheid system, began consultations with the government-in-waiting in Lusaka regarding the prospects of economic direction under their rule.

Mbeki (2009) maintains that the objective of BEE was to co-opt leaders of the black resistance movement by “literally buying them off with what looked like a transfer to them of massive assets at no cost” (p. 66). Correspondingly, Butler (2006) supported by Southall and Tangri (2015) maintain that BEE started as pre-1994 initiatives of the National Party government to build a black middle class. Butler (2006) claims that BEE is modelled after the National Party’s 1948 election win, where the Afrikaner nationalists turned to affirmative procurement, targeted state contracts, and employment creation in the parastatals. Tangri and Southall (2008) corroborates when they state that Afrikaners also built ethnic insurance companies and banks, and transformed their language and their educational institutions into instruments of collective advancement. Furthermore, black empowerment also originated directly in efforts to bolster the viability of the systems of segregation and Bantu self-government (Iheduru, 2008; Southall & Tangri, 2015). Moreover, where blacks were provided with new opportunities, these were designed to deepen racial segregation by encouraging black professionals and business people to service black populations, and by bolstering the homelands provided for by the Promotion of Bantu Self-Government Act (Butler, 2006).

The above arguments suggest that BEE legislation in South Africa was supported by big business, almost exclusively white, in an attempt to ward off post-apartheid calls for nationalisation. In this sense, it can be safe to conclude and agree with Mbeki (2009) that BEE is a concept born out of a compromise of the established institutions of oppression.

On the other hand, Ponte and Van Sittert (2007) maintain that BEE, Affirmative Action, National Economic Empowerment and Development (NEED) are different terms used from the late 1980s and onwards to describe mainly the same thing. In the late 1980s, white business regarded BEE as a mechanism to create a black middle class with interests in the economy (Ponte & Van Sittert, 2007). The authors further maintain that the initial thought was that by partly re-arranging the racial composition of the ownership structure of the economy, the market economy and political stability would be ensured. Blacks were to gain access into the formal economy at the same time as the underlying structures of the economy were to be left unaffected (Ponte & Van Sittert, 2007). They further claim that black people were mostly put in middle management positions without any managerial responsibility and that those that did have managerial responsibility were mainly taken in for pure business sense, for example to give the company insight into black peoples' consumption needs and habits.

The origins of BEE in Africa in general and Namibia in particular, are also linked to the indigenisation strategies that were introduced by many African countries (including Namibia) after gaining independence from the colonial powers. Chawawa (2015) claims that indigenisation is one of the mechanisms governments the world over have used and relied upon to achieve some degree of economic empowerment for their people. In addition, the terminology that was used to describe indigenisation has

differed from country to country because it had to be politically correct. This view is supported by Sherbourne (2016) commenting on BEE in Namibia when he maintains that over the years different terms have been used to describe policies designed to achieve these aims (redressing the racial balance of business ownership and management while at the same time developing a genuinely entrepreneurial class of business people) including Africanisation and indigenisation. For example; in Zaire (now Democratic Republic of Congo (DRC)) it was called “Zairisation” and in Cote d'Ivoire “Ivoirisation”. In Namibia it is called “Namibianisation”. Chawawa (2015) goes further to note that for the DRC government, it was politically expedient to give concessions for agriculture to Congolese individuals or companies having the State or Congolese individuals or companies as shareholders. In Angola, the “Angolanisation” sought to ensure preferential treatment of Angolan businessmen and also stipulated that companies must conform to a ratio of 70 per cent national workers to 30 per cent foreign workers (Chawawa, 2015). Andreasson (2010) corroborates and posits that indigenisation in Francophone Africa was by and large in the hands of the State, which participated actively in the economy by forming companies to carry out major mining projects. In some member countries of the West African Economic and Monetary Union (UEMOA) government, Benin, Burkina Faso, Mali, Niger, Senegal, have a shareholding of 10 per cent, while in Guinea, the shareholding may be as much as 35 per cent, 5 per cent for the DRC and 15 per cent for the Central Africa Republic (Andreasson, 2010). In Botswana, the government has been aggressive and proactive through the creation of a number of programmes to promote citizen businesses and entrepreneurial skills (Mathura, 2010).

Like many other African countries, Namibia followed the path of indigenisation known as Namibianisation. At independence and having realised that the economy was

not in the hands of majority Namibians, but a few minority whites and foreigners and having taken cognisance of the fact that true independence will only be realised if all Namibians were active participants in the economy and were fully involved in crafting their economic destiny, the Namibian government went about introducing mechanisms to ensure economic empowerment of Namibians. Like many other African countries, Namibia followed the path of indigenisation known as Namibianisation.

Even before the establishment of any formal empowerment strategies, some redress initiatives were undertaken by the government of Namibia. These efforts were, however, fragmented, of a very diverse nature, and not nearly of the magnitude that would be required to satisfy the expectations of a majority population denied access to many aspects of the Namibian economy for years.

As early as 1991, a year after independence, the Namibian government introduced various redistributive laws, policies and initiatives through a combination of social services provisions, social transfers and taxation. Among others, the government implemented initiatives such as employment equity, land resettlement scheme, affirmative loan for the purchase of land, granting of fish quotas and mineral exploration licences, creation of community conservancies and provision of social housing and significant investments in education and training (GRN, 2010). Mechanisms to Namibianise (indigenise) important economic sectors and businesses were initiated mainly in the fisheries and mining sectors (Motinga, 2007). In 1991, the then Namibian Minister of Fisheries, Helmut Angula established a policy framework for the sector which culminated in a White Paper titled “Towards Responsible Development of the Fisheries Sector” (Ministry of Fisheries and Marine Resources, 2004). The document set out to achieve among other objectives “the establishment of a viable national fishing and processing industries with maximum Namibianisation of

jobs and empowerment of previously excluded people” (Ministry of Fisheries and Marine Resources, 2004, p1).

In this context, and according to the White Paper, Namibianisation was used to refer to the greater involvement, participation and benefits for Namibians from the sector. This came through share-ownership in fishing companies, employment at all levels, management control of fishing companies, and involvement in processing and marketing (Motinga, 2007; Saunders, 2008). The White Paper justified Namibianisation, simply as “a means to peace, economic reconciliation, equity and increasing employment for Namibians, especially the previously disadvantaged” (Ministry of Fisheries and Marine Resources, 2004, p1). The White Paper gave priority to Namibians and Namibian businesses, as far as granting of rights and allocation of quotas were concerned, but still providing scope for foreign investment through joint ventures or wholly owned foreign ventures. According to the White Paper, foreign investors who would like to participate in fishing ventures were expected to cooperate with Namibian businesses through joint ventures. However, in exceptional cases, rights could be granted to wholly foreign owned ventures where the foreign investment can be shown to contribute to economic and overall development of Namibia and where there is an appropriate plan for Namibianisation of the business. The White Paper further provided for applications by new joint ventures to be based on the expectation that rights will be granted to the Namibian participants in the venture, and for existing joint ventures, priority to be given to applications from the Namibian partners, considering the level of ownership and control of the Namibian interests.

The Sea Fisheries Act, 1992, section 14 (e), as well as article 33(4)(e) of the Marine Resources Act (Act No. 27 of 2000), which resulted from the White Paper, have provisions as criteria for granting rights which states that:

“When considering applications for rights, the Minister may have regard to the advancement of persons in Namibia, who have been socially, economically or educationally disadvantaged by discriminatory laws or practices, which were enacted or practised before the independence of Namibia” (Ministry of Fisheries and Marine Resources, 2004, p. 30).

Having studied and seen that the concept of BEE was well-received in South Africa and noticed that it was in line with Namibia’s “Namibianisation” and empowerment strategies the Namibian government went about introducing the same initiative in Namibia. Sherbourne (2016) observes that it was the example set by South Africa in establishing a Black Economic Empowerment Commission in 1998, that seems to have particularly impressed Namibian political and business decision-makers. It became a core ideology for transforming the economy which was seen to be in the hands of the minority white with an objective of increasing the participation of the majority blacks in the mainstream economic sphere. Namibia therefore, idealised the famous BEE with the same principles as that of South Africa, with its original purpose of redressing the inequalities perpetrated in the apartheid era, giving disadvantaged groups economic opportunities that were not previously available to them.

It should however, be noted that Namibia’s economic policy throughout the first decade of independence from South Africa revolved around the need for social and material justice on one hand and reassuring domestic capital in order to maintain strong growth on the other hand (Gaomob II, 2015). This can be seen by how one of its first policies, the Foreign Investment Act (Act No. 27 of 1990) and Export Processing Zone (Act No. 9 of 1995), were the centrepieces of government policy. These policies were based on the dominant orthodoxy of the early 1990s supporting strong economic

growth, characterised by policies that promoted high domestic savings and direct foreign investment. The need for acceptance by the global economy was paramount as stabilisation of the Namibian economy was the all-important prerequisite for the achievement of progressive social objectives. In his speech, delivered at the Growth at Home Conference, the then Prime Minister Dr Hage Geingob corroborates with this when he admitted that “After independence we wanted to attract foreign investors to come and invest in Namibia, so that we could have a win-win situation, we hoped. Therefore, we passed the Namibia Foreign Investment Act of 1990, and the Export Processing Zone Act of 1995, through which we provided a myriad of incentives and protections to foreign investors, in the process, forgetting that we also have local investors” (Geingob, 2013, p. 3). It was at the height of the neo-liberal approach to economic policy that BEE was conceived as a compromise between sustainable growth and the redistribution of assets to the black community. The Namibian government rightly feared the consequences of heavy-handed interventionist policies, such as those seen in neighbouring Zimbabwe which enacted legislation of expropriation with shocking consequences. The government was cautious about radical economic empowerment where if big businesses were obliged to relinquish large ownership levels to black investors, severe damage to the economy could ensue (Melber, 2009).

The form and configuration of BEE since first conceived in Namibia, has undergone several changes, mouldings and modifications, not only in names, but also in its underlying principles. The concept evolved from its original format and objective of empowering the majority blacks to enable them to fully and actively participate in mainstream economy and to reduce inequality, to the objective of broad-based empowerment. With each change, BEE was a subject of much praise by proponents,

intense criticism by antagonists and a topical issue of debate in Namibia (Angula, 2007; Akwenye, 2007; Hangala, 2007; Hoveka, 2007; Jauch, 2011; Shejvali, 2016; Sherbourne, 2016).

Sherbourne (2016) explains that work on a clear policy of BEE for Namibia started in earnest shortly after 2000 under Prime Minister Hage Geingob. He adds that the first BEE policy proposal was developed and submitted to cabinet in 2004 by Prime Minister Theo-Ben Gurirab. He further maintains that with the tide of opinion in South Africa turning against the first phase of BEE in that country, Namibia under its third Prime Minister Angula laid emphasis on Broad-Based BEE in an attempt to steer the process more towards poverty reduction for the many. This is corroborated by Gaomob II (2015) when he states that after numerous criticism of BEE policy in its current form, mainly due to its failure to yield desired outputs, benefiting only a few politically connected individuals, and as a form of reverse discrimination, a new BEE policy in the form of the Transformation Economic and Social Empowerment Framework (TESEF) was developed in consultation with different stakeholders in 2008. TESEF in a sense took from best practices employed by South Africa and included the formalisation of partnerships and 'charters' with the private sector as well as the use of a 'balanced scorecard' approach to gauging success (Gaomob II, 2015).

Besides being approved by cabinet TESEF lost momentum, and during its ordinary meeting on 17 March 2011, the SWAPO party Politburo decided that TESEF should be renamed the New Equitable Economic Empowerment Framework (Sherbourne (2016). The Office of the Prime Minister under Nahas Angula, once again drafted a document called “The New Equitable Economic Empowerment Framework” (NEEEF), as a new empowerment framework (Gaomob II, 2015). NEEEF has its origins in BEE and TESEF and is seen as a response to widespread criticism of the

elite enrichment that purportedly marked the first phase of BEE. It aims to increase the ownership, management and control of businesses by black citizens, and especially by women. It also seeks to support skills and small business development, to make finance more readily accessible to black entrepreneurs, and to use “preferential procurement” by the state and its agencies to spread empowerment across the private economy (Gaomob II, 2015).

Sherbourne (2016) claims that after approval by cabinet in 2011 a draft bill was put out for consultation at a workshop at the Office of the Prime Minister in February 2016. The Bill makes provision for an Economic Empowerment Advisory Council to oversee NEEEF and establishment of an Economic Empowerment Commission within the Office of the Prime Minister (Sherbourne, 2016).

The new empowerment policy aims to promote broad-based transformation in business through five empowerment pillars being ownership; management control and employment equity; human resource and skills development; entrepreneurship development of the small business and through preferential procurement initiatives; and community investment in social related programmes and development initiatives (GRN, 2011). It is a framework and is not yet law or is not legislated thus allowing it room for broad-based consultation. Differing from the other empowerment initiatives before it, for the first time in the history of Namibia, NEEEF put in place an institutional architecture where a BEE Commission is to be established to drive the process on empowerment.

As BEE initiatives started to unravel in the country and in the different sectors, the financial sector also embarked upon its own BEE initiatives. To guide BEE implementation in the sector, the sector stakeholders embarked upon the development of a voluntary financial sector charter. The financial sector started work on its own

Sector Charter in 2005 and finalised a draft which was submitted to the Minister of Finance in 2008 (Sherbourne, 2016). Sherbourne (2016) goes further to state that the Minister finally signed this off in October 2009 and Cabinet appointed Government's members of the Namibia Financial Services Charter Council in December the same year.

In addition to the Namibian Constitution, there are various regulatory frameworks or initiatives aimed at transformation or empowerment of previously disadvantaged Namibians. These include formal initiatives by government such as the Affirmative Action Act; the Land Reform Policy; Namibianisation of the fishing sector; and the affirmative action loan scheme of the Agricultural Bank of Namibia.

2.2.3 Economic Empowerment in other countries

The world has become a global village and countries can learn from each other's developmental experiences. This section looks at the experiences of other countries with regards to economic empowerment strategies. It focuses on South Africa, Malaysia, New Zealand, the United States of America and Australia. The central question is whether the experiences of these countries are relevant to Namibia in its implementation of its economic empowerment initiative.

In this section, the study highlights the historical, economic and social background of these countries, explains the deliberate broad based empowerment policy intervention mechanisms employed, and describes the instruments used to address the economic disparities within the societies in these countries. The main aim is to draw some lessons that Namibia has or can possibly replicate in its implementation of BEE nationally and in the financial sector specifically.

BEE is not a unique phenomenon for Namibia. Various forms of affirmative action have, and are taking place around the world. Though the construct of the BEE initiative in Namibia is mainly based on the South African legislation and experience, it borrows from other jurisdictions too, including Malaysia, New Zealand, Australia and the United States of America (USA) experiences. These experiences are highlighted below.

South Africa

The bulk of the lessons for Namibia are from neighbouring South Africa which underwent the similar apartheid experience as Namibia and introduced BEE in 1994 (Viriri, 2015). As Sherbourne (2016) observed, the example set by South Africa in introducing and implementing BEE, had a profound impact on Namibia. The tide of opinion in South Africa also played an important role in shaping the direction of BEE in Namibia. The experience of South Africa resonates well with Namibia as just like in Namibia, in South Africa the majority of the population has been disadvantaged and is now subject to affirmative action. The gravity of suppression Namibia endured under the yoke of apartheid South Africa is also comparable to what took place in South Africa, making these countries unique in that the empowerment process has to be very extensive. At the same time, Namibia and South Africa share strong historical, political and economic ties.

In South Africa, empowerment successfully took place from 1948 when the Afrikaners were subject to economic empowerment (Mbeki, 2009). However, the Afrikaners began their process of economic empowerment from a far better position than blacks did in 1994 (Davies, 2012). Davies (2012) further posits that the Afrikaners were on average relatively more educated than the average black people in South Africa and

they had the advantage of a major capital base in the form of land. Tangri and Southall (2008) concurs and further maintains that the labour market was also substantially different from today, with focus on manual labour force. Davies (2012) further highlight another difference in South Africa of the economic growth rates (2.5 per cent in average since 1994) which are low now compared to the time of the Afrikaner empowerment (of about 5 per cent per annum). The BEE initiative in South Africa also focussed on the similar pillars as has been proposed in Namibia. These are ownership, management control and employment equity, skills development, entrepreneurial development and corporate social investment. The success of the empowerment initiative in South Africa, like in Namibia has been a subject of great debates (Davies, 2012; Du Toit, Kruger, & Ponte, 2008; Esser & Dekker, 2008; Emkes, 2012; Southall & Tangri, 2015).

Malaysia

During the conception of BEE, Malaysia was regarded as an attractive precedent for Namibia's empowerment programme since a programme similar to the one proposed in Namibia was launched in 1969 (Akwenye, 2007). Malaysia was also seen as a good lesson because it too had an economy that was dominated by a small, racially defined elite (the Chinese, in that case) and yet has managed, despite some significant stumbles, to grow at an extraordinary rate (Lee, 2012). Faaland (2007) observes that Malays had a significantly lower share of ownership, control and management of industrial and commercial enterprise and, as a result, less control of their own economic destiny; the average Malay has a much lower standard of living. Further, the economy of Malaysia at Independence was deeply segregated between ethnic groups, in geographic location, in types of economic activity and in levels of livelihood. The

National Economic Plan (NEP) was designed to enable the Bumiputra community to enjoy the fruits of development on par with the other ethnic groups, who were then and still remain economically far more advanced (Faaland, 2007). This was to be achieved through a process of growth and modernisation so directed as to bring about gradual restructuring of employment and production patterns in all sectors and at all levels, so as to be in rough accord with ethnic population ratios.

Malaysia with the implementation of NEP went from being as poor as Haiti in the 1950s to boasting a per capita GDP of \$9,700 in 2004 (Herbst, 2005). Likewise, Malaysia is a country where affirmative action targets a majority of the population. Akwenye (2007) observes that Malaysia did this in part by enacting a group of laws that, through affirmative action and the targeted use of government assets, encouraged the emergence of a class of ethnic Malaysian businesspeople. Herbst (2005) posits that these laws were the brainchild of Mahathir bin Mohamad, Malaysia's prime minister from 1981 to 2003, who argued that it was important to change the racial composition of Malaysia's economy by creating a high-profile group of extremely wealthy Malaysian entrepreneurs. To do this, he advocated directing shares of privatised state assets to those who were already affluent: "The best way to keep the shares between the Bumiputra (indigenous Malaysian) hands," he said, was "to hand them over to the Bumiputra most capable of retaining them, which means the well-to-do" (Herbst, 2005, p. 46). Iheduru (2008) concurs with this when he too observed that Malaysia's 1971 NEP simply decreed against doing business in the country without a Malay (30 per cent of all public, domestically owned companies was to belong to Malays by 1990) and that an 'equal share' of positions be held for them in corporation (Babooa, 2008).

Malaysia's NEP was launched 12 years after independence to overcome the pre-colonial economic practices and included the following elements: commitments from the government; proactive private sector plan; privatisation of public companies; preferential treatment in procurement; vigorous programme on education and training (quota in public universities, specialised education at secondary school and tertiary education); work ethics and respect for the rule of law (Faaland, 2007). Faaland (2007) outlines the objectives of the NEP in Malaysia as the eradication of poverty for all Malaysians irrespective of race and the correction of the racial economic imbalances in terms of income, employment and wealth. The NEP was consistent with and conducive to a high rate of economic growth, active full employment policy and programmes of education and training (Akwenye, 2007).

Sartorius and Botha (2008) states that the Malays (or Bumiputra) constituted 57.6 per cent of the population, of which 65 per cent lived in poverty. The NEP aimed to eliminate poverty and promote greater economic equality between the Malays and non-Malays within a period of 20 years (Sartorius & Botha, 2008). Sartorius and Botha (2008) further claim that the NEP included measures such as expanded educational opportunities, employment quotas and incentives for companies selling their stock, at a discount, to Malays. The Malaysian government further used the allocation of government contracts, quotas and licences to promote the growth of Malay companies (Sartorius & Botha, 2008). Southall (2008) conclude that the positive effects of the NEP have been remarkable, in that the Malays' share of corporate equity ownership rose from 2.4 per cent in 1970 to 27.2 per cent in 1988. Sartorius and Botha (2008) states that the employment of Malays in the manufacturing sector increased from 30.8 per cent to 48 per cent and in the services sector rose from 37.9 to 51 per cent. Further, the overall incidence of poverty fell from 49.3 per cent in 1970 to 22.4 per cent in

1987. Sartorius and Botha (2008) posits that the NEP was not without problems nor did it go uncriticised. According to the Gini coefficient, the wealth gap within the Malay population rose from 0.4 in 1968 to 0.4495 in 1997 (Marais, 2011). A perception exists that the Malay elite have benefited more than the rest of the Malays from the NEP and they have benefited from government favouritism (Sartorius & Botha, 2008). Sartorius and Botha (2008) maintains that most Malaysians, however, acknowledge that the NEP has helped Malaysia to avoid racial turmoil.

The NEP differed in many ways from Namibia's BEE initiative. Firstly, from the beginning the NEP was a comprehensive programme led by the Malaysian government. In Namibia, BEE, though initiated by the government is left to be implemented by the private sector. The government instead promote voluntary sector charters to spearhead and guide sectoral implementation of BEE by the private sector. Secondly there is no legislation or formalised policy to guide the implementation of BEE in Namibia. Thirdly, there is no institution or body established to oversee and monitor the implementation of BEE in the country. With the NEEEF proposal, the government is now aiming to remedy these shortcomings. In addition, the basic formula for an effective NEP was set out in no uncertain terms and the political commitment to its implementation was emphatic.

In Namibia, there are still questions on the commitment of government and private sector to implement the BEE initiatives. The fact that so many years have passed since the first BEE conference and still no legislation or guiding policy on how to implement BEE indicate the level of commitment to this noble initiative. Moreover, Faaland (2007) contends that the NEP is not a policy purposely designed to discriminate against non-Bumiputra ethnic communities or withdraw from them the levels of income and wealth they have already gained. On the contrary, it seeks to ensure that increments in

the nation's wealth and income redound more fully to the Bumiputra and not disproportionately to the minority. This is opposite to the situation in Namibia where the BEE initiative is accused of advancing the majority blacks at the expense of the minority whites.

In addition, the NEP places emphasis on advancing economic productivity of the Bumiputra, on their education and training, on the adoption and spread of modern technology and on a business, friendly government (Faaland, 2007). The BEE policy in Namibia though encouraging skills development, emphasises ownership of productive assets in existing companies and management control.

Whether a policy similar to the NEP would be successful given the current Namibian social and economic environment is uncertain. However, a number of lessons can be learnt from this empowerment initiative by Malaysia. First, empowerment initiatives take long to deliver their effects. In the case of Malaysia, it took longer than two decades. Second, the education of previously disadvantaged individuals is crucial for the initiative's success. Third, empowerment should focus on developing skills and not only on redistributing assets. Also, social support for empowerment should be elicited among all racial groups by ensuring that empowerment transactions are conducted according to well-defined, socially acceptable rules and that the truly deprived are benefiting (Southall, 2007b). Lastly, and as observed by Sartorius and Botha (2008), economic growth is a key element for empowerment initiatives to succeed.

The lessons that Namibia could draw from Malaysia is that the Malaysian experience can only be relevant if adopted and adapted to the Namibian context. Furthermore, instruments of policy as designed and implemented need to be continuously evaluated and redesigned.

New Zealand

The Māori are the indigenous Polynesian people of New Zealand. Anaru (2011) maintains that the Māori originated with settlers from eastern Polynesia, who arrived in New Zealand in several waves of canoe voyages at some time between 1250 and 1300 AD. Over several centuries in isolation, the Polynesian settlers developed a unique culture that became known as the "Māori", with their own language, a rich mythology, distinctive crafts and performing arts (Anaru, 2011). Anaru (2011) alleges that the arrival of Europeans to New Zealand starting from the 17th century brought enormous change to the Māori way of life. Further, the Māori people gradually adopted many aspects of Western society and culture. Initial relations between Māori and Europeans were largely amicable, and the two cultures coexisted as part of a new British colony, but rising tensions over disputed land sales led to conflict in the 1860s (Anaru, 2011).

With the rising population, efforts have been made to increase their standing in wider New Zealand society and achieve social justice. In the 2013 census, there were approximately 600,000 people in New Zealand identifying as Māori, making up roughly 15 per cent of the national population and the second-largest ethnic group in New Zealand, after European New Zealanders (Government of New Zealand, 2013). Disproportionate numbers of Māori face significant economic and social obstacles, with lower life expectancies and incomes compared with other New Zealand ethnic groups. They suffer higher levels of crime, health problems, and educational under-achievement. Socioeconomic initiatives have been implemented aimed at closing the gap between Māori and other New Zealanders. Political redress for historical grievances is also ongoing.

Māori on average have fewer assets than the rest of the population, and run greater risks of many negative economic and social outcomes (Anaru, 2011). Over 50 per cent of Māori live in areas in the three highest deprivation deciles, compared with 24 per cent of the rest of the population (Government of New Zealand, 2013). Although Māori make up only 14 per cent of the population, they make up almost 50 per cent of the prison population (Employment New Zealand, 2013). What is more, Māori have higher unemployment rates than other cultures resident in New Zealand. Only 47 per cent of Māori school-leavers finish school with qualifications higher than NCEA Level One compared to 74 per cent European and 87 per cent Asian (Flavell, 2007).

To improve the economic and social aspects of the Maori people, the government introduced an affirmative action plan (Lee, 2008). The plan was to provide measures for the purpose of assisting or advancing persons or groups of persons disadvantaged, because of discrimination that is unlawful by virtue of Part 2 of the Human Rights Act 1993. Affirmative action do not constitute discrimination as it is provided for under section 73 of the Human Rights Act 1993 and section 19(2) of the New Zealand Bill of Rights Act 1990 (Anaru, 2011). Through this, individuals of Māori or other Polynesian descent are often afforded improved access to university courses, or have scholarships earmarked specifically for them.

Canada

The equality section of the Canadian Charter of Rights and Freedoms explicitly permits affirmative action type legislation, although the Charter does not require legislation that gives preferential treatment (Government of Canada, 2016). Subsection 2 of Section 15 states that the equality provisions do not preclude any law, program or

activity that has as its objective the amelioration of conditions of disadvantaged individuals or groups including those that are disadvantaged because of race, national or ethnic origin, colour, religion, sex, age or mental or physical disability” (Government of Canada, 2016). The Canadian Employment Equity Act requires employers in federally-regulated industries to give preferential treatment to four designated groups: women, people with disabilities, aboriginal people, and visible minorities (Klijn, Pais, & Vorsatz, 2016). A visible minority is defined by the Canadian government as persons, other than aboriginal peoples, who are non-Caucasian in race or non-white in colour (Statistics Canada, n.d). According to the Statistics Canada web site, the term is used primarily as a demographic category by Statistics Canada, in connection with that country's employment Equity policies.

Some provinces and territories also have affirmative action-type policies. Employment equity as defined in Canadian law by the Employment Equity Act, requires employers to engage in proactive employment practices to increase the representation of four designated groups: women, people with disabilities, Aboriginal peoples, and visible minorities. The Act states that "employment equity means more than treating persons the same way but also requires special measures and the accommodation of differences (Government of Canada, 2014). The Act requires that employers remove barriers to employment that disadvantage members of the four designated groups. The Employment Equity Act is federal legislation, and as such, applies only to a narrow group of industries that are federally regulated under the Canadian constitution: banks, broadcasters, telecommunication companies, railroads, airlines, private businesses necessary to the operation of a federal act, maritime transportation companies, other transportation companies if inter-provincial in nature, uranium-related organisations, federal crown corporation, and corporations controlled by two or more provincial

governments. Oversight of employment equity is shared among three federal government agencies (Government of Canada, 2016).

Just like in Namibia, employment equity in Canada is surrounded by controversy. Opponents of employment equity argue that it violates common-sense notions of fairness and equality (Balafoutas & Sutter, 2012). On the other hand, proponents maintain that employment equity is necessary to amend historic wrongs and to ameliorate the economic differences among groups (Herring & Henderson, 2012).

United States of America

The USA empowerment experience has also played a role in shaping up BEE in Namibia and other African countries such as South Africa. There are similarities in the application of the BEE initiative in Namibia and affirmative action initiatives in the United States. Black and Geletkanycz (2006) maintain that in each circumstance there was a “serious and persistent underrepresentation” of disadvantaged groups in corporate managerial ranks. Black and Geletkanycz (2006) further states that in each nation the justification for affirmative action has been based on the principles of justice and equality. Like in Namibia, the affirmative action process in the United States has been strenuous with its objectives and equity gains made slowly (Cho & Kwon, 2010). Despite the many similarities in the programmes, there are also significant differences. BEE policy in Namibia is mainly targeted at the majority blacks and previously disadvantaged individuals (PDIs) which include white women and the physically disabled. On the other hand, affirmative action programs in the USA cover more than racial or ethnic minorities (Klijn et al., 2016). They are broadly intended to enact employment equity for many disadvantaged groups including women (including white

women) and the physically disabled (Black & Geletkanycz, 2006). Klijn et al (2016) maintains that the experience in the United States has been that affirmative action in hiring actually produced a larger effect on hiring for white women than for both male and female blacks. Unlike in the US where the affirmative action legislation was targeted at the minority, In Namibia, the initiative is targeted at the majority black who were subjected to segregation and discriminatory apartheid laws. Another contrast between the two countries is that in Namibia since 1990, political power rests with the majority blacks while economic power remains in the hands of the minority white population group.

Supported by the Constitution and political power, the majority black Namibians are in a position to exert pressure for reform and transformation. This was and is not the case with the USA where the minority disadvantaged groups had such a small legislative and judicial presence that their ability to influence the affirmative action process had to be garnered through grassroots campaigns (Black & Geletkanycz, 2006). In comparing South Africa and the USA, Black and Geletkanycz (2006) also note that the South African people chose to adopt a forward looking rationale for societal change. This is similar to Namibia where the policy of Reconciliation was adopted at independence. Rather than viewing affirmative action as compensation for prior wrongs, the government embraced and views affirmative action as a necessary tool for societal change, looking forward rather than backward.

2.2.4 Definition of BEE

There is a perception that black economic empowerment can undoubtedly play a critical role in helping black Namibians gain skills, experience, incomes and assets (Sherbourne, 2016). To understand BEE, it would be important to first define what

exactly is meant by the concept Black Economic Empowerment and in particular in the Namibian context. It would suffice to say that in Namibia there is no common understanding about what the concept BEE constitutes. The complexity of BEE makes it difficult to define. As pointed out by Kleynhans and Kruger (2014), there is a risk of defining it too broadly creating the idea that BEE is only focused on economic development and transformation in general. On the other hand, the risk might be a too-narrow definition, creating the false idea that BEE is only about transferring ownership of corporate assets from white people to black people.

After 27 years of independence, it is fair to say that no clear consensus has emerged on the meaning of BEE in Namibia. Some see it more as a way to promoting the creation of an indigenous class of black business people while others view it primarily as a way of spreading wealth more evenly among the mass of the population (Sherbourne, 2016).

A scrutiny of BEE commentators in South Africa typically distinguish between narrow and broad definitions when they talk about BEE (Ponte, Roberts, & Van Sittert, 2007; Southall, 2007a; Southall & Tangri, 2015). In this connection, narrow definitions are generally restricted to ownership and control of private formal business, while broad definitions extend to a meaningful participation in economic activity, and hence cover skills development, education, black small enterprise growth, procurement and employment (Fleermuys et al., 2007).

Chawawa (2015) defines BEE policy as a great tool for economic empowerment with the goal of restoring economic power to sections of the population that social discrimination processes had previously excluded from decision-making based on race and gender among others.

The Namibian government defines BEE as:

“An integrated and coherent socio-economic process that directly contributes to the economic transformation of Namibia and brings about significant increases in the numbers of black persons that manage, own and control the country’s economy, as well as significant decreases in income inequalities” (NFSC, 2009, p. 3).

BEE is a policy initiative and a socio-economic intervention introduced by the Namibian government to redress the inequalities of apartheid by giving the previously disadvantaged groups of Namibian citizens’ economic privileges previously not available to them. It includes measures such as ownership, management control and employment equity, human resources and skills development, entrepreneurship development, and community investment. It is hoped that BEE would lead to increased economic inclusion and economic participation of previously disadvantaged people, mainly blacks.

Economic inclusion is the process through which individuals or groups are allowed and encouraged to fully participate in the economy of a country within which they live, while economic participation is the process through which individuals or groups are allowed and encouraged to fully participate in the economy of a country within which they live, through employment, ownership, control and management of productive assets (Hausmann, 2015).

Much of the dialogue surrounding Black Economic Empowerment has been framed on BEE progress in South Africa, where legislation and regulations have already been passed in the form of the BEE Act of 2004, codes of good practice, scorecards, sectoral charters, strategy documentation, a BEE Advisory Council, and so on (Sherbourne, 2016). BEE has therefore been well defined in the South African context, and has a grounded setting within the South African economy, that has made it a well-understood

term in all sectors, and an implementable piece of legislation that clearly sets the stage based on correcting historical disparities based on race, and that “promotes the achievement of the constitutional right to equality, increases broad-based and effective participation of black people in the economy and promotes a higher growth rate, increased employment and more equitable income distribution” (Patel & Graham, 2012).

Due to the fact that there is no Namibian legislation or policy put in place with regards to BEE, there is no clear official definition for Black Economic Empowerment in Namibia. While it is worrisome that no policy has been passed, a number of individuals in both the private and public sector continue to use the term, with a loose understanding that BEE entails empowering the previously disadvantaged – a term that should transcend many levels, from ownership to education, from management to skills training.

The new NEEEF bill however refers to economic empowerment as empowerment that seeks the equitable participation of all those Namibians who were excluded on the basis of race, ethnic origin, colour, sex, political beliefs, disability or social status from equity ownership, control, decision-making and participation in the risks and benefits that accrue from economic activities, institutions and other economic and social enterprises. In a paper titled “Two Perspectives on Black Economic Empowerment,” former Prime Minister of Namibia, Theo Ben Gurirab, quotes the following description to define BEE:

“Black Economic Empowerment is generally defined as an integrated and broad-based economic process aimed at redressing the inequities created by the past discriminatory system, within the context of the country’s National Development Programme. It is aimed at redressing imbalances

of the past by seeking to substantially and equitably transfer and confer the ownership, management, control and development of Namibia's financial and economic resources to the majority of its citizens, to meaningfully reflect the demographics of Namibia. It seeks to ensure broader and meaningful participation in the economy by Previously Disadvantaged Namibians (PDNs) in order to achieve sustainable development and prosperity for all Namibians. BEE should and must be broad-based to accelerate the economic empowerment of previously disadvantaged sections of our society” (Gurirab, 2010, p. 2)

2.2.5 Objectives of Black Economic Empowerment

BEE is a policy initiative by the Namibian government that endeavours to create a conducive and enabling environment through which the black majority could participate in economic activities of the country. Its central and fundamental aim is to increase black people's participation in business and mainstream economy and also to bridge the income inequality which was systematically brought about by the apartheid policy before Namibia became a democratic country. As a transformational policy, BEE aims at transforming the Namibian economic landscape so that it better reflects the country's diverse population. With this policy, companies operating in Namibia are expected to integrate previously disadvantaged individuals in the economy through ownership; management control and employment equity; human resources and skills development; entrepreneurship development; and community investment (GRN, 2011).

Chawawa (2015) advances that the fundamental objectives of BEE policies as seen from those in South Africa and Zimbabwe are:

- *to empower more black people to own, control and manage enterprises;*
- *to achieve a substantial change in the racial composition of ownership and management structures and in the skilled occupations of existing and new enterprises;*
- *to promote access to finance for black economic empowerment; empower rural and local communities by enabling their access to economic activities, land, infrastructure, ownership and skills;*
- *to promote human resource development of black people through, for example, mentorships, learnerships and internships;*
- *to increase the extent to which communities, workers, co-operatives and other collective enterprises own and manage existing and new enterprises, and increase their access to economic activities, infrastructure and skills;*
- *to ensure that black-owned enterprises benefit from the government's preferential procurement policies;*
- *to assist in the development of the operational and financial capacity of BEE enterprises, especially small, medium and micro enterprises (SMMEs) and black-owned enterprises; and to increase the extent to which black women own and manage existing and new enterprises, and facilitate their access to economic activities, infrastructure and skills training.*

In its published policy document, the Namibian empowerment policy states its overarching objective as “ ...creating an equitable and socially just society, in which the distribution of income becomes far more equitable than it is at present” (GRN, 2011, p. 1).

The document further outlines ten objectives of NEEEF as:

- Ensuring the sharing of Namibian resources in an equitable and sustainable basis by the people of Namibia;
- Creating a socially just society;
- Implementation of measurable policies of redress and redistribution;
- Creating vehicles for empowerment;
- Removing barriers of socio-economic advancement in order to enable previously disadvantaged persons to access productive assets and opportunities for empowerment;
- Actively guarding against the repugnant tendencies of window-dressing, favouritism, nepotism and self-enrichment;
- Providing measurement of empowerment targets;
- Ensuring that an empowering act is meant to launch individuals to empower themselves in the future using the basis of their initial empowerment;
- Economic empowerment may be organised in the following forms of ownership: public, private, joint public-private, cooperative, co-ownership, and small-scale family owned;
- Equitable empowerment is addressing disparities occasioned by class, gender and generational relationships.

2.2.6 Policy instrument to achieve Black Economic Empowerment

The introduction and implementation of BEE has been driven and entrenched by various pieces of legislations and charters. Among them are the following:

The Constitution of Namibia

BEE gets its support from article 23(2) of the Namibian Constitutions which maintains that:

“Nothing contained in Article 10 hereof shall prevent Parliament from enacting legislation providing directly or indirectly for the advancement of persons within Namibia who have been socially, economically or educationally disadvantaged by past discriminatory laws or practices, or for the implementation of policies and programmes aimed at redressing social, economic or educational imbalances in the Namibian society arising out of past discriminatory laws or practices, or for achieving a balanced structuring of the public service, the police force, the defence force, and the prison service” (GRN, 1990, p. 15).

According to the Constitution, the State has the right to introduce policies and programmes which redress the impacts of apartheid. There are also other provisions in the Constitution that support and back up the implementation of black economic empowerment. The policy document promoting NEEEF maintains that the NEEEF is anchored in the principles that underpin the Constitution of the Republic of Namibia, and lists the following:

- Article 16: Property
- Article 23: Apartheid and Affirmative Action
- Article 95: Promotion of the Welfare of the People
- Article 98: Principles of Economic Order
- Article 99: Foreign Investments
- Article 100: Sovereign Ownership of Natural Resources

Affirmative Action (Employment) Act (No. 29 of 1998)

Currently, Namibia deals with work-place inequality, in terms of the regulations stipulated in the Affirmative Action Act of 1998, and enforced by the Employment Equity Commission. It aims at redressing the employment conditions of disadvantaged people arising from past discriminatory laws and practices (GRN, 1990).

Vocational Education and Training Act, (Act 1 of 2008)

The Vocational Education and Training Act aims at regulating the provision of vocational education and training, providing for the funding of vocational education and training; and providing for the imposition of vocational education and training levy. The purpose of the levy is to facilitate and encourage vocational education and training. Human resources and skills development of the previously disadvantaged groups in Namibia is one of the cornerstones of BEE.

The Public Procurement Act, (Act No. 15 of 2015)

The objectives of the Public Procurement Act are to promote integrity, accountability, transparency, competitive supply, effectiveness, efficiency, fair-dealing, responsiveness, informed decision-making, consistency, legality and integration in the procurement of assets, works and services; to promote, facilitate and strengthen measures to implement the empowerment and industrialisation policies of the Government including, among others; and to regulate the letting and hiring of anything or the acquisition or granting of any right and the disposal of assets (GRN, 2015, p. 8). An important pillar of BEE is procurement and enterprise development.

Sector charters

Different sectors of the Namibian economy have initiated or adopted different voluntary charters to guide the implementation of BEE in their respective sectors. These include the proposed mining charter, construction charter and the financial sector charter. The financial charter being the subject of this study will be discussed in detail in the later section (section 2.4).

2.2.7 Black Economic Empowerment transformation since 1990

The New Equitable Economic Empowerment Framework (NEEEF), though still in draft form, not been formally adopted by parliament, is Namibia's latest version of its economic empowerment policy. Before this draft, several BEE initiatives as alluded earlier, were promoted by the Namibian government.

Motivated by the imperative to redress the imbalances caused by economic exclusion, the Namibian government has taken remedial measures and established a framework aimed at empowering the majority Black Namibians. Government's commitment to empowering previously disadvantaged Namibians and achieving socio-economic transformation is underlined by its introduction of an empowerment strategy which is aimed at advancing social and economic conditions of the majority of Namibians.

The government introduced the BEE policy aimed at redressing inequalities of the past enforced on the black majority by the former apartheid regime as early as 1995. Since its inception, BEE has undergone different name changes. It was initially known and referred to as Black Economic Empowerment, then Broad-Based Economic Empowerment (BBEE). As part of its empowerment initiatives and to create an overall framework, the Government of the Republic of Namibia once again embarked upon designing a transformational framework that would guide the process of BBEE

(Fleermuys et al, 2007). This culminated in the introduction of the Transformational Economic and Social Empowerment Framework (TESEF) in 2006 (Sherbourne, 2016).

TESEF was again revamped and in 2011 a revised empowerment framework called New Equitable Economic Empowerment Framework (NEEEF) was adopted by the Cabinet of the Republic of Namibia. Since then, Government has been proposing and consulting for the formalisation of economic empowerment measures and mechanisms.

The latest version of empowerment policy, and for the first time, is reflected in the published national broad-based New Equitable Economic Empowerment Framework (NEEEF) which was adopted by the Cabinet of the Republic of Namibia. The publication is freely available and was widely circulated. Unlike the proposals before it, NEEEF as an empowerment policy seem to be immensely ambitious and is likely to be far-reaching in its consequences, both intended and otherwise.

2.3 BEE and the Constitution of Namibia

The supreme law of Namibia is the Constitution drafted and approved on 9 February 1990 by the Constitutional Assembly, which later become the first Parliament of Namibia. It is underpinned by the Fundamental Rights which embraces the rights of all people in Namibia and affirms the democratic values of human dignity, equality and freedom. Taking into cognisance the fact that Namibia came from a past that was painted with past discriminatory laws and practices which discriminated against the black majority on social, economic and educational spheres, the Constitution is

designed and formulated in such a way that it allows for redress and mechanism to address the past injustices (Legal Assistance Centre, 2015).

The introduction and implementation of BEE in Namibia has been driven and entrenched by the Constitution of Namibia. Various articles in the Constitution give credence to the BEE empowerment policies and these are discussed below:

The direct law that gave rise to BEE is found and entrenched in article 23(2) of the Constitution which allows and permits the government to enact, introduce and implement policies and programmes designed to advance previously disadvantaged people. Article 23(2) states:

“Nothing contained in Article 10 hereof shall prevent Parliament from enacting legislation providing directly or indirectly for the advancement of persons within Namibia who have been socially, economically or educationally disadvantaged by past discriminatory laws or practices, or for the implementation of policies and programmes aimed at redressing social, economic or educational imbalances in the Namibian society arising out of past discriminatory laws or practices, or for achieving a balanced structuring of the public service, the police force, the defence force, and the prison service” (GRN, 1990, p. 16).

Article 98 outlines the economic order followed by the Republic of Namibia and it states that the economic order of Namibia shall be based on the principles of a mixed economy with the objective of securing economic growth, prosperity and a life of human dignity for all Namibians (GRN, 1990).

Article 10 of the Namibian Constitution provides for equality and freedom from discrimination. According to article 10, all people shall be equal before the law. This

means that the Constitution forbids apartheid and sexual discrimination. Article 10(2) of the Namibian Constitution states that “no person can be discriminated against in any way on the grounds of sex, race, colour, ethnic origin, religion, creed or social or economic status” (GRN, 1990, p. 11).

Article 16 emphasises the right to own property. It states that all people have the right to acquire, own and dispose of land and other kinds of property in any part of Namibia. Article 16(2) provides for the state or a competent body or organ authorised by law to expropriate property in the public interest subject to the payment of just compensation. In Article 21, the Namibian Constitution outlines the Fundamental freedoms and one of them is the right to practise any profession, or carry on any occupation, trade or business.

More important with regards to BEE is article 23 which addresses issues of apartheid and affirmative action. Article 23(1) states:

“The practice of racial discrimination and the practice and ideology of apartheid from which the majority of the people of Namibia have suffered for so long shall be prohibited and by Act of Parliament such practices, and the propagation of such practices, may be rendered criminally punishable by the ordinary Courts by means of such punishment as Parliament deems necessary for the purposes of expressing the revulsion of the Namibian people at such practices” (GRN, 1990, p. 15).

In article 23(3), the constitution having taken into cognisance the fact that women traditionally suffered special discrimination and that they need to be encouraged and enabled to play a full, equal and effective role in the political, social, economic and cultural life of the nation, goes further to empower Parliament to enact legislation and

apply any policies and practices that empower women in Namibia. The Namibian Constitution in Article 95 describes the promotion of the welfare of the people. Here it states that the state shall actively promote and maintain the welfare of the people by adopting, inter alia, policies aimed at ensuring equality of opportunity for women, to enable them to participate fully in all spheres of the Namibian society as well as actively encouragement of the formation of independent trade unions to protect workers' rights and interests, and to promote sound labour relations and fair employment practices.

2.4 Namibia Financial Sector Charter (NFSC)

In 2009 the financial sector adopted and published the Financial Sector Charter outlining the concept of BEE and how it will be implemented in the sector. The Charter strived towards transforming the sector through the dismantling of economic inequality and was widely regarded as the preeminent vehicle for the redistribution of wealth in the financial sector of post-apartheid Namibia (NFSC, 2009).

The Namibian Financial Sector Charter (NFSC) was drafted to reflect the industry's acceptance of and support for the BEE policy and government's efforts to transform the industry in order to become more inclusive, which in turn it is hoped, will increase the performance of the sector (NFSC, 2009; Ministry of Finance, 2014). Although the policy guidelines were provided by the Minister of Finance, the financial sector charter is a voluntarily agreement developed by the sector. The financial charter provides a framework for developing measures for different elements of BEE by financial institutions. The transformational financial charter is an allied and important facet of BEE (Shejavali, 2007b).

2.4.1 Application of the financial charter

The Charter which came into effect on 1 March 2009 and will remain valid until 31 December 2019, is applicable to all financial institutions, except SMEs (NFSC, 2009). The financial charter further states that after a period of 5 years, and not later than 31 March 2014, the financial charter Council must conduct an interim review to determine progress made in achieving targets set for the sector and evaluate the effectiveness of the Charter in this regard. Based on its findings, the Council may make determinations regarding implementation of the Charter during the second term to address any shortcomings identified during the interim review.

2.4.2 Objective of the financial charter

The financial charter provides a framework for addressing BEE in the financial sector of Namibia. It is informed by the following objectives (NFSC, 2009):

- To enhance the growth and development of the Namibian economy.
- To achieve broad based transformation.
- To promote equal opportunity as an inclusive process.
- To promote Namibianisation of enterprises in the financial sector.
- To ensure high standards of corporate governance.

2.4.3 Principles and pillars of Financial Sector Charter

In developing the financial charter, seven perspectives or work-streams were considered transformational agents in realising the objectives of the charter. These became the financial charter specific pillars with targets and guidelines aimed at achieving transformation. The seven pillars as outlined by the financial charter are ownership; empowerment financing; management and control; human resource

development, procurement and enterprise development and corporate social investment. In addition to these pillars, the financial sector has committed itself to increasing access to financial services to people in the lowest income bracket, and also consumer protection and education.

This study focusses on the pillars enshrined in the BEE policy which are human resource and skills development; ownership, management control and employment equity; enterprise development; and corporate social investment. The areas of access to and affordability of financial products and services as well as consumer protection and education, were not scrutinised in detail.

Ownership and Empowerment financing

The financial charter asserts that the Namibian financial sector recognises that the current distribution of ownership and control of financial institutions is inequitable and does not reflect the demographics of the country or promote socio-economic justice, political stability and economic growth (NFSC, 2009). The objective of this pillar as enshrined in the charter is therefore, to achieve substantial change in the racial and gender composition of ownership of financial services institutions. Through the charter, the Namibian financial sector committed and undertook to increase the extent to which BEE beneficiaries and designated groups own and manage current and new enterprises in the sector. The institutions further undertook to promote access to finance for the economic empowerment of BEE beneficiaries and designated groups in the sector. Each financial institution, other than a State-Owned Entities (SOEs), through the charter undertook to achieve the following minimum ownership targets, measured at holding company level, by 31 December 2019 (NFSC, 2009);

- At least 20 per cent economic interest and net equity value held by BEE beneficiaries; and
- At least 25.1 per cent participation by BEE beneficiaries in voting rights (this may be achieved through voting pool agreements, shareholders' agreement or any other appropriate legal mechanism).

The aspect of empowerment financing is treated separately by the charter. However, in this study, this pillar is discussed together with ownership. Empowerment financing measures the contribution of banks towards financing transactions whereby black investors can buy equity stakes in businesses. Each banking institution undertook to apply at least 2 per cent of its business loans towards BEE transaction financing by 2014, to be increased to at least 4 per cent by 2019. Financial institutions are to identify sustainable and appropriate forms of financing and investment financing suitable for realising BEE objectives. The non-banking financial sector undertook to provide products and services designed specifically to assist designated groups in acquiring equity interests in well-established entities in the financial sector and other industries. NEEEF as an economic empowerment strategy aims to promote more equitable and balanced ownership of businesses in Namibia. The broad intention of NEEEF with regards to the ownership pillar is to ensure that black people who were denied opportunities start participating in the ownership of the productive resources of the economy (GRN, 2011).

On the subject of ownership therefore, the effectiveness of BEE will be determined by the following (GRN, 2012, GRN, 2016):

- The extent to which the business is owned, promotes and has transferred ownership by and to previously disadvantaged Namibians;

- The extent to which private financial institutions participate in financing the transformation of ownership to businesses owned by previously disadvantaged Namibians;
- The extent to which the transformation of ownership is promoted through Employee Share Ownership Programmes;
- The extent to which ownership is given to women, youth and people with disabilities.

Management control and Employment equity

This pillar requires increased percentage of black people represented on financial institution's board of directors. The financial charter asserts that, the Namibian financial sector recognises that the current distribution management control of financial institutions is inequitable and does not reflect the demographics of the country or promote socio-economic justice, political stability and economic growth (NFSC, 2009). The object therefore, is to achieve substantial change in the racial and gender composition of control and management structures in skilled occupations of current and new enterprises in the financial sector (Shejavali, 2007b). Enterprises in the financial sector therefore, undertook to achieve the following minimum targets of control to be entrusted to BBEE beneficiaries:

- 40 per cent BEE beneficiaries on the board of directors by 2014;
- 11 per cent BEE beneficiaries on the board of directors to be comprised of women and to be increased to 20 per cent by 2019;
- 25 per cent BEE beneficiaries at executive management level by 2014, to be increased to 50 per cent by 2019;

- 10 per cent BEE beneficiaries at executive management level to be women by 2014, and to be increased to 20 per cent by 2019.

According to its policy document, the aim of NEEEF with regards to this pillar is that the management structures and workforces of businesses in Namibia should more accurately reflect the demographics of the Namibian population (GRN, 2011). In view of management control and employment equity therefore, the effectiveness of BEE will be determined by the following (GRN, 2016):

- To what extent is the business's combined board and top management structures filled by previously disadvantaged Namibians. Do boards of directors and top management of the companies fully reflect Namibia's demographic make-up? This requirement will take into account the shareholding structure of the company.
- To what extent is the business putting in place measures to remedy past discrimination in employment opportunities?
- To what extent is the business putting in place measures to eliminate employment barriers for the designated groups identified in the Employment Equity Act?
- To what extent is the business fostering a climate of equity within the organisation?
- To what extent is the business improving access and representation throughout all occupations and at all levels for members of the four designated groups?

Human resource and Skills development

The human resource and skills development pillar besides measuring representation of black people at the executive, middle, and junior management levels, also promotes training, skills development, mentoring and coaching of BEE beneficiaries. According to the financial charter, the parties to the charter commit the financial services sector to achieving the following targets in respect of the management composition of enterprises in the sector;

- By the end of 2014, at least 25 per cent at executive management level must be BEE beneficiaries, of whom at least one third should be women.
- By the end of 2019, at least 50 per cent at executive management level must be BEE beneficiaries, of whom at least one third should be women.
- By the end of 2014, at least 30 per cent at middle and junior management level must be BEE beneficiaries, of whom at least one third should be women.
- By the end of 2019, at least 60 per cent at middle and junior management level must be BEE beneficiaries, of whom at least one third should be women.
- By the end of 2014, at least 0.5 per cent of the institution's total expenditure to be geared towards training and skills development of black people and on internships for unemployed black people.

The charter further commits the financial institutions to ensure that BEE beneficiaries are given appropriate training in accordance with the needs identified in the national skills audit as well as needs specific to the financial sector.

A comparison of the charter to the NEEEF policy reveals parallels in the two documents. According to the policy document, the NEEEF policy document views practical training and skills development as the key to empowerment and transformation in the business sector (GRN, 2011). The intention with this pillar is to

ensure that previously disadvantaged persons can acquire the skills and act on the opportunity to make contributions at all levels in the economy and organisation. Regarding human resource and skills development therefore, the effectiveness of BEE will be determined by the following (GRN, 2011; GRN, 2016):

- The percentage of the gross wages of a business devoted to training.
- The extent to which employees from the previously disadvantaged groups are exposed to training and skills development.

Procurement and Enterprise development

The industry recognises that, through its procurement expenditure, it can positively influence economic empowerment of previously disadvantaged persons (NFSC, 2009). This pillar focuses on increased procurement from black-owned companies as a percentage of total procurement by the institution. According to the charter, financial institutions share the obligation to achieve in their individual entities, the following minimum targets of procurement expenditure to BEE companies (NFSC, 2009):

- At least 30 per cent of their procurement budget by the end of 2014.
- At least 60 per cent of their procurement budget by the end of 2019.

The pillar of enterprise development is also highlighted in the NEEEF policy. According to the policy document, the NEEEF aims at enhancing entrepreneurship among previously disadvantaged Namibians. Business opportunities created by existing Namibian businesses through their procurement programmes represent an important area for stimulating local entrepreneurship (GRN, 2011).

This element therefore, relates to the extent that an organisation (especially big companies) assist with the development of small entrepreneurs. In relation to

enterprise development therefore, the effectiveness of BEE will be determined by the following (GRN, 2011);

- The extent to which existing Namibian businesses through their procurement programmes represent an important area for stimulating local entrepreneurship.
- The extent to which an organisation (especially big companies) are assist with the development of small entrepreneurs.
- The value of its procurement spending allocated to businesses owned by previously disadvantaged Namibians.
- Other measures put in place by an organisation to assist previously disadvantaged businesses such as mentorship, joint ventures, market access and other initiatives.

Community Investment (Corporate Social Responsibility)

The community investment or corporate social investment pillar requires that each financial institution directs at least 0.25 per cent per annum of after-tax operating profits, based on the actual figures of the previous year, to corporate social investments aimed primarily at black groups and communities (NFSC, 2009).

The NEEEF policy also highlights corporate social investment as its pillar. The NEEEF policy document emphasises corporate social responsibility as part and parcel of the modern business environment (GRN, 2011). The NEEEF policy document states that businesses above a certain size will be required to devote at least 1 per cent of after-tax profits to community investment (GRN, 2011). This is more than the 0.25 per cent required by the charter. Concerning community investment therefore, the effectiveness of BEE will be determined and measured by looking at the following (GRN, 2011):

- Whether the business is devoting at least 0.25 per cent of after-tax profits to community investment;
- Whether the business has established its operations in depressed communities;
- The extent to which the business has put in place measures to prevent its operations from causing damages to the environment.

2.4.4 Implementation and Monitoring of the financial charter

The financial charter is a voluntarily adopted transformation charter which constitutes a framework and establishes the principles upon which empowerment will be implemented in the financial industry. Due to the absence of a clear national policy on empowerment, the financial sector charter is not binding (Shejavali, 2007b). Therefore, unlike the case in South Africa, where implementation of a similar charter is guided by set rules developed by government, including the generic score-card for transformation, the Namibian financial charter is only binding to a limited extent (Fleermuys et al, 2007).

To ensure effective implementation and monitoring of the charter, it is proposed that the charter will be overseen by the Namibian Financial Services Charter Council (NFSCC). The NFSCC will select a board of directors from amongst themselves, who will ensure the implementation, monitoring and enforcement of the financial charter (NFSC, 2009). The NFSCC will be made up by two representatives from each of the Ministry of Finance; Financial Institutions and associations (signatories to the NFSC); financial sector employees; and members co-opted by the board on the basis of skills and expertise in specific strategy components (NFSC, 2009).

2.5 Theoretical and Philosophical perspectives

2.5.1 Overview of theoretical and philosophical perspective

The theoretical framework below served as a basis for conducting this research. It assisted in understanding the purpose of the study on evaluating the implementation of BEE in the financial sector in Namibia. The economic, political and ethical theories of utilitarianism, egalitarianism, justice and fairness, distribution and redistribution are adopted as fundamental theoretical framework within which BEE as an instrument formulated to address the issues of past economic injustices is analysed. In undertaking this study on BEE implementation, these theories were visited to determine how BEE conforms to them. Besides the above-mentioned theories, some management theories were explored to underpin a theoretical framework for this paper.

BEE as a transformational policy is a great tool for economic empowerment aimed at redressing, firstly, the inequalities of the past enforced on the black majority by the former apartheid regime and secondly, addressing the economic exclusion of the majority black people from participation in mainstream economic activities. As a transformation policy, BEE aims at transforming the Namibian economic landscape so that it better reflects the country's diverse population.

Namibia is known to be one of the most unequal societies in the world (Sherbourne, 2016; Shejavali, 2016). Similarly, the Credit Suisse Research Institute (2016), states that Namibia is ranked as one of the six African countries that top the world's most unequal nations. Table 3 below highlights inequality rates in Namibia.

Table 3: Inequality rates for Namibia

	1993/94	2003/04	2009/10
Gini Coefficient	0.701	0.6003	0.5971

Note. Adapted from Namibia Household Income and Expenditure Survey 2009/2010, by Namibia Statistics Agency. (2012)

The report further states that the richest 10 per cent of the population own half of the combined wealth of all Namibians. Namibia has persistently been rated as one of the most unequal nations in global studies and has remained in this position (Jauch, 2011). The African Leadership Magazine ranks Namibia as one of the top 10 richest countries in Africa with GDP per capita of US\$8,200 (African Leadership Magazine, 2015). The Magazine further claims that whilst Namibia is one of the richest countries in Africa, income is not evenly distributed with half of the country's population living below the poverty line.

This status quo serves as a strong motivation for redistribution policies and hence the theories of redistribution are visited below. In order to fully understand BEE as a policy aimed at addressing inequality and exclusion of the majority blacks from economic participation, this study draws from the theories of distribution and redistribution. In this section, relevant redistribution theories are discussed in order to explain the concept of redistribution and to describe factors that may influence inequality.

2.5.2 Distribution and redistribution theories

There are various explanations of inequality. Writing on distribution theory, Mangin (2017) states that some authorities point to the natural inequality of human beings

(differences in intelligence and ability), others to the effects of social institutions (including education); some emphasise economic factors such as scarcity; others invoke political concepts such as power, exploitation, or the structure of society. He further maintains that since the publication of Rawls's "Theory of Justice" discussions of distributive justice have tended to focus more narrowly on the moral assessment of systems of social rules in light of how they affect distributions. These distributions that affect institutions include laws and other social rules governing the kinds of possessions that can be owned (and by whom), how they can be acquired, transferred, relinquished, and forfeited, how markets and the production systems are structured, the manner in which decisions concerning trade policy and the monetary system are made, and so on.

Given its robust role in discussions of distributive justice, it is unsurprising that disagreements concerning the permissibility of redistribution have often been quite heated (Anciano-White & Selemani, 2012). Mangin (2017) argued that redistribution in the form of compulsory taxation is "morally on par with forced labour". Valentinov (2015a) maintains that Robert Nozick famously criticised egalitarian principles of distributive justice, such as Rawls's difference principle (which categorises as unjust any national economic order generating inequalities that are not to the greatest benefit of the lowest socio-economic position) on the grounds that they would require extensive redistributive transfers. Scott (2015) highlights critics of redistributive policies who often claim that while individuals may have positive ethical duties to aid poor or unwell persons, it is morally impermissible to compel them to do so through state-administered tax and transfer or other means (for example BEE programmes), unless universal consent for these policies can be secured.

Alder and Ordonez (2016) identifies certain key questions concerning redistribution: Firstly, related to meaning/status, which involves questions such as: What does 'redistribution' mean? Does it have a unified and coherent meaning? What kind of a term is 'redistribution'? Is it purely descriptive, so that practices can be classified as redistributive without passing judgment on them? Or does the correct application of the term, like democracy, liberty, and perhaps also coercion depend on evaluative judgments? To what kinds of social practices does redistribution refer, and in what sense are these practices redistributive? Does the concept of redistribution provide a helpful framework for understanding and evaluating institutional arrangements, or does it invite confusion? Secondly, on moral significance, which seek to answer questions such as: Can social practices that are commonly said to involve redistribution be justified? In what contexts and for what purposes is it permissible to adopt these practices? Does the fact that a social practice involves redistribution count for or against it, or does it lack basic moral significance? (Alder & Ordonez, 2016).

In addressing these questions, Alder and Ordonez (2016) characterises the concept of redistribution in terms of four parameters; firstly, the subjects, such as individual persons or rigidly and non-rigidly defined groups whose holdings of goods are modified through the redistribution; secondly the baseline, the initial distribution of goods to which some other distribution is seen as a redistributive modification; thirdly, the social mechanism, such as a change in tax laws, monetary policies, or tort law, that engenders the redistribution of goods among these subjects; and lastly, the goods, such as income and property (or perhaps opportunities and liberties), that are redistributed through this mechanism. In assessing whether and how redistribution has occurred, Corneo and Neher (2015) maintain that the following four questions must be answered;

1. Among which (if any) subjects did the redistribution take place?
2. Which (if any) baseline can be defined, of which the present distribution can be seen as a modification?
3. Through which (if any) social mechanism was the redistribution brought about?
4. Which (if any) goods have been redistributed?

Valentinov (2015a) while supporting this notion maintains that redistribution refers to modifications of the holdings of particular persons, collective agents, or groups (as defined in terms of non-resource holding characteristics), or changes in holdings by groups (as defined by resource holdings). He further states that sometimes those from and to whom resources are redistributed are defined as individuals, other times, as groups to which individuals are rigidly assigned (for example, blacks and women), and other times, to groups that are defined by their holdings (for example, the top and bottom quintile). Moreover, patterns can be identified in terms of rigidly identifiable persons (John and Sally) or groups (blacks and women) or, alternatively, ‘anonymously’ (for example, as a percentile graph or Lorenz curve). Corneo and Neher (2015) posit that the term ‘redistribution’ is usually taken to require some social mechanism that, whether intentionally or not, causes the shift.

In discussing BEE, which is a transformational and redistributive policy of the government of Namibia, these questions are analysed accordingly and an examination of whether the implementation of BEE as a social mechanism has indeed caused a shift was be undertaken.

2.5.3 Utilitarianism

Eggleston (2012) defines Utilitarianism as a theory in normative ethics holding that the best moral action is the one that maximises utility. Utility is defined in various ways, but is usually related to the well-being of sentient entities (Chitturi, Raghunathan, & Mahajan, 2008). John Stuart Mill expanded this concept of utility to include not only the quantity, but quality of pleasure (Valentinov, 2015a). John Stuart Mill believed that the actions of a state, however, cruel or ruthless they may be, must contribute towards the common good of a society

Gandjour (2007) supported by Eggleston (2012) state that among the matters that can be evaluated are actions, laws, policies, character traits, and moral codes. He further points out that Utilitarianism is a form of consequentialism because it rests on the idea that it is the consequences or results of actions, laws, policies, and so on, that determine whether they are good or bad, right or wrong. In general, whatever is being evaluated, we ought to choose the one that will produce the best overall results. In the language of utilitarians, we should choose the option that “maximises utility,” i.e. that action or policy that produces the largest amount of good (Eggleston, 2012).

Scott (2015) argues that, however, the utilitarianism theory is complex because we cannot understand that single principle unless we know (at least) three things: firstly, what things are good and bad; secondly, whose good (i.e. which individuals or groups) we should aim to maximise; and thirdly, whether actions, policies, and so on, are made right or wrong by their actual consequences (the results that our actions actually produce) or by their foreseeable consequences (the results that we predict will occur based on the evidence that we have).

Herwartz and Theilen (2017) maintain that utilitarianism is one of the best known and most influential moral theories. Like other forms of consequentialism, its core idea is

that whether actions are morally right or wrong depends on their effects. More specifically, the only effects of actions that are relevant are the good and bad results that they produce.

In evaluating the implementation of BEE, this study used the utilitarian theory with its core idea which states that a policy is morally justified depending on the effect or consequences of its actions. The effects and consequences of BEE are thus examined and analysed to morally justify it. The “happiness and pleasure” to a great majority and “pain” to a minority caused by the implementation of BEE are analysed.

2.5.4 Egalitarianism

Egalitarian theory is a belief or view based on the principle that all people are equal and deserves equal rights and opportunities. It is a belief of equality of all people, especially in political, economic, or social life. An important formal principle of equality is “equals should get equal shares” or in a different formula equal cases should be treated equally. Anciano-White and Selemani (2012) supported by Eyal and Lippert-Rasmussen (2012) argue that egalitarianism is the position that equality is central to justice. They expand on this argument by adding that it is a prominent trend in social and political philosophy and has also become relevant in moral philosophy (moral egalitarianism) since the late twentieth century. Eyal and Lippert-Rasmussen (2012) further state that in social and political philosophy, the main focus of the debate is on two different trends, the Equality-of-What trend and the Why-Equality trend. He further claims that the authors of the older, first trend focused on the main question, what the goods of distribution are (resources, equality of opportunity for welfare, and so forth) and according to which standard one should distribute the goods. While the

question, in the late twentieth century was, whether equality is the most or one of the most important part(s) of justice or whether it has no or nearly no importance for the nature of justice at all. Egalitarians believe that justice and equality are closely connected.

Hiebaum (2015) maintains that egalitarians think, firstly, that unfair life prospects should be equalised. Secondly, that equality is the most or one of the most important irreducible intrinsic or constitutive worth(s) of justice. Thirdly, that welfare should be increased. In addition, that justice is comparative. Also, that inequalities are just when otherwise advantages are destroyed in the name of justice. Lastly, that there are certain absolute humanitarian principles like autonomy, freedom or human dignity.

Equality should not be discussed in socioeconomic circumstances only, but also in the moral and political realm. According to Hiebaum (2015) there is a close connection between justice and equality; firstly, a conceptual connection, and secondly, a normative connection. Valentinov (2015a) states that first, equality is a necessary condition for justice, since one is not able to give a full explication on the notion of justice without taking formal and proportional equality into account. On the other hand, critics of egalitarian maintain that equality as the only aim of justice or as a mere by-product of justice is an unhappy distinction to follow (Valentinov, 2015a). Justice cannot be reduced to equality alone and the importance of equality is too great to be a mere appendage (Scott, 2015). The critics go further to maintain that, it seems unsound, when people hold the view that all human beings should be treated equally by virtue of the simple fact that the ideal of equality should be fulfilled for its own sake. Instead, the demand of treating people morally equal may give some hints for equal distributions in other spheres (Gordon, 2015).

Relating to BEE, egalitarians, have often argued that redistribution through compulsory taxation and other coercively imposed measures is required to meet basic material needs or to promote other valuable social goals, and provide a legitimate, though perhaps not morally costless means of doing so. BEE implementation therefore, is also evaluated taking into consideration the views of egalitarians.

Commenting on the South African BEE and egalitarian, Glaser (2007) observed that while BEE's underlying egalitarian philosophy is unclear (is it for group or interpersonal equality, equality of opportunity or outcome, redress of past wrongs only, or equality conceived as intrinsically good?), its champions undoubtedly expect the policy to yield a more racially equal South Africa. In his opinion, narrow BEE is intended to address (and redress) specifically the massive, and ongoing, inequality between blacks and whites in terms of ownership and control of means of production and distribution. Glaser (2007) further states that at the least its champions expect it to produce a racial distribution of economic assets (both ownership and control thereof) more in line with each race group's share of the population. This can be said and put in the context of Namibia. Glaser (2007) concluded that in consequence of concentrating on equality amongst races but not individuals narrow BEE, as was promoted by Namibia (before the new broad-based NEEEF initiative), ignores interpersonal inequality.

2.5.5 Justice as Fairness

Valentinov (2015b) states that social and economic inequalities are to be arranged so that firstly they are to be of the greatest benefit to the least-advantaged members of society, consistent with the just savings principle (the difference principle), and

secondly, offices and positions must be open to everyone under conditions of fair equality of opportunity. He further maintains that departures from equality of a list of what he calls primary goods are justified only to the extent that they improve the lot of those who are worst-off under that distribution in comparison with the previous, equal, distribution.

An important consequence here, however, is that inequalities can actually be just as long as they are to the benefit of the least well off (Valentinov, 2015a). His argument for this position rests heavily on the claim that morally arbitrary factors shouldn't determine one's life chances or opportunities. Rawls further maintains that fair equality of opportunity requires not merely that offices and positions are distributed on the basis of merit, but that all have reasonable opportunity to acquire the skills on the basis of which merit is assessed (Valentinov, 2015b; Pecoraro, 2017). Pecoraro (2017) states that the strength of Rawls's theory of justice as fairness lies in its combination of the fundamental notion of equality with the requirement that everyone be better off than they would be under pure equality.

2.5.6 Behavioural Management Theory

Behavioural management theory was developed in response to the need to account for employee behaviour and motivation (Gu, Duverger, & Yu, 2017). Long before theorists started writing about employee satisfaction and good working conditions, management considered classical leadership, with its sole interest in high production and efficiency, to be the most important to an organisation's success (Renn, Steinbauer, & Biggane, 2017). Later, it was concern for worker satisfaction and good working conditions that formed the foundation for behavioural management theory. This

heralded a shift in management thinking from a production-orientation to a leadership style focused on the workers' human need for work-related satisfaction and good working conditions as a way to increase productivity.

Angus and Kwok (2014) maintain that behavioural management theory relies on the notion that managers will better understand the human aspect to workers and treat employees as important assets to achieve goals. Management taking a special interest in workers makes them feel like part of a special group.

Gu, Duverger and Yu (2017) elaborates that in the Hawthorne experiment, a group of telephone line workers were separated and observed working in a private room. During their workday, the group members were given special privileges, like freedom to leave their workstations, changes in pay rates, and even company-sponsored lunch. What they discovered was the control group produced more than the other employees. The rationale for this increased production was that the group felt that management was interested in their well-being. If all management had to do was spend time, express interest in workers' personal well-being, and reward them for a job well done, workers would feel motivated to work harder (Angus & Kwok, 2014). In fact, behaviour towards work would be positive. While salary is important, it is not the only important consideration. Workers had more intrinsic motives for working, like self-fulfilment, autonomy and empowerment, social status, and personal relationships with co-workers among others (Angus & Kwok, 2014).

Some of the pillars of BEE are equal employment opportunities for employees, management representation, skills development and fair treatment of employees. To achieve these managers need to also understand the values of behavioural management. The study also looked at how the theory is incorporated in the implementation of BEE.

2.6 Literature and views on Black Economic Empowerment

The study consulted and analysed different views, opinions and literature by other authors on BEE. The purpose of highlighting and displaying these different views, opinions and literature is to create familiarity with current thinking and research on the topic of BEE. Some thoughts justify future research into previously overlooked or understudied areas not touched by this study.

2.6.1 Views on the origins and objectives of BEE

The important starting point in analysing the views and opinions of BEE is an examination of the views on its origins and its objective. There has been a growing sentiment that BEE was not crafted by the new governments in Africa and therefore its intentions are not genuine (Iheduru, 2008, Mbeki, 2009; Diale, 2012; Southall & Tangri, 2015, Mbeki, 2016). Mbeki (2009) reinforced by Mbeki (2016) maintains that BEE was invented by South Africa's economic oligarch who control the country's economy. BEE, in his view, primarily represents a project of the white oligarchs trying to deracialise their club by buying black members into their oligarchies. Diale (2012) concurs and points out that the post 1994 democratic government under the African National Congress (ANC) was prepared and coached for the management of the country by the very corporate sector and big business that propelled the apartheid government. He further claims that literature is abound in this regard wherein big business, having realised the inevitable about the apartheid system, began consultations with the government-in-waiting in Lusaka regarding the prospects of economic direction under their rule (Diale, 2012). Judging by these views, the origins of BEE bring to doubt its genuineness in advancing the interest of the previously excluded majority blacks.

With regards to its objectives, Mbeki (2009) maintains that the object of BEE was to co-opt leaders of the black resistance movement by “literally buying them off with what looked like a transfer to them of massive assets at no cost” (Mbeki, 2009, p. 60). Duffet, Van der Heever and Bell (2009), commenting on BEE in South Africa, maintains that its aim is to enable black people in South Africa 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. Southall and Tangri (2015) concur and state that the aim of BEE is to increase the participation of blacks in the ownership of major industrial firms. Bogopane (2013) observes that the main objective of BEE is to address the issue of exclusivity and ultimately poverty of the previously disadvantaged majority blacks. In outlining the purpose of BEE in South Africa, Horwitz and Jain (2011) maintains that BEE is a process aimed at strategically transforming the South African economy by inter alia spreading equity holdings to incorporate previously disadvantaged South Africans, re-organising management structures and ensuring greater participation of the majority in the economy to achieve economic justice. Scholtens (2008) on his part argues that BEE deals might be pursued for either economic reasons or for motivations of promoting the greater good. Another view held on the objectives of BEE is that it is undertaken for political expediency. Alessandri, Black and Jackson (2011) commenting on BEE in South Africa states that the considerations of the South African government during the policy formulation process were political expediency and the maintenance of business stability.

With regards the objectives of BEE in Namibia, Sherbourne (2016) maintains that one of the main reasons for the introduction of BEE in Namibia is to redress economic exclusion. The Namibia government on its part views BEE as a transformational policy

that aims at transforming the Namibian economic landscape so that it better reflects the country's diverse population (GRN, 2011).

2.6.2 Inequality, economic exclusion, and discrimination

Income inequality has been a key national development objective in Namibia since independence, identified by the Government first in the Transitional National Development Plan, then in the subsequent First, Second, Third and Fourth National Development Plans as well as Vision 2030 (Sherbourne, 2016).

BEE on the other hand is a transformational policy of government designed to reduce inequality in Namibia (GRN, 2012). The view of some commentators is that when using the inequality yardstick, BEE seems to be running short of expectation (Jauch, 2007; Hoveka, 2007; Shejavali, 2007a; Tangri & Southall, 2008; Fourie, 2015). Fourie (2015) observed that the relationship between rich people and poor people is growing further and further away from each other, year by year in Namibia. He maintains that Namibia has one of the unhealthiest ratios in this regard. This view is shared by Melber (2009) who maintains that despite the Namibian government being entrusted by the constitution to fight against inequality for the last 25 years, “painfully little has changed since then, when it comes to the scandalous inequalities in society”.

Some authors are sceptical that the implementation of the BEE strategy can address income inequality. Herbst (2005) analysing the implementation of BEE in South Africa, maintains that rather than resolving South Africa's income inequality, such deals have only aggravated it. He argues that as a result of BEE implementation, the inequality is even worse in the country's black population than it is in the population at large.

Related to inequality is the issue of discrimination. Thorat (2009) presents the argument that market and non-market-related forms of discrimination directly affect poverty but also exacerbate it indirectly by reducing economic growth. He further highlights the need for socially inclusive policies such as BEE. Thorat (2009) further maintains that besides the other political, social and economic disadvantages of economic exclusion and discrimination, discrimination can hamper economic growth by reducing efficiency. Southall and Tangri (2015) concur and advance that labour market discrimination causes less than optimal allocation of labour among firms and sectors (given that those who are discriminated against receive a lower wage than the marginal product of their labour), and it reduces the effort expended by workers who perceive themselves to be discriminated against. They further argue that discrimination also results in inefficiency by reducing the magnitude of investments in human capital by groups discriminated against and by reducing the return to any human capital investments they make (Southall & Tangri, 2015). Thorat (2009) concludes that discrimination can also lead to intergroup conflict by exacerbating existing inequality and contributing to its perpetuation from one generation to the next.

2.6.3 BEE and neo-liberal approach

Namibia like many newly independent countries, was a product of international negotiation and compromises (Melber, 2009). The Western Group agreed to the independence of Namibia by putting certain conditions such as protection of property rights and market economy. Some authors on BEE have argued that in this environment where economic policy is mainly free market capitalist oriented, implementing an effective BEE becomes a challenge (Andrews, 2007; Davies, 2012; Ponte & Van Sittert, 2007). Ponte, Roberts, and Van Sittert (2007) adds their voice to

this and argue that BEE can take only limited forms because of the economic policy constraints in which it has been incorporated. They continue to state that these forms moreover have an increasingly managerial logic that further restricts what can be achieved. Their devastating conclusion is that short of a major shift in conceptions of and policy for BEE, meaningful empowerment is unlikely to take place (Ponte, Roberts, & Van Sittert, 2007;). Similarly, some sentiments have been voiced that Namibia's current Constitution and the compromised political settlement at independence has also made it difficult for the effective implementation of BEE in Namibia and indeed in the financial services sector (Melber, 2006a; Motinga, 2007; Hoveka, 2007; Jauch, 2011).

Another dilemma and drawback in the implementation of BEE programmes related to neo-ideological approach in independent countries of South Africa and Namibia is the fact that the new political parties that took power after independence were initially following socialist ideologies and at independence had to switch and adopt policies which were recognisably capitalistic. This shift from more revolutionary and socialist past to capitalism caused some problems to the new governments (Emkes, 2012).

In Namibia, the government is committed to a fundamentally market-driven economy as prescribed by the Constitution (GRN, 1990). This was done in its endeavour to link up with the global economy and improving competitiveness to fund development with growth that ought to eventually trickle down (Motinga, 2007). One of the challenges of implementing BEE has been the current economic policies pursued by implementing countries. Stefan (2006) supported by Mbeki (2009) observed that a new form of oligarch power, combining entrenched economic interests with those of a new 'black bourgeoisie' promoted by narrowly implemented Black Economic Empowerment policies, diminishes prospects for broad-based socio-economic

transformation. Chabane, Goldstein and Roberts (2006) concurs with this when they argued that the policy emphasis on ownership transfers, combined with limits in the enforcement of competition policies, has restricted the capacity to generate additional jobs and meet the ultimate objectives of BEE.

These changes are blamed for the continuing inequality. Melber (2009) observes that the controlled change implied a perpetuation of the existing socio-economic inequalities under the former liberation movement as the new government.

Duffet et al (2009) on the other hand questions the commitment of these countries to free market economy. They assert that some country's claim to free market economy may not be accurate. Commenting on South Africa, they maintain that the case for a successful free market economy rests on two basic premises: private property and unfettered competition. They continue to argue that unfortunately in South Africa, everyone seems to emphasise the first and neglect the second. Nemavhandu (2008) concurs and argues that there is no free competition as corporate South Africa does not allow "free competition" especially the one that would allow blacks to engage fully in the mainstream economy. He further claims that when one looks at what the system does rather than what it says, it should be obvious that blacks are still outsiders. Ramphela (2008) in agreement concludes that the forces of the market are stacked against the black outsider.

Kaapama (2007) also commented that another key factor in the transition to independence that reputedly precluded pursuance of the radical socioeconomic transformation envisaged by SWAPO was the Security Council's imposition of the 1982 constitutional principles. These represented a number of constitutional preconditions for an independent Namibia that would have to be met if the country was to be admitted into the community of independent nations.

Jauch (2007) concurs and states that the International Monetary Fund and World Bank advisors have become regular visitors to Namibia and ‘assisted’ with the country’s public expenditure review and with ‘training’ high-ranking staff members of government economic institutions. Local economists by and large seem to be trapped in the neoliberal dogma and continue to promote the very policies (e.g., structural adjustment programmes) that have caused severe social hardships in other SADC countries. He further points out that, the Namibian government’s increasing slide towards neoliberal policies manifested itself, for example, in the introduction of Export Processing Zones (EPZs) and privatisation programmes (Jauch, 2007)

Winterfeldt (2007) on his part maintains that the chronic shortage of productive Namibian capital has shaped the country’s planning for socioeconomic development and higher standards of living since independence. He concluded that since 1990 developmental policies have attached great importance to the attraction of foreign capital, from which a pivotal contribution to industrialisation and accelerated growth is expected.

2.6.4 BEE and economic growth

Some authors have enunciated that one of the failures of implementing BEE policy is the fear of hurting the economy (Acemoglu, Gelb, & Robinson, 2007; Hoffman, 2008; Tangri & Southall, 2008). Even though BEE may be a good idea to address inequality, it is thought by some observers that its implementation would slow the economy and scare investors. Tangri and Southall (2008) advance that in the first decade after 1994, the South African government turned to white business in order to generate economic growth. It realised that placing blacks into skilled positions when they did not have the ability required by the position would hurt the economy (Tangri & Southall, 2008).

Related to the above is the influence of globalisation and markets. Iheduru (2008) argues that the relative vulnerability of states and markets to globalisation pressures compels states and markets to reach a 'fateful compromise' that enhances state autonomy to regulate markets while also advancing the interests of capital (Iheduru, 2008). He argues that while globalisation clearly constrains or weakens state regulation of markets and implementation of redistributive policies by subjecting states to competition with other states for economic goods available from capital, global integration equally exerts tremendous pressures on capital to accept some state intervention, especially if such action advances the pecuniary interests of capital as well. Thus, the mutual vulnerability of both actors to globalisation pressures compels them to cooperate, or strike a 'fateful compromise' resulting in 'bargained state autonomy' to implement policies that would otherwise be opposed by capital (Iheduru, 2008).

In general, BEE can be linked to economic growth, either positively or negatively, in terms of profitability and competitiveness via the potential linkages between BEE and growth (Kleynhans & Kruger, 2014).

There have been concerns and arguments that BEE slows economic growth of a country (Sen & Te Velde, 2009; Rogerson, 2011; Noko, 2011; Taylor, 2012). However, according to Iheduru (2008) despite the deafening and at times deserved criticisms against BEE, it has not resulted in economic decline. The economy has instead grown faster with every phase of more forceful implementation of the policy, especially since 1999, reinforcing the claim that redistribution does not necessarily preclude economic growth. He further observes that BEE-compliant firms and sectors have actually 'dramatically outperformed their peers when it came to growth in profit margin over the past three years (Iheduru, 2008).

Du Toit, Kruger and Ponte (2008) in their study on BEE in South Africa, argues that far from representing a decisive break with the past, BEE in the wine industry is in important ways deeply continuous with it. They argue that the South African wine industry has for the most part reacted to pressures for equitable change by trying to contain or side-line them, and that recent shifts, for all their appearance of a radical departure, represent a continuation of this strategy. In particular, they argue that the adoption of a discourse of BEE has allowed an ideological sleight of hand by which the terms and conditions of debates about change in the industry have been placed on a conservative terrain (Du Toit, Kruger, & Ponte, 2008).

Commenting on economic policy in Zimbabwe, Viriri (2015) observes and warns that Zimbabwe's current socio-political dire straits are no more than the inevitable consequence and outcome of two decades of misguided economic policies founded on populism, politics of patronage, mismanagement, incompetence and corruption.

2.6.5 BEE and transformation

The concept of BEE is one that is used interchangeable with transformation. Duffet et al (2009) observes that black economic empowerment has become synonymous with transformation in South Africa. They advance that transformation does not commence and conclude with BEE – rather, it starts with a change of perceptions and attitudes. Herbert (2009) emphasises that transformation and BEE are divergent. On his part Ramphela (2008) emphasises that transformation is more than simply complying with BEE scorecards and quantitative targets. Rogerson (2011) explains that 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. Hangala (2007) sees BEE as just part of many other transformational

initiatives. He states that BEE is not the only means to empower previously disadvantaged people. He further maintains that it is a variable in a complex economic equation that has for example to do with the extension of basic infrastructure such as the provision of quality education, water, electricity, basic health system to a majority of Namibians as part of other interventions in redressing inequality (Hangala, 2007). Commenting on BEE and other transformational policies in South Africa, Kruger (2013) maintains that's South African businesses are subject to a whole array of mandatory regulations which ostensibly influence their operational capabilities to effectively and efficiently compete in national and global markets.

2.6.6 Ownership and management requirements

Sherbourne (2016) states that the ownership and control of the productive sectors of the economy as well as land ownership is still skewed and Namibia's natural resources like minerals and fish are still overwhelmingly under foreign control. In the discussion of BEE, the composition of ownership and management of corporations is central. Cahan and Van Staden (2009) observe that initially, the BEE policy actively sought to increase black participation in the economy through direct business ownership and management. In its originally conceived form, BEE entailed white-owned companies transferring equity ownership to black-owned business consortiums (Ntim & Soobaroyen, 2013). They further continue to state that in practice, however, BEE deals have mainly involved very large white-owned conglomerates voluntarily selling some of their ownership stakes to consortia of small black elite, normally with high connections to the ANC. BEE implementation in Namibia has been haunted by similar outcry (Karamata and Gwari, 2007; Angula, 2007; Sherbourne, 2016).

There is further an outcry that the means of production in Namibia remain in the hands of those who benefited from the policies of apartheid as well as foreigners (Motinga, 2007; Shejavali, 2016). According to the Fourth National Development Plan (NDP4), the minority whites still own, run and control all the large firms in the country, while the majority blacks are extremely excluded and side-lined from active participation in mainstream economic activities (Office of the President, 2012).

On his part Sethi (2010) claims that there are three areas of structural change that are absolutely necessary in order to achieve the goals of black economic empowerment parity, being the expansion of blacks ownership of productive assets; increased black representation on boards of large corporations in the private and public sectors; and a more reasonable presence of blacks in the professional and managerial cadres.

A noteworthy trend that has been observed both in Namibia and South Africa with regards BEE is trade unions benefiting from ownership deals (Nattrass & Seekings, 2016). In some sectors the relationships between unions, the state and capital in South Africa have changed fundamentally since the end of apartheid (Buhlungu, 2010; Cargill, 2010; Nattrass, 2014; Nattrass & Seekings, 2014). Nattrass and Seekings (2016) asserts that the trade unions (in particular COSATU) have lost their edge and are no longer organisations representing the interests of their members as they used to do prior to the advent of democracy, and has become embroiled in “corporate structures”. They claim that trade unions have abandoned their real mandate to serve workers’ interests in favour of other interest, especially business interests. There seem to be a deepening business interests in running business by trade unions (Nattrass, 2014a). Nattrass and Seekings (2016) commenting on Southern Africa Clothing and Textile Workers Union (SACTWU) claim that this has led to reinforcing its preference

for relatively high-wage and capital-intensive production models that provided fewer but better-paid jobs.

Intimately related to the ownership and management is the aspect of the transfer of the means of production. The debate is raging on whether BEE indeed successfully transfers the means of production to the previously disadvantaged groups (Alexander, 2007; Andrews, 2007; Southall, 2007a; Emuze & Adlam, 2013). Chawawa (2015) observes that indigenisation will not and cannot transfer the real means of production under capitalism to the masses because this system is structured to perpetually keep the ownership of its capital, technology and markets in the hands of the capitalists, who were responsible for setting up the system in the first place. He goes on to say that it is a myth to think that political control of the African countries will give its inhabitants the power to shift ownership of the productive resources into their hands. Emkes (2012) concurs and states that black equity acquisition still seen as the crux of empowerment is a myth. He argues that market capital seen as having a dialectical relationship with black empowerment, both heading towards the same end is an illusion. He thus advises that the idea that in its very essence empowerment entails the advancement of a black population through equity acquisition must be abandoned and proposes that a radical rethink is necessary if South Africa (and indeed Namibia) is to address the social inequality that apartheid and centuries of colonial rule have brought about (Emkes, 2012).

With regards to the impact of BEE on management Hoffman (2008) commenting on management representation in South Africa, says a report released by the Commission for Employment Equity shows that BEE has not achieved significant changes in the management make-up of companies. To support her position she states that between the years 2000 and 2006, black representation in top management positions has only

increased from 12.7 per cent to 22.2 per cent, which is insignificant considering the number of blacks able to participate in the economy.

2.6.7 BEE and Affirmative Action

The concept of affirmative action is central to BEE. Iheduru (2008) states that BEE is nothing but affirmative action with different intensity. He further describes the BEE policy initiative as the world's most extreme affirmative action program. The aim of affirmative action schemes as a pillar of BEE is to accord preferential treatment to groups that have historically faced discrimination. Milne (2009) concurs and states that though currently affirmative action policies focus on passive representation and targets, the discourse of affirmative action appears to be concerned with the language of empowerment (Milne, 2009). As alluded by Dur (2016) affirmative action schemes are designed to favour applicants from particular groups.

Affirmative action policies have occurred most frequently in internally heterogeneous societies marked by deep ethno-cultural divisions in which one ethnic community has tended to dominate the rest (Balafoutas, Davis , & Sutter, 2016). To overcome inequalities and ingrained segmental prejudices in these multi-ethnic countries that witnessed over the years the cementing of advantages and privileges among certain ethnic groups has been the primary aim of affirmative action policies (Premdas, 2016). At the same time Premdas (2016) states that the number of states that have now embarked on affirmative action policies have been growing and the results have been diverse.

The use of quota system by affirmative action has also been debated. Recently, Balafoutas et al (2016) found that quota rules based on gender are implemented frequently and do not affect the performance of men and women in a contest. They

further found that quota rules based on an arbitrary criterion, however, are less often approved and lead to strong individual reactions of advantaged and disadvantaged group members and to efficiency losses. More importantly they found out that the effects of affirmative action policies largely depend on whether these policies are viewed favourably within the affected groups. On their part, Niederle, Segal, and Vesterlund (2013) found that quotas are an effective instrument and do not entail efficiency costs. Contrary to these findings, Leibbrandt, Wang, and Foo (2015) present evidence that quotas are ineffective and also entail large costs when sabotage among peers is introduced into the picture. Cardenas, Dreber, von Essen, and Ranehill (2012) and Dreber, von Essen, and Ranehill (2014) have shown that the nature of the task has been shown to affect the competitive behaviour of men and women.

Different theories of affirmative actions have been developed and greatly debated upon such as the mismatch theory, science desistence, parity theory, Gale–Shapley (GS), Top Trading Cycles (TTC), and proportional representation. In their literature, scholars have advanced several policy rationales for affirmative action such as backward-looking, forward-looking, proportionate representation, and diversity (Chut, 2016; Klijn, Pais, and Vorsatz, 2016; Cho and Kwon, 2010; Premdas, 2016; Klijn et al, 2016; Lee, 2012; Lempert, 2016; Okoli, 2016). The backward-looking rationale seeks to remedy the effects of historical discrimination (Chut, 2016). The forward-looking rationale corrects for currently existing social inequalities in education and socio-economic status. The proportionate representation rationale expressly pursues statistical parity. And the diversity rationale aims to increase the variety in representation for the betterment of all. Despite the variety of rationales, all of these theories rely on the lack of parity to demonstrate the need for affirmative action. In

support of the backward-looking rationale, for example, one can point to oppression, apartheid, and a number of other egregious forms of discrimination against blacks.

Chut (2016) differentiates between negative actions and affirmative action as a cause of discrimination. He defines negative action as the "unfavourable treatment based on race, using the treatment of whites as a basis for comparison". He further argues that while affirmative action treats race as a "plus factor" for beneficiaries, negative action treats race as a "minus factor" especially for people of Asian descent.

In his study of the American experience, Okoli (2016) maintains that greater efforts are still needed to increase access and opportunity for African-American students.

Affirmative action has not only concentrated on race difference but also gender differences and discrimination. There is ample research demonstrating a gender gap in the labour market with respect to wages and career advancement (Weichselbaumer and Winter-Ebner, 2007; Blau and Kahn, 2013; McGee, McGee, and Pan, 2015). Another angle on affirmative action is the promotion of people living with disabilities. Lorenzo, Van Niekerk, and Mdlokolo (2007) present an argument for the upliftment and economic empowerment of disabled people.

The main arguments advanced in support of affirmative action with regards BEE, is the need to provide greater representation of the majority blacks in decision-making roles in the working place. Howard and Navarro (2016) maintain that affirmative action schemes must confront the tension between recruiting candidates who are highly suitable and qualified for the positions and ensuring diversity. 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 (Hoffman, 2008; Herring & Henderson, 2012; Alexander, 2007). There is further a notion that blacks do not need affirmative action. Critics of affirmative action argue

that black majority do not need preferential treatment to achieve success. They allege that some race for example Asians "succeed" without the aid of racial preferences, even in the face of discrimination and other social inequalities, because of their hard work and sacrifice (Lee, 2008).

In discussing affirmative action, the concept of discrimination is prominent. This can also be observed in Namibia when debating the need of Affirmative Action. The government and other entities have used evidence of "under-parity" or underrepresentation to imply discrimination. As observed by Lee (2008), such statistical evidence has been prominently featured in the discussion of affirmative action over the years. To support this she maintains that in the United States, advocates of affirmative action, for example, have cited the severe underrepresentation of certain racial minorities to support their positions in every case to reach the Supreme Court. Generally, in employment, parity statistics have been measured by comparing population figures with the actual representation at different institutions especially in the private sector.

In South Africa and according to the Commission for Employment Equity, Employment Equity is the worst performing pillar of BBBEE (Horwitz & Jain, 2011). Hoffmann, (2008) commenting on management representation in South Africa says a report released by the Commission for Employment Equity shows that BEE has not achieved significant changes in the management make-up of companies. Booysen (2007) commenting to barriers of employment equity in South Africa posits that the rate of progress of diversity and representation in organisations is not only a supply-side skills development question, but one which relates to the persistence of a prevailing white-male oriented organisational culture, lack of communication and

shared understanding of employment equity, low leadership commitment, and inconsistency in employment equity implementation (Booyesen, 2007)

Alexander (2007) argues that affirmative action, rather than BEE, is a better solution to stop the widening gap between the rich and poor. Affirmative action, according to him, when looking for higher education or when seeking a job, is an effective method to combat social inequality. Butler (2006) on his part states that a look at the Affirmative Action policy shows that it is very difficult not only to measure but to regulate these kinds of policies. He further laments that to date no one has been brought to book or fined and that the fines are too little (Butler, 2006). This situation is similar to Namibia where to date no individual or organisation has been taken to task due to flaunting affirmative action policy.

Burger and Jafta (2010) concludes that the effect of affirmative action policies in reducing the employment or wage gaps between race and gender have been marginal at best, and were much less significant in bringing about changes in labour market outcomes than improved access to education for Africans, the remaining educational quality differential and the employment effects of accelerated economic growth.

Shah and Shneiderman (2013) on their part argue that affirmative action policies always transform society, but not always as expected. This they maintain is because the relationship between political and socioeconomic inequality can be contradictory. Socioeconomic inequalities may persist or be refigured in new terms, as policies of affirmative action and their experiential effects are intimately linked to broader processes of economic liberalisation and political transformation.

2.6.8 BEE and Corporate Social Responsibility

Another pillar of the BEE initiative which is seen as contributing to alleviation of poverty and enhancing socio-economic development is Corporate Social Responsibility (CSR). Alessandri et al (2011) define CSR as “.any discretionary corporate activity intended to further social welfare” and “actions that appear to further some social good, beyond the interests of the firm and that which is required by law” (p. 232). Jamali and Mirshak (2006) state that CSR is founded on a stronger recognition of the role of business as an active partner in a world of scarcity and dwindling resources. However, Windsor (2006) and Banerjee (2008) have raised concerns that the use of the CSR term has become so broad as to allow people to interpret and adopt it for many different purposes.

Diale (2012) advance that the notion and practice of CSR has received and continues to attract massive attention from business across the globe as a mechanism of business organisations to position themselves as socially responsible entities. They further state that this attention, in the developing world, can be attributed to the increasing burden faced by governments to provide comprehensive social services. Mersham and Skinner (2016) concur and propose that CSR programmes should support government policies and priorities and be aligned with national goals and structures. Ramlall (2012) maintain that the private sector is still one of the best-placed institutions to make a significant contribution towards improving social and environmental conditions in Africa. On the other hand Dawkins and Ngunjiri (2008) postulates that the notion of CSR has not been uniformly embraced, with lingering diverging views about its potential usefulness and applicability.

Banerjee (2008) argues that CSR is nothing else other than an emancipatory rhetoric, defined by narrow business interest and serve to curtail interests of external

stakeholders. He continues to state that it is an ideological movement that is intended to legitimise the power of large corporations. The argument is that, whereas the primary relationship between business and society has been and continues to be an economic one, rising public concern about the social and environmental impacts of their business activity, this discourse represents and constructs the relationship between business and society based on corporate interests, not societal one (Banerjee, 2008).

The question of how multinational enterprises (MNEs) respond to local variants of CSR is of scholarly and practical interest. In many African countries, CSR is partly defined by governments' attempts to regulate and incentivise companies' behaviour to enhance indigenous Africans' access to economic opportunities (Reddy & Hamman, 2016). Diale (2012) maintains that corporate rationality dictates the nature and scope of acceptable CSR practices engineering the inevitable compromise of making a business case for corporate social responsibility.

Reddy and Hamann (2016) argue that multinational enterprises (MNEs)' local responsiveness is influenced by the regulatory distance between home and host countries, and specifically the degree to which an MNE's firm-internal conception of CSR allows for a prominent role for the state in defining CSR. They further state that MNE's local CSR responsiveness is shaped by not only the local context but also their home country and firm-internal environment (Reddy & Hamann, 2016).

Ramlall (2012) analysed the relationship between CSR and the concept of BEE in South Africa, with the aim of examining whether government interventions in the area of CSR post-1994 have been successful. She principally concludes that meaningful CSR in the area of human rights can be better achieved if it is based on commitment and collaborative partnership (Ramlall, 2012). Diale (2012) observes that in South Africa (and indeed in Namibia), a sizeable number of business organisations are

embracing this notion partly due to an array of legislative measures; e.g. Affirmative Action; Broad-based Black Economic Empowerment (BBBEE); Skills Development, as well as the King Report on Corporate Governance in South Africa (King Report III, 2009). On the other hand, Reddy and Hamman (2016) claim that some MNEs laying claim to global leadership in CSR and sustainable development are resistant to BEE. There is a need to look at South Africa and Namibia differently when it comes to CSR. Babarinde (2009) suggests that one of the reasons why the situation in South Africa (and Namibia) is unique is because it is a “bifurcated country that straddles the first and fourth worlds, where abject poverty coexists, albeit on the other side of the yawning chasm, with affluence” (p. 357). He states that while every country experiences some level of income and wealth inequality, underdevelopment, and structural inequity, the position in South Africa is “particularly acute”, and is based “mainly along a racial stratification” (Babarinde, 2009, p. 358). Babarinde (2009) states further that overcoming poverty and inequality against the backdrop of apartheid rule and policies is actually what makes the situation in South Africa so unique. Ramlall (2012) concurs and states that it must also be recognised that few countries have undergone such significant changes in such a short space of time as South Africa did during the 1990s.

Hamann, Khagram, and Rohan (2008) acutely observed that in South Africa, there is clearly a situation where business is making only partial, superficial or image-related changes to give the impression that it is accommodating social interests. The question of the genuineness of private companies in undertaking CSR activities has been raised. Diale (2012) argues that some private sector institutions undertake CSR as an appeasement to coddle favours on governments to loosen their grip on stringent conditions on business practices. Mersham and Skinner (2016) argue that with set

targets and expenditure requirements, CSR has become a performance-driven pursuit for those companies that are seeking to improve their BBBEE scores.

Ramlall (2012) makes the crucial observation that any legal initiatives to force companies to be more socially responsible have to be measured against the fact that business confidence and foreign investment require an environment where the country's legislative system not only allows profitability, but actually encourages it.

Mersham and Skinner (2016) emphasise that there is a need to move from a predominantly reactive and passive approach to a more proactive and involved CSR programme. Kolk and van Tulder (2009) submit that it is only if multinational corporations become actively involved in communities, that they will be able to develop their full (potential) role as poverty alleviators. They further submit that sustainable solutions can only be reached by offering poor people 'tools' (know-how, technology, resources) to escape the poverty trap by themselves.

The question of whether there are benefits in supporting CSR programmes has also been debated. In their study, Alessandri et al (2011) found that the market rewarded firms that pursued BEE deals in earnest, rather than for symbolic or short-run profit-motivated reasons. Dawkins and Ngunjiri (2008) confirmed this when they found that corporate social responsibility reporting is higher in the top 100 South African listed companies than the Fortune Global 100 companies. They ascribe this to a greater willingness by South African corporations to convey social responsibility in their disclosure practices, on account of a climate of greater stakeholder awareness.

However, the empirical evidence of corporate social responsibility programmes and their links with shareholder wealth has yielded mixed results. Some researchers indicate a positive relationship with wealth creation (Dawkins & Ngunjiri, 2008)

whilst others claim no relationship exists or, alternatively, that many other variables act as intermediaries (Sartorius & Botha, 2008).

Santos (2011) maintains that there is a positive and significant statistical relationship between involvement in external CRS activities and the age of the company. Here, the implication is that CSR rises with the number of years that the company has been in business. With companies in the financial industry of Namibia being older and in existence for a long time, it is expected that their contribution through CSR will be quite significant.

Jauch (2011) maintains that there is a perception that big corporates in Namibia should contribute to CSR as they were part and parcel of the apartheid system and derived great benefits from it. These sentiments are shared by South Africa. As pointed out by Diale (2012), prior to the 1994 democratic dispensation, the business sector (in particular mining and agriculture) was at the fore front of the up-keep of the now defunct Apartheid system of government in areas of migrant labour system, dehumanizing single-sex hostels, the racial division of labour and discriminatory salary system, among others. Wolmarans and Sartorius (2009) concurs and further points out that big businesses helped out in sanctions-busting operations, received subsidies and paid taxes to the apartheid state and provided services, technologies and weapons directly used for oppression of the majority black population and any other grouping that was considered unfriendly to the regime at the time.

Leisinger (2007) advances that if one were to use the analogy of corporate social responsibility punting big business to be moral and responsible agents out of their own free will, then morality and responsibility defining corporate social responsibility should be having a different connotation to that of South Africa's big business of the time. BEE can be viewed as a form of corporate social responsibility based on the fact

that the inequalities of the past under the apartheid regime are being rectified (Van der Merwe & Ferreira, 2014). Sartorius and Botha (2008) agrees with this when they found that the main reason why companies implement a BEE ownership initiative is that BEE is essential for South Africa to sustain its economic and democratic structures, in other words to be socially responsible.

2.6.9 BEE and Entrepreneurship

The aspects of entrepreneurship and enterprise development which are also cornerstones of BEE policy have also been extensively analysed by some authors (Nemavhandu, 2008; Mohammed & Robert, 2008; Rogerson, 2011; Nesamvuni, Mpandeli, & Tshikolomo, 2016). Emkes (2012) believe that contrary to the expressed intentions of BEE with regards the promotion of black entrepreneurship, this has not really happened. Concurring with Mbeki (2009), he observes that BEE has proved a 'parasitic drag' on economic growth, having struck a 'fatal blow against the emergence of black entrepreneurship by creating a small class of unproductive but wealthy crony capitalists'. Hoffman (2008) supporting this is of the view that instead BEE has contributed to the stifling of entrepreneurship.

Horn (2007) found that many BEE suppliers, due to being historically disadvantaged, experience various problems which make it difficult for them to win tenders, including lack of finances, opportunities to tender, management and business skills, and problems with quality and capacity. In their study Kremel and Yazdanfar (2015) found that many individuals who try to start a business ultimately fail in this intention. Various explanations for such failures have been suggested. One explanation is the lack of private or public support, in particular public financing for business advisory services. Another explanation is the inadequacy of supportive business networks,

especially in the early start-up stages, as well as the lack of contact with outside expert advisors was an obstacle to business expansion (Kremel & Yazdanfar, 2015). Garg and Letsolo (2016) in their study found that informal firms and SMEs have lower access to credit. In his study, Horn (2007) presents the practical problems experienced by BEE and small suppliers in the Eastern Cape as lack of finances, problems with quality and capability, lack of multi-skills required to source internationally, lack of opportunities to tender, lack of management and business skills, inability to penetrate into original equipment manufacturing, previous lack of opportunities in corporate business, and unrealistic expectations.

Horwitz and Jain (2011) suggested that BEE appear to have created a job or employment expectation culture rather than an entrepreneurial one – with the former manifested by an expectation held by the vast majority of school leavers and graduates who seek employment rather than to create employment by establishing their own business.

Recognising that Namibia needs more entrepreneurs, Hangala (2007) advises that the implementation of BEE should be handled carefully that it does not end up being counter-productive with regards black entrepreneurs.

On the other hand many corporate have practiced BEE or enterprise development from the highly paternalistic approach with the narrative around "assisting the poor black entrepreneur who will never make it unless we help them" (Nemavhandu, 2008, p. 20). Bogopane (2013) observe that many people who became entrepreneurs are not doing so because of a highly developed need to achieve as business people, but in order to survive financially. He maintains that historically, South Africans blacks are not

socialised or educated to become entrepreneurs, but to enter the labour market as employees, and in many cases, as the providers of cheap labour (Bogopane, 2013).

Another dimension to entrepreneurship is looking at the risk appetite of entrepreneurs. In his study Xiang (2015) found there is no evidence to suggest that a supply-side finance gap exists within the SME sector. There is also no evidence that SME owners (particularly female owners) are being discouraged from applying for loans from a financial institution because they believe their application will be rejected. This is corroborated by Watson, Newby and Mahuka (2009) who suggest that other demand-side issues (particularly risk-taking propensity and desire to maintain control) play a more important role in the capital structure decision-making of SME owners.

In recent years, the issue of gender and its effect on entrepreneurship has been the subject of much debate and controversies (Díaz-García and Jiménez-Moreno, 2010; Yordanova and Tarrazon, 2010; Sikdar and Prakash, 2011; Madichie and Gallant, 2012; Shinnar, Giacomini, and Janssen, 2012; Zeffane, 2015). Among these, a significant number of studies reveal that women are less likely to engage in entrepreneurial activities than their male counterparts (Garg & Letsolo, 2016). One of the major reasons provided for these gender disparities is the tendency of women to be less predisposed to taking risk than their male counterparts (Yordanova & Alexandrova-Boshnakova, 2011). This may in itself be the resultant of gender differences in their predisposition to trust (Zeffane, 2015). When it comes to risk-taking between the different genders, although female and male entrepreneurs have similar risk perceptions, female entrepreneurs are likely to have a lower risk propensity than male entrepreneurs (Garg & Letsolo, 2016). Risk propensity mediates completely the effect of gender on risk behaviour. Yordanova and Alexandrova-Boshnakova (2011) maintain that the effect of gender on risk propensity is mediated partially by

risk preference, outcome history, and age. They further add that gender has an indirect effect on risk perception via overconfidence and risk propensity

When it comes to entrepreneurship, there is further a notion that male entrepreneurs receive more funding and support than female entrepreneurs. In their study, Nesamvuni et al, (2016) found that more women were supported by Comprehensive Agricultural Support Programme (CASP) compared to men. From their findings they concluded that there seem to be a trend to support women and small scale farmers in the intensive production systems such as poultry and horticulture through vegetable tunnels (Nesamvuni, Mpandeli, & Tshikolomo, 2016). This demonstrates that the notion of discrimination in funding of female entrepreneurs compared to their male counterparts is not supported by facts.

The Global Entrepreneurship Monitor (GEM) identified linkages between entrepreneurship development, employment and economic growth (Global Entrepreneurship Monitor Consortium, 2016). Research on small, medium, and micro-enterprises (SMMEs) and the education and skills development of “survivalist” business entrepreneurs shows that there is a positive relationship between educational and skills training of an entrepreneur and propensity for that enterprise to create employment.

Nesamvuni et al (2016) states that BEE suppliers desperately need assistance to enable them to become good and trusted suppliers to big corporates. They further maintain that large corporates mention quality, supply reliability, technology and price standards as important qualifications for awarding continuous business and long-term contracts.

2.6.10 BEE enriching a few

One of the frequent and profoundest areas of critique of BEE is that this policy intervention has only succeeded in benefiting only a narrow stratum of the previously disadvantaged groups (Tangri & Southall, 2008; Patel & Graham, 2012; Emkes, 2012; Sherbourne, 2016). Many analysts and journalists continue to claim that BEE benefits only the elite. Patel and Graham (2012) support the notion that BEE initiatives seem to demonstrate that the elite continue to benefit from deals of BEE. Emkes (2012) states that BEE in South Africa resulted in the enrichment of a small enclave of black shareholders. Tangri and Southall (2008) also commenting on BEE in South Africa point out that labour unions have criticised BEE deals for enriching a small number of senior ANC figures in South Africa.

Perhaps one of the forceful views is one from Mbeki (2009) who maintains that the black elite see this policy intervention as “ideology of reparations”. He claims that this ideology of reparation traps members of the black elite into seeing themselves as the beneficiaries of the production of other social groups and therefore primarily as consumers. Chawawa (2015) agrees with the notions that BEE benefits a few elites when he states that looking at the balance sheet, most of the so-called indigenisation programmes have benefitted a few holding political portfolios and left the majority holding empty promises.

Levenstein (2010) maintains that the debate has been going on ever since BEE was implemented regarding who should be targeted and empowered. To this day according to him, the empowered have only been the middle and upper class blacks, a small portion of the 80 per cent who really need the help. Wolmarans and Sartorius (2009) adds to the voice and maintain that since its inception, BEE has been criticised that it has benefited the “politically connected elite”.

Emuze and Adlam (2013) on their part observed that in practice, however, BEE deals have mainly involved very large white-owned conglomerates voluntarily selling some of their ownership stakes to consortia of small black elite, normally with high connections to the ANC. Southall and Tangri (2015) maintains that BEE deals have generated widespread criticisms by both black and white businesses for focusing narrowly on equity ownership and helping in creating a coterie of “very rich black elite” rather than empowering the majority of impoverished black South Africans. Common perceptions about broad-based black economic empowerment (BBBEE) have been that it is nothing more than a tool for the already affluent to access further wealth and has limited potential to address the economic exclusion of the most marginalised (Patel & Graham, 2012).

On the other hand, Patel and Graham (2012) and Emuze and Adlam (2013) found that although the elite continue to benefit from deals, broad-based beneficiaries, particularly employees and women, are also beginning to benefit to some extent. This suggests that empowerment policies have some potential to promote private sector involvement in addressing the state’s social transformation agenda. They further argue that BEE demonstrates an economic policy’s potential to contribute to social transformation. The results of their study showed that while claims that only a small black elite has benefited enormously from BEE appear to be true, the base of BEE beneficiaries seems to be changing slowly. Employees of companies involved in these deals are the main beneficiaries, followed by women and a range of community, education and development trusts (Patel & Graham, 2012). They further maintain that youth and people with disabilities benefit to a far lesser extent.

In Namibia, BEE and its elite enrichment adage was not spared. Gaomob II (2015), states that there are notable worthy names that got rich through the process of

implementing BEE as legislation in South Africa and de facto in Namibia. He goes on to voice that when those names are mentioned, there are negative sentiments expressed that they are enriching themselves and becoming billionaires whereas the rest of the country is still in a poverty trap (Gaomob II, 2015). On his part Melber (2006b) commenting on BEE maintains that this has so far resulted merely in a slight diversification of the local class structure, with the new political office bearers and its clientele as the beneficiaries. He further claims that Namibia's BEE so far translates merely into a class-based interest policy to legitimise the (self-) enrichment of a new small black elite. On her part Shejavali (2007a) likens BEE implementation in Namibia to a cake being sliced and placed into the plates of a select few, as opposed to the cake getting bigger, in such a way that everyone (particularly the previously disadvantaged) gets a little more.

Another area related to BEE only benefiting a few elites and politically connected is the aspect of political patronage. Magure (2013) states that in the long run it can be argued that patronage politics are both economically and financially unsustainable as they run against the very basic notions of wealth creation meant to alleviate poverty and redistribute wealth.

Despite the fact that BEE is formulated to be broad-based and increase the participation of the majority in mainstream economic activities, some authors are of the opinion that BEE is narrow based. Hamann et al (2008) observes that it has become obvious that BEE has come to represent an "elite pact" or an accommodation between the new governing elite and the corporate leadership, which effectively side-lines the needs of the poor. They advance that the reality is that rather than being a "broad-based" initiative, the impact of BEE has been so minimal as to render it, rather ironically, a "narrow-based" initiative. Emkes (2012) agrees with this notion and

states that to date South Africa has seen a relative privilege conceded to a minority of blacks, whilst preserving the pre-existing structures of social inequality, breeding a new capitalist class largely to the detriment of the black masses. Ramlall (2012) maintains that most BEE deals fail to meet public expectations of broad-based empowerment and equitable equity participation by all beneficiaries of BEE deals. It appears that since the first BEE deals were concluded, questions of enrichment versus empowerment immediately arose as the political elite were the major beneficiaries of BEE deals (Ramlall, 2012).

2.6.11 Funding structure and cost of implementing BEE

Funding for BEE deals has also been heavily debated and researched (Lorenzo et al, 2007; Cahan & Van Staden, 2009; Ferreira & De Villiers, 2011; Akinsomi et al, 2016). In their study where they explored some of the key challenges and opportunities in the implementation of the broad-based black economic empowerment in the South African mining industry, findings of Fauconnier and Mathur-Helm (2008) supported by Emuze and Adlam (2013) suggested that BEE transactions were faced with numerous challenges, including finding sustainable funding, securing suitable investors, merging various cultures, dealing with fronting and leadership, and planning management and leadership succession.

The main sources of financing of BEE ownership initiatives include third-party funding, vendor (or company) finance, and funding from BEE partners. Third-party finance can be obtained from private equity, banks, the Industrial Development Corporation, Public Investment Commissioners, the National Empowerment Fund and a variety of other public and private institutions (Lorenzo et al, 2007). Lorenzo et al (2007) maintains that the second major form of funding, namely vendor finance, has

emerged as a new financing structure that has the best interests of both the company and the BEE party in mind. In many cases, the BEE party will require assistance in raising finance (Sartorius & Botha, 2008).

In discussing BEE funding structures it is inevitable that the aspect of how to select an empowerment partner will arise. This topic of how to decide on an empowerment partner and the reasons for selecting such partners has received significant attention. Sartorius and Botha (2008) emphasises that the selection of the right BEE partner is critical for the long-term sustainability and success of a BEE ownership initiative. Alessandri et al (2011) maintains that the ability of this partner to deliver on empowerment-related opportunities should be the key to selecting the partner. Duffet et al (2009) in their study of BEE in the advertising industry concurs and state that 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 & Mathur-Helm (2008) also found that selection of the most fitting BEE partner/s was a major challenge in the mining industry.

Equally important to the funding structure is the cost of implementing BEE. The economic, social and political costs of implementing empowerment programmes are also another area that deserves attention. Empowerment programmes such as BEE do not come cheap. Governments and private business have to incur exorbitant financial costs which at times are a deterrent for private businesses. Butler (2006) maintains that while business agrees that BEE is essential, it often argues that current models are far too costly. He further explains that vendor companies have to “facilitate” transactions, providing loan guarantees, price discounts, or internal financing at below market rates (Butler, 2006). He further states “Realisation points”, as have been seen, ensure that

the value accruing to empowerment actors is genuine, but results in vendors assuming disproportionate risk which they will then price” (Butler, 2006). Ramlall (2012) explains that there is the view that BEE compliance is merely another cost of doing business in South Africa. She opines that entities that implement BEE as a compliance requirement, in a tick-the-box approach, do not realise the rewards of BEE initiatives. Horn (2007) observes that textbook theory states that any business whose main focus is satisfying customer needs should, if it aims to achieve maximum profit, obtain the highest possible return (output) with the lowest possible cost (input) of production resources. Compliance with BEE requirements is costly. Esser and Dekker (2008) postulate that BEE can place an unnecessary burden on companies in that they are obliged to comply with the applicable requirements. Van der Merwe and Ferreira (2014) maintain that these costs may include: ownership – providing discounts to black shareholders when issuing shares, management control and employment equity implementing suboptimal strategies, hiring incompetent personnel, providing additional training and development programmes, skilled black employees are usually acquired at a premium; skills development – additional training to develop black employees preferential procurement – purchasing substandard products or obtaining unsatisfactory services from BEE suppliers, acquiring products or services at a premium; enterprise and socio-economic development - direct costs relating to the compliance targets to be met.

2.6.12 Sector charters and individual institutions

In their study of the BEE charters in the mining and financial sector, Hamann et al (2008) argue that the genesis and content of the charters do represent important elements of collaborative governance including a reliance on interest-based

negotiation and an expectation that business contributes to the public benefit as good corporate citizens. They further sceptically maintain that underlying these elements have been more powerful drivers related to power-based bargaining, whereby international investors have emerged as key, albeit ill-defined, stakeholders in post-apartheid transition (Hamann et al., 2008). Moreover, they conclude that the role of corporate citizenship has been limited, despite efforts by business to portray the outcomes and agreements in terms of business voluntarism and enlightened self-interest (Hamann et al., 2008). Duffet et al (2009) raised concerns that the BEE programme charters prejudice more fundamental socio-economic transformation in the interests of the established corporations. On their part Du Toit et al (2008) explain the dilemma of government as "...its desire to address the poverty and racial imbalances bequeathed by apartheid is fundamentally constrained by its concomitant desire to expand the economy and attract increased investment" (p.120). Hamann et al (2008) concurs and pronounce that any attempt to exercise 'power over' companies and the interests of capital is thus prevented by the need to operate within the constraint that the new dispensation 'works for them'".

The confrontational politics of earlier decades, which had pitted a pro-regulation and redistributive lobby against transnational corporations (TNCs), lost momentum as governments, business and multilateral organisations alike, as well as an increasing number of NGOs, embraced ideas of 'partnership' and 'co-regulation' in which different actors or stakeholders would work together to find ways of minimising the environmental and social costs of economic growth and modernisation (Hamann et al., 2008). They further observe that a defining characteristic of collaborative governance, therefore, is that the responsibility for policy-making, implementation, and the

provision of social goods and services shifts from government to a more diffuse constellation of social actors, with a special role for business.

The fact that BEE despite being a government policy is left in the hands of individual organisations to implement has also been raised. Some authors submit that ultimately the implementation of BEE is a strategic firm level decision made considering access to business opportunities, resource capacity, growth potential market forces and survival necessities (Horwitz & Jain, 2011). A number of studies have also attributed the slow response to black empowerment policy by institutions to the resistance by white businesses to change, shortages of skilled labour, and difficulty in interpreting BBBEE regulations (Southall, 2007).

Commenting on sector charters in Namibia, Sherbourne (2016) states that the private sector has given up waiting for a policy on BEE and therefore different sectors have taken their own initiatives and drafted their own charters. He however declares that the experience of initiatives by the private sector is equally hard to assess as overall clear success stories are hard to find. At the same time, some past studies have shown slow adoption and resistance to the BEE policy by the private sector (e.g. Jauch, 2007; De Klerk, 2008; Ramlall, 2012).

Corporates have also been accused of benefiting from BEE policy. Some authors have argued that BEE instead of benefiting the previously disadvantaged actually benefits the white controlled capital. In a study of BEE implementation in the fisheries sector in South Africa, Ponte and Van Sittert (2007) conclude that BEE, despite its redistributive intentions, has been doubly conducive to the interests of large-scale South African capital.

There is also a concern that BEE in its quest to assist the poor and previously disadvantaged seem to overshadow the interest of big corporates. BEE should also

consider the interest of the large corporates. These are some views of other authors and commentators on BEE. Gavin (2005) maintains that because BEE deals mainly with people who do not have money, therefore it must make economic sense for participants but so too for the company that empowers.

2.6.13 Investors and foreign direct investment

Some studies have opined that BEE can be counter-productive and scare away investors. Magure (2011) writing on Zimbabwe, noted that while there is a felt need for Zimbabwe to redress colonially induced injustices and racial imbalances in the ownership of the means of production, a 'one-size-fits-all' approach to the indigenisation of the economy is fundamentally flawed as it deters investors and may further damage the country's already extremely fragile economy. Chawawa (2015) concurs and states that the terms and conditions under which indigenisation programmes are implemented have not appeared inimical to external investors who have cried foul because some feel the actual perpetrators of colonialism are the ones who deserve to be punished rather than those who came in the post-independence era. Wolmarans and Sartorius (2009) adds to the voice and maintain that since its inception, BEE has been criticised that it is a deterrent for foreign investment. Magure (2013) claims that the most damaging aspect of the implementation of the empowerment policy is its tendency to cast a cloud of uncertainty over the country's investment outlook.

Ponte et al (2007) and Southall (2007a) also argue that BEE discourages foreign investments and is a risk to investor confidence. Similar sentiments have been voiced in Namibia. Sherbourne (2016) commenting on the proposed NEEEF bill notes that

there are those who argue that forcing the pace through legal targets will only jeopardise performance and scare off investors.

Saunders (2008) commenting on the mining sector in Zimbabwe stresses that it is important for the government to strike a balance between indigenisation and attracting foreign investment in the mining sector given its importance to the Zimbabwean economy (Saunders R. , 2008).

However not all researchers accept that foreign direct investment (FDI) is beneficial to the economy and thus countries opting to implement BEE should shy away from doing so. Mebratie and Bedi (2013) commenting on the impact of FDI on domestically owned firms in developing countries examined whether FDI provides access to advanced technologies and other intangible assets, which may spill over to the host country and allow domestic firms to improve their performance. Their study found that regardless of the empirical specification, there is no spill over effects and no evidence that a greater degree of BEE compliance by foreign firms influences labour productivity.

2.6.14 BEE and good governance

BEE and the concept of good governance has also been highlighted and examined by some authors (Esser & Dekker, 2008; Cahan & Van Staden, 2009; Strydom, Christison, & Matias, 2009; Akinsomi et al, 2016). In their publication, Esser and Dekker (2008) illustrate the effect of BEE on good corporate governance. Corporate governance and specifically directors' duties relating to stakeholder protection are focused on. Traditionally, directors are expected to manage a company in the best interests of the shareholders collectively. The question arises as to whether directors

should also consider the interests of other stakeholders, inter alia employees, creditors, the environment and the community (Esser & Dekker, 2008).

Disclosure is an intricate part of good governance. Ntim and Soobaroyen (2013) in their study investigating the extent to which South African listed corporations voluntarily disclose information on black economic empowerment (BEE) in their annual and sustainability reports found that block ownership and institutional ownership are negatively associated with the extent of BEE disclosures, whereas government ownership, board diversity (age, education, ethnicity, nationality and occupation), board size and non-executive directors are positively related to the extent of BEE disclosures. By contrast, dual board leadership structure and gender diversity are not significantly associated with BEE disclosures.

2.6.15 BEE and organisational culture

Some authors concentrated on the cultural aspect while looking at black economic empowerment and affirmative action. For instance, Black and Gleletkanycz (2006) argues that the new breed of black managers are more immersed in their native culture and that South African and Namibian firms will become stronger through increased diversity in senior management ranks and the blending of both Eurocentric and Afrocentric values and customs.

Peter Vundla, Chairman of HerdBuoys in his interview with Mzamo Mangaliso and Stella Nkomo, maintains that due to lack of understanding of the market and lack of reference point by white-controlled business with regards to black people's needs, most of the products and services coming from these white-owned controlled business are completely off target for their black markets (Mangaliso & Nkomo, 2001).

Another related interesting angle of BEE is looking at the divergence between the value of organisations versus the values espoused by BEE leaders and promoters. Fauconnier and Mathur-Helm (2008) state that given that the values of organisations centre on survival and best practices while the values of BEE leaders centre on community and social upliftment, BEE to be successful the challenge lies in bridging the gap between these sets of values and incorporating a comprehensive cultural transformation programme.

2.6.16 Impact of management on BEE implementation

Managers in organisations play an important role in shaping the transformation destiny of their organisations. Their commitment and dedication to transformation determines the pace and extent at which transformation can take place in an organisation. Arya, Bassi and Phiyega (2008) supported by Kleynhans and Kruger (2014) states that to take advantage of institutional transitions, managers that seek to improve firm performance and survive in emerging economies concentrate on reconfiguring and upgrading existing resources and capabilities. Supporting this view and commenting on the successful BEE implementation of ABSA Group Limited, they state that management made a conscious decision to have a small Group BEE division to ensure that all business units took full ownership for driving transformation in their areas. Zhou, Tse, and Li, (2006) states that leaders that hold positive attitudes toward change grant legitimacy to the organisational change process.

Herbert (2009) argues that empowering workers with the authority to perform a task in the most appropriate manner, and without excessive recourse to higher levels of management, has been one of the more significant of the new working practices (NWP). Other authors have expressed their criticism of the command and control

model, with its emphasis on top-down decision making and argues that front-line workers are best placed to make decisions about what to do and how to do it (Sisaye, 2005; Almqvist & Skoog, 2006; Eldridge, van Iwaarden, van der Wiele, & Williams, 2013). Swartz and Firer (2011) revealed that management's capacity to enhance the functionality and performance of BEE could not be easily ascertained due to the fact that the responsibilities and accountability pertaining to the implementation of BEE were non-existent.

BEE despite insisting on ownership also puts pressure on companies to diversify its management and control. Swartz and Firer (2011) indicate that there is a positive significant relationship between the percentage of ethnic members on the companies' boards of directors and intellectual capital performance. Based on the results of this study, it is argued that South African publicly listed companies may be able to enhance their intellectual capital performance by using an ethnically diverse board of directors (Swartz & Firer, 2011).

2.6.17 The legality and legislation of BEE

Hoffman (2008) maintains that South Africa, has defined target groups for the purposes of BBBEE, along the same lines that past discrimination justified. This she claims is presently running the risk of raising equality issues under the democratically enacted Constitution should effective changes not be made to the legislation. In Namibia, similar sentiments have been raised. However, the Constitution in article 23(2) clearly allows government to enforce policies that will redress the impacts of apartheid.

Closely related to the issue of the legality of BEE programme is the legislation on BEE. There is an absence of legislation of BEE and strict punitive actions for offenders

or rewards for promoters of BEE in Namibia. As observed by Motinga (2007) BEE in Namibia is taking place in the absence of a proper empowerment strategy, as there is no national uniform policy framework in place. Sherbourne (2016) concurs when he states that the government in Namibia is promoting BEE outside any coherent, transparent and accountable policy framework and generally been highly discretionary and shrouded in secrecy. The absence of a clear guiding legislation for BEE implementation in Namibia has created significant uncertainty for business and foreign investors (Sherbourne, 2016).

Commenting on the progress in South Africa, Duffet et al (2009) affirmed that the delays in the dissemination of BEE legislation have a negative impact on economic growth and investor confidence. Reacting to the need for a BEE legislation, Mangaliso and Nkomo (2001) remarks: “Black people in this country were economically oppressed through legislation. Shouldn't this government legislate to ensure that we are empowered?” (p. 19). They further emphasises that the government must intervene and legislate to ensure transformation of the society and that for a young democracy such as South Africa and Namibia, there is even a bigger need to undo the legacy of apartheid.

In summing up how effective BEE had been in its first few years in South Africa, Nelson Mandela stated that the private sector had become complacent because there was no, “punitive or reward oriented policy to compel or motivate (whites) into action,” (Tangri & Southall, 2008). In Namibia, and having learnt from neighbouring South Africa, the NEEEF in its proposal now emphasises benchmarks, timeframes, scoring and procedures to guide the implementation of BEE. At the same time the financial sector has been pressurised by government to establish a charter with clear

benchmarks, procedures, and timeframes to which financial services companies must commit to.

2.6.18 The implementation of BEE

The actual implementation of BEE has been another area that received extensive attention. It is also the area of this study. Focussing on the general implementation of BEE, Fauconnier and Mathur-Helm (2008) concluded that the implementation of BEE is fraught with malpractices, corruption and many other unwanted illegal dealings. Du Toit, et al (2008) concur with this when they claim that the head of the South African Chamber of Business, a strident supporter of business deracialisation, summarised the BEE process as “characterised in the main by crony capitalism, fronting, enrichment and debt-burdened deals”. Fauconnier and Mathur-Helm (2008) adds that black business has also expressed criticism at the slow pace of reducing white domination of the corporate world in South Africa.

Perhaps the most important area of BEE implementation that has received enough attention and rightly so is the way to measure its implementation and success. So far there are numerous measuring scorecard controversies. Butler (2006) summarises the scorecard by stating that enterprise development is poorly understood by business; the status of foreign and small businesses remains murky; corporate social investment seems an inefficient vehicle likely to promote benefit diversion and high facilitation costs. Business generally complains that broad-based BEE is altogether too intrusive and places a heavy regulatory burden on business.

2.6.19 Training, skills development and shortage of skills

Training and skills development is one of the most important pillars of BEE. However, Horwitz and Jain (2011) maintains that education and training though seen as a key determinant of a country's entrepreneurial capacity and represents a concerning skills gap based on historical inequality in education provision, is not yet adequately addressed.

In South Africa, BEE has also been criticised for creating a brain drain, where the qualified white expertise is migrating to countries where they would not be discriminated against. The exodus of skilled whites from the country along with the limited pool of black talent creates a skills shortage problem (Horwitz & Jain, 2011). To address the shortage of skills Bogopane (2013) advises that companies should be encouraged to promote employee development through on-the-job learning and learnership.

2.6.20 Political connections and black political empowerment

Some authors claim big businesses implement BEE to gain government confidence. For instance, Kruger (2013) reported that big business in the post-apartheid era went along with BEE because black executives could bring strong political connections to businesses that would keep critics away and attract government goodwill.

Tied to the issue of political connection is the question of black political empowerment. In their research on black political life, Harris, Sinclair-Chapman and McKenzie (2005) demonstrated both the positive effects of black political empowerment and the negative effects of economic and social distress on black political participation. Using black respondents from the Roper Social and Political Trends data set, they estimated the effects of political, social, and economic factors on

aggregate-levels of black civic activity in the time period from 1973 to 1994. They hypothesised that black political activity is stimulated by factors that enhance the political empowerment of black communities and is depressed by downward turns in the social and economic fortunes of black communities. They found that the positive influence of black political empowerment on macro-levels of black civic activity is countered by economic and social factors that swamp the benefits gained from black political success (Harris, Sinclair-Chapman, & McKenzie, 2008). This view however, may not apply to Namibia, judging by the involvement of blacks in politics. The economic and social distress seems not have had an effect on black political participation. On the contrary, the economic and socially distressed population, seem to be the one heavily participating in politics.

2.6.21 BEE Scorecards and company performance

Commenting on whether BEE has an impact on share prices, Strydom, Christison and Matias (2009) argued that in line with standard financial theory, if BEE transactions are perceived by the market to represent an increase in the future earnings potential of the firm or a reduction in the riskiness of future earnings then the announcement of a BEE transaction should result in an increase in a firm's share price. Employing an event study approach they tested this hypothesis for 254 BEE transactions between 1996 and 2006. Their results revealed that BEE transactions are not found to be associated with negative abnormal returns and in a limited number of cases they are associated with positive abnormal returns suggesting that the reaction may be related to firm specific and/or transaction specific characteristics (Strydom, Christison, & Matias, 2009).

There has been also concerns that implementation of a BEE policy by companies has an effect on their growth in terms of profits and competitiveness. Kleynhans and Kruger (2014) in their study investigating the effect that labour legislation instruments, in particular BEE, have on the economic competitiveness and profitability of firms operating on a micro-level in South Africa, found that the implementation of BEE within companies has a positive effect on profitability, turnover and investment.

A study by Akinsomi et al (2016) found that there exist differences in returns and risk between BEE-compliant firms and non-BEE-compliant firms. Their study shows that BEE-compliant firms have higher returns than non-BEE firms and are less risky than non-BEE firms. By establishing this relationship, this possibly affects the investor's decision to invest in BEE firms rather than non-BEE firms.

In investigating the performance of listed firms with regards to the BEE, Mathura (2010) found that there was no direct relationship between the performance of a company and whether it is BEE rated before the year 2008. This was due to the fact that, the years before 2008 are when the BEE policy was first introduced and therefore most firms did not have it implemented fully and in the appropriate manner.

Mathura (2010) found a difference in the impact of BEE on performance of firms between those that have a high-BEE rating and the ones that do not. He found that high-BEE scores have a positive impact on the profitability of a company whilst low-BEE scores have a negative impact on the profitability. Strydom et al. (2009) conducted research on the announcement of BEE transactions and their relationship with share prices and found that share prices react positively to BEE transactions. These findings were similar to those found by Ward and Muller (2010) who investigated returns over a year after the announcement of a BEE transaction and found that the BEE announcements had a positive impact.

In their study to establish whether an association exists between an entity's BEE elements and its share returns in the short term, Van der Merwe and Ferreira (2014) notes that it appears that the market reacts positively to an announcement of a BEE deal, although the literature also indicates that an entity's BEE score, which includes all seven elements of the BEE score, bears a negative relationship to its share returns.

The literature relating to BEE and share returns has focused on the association between a BEE deal announcement and share returns. Various studies have linked BEE deal announcements to a positive short-term effect on share prices (Strydom et al., 2009; Ward and Muller, 2008; Wolmarans and Sartorius, 2009). However, increased black ownership, signalled by a BEE deal, is only one of the seven elements that make up the BEE score. For instance, foreign firms that are less productive and would like to obtain government contracts or extract political favours may be more willing to comply with preferential procurement policies. If this is the case estimates, which do not correct for the potential endogeneity may exaggerate the negative link between BEE measures and productivity (Lorenzo, Van Niekerk, & Mdlololo, 2007; Emuze & Adlam, 2013; Southall and Tangri, 2015).

Scorecards are used to measure BEE. There is a fear of companies over-concentrating on the score. A higher BEE score shows the organisation to be socially responsible and companies have to implement real actions to increase their BEE score (Cahan & Van Staden, 2009). Entities cannot manage the BEE score without real actions (as they might manage earnings with accounting choices) because the BEE score reflects real actions taken by the entity (Cahan & Van Staden, 2009).

Duffet et al (2009) maintains that 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.

2.6.22 Recreating the past and Reverse discrimination

BEE has also been equated to the recreation of the past. Melber (2009) observes that there is a very distinct psychology behind transitions in power by liberation movements. He describes how in these kinds of movements the opposition recreates the past through what is more commonly known as victims becoming the perpetrators. Melber (2009) advances that the culture and discipline of resistance may have served as a survival strategy in the underground, but these skills were certainly not those of free citizens. With these utterances he claims that the new leaders in Namibia contrary to improving the lives of the majority seem to be perpetuating the status quo created by the previous oppressive government.

Related to recreating of the past, the BEE policy is also viewed as reverse discrimination or reverse-racism (Habib & Bentley, 2008; Seekings, 2008a; Taylor, 2012). Seekings (2008a) raised the issues of reverse discrimination, opining that in its current form, BEE is nothing but racial discrimination. BEE, by design, is a racially selective programme launched by the government of Namibia to redress the inequalities of apartheid by giving certain previously disadvantaged groups of Namibian citizen economic privileges previously not available to them. Although race is the overriding factor, it includes measures such as employment equity, skills development, ownership, management, socioeconomic development, and preferential procurement. This result in businesses having to consider the race and social background of any potential applicant instead of making decisions purely based on qualifications and experience, resulting in a system in which one's race is often the determining factor in finding employment (Anciano-White & Selemani, 2012). Herring and Henderson (2012) states that whites are unhappy with BEE because they are not benefiting, and it is easy for them to ignore BEE policies. They maintain that,

while the apartheid regime used racist policies to keep blacks oppressed, the new government was now using strategies, like BEE, to take from the whites and give to the blacks. Black and Geletkanycz (2006) argue that BEE's aim is to attempt to create equality of the workforce of Namibia as a whole by enforcing the advantaging of the previously disadvantaged and the disadvantaging the previously advantaged.

On the other hand, Horwitz and Jain (2011) states that the discourse on employment equity, BBBEE and diversity needs to also acknowledge the role of white fear of displacement and lack of meaningful engagement of white employees.

Harrison, George, Mayer, Leslie and Lev-Arey (2007) on their part maintain that few workplace policies are as controversial or divisive as affirmative action programs. They substantiate this by stating that affirmative action policies attempt to redress or reduce historical forms of discrimination based on demographic distinctions among employees, but they simultaneously mandate social categorisations on the basis of those same distinctions. They can serve as a flashpoint for racial and gender opinion conflict, as well as a bifurcation point for perceptions of distributive and procedural injustice.

2.6.23 Corruption, fronting and patronage

BEE in Namibia and elsewhere has become synonymous with corruption. De Klerk (2008) claims that corruption has become one of the evidence of the BEE initiative's failure to achieve what it was designed for. Horwitz and Jain (2011) concurs and observed that the the existence of corruption is inherent in many of the BEE deals. Kleynhans and Kruger (2014) maintain that BEE deal makers, with strong political connections, capable of persuading the state and other social institutions have led to

the articulation of a political project serving primarily the corporatist agenda of big business. In the end this has become the chief force of continuing inequality and fragmentation in society. Similar sentiments have been uttered by Reinhard (2012) who maintains that indigenisation efforts in many developing countries are surrounded by controversy and may be done for less than noble purposes such as “lining” the pockets of local politicians or misappropriating intellectual property and technology under the guise of local empowerment.

Nattrass and Seekings (2016) recently found that one of the key challenges faced by the government regarding BEE is its tendency to create a lot of corruption between it and the private sector. Emkes (2012) in his analysis of the extent of corruption in South Africa states that Zwelinzime Vavi, General Secretary of the Congress of South African Trade Unions (COSATU), described Zuma's administration as heading rapidly in the direction of a full blown ‘predator state’, run by ‘corrupt and demagogic political hyenas’. He further emphasises that the domain in which this distinction is most blurred is the laudable pursuit of BEE, the consequences of which now threaten South Africa's relatively young democracy (Emkes, 2012).

Fauconnier and Mathur-Helm (2008) maintains that although BEE professes to promote the meaningful participation of black people in the economy, it actually fosters a political cronyism that benefits only a few elites. This is supported by Chawawa (2015) who maintains that this famous policy was crafted as a political ploy to benefit the supporters of the ruling parties in African countries. He further says the BEE policy has been subjected to numerous criticisms by the opposition parties and the private sector for being a politically-motivated ploy to feed the supporters of the government at the expense of the masses. Correspondingly, there has been an outcry

in Namibia that only those politically connected were benefiting from BEE deals (Sherbourne, 2016).

Related to corruption is the aspect of fronting experienced with the implementation of BEE policy. Ramlall (2012) states that another huge problem facing BEE is “fronting”, a process whereby companies use false BEE credentials in order to win tenders, contracts and licences or to benefit economically from holding themselves out as being BEE-compliant. She augments this view by advancing that in fact, in August 2005, Business Unity South Africa (BUSA) reportedly acknowledged that BEE was ‘plagued by fronting and window dressing’ (Ramlall, 2012). Wolmarans and Sartorius (2009) adds to the voice and maintain that since its inception, BEE has been criticised that it is merely a sham used as a front to maintain the “historic demographics of ownership” in companies. Gaomob II (2015) on his part states that whites on the one hand are also accused of “fronting” or “black renting” the BEE process whereas blacks or the black elites are accused of “quick bucks investment syndrome” or fly-by-night companies. He further states that besides evidence of “window dressing” promoted by BEE, its insistence on preferential procurement to businesses owned by previously disadvantaged, has led to the promotion of a new business model (concept) aptly coined “rent-a-black”. Jauch (2011) agrees when he claims that business has realised that it does not look good to present an “all-white” and “all-male leadership” when dealing with the general public and the government in particular. He further states that bringing black Namibians, who have political clout and connections, on to company boards and appointing some black Namibians into management, in many cases, served to advance business interests.

With regards to the issue of patronage, Seekings (2008a) argue that business-state relations in neo-patrimonial states are often unconstructive as a result of the political

elite's commandist instincts. Handley (2008) states that notwithstanding the damaging and costly nature of patron-client relations to any economy, such ties remain a common method by which African rulers gain and maintain power. In Africa it is generally easy for a clique of state-based elites to promulgate policies furthering their own interests. Shava (2016) in his paper argues that BEE despite its many years of implementation has caused the emergence of classes resulting from fraud and corruption, fronting, difficulties in registering status, political interference, and poor accountability strategies. Specifically he observes that BEE has led to the "emergence of powerful black individuals that manipulates the procurement systems at local government level thereby giving tenders to their friends, peers and relatives" (Shava, 2016, p. 168). Mbeki (2016) condemned BEE as it has promoted 'tenderpreneurs' or thieves who acquire tender through politically motivated influence.

2.6.24 BEE can destabilise governing parties and erode state power

An interesting critic not directly linked to BEE implementation is that it has the potential to destabilise the governing political party. Some authors have written that if the policy is not carefully implemented it has potential to impact on the integrity and stability of the political party in power. Butler (2006) states that capitalism structurally limits the ability of owners and managers to act in the interests of the oppressed and influence moves more pervasively in the opposite direction. He argues that business empowerment has already wrought radical changes within the ANC in South Africa. BEE mechanisms can also cloak spreading patronage and corruption. Citing an example in South Africa, Butler (2006) maintains that the South African Communist Party intellectuals worry that SA is following the road of some other post-colonial states in which liberation movement elites have thrown off colonial oppression only

themselves to become parasites looting state resources. In Namibia, trade unions affiliated to the ruling party have also voiced out their concerns with the self-enrichment perception attached to the BEE implementation. Similarly, Butler (2006) states that Cosatu's General Secretary Zwelinzima Vavi spoke of the "crass materialism" of many union leaders, who use their positions to negotiate shares and join the "conveyor belt" between business and its political representatives in the liberation movement. Turok (2010) observes that political tensions within the state and ANC leadership are 'resolved' (i.e. managed) by allowing some to be 'deployed' into the private sector. However, the converse of this is that the leading financial and mining conglomerates are increasingly reaching into the state and the upper echelons of the ANC and its Leagues, actively backing (betting on) different factions and personalities, and seeking to influence electoral outcomes and presidential succession (Turok, 2010). Butler (2006) warns that Industrial policy could become a life support system for politically well-connected companies. Given a drastic shortage of empowerment finance, public sector and parastatal pension funds might be drained in support of risky investments.

Related to the above is the fear of the erosion of state power. There is also cause for concern about the character of the emerging empowerment state. Natrass and Seekings (2016) have lamented that "established and emerging capital have succeeded in exerting considerable dominance over the state" (p. 92). They caution that the state might become the slave of narrow interests, rather than government's hoped-for "developmental state" forging transparent and economically productive relations with business. According to Ponte et al (2007), BEE policy can disguise the growth of patronage relationships between officials and entrepreneurs. He concludes that it could

ultimately lead every business to believe it must have a state patron in order to land government contracts or to secure licenses.

2.6.25 BEE is demeaning

According to Mbeki (2009), BEE by its nature is demeaning and compels and exhorts the previously disadvantaged to be perceived as victims and weak. He maintains that for the victim to continue to draw reparations it is critical that he or she remains perceived as a victim and as weak (Mbeki, 2009). This means that the former freedom fighter must be transformed from a hero who liberated their country into an underling. Mbeki (2009) supported by Taylor (2012) and Van der Merwe and Ferreira (2014) concludes that in reality, it makes members of the black elite perpetual juniors support players to white-controlled corporations.

2.6.26 Philosophical and theoretical construct of BEE

Some authors looked at the philosophical and theoretical construct of BEE as a policy of transformation (Glaser, 2007, Ward & Muller, 2010; Jauch, 2011). The principal justification of BEE is egalitarian where the mention of “inequality” runs throughout any discussion of BEE. The phrases ‘right to equality’, ‘more equitable income distribution’ and ‘equal opportunity’ are interchangeable with the aims and objectives of BEE. Despite the fact that the policy of BEE appeals implicitly or explicitly to egalitarian norms, Glaser (2007) maintains that narrow BEE fails to produce a ‘direct equity effect’, a direct enhancement to interpersonal equality that could plausibly appeal to strong liberal economic egalitarians. He concludes by strongly stating that the overall tenor is thus one of scepticism about narrow BEE’s egalitarian credentials

(Glaser, 2007). Strong egalitarianism aims at a certain rough interpersonal equality of material means. It is strong because its ideal is of a high degree of equality, and because it is concerned with equality of substantive outcomes rather than equality of opportunity (Glaser, 2007). In consequence of concentrating on equality amongst races but not individuals BEE ignores interpersonal inequality.

2.6.27 The Success and failure of BEE

The question of whether BEE is a success or failure has also been raised. Taking a hard-line position on the success of BEE in South Africa, Emkes (2012) states that the policy, which the ANC has vigorously pursued since taking office, has been a failure. It has failed to re-distribute assets to the majority black community and resulted in the enrichment of a few BEE dealmakers. Ward and Muller (2010) concur and state that instead of removing racial barriers, the economic policies implemented by South Africa's democratic government, have continued to reinforce them. Hoffman (2008) posits that while BEE was created to make South Africa's economy more representative of the demographic make-up of the country's major structural flaws has continued to disempower the black majority. Sartorius and Botha (2008) proclaims that the success of BEE is still not clear. Levenstein (2010) bluntly observes that, the South African government's BEE policy has had enough time to be implemented, but it has not produced results. On his part, Chawawa (2015) maintains that while the intentions of the political actors appeared noble on paper initially, so much greed and short-sighted, myopic, personalised agenda invaded the implementation processes, leaving the target group holding the short end of the stick.

These views are in line with Jauch (2011) when he strongly asserts that in terms of economic integration and national reconciliation, some form of black empowerment is

necessary, but Namibia has yet to pin down how it could work to benefit a broad mass of people rather than just a few individuals. Horwitz and Jain (2011) insist that BEE is necessary to remedy the economic imbalances perpetuated during apartheid. Levenstein (2010) concurs and maintains that although BEE has taken a lot of criticism over the years, it is still a necessary policy for the good of South Africa. The continuation of a situation where the majority of the population are excluded from economic participation and where inequality exist can lead to reckless, even violent behaviour coming from young men at the bottom of society, deprived of the markers of status, who must struggle to maintain face and what little status they have, often reacting explosively when it is threatened.

2.7 Other empirical works on BEE

Several empirical research work has been conducted on BEE in South Africa. These includes empirical research on the implementation of BEE in the mining, construction, fisheries, auto-mobile, clothing, wine and advertising industries or sectors. Examples of similar empirical research on BEE implementation are in the construction, auto-mobile, clothing, wine and advertising used desktop research (Du Toit, Kruger & Ponte, 2008), event study approach (Strydom, Christison & Matios, 2009) and interviews (Fauconnier & Mathur-helm, 2008).

2.8 Conceptual Evaluation Framework

Guided by the above comprehensive literature review, the researcher formulated and developed the conceptual framework below in Figure 2.1 to direct and steer the

evaluation of the implementation of the BEE initiative in the Namibian financial sector.

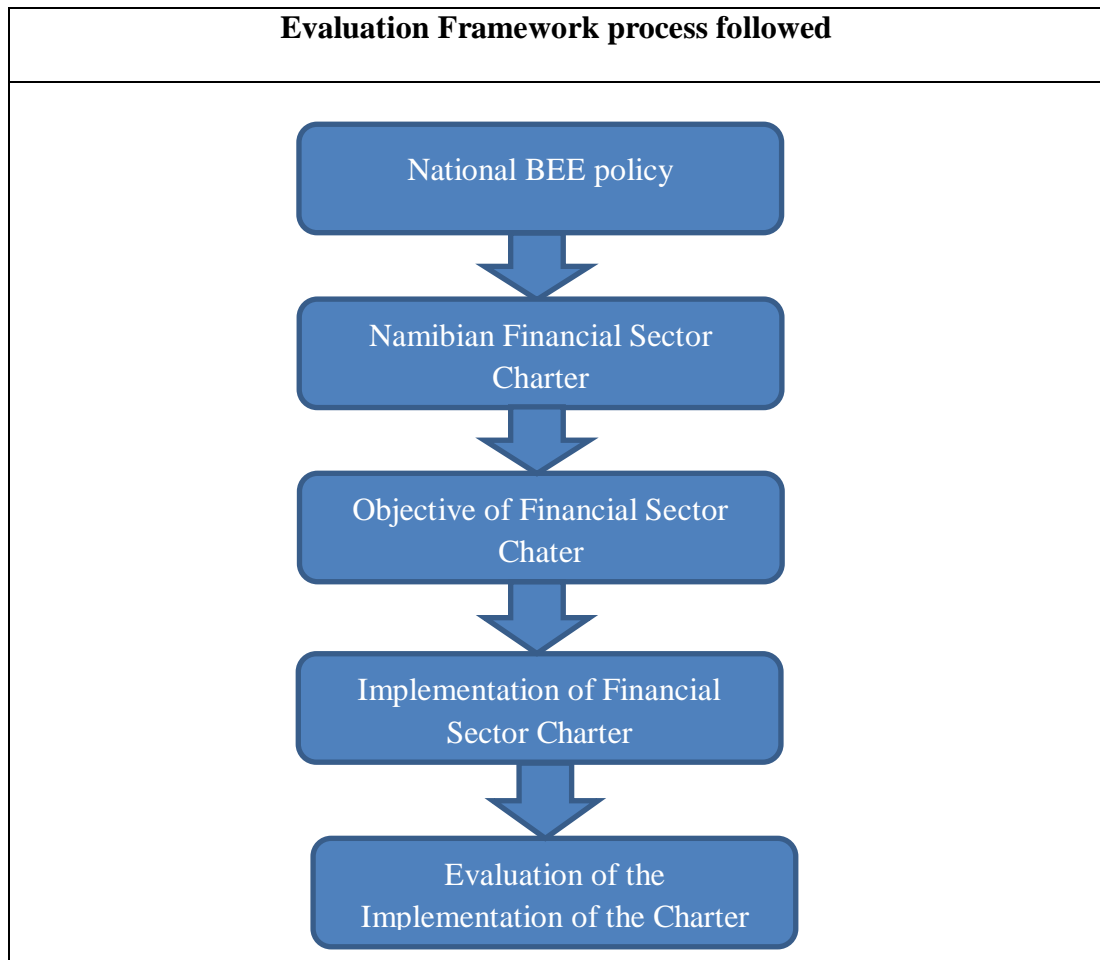


Figure 2.1. Conceptual Evaluation Framework

The diagram represents the conceptual evaluation framework upon which the entire study is built. According to Shields and Hassan (2006), a conceptual framework is used in research to outline possible courses of action, or to present a preferred approach to an idea or thought. During this study, this conceptual framework served as a roadmap that provided coherence for the empirical inquiry.

The first part details and interrogates the national policy on black economic empowerment in Namibia as espoused in section 2.4 in Chapter 2. It sets out the scene

on the empowerment policy in Namibia on which all the different charters are derived from.

The second part zooms on the Namibian Financial Charter which guides the implementation of BEE in the financial sector. The third part, outlines the objectives of the charter which are the subject of this study.

The fourth part guided by the charter objectives investigates how the financial sector institutions implements BEE. The fifth and final part evaluates the implementation based on the objectives of the Charter. Challenges and successes are outlined and recommendation for improvement proposed.

2.9 Summary

This chapter introduced and discussed the history and evolution of BEE phenomenon in Namibia and in the financial sector in particular, by outlining its definition, objectives, origin, policy instruments guiding it and how it has transformed since inception. It then discusses the provisions in the constitutions that deal with the subject of inequality and economic orientation. Moreover, the chapter also examined the financial industry charter as well as highlighting the pillars on which BEE implementation is measured in Namibia.

The theoretical and philosophical perspectives in which BEE is grounded were discussed in depth. This chapter concluded by highlighting the different views, positions and opinions on BEE by various commentators and authors.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter is concerned with the way in which data was collected to address the research objectives. It presents the methodology adopted in the execution of the study. Babbie (2010), states that well-chosen and well implemented methods for data collection and analysis are essential for all types of research studies. Correspondingly, Gary (2014) maintains that in order to answer questions and provide solutions to the research problem, suitable methodology and tools for data collection must be selected. This chapter outlines and focusses on the research design and methodology that was pursued and employed in conducting this study.

The aspects covered in this chapter are research design, research methodology, target population, sample size, sampling techniques, data collection tools, and how data was collected and analysed. At the same time, the appropriateness of techniques used to gather data and methodological approaches used are explained, clarified and displayed. The chapter concludes by highlighting the ethical consideration employed by the researcher in carrying out this study.

3.2 Epistemological orientation

This study is informed by the social constructivist position, wherein it is asserted that social phenomena and their meanings are continually being (re-)constructed by social actors. The constructivist approach considers how social phenomena develop in

particular social contexts and assumes that people can only fully understand the social world through examining meaning and including qualitative methods of research in their work (David & Sutton, 2011). David and Sutton (2011) further maintains that the constructivist approach advances that people construct their own understanding and knowledge of the world, through experiencing things and reflecting on those experiences. In this study, the different discourses were derived from the positions and perspectives of financial sector workers, financial institution owners, trade unions, and managers within the financial services system.

3.3 Research design

This study used an evaluation research design to examine dimensions of the implementation of the BEE phenomenon in the financial sector. Evaluation research as explained by Mouton (2001) analyses the implementation or impact of a particular social intervention or program on a certain social problem the intervention is trying to solve. In using an evaluation research approach, the study aimed to answer the questions of whether BEE which is seen as one of the main instruments to address the inequality of the past and the systematic exclusion of the majority black Namibians, from full economic participation, is being properly implemented in the financial sector, and whether the expected outcomes are being achieved. The research design assisted in outlining all procedures used and reasons for choosing them in addressing the research questions and objectives outlined in chapter one.

The decision for selecting this research design was influenced by the worldview assumptions of the researcher, the researcher's personal experiences, the audience of

the study, nature of the research problem, research strategy, methods of data collection, and data analysis and interpretation.

Extensive scrutiny of the evaluation research design found it to be the most appropriate and suitable research design to be used for this research. The selection and adoption of an appropriate research design in this study played a significant and crucial role in allowing for the effortless and efficient application of the various research operations, thus making this research undertaking as efficient as possible, producing the required information with nominal expenses of effort, time and money.

The research design intrinsically and fundamentally promoted extensive planning of the techniques that were implemented for accumulating the appropriate data and the strategies that were employed in data analysis, keeping in view the purpose of the research and the availability of staff, time and money. The chosen research design had a great significance and impact on the reliability of the results achieved and as such constituted the firm base of the entire edifice of the research work. More importantly, the research design tremendously assisted the researcher to organise his ideas in a form whereby it was possible for him to watch out for flaws and inadequacies in the research process. Furthermore, the research design made certain that evidence obtained allowed the researcher to answer the initial question as unambiguously as possible.

3.3.1 Evaluation Research Design

Outcome evaluation research which is a part of the broader evaluation research design, was used to examine the BEE implementation phenomenon in the financial sector of Namibia. Different authors state that evaluation research is a growth area in policy research, with numerous texts and journals devoted to it (Mouton, 2001; Cresswell et

al, 2008; David & Sutton, 2011; Gary, 2014). Gary (2014) notes that evaluation research designs are concerned with assessing all the outcomes of a (proposed) policy, but particularly whether the policy's intended objectives were achieved. In relation to outcome evaluation research, which this study employed, Mouton (2001) maintains that:

“Outcome evaluation research (also known as experimental and quasi-experimental outcome studies) aims to answer the question of whether an intervention (programme, therapy, policy or strategy) has been successful or effective. The main aim of outcome or product evaluation studies is to establish whether the intended (and unintended) outcomes of the programme have materialised this would include immediate or short-term outcomes, as well as long-term outcomes (or the so-called “impact” of the programme)” (Mouton, 2001, p. 160).

This study by using an outcome evaluation approaches was focused on:

- describing current BEE implementation practices in Namibia in general and particularly in the financial sector;
- identifying practices adopted by some companies in the financial sector;
- evaluating the implementation of the BEE phenomenon in the financial sector and its impact with regards to its conceptual objectives.

In using implementation evaluation research this study had multiple aims and purposes including:

- understanding the outcomes of BEE implementation in the financial sector.
- examining the extent to which financial institutions ensure ownership by black Namibians;

- investigating the extent to which financial institutions ensure management representation of black Namibians in senior levels;
- examining whether financial institutions contribute to skills development and employment equity for black Namibians;
- determining the extent to which financial institutions contribute to community investment;
- assessing the extent to which financial institutions contribute to enterprise development; and
- proposing an alternative effective management framework for planning, implementing and measuring performance of BEE in the financial services sector.
- identifying barriers and challenges to BEE implementation in the sector.

The above stance strongly indicate that this particular study, which focuses on evaluating the implementation of BEE in the financial sector, is eminently suited to an outcome evaluation study, since such approaches are likely to unearth significant depth and breadth of information on the BEE phenomenon in the sector.

When mapping the research design followed by this study according to the dimensions of primary/secondary data, degree of control, numerical and textual, and empirical and non-empirical, evaluation research design falls as indicated in Figure 3.1 and 3.2 below. It is mostly empirical study, using a hybrid mixed data (primary and secondary, and located mostly in the high control area with some elements in the low control.

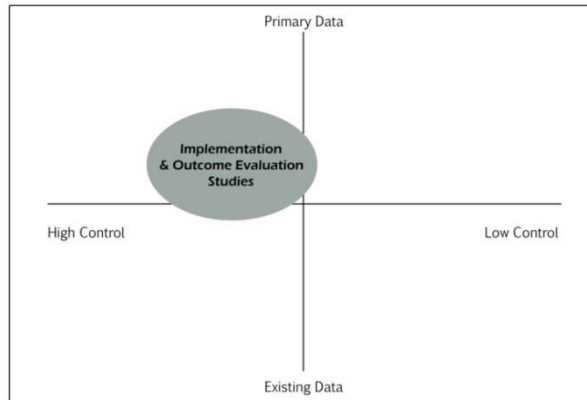


Figure 3.1: Mapping the Research design (Primary vs Existing data). *Reprinted from “How to succeed in your Master’s & Doctoral Studies” by J. Mouton, 2001.*

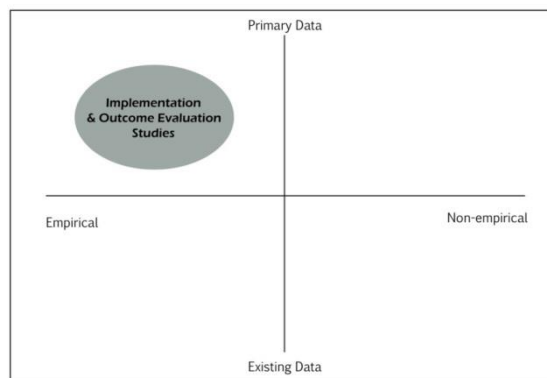


Figure 3.2: Mapping the Research design (Empirical vs Non Empirical). *Reprinted from “How to succeed in your Master’s & Doctoral Studies” by J. Mouton, 2001.*

3.3.2 Appropriateness of Evaluation research

Evaluation research as outlined in details in Section 3.3.1 is gaining momentum worldwide as a core tool in assessing and investigating the effectiveness and successfulness of public sector programs. As pointed out by Lan and Yin (2017) evaluation research represents a growth area in research.

In pursuing the usage of this type of research a cue was taken from several studies which also made use of different types of evaluation research for similar projects.

Pinto, Rahman, and Williams (2014) used empowerment evaluation to investigate and evaluate the outcome of ReConnect, a program of policy advocacy and leadership training for formerly incarcerated women in prison project of the Correctional Association of New York incarcerated women. In another similar study to assess the effectiveness of an intervention, Conway, Cresswell, Harmon, Pospishi, Smith, Wages, and Weisz (2010) employed empowerment evaluation to facilitate the development of intimate partner and sexual violence prevention programs. Fetterman, Deitz, and Gesundheit (2010) carried out an empowerment evaluation study to investigate ways of evaluating and transforming a school curriculum.

More closely related to this study was a research to estimate the economic cost required to deliver the Family Wellbeing program to a child safety workforce in remote Australia communities. Kinchin (2017) applied the evaluation study assess how the Family Wellbeing program (FWP) applied culturally appropriate community led training to enhance the personal development of Aboriginal and Torres Strait islanders people in life skills. Similarly, Bonilla, Zarzur, Handa, Nowlin, Peterman, Ring and Seidenfeld (2017) recently carried out a mixed-method evaluation study in Zambia to evaluate the success of child grant program as a means of empowering women. The Cash Grant Program is a poverty-targeted, unconditional transfer given to mothers or primary caregivers of young children aged zero to five (Bonilla, et al., 2017).

Similarly Knight and Cottrell (2016) also utilised a type of evaluation study known as process evaluation to analyse the processes of tourism-linked empowerment in four communities outside Cuzco, Peru.

The topic of empowerment evaluation has furthermore also received attention in many disciplines, including education, psychology and planning/development literature. Each has utilised the concept as a potential antidote to social injustice (Boley &

McGehee, 2014). In their study to evaluate the services/support being provided by key transition service providers (the government and institutions) to meet the livelihood needs of adolescent girls transitioning from institutions A and B in Harare, Zimbabwe, Mhongera and Lombard (2016) also made use of an evaluation study. In evaluating the work of the Institutions of Community Development of Cuenca in Spain, Fernandez-Moral, Vidueira, Diaz-Puente, and De Nicolas (2015) exploited an empowerment evaluation research to analyse the contributions of groups of citizens able to be active agents of their development process in this Spanish region. Thomas, Davidson and McAdoo (2008) also used the empowerment evaluation research in examining the effects of a culturally relevant school-based intervention in promoting cultural assets (i.e. ethnic identity, collectivist orientation, racism awareness, and library youth activism) among a group of African American adolescent girls. Finally and in an environment closer to Namibia, process evaluating research was undertaken to investigate the success and effectiveness of entrepreneurial training in reducing and prevention of HIV/AIDS in a Girls Empowerment Program in Lesotho (Berry, et al., 2013).

With regards to BEE studies, several researchers have employed evaluation studies to investigate the impact, success or effectiveness of BEE. Bogopane (2013) employed evaluation studies to investigate the impact of BEE in the Ngaka Modiri Molema District in South Africa. Recently, Shava (2016) used the evaluation study to assess if BEE had brought new economic horizons for the historically disadvantaged South Africans.

3.4 Research Process

In order to give direction to this study, the research process using the research onion (Figure 3.3) of Saunders, Lewis, Thornhill (2003) was adopted. The research process onion provides a summary of the important issues that were taken into consideration and reviewed before undertaking the study. The different layers of the onion served as a basis from which the following were considered: the philosophical orientation of the researcher; the research approach adopted; appropriate research strategies; the research time lines; and the data collection techniques employed by the researcher.

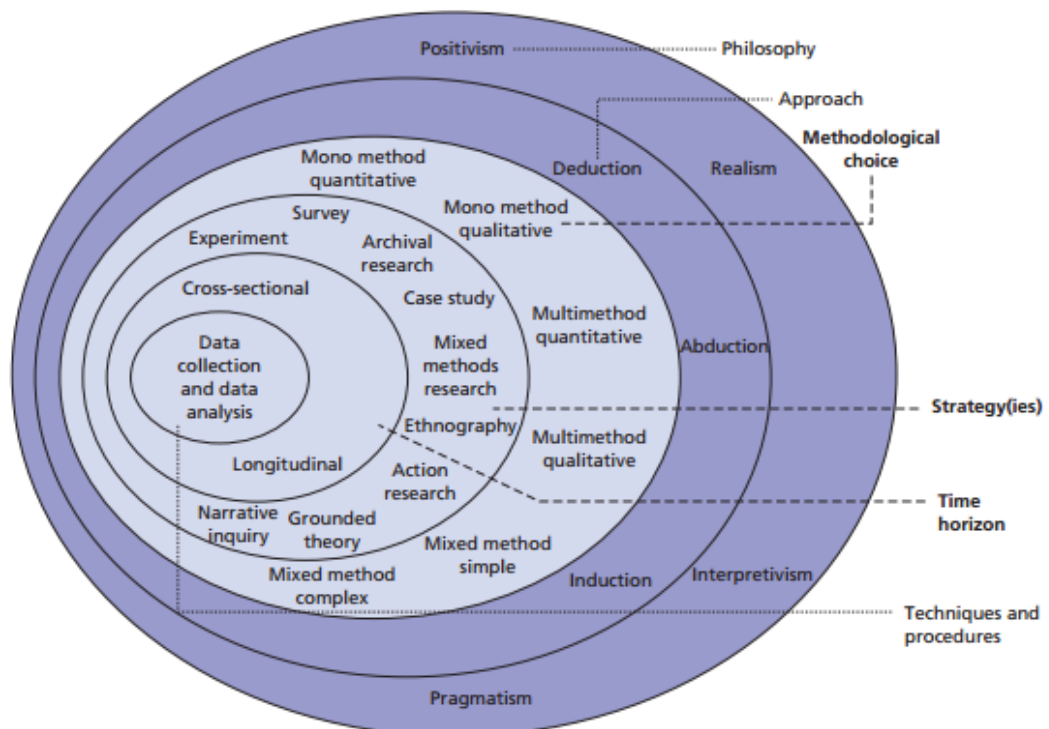


Figure 3.3. Research Onion. Reprinted from “Research Methods for Business Students” by Saunders et al, 2007

3.5 Research Methodology

Due to the wide range of responses, a mixed research methodology with predominantly qualitative approach was found appropriate and used to assemble and analyse the data in this study. The research method is predominantly qualitative research with few questions in the questionnaire requiring qualitative analysis. Being a research for doctoral degree, with the researcher having limited time and resources to complete the research, a cross-sectional research was found to be appropriate. At the same time cross-sectional research was found appropriate as the investigation is concerned with the study of a particular phenomenon at a specific time.

The investigation of BEE implementation in the financial sector was in-depth, but with a small sample size of representatives of financial institutions and BEE beneficiary, as well as from BEE experts and the data collection and analysis were predominantly qualitative. The research methodology applied here and as outlined by Sarantakos (2013) encompasses the overall approach to the research process and it includes the methods which were used to collect and analyse data. The research methodology served as the guide to the following main themes:

- Why certain data was to be collected on BEE implementation in the financial sector
- What data was to be collected on BEE implementation in the financial sector
- Where was the data to be collected
- How was the data to be collected
- How was the data to be analysed

Using predominantly qualitative research method, the study focussed on assembling and analysing the attitudes, experiences and perceptions of the respondents, mainly managers officially designated to represent financial institutions and beneficiaries of the BEE initiative. This approach was important since the researcher was interested in evaluating the BEE intervention from the perspective of the research participants. Furthermore, qualitative research was used as it made measures more comprehensible and relevant to respondents, provided contextual information to explain particular outcomes, and most importantly, ensured that measures were based on what mattered most for this research.

Qualitative method was used because it had the following advantages : flexibility and assisted the researcher to follow unexpected ideas during research and explore processes effectively; sensitivity to contextual factors; ability to study symbolic dimensions and social meaning; and increased opportunities for the researcher to develop empirically supported new ideas and theories. Moreover, using qualitative methods provided further advantages in that it helped the researcher generate rich, detailed data that left the participants' perspectives intact and provided multiple contexts for understanding the BEE phenomenon under study. Additionally, qualitative research was used to vividly demonstrate the BEE phenomena and to conduct cross-case comparisons and analysis of individuals or groups.

The following were the strengths of using qualitative methods to study the BEE phenomenon:

- It helped the researcher to obtain a more realistic view of the lived world that could not have been understood or experienced in numerical data and statistical analysis;

- It helped to provide the researcher with the perspective of the participants of the study through immersion in a culture or situation and as a result of direct interaction with them;
- It allowed the researcher to describe existing phenomena and current situations;
- It helped the researcher to develop flexible ways to perform data collection, subsequent analysis, and interpretation of collected information;
- It was useful in that it helped the researcher to respond to changes that occurred while conducting the study and offered the flexibility to shift the focus of the research as a result;
- It provided a holistic view of the phenomena under investigation;
- It helped the researcher to respond to local situations, conditions, and needs of participants; and
- It assisted the researcher to interact with the research subjects in their own language and on their own terms.

Some specific limitations associated with using qualitative methods to study research problems in the social sciences which the researcher experienced and took into cognisance as highlighted by Anderson (2010), Denzin (2011) and Merriam (2009) were the potential to drift away from the original objectives of the study in response to the changing nature of the context under which the research is conducted and the fact that data gathering and analysis was time consuming.

On the other hand, the supplementary and limited quantitative method in this study focussed on areas such as management representation, ownership levels and community involvement as highlighted in the research objectives. As outlined by Muijis (2010), the quantitative approach aspect of this study emphasised the measurement and analysis of causal relationships between variables, not processes.

The approach emphasised objective measurements and the statistical, mathematical, or numerical analysis of data collected through questionnaires. The quantitative approach thus focused on gathering numerical data and generalising it across groups of people and assisted to explain the BEE implementation phenomenon. The overarching aim of a quantitative research study was to classify features, count them, and construct statistical models in an attempt to explain what was observed. The following were the strengths of using supplementary quantitative methods to study the BEE phenomenon:

- It allowed for a broader study, involving a greater number of subjects, and enhancing the generalisation of the results;
- It allowed for greater objectivity and accuracy of results;
- It helped to summarise vast sources of information and making comparisons across categories and over time; and
- It helped avoid personal bias by allowing the research to keep a 'distance' from participating subjects and using accepted computational techniques.

Some specific limitations experienced with the use of quantitative methods in conducting this study and as outlined by different authors (Anderson, 2010; Denzin (2011); Merriam, 2009) were that it required the researcher to develop standard questions that could have led to "structural bias" and false representation, where the data actually reflected the view of the researcher instead of the participating subject.

3.6 Population and Sampling

3.6.1 Population

For the sake of this study and as outlined by Oliver (2008), the total numbers of individuals to whom the results of the research were intended to apply constituted the research population. The financial sector comprises of numerous banking and non-banking institutions that vary in size, nature and scope. The population of the study consisted of the representatives of the largest financial institutions (in terms of size, profit, assets, and workforce) which are foreign-owned and whose management is mainly white dominated, and their BEE beneficiaries. Specifically, the overall and total population of this research comprised and consisted of all foreign-owned and large-scale insurance, medical aid fund and banking institutions, BEE beneficiaries, managers, regulators, employment equity commission, trade unions, employers' organisations and selected individuals with interest and expertise on BEE.

According to NAMFISA (2012), in total there were 17 registered long-term insurers, 13 short-term insurers, 9 medical aid funds, and 167 pension funds. The Bank of Namibia Annual Reports indicates that there were 6 registered commercial banks in 2013 (Bank of Namibia, 2014).

3.6.2 Sampling frame and Unit of analysis

For the purpose of this study, a unit of analysis is essentially managers officially designated to represent financial institutions and their BEE beneficiaries. The financial sector in this study thus refers to all the people in the sector who are employers, employees, legislators or regulatory authorities, organised associations and trade unions and companies.

3.6.3 Population sample and sample size

Guided by the nature of the population of interest and the data to be gathered and analysed, the researcher decided on the four largest commercial banks, the three largest long-term insurance companies, three asset managers, two medical aid companies, and the two largest short-term insurance companies operating in the Namibian financial sector as sample for this study. The population and sample sizes are outlined in Table 4 below.

The sample was ideal as it was deemed large enough to serve as an adequate representation of the population about which the researcher wished to generalise and small enough to be selected economically in terms of subject availability and expense in both time and money.

The population size in which this research (as indicated in section 3.6.1 above) was interested and in which research was conducted was large and made it impractical, and uneconomical to conduct research and to involve all the members of the population in this study. The chosen population was not only large in terms of size, but equally in terms of diversity and had to be narrowed to result in a target population. Consequently, the research had to obtain data from only a sample of these populations.

Besides representatives from these organisations in the financial sector and representatives from BEE beneficiaries of these companies, industry regulators, employment equity commission and other organisations with an interest in BEE and individuals with expertise, knowledge and involved with or dealing with BEE issues comprised part of the population sample of this research.

In determining the study's sample, the researcher was guided by Babooa (2008) who states that for a sample to be deemed appropriate, the researcher should select at least a minimum of 10 per cent of the given research population.

Table 4. Population and sample size

Financial institution Categories	Total Population	Target Population	Proportional Sample
Banking	6	4	3 (75 %)
Long-term insurance	16	3	3 (100 %)
Short-term Insurance	12	3	2 (67 %)
Asset Managers	41	3	3 (100 %)
Medical	9	2	2 (100 %)
BEE Beneficiary	unknown	15	12 (85 %)
Total	84	30	25 (83 %)

The target population consisted of 30 financial institutions and BEE beneficiaries. Of these 25 institutions made up the proportional sample denoting 83 per cent of the target population. An additional 11 individuals from regulators, industry bodies and expert individuals also participated.

3.6.4 Sampling techniques and procedures

Being predominantly a qualitative research with minor aspects of quantitative research, the researcher found non-probability sampling techniques best suited and appropriate for this study. A combination of two non-probability sampling techniques was used in this study which are; purposive (judgemental) sampling and snowball sampling techniques.

Judgmental sampling (also known as purposive or authoritative sampling) a non-probability sampling technique where the researcher selects units to be sampled based on his knowledge and professional judgment was used (Best & Kahn, 2006). The researcher selected a subcategory of purposive sampling known as expert sampling which involves the assembling of a sample of persons with known or demonstrable experience and expertise in some area (Oliver, 2008). One major limitation with purposive sampling technique is that despite the researcher likely to get the opinions of the target population, he is also likely to overweight subgroups in his population that are more readily accessible (David & Sutton, 2011). This, the researcher took into consideration and strived to avoid and steer clear from.

Besides the fact that this sampling technique enabled the researcher to judge the subjects that were typical or representative of the phenomenon being studied, the researcher selected this method as he was looking for respondents who are both articulate and who wished to help with the research. At the same time the researcher identified respondents because of their experience, understanding and who have special insights into the research questions. By using purposeful sampling the researcher was able to select those participants who were deemed to provide the richest information, most interesting, and those who manifest the characteristics of most

interest to the researcher. Another reason why expert purposive sampling was utilised in this research is because it was found to be the best way to elicit the views of persons who have specific expertise. The researcher was able to choose subjects that were knowledgeable about the research issue because of their personal experience and involvement with BEE in Namibia. The data collected from chosen respondents was extremely informative and useful for this research. At the same time this technique was very convenient and economical.

Snowball sampling also referred to as chain referral sampling is a non-probability sampling technique that was also used by the researcher in this study. Using this technique, the researcher selected a few extant subjects to identify and recommend other individuals who met the criteria and would be appropriate for inclusion in the study. This continued with the new subjects and until the researcher had a sufficient sample size. By employing this technique, the researcher asked for assistance from the available subjects to help him identify people with similar traits of interest on BEE issues. In conducting this sampling method, the individuals were mainly selected or referred to by other respondents mainly due to their expertise, knowledge and involvement with BEE in Namibia in general and financial services sector in particular. The final decision to include these individuals were made by the researcher after an in-depth scrutiny of particular individuals to determine if they would indeed add value to the investigation on the implementation of BEE in the financial services industry. This conformed to the view of Best and Kahn (2006) when they maintain that snowball sampling is used to find subjects of interest from those who are most likely to be able to identify them.

The researcher in selecting these sampling techniques was fully aware that the sample selected might not represent the total stakeholder population in the BEE intervention

and that it would limit the generalisation of the findings. The researcher was also aware of the potential for sampling bias. However, having studied all the available techniques and scrutinising the research objectives, the researcher found these technique to be the most suitable to use and that the criteria set for a respondent to be selected for inclusion was stringently analysed and intimately scrutinised. The researcher fully subscribed to the sampling theory which states that a correctly taken sample of an appropriate size will yield results that can be applied to the population as a whole (Gary, 2014). This study therefore, was designed to ensure that enough participants are recruited to generate useful information that can be generalised to or representative of the group selected. The researcher took into consideration the fact that the sample of a study can have a profound impact on the outcome of a study, and it was for this reason that a painstaking and meticulous selection of the sample was undertaken.

Snowball sampling resulted in eleven (11) experts, commentators, analysts and senior persons working with and involved in BEE in general from different walks of life being drawn for the study. On the other hand, a purposive sample of 4 banks, 3 long-term insurance companies, 2 short-term insurance, 2 medical aid administrators, 3 asset managers, 1 union, 2 industry representative bodies, and 2 employer organisations were selected and drawn from the financial sector. From the financial institutions, thirteen (13) prominent managers were selected and drawn.

A total of twelve (11) senior persons representing the regulators (NAMFISA and Bank of Namibia), trade union (NAFINU), industry association (LAAN), employer union (NEF), office of the Prime Minister, Ministry of Finance, and Namibia Chamber of Commerce (NCCI) were selected to participate in the study. These individuals and organisations were selected because of their knowledge, interest and involvement in

the financial services industry. The above organisations have also had a great influence in the crafting and implementation of BEE in the financial services sector.

3.7 Data collection and Data collection instruments

3.7.1 Data collection

This study involved extensive research on BEE in Namibia in general and financial sector in particular. In the process of conducting this study, an amalgamation of the collection of primary data and secondary data was undertaken. The research approach used in gathering the information and research material that was used to conduct this study included meticulous research of the subject matter in the written press, internet sources, online libraries, as well as questionnaires and personal face-to-face in-depth interviews with leading industry and government personalities.

Primary data was collected from key representatives of the financial services sector mainly through questionnaires and interviews based on a questionnaire and interview guide annexed to this study as Annexure 1, 2 and 3. Secondary data was collected through extensive and wide-ranging literature review on BEE in Namibia from books, annual reports, magazines, newspapers, journals, academic publications, internet sources from reputable and most informed academic, government and other institutions. A comprehensive survey of BEE literature in Namibia, South Africa and other parts of Africa as well as in other similar interventions in America, Australia, Malaysia, New Zealand and India was also undertaken. The literature reviewed was based and limited to the most recent literature available on this topic. Thorough desk review of relevant empowerment legislations and initiatives as well as information on

the Namibian history was done. This was done to ensure a complete understanding of the subject.

Quantitative data in this study was comprised mainly of statistics and figures on management representation, ownership levels, beneficiary satisfaction levels, amounts and percentages spent on social investment, number of training interventions and it was collected chiefly through a questionnaire, which comprised of specific closed ended questions in the form of the Likert scale. Qualitative data was mainly focussed on attitudes, experiences and perceptions of BEE implementation and was collected predominantly through face-to-face interviews.

Data was collected from 1 June 2016 to 15 August 2016 in Windhoek, Namibia. Guided by Kadimally (2014) the researcher viewed data collection as a process of interrelated series of activities that aim to gather information in order to answer emerging research questions. The researcher in undertaking data collection was mindful of the fact that inaccurate data collection can impact the results of a study and ultimately lead to invalid results. The researcher put enough energy in the data collection process to ensure that data collected is of high quality. As observed by Hammersley (2008) the quality and reliability of research is very much based on the quality of data which is used to support the facts and findings of the research and therefore it is important to use reliable and suitable data for a research project. This study, with regards to data collection, was driven by the goal of capturing quality evidence that would be translated into data analysis and allow the building of a convincing and credible answer to the research questions.

3.7.2 Developing data research instruments

In carrying out this study, the researcher was mindful of the fact that in data collection, the role of the data collection instruments has a great impact on the data obtained. Therefore, the process of choosing and developing the data collection tools was fundamental and key to the research process. In developing the data research instruments, the researcher took cognisance of the fact that when developing these research tools, it is vital to ask questions that are likely to yield as much information about the study phenomenon as possible and also be able to address the aims and objectives of the research. The researcher fully recognised that well-designed data collection instruments would result in high quality, accurate, up-to-date and relevant data which will ultimately save on data entry.

The researcher designed the tools with the aim of translating the research objectives into specific questions or items, the response of which would provide the data required to achieve the research objectives. Since this research followed a mainly qualitative research methodology approach with complimenting quantitative questions, a combination of interview, questionnaire and secondary data analysis was used in collecting data. Noticing that accurate data collection was essential to maintaining the integrity of the study and in order to acquire all the appropriate information needed by the researcher, data collection tools had to be well selected, well designed and specified.

3.7.3 Data collection tools

Interviews and questionnaires as data collection tools were selected by the researcher, as they were considered as able to acquire relevant data and most suitable tools

specifically for this research. In a similar research conducted in the fishing industry in South Africa, Ponte and Sittert (2009) also used a combination of questionnaires and interviews. In the advertising industry in South Africa, Duffert, van der Heever and Bell (2009) interviewed 12 advertising agencies representatives, while in the mining industry Fauconnier and Mathur-Helm (2008) also utilised indepth face-to-face interviews with 11 mining leaders to evaluate the implementation of BEE in the industry. These research instruments were adopted as they are appropriate for generating the knowledge and information expected to satisfy the research aims and objectives and can collect the data that answers the research question.

3.7.4 Questionnaire

A self-administered questionnaire was used to gather data from respondents officially representing financial institutions and BEE beneficiaries. Sarantakos (2013) states that there are two most common types of questionnaires used according to the kind of questions. These are structured (closed ended) questions and unstructured (open ended) questions. For the purpose of this study, the researcher used both types of questions in the questionnaires in order to collect appropriate information from the participants. In closed-ended questions, the respondents were given a list of predetermined responses from which to select (choose) their answers, while in the open-ended questions, respondents were asked to answer each question in their own words. The answers provided by the respondents constitute the data for the research.

The administration and scoring of a questionnaire was straightforward and the results lent themselves readily to analysis. Unstructured questions did not include suggested answers and gave the respondents freedom to reveal their opinions and attitudes.

Spaces were provided for respondents to make their inputs. A set of standardised questions that explore a specific topic and collect information about demographics, opinions, attitudes, or behaviours, were used in this study mostly to collect quantitative data.

Table 5: Composition of questions for questionnaire

Section A: Understanding BEE & Management Perception	Research objective addressed by the topic
<ul style="list-style-type: none"> • BEE objective • Perception of BEE 	Research objective (ii)
Section B: Ownership	
<ul style="list-style-type: none"> • Ownership composition • Assistance given to blacks to own • Percentage ownership • Voting rights 	Research objective (iii)
Section C: Empowerment financing	
<ul style="list-style-type: none"> • Kind of financing • Assistance given 	Research objective (iii)
Section D: Management control and Employment Equity	
<ul style="list-style-type: none"> • environment for employment equity • representation 	Research objective (iv)
Section E: Human Resources and Skills Development	
<ul style="list-style-type: none"> • Support to skills development • Kind of skills development 	Research objective (v)
Section F: Enterprise Development	
<ul style="list-style-type: none"> • Support to BEE enterprise • Procurement from BEE enterprise 	Research objective (vii)
Section G: Corporate Social Investment	
<ul style="list-style-type: none"> • Contribution to CSI 	Research objective (vi)
Section H: Implementation and Monitoring	
<ul style="list-style-type: none"> • Challenges in the implementation of the BEE strategy 	<ul style="list-style-type: none"> • Research objective (i)
Section I: Decision-Level	
<ul style="list-style-type: none"> • Decision making 	Research objective (i)
Section J: Outcomes of BEE implementations	
<ul style="list-style-type: none"> • Satisfaction • Unintended outcomes 	Research objective (main objective)
Section K: Compliance and Measurement	
<ul style="list-style-type: none"> • Compliance mechanism 	Research objective (i)

3.7.5 Questionnaire design

The questionnaire consisted of twelve sections with different themes. The sections contained detailed questions with regards to the implementation of BEE in different institutions and in the financial services industry in general.

Two kinds of questionnaires were developed for the representatives of corporates in the sector as well as for BEE beneficiaries. The questionnaires consisted of questions aimed at soliciting both qualitative and quantitative data, while interviews consisted of a mixture of questions aimed at soliciting mainly qualitative data as outlined in Table 5 above. The interview questions mirrored the questions in the questionnaire. The questionnaire being directed at the representatives of the financial institutions, however, had additional questions that could only be answered by staff representing the institutions. Examples of these were the exact percentage of profit after tax allocated for community development and exact percentage of gross wage allocated to training and skills development.

3.7.6 Administering of questionnaires

The researcher had to locate target groups (respondents), contact them, gain permission and admission to them. Each questionnaire was accompanied with an explanatory cover letter which explained the purpose of the research as well as a letter from Namibia Business School which authorised the researcher to undertake the study on the implementation of BEE in the financial sector. The respondents were asked to return the fully completed questionnaire within two weeks. Follow up telephonic calls were made to the respondents weekly to remind them of the deadline and also to find out if clarifications were needed on the questionnaire.

The questionnaire was delivered and collected personally to the participants and this allowed the researcher an opportunity to help explain difficult questions and used personal persuasion and reminders to ensure high response rate without leading the participants in answering questions. A total of twenty (20) questions were used and these questions enabled the researcher to capture in depth beliefs, perceptions and interpretations of the implementation of the BEE phenomenon in the Namibian financial services industry.

3.7.7 Interview guide and Face-to-face interviews

In order to achieve the objectives of this study, the researcher used the semi structured interviews to collect data for this study. An interview guide was developed and the researcher employed and used it for face-to-face interviews as data collection tools in order to get as much information as possible from the respondents on the subject of BEE implementation in the financial sector. The interview guide consisted of predominantly open-ended questions in twelve (12) main sections. Once the purpose and focus of the evaluation was determined, specific evaluation questions were identified and formulated. The questions ranged from understanding of BEE, its effectiveness, the need for a piece of legislation on BEE to the challenges of implementing BEE in the financial sector. The participants were also asked their opinions on whether BEE implementation had achieved its objectives with regards the five pillars. The use of an interview guide and face-to-face interviews was encouraged and guided by Duffert, van der Heever and Bell (2009) and Fauconnier and Mathur-Helm (2008) who successfully utilised in-depth face-to-face interviews in their research on BEE implementation in the Advertising and Mining industry in South Africa respectively. Duffert, van der Heever and Bell (2009) interviewed 12

advertising agencies representatives, while Fauconnier and Mathur-Helm (2008) interviewed 11 mining leaders in their research.

Face to face interviews enabled the researcher to explore complex issues in detail; facilitated personal engagement with respondents; and allowed them to ask for clarification as highlighted by Dowling & Brown, 2009 and Alvesson, 2011. With the use of interviews to collect data, the researcher was able to have direct personal contact with the participants who were asked to answer questions relating to the research problem. Interviews became necessary as the researcher felt the need to meet face-to-face with respondents to interact and generate ideas in a discourse that borders on mutual interest. During this interaction, oral questions were posed by the researcher to elicit oral response from the respondents. An interview was seen as the most suitable tool for collecting qualitative data for this study because it collects complete information with greater understanding and it also allows the researcher to introduce necessary changes in the interview schedule based on initial results, which is not possible if a questionnaire alone was used.

The following advantages and benefits of the interview as a tool for data collection lured the researcher to use it:

- It provided direct feedback from respondent, this is due to the fact that the researcher was assured that the responses are from the person intended to give the information.
- It yielded rich data, with details and new insights due to the fact that it allowed the respondents to describe what was meaningful using their own words
- Through interview the researcher was able to obtain information that was deemed sensitive due to the conversational tone an interview had
- It allowed personal interaction with the respondents.

Other advantages as highlighted by Tustin and Martins (2010) such as flexibility, control of the interview situation and high response rates, made the interview an appropriate tool for this study. Interviews were also seen as the best data collection tool for collecting information especially from managers and those expert respondents who might have been too busy to complete a written questionnaire.

3.7.8 Interviewing procedure

In order to get balanced and credible results, interviews with a wide section of participants comprising of executives in the financial services industry, BEE beneficiaries, officials from the regulators, representatives of government, insurance and banking associations, financial industry charter committee, academics, members of the public, Namibia Chamber of Commerce and Industry, Indigenous People Business Council, employees of financial services, financial services unions, Employment Equity Commission, Small and Medium Enterprises owners, suppliers of financial institutions, and members of political parties were conducted.

Face-to-face semi structured interviews were conducted with 11 respondents from the above institutions and interest groups. Before commencing with the interview, the researcher first developed an initial good rapport with the participants by visiting the participants and explaining the objectives and highlighting the significance of the research. The researcher then structured the interaction in a manner that would bring out relevant information from the respondent. The creation of a cordial atmosphere was therefore vital to the success of such an interaction. The researcher played an unbiased interpretational role during the interviews. The researcher was mindful of the fact that to get maximum responses from the respondents, the interview takes place in an area free from distractions and in locations that are most suitable for the

participants. The interviewees in this study were given an opportunity to decide the location of the interview.

Before conducting the interview, the researcher took time to familiarise himself with the research questions (interview questions) so that the process appeared natural and less rehearsed. Before an interview took place, respondents were informed about the study details and given assurance about ethical principles such as anonymity and confidentiality. This gave the respondents some ideas of what to expect from the interview and it increased the likelihood of honesty and it was also a fundamental aspect of the informed consent process.

Selected respondents were asked questions orally and all interviews were tape recorded as this protects against bias and provides a permanent record of what was and was not said. The researcher intended that, as far as possible, every interview would be conducted in exactly the same way.

At the end of every interview, respondents were thanked for their time and contribution. They were also asked if there was anything they would want to add. This gave the respondents an opportunity to deal with issues that they thought about and viewed as important but not dealt with in the interview by the interviewer. This helped to discover new and unanticipated information. A brand new Sony voice recorder purchased solely for this exercise and field notebook was used to capture the discussions with the permission of the interviewees. Interviewees were personally contacted by the researcher and were invited to participate in the research. The objectives of the study were explained and interviewees were assured that the data would be treated with confidentiality.

Table 6: Interview scripts from the 11 interviews

List of participants	Length of interview (hour, minutes, seconds)	Number of transcript pages
Participant A	58:40	19
Participant B	45:50	12
Participant C	56:40	17
Participant D	28:27	8
Participant E	1:11:21	23
Participant F	50:58	14
Participant G	35:40	9
Participant H	48:14	12
Participant I	52:39	12
Participant J	53:47	15
Participant K	48:32	10
Total	9h6.8	151

All interviewees who were approached except two (2) agreed to participate. The aim was to obtain in-depth information through semi-structured interviews, and the sample was at liberty to convey any information other than that requested. The interviews were conducted at a time and place suitable to the interviewees and lasted approximately one hour. Eleven interview scripts totalling 151 pages were produced, each ranging from 8 pages to 23 pages (see Table 6 above). Each interview respondent was accorded a label (A-K) to preserve their anonymity during data analysis, presentation and discussion. In total the research spent about nine hours and six minutes (9h6.8) in interviews, each ranging from 28:27 to 1:11:21.

The composition of questions for the interviews are highlighted in Table 7 below. They indicate the kind of questions asked as well as the research objectives they tried to address. The table list thirteen (13) different kind of questions asked as well as the objectives they aimed to address.

Table 7: Composition of questions for Interviews

Question	Research Objective Addressed
1. What do you understand by Black Economic Empowerment (BEE)?	Main objective
2. What is your view on the effectiveness of BEE implementation in the financial services sector?	Main Objective
3. What are the main challenges for implementing BEE in Namibia in general and the financial services sector in particular?	Main research Objective
4. Is there a need for a piece of legislation and policy to ensure the effective and successful implementation of BEE? Explain.	Main Research Objective
5. Do you think there are enough measures employed to enforce compliance with BEE implementation in the financial services industry. Explain	Main Research Objective
6. In your opinion has the financial industry achieved the objective of substantially changing racial and gender composition of the ownership in the financial sector?	Research Objective (i) Ownership
7. In your opinion has the financial industry achieved the objective of substantially changing the racial and gender composition of the control and	Research Objective (ii) Management representation and employment equity

management structure in the financial sector?	
8. Do you believe that financial services institutions have put in place adequate measures to remedy past discrimination in employment practices as required by the Affirmative Action (Employment) Act? Explain.	Research Objective (ii) Management representation and employment equity
9. Do you believe that financial institutions are doing enough to develop skills in the financial sector?	Research Objective (iii) Human resource and Skills development
10. Do you believe that financial services institutions are doing enough to support and encourage aspiring entrepreneurs from BEE designated groups in business development and entrepreneurship? Explain.	Research Objective (v) Enterprise development
11. Do you think financial services institutions are devoting enough resources to community investment? Please Explain?	Research Objective (iv) Community development
12. In your opinion are BEE beneficiary given appropriate training in accordance with needs identified in the national skills audit?	Research Objective (iii) Human Resources and Skills development
13. What would you propose to make BEE implementation effective and successful in Namibia in general and financial sector in particular	Main Objective

3.7.9 Secondary data

The researcher greatly made use of secondary data sources such as reports, company annual reports, journals as well as publications on the internet to achieve the objectives of the study.

3.7.10 Pilot Study

Prior to administering the questionnaire and interviews and in order to ensure that the researcher achieved his objectives in data collection, a pilot study was undertaken as a rehearsal for the actual research process, to detect all the possible flaws and confusions that might occur during the research process of collecting data so as to reduce the chance of unreliable results.

The pilot study helped to determine firstly, the appropriateness of the questions to the target population; secondly the correctness of the instructions to be measured; thirdly, the ability of all respondents to follow the directions as indicated; fourthly, to measure the time it takes to answer to each question; and finally to find errors in the questions earlier on before the actual research.

The pilot study was conducted on three (3) respondents with the aim of pre-testing the questionnaire and interview questions. The pilot study was administered and carried out personally by the researcher so that the researcher could observe the respondent, timing each question, and to see which questions appeared difficult or confusing. The purpose of the pilot was to establish the effectiveness of the questionnaires and identify uncertainties before the questionnaire was presented to the target population.

Though all of the participants expressed satisfaction with the questionnaires, they also recommended some adjustments and changes to some of the questions. The researcher after analysing their inputs decided to consider and incorporate the suggestions to ensure that the questionnaire is effective. The questionnaire was then edited in light of the results of the pilot study. A total of three (3) questions from the questionnaire and 2 from the research guide were removed from the final questions. This was done to ensure that the final questionnaire and interviews were effective in collecting the relevant information. The positive response gave the researcher confidence to roll out

the questionnaire to the rest of the target population. The pilot project not only did it serve as a learning tool, but also provided much needed feedback to the researcher regarding the content, structure and layout of the questionnaire.

3.8 Overall research procedures

Once the research proposal was approved, the researcher critically planned the execution of the research. First, the research strategy was outlined and detailed. The research problems, aims and objectives were stringently scrutinised and clearly stated in order to ensure that the outcome of the research speaks to the objectives. Second, the procedure for implementing the strategy was comprehensively defined. Third, the procedure that would be used to select the participants of the study was highlighted. This also involved identifying respondents or government policy documents, company reports, and other sources of information. At the same time, structuring and designing data collection instruments were undertaken. Fourth, methodology and strategy for collecting data, including pilot study were outlined. Fifth, the data analysis procedure to be applied to the data was prepared, and finally how the results of the study will be reported and presented was outlined. Finally, the criteria by which the researcher will judge and conclude whether the implementation process is proper or improper or whether the outcomes of BEE has been achieved or not achieved were outlined.

3.9 Data analysis

The data in this study was analysed by using a combination of qualitative and quantitative methods. In deciding which methods to use, the researcher chose the

methods that are in harmony with the parameters set and with the kind of data collected.

Guided by O' Leary (2010), Denzin (2011) and Creswell, Piano-Clark and Garrett (2008), the researcher undertook three things during data analysis, namely data was organised, then reduced through summarisation and categorisation, and finally patterns and themes in the data were identified and linked.

The processing of qualitative data analysis, involved five stages which was preparation, familiarisation, interpretation, verification and representation of the data. Further qualitative data analysis consisted of three main sub-processes: (1) data reduction by means of data sorting into codes or themes, (ii) data display using tables and visual aids, and (iii) conclusions. The collected data was transcribed into rich text format, then cut and pasted onto Microsoft Word (2010). The data was coded and labelled using the appropriate coding and labelling technique. After the coding and labelling, the connection between codes and labels was discovered and classified into categories depicting the responses of the respondents.

The study also used quantitative approach to analyse the few questions of a quantitative nature. Quantitative data analysis took the form of simple descriptive statistics. Though there are several methods and software of analysing data as articulated by Muijis (2010), this study used mostly the Statistical Package for the Social Sciences (SPSS) (version 20) and Microsoft Excel 2010. SPSS and Microsoft Excel were found to be the most ideal software for this predominantly qualitative methodology research. SPSS is capable of handling large amounts of data that was collected and can perform all of the analysis covered in text and much more (Gary, 2014). Frequency tables, graphs, charts and percentages were used in the analysis.

3.10 Ethical considerations

David and Sutton (2011) maintains that collecting information about people raises ethical issues in the focus of attention chosen, in the methods adopted and in the form and use of the findings. During the process of designing and conducting this study, human beings were involved. Therefore, their human rights needed to be observed at all times during the research process. Throughout this study, the researcher made a deliberate effort to free himself from prejudices, biases and sentiments that could impede objectivity and neutrality and remained cautious to advocate for certain beliefs, values or ideals.

In carrying out this study, the researcher undertook to observe to the best of his ability research ethical issues. The researcher at all times strived to be responsible in securing the actual permission and interests of all those involved in the study. To commence the research an approval letter was obtained from the Namibia Business School (University of Namibia) granting permission to the research to undertake the study.

At all times informed consent was undertaken before the respondents were enlisted in the implementation of this study. All respondents were aware that their participation was voluntary, their own choice and no deceitful or similar unfair inducement or manipulation was undertaken.

The respondents were informed that the researcher will not misuse any of the information discovered, and he will uphold and maintain moral responsibility towards the participants. The researcher fully recognised and respected the privacy of all the respondents. The researcher further took it as his duty to protect the rights of individuals in the study as well as their privacy. The confidentiality of those involved was maintained by keeping their anonymity and privacy secure. The data collected has

been kept in a secure place that can be accessed only by the researcher and can be made available on request by the involved parties.

The researcher upheld the principles of honesty and integrity by honestly reporting data, results, methods and procedures, and publication status. He did not fabricate, falsify, or misrepresent data. The researcher strove to be objective and avoid bias in data analysis, data interpretation, peer review, personnel decisions, expert testimony, and other aspects of research where objectivity is expected or required. He disclosed personal or financial interests that might have affected the research.

3.11 Summary

In this chapter, the research design and methodology that were adopted and used in conducting and carrying out this study were outlined. The chapter also covered the important aspects of target population, sample size, sampling techniques, data collection tools, and how data was collected and analysed. At the same time, the appropriateness of techniques used to gather data and methodological approaches employed were explained and demonstrated. The collected data was carefully analysed, and the findings of the analysis are presented in the next chapter. The chapter concludes by highlights the ethical consideration employed by the researcher in carrying out this study.

CHAPTER FOUR

ANALYSIS AND DISCUSSION

4.1 Introduction

Chapter three described the research design and methodology employed in the study. It also discussed the appropriate data collection methods used in conducting this study. The primary focus of this chapter is to present and interpret the findings, outcomes and results from the analysis of the data obtained through the data collection process within the outcome evaluation approach adopted by this study. It also reports on the observations made as well as providing a critical analysis of these observations by examining the implications of these observations in the context of the purpose and objectives of the research. The data for the research was collected and gathered mainly through the use of questionnaires and interviews. Responses from several questions asked in the questionnaire and structured interviews are discussed in detail. The data in this study was analysed by using a combination of qualitative and quantitative methods.

This chapter intends to also provide possible solutions to the problem statement as highlighted in chapter one which seeks to evaluate the implementation of BEE in the financial sector of Namibia. The problem was socioeconomic inequalities and limited economic involvement of blacks. The chapter systematically presents, explains and interprets the research findings. The results of both the qualitative and quantitative parts are presented simultaneously and integrated to present a holistic view. The chapter concludes by focusing on and undertaking a comprehensive discussion of the data presented in relation to the five research questions driving this study. The implementation of BEE in the financial services industry is examined in detail.

4.2 Data Analysis Overview

This section describes the methodology employed and the problems experienced during the study. This study used two groups of participants being the financial institution representatives and BEE beneficiaries on one hand, and representatives from industry associations, regulators, trade union, BEE experts and academics, and other financial sector stakeholders on the other hand.

Data was collected from 25 financial institutions and BEE partners of these institutions using a questionnaire addressing the following: understanding of the BEE concept; ownership; management control and employment equity; human resources and skills development; procurement and enterprise development; BEE implementation and monitoring; the challenges and obstacles of BEE implementation; and corporate social responsibility initiatives undertaken by the institutions.

In addition, interviews were held with other stakeholders with an interest and knowledge of BEE in the sector. These included industry associations, trade unions, industry regulators and BEE experts, academics, and other financial sector stakeholders. Following intensive follow-up of the 30 financial institutions and BEE partners identified and contacted, 25 agreed to participate and to take part. All financial institutions and BEE partners were, in general, fairly evasive and reluctant to participate. BEE is clearly still viewed as a contentious issue by most institutions, and regarded as an issue that only senior to executive management levels are qualified to deal with and with the approval of the board.

Two firms totally and utterly refused to participate due to the researcher's background and association with a financial institution operating in the sector. All financial institutions required their CEO, entire executive management or Board of Directors' approval to respond to the questions posed. This indicated to the researcher that the

exposure of BEE implementation by financial institutions is not taken lightly. At the same time, this not only caused delays in the research but led to some companies not participating. In addition to the firm interviews, the Employment Equity Commission reports as well as financial institutions annual reports were studied and scrutinised for additional information.

4.3 Presentation and discussion of Findings

In order to successfully measure the impact, outcomes and effectiveness of the BEE initiative guided by the financial charter in the Namibian financial sector, a comprehensive analysis and understanding of its objectives through its five (5) different and crucial pillars which are ownership; management control and employment equity; human resources and skills development; procurement and enterprise development; and community investment, was undertaken. BEE implementation outcomes are evaluated by assessing the implementation outcomes and effectiveness of the voluntary financial charter that was introduced in 2009 to guide the transformation process of the sector.

This section presents, analyses and discusses data that was collected by means of interviews and questionnaires. The questions in the questionnaire and semi-structured interview guide were set up in the manner that is correlating with the objectives of the research and consequently providing answers to the research objectives and questions.

The questionnaires were finally distributed and administered to 25 officially designated representatives of financial institutions and their BEE partners operating in Namibia. Five (5) financial institutions declined to participate mainly due to lack of board of directors or Executive Management approval. It was the requirement of the study that information provided by the financial institution should be an official

position of the institution and not views of the representative. This however did not impact of the results of the study due to the fact that representation across all categories of the financial sector was still adequate to be deemed representative of the population. The questionnaires to financial institutions comprised of forty-two items grouped in nine themes, while questionnaires to BEE beneficiaries were comprised of 37 items grouped in ten themes. The questions of institutions and beneficiaries were similar with exception of few questions directed only to financial institutions or to beneficiaries. The institutions comprised of banking institutions, long-term insurance institutions, short-term insurance institutions, asset management institutions and medical aid fund institutions. All but one of these financial institutions were foreign-owned with parent companies in South Africa.

To supplement and augment the questionnaires sent to financial institutions and to gauge the opinion of BEE implementation in the financial sector from an outsider's perspective, face-to-face interviews were conducted. A total of 11 individuals were approached and accepted to be interviewed. The 11 individuals representing the regulators (NAMFISA and Bank of Namibia), trade union (NAFINU), LAAN, employers' union (NEF), office of the Prime Minister, Ministry of Finance, business association (IPBF and NCCI) were finally interviewed and participated in the study. The aim of the interviews was to provide additional, supporting or contradicting information on BEE implementation from an outsider perspective. A labour analyst, economic analyst and one academic were also part of the interview respondents. These individuals were selected because of their knowledge, interest and involvement in the financial sector as well as their knowledge of BEE. The respondents were asked 14 questions ranging from their understanding of BEE, to its implementation, as well as their proposal for effective BEE implementation in the sector. Most importantly, the

respondents were also asked their opinion of BEE implementation in the financial sector with regards its five pillars.

The demographic characteristics of the participants are listed in Table 8. Participant A was a labour consultant, political and social commentator with vast experience on labour matters. He was also a CEO of a training and labour related non-governmental organisation (NGO). Participant B was the Chairman and CEO of a leading black business representative and support organisation in Namibia. The organisation represents small and medium business, especially indigenous black business. Participant C was a representative of the largest and oldest employer federation representing over 4,000 employers in Namibia.

Participant D was a representative of the biggest trade union representing workers in the financial sector. Participant E was an Executive Director of an NGO representing women and which also was a BEE beneficiary and partner of several organisations in the country including in the financial sector. Participant F was a senior manager with vast legal and labour experience at a re-insurance organisation.

Participant G was a CEO of one of the regulators in the financial sector. Participant H was a director at Bank of Namibia another regulator of the financial sector. Participant I was an economic and social commentator who held position of CEO at a leading economic association. Participant K was a CEO of a leading business representative and support organisation with over 2,500 members. Finally, Participant J was a knowledgeable economic commentator and senior manager at a local banking institution.

Table 8: Demographic characteristics of the respondents

Respondent Code	Gender	Ethnic Group
A	M	W
B	M	B
C	M	W
D	M	B
E	M	B
F	F	B
G	M	B
H	M	B
I	M	W
J	M	B
K	M	B

Notes: M=Male; F=Female; W=White; B=Black

As can be determined from the profiles of the interview respondents above, the eleven participants in the semi-structured face-to-face interviews held positions of seniority and were familiar with, and could contribute knowledge relevant to the study on the implementation of BEE in Namibia in general and the financial sector in particular. The profile of the participants also fulfilled the objectives of the research in terms of diversity of views and contribution of knowledge from their respective backgrounds.

4.3.1 Understanding of the concept BEE

In order to effectively analyse and implement BEE, it is prudent and imperative that one need to lucidly understand what the policy and initiative is all about and what it tries to achieve. Through semi-structured interviews, respondents were asked what they understood by the concept “Black Economic Empowerment”, while through

questionnaire they were given statements related to BEE to judge their understanding of the concept. Though there seem to be a general understanding of the concept BEE, differences in emphasis were observed from the different respondents. The definitions and explanation of BEE by the different respondents encapsulated the following nine aspects viz, broadening of black participation in the mainstream economic activities; community upliftment; empowerment of the previously disadvantaged; opening up of opportunities that have been previously reserved for whites only; the acquisition of equity ownership by black people in the most productive assets in the country; redistribution of resources; the creation of a more equitable economic dispensation; reducing the racial inequalities in the country by empowering blacks; creating a larger pool of wealthier blacks; and reduction of unemployment and poverty. In explaining BEE, all the respondents went back to the historical construct of the colonial apartheid regime which was a system structured along the lines of privilege and deprivation based on racialised system throughout the population of Namibia. The system disregarded the capabilities of individuals in their own capacity but allocated the country's resources, opportunities, and wealth based on race.

Participant H (personal communication, July 22, 2016) speaking on behalf of Bank of Namibia, and in his explanation of BEE, emphasised equity and shareholdings by blacks in various business entities to enhance economic opportunities. On behalf of another regulator NAMFISA, Participant G (personal communication, August 05, 2016) on his part refers to BEE as the process of broadening the participation of blacks, who are the largest population in Namibia, in the mainstream of the economy. Speaking on behalf of the largest organisation representing business, Participant K (personal communication, August 10, 2016) believes that BEE is an initiative aimed at reducing the racial inequalities in the country by empowering blacks or the so called

previously disadvantaged Namibians so that they can catch up with the whites. He further maintains that the idea is to create a larger pool of wealthier blacks than they are today and able to share the national income equitably.

An economic commentator from a leading economic association, Participant I (personal communication, August 8, 2016) believes BEE is about giving opportunities to the previously disadvantaged. He however suggests that there is a difference between providing economic opportunities and empowerment. He opines that empowerment has to start with education, mentorship programs, and on-the-job training to improve skills and knowledge. He further maintains that this must be a focus area and should be sustainable. He further brings into the equation the elements of addressing high income inequality and poverty in his understanding of BEE. Another economic commentator and senior manager from a local banking institution, Participant J (personal communication, July 14, 2016) agrees with this notion when he states that BEE is the nation's drive or quest to equalise economic resources and opportunities.

Participant D (personal communication, July 29, 2016) a representative of the largest trade union representing workers in the financial sector also concurs when he states that BEE is a process of addressing specifically imbalances imbedded in the past through colonisation which empowered a certain minority group. This view is similar to that held by a representative of an organisation representing women and a beneficiary of BEE, Participant E (personal communication, August 1, 2016) when he posits that BEE is an empowerment program that is designed to address the economic injustices of the past where you have an economy that is racially segregated to benefit certain groups and certain races, at the expense of the other race. Participant F (personal communication, July 25, 2016) an employee of a re-insurance institution,

who believes economic power is in the hands of white minority due to apartheid laws argues that BEE address redistribution of resources to those that were previously disadvantaged.

The above understanding of BEE are different from those of Mbeki (2009) who believes that BEE was invented by South Africa's oligarchies and its intentions are therefore not genuine.

An examination of the different responses indicates that there is a considerable lack of harmonised clarity as to what the BEE concept really is and more importantly as to how it will achieve its stated objectives. BEE in Namibia is a highly debated and contested concept and policy, subject to different definitions and ascribed different meanings and interpretations. It is undoubtedly understood by different people in different ways and assigned different meanings. As can be seen from the previous section, the definition and meaning of BEE varied depending to who the respondent was. Despite the divergent definitions and meanings assigned to BEE, there was common understanding and agreement that apartheid fundamentally curtailed blacks from effective participation in the country's economy and society through systematic discrimination in education, ownership, access to resources and opportunities. For this reason transformation is necessary in the country and allowing the status quo without addressing it is not an option. There is therefore widespread agreement and unanimity that an economic empowerment policy is necessary and an essential part of redressing the legacy of apartheid. Due to the different understandings, views and perceptions of what BEE is, there are also important differences regarding how, and on what terms, this should be achieved.

This study understands BEE as an integrated broad-based socio-economic empowerment policy aimed at redressing the imbalances of the past by seeking to

substantially and equitably transfer and confer the ownership, management, control and development of Namibia’s financial and economic resources to the majority of its citizens in a sustainable way, to meaningfully reflect the demographics of Namibia.

4.3.2 BEE objectives

Questions were posed to companies through questionnaires to gauge their understanding of the objectives of BEE in general and in the financial sector in particular. Respondents were asked to select from given statements they found to be more closely and appropriately outlining the objectives of BEE.

Table 9: BEE Objectives

		Frequency	Percent
BEE can enhance growth and development of the Namibian economy	Strongly Agree	7	28.0
	Agree	16	64.0
	Uncertain	1	4.0
	Disagree	1	4.0
	Strongly Disagree	0	0.0
	Total	25	100.0
BEE promotes equal opportunities	Strongly Agree	9	36.0
	Agree	15	60.0
	Uncertain	1	4.0
	Total	25	100.0
BEE contributes to the transformation of the Namibian economy	Strongly Agree	7	28.0
	Agree	10	40.0
	Uncertain	4	16.0
	Disagree	4	16.0
	Total	25	100.0
BEE addresses the exclusion of the majority blacks from mainstream economic participation	Strongly Agree	8	32.0
	Agree	15	60.0
	Uncertain	1	4.0
	Disagree	1	4.0
	Total	25	100.0

Table 9 above shows the results of this topic from financial institutions. The majority of the respondents at 23 institutions or 92 per cent (60 plus 32 per cent) agreed that BEE policy is a government instrument designed to enhance growth and development of the Namibian economy; promote equal opportunities; and contribute to the transformation of the Namibian economy. The remaining 2 institutions or 8 per cent were uncertain and disagreed. The majority of the respondents at 15 institutions or 60 per cent also agree that BEE will lead to the promotion of equal opportunities, while the remaining 9 (36 per cent) strongly agree and only 1 company or 4% per cent was uncertain.

With regards to BEE implementation being the right vehicle to contribute to the transformation of the Namibian economy, the majority of respondents at 17 institutions or 68 per cent (28 plus 40 per cent) agreed. The remaining 8 or 16% institutions were equally in disagreement and uncertain. Additionally as highlighted in Table 9 above, an overwhelming majority at 92 per cent (32 plus 60 per cent) are in agreement that the BEE policy was designed to address the exclusion of the majority blacks from mainstream economic participation, while equally at 4 per cent each were both uncertain and disagreed.

These responses are in line with the assertions of Duffet et al (2009), commenting on BEE in South Africa when they maintain that its aim is to enable black people in South Africa 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. It is also consistent with Southall and Tangri (2015) when they state that the aim of BEE is to increase the participation of blacks in the ownership of major industrial firms. The responses also confirm Bogopane (2013)'s

observations that the main objective of BEE is to address the issue of exclusivity and ultimately poverty of the previously disadvantaged majority blacks. At the same time, they are in agreement with Horwitz and Jain (2011) who maintain that BEE is a process aimed at strategically transforming the South African economy by inter alia spreading equity holdings to incorporate previously disadvantaged South Africans, re-organising management structures and ensuring greater participation of the majority in the economy to achieve economic justice.

Whichever way one looks at it, the main purpose of BEE is essentially to broaden the participation in the economic mainstream of the majority black citizens of Namibia. It primarily seeks to address the historical imbalance brought about by the apartheid legacy and which has detained the majority of Namibians from actively participating in the economic mainstream. From the above summarisation, it is clear that BEE is an overarching initiative with different but intertwined focus areas. The challenge is identifying which of the different approaches are critical and urgent to accelerate the achievement of its objective sustainably. These could then be placed in the order of priority and importance. Skills development for example is critical and therefore needs to be prioritised compared to the area of ownership which at present is viewed as the most important.

4.3.3 Perceptions of BEE implementation

Through literature review, a number of perceptions of BEE came to the fore. These are that BEE implementation benefits only the elites and politically connected and that it promotes window-dressing, cronyism, laziness, corruption and reverse racial

discrimination. It was therefore found appropriate to include these perceptions in the study and to gauge the opinions of the respondents.

Respondents through the questionnaire were asked their perceptions about BEE implementation. An overwhelming majority at 23 companies or 92 per cent as highlighted in Table 10 below, agrees that BEE is the best initiative to address the exclusion of blacks from mainstream economic participation. The responses confirm Bogopane (2013) observations that the main objective of BEE is to address the issue of exclusivity and ultimately poverty of the previously disadvantaged majority blacks.

Table 10. Perceptions of BEE

		Frequency	Percent
BEE promotes reverse racial discrimination	Strongly Agree	5	20.0
	Agree	5	20.0
	Uncertain	0	0.0
	Disagree	15	60.0
	Strongly Disagree	0	0.0
	Total	25	100.0
BEE benefits the elites and politically connected	Agree	10	40.0
	Disagree	15	60.0
	Strongly Disagree	0	0.0
	Total	25	100.0
BEE promotes corruption	Strongly Agree	0	0.0
	Agree	4	16.0
	Disagree	20	80.0
	Strongly Disagree	1	4.0
	Total	25	100.0
BEE leads to window-dressing and economic cronyism	Agree	7	28.0
	Uncertain	4	16.0
	Disagree	14	56.0
	Total	25	100.0
Government should abandon BEE implementation	Agree	2	8
	Uncertain	4	16
	Disagree	15	60
	Strongly Disagree	4	16
	Total	25	100.0

Additionally, the majority at 15 companies or 60 per cent denounced the perception that BEE implementation promotes reverse racial discrimination. The response is contrary to the views that BEE policy promotes reverse discrimination or reverse-racism as articulated by Habib and Bentley (2008), Seekings (2008b), and Taylor (2012).

It is also contrary to Seekings (2008b) when he specifically raised the issues of reverse discrimination, opining that in its current form, BEE is nothing but racial discrimination. The views are also not corresponding to those of Herring and Henderson (2012) when they stated that while the apartheid regime used racist policies to keep blacks oppressed, the new government was now using strategies, like BEE, to take from the whites and give to the blacks.

However, the fact that a sizable number of institutions at 10 or 40 per cent still hold that view demonstrates that the reverse racial discrimination perception should not be discounted. It is further an indication that complete buy-in by the financial institutions which are an important stakeholder in BEE implementation is required. Furthermore, the fact that this initiative still generates this perception, should still be investigated and understood as it may cause not only resistance, but may lead to the failure to effectively implement the initiative.

Contrary to the general perception as outlined by literature review that BEE implementation only benefits the elite and politically connected individuals, the majority of the respondents from financial institutions at 15 institutions or 60 per cent disagree, while 10 or 40 per cent still support the view. The findings do not support Wolmarans and Sartorius (2009), Patel and Graham (2012), Emkes (2012) and

Chawawa (2015) who maintain that BEE initiatives seem to demonstrate that the elite continue to benefit from deals of BEE. Particularly, it is also not supporting Emkes (2012) when he claims that BEE has resulted in the enrichment of a small enclave of black shareholders and Chawawa (2015) when he advances that BEE benefits a few elites and has benefitted a few holding political portfolios and left the majority holding empty promises. It is also in disagreement with Wolmarans and Sartorius (2009) who maintain that since its inception, BEE has been criticised that it has benefited the “politically connected elite”. The fact that 40 per cent of the institutions still hold that view and supported by semi structured interviews means this is still a major concern.

This perception, however, was strongly supported by all the 11 interviewed participants who totally agreed with the views of Patel and Graham (2012), Emkes (2012), Chawawa (2015) and Wolmarans and Sartorius (2009) that the implementation of BEE in Namibia has benefited a few elites and politically connected. An analysis of the findings indicates that the implementers of BEE in Namibia have a task to address this relatively high negative connotation attached to BEE. Furthermore, the high percentage supporting the view shows that even though much progress has been made to ensure BEE reaches its intended beneficiaries, much work is required to reduce cases where implementation is hijacked by a particular group of people at the disadvantage of others. It should also be noted that the respondents to the questionnaires were attached to the financial institutions and hence may have been inclined not to expose their institutions negatively.

An overwhelming number of responses of the questionnaire at 17 institutions or 68 per cent are of the opinion that BEE implementation will contribute to transformation of the Namibian economy. This is in line with the observations of Duffet et al (2009) that black economic empowerment has become synonymous with transformation in South

Africa. They advance that transformation does not commence and conclude with BEE – rather, it starts with a change of perceptions and attitudes. It is also in line with the views of Hangala (2007) who sees BEE as just part of many other transformational initiatives.

Corruption is often highlighted as one of the major repugnant tendency associated with BEE (De Klerk, 2008; Horwitz & Jain, 2011; Emkes, 2012; Kleynhaus & Kruger, 2014; Sherbourne, 2016). The majority of respondents of the questionnaire at 21 institutions or 84 per cent (80 plus 4 per cent) disagreed with the assertion that BEE implementation promotes corruption, while 4 institutions or 16 per cent agreed that BEE implementation promotes corruption. The responses from the questionnaire and from the financial institutions representatives does not support the views of Horwitz & Jain (2011) when they claim that the existence of corruption is inherent in many of the BEE deals. It is also not in tandem with Kleynhans and Kruger (2014) who maintain that BEE deal-makers, with strong political connections, capable of persuading the state and other social institutions have led to the articulation of a political project serving primarily the corporatist agenda of big business. The response is also contrary to Natrass and Seekings (2016) who states that one of the key challenges faced by the government regarding BEE is its tendency to create a lot of corruption between it and the private sector. Once more it is suspected that respondents from financial institutions may be unwilling to expose that negative tendency as they are voluntary implementers of the initiative. This sentiment is mostly triggered by the fact that on the contrary, almost all respondents of the interview who are not connected with the institutions raised the concern of corruption in the BEE implementation process. The responses from the semi-structured interviews were also mixed but

mostly in support of the notion that some elements of corruption may be taking place during the deal-making process of BEE.

When asked of their perception of BEE, just over half at 14 institutions or 56 per cent believe BEE does not lead to window-dressing while 7 institutions or 28 per cent believe it leads to window-dressing and economic cronyism. Another 16 per cent or 4 institutions were uncertain.

On the contrary, the perception of window-dressing came very strongly from the semi-structured interview participants. BEE implementation has been linked to window-dressing in different literature. Ramlall (2012) for example also observed that BEE implementation was plagued with window-dressing and fronting. This is a serious weakness of BEE which government has to put measures in place to prevent. The fact that close to 30 per cent of the representatives from the financial institutions acknowledge and are of a view that BEE leads to window-dressing makes this an area that needs urgent attention by the implementers of BEE.

An overpowering majority at 21 institutions or 84 per cent believe BEE does not lead to laziness and entitlement syndrome compared to the 2 companies or 8 per cent who believe so. Furthermore 19 companies or 76 per cent (60 plus 16 per cent) do not support the notion that government should abandon BEE implementation. This is a clear rejection of the findings of Emkes (2012) when he states that the policy, which the ANC has vigorously pursued since taking office, has been a failure and Hoffmann (2008) when she claims BEE has continued to disempower the black majority. It is also a blunt denunciation of the views of Levenstein (2010) when he bluntly observes that the South African government's BEE policy has had enough time to be implemented, but it has not produced results. The responses could be supporting Jauch (2011) when he strongly asserts that in terms of economic integration and national

reconciliation, some form of black empowerment is necessary, but Namibia has to pin down how it could work to benefit a broad mass of people rather than just a few individuals. It also backs Horwitz and Jain (2011) who insists that BEE is necessary to remedy the economic imbalances perpetuated during apartheid and Levenstein (2010) when maintains that although BEE has taken a lot of criticism over the years, it is still a necessary policy for the good of South Africa. The views also support his conclusion that the continuation of a situation where the majority of the population are excluded from economic participation and where inequality exist can lead to reckless, even violent behaviour coming from young men at the bottom of society, deprived of the markers of status, who must struggle to maintain face and what little status they have, often reacting explosively when it is threatened.

4.3.4 The need for BEE legislation and policy

In the last few years there has been mounting pressure for more visible economic transformation (Jauch, 2011). This can be ascribed to the growing perception that the implementation of BEE in the current format is not yielding the desired outcomes. The government has been called to put in place mechanisms to enact economic empowerment legislation that would guide, enforce and inform empowerment implementation in the country in general and the financial sector in particular.

Representatives from financial institutions and BEE beneficiaries were asked through questionnaires whether there was a need for a piece of legislation and policy on BEE in Namibia in general and the financial sector in particular. There is an overwhelming agreement on the necessity of a piece of legislation to govern BEE. All respondents through the questionnaires strongly agree that there is a need for Namibia to introduce

a piece of legislation that governs the implementation of BEE in order to make it effective and successful (Figure 4.1).

At the same time 10 of the 11 interview respondents also expressed the need for a BEE legislation to be introduced. The reasons advanced by the respondents who support the legislation on BEE are to ensure compliance, same understanding and the fact that the current situation with a legislation vacuum is open for abuse. This finding is in line with sentiments by Tangri and Southall (2008), Sherbourne (2016) as well as Horwitz and Jain (2011) who states that successful implementation of BEE requires a robust and guiding legislation on BEE. Mangaliso and Nkomo (2001) on their part go further to question why the government does not legislate BEE to empower black people seeing that the previous government economically oppressed black people through legislation.

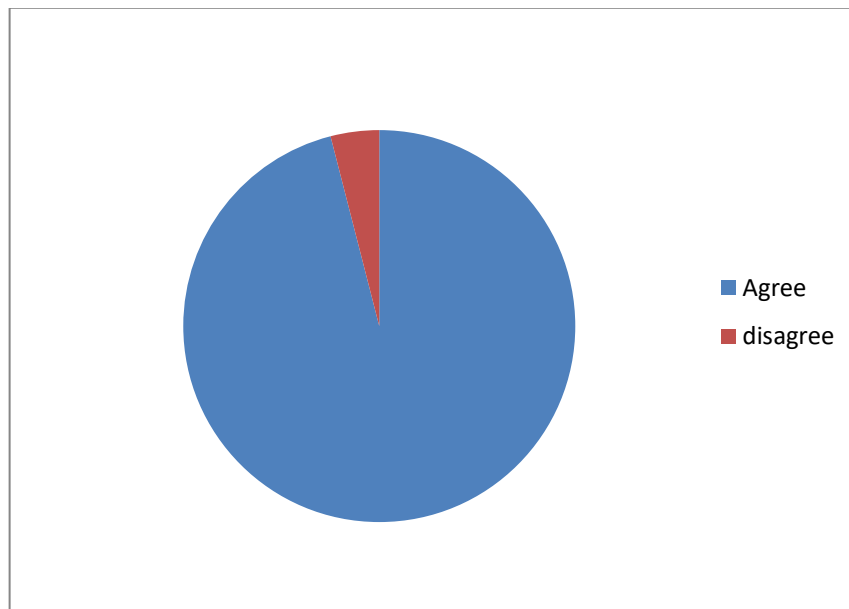


Figure 4.1: Need for BEE legislation

Additionally, there is a notion that the financial sector in coming up with the charter was a strategy to pre-empt government policy and implementing a strategy that is favourable for the sector players. Participant E (personal communication, August 1, 2016) observes that by introducing the charter the financial sector institutions were pre-empting government policy with the aim of convincing government that they already have guidelines in place and therefore there is no need for government to intervene. He bases his argument on the fact that it is the same institutions that draft the charter and engages in deals and therefore there is a high likelihood of the charter being in their favour and benefiting them and not the BEE beneficiaries. He further advises that government critically dissects the current BEE deals, the relationships and partnership arrangements, their challenges, their experiences, benefits and outcomes before introducing the BEE legislation so as to make it real beneficial to both the institutions and the BEE beneficiaries. He counsels that whatever piece of legislation that will be enacted, it should address and tackle the current social injustices regardless of the race.

In supporting the need for a piece of BEE legislation, Participant F (personal communication, July 25, 2016) warns that a piece of legislation alone is not adequate. She proposes that mechanisms for enforcement which hold institutions and executive accountable should be put in place. Moreover she suggests that stiffer penalties for non-compliance should be introduced. BEE legislation according to Participant F, should be supported by strong public procurement system.

Participant A (personal communication, July 15, 2016) on his part maintains that the legislation must be very clear, specific and unambiguous. Participant J (personal communication, July 14, 2016) agrees with the above sentiments and maintains that

the legislation which is well-structured, well-written, well researched, transparent, accurate and clear will help with the administration of the BEE process.

Participant H (personal communication, July 22, 2016) was however not for or against the introduction of the legislation on BEE. His argument was that a scrutiny of the last 26 years without BEE legislation shows that the country's finance sector has advanced quite significantly including coming up with a voluntary charter to guide BEE implementation. His concern, however, is that there is no way that financial institutions can be held accountable for non-compliance.

Participant K (personal communication, August 10, 2016) opines that the fact that after 26 years Namibia is still debating and discussing economic equality, indicates that there is a need for a piece of legislation in the economy to correct the current status. He further argues that the apartheid colonial government enacted legislation to disempower blacks economically; therefore it requires legislation to correct the current legacy of apartheid.

Participant C (personal communication, July 11, 2016) though agreeing to the need for legislation, maintains that the approach should be gradual neither harsh nor dogmatic and should not result in too much red tape.

Participant I (personal communication, August 8, 2016) on his part does not see the need for a piece of legislation on BEE at this stage. He advises that what is needed is the charters and adding some monitoring and compliance elements in the charter. He further cautions that there is a need to realise that empowerment takes time and that the different sectors are very different and a "one-size-fits-all" legislation cannot work effectively in implementing BEE. Thus Namibia should monitor and evaluate the effectiveness of the financial charter and other charters in place to determine their

success or lack of before implementing legislation. He further concedes that should it be found that companies after given time are not implementing voluntary empowerment initiatives then the need for a legislation is warranted. The legislation if enacted, according to him should be quite general complimented by sector specific voluntary charters.

Article 23 of the Namibian Constitution provides for the enactment of legislation providing directly or indirectly for the advancement of persons within Namibia who have been socially, economically or educationally disadvantaged by past discriminatory laws or practices for the implementation of policies and programmes aimed at redressing social, economic or educational imbalances in the Namibian society arising out of past discriminatory laws and practices. The newly inaugurated Harambee Prosperity Plan also emphasises the introduction and operationalise of economic empowerment legislation to achieve greater equity in society in general and in particular greater equity in the ownership of productive assets (GRN, 2016).

From the analysis of the findings, it is evident and clear that a BEE legislation to effectively empower the black majority in Namibia is necessary and has to be designed. This study therefore proposes the urgent promulgation of a BEE legislation, which would set guidelines, targets and mechanisms aimed at implementing an effective BEE programme in Namibia in general and in the financial sector in particular. The legislation will give direction as to who is to drive the process from developing the system to implementation and evaluation stages. It will also outline what is expected by the different stakeholders and how the process of BEE implementation will be handled.

The implementation of BEE, however, has far-reaching ramifications to the country and institutions. Therefore the enactment of a piece of legislation on BEE needs to

have thorough consultation. Before enactment and implementation of BEE legislation, enough facts, evidence and data should be collected and analysed. Extensive and comprehensive consultations with all stakeholders such as business, labour, and current BEE beneficiaries are a prerequisite. At the same time, the consultation and planning process must take into account experiences from past empowerment initiative in the country, the region and elsewhere in the world to avoid a situation which led to the emergence of a few black elites and politically well-connected benefiting, while the income gap continued widening and the majority still left outside the periphery of the economy.

So far the inability to put in place the legislative framework on BEE to dismantle and attack the rampant and growing inequality has been seen as a failure on the country's elected leadership and government. The government has exposed indecisiveness on this issue by taking more than 27 years offering rhetoric accompanied by a deficiency of strong actions and steps to address or effectively implement this initiative. The pronouncements of government have not been marched by action on this topic of national importance which has far-reaching implications to the issues of inequality, poverty alleviation and exclusion of the majority of citizens in economic participation. Additionally, government is viewed as not being resolute in addressing the problems of inequality and non-participation of the majority black in mainstream economy. Worse, the government and its leaders are viewed as condoning the status quo and allowing it to continue for their own self-interest. As observed by Participant E (personal communication, August 10, 2016), at present, the effort, resources and time committed by government to ensure the successful implementation of BEE is hugely inadequate.

There is no doubt that with the introduction of the BEE legislation, interests of the different groups will be affected differently. As an example, although most prominent business associations and interest groups in Namibia have migrated away from confrontation and, instead, publicly declared their support for BEE, they have expressed strong reservations about the newly proposed BEE legislation (Participant I, personal communication, August 8, 2016). Participant I further states that the debate to introduce a legislation to guide and enforce the implementation of BEE was not warmly received by white-owned businesses. Participant B (personal communication, July 18, 2016), concurs and alluding to an article in the local newspaper maintains that numerous white-owned businesspeople are seeking assistance and advice to either fight the New Equitable Economic Empowerment Bill (NEEEB) in court or to relocate their business to other countries. NEEEB is the latest initiative in the form of broad based black empowerment legislation. Participant B further mentions that the newspaper article reports that an opinion from a senior advocate was already sought on the prospect of a court challenge, and more specifically, to ask for a declaratory order from the High Court on the constitutionality of the bill in its current form.

Similarly, organisations representing black businesses and SMEs are of the opinion the proposals within the legislations are not adequate. It is the duty of the government to ensure that these groups must be brought to accept, accommodate and compromise in the wider interest of national cohesion and political stability, which itself is a precondition for sustained development. Government is expected to provide strong leadership by being consistent, clear and focused.

This study posits that the enactment of BEE legislation that truly addresses the current racially-based economic inequalities in Namibia is necessary. It is evident from the findings of the present study that some uncertainty and ambiguity exists around BEE

policy and its associated processes. The absence of guidelines and procedures that provides detailed prescriptions as to the manner in which companies should approach transformation, calls for the urgent promulgation of a well-thought through and widely-consulted BEE legislation. This legislation should be armed with strict and stringent monitoring and firm policing of the implementation of the BEE policy. The study further argues that the apartheid colonial government enacted legislation that disempowered blacks economically. Therefore it requires legislation to correct the current legacy of apartheid.

4.3.5 Measures to enforce compliance

A follow up and related question to legislation was posed to both respondents from the financial institutions as well as BEE experts through the questionnaire and respondents of interviews on whether there were enough measures to ensure the effective and successful implementation of BEE in the country. An overwhelming majority at 24 financial institutions or 96 per cent agree that there are enough measures to ensure the effective and successful implementation of BEE in the country in general and financial sector in particular (Figure 4.2).

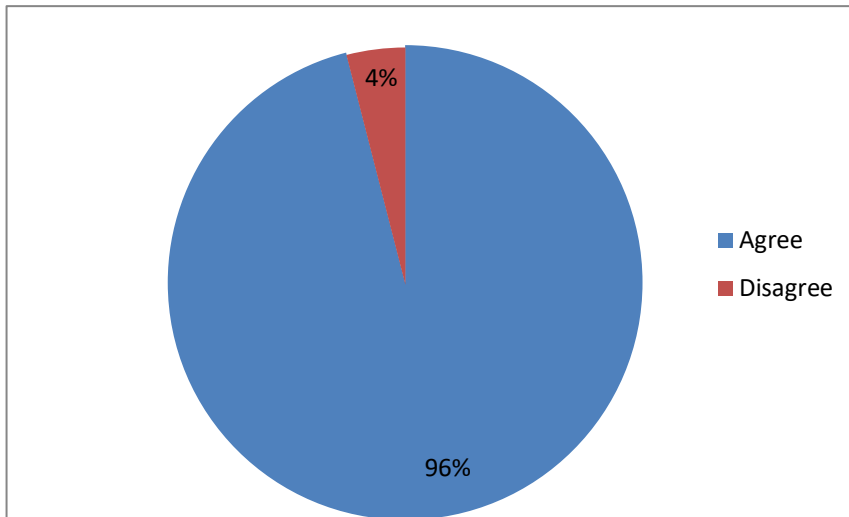


Figure 4.2: Adequate measures put in place

The responses from the semi-structured interviews were different from those of the financial institutions. There is a general agreement and view from the responses of the interviews that due to the voluntary nature of the financial charter and absence of a piece of legislation on BEE there are no sufficient measures to enforce compliance. Participant E (personal communication, August 1, 2016) argues that there are no measures at all to ensure compliance with BEE implementation. He further argues that there is thus a need for a holistic legal enforcement mechanism to be put in place to ensure enforcement of BEE policy implementation in the financial sector. Participant F (personal communication, July 25, 2016) remarks that the situation is exasperated and aggravated by the absence of a monitoring, reporting and evaluation body. Participant H (personal communication, July 22, 2016) maintains that there are certain legislative provisions in place, but may be fragmented not sector-wide. He cites as an example in the banking sector, where the Banking Institution Act has measures that talk to some pockets of empowerment. Participant D (personal communication, July 29, 2016) recommends that enforcement mechanisms with clear timeframes should be introduced. Participant I (personal communication, August 8, 2016) on his part

proposes that incentives for companies to implement BEE schemes should be introduced. He is of the opinion that if incentives are introduced, companies will strive to implement the policy.

Participant A (personal communication, July 15, 2016) though agreeing with other respondents that there are no measures to enforce compliance, highlights the fact that the area of affirmative action is under the EEC which can enforce compliance to a certain extent. However, he maintains that even in this area where legal enforcement mechanisms have been created, the Commission struggles to deal with companies that are not adhering to the requirements. He further cautions that financial institutions just to be complaint might resort to “window-dressing” which does not necessarily translate to the fact that the institution as a whole has transformed. Participant J (personal communication, July 14, 2016) on his part also points out that at this point in time the measures that are in place are not effective because of lack of legislation and direction.

The above findings from the semi-structured interviews are in line with views of Motinga (2007) and Sherbourne (2016). Motinga (2007) observed that BEE in Namibia is taking place in the absence of a proper empowerment strategy, as there is no national uniform policy framework in place, while Sherbourne (2016) states that the government in Namibia is promoting BEE outside any coherent, transparent and accountable policy framework and generally been highly discretionary and shrouded in secrecy.

This study after analysing the findings submits that there are currently no significant compliance measures and requirements put in place in the financial charter to enforce implementation of the BEE policy or the charter. As Hoffman (2008) observed,

companies are left to decide whether complying with BEE is beneficial to them, rather than promoting the spirit of this policy initiative. It can be deduced that in its quest to accommodate the concerns of the financial sector, the Namibian government has been slow in forcefully pushing for the meaningful transformation of this critical sector. The finance sector and through its voluntary adopted charter, has been left to call the shots, while the role of government has been reduced to that of a spectator. Due to this, the success of BEE relies too heavily on the responses of private business in their decision to actively promote BEE. To make BEE successful, government should do away with voluntary adopted charters. Hamann et al (2008) already raised concerns that the BEE charters prejudice more fundamental socio-economic transformation in the interests of the established corporation. This is corroborated by Participant E (personal communication, August 10, 2016) when he maintained that business is shrewd and cunning and will at all-time ensure that the implementation of BEE is in the corporate's interest.

Furthermore, though a Charter Council is in place to oversee and report on transformation within the financial sector, it is only during the last two years that it has received progress reports from the members (GRN, 2016). Various targets and timeframes put in the charter have been largely ignored and not adhered to. The voluntary nature of the charter has not contributed to addressing this apparent non-compliance with the set targets and time frames.

For BEE implementation to be effective, the BEE policy initiative should outline mandatory implementation requirements imposed on the financial sector. Unfortunately, for the vast majority of previously disadvantaged Namibians, the success of BEE, without the government imposing mandatory compliance, hinges on a cost-benefit analysis by businesses to determine if compliance will bolster the

business' pockets rather than providing business opportunities to previously disadvantaged Namibians.

It is further the position of this study that a well-capacitated independent body should be established to oversee the implementation of the Charter. Significant powers should be given to this body to ensure that it can enforce compliance to the targets, time frames and outcomes expected by the charter.

4.3.6 Ownership

Ownership is a central pillar and mainstay of all successive BEE proposals in Namibia. The objective of this pillar as enshrined in the charter is to achieve substantial change in the racial and gender composition of ownership of financial institutions. Therefore one of the specific and subsidiary objectives of this study was to examine the extent to which financial institutions ensure direct empowerment of black Namibians through ownership of financial institutions. Questions were therefore posed through questionnaires to financial institutions and through semi-structured interviews examining the extent to which financial institutions ensure direct empowerment of black Namibians. At least 20 per cent economic interest and net equity value held by BEE beneficiaries; and at least 25.1 per cent participation by BEE beneficiaries in voting rights were set as minimum targets for this pillar. A question on the percentage of the institution owned by BEE beneficiaries was aimed at exposing the extent to which financial institutions have empowered black Namibians.

Of all the financial institutions surveyed, the majority at 14 or 56 per cent claimed that BEE beneficiaries owned between 1 and 10 per cent of the institution, followed by 8

or 32 per cent of the institution claiming BEE beneficiaries owning between 10 and 20% of the institutions (Figure 4.3). At the same time 2 or 8 per cent claimed to have

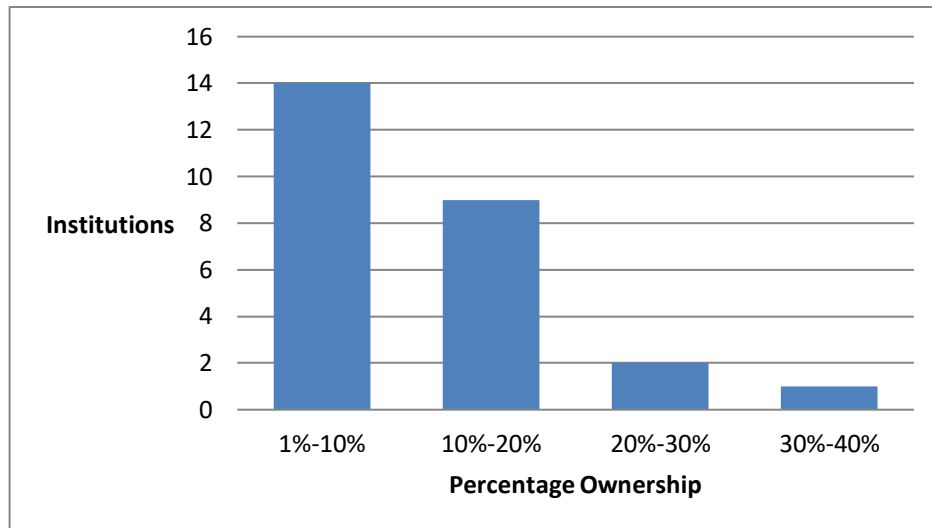


Figure 4.3. Percentage ownership by BEE beneficiaries

BEE beneficiaries owning between 20 and 30 per cent. Only 1 institution or 4 per cent reported ownership of more than 30 per cent.

An assessment of the findings against the charter's target of 20 per cent reveals that only 3 or 12 per cent of the financial institutions surveyed met the BEE equity target. A deeper analysis also shows that trade unions through their business arms such as Nammic Financial Services Holdings (an empowerment partner of Bank Windhoek, Sanlam and MetHealth), and an empowerment partner of Metropolitan, MMI Holdings, Metropolitan Asset Manager, dominate empowerment deals in the financial sector. This corresponds with the observation of Natrass and Seekings (2016) when they states that a noteworthy trend that has been observed both in Namibia and South Africa with regards BEE is trade unions benefiting from ownership deals.

The findings are in line with the views of Sherbourne (2016) when he claims that ownership and control of the productive sectors of the economy as well as land ownership is still skewed and Namibia's natural resources like minerals and fish are still overwhelmingly under foreign control.

A follow-up question to representatives of financial institutions was posed to determine their views on whether BEE implementation has resulted in black people participating in the ownership of productive resources in the financial sector. The majority of respondents from financial institutions and BEE beneficiaries at 23 institutions or 92 per cent strongly disagreed that BEE implementation has resulted in black people participating in ownership of productive resources in the financial sector. Only 2 institutions or 8 per cent of the respondents agreed that BEE implementation resulted in black people participating in the ownership of productive resources in the financial sector (Table 11).

The results presented in Table 11 with regards to BEE implementation resulting in black participation in productive resources in the financial sector are in stark contradiction to the argument put forward by Sethi (2010) supported by Southall and Tangri (2015) when he claims that one of the three areas of structural change that is absolutely necessary in order to achieve the goals of black economic empowerment is the expansion of black ownership of productive assets.

The results validates the claims by Motinga (2007) and Shejvali (2016), when they state that there is an outcry that the means of production in Namibia remain in the hands of those who benefited from the policies of apartheid as well as foreigners. At the same time they also support the assertion by Chawawa (2015) when he observes that indigenisation will not and cannot transfer the real means of production under capitalism to the masses because this system is structured to perpetually keep the

ownership of its capital, technology and markets in the hands of the capitalists, who were responsible for setting up the system in the first place.

Table 11: Ownership and Direct empowerment

		Frequency	Percent
BEE implementation resulted in black participation in ownership of productive resources in the financial sector	Strongly Agree	0	0.0
	Agree	2	8.0
	Uncertain	0	0.0
	Disagree	23	92.0
	Strongly Disagree	0	0.0
	Total	25	100.0
Adequate assistance is provided to black Namibians to ensure that they are able to buy into existing businesses on commercial terms	Agree	2	8.0
	Uncertain	1	4.0
	Disagree	17	68.0
	Strongly Disagree	5	20.0
	Total	25	100.0
The current BEE regime encourages blacks to own shares in financial institutions	Agree	4	16.0
	Uncertain	1	4.0
	Disagree	4	16.0
	Strongly Disagree	16	64.0
	Total	25	100.0
BEE beneficiaries have voting rights	Agree	12	48.0
	Uncertain	1	4.0
	Disagree	10	40.0
	Strongly Disagree	2	8.0
	Total	25	100.0

Another question asked through the questionnaire with regards to ownership, was whether adequate assistance is provided to black Namibians to buy into existing businesses on commercial or near commercial terms. The results in the table above show that the assistance rendered to black Namibians has not been adequate to ensure that black Namibians are able to buy into existing businesses on commercial terms. A total of 22 institutions or 88 per cent (68 plus 20 per cent) feel that the assistance has

not been enough while only 2 or 8 per cent of the respondents stated that the assistance provided to them was adequate (Table 11). One institution was uncertain.

Respondents of financial institutions and BEE beneficiaries were further asked if the current BEE regime encourages and empowers more black people to own shares in financial institutions. The majority of the respondents at 16 institutions or 64 per cent strongly disagree with the statement that the current BEE regime encourages and empowers blacks to own shares in financial enterprises. Another 4 institutions or 16 per cent also disagree with this statement. Only 4 institutions or 16 per cent agreed with the statement.

Another question with regards ownership was whether BEE beneficiaries have voting rights in financial institutions. A total of 12 institutions or 48 per cent of the respondents maintain that the implementation of BEE has enabled the beneficiaries to have voting rights in financial institutions, while another 12 institutions or 48 per cent (40 percent plus 8 percent) disagrees and strongly disagrees respectively (Table 11). The results are consistent with the financial charter claim that the Namibian financial sector's ownership and control of financial institutions is inequitable and does not reflect the demographics of the country or promote socio-economic justice, political stability and economic growth (NFSC, 2009).

Respondents were further asked if their institutions provided products and services designed to assist blacks in acquiring equity interest in well-established entities in the financial sector. None agreed that their institutions provide products and services designed specifically to assist blacks in acquiring equity interests in well-established entities in the financial sector.

They were also asked if their institution allocates certain percentage of business loans/funds towards BEE transactions. A total of 15 institutions or 60 per cent agrees that their institutions provide certain percentage of business loans or funds towards BEE transactions. At the same time they were also asked if their institutions provide BEE beneficiaries appropriate risk mitigation measures such as capacity building, mentorship programmes, training and equity investment. Only 5 institutions or 20 per cent provides BEE beneficiaries appropriate risk mitigation measures such as capacity building, mentorship programmes, training, and equity investments.

Respondents were also asked to highlight empowerment financing mechanisms used to promote ownership by previously disadvantaged. The results in Figure 4.4 below indicate that the majority of the respondents at 15 institutions or 60 per cent used state-owned financial institutions such as Development Bank of Namibia and SME bank as mechanisms to acquire ownership. The graph also shows that a total of 50 per cent maintained that they used venture capital compared to 40 and 10 per cent who claimed they rarely and used venture capital once in a while respectively. An overwhelming proportion at 20 institutions or 80 per cent maintained that they used debt financing.

Debt financing seem to be the commonly used finance mechanism to finance BEE transactions. The results also show that private sector institutions are not commonly used to finance BEE transactions as evidenced by a total of 15 institutions or 60 per cent (40 and 10 per cent respectively) stating that they rarely used or only used once in a while. The results also indicate that takeovers are rarely used.

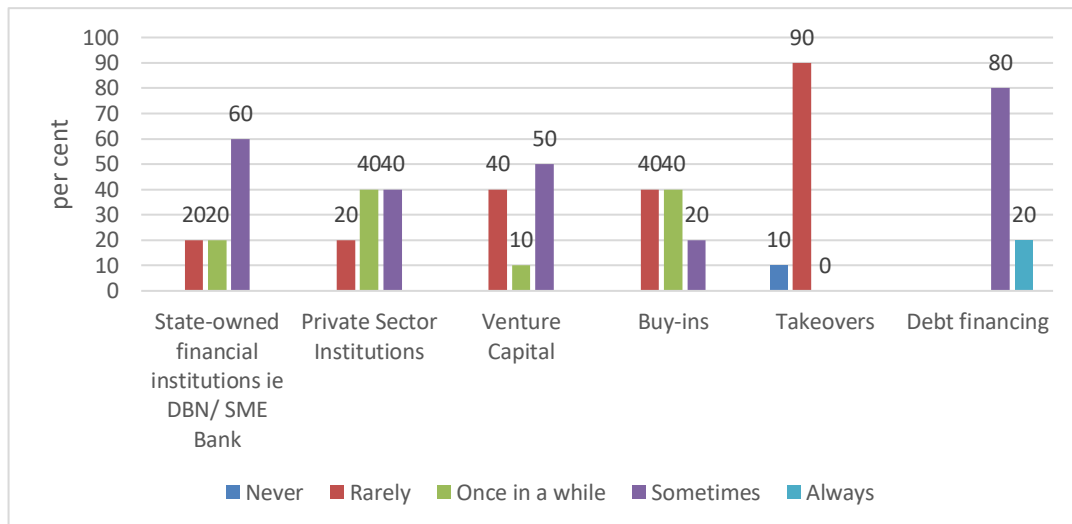


Figure 4.4: Mechanism to promote ownership

The results endorse the views of Lorenzo et al (2007) when they state that the main sources of financing of BEE ownership initiatives include third-party funding, vendor (or company) finance, and funding from BEE partners. The responses do not validate findings of Lorenzo et al (2007) maintaining that the second major form of funding, namely vendor finance, has emerged as a new financing structure that has the best interests of both the company and the BEE party in mind. The responses also support the claim by Sartorius and Botha (2008) when they state that in many cases, the BEE party will require assistance in raising finance.

Respondents of semi-structured interviews were also quizzed on whether the financial sector has achieved the objective of substantially changing racial and gender composition of the ownership in the sector. A mixture of responses and opinions were received. Most respondents however expressed a serious concern that ownership of the sector continued to be the preserve of a selected few. This drawback on a pillar which is the foundation of the BEE initiative, they felt, had to be urgently addressed to save BEE from losing credibility and ending up as just another narrow self-enrichment

exercise. All respondent concede that there is room for improvement and that more still needs to be done to ensure increased ownership of the sector by blacks.

Participant H (personal communication, July 22, 2016) strongly suggests that a lot more has to be done to change the picture. While he believes that efforts have been made in this key area of BEE implementation, he is of the opinion that the sector is not there yet. While lamenting the current progress, he warns that substantial change on the ownership level will not happen through the current voluntary mechanism in place. He maintains that there is a pressing need for legislation to avoid financial institutions undertaking cosmetic actions with regards to the ownership pillar. He also warns that using only the procurement incentive to drive transformation of ownership is not sufficient.

NAMFISA represented by participant G believes that there has been no substantial change in the racial and gender composition of the ownership of financial institutions. Participant G (personal communication, August 5, 2016), however, maintains that the financial institutions have put in some effort but the progress is painfully slow, with minimum change. Participant E (personal communication, August 1, 2016) agrees with this notion. He adds that many companies are still owned by their parent companies from South Africa.

The organisations representing employers and business on the other hand felt that this aspect was being slowly but effectively implemented. They based their views on the fact that almost every financial institution had a BEE partner. Participant C (personal communication, July 11, 2016) representing NEF maintains that the testimony to the effectiveness of the implementation of this pillar can be ascertained by the growing number of new empowerment players that have acquired equity in various financial institutions. Participant K (personal communication, August 10, 2016) is of the

opinion that there has been some transfer of ownership to blacks and women, but still questions if this is sufficient. He is of the opinion that for BEE implementation to have an impact, it should result in new financial companies owned by blacks. He is of the perception that a lot of “window-dressing” in the financial sector is taking place just to ensure compliance with the charter. He bemoans the fact that many financial institutions are still owned and controlled from South Africa hence this is a major stumbling block for successful transfer of ownership.

The biggest union in the financial sector and the largest organisation representing black businesses and SMEs are of the opinion that transformation and change in racial and gender composition of financial institutions has not taken place. Participant D (personal communication, July 29, 2016) maintains that the previously advantaged don't want to share the cake and there is some reluctance especially from the political leadership to influence drastic and radical changes with regards ownership of financial institutions. This position is cemented by Participant A (personal communication, July 15, 2016) who also strongly believes that negligible changes in racial and gender ownership have taken place in the financial sector.

Overall, the results indicate that the sector has not made much progress in providing the previously disadvantaged groups with the necessary mechanisms to enable them to own shares in the financial sector. The responses of the semi-structured interviews are in line with the views of Sherbourne (2016) when he stated that the ownership and control of the productive sectors of the economy is still skewed and overwhelmingly under foreign control. The responses also support Karamata and Gwari (2007), Angula, (2007) and Sherbourne (2016) when they state that the means of production in Namibia remain in the hands of those who benefited from the policies of apartheid as well as foreigners. The responses also corroborate the views of Chawawa (2015)

when he observed that indigenisation will not and cannot transfer the real means of production under capitalism to the masses because this system is structured to perpetually keep the ownership of its capital, technology and markets in the hands of the capitalists, who were responsible for setting up the system in the first place.

The expansion of black ownership in business can arguably be stated as the main and critical component of BEE in Namibia, even though other criterion, elements and pillars have been added to BEE implementation. The latest national action plan, the HPP, also singles out the ownership pillar when it outlines its economic empowerment initiative. According to HPP, one of its critical goals and outcome is the introduction and operationalisation of economic empowerment legislation to achieve greater equity in the ownership of productive assets (GRN, 2016).

An analysis of the findings reveals that there has been an undoubtedly notable increase in black equity ownership of financial institutions. The bulk of ownership is by trade union business arms such as Nammic Financial Services, women organisation, employees and individuals. However, even though many BEE deals have been concluded in the financial sector and among the biggest corporates, these deals have not translated into more substantial changes in ownership. A critical examination of the current implementation of BEE in the financial sector reveals patterns of equity ownership still disproportionate for the black majority. Despite some varying BEE initiatives announced in the financial sector, the pace of change especially with regards the ownership pillar has been sluggish. An in-depth analysis of the current BEE initiatives in the financial sector discloses that there is lack of determined effort to ensure genuine and sustainable broad-based empowerment in the sector. There is

further a strong perception and suspicion as enunciated by the respondents of superficial “fronting” and “window-dressing” arrangements.

The current voluntary approach of BEE implementation allows management to set the standard and court “suitable” beneficiaries, who in most cases are politically well-connected or existing business people. It is mainly for this reason that although the ownership pillar is touted and hyped as the most important pillar to the attainment of the BEE policy, an in-depth scrutiny and analysis exposes it as the least pillar that can contribute to greater transformation impact when BEE is implemented in the current form.

Additionally, an inconsequential number of people can afford to take up ownership of financial institutions. What has been agonisingly observed is that in trying to comply with this objective, financial institutions have instead and to some large extent resorted to measures such as fronting, cronyism, and co-opting only a few elite and politically connected individual as stated by respondents. There is further no evidence that the majority of the new beneficiaries have been empowered as debt financing was utilised and these new BEE owners had to first settle the debt before they can start benefiting.

More despondently, the figures and process reveals an empowerment which is focused principally on public relations and representation. An examination of the public relations activities indicates that black ownership has provided an image boost and a marketing and PR instrument for financial sector institutions with most of them boasting about their black empowerment profile. This is dominantly evident on the web sites of most big financial sector institutions alongside their CSR initiatives. What BEE has succeeded in creating is what Stefan (2006) described as lack of broad transformation of economic ownership symptomatic of the emergence of and reliance on ‘capitalists without capital’.

The second measure of effectiveness of this pillar is the extent to which private financial institutions participate in financing the transformation of ownership to businesses owned by previously disadvantaged Namibians. There is no doubt that access to capital remains critical and the biggest challenge to the implementation and the actualisation of the policy of BEE in the financial sector. Participant A (personal communication, August 8, 2016) referring to the latest Global Competitiveness rankings concurred with this when he singled out access to finance as one of the most problematic factors in doing business in Namibia. Lack of capital inhibits effective BEE implementation in the sector. The funding structure of BEE transactions has been heavily criticised. As observed by Fauconnier (2006) many BEE transactions have failed since their inception owing to complex, elaborate and unsustainable funding structures. These entail the use of hybrid funding instruments, debt finance, vendor finance and equity investment. Chabane et al (2006) also observed that low levels of initial capital endowment of the black business community and highly geared financing structures led to emerging BEE endeavours behaving more like investment funds than enterprises. De Klerk (2008) maintains that a basic fundamental principle which is so often ignored on a large scale on BEE transactions and even management share incentive schemes is that shares cannot be funded by debt as the ability to repay a fiscal debt obligation is dependent on a volatile share price. De Klerk (2008) citing a Sunday Times article goes further to state that Special Purposes Vehicle (SPV) BEE funding structure is problematic in that the value of liabilities often exceeds the value of assets when the purchase shares do not perform to expectations.

Another critical area of measuring the effectiveness of ownership as the pillar of BEE is the extent to which ownership is given to women, youth and people with disabilities. To some extent some financial institutions provided ownership to women groups. One

financial institution's BEE beneficiary is a woman organisation. However, to a large extent, there is no evidence that financial institutions actively assist or are being owned by women, youth and people with disability. Using this perspective to measure effectiveness of the ownership pillar also show that the financial institutions have performed below expectations.

It is the submission of this study that after 9 years of the introduction of the financial charter, BEE implementation in the sector has performed grossly below expectations with regards to achieving substantial change in the racial and gender composition of ownership of financial institutions. As observed by Participant D (personal communication, July 29, 2016), whites who make up only about 6 per cent of Namibia's population of 2.4 million, still overwhelmingly dominate business ownership in Namibia in general and the financial sector in particular.

To achieve the objective of substantially changing the racial and gender composition of the ownership in the financial sector, the current approach which is individualistic-orientated should be discarded and substituted with a group or mass-based ownership. This can be achieved if the ownership pillar is hugely supplemented with skills development, rejuvenated enterprise development, aggressive preferential procurements and directed corporate social investment in the community especially the vulnerable and rural communities. It is the strong position of this study that those who were previously oppressed are not simply lifted from that oppression by means of ownership alone.

4.3.7 Management control and employment equity

The objective of this pillar of the financial charter and BEE is to achieve substantial change in the racial and gender composition of control and management structures in skilled occupations of current and new enterprises in the financial sector. The targets set by the financial charter are: 40 per cent BEE beneficiaries on the board of directors by 2014; 11 per cent BEE beneficiaries on the board of directors to be comprised of women and to be increased to 20 per cent by 2019; 25 per cent BEE beneficiaries at executive management level by 2014, to be increased to 50 per cent by 2019; and 10 per cent BEE beneficiaries at executive management level to be women by 2014, and to be increased to 20 per cent by 2019.

Questions related to management control and employment equity were posed to establish whether financial institutions achieved this objective and targets as enshrined in the financial charter. To supplement the questionnaire and interviews, further investigations were undertaken through desk research and analysis of figures of the financial sector collected and presented by the Employment Equity Commission (EEC) as well as figures from the annual reports and web sites of the surveyed financial institutions. These figures were then confirmed with the respective Human Resources departments of the surveyed institutions.

4.3.7.1 Management Control

Respondents of the semi-structured interviews were asked whether the financial sector has achieved the objective of substantially changing the racial and gender composition of the control and management structures in the financial sector. The majority of the interview participants maintain that the financial sector has not achieved this objective. Most respondents, however, are of the opinion that change has indeed taken place,

albeit at a slow pace. There is also a perception that this change is mostly undertaken as “window-dressing” and not genuine change to transform the control and management structures of the sector (Participant K, personal communication, August 10, 2016). The increasing rise of “tokenism” was also identified as one of the drawbacks and deliberate strategy executed by financial institutions to sabotage and resist the genuine call for transformation (Participant E, personal communication, August 1, 2016). Another disturbing factor that came through was the view that there is a huge perception that black managers are leaving the financial sector mainly due to the perceived resistance of transformation by the majority previously advantaged in management and ownership of the financial institutions (Participant G, personal communication, August 5, 2016).

The organisations representing employers and business hold the view that fairly effective progress has been made with regards to this pillar. Participant C (personal communication, July 11, 2016) advance as a reason for this, the fact that the sector has seen a fairly significant number of black people holding management positions. He proudly maintains that the overall predominant white structure which existed in the past is no longer there. He also further substantiates this view by citing a number of financial institutions in Namibia that are headed by blacks. The participants representing the business organisations, however, lament the skills shortage as a contributing factor to this pillar not being very successful.

Participant F (personal communication, July 25, 2016) is of the opinion that substantial change in racial and gender composition of board and management of financial companies has indeed taken place. However, she hastens to point out that this change unfortunately is not accompanied by control of financial institutions. She suspects that “window dressing” is largely taking place as the previously disadvantaged in senior

positions and on boards do not really have control and power to make decisions. Participant H (personal communication, July 22, 2016) and Participant E (personal communication, August 1, 2016) concurs with this, but maintains that insignificant change has taken place to substantially change the racial and composition of the control and management structure. Participant E (personal communication, August 1, 2016) also concurs that financial institutions are practicing “window dressing” and “coverage” where blacks are placed in management positions but have no control. He stated that black employees are only useful as ‘ornaments’ to be paraded around and used for reporting to meet Affirmative Action requirements. He attributes this to the fact that financial institutions are owned by parent companies in South Africa and therefore control rests with South Africa. He further attributes the slow representation of previously disadvantaged groups in the management of financial institutions to a lack of skilled, experienced and trained individuals from the previously disadvantaged groups to occupy these critical and challenging positions.

Participant G (personal communication, August 5, 2016) also believes that changes in the racial and gender composition has slowly taken place on board level mostly of holdings companies of financial institutions. However, he maintains that substantial change in the racial and gender composition seem to be still a challenge for most financial institutions. He states that changes have mostly taken place in pension fund institutions such as GIPF but not in banking and insurance institutions. He further maintains that his office has received numerous complaints where blacks complained that regardless of their expertise, experience or skills, they are always made to feel that they are never good enough.

Participant F (personal communication, July 25, 2016) observes that control of financial institutions is largely still remaining in the hands of the previously

advantaged. He proposes that a universal and holistic transformation is required to encourage even those that are still having doubts and fears. Participant A (personal communication, July 15, 2016) contends that changes occurred more at staff level, but at senior management level the changes have been extremely slow over the years in the finance sector. He further believes that change has taken place mainly because these institutions are obliged by the Affirmative Action legislation to submit annual reports.

The view about blacks being used as ornaments authenticates the position of Ramlall (2012) when she states that another huge problem facing BEE is “fronting”, and ‘window dressing’. The responses further corroborates Gaomob II (2013) when he states that whites on the one hand are also accused of “fronting” or “black renting”.

The desk research revealed further information supporting the semi-structured interviews. An examination of the composition of the surveyed financial institution boards clearly indicates that the boards remain overwhelmingly dominated by white males. An analysis of annual reports and web sites of the surveyed institutions indicate that in 2016 whites in total accounted for 71 per cent of board members, while blacks constituted 29 per cent (Figure 4.5).

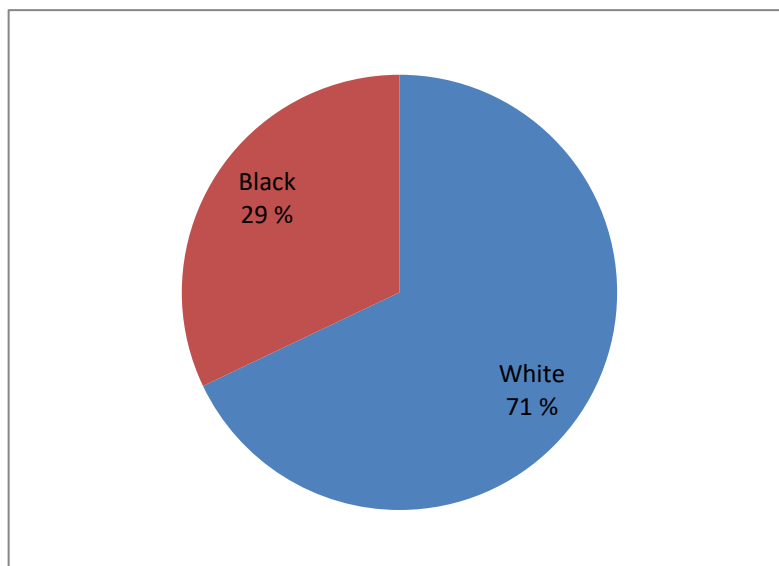


Figure 4.5: Composition of Board of Directors by race

Unpacking the above statistics reveals that white males account for 53 per cent of board members, Black males for 21 per cent, white females for 18 per cent, and with only just 8 per cent being black females (Figure 4.6).

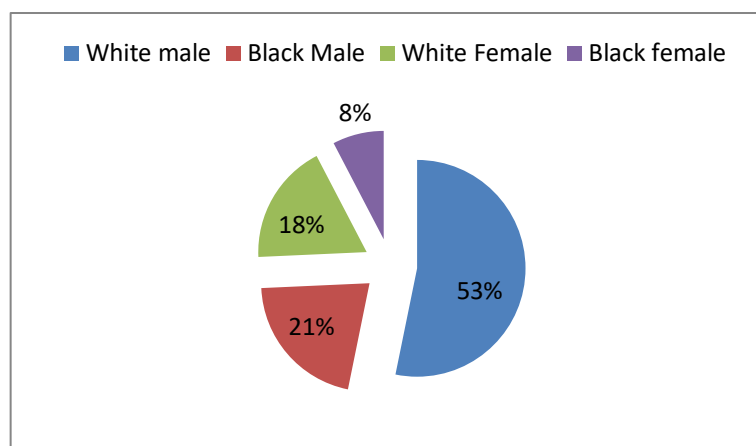


Figure 4.6: Composition of boards by race and sex

With regards to management representation, an examination of figures from the EEC over the last five years reveals that blacks occupying executive director's positions have averaged 40 per cent and dipped in 2013 to 29 per cent (Figure 4.7).



Figure 4.7: Black Executive Directors – (2009-2013)

Information collected from the surveyed financial institutions web sites and their annual reports on executive management and confirmed with their respective Human Resources departments, indicates that in 2016 blacks represented only 34 per cent of executive management, broken down into 26 per cent black males and 8 per cent black females (Figure 4.8).

An examination of the EEC figures from 2009 to 2013 reveals that women representation on executive level averaged 11 per cent and dropped to 7 per cent in 2013. Representation of black women in top management although rising, is still discouragingly low. Female representation in general is highest across the unskilled, semi-skilled and skilled categories and becomes poor in the management and executive occupation levels.

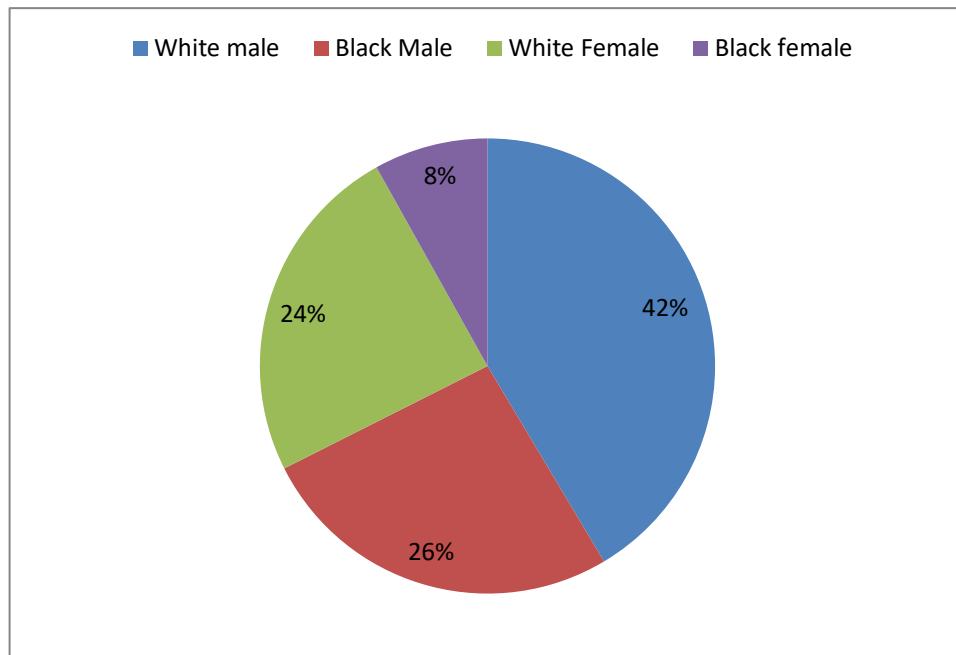


Figure 4.8: Executive Management of Financial institutions by race

The composition of senior management despite averaging 40 per cent between 2009 and 2013 reflects that black representation grew from 35 per cent in 2009 when the charter was adopted to 42 per cent in 2013. Representation of blacks in middle management grew from 46 per cent in 2009 to 56 per cent in 2013.

According to the EEC figures blacks on average during the period 2009 to 2013 occupied 40 per cent of senior management respectively and on average 49 per cent of middle management (Figure 4.9). This is despite the fact that blacks dominated the workforce in the unskilled (98 per cent), semi-skilled (95 per cent), skilled (91 per cent) and specialised and supervisory (78 per cent) categories.

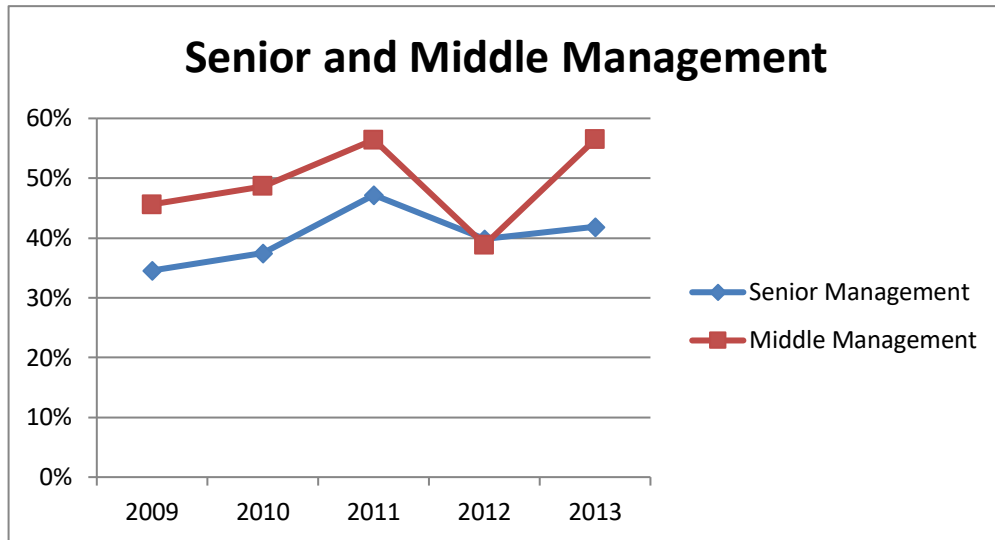


Figure 4.9: Blacks on Senior and Middle Management. Adapted from the EEC Annual Reports of 2009, 2010, 2011, 2013 and 2013

Further analysis of the EEC figures from 2009 to 2013 of the percentage of white senior to executive managers compared to the entire workforce of the financial sector is presented in Table 12 below. Though whites only made up on average 18.4 per cent of the total workforce during this period, they occupied on average 60 per cent of the senior to executive management (Figure 4.9).

Table 12: Whites in top management

Top Management	2009	2010	2011	2012	2013
Blacks	100	107	173	147	130
White	151	149	178	180	168
Workforce (White)	1151	1195	1188	1337	1009
Workforce (Black)	4310	5221	5991	5428	5608
Total Workforce	5461	6416	7179	6765	6617
Percentage White Managers	21%	19%	17%	20%	15%

Note. Adapted from the EEC Annual Reports of 2009, 2010, 2011, 2013 and 2013

The above responses of the semi-structured interviews and findings of desk research are in line with the findings of Hoffman (2008) who, commenting on management representation in South Africa, says a report released by the Commission for Employment Equity shows that BEE has not achieved significant changes in the management make-up of companies. The findings are not aligned to the views of Sethi (2010) when he claims that one of the three areas of structural change that are absolutely necessary in order to achieve the goals of black economic empowerment, is increased black representation on boards of large corporations in the private sector; and a more reasonable presence in the professional and managerial cadres. In trying to advance reasons for the lack of black managers in South Africa, Black and Geletkanycz (2006) states that other than the lack of education and racial discrimination, some companies argued that blacks lacked an entrepreneurial attitude, ethic, or ambition. This, however, was not voiced out in Namibia and during this study.

4.3.7.2 Employment Equity in the financial sector

Representatives of financial institutions and BEE beneficiaries were asked through questionnaires to state if their institutions have put in place adequate measures to remedy past discrimination in employment practices. The majority at 23 institutions or 92 per cent agrees that their organisations have put in place adequate measures to remedy past discrimination in employment practices. When asked if their organisation were improving access and representation throughout all occupations and all levels for members of designated groups identified by Affirmative Action Act, most respondents at 18 institutions or 70 per cent agreed with this. Respondents were also asked if adequate awareness programmes were undertaken for all BEE directors to effectively discharge their duties. Respondent in majority at 15 institutions or 60 per cent agreed

that this is taking place. The above are in conformity with the observation by Premdas (2016) when he states that the number of countries that have now embarked on affirmative action policies have been growing and the results have been diverse. Furthermore the above results support the views of Alexander (2007) who argues that affirmative action is necessary and a better solution than BEE to stop the widening gap between the rich and poor.

A similar question was posed to respondents of the semi-structured interviews. The organisation representing employers hold the view that the employment equity aspect of this pillar of BEE has been very effectively implemented. Participant C (personal communication, July 11, 2016) cite as evidence of this the fact that most of the organisation members from the financial sector have reported full compliance and full achievement of their employment equity targets and were awarded compliance certificates from the EEC. However, he is concerned at the lack of strong enforcement and compliance powers by the Employment Equity Commission (EEC).

Participant J (personal communication, July 14, 2016) a researcher from a local banking institution concurs and is of the opinion that with regards to affirmative action, the financial sector has “come to the party”. He maintains that the financial sector is one of the sectors that positively responded to the government with regards Affirmative Action and has done a tremendous job. He is however still sceptical whether the representation comes with authority and power of decision-making. Participant H (personal communication, July 22, 2016), speaking on behalf of Bank of Namibia also concurs with the above and attributes it to the compliance element that legal entities are required to annually submit their affirmative action reports to the EEC. However, he further mentions that the absence of authority and real power to

make decisions has frustrated many previously disadvantaged employees and made them leave the financial institutions.

The regulator responsible for non-banking financial institutions on its part has serious reservations with regards affirmative action process in the financial sector. Participant G (personal communication, August 5, 2016), speaking on behalf of NAMFISA is mostly of the opinion that financial institutions appoint Namibian CEOs, but most of their executives who make most of the decisions are still coming from their parent companies in South Africa. The largest trade union in the financial sector concurs with the regulator's view and proposes that the Affirmative Action policy needs to be reviewed. Participant D (personal communication, July 29, 2016) believes that besides just looking at race, the element of ethnicity and gender needs to be looked at. Participant A (personal communication, July 15, 2016) in agreement with this also advances that the financial sector is following a minimalist approach with regards to the implementation of Affirmative Action and employment equity. He castigates the sector as one of the slowest sectors to change and trying to avoid openly violating the Act in terms of their own reputation. He maintains that there is a sense of resistance towards change and there is a level of institutionalised crisis where the current holders of influential positions believe that they are based on merit and they are the ones who set standards and others do not meet their standards. He concludes that this kind of inherited attitude of some people being superior to others seems to still exist in the sector.

The representative of SMEs and black businesses strongly expresses that affirmative action in the sector is taking place at a very slow pace and "hardly working". Participant B (personal communication, July 18, 2016) speaking on behalf of the

organisation further argues that there is no instruments put in place to effectively monitor affirmative action besides individual reports by companies.

To buttress the questionnaires and semi-structured interviews, desk research to investigate the workforce of the financial sector was conducted. Statistics on workforce of the financial sector as highlighted by the EEC reports from 2009 to 2013 was analysed (Table 12 and Figure 4.9).

The information in Figure 10 below reveals that on average, 576 or 9 per cent blacks in the financial sector resigned annually during the period 2009-2013, compared to only 126 or 2 per cent whites of the total workforce. Participant A (personal communication, July 15, 2016) espouses that the working environment of black managers in financial institutions is hostile and undermines their ability to establish themselves and prevents them from making an impactful and sustainable contribution.

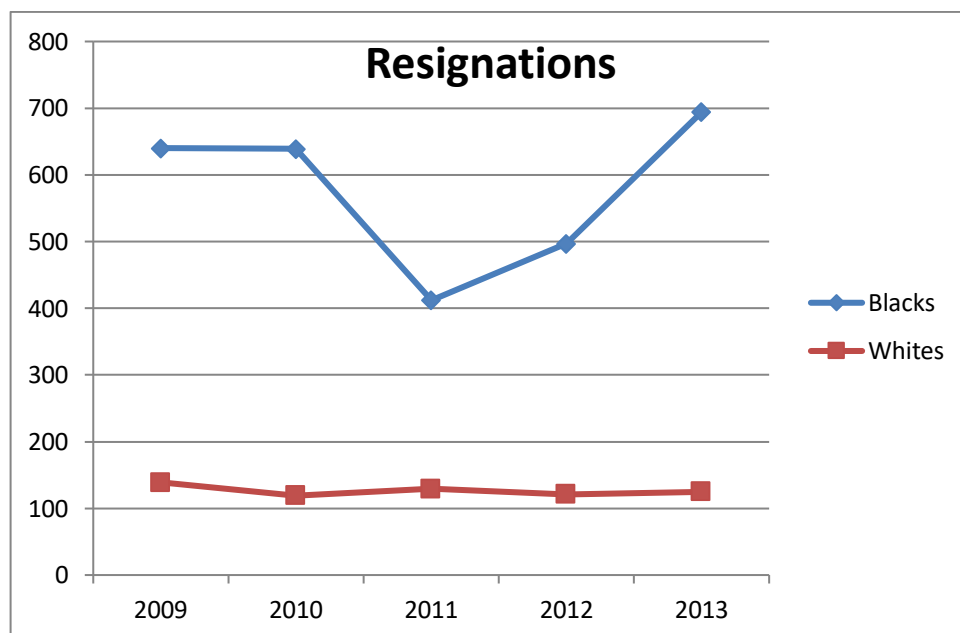


Figure 4.10: Resignations

After an extensive analysis of the responses, it is therefore the conclusion of this study that the industry is not diverse in its human nature, especially at the board level. It is the submission of this study with regards the Charter objective of substantially changing the racial and gender composition of management and control that, while blacks have made notable gains in entering managerial spheres and ranks of large financial institutions, they are still not an integral part of the management structure. The financial sector has failed to decisively deal with the existing corporate structure and the control of the 'commanding heights' of the sector. Control and management structure of financial institutions in Namibia is still racially skewed. There is still a great and urgent need to deracialise the management of financial institutions in Namibia. The failure of placing black people alongside whites at the head of Namibia's financial institutions as expressly intended by the charter demonstrates the failure of the adopted voluntary approach and strongly entreats for a different strategy to be implemented.

Despite the financial charter expecting financial institutions to have at least 40 per cent BEE beneficiaries on the board of directors by 2014, the results clearly indicates that the boards remain overwhelmingly dominated by white and the number of black directors in the majority of financial institutions remains distressingly low. The explanations of low black representation on the boards are not only depressing but frivolous and ridiculously unconvincing. The existing boards as pointed out by Participant B (personal communication, July 18, 2016), argue and contend that not enough qualified blacks are available to be recruited on the boards of financial institutions due to lack of experience, expertise and necessary qualifications to serve on these boards. They list expertise in such areas such as banking, finance, law,

technology and corporate management, and contend these qualities are in extreme short supply among black professionals and leaders in Namibia.

Furthermore and more importantly, although there are now many financial institutions with blacks on the board of directors in the sector, control is mainly by way of non-executive board members and mostly on the holdings company level but not at corporate level. It is the submission of this study that genuine empowerment will be undertaken when genuine control, responsibility and power of decision making is also given to the individuals from the previously disadvantaged groups. Representation without control is a futile exercise in empowerment and effective transformation of the sector.

The results of this study as outlined above indicates that financial institutions have recorded progress on representation of blacks in control and management of institutions although compliance levels did not meet the required BEE targets as set up by the financial charter. It is the position of this study that although there has been some effort to change the racial and gender composition of the control and management of financial institutions, the implementation of the charter and the BEE initiative has not adequately addressed the issues of management and control. The findings also unmasked the noteworthy slow pace and speed at which black people and women are climbing through the ladder and ranks to high positions. The results show that middle to top management in the financial institutions is still a reserve of the previously advantaged.

At the same time, it is still unclear to what extent the increase in the number of black managers can be related to “token appointments” or genuine transformation. The reason for holding this view is mainly the fact that black people who constitute the largest percentage of the total workforce of financial institutions, make up a relatively

small percentage of people in the top structures of financial institutions. The lack of high representation of blacks in management reveals not only extensive non-compliance with the charter, but also a lack of will and commitment to empowerment on behalf of financial institutions.

The results also disturbingly reveals that there is a strong perception that big financial corporates are using black executives to bring in strong political connections to their businesses with the aim of attracting government goodwill in line with the findings of Southall and Tangri (2015) when they claim that BEE implementation amounted mainly to the transfer of shares, which have been acquired disproportionately by a small number of prominent, politically connected black figures.

Related to the above is another interesting observed phenomenon that seems to have become fashionable in the financial sector of creating “black captains” of the financial institutions mostly as figure heads surrounded by majority white executives. This trend is nothing but effectively a public relations and image building exercise. It can be argued that the individuals are appointed on merit and experience, but the fact that the whole board or management structure is still predominantly white highlights the real reasons for such appointments, while effective control remains in white and foreign hands.

With regards to women representation, financial institutions have performed miserably as indicated above. It is the position of this study that the current definition of previously disadvantaged as enshrined by NEEEF which includes white women is flawed. Disadvantaged black Namibians should be the real target group of empowerment. Including white women in the definition will only encourage financial institutions to easily subvert and undermine the intention of including the majority

blacks and instead opt for promoting white women to high level positions at the expense of blacks.

Lastly, although BEE is not affirmative action as such, employment equity forms a central part of it. With regards employment equity, this study holds the view that indeed financial institutions have put in place adequate measures to remedy past discrimination in employment practices as required by the Affirmative Action (Employment) Act. However, despite policies and measures being put in place to remedy past discrimination in employment in the financial sector, perception still abound that discrimination is still taking place. This study concurs with the views of Horwitz and Jain (2011) supported by Chut (2016) when they posit that the rate of progress of diversity and representation in organisations is not only a supply-side skills development question, but one which relates to the persistence of a prevailing white-male oriented organisational culture, lack of communication and shared understanding of employment equity, low leadership commitment, and inconsistency in employment equity implementation.

In the final analysis, it should be noted that the growing markets and purchasing power of blacks in Namibia cannot be overemphasised. Similarly the growing impatient and frustrations of majority black trade unions, black professional managers, and black political turmoil need to be clearly understood, appreciated and addressed by the corporates in the sector. It appears as if financial institutions seem to be sadly remiss in having informed, intelligent opinions and advice at the board level in these critical areas. This may be attributed to the extensive representation of boards by foreigners and whites. Black directors given genuine voice and control would fill this important knowledge and experience void that currently exists on the boards of most large financial institutions.

Having analysed the above, this study submits that the pace of representation and diversity at organisational levels is not only painfully slow, but incremental rather than transformational. It is the position of this study that despite the expressed intents of the financial charter and its goals of employment equity, progress in the managerial ranks has been lethargically and sluggishly slow. There is a great need for the financial institutions to go beyond hiring black managers as targets of opportunity, but to begin systematically to prepare more blacks for senior level management positions and to do so with due haste. This is not only beneficial to government and the majority blacks but also as business imperative and quest for sustainable long-term survival. The market (target audiences) where these companies operate is increasingly becoming “black” and it is to the advantage of the companies to penetrate these markets.

There is also a growing perception as revealed by respondents, that previously advantaged managers and owners of financial institutions still resist transformation and are not entirely convinced of the need for such exercise. This in turn also contributes to the frustration of the few blacks in management positions and leading them to exit the institutions and the sector. The high level of resignations of black managers as highlighted by the EEC annual reports will continue and affect this pillar until these institutions address the matters which are frustrating these individuals. The financial institutions should strive to create an atmosphere and working environment that would make black managers feel a sense of belonging to the institutions and not recruited by other reasons besides their ability. Concrete and effective measures must be put in place to closely and strictly monitor this pillar to ensure that not only equity targets set by the institutions and EEC are met, but that there are indeed genuine decision-making powers given to previously disadvantaged people. Failure to do so will grossly undermine the implementation of BEE in the financial sector. This study

further strongly advances that affirmative action should not only concentrate on race difference but also gender and age differences and discrimination.

4.3.8 Human resources and Skills development

The objective of the human resource and skills development pillar is to ensure that financial institutions promote training, skills development, mentoring and coaching of the previously disadvantaged and BEE beneficiaries. The targets set by the financial charter with regards this pillar are: at least 25 per cent at executive management level must be BEE beneficiaries, of whom at least one third should be women by end of 2014; at least 50 per cent at executive management level must be BEE beneficiaries, of whom at least one third should be women by end of 2019; at least 30 per cent at middle and junior management level must be BEE beneficiaries, of whom at least one third should be women by end of 2014; at least 60 per cent at middle and junior management level must be BEE beneficiaries, of whom at least one third should be women by end of 2019; and at least 0.5 per cent of the institution's total expenditure to be geared towards training and skills development of black people and on internships for unemployed black people by end of 2014.

One of the specific and subsidiary objectives of this study was therefore to examine the extent to which financial institutions contribute to skills development in the sector. In order to determine the contributions of financial institutions to training and development of their employees, surveyed financial institutions were asked through questionnaires, the percentage of the gross wages of their institutions devoted to training.

The majority of institutions at 13 institutions of 52 per cent spent between 0 and 1 per cent of the gross wage expenditure on training and development (see Figure 4.11). This

is followed by a total of 9 or 36 per cent of the surveyed institutions who maintained that they spent between 1 and 1.5 per cent of the gross wage expenditure on training and development. Only 3 or 12 per cent of the financial institutions surveyed maintain that they spent above 1.5 per cent of the gross wage expenditure while. This confirms what Horwitz and Jain (2011) observed that education and training though seen as a key determinant of a country's entrepreneurial capacity and represents a concerning skills gap based on historical inequality in education provision, is not yet adequately addressed.

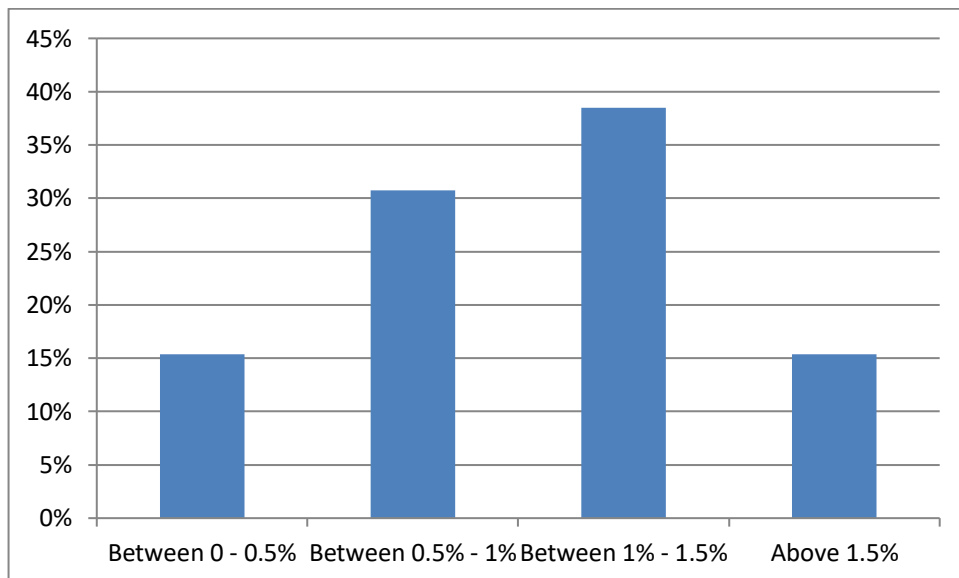


Figure 4.11: Training as percentage of gross wage expenditure

To address the shortage of skills Bogopane (2013) advises that companies should be encouraged to promote employee development through on-the-job learning and learnership. Financial institutions representatives were also asked what they provide as in-house support or assistance for skills improvement to staff from BEE designated groups.

A significant majority of respondents (19 institutions or 77 per cent) maintain that they provide financial aid for skills development; 100 per cent (56 per cent strongly agree and 44 per cent agree) agreed that they provide study leave or time off to employees to improve skills development; while 22 institutions or 88 per cent maintains that they provide on-the-job training to contribute to skills development (Figure 4.13).

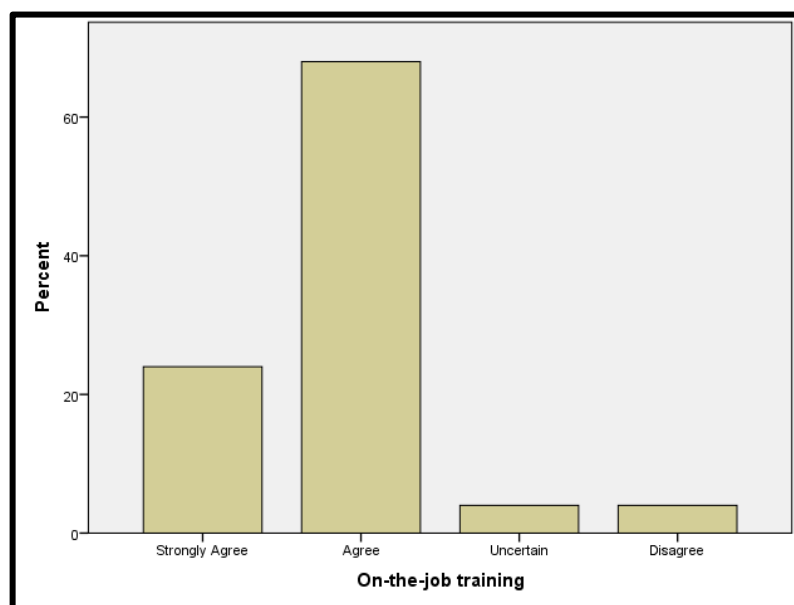


Figure 4.12: Provides on-the-job training

Additionally, respondents were asked to share their opinion on whether the financial institutions were doing enough to develop skills in the sector and outline how they were undertaking this. A total of 22 institutions or 88 per cent agrees that they provide coaching and mentoring as contribution to skills development (Figure 4.13). Given the interest of the private sector, the opportunity cost of employees taking study leave may be high since they have to be away from work, there is need to follow up on which of these interventions are available to the beneficiaries.

At the same time and through semi-structured interviews, questions were posed to selected respondents and experts in the industry examining the extent to which financial institutions contribute to skills development.

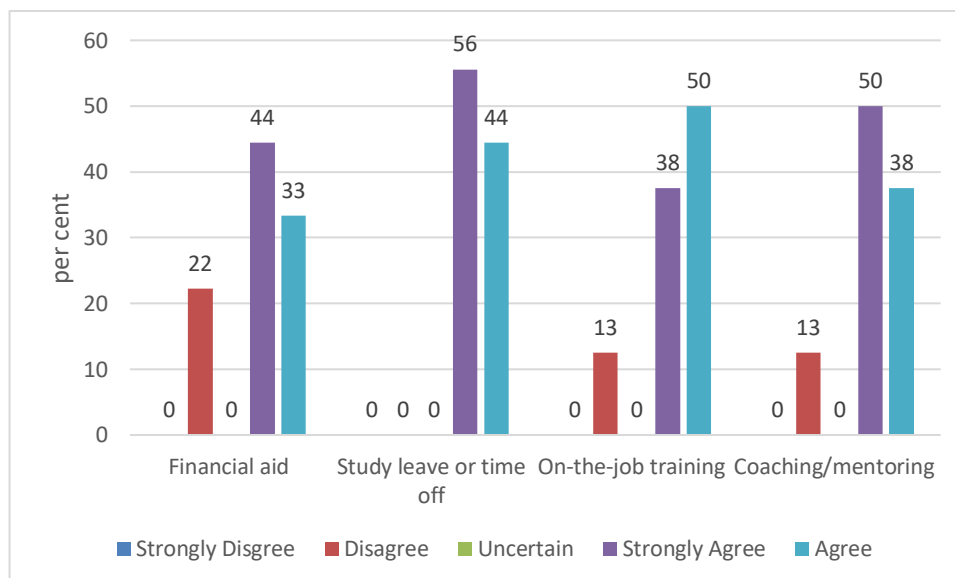


Figure 4.13: Human resource development

Participant H (personal communication, July 22, 2016) representing BoN posits that there is a fervent attempt to develop skills in the financial sector by the financial institutions especially the banking sector. He further claims that a number of institutions have specific programs put in place to develop skills such as Institution of Bankers, graduate accelerated programs, bursaries and internship. He, however, questions the adequacy of such initiatives to comprehensively address the skills gap in the sector as well as measures to determine the success of these initiatives. He further questions whether these initiatives are undertaken for genuine need to develop skills or as public relation exercise to win trust of the public and the government.

Participant I (personal communication, August 8, 2016) concurs with the view of BoN when he maintains that the financial institutions have invested substantially in skills

development through on-the-job training, bursaries and other initiatives. He further maintains that upskilling is not only the responsibility of financial institutions. He reasons that if one becomes a shareholder in an institution or opted on the board of directors, the individual should also show initiatives in gaining the appropriate skills and not only be interested in the dividends and sitting allowances.

NAMFISA on its part laments the lack of similar initiatives such as the Institution of Bankers in the non-banking sector. Participant G (personal communication, July 22, 2016) speaking on behalf of NAMFISA believes that based on the level of contribution of BEE beneficiaries on financial institution boards, it is indeed questionable if they are provided appropriate training and skills. He further believes that the fact that no insurance company is currently undertaking underwriting and actuarial functions in Namibia after 26 years, reflects a failure on the part of non-banking sector institutions to develop skills in the sector.

Participant J (personal communication, July 14, 2016) is of the opinion that some training and skills development is provided by financial institutions. He, however, advises that the speed at which transformation is taking place especially with regards providing training and skills development needs to improve. Participant D (personal communication, July 29, 2016) on his part, stresses that financial institutions have not done enough to develop skills in the sector. The largest trade unions representing workers in the financial sector further strongly supposes that the shortage of skills in the financial sector is exaggerated and overrated to allow the financial sector not to employ people from previously disadvantaged backgrounds. Participant F (personal communication, July 25, 2016) who shares the same sentiments as NAFINU maintains that there are enough young people with relevant skills in Namibia in most skills that are needed by the financial sector except skills required by underwriters and actuaries.

The majority of graduates from Namibia's higher institutions are from the business and management faculties with courses in Accounting, Business Administration, Economics, Human Resources, Marketing and Auditing. She further states that the argument of shortage of skills after so many years of operating in Namibia by most large financial institutions is testimony that financial institutions have not done enough in terms of investing in skills development to bridge the skills gap. Additionally, she states that financial institutions which co-opt BEE beneficiaries as "window dressing" do not see the need to provide appropriate training and skills development as no real power of decision-making is expected from these BEE beneficiaries.

Participant E (personal communication, August 1, 2016) also agrees with the skills availability in Namibia as the country has a large number of black graduates, but emphasises that they are mostly trapped at junior positions. For this reason and other discriminatory practices in the private sector, blacks tend not to want to join the sector or leave the sector.

Participant A (personal communication, July 15, 2016) on his part questions why the debate on skills shortage is still raging and persisting when Namibia is spending 20-25 per cent of its national budget annually on education and skills development. He also questions the role the financial sector is playing in shaping courses at institutions of higher education in Namibia or offering courses to which they could send people to acquire those skills. Participant J (personal communication, July 14, 2016) though admitting that financial institutions through their CSR projects are contributing to education and training, insists that he does not see tangible results that will show that the financial sector is doing enough to develop skills in the financial sector.

The organisation representing black businesses believes that there is indeed a shortage of skills not only in the financial sector, but across all sectors of the economy. This is

the reason why Namibia is importing skills from other countries. Participant B (personal communication, July 18, 2016) speaking on behalf of IPBF also questions whether the higher institutions in the country are producing the right and relevant skills needed in the economy.

The above responses from both the questionnaire and the semi-structured interviews point to the fact that this pillar of the financial charter has not delivered as expected. Furthermore respondents conceded that whilst progress has been made with some aspects of skills development, the general view is that this pillar is not effectively implemented. It is the submission of this study that the effective implementation of BEE depends on the availability of competent skills and equity employment which have roots in human resource development. The deliberate exclusion of black people from meaningful participation in the economy culminated in limited access to proper education, skills development and employment opportunities for black people. There is no doubt that skills development and training are key components of empowerment. Without skills upgrading, very limited changes can be achieved in terms of equitable employment of previously disadvantaged persons.

It remains a great concern that the skills development efforts in the critical areas of actuary, underwriters, and asset managers among many are not sufficiently and actively developed. There is a general perception that BEE beneficiaries are not given appropriate training in accordance with the needs identified in the national skills audit.

Most respondents from the questionnaires and interviews articulated that this pillar is crucial in ensuring sustained transformation. They believe that if this pillar is properly implemented it could be a key lever for ensuring sustained empowerment.

The Financial Sector Strategy states that there is a disparity between skills imparted by education institutions and skills demanded by the industry leading to a mismatch (Ministry of Finance, 2010). A survey by the NEF in 2010 concurs and revealed that 96 per cent of employers experienced skills shortage, with 51 per cent describing the deficit as severe (Namibia Training Authority, 2014). According to the Finance and Business Services Sector Skills Plan, the financial services largely require skilled workers at intermediate (clerks) and high (professional) skills level.

An assessment of a report from the Namibia Training Authority (NTA) skills development plan for the financial sector as shown in Table 13 below indicates that 63.4 per cent of employees in the sector have completed secondary school (Namibia Training Authority, 2014). This is followed by employees with degrees at 20.4 per cent and post graduate qualifications at 8 per cent. About 3.6 per cent are currently studying at universities. This study could not establish the composition by race or gender who the employees are with the degrees, post graduate degrees and those still at universities.

The Finance and Business Services Sector Skills Plan further reveals that in 2013, the School of Economics and Finance at Polytechnic of Namibia (now Namibia University of Science and Technology) enrolled a total of 3,025 students at undergraduate level, while the University of Namibia's Economics and Management faculty enrolled 3,182 (Namibia Training Authority, 2014). Female students' enrolment at 63 per cent at Polytechnic of Namibia and 58 per cent at the University of Namibia reflects a higher intake compared to males.

Table 13: Educational levels in financial sector

Educational Level	Financial Intermediation (%)
No formal Education	0.5
Don't Know	2.8
Primary school	0.5
Secondary school	63.4
Technical training	0.3
at University	3.6
Completed degree	20.4
Post Graduate	8
NP Certificate	0
High education Diploma	0
Degree in education	0.5
Total	100

Note. Reprinted from "Finance and Business Services Sector Skills Plan" by NTA, 2014

Despite severe data constraints, some conclusions can be drawn from the training data for 2009 to 2013 obtained from the EEC Annual reports. A total of 25,735 training intervention were undertaken for the 32,965 workforce during the period under review.

On average 65 per cent blacks compared to 13 per cent white employees were trained annually. The average by race and gender show that black women received more training from 2009 to 2013, at 52 per cent, followed by black males (31 per cent), white females (11 per cent) and white males (6 per cent). The study could not establish from the information the number by race and gender of those who received multiple training opportunities.

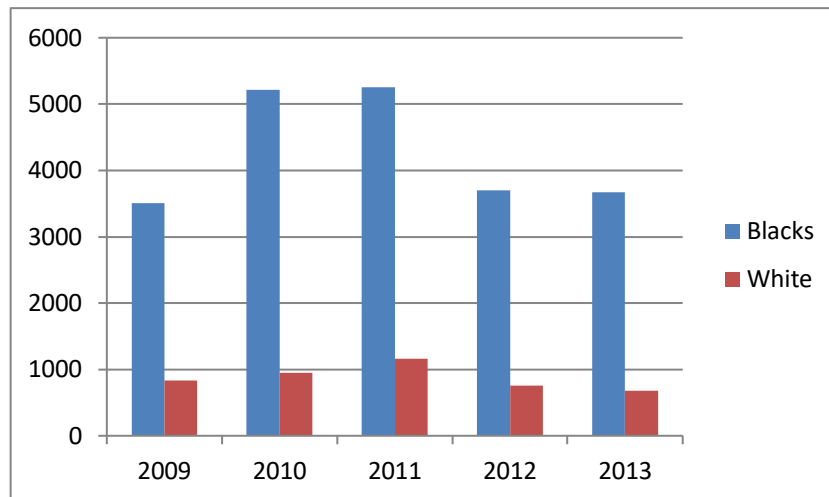


Figure 4.14: Training by race

This study acknowledges that training has been given to blacks in the financial sector. However, it could not establish to what extent the effectiveness of training given has really improved and added value to the skills of BEE designated employees. In a similar study by Mohammed and Roberts (2008) it was discovered and inferred that the type of training that blacks received was restricted to their daily operations. In the same study, it was found that there was reluctance by management to train black workers especially in important fields and skills required by the sector. The fact that most previously disadvantaged persons in the financial sector are in low jobs in categories of unskilled to skilled also affect the kind of training and skills they receive.

This study posits that this pillar is crucial in ensuring sustained transformation. It is the view of the researcher that if this pillar is properly implemented it could be a key lever for ensuring sustained empowerment. More emphasis therefore needs to be placed on this pillar especially on developing skill at higher level and specialist skills. Black Namibians remain heavily under-represented in the skilled job market because they are largely unskilled. Government should make this pillar mandatory and more

points should be allocated to this pillar in terms of BEE implementation. At the same time strict compliance and monitoring to ensure that this is happening should be undertaken. There is therefore a great need for financial institutions to up their game and extensively invest in skills development.

The financial sector needs effective human development programs. It will be to the advantage of the sector to put in place a strategy for skills development. Preceding this should be due diligence in understanding the whole picture and the real situation on the ground, followed by implementing skills development initiatives or programs in conjunction with relevant stakeholders such as institutions of higher learning, the government, National Training Authority, National Qualification Authority, academics, human resource development specialists, and indigenous people.

Instead of just complaining about shortage of skills in the sector, the sector needs to undertake a comprehensive assessment of the adequacy of the Namibian education and training system to support the attainment of national development goals. An examination of the numbers of students that graduate from tertiary institutes reveals the fact that perhaps the problem is not shortage of skills, but shortage of quality and right skills. Participant A (personal communication, August 8, 2016) cautions that in undertaking skills development the focus should not be on input of how much is spent on training as is currently the case with the financial charter, but on the output of the quantity and quality of skilled Namibians institutions released into the economy.

It is also the view of the researcher that the institutions of higher learning seem to be producing for the streets and not the job market. There also seem to be no appropriate engagement and consultations between the industry and the higher education institutions. The finance sector should be targeted as one of the key sectors that would

drive the sustainable development of the country and to which training and human capital development institutions should respond in providing the required skills.

As observed by Kloppers (2014), skills development and business education lie at the core of the notion of empowerment. The higher the skill level of the national workforce, the greater the benefit would be not only to the economy but also to the beneficiaries of BEE. The recently released Global Competitiveness ranking also revealed that Namibia is not doing well in terms of education where it was poorly rated for its quality of higher education and ranked 110th (Participant A, personal communication, August 8, 2016). Education and skills development are the most effective means a country has at its disposal to end poverty and reduce inequality. Government and indeed the finance sector needs to invest massively in the training and employment of the previously disadvantaged people. A concrete strategy needs to be devised to bridge the gap between training and employment. A skilled citizenry will make the financial sector more resourceful, more inventive, and more creative. Namibia needs to find a way to accelerate the development of skills in critical sectors of the economy, such as finance, to address unemployment, poverty and inequality

As observed by Participant D, (personal communication, July 29, 2016), for the educational system to have meaningful impact on the economic and social welfare of the Namibian people, many people who are creative and innovative must be trained.

To address the skills gap in the sector, financial institutions are advised to establish a financial academy in line with the existing banking academy. Government should ensure that the universities and institutions of higher learning in the country have and design suitable curriculums that will prepare the students sufficiently for the jobs in fields where Namibians lack expertise. Educational institutions should supplement their theoretical knowledge with practical knowledge to address real life problems. At

the same time institutions of higher learning should be encourage to add to their curriculums sufficient local academic content.

4.3.9 Procurement and Enterprise Development

Another specific and subsidiary objective pursued by the study was to examine the extent to which financial institutions contribute to enterprise development. The financial charter set the following minimum targets of procurement expenditure to BEE companies (NFSC, 2009): at least 30 per cent of their procurement budget by the end of 2014 and at least 60 per cent of their procurement budget by the end of 2019. A question was asked through questionnaires to financial institutions on the percentage of total procurement expenditure allocated to BEE and upcoming businesses. The majority of institutions at 18 or 72 per cent maintain that they allocate between 1 per cent and 10 per cent of their total procurement expenditure to BEE and black small businesses (Figure 4.15).

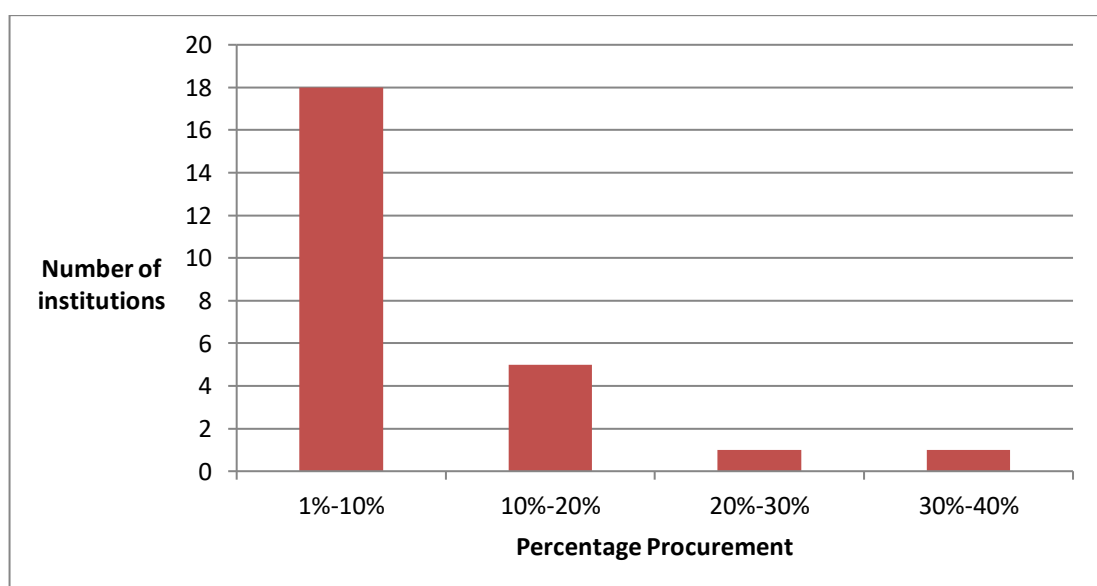


Figure 4.15: Percentage allocated procurement from BEE

This is followed by 5 institutions or 20 per cent who allocate between 10 and 20 per cent of their total procurement expenditure. Only 2 institutions or 8 per cent allocate between 20 per cent and 40 per cent.

Another question was posed to determine mechanism financial institutions use to assist and encourage BEE entrepreneurs. The majority of institutions at 18 or 72 per cent maintain that they undertake skills transfer. A substantial number at 15 institutions or 60 per cent also agrees that their institutions assist and encourage enterprise development at educational institutions.

Half of the respondents agreed that they offer internships to assist and encourage BEE entrepreneurs. Ten institutions or 40 per cent (32 plus 8 per cent) agreed and strongly agreed respectively that their institutions offers mentorship programmes to assist and encourage BEE entrepreneurs (Figure 4.16).

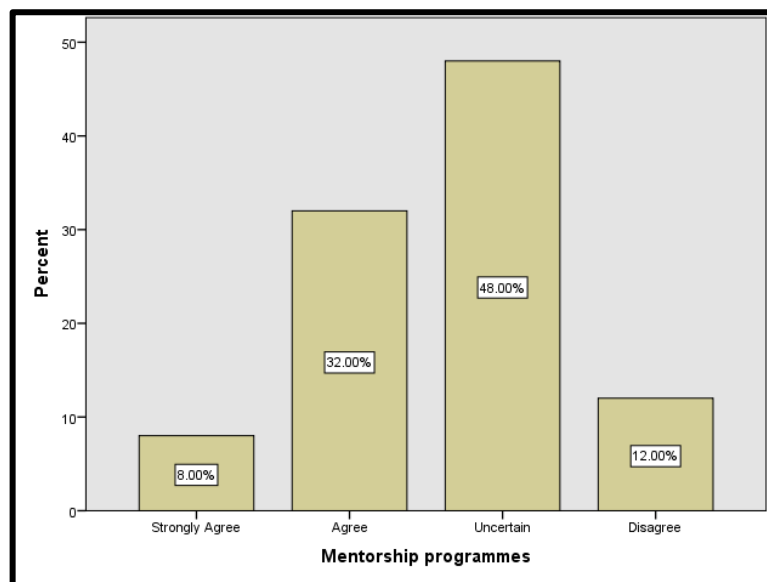


Figure 4.16: Assistance with mentorship programmes

A little over a quarter of the financial institutions surveyed agreed that they provide infrastructural support as a mechanism to support and encourage BEE entrepreneurs. Finally, less than 10 per cent agreed that they offer secondment in order to assist and encourage BEE entrepreneurs. These figures overwhelmingly indicate that the financial sector is not doing enough to support entrepreneurs from previously disadvantaged groups.

A question was asked through the semi-structured interviews on whether financial institutions were doing enough to support and encourage aspiring entrepreneurs from BEE designated groups in business development and entrepreneurship. There was general consensus from the interviewed respondents that financial institutions have not been very effective and successful in the implementation of this crucial pillar. The respondents are in agreement that the main challenges facing black entrepreneurs are related to access to finance and markets, management and quality of their products and services. It also came out from many respondents that financial institutions which provide funding are generally averse to the perceived risk of funding new BEE owned institutions. The majority of the respondents are further of the opinion that some financial institutions have initiated programs to support and encourage aspiring entrepreneurs from BEE designated groups in business development and entrepreneurship. However, there are strong sentiments that this is merely done to benefit the institutions themselves.

Though Participant K (personal communication, August 10, 2016) from the organisation representing business, admits that there are some efforts to support and encourage aspiring entrepreneurs from BEE designated groups, he is of the opinion that this support given to black entrepreneurs is negligible and not sufficient. He further claims that there is still a lot of discrimination against black entrepreneurs

including discrimination in procurement of goods and services. To support this assertion he gives an example of banks or insurance institutions not advertising for procurement of services. He claims that most of the suppliers of banks and insurance institutions are white-owned institutions.

The organisation representing employers on its part maintains that there are encouraging attempts by the sector to procure from BEE suppliers. Participant C (personal communication, July 11, 2016) in defending the negligible support to black entrepreneurs maintains that the quality of supply and the nature of the business of the sector are such that trust and credibility plays a crucial role. Additionally, he maintains that some of the financial institutions are providing mentorship programs. Participant H (personal communication, July 22, 2016) insists that the fundamental question with regards the support and programs meant for black entrepreneurs still remain, whether it is done to look good or whether it is done to change and develop the black SMEs. He further adds that these upcoming entrepreneurs need coaching and mentorship on top of access to finance and markets.

Participant G (personal communication, August 8, 2016) also agrees that financial institutions have programs to assist entrepreneurs, but see them as mere “charity”. He is also concerned that they still ask for collateral or want government to provide collateral. This therefore shows that financial institutions have not changed their strategy to make it conducive for black entrepreneurs to feel supported and encouraged to develop their businesses.

Participant I (personal communication, August 8, 2016) maintains that it is very difficult for financial institutions to support and encourage aspiring BEE entrepreneurs because they cannot just provide loans to start-ups. They also need to keep debt to equity ratio. There are substantial risks especially with loans to SMEs. He justifies this

by stating that over 50 per cent of new companies do not survive in their first years and therefore financial institutions are certainly cautious when providing loans. He recommends that instead of solely depending on financial institutions, government should develop financial systems that are supportive and provide easy access to financial resources.

The trade union representing workers in the financial sector is adamant that financial institutions are doing very little to support and encourage aspiring entrepreneurs from BEE designated groups in business development and entrepreneurship. According to Participant D (personal communication, July 29, 2016), financial institutions just pay “lip service” or do it as a public relation exercise and for their own benefit. The union representative further maintains that existing relationships based on trust and personal friendships still exists and thwarts any attempts to source from BEE companies. Participant F (personal communication, July 25, 2016) subscribes to the above opinion and maintains that financial institutions should go beyond just giving small tenders and loans, but should also establish mentorship programs if they want to contribute to the development of black capitalists.

The organisation representing black businesses and SMEs through its representative, Participant B (personal communication, July 18, 2016) believes the financial institutions are not contributing to entrepreneurial development as more than 70 per cent of their members do not have access to finance because of the securities and collateral required by the financial institutions.

The results of the semi-structured interviews and questionnaires confirmed the position of Emkes (2012) when he states that contrary to the expressed intentions of BEE with regards the promotion of black entrepreneurship, this has not really happened. It also corroborates Hoffman (2008) when she states that BEE instead has

contributed to the stifling of entrepreneurship. The responses also endorse the views of Horn (2007) and Kremel and Yazdanfar (2015) who found that many BEE suppliers, due to being historically disadvantaged, experience various problems which make it difficult for them to win tenders, including lack of finances, opportunities to tender, management and business skills, and problems with quality and capacity. The above responses are also in line with the views of Popovic (2016) who maintains that at the enterprise level, access to finance is perceived as a key obstacle by businesses with no visible improvement in recent years.

The effectiveness of BEE implementation by institutions is determined by the extent to which financial institutions through their procurement programmes represent an important area for stimulating local entrepreneurship; the extent to which financial institutions are assisting with the development of small entrepreneurs; the value of financial institution's procurement spending allocated to businesses owned by previously disadvantaged Namibians; and other measures put in place by financial institutions to assist previously disadvantaged businesses such as mentorship, joint ventures, market access and other initiatives. These were the yardsticks used to determine the effectiveness of BEE implementation in the financial sector with regards procurement and enterprise development.

The study found that the institutions' engagement with black enterprises was low both quantitatively and qualitatively. This study reveals that the above initiatives have been undertaken negligibly or not undertaken at all by most financial institutions surveyed. For example, it was a requirement for financial institutions to aim to educate, assist and encourage aspiring entrepreneurs from BEE beneficiary groups in business development and entrepreneurship through skills transfer, secondment of staff,

infrastructure support, advising on technical and administrative barriers, mentorship programmes, and internships. In this regard, financial institutions performed dismally. Additionally and with regards to procurement, the financial sector through the voluntary charter committed itself to implementing procurement strategies aimed at enhancing BEE. These strategies it was agreed, must be aimed at promoting the economic empowerment of previously disadvantaged persons using procurement as an empowerment tool and providing support to BEE enterprises by preferring procurement from them.

Results from the financial institutions surveyed as outlined above showed that none of these institutions achieved the stated targets of the charter as outlined in Chapter 2 with regards procurement and enterprise development. The majority of the financial institutions surveyed at 92% negligibly allocate between 1 and 10 per cent of their procurement spending to business owned by black Namibians, and source less than 10 per cent of their support services from BEE companies. It was also found that BEE firms supply mostly the non-essential support services such as cleaning, catering and security.

Though not proven in the financial sector in Namibia, a similar study by Mohammed and Roberts (2008) found that in most of the firms interviewed, procurement decision-makers were white males. This has an impact on where or which firms financial services institutions source or procure their inputs. Furthermore the study found out that in selecting potential suppliers most firms consider price and quality the most important followed by technological capability.

None of the financial institution surveyed had supplier development programmes to assist BEE enterprises. The institutions thus do not clearly recognise the importance of their supplier network in their own performance. Furthermore, there is no evidence

that financial institutions are undertaking, as required by the charter, any of the following: training and development of preferred BEE vendors, including skills transfer, to improve BEE vendors' management of their business; earmarking certain categories of procurement expenditure for BEE firms only and reserving areas of procurement for BEE groups only; dividing contracts into smaller parts to provide assistance to more BEE suppliers; providing contracts to companies with stipulation clauses requiring them to procure a stated percentage of the contract value from a BEE company; and joint venture arrangements with BEE companies as a condition of tender.

There is no doubt that the financial sector in Namibia has failed in empowering black entrepreneurs because it has not been successful in transferring the necessary skills or providing proper support to black entrepreneurs.

The proposed NEEEF as an economic empowerment initiative stresses preferential procurement as a lever to encourage companies to transform. An analysis of the financial sector however indicates that this approach might not be as successful as envisaged in the financial sector. Of the surveyed institutions only the asset management companies depend significantly on State Owned Entities (SOEs) and government tenders. The majority at 17 institutions or 72 per cent indicated that preferential procurement has no impact as they don't solely depend on government or SOEs for the bulk of their business. However, a large part of the business of asset managers is from the Government Institution Pension Fund (GIPF). There seem to be little threat of financial institutions being negatively affected or losing business contracts to their competitors because of non-compliance to BEE standards. Firms that deal with group schemes, asset management, investments or those that have to tender for business maintain there is increasing pressure to highlight their BEE status.

An examination of financial institutions' contribution to enterprise development and entrepreneurial development shows that contrary to the expressed intentions of BEE with regards the promotion of black entrepreneurship in the financial sector, this has not really happened. The challenges which prevent black entrepreneurs from taking advantages of the BEE initiatives have not been adequately addressed. Many BEE suppliers, due to being historically disadvantaged, experience various problems which make it difficult for them to win tenders, including lack of finances, opportunities to tender and management and business skills, and problems with quality and capacity

This study therefore concludes that this pillar of the financial charter and BEE is not effectively and successfully implemented by the financial institutions. This could be attributed to the weakness in the financial charter in terms of failure to clearly prescribe how this should be undertaken and measured by the financial institutions. The study further posits that preferential procurement which would be used to develop and support BEE upstarts and small enterprises is negligibly undertaken by financial institutions. This could also be due to the nature of the business of financial institutions and their link to the parent companies in South Africa. At the same time the fact that financial institutions have already established relationship with "credible" and mainly white owned suppliers where they source their requirements also affects successful implementation of this. These relationships it is said are based on trust and personal friendships (Participant D, personal communication, July 29, 2016). The companies seem to be committed to preserving these existing networks which end up excluding newcomers who want to supply the financial sector. The insistence with only sourcing from these existing networks is justified by the arguments that they have the knowledge, expertise and technical know-how and that financial services are sensitive services where security and trust is utmost important. As with enterprise development,

the way preferential procurement is recognised, measured and accredited in the financial charter is problematic and offers little guidelines.

4.3.10 Community Investment (Corporate Social Responsibility)

The other specific and subsidiary objective of this study was to determine the extent to which financial institutions contribute to community investment. The community investment or corporate social investment pillar requires that each financial institution directs at least 0.25 per cent per annum of after-tax operating profits, based on the actual figures of the previous year, to corporate social investments aimed primarily at black groups and communities.

Respondents were asked about their institution's contribution to community development and their opinion on whether financial institutions were devoting enough resources to community investment. All the respondents agreed that financial institutions are contributing resources towards community development. A crucial question asked through the questionnaire was aimed at determining the percentage of after tax profit devoted by financial institutions to corporate social responsibility. The majority of financial institutions declared spending on CSR programmes ranging between 0.5 per cent and 1.5 per cent of after-tax profit. Figure 4.17 highlights that the majority at 20 or 80 per cent of the surveyed financial institutions allocates between 0.5 and 1.5 per cent of profit after tax to community investment. Only 2 of the institutions or 8 per cent contributes more than 2 per cent of their profit after tax to social responsibility programmes. The above response rejects the claim by Reddy and Hamman (2016) that some Multinational Enterprises (MNEs) laying claim to global leadership in CSR and sustainable development are resistant to BEE.

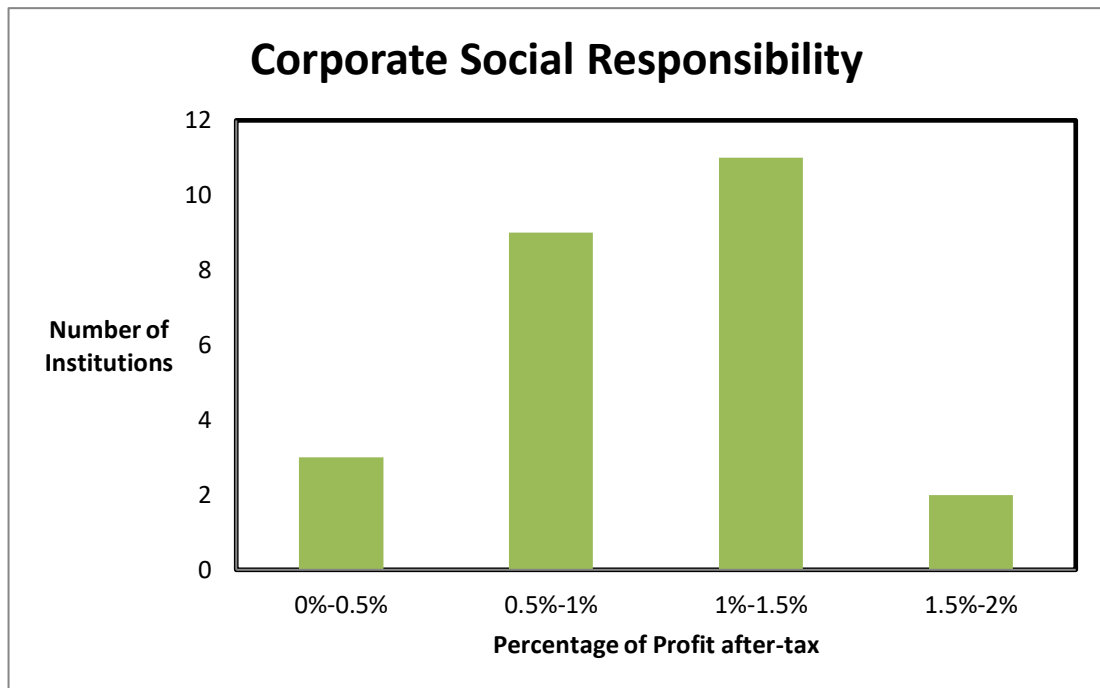


Figure 4.17: Corporate Social Responsibility

Through semi-structured interviews, respondents were asked their opinion on whether financial institutions were devoting enough resources to community investment and whether financial institutions are genuinely contributing resources for society upliftment or for public relation exercise. All the respondents of the semi-structure interviews agreed that financial institutions are contributing resources towards community development. However, the concern was raised on whether the financial institutions are devoting enough resources and whether they are genuinely contributing resources for society upliftment or for public relation exercise.

With regards to whether the financial sector was devoting enough resources, some respondents whilst agreeing that enough was undertaken still believed that in comparison to their mother-companies in South Africa, the financial institutions in Namibia was not doing enough. The financial sector union through its representative Participant D (personal communication, July 29, 2016) on its part believes that

comparing to what these financial institutions are doing in South Africa, the resources devoted to community investment in Namibia is largely negligible. Participant A (personal communication, August 10, 2016) agree and maintains that an analysis of their contribution relative to their profits margins reveals that the resources devoted for community investment is very minute and largely exercising public relations and to get into the good books of the government.

The question of the genuineness of private companies in undertaking CSR activities was strongly raised by the respondents. Participant K (personal communication, August 10, 2016) speaking on behalf of the organisation representing business voiced his concerns that CSR by financial institutions is usually a marketing stance not genuine commitment to assist and develop the society. He substantiates this with the fact that financial institutions put PR too much in the fore that it makes these institutions look like they are doing it just to appear in the media. The above concern espoused what Hamann et al (2008) observed that in South Africa, there is clearly a situation where business is making only partial, superficial or image-related changes to give the impression that it is accommodating social interests.

The respondents' concern on the genuineness of CSR programmes of financial institutions in Namibia is further in harmony with the views of Diale (2012) when he argues that some private sector institutions undertake CSR as an appeasement to cuddle favours on governments to loosen their grip on stringent conditions on business practices. Respondents' concerns further support the views of Mersham and Skinner (2016) who argue that CSR has become a performance-driven pursuit for those companies that are seeking to improve their BEE scores.

Participant H (personal communication, July 22, 2016) proposes that a national CSI framework must be put in place to define the CSR guideline so that it removes the

discretion of making the organisation just look good. Participant G (personal communication, August 8, 2016) agrees that government should come up with focus areas that urgently need development and assistance and financial institutions channel resources to these areas. The views of the respondents are in congruent with Mersham and Skinner (2016) when they propose that CSR programmes should support government policies and priorities and be aligned with national goals and structures.

Participant E (personal communication, August 10, 2016) also maintains that community investment needs to be regulated or else it will remain another “window dressing” exercise. He further states that instead of just contributing financially, using local resources, people and materials will go a long way in actual community upliftment. With the above views, the respondents support Skinner and Mersham (2008) when they propose that CSR programmes should support government policies and priorities and be aligned with national goals and structures. They also corroborate Reddy and Hamann (2016) when they argue that multinational enterprises (MNEs)’ local responsiveness is influenced by the regulatory distance between home and host countries, and specifically the degree to which an MNE’s firm-internal conception of CSR allows for a prominent role for the state in defining CSR.

Participant K (personal communication, August 10, 2016) speaking on behalf of the organisation representing business advises that financial institutions must make their social responsibility commitments target specific communities.

Finally and in general the responses of participants are in line with Diale (2012) and Wolmarans and Sartorius (2009) and Leisinger, (2007) who advance that if one were to use the analogy of corporate social responsibility punting big business to be moral and responsible agents out of their own free will, then morality and responsibility

defining corporate social responsibility should be having a different connotation to that of South Africa's big business of the time.

An assessment of the results and the socio-economic situation of the country reveal that Namibia's unique socio-economic challenges are largely attributable to the legacy of apartheid, colonisation and oppression. An in-depth analysis of the level and type of inequality, underdevelopment, poverty, and unemployment reveals these to be based along racial stratification. Viewed from this angle therefore makes it more reasonable for institutions especially those who benefited and thrived during the apartheid era, to join government in addressing these socio-economic challenges.

The financial charter directs that each financial institution contribute to corporate social investment at least 0.25 per cent of its estimated after-tax profit. This study found that the majority of financial institutions have well-established CSR strategies and programmes. It also found that spending on these programmes ranges between 0.5 and 1.5 per cent of profit after-tax which is well above the prescripts of the Charter. The contribution to community development of financial institutions, however received mixed reaction from the interviewed respondents. The majority although agreeing that financial institutions have put in effort to contribute to social responsibility, questioned the kind of initiatives and the motives of such initiatives.

An examination of the effectiveness of the financial sector in contributing to the pillar of CSR indicates that financial institutions on the surface have indeed undertaken several initiatives aimed at community improvement. However a critical and deeper examination of these CSR activities and practices unveils a different picture. An assessment of the responses from the interviewed respondents shows that CSR

amounts to more than mere philanthropic efforts by companies in the financial sector. The CSR discourse in Namibia is dominated by financial institutions that are prominent in the national media, and which publish elaborate social responsibility reports. The media from newspapers, radio, social media to TV is inundated with news of different financial institutions contributing to this or that cause. These institutions are regularly boasting about their corporate citizenship on their web site and company brochures and list initiatives they have undertaken. A situation observed by Ramlal (2012) where CSR is increasingly becoming dominated by companies' public relations departments is also true for Namibia's financial sector.

This study also explored whether the financial institutions' voluntary CSR initiatives have brought about meaningful socio-economic change in the country. The majority of the interviewed respondents were sceptical of the impact of CSR initiatives in addressing the social challenges afflicting the targeted communities.

Although there is laudable progress with regards to CSR in Namibia and amounts allocated to CSR, financial institutions in Namibia are not sincere in their application and implementation of their CSR initiatives and programmes. It is the findings of this study that financial institutions have exceedingly succeeded in painting and presenting themselves as socially responsible organisations in the media, but extremely failed in genuinely and meaningfully contributing to addressing social challenges facing the country. It is the conclusion of this study that the financial institutions, with their 'large pockets' are one of the best-placed institutions to make a significant contribution towards improving social, economic and environmental conditions in Namibia. They can play a significant role in the resolution of major societal challenges facing the country. These institutions through CSR can contribute funds, skills, mind-sets and techniques that can make a significant difference to the quality of life of many

Namibians who are living in poverty, unemployed and in need of funds to start their own projects.

The study proposes that community investment needs to be regulated or else it will remain another “window dressing” exercise. It is the suggestion of the study that the government come up with focus areas that urgently need development and assistance and financial institutions channel resources to these areas. As with all other pillars of BEE, there are no sanctions for failure of companies to comply with the charter with regards to CSR contribution. Worse still there are no guidelines to guide which type and in which manner CSR should be conducted and undertaken. This study strongly argues that this is necessary and imperative if Namibia wants its financial institutions to effectively contribute to social investment.

This study further contends that a paradigm shift is necessary on the part of financial institutions with regards CSR. The current CSR undertaken by financial institutions is mainly interest-based and self-satisfying without really taking the consideration of the beneficiary in mind. Instead of PR consultants measuring their contributions to CSR in terms of mileage gained, reputation and image building, they need to assess CSR on the actual impact their initiatives have on the community. The CSR initiative of financial institutions needs to shift its approach from the current short-term one to one that strives for long-term sustainability and long-term impact on the community.

It is also the submission of this study that the current 0.25 per cent of profit after tax required from financial institutions is not sufficient. This contribution should be made mandatory and increased to 1.5 per cent of profit-after-tax. It is further the submission of this study that the CSR discourse in Namibia in general and the financial sector in particular has to be aligned with the development priorities of the country in order for it to have any significant impact. The study supports the view by Mersham and Skinner

(2016) when they proposed that CSR programmes should support government policies and priorities and be aligned with national goals and structures. This will be effective and easily achieved if a national CSR framework is put in place to define the CSR guideline so that it removes the discretion of making the organisation just look good.

4.3.11 Outcome of BEE implementation

The questions asked on the outcome of BEE implementation through the questionnaire to financial institution representatives and BEE beneficiaries were as follows: Firstly, whether the BEE objectives were being met; secondly whether the BEE initiatives in the financial sector were producing the intended outcome in the short, medium and long term; and lastly, whether BEE transaction helped improve livelihoods of black people.

The stacked chart below (Figure 4.18) shows that all the respondents feel that the objectives of BEE are not being met under the current implementation regime in the short, medium and long-term. All respondents unanimously stated that the objectives of BEE implementation in the financial sector were not met (Figure 4.18). Furthermore, the chart also reveals that the majority at 20 respondents or 80 per cent (20 plus 60 per cent who strongly disagree and disagree respectively) feel that BEE implementation in the financial sector is not producing the intended outcomes. Additionally and when asked if BEE implementation helped improve livelihoods of black people, a total of 10 respondents or 40 per cent felt that BEE transactions have not improved the lives of the black people. An equal proportion at 5 respondents or 20 per cent stated that the livelihoods of black people have improved through BEE transactions, while the remaining 20 per cent of the respondents were unsure of the impact of BEE transactions on the livelihoods of beneficiaries.

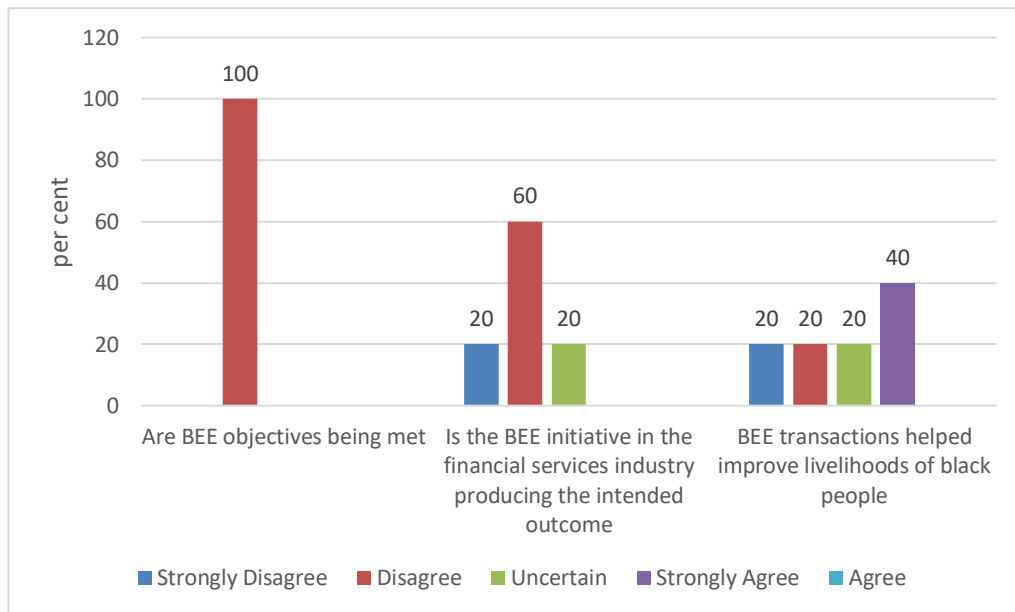


Figure 4.18: Participants’ perceptions of the outcome of BEE implementation

The outcomes seem to cement the findings of a similar study by Herbst (2005) analysing the implementation of BEE in South Africa, which revealed that rather than resolving South Africa's income inequality, BEE deals have only aggravated it. He argues that as a result of BEE implementation, the inequality is even worse in the country's black population than it is in the population at large (Herbst, 2005).

4.3.12 Effectiveness of BEE implementation in the financial services sector

The respondents, both through questionnaires and semi-structured interviews were asked to comment on the effectiveness of BEE implementation in the financial sector. With regards to equity ownership the majority of questionnaire respondents at 15 institutions or 60 per cent maintained that BEE implementation was not effective. On the management and control pillar, a similar significant number of respondents at 15 institutions or 60 per cent felt that BEE implementation on this pillar was fairly

effective. Employment equity was rated by 18 institutions or 72 per cent as fairly effective, while enterprise development was sadly ranked by 13 institutions or 52 per cent (Table 14) as not effective. The majority of respondents at 23 or 90 per cent believe that the CSR pillar was implemented very effectively by the financial institutions.

Table 14: Effectiveness of BEE on Enterprise development

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very effective	7	28.0	28.0	28.0
	Fairly effective	5	20.0	20.0	48.0
	Not effective	13	52.0	52.0	100.0
	Total	25	100.0	100.0	

On the effectiveness of BEE on management and control pillar, the responses are in line with Hoffman (2008) when she claims that BEE has not achieved significant changes in the management make-up of companies. With regards to employment equity, the responses from both the interviews and questionnaires are not in sync with views of Hoffman (2008), Herring and Henderson (2012) and Alexander (2007) when they question the effectiveness of affirmative action and maintain that research has shown that it only benefits those who are already in key positions and/or fails to uplift the black majority. The responses of the participants of the study on enterprise development mirrors the views of Emkes (2012) when he states that contrary to the expressed intentions of BEE with regards the promotion of black entrepreneurship, this has not really happened. The responses on the effectiveness on CSR reject the claim by Reddy and Hamman (2016) that some MNEs laying claim to global

The responses of the semi-structured interviews mirrored those of the questionnaires. All respondents interviewed are sceptical of the effectiveness of BEE implementation in Namibia in general and the financial sector in particular. Participants in the interviews similarly to those in the questionnaires were also of the opinion that the objectives of the BEE initiatives have not been met while 10 of the 11 interviewees believe that the BEE initiative in the financial sector has not produced the intended outcomes in the short, medium and long-term. The above responses are in line with findings of Emkes (2012), Chawawa (2015) and Levenstein (2010) who asserts that BEE has failed and has not really produced any meaningful results towards achieving its objectives.

The fact that the charter which guides BEE implementation in the financial sector is voluntary and left to the discretion of the financial institutions was brought to the fore and seen as the main crippling aspect of effective implementation of BEE by most respondents who were interviewed. Many other factors were highlighted by respondents to corroborate and attest to why they felt that BEE implementation was not effective. Interview respondents mentioned the fact that too few people are benefiting; the promotion of window-dressing and economic cronyism, a shift away from the original fundamental economic objective of BEE, and the focus of the current BEE initiative in the sector as some of the reasons why they felt BEE implementation was not effective. Participant E (personal communication, August 1, 2016) is of the opinion that the current empowerment process has been exploited by a few politically well-connected blacks who are advancing their own interest. He laments that the most unfortunate part is that financial institutions prefer engaging with blacks that are politically well-connected and influential. He opines that BEE in its current form

advances and benefits a selected few and fails to address the economic injustice of the past for all blacks.

Participant A (personal communication, July 15, 2016) is of the impression that there has been no fundamental transformation, but merely few black people who are useful to the financial institutions in terms of their skills, image and public relations. In explaining the effectiveness of BEE implementation, he states that there are basically two ways of overcoming the historical disadvantage caused by apartheid. Firstly a systematic form of redistribution in favour of those that were disadvantaged before independence, and secondly the individualised way of redistribution where scholarships, land resettlement, jobs in the government or private sector are given to individuals who come from the affected disadvantaged groups, this includes all those that are currently disadvantaged regardless of race. He emphasises two fundamental different concepts of BEE: group empowerment where the government takes a wholesale approach to redistribution aiming at changing economic and social structures; and individual empowerment where the individuals are targeted and given the opportunities to move up the economic and employment ladder. Based on this he claims that the individual approach which is prevalent in Namibia seem to have been effective to some extent, while the group empowerment approach is largely ineffective and non-existent in Namibia. He supports his statements by claiming that there is a departure from the transformative and structural change political pronouncements and plans of SWAPO laid out in the 1970s and 80s on how Namibia should look after independence. He states that this was mainly caused by certain factors such as property protection clause in the constitution and the precondition of the Western Contact Group to support Namibia's independence. This made it difficult for large scale black empowerment on the structural basis and therefore government resorted to individual

empowerment. In his opinion a handful of blacks have entered the boards of companies and become shareholders of companies.

Participant B (personal communication, July 18, 2016) strongly believes that BEE implementation is not effective and has dismally failed to address the issues of indigenous business people despite the fact that they are in the majority. The IPBF is adamant that very little has been achieved and thus questions the effectiveness of the BEE implementation. Participant B also laments the fact that control of the sector is still from South Africa and elsewhere.

BoN which serve as the Secretariat of the Namibia Financial Sector Strategy and monitors the BEE implementation in the sector is of the opinion that the policy has not been implemented effectively. Participant H (personal communication, July 22, 2016) speaking on behalf of BoN and from regulatory perspective concedes that the implementation of BEE in the financial sector has not been quite effective to the extent that the BoN as regulator desired. He is however optimistic that going forward there will certainly be change. He emphasises that monitoring mechanisms are being put in place to ensure effective implementation. One of these are requirements for regular BEE implementation progress reports from financial institutions.

Speaking on behalf of NAMFISA another regulatory institution in the sector, Participant G (personal communication, August 5, 2016) concurs with the view of BoN and maintains bluntly that the implementation of BEE in the sector has not been effective mainly because of the voluntary nature of the charter and BEE process. Participant F (personal communication, July 27, 2016) who hails from NamibRe a state-owned reinsurer consents with the regulators and argues that despite the importance of the financial sector, very little has been undertaken by the sector in terms of BEE implementation. She claims that it is for this reason that the Government has

decided to step in to see the transformation of the sector. She points at the banking sector and insurance sector which is still owned and controlled predominantly by white foreign minority.

Participant K (personal communication, August 10, 2016) posits that to some extent BEE implementation in the financial sector has been effective although more could have been done. He states that the financial charter was developed and agreed a long time ago and therefore it should have transformed the sector resulting in more black executives climbing the ladder and the creation of better access to financial services.

Participant E (personal communication, August 1, 2016) advises that in order to determine the effectiveness of BEE implementation in the sector, it is important to first critically analyse who is benefiting from BEE. He further claims that there are some BEE deals in the sector where the BEE partners actually get less from and made worse-off by the deals because the financial institutions offer them loans and those loans have to be repaid. According to him, the financial institutions seem to be the overall winner in the BEE implementation in terms of publicity they get, the skills and goodwill.

Some other respondents, however, believe that there has been some progress albeit slow in the effective implementation of BEE in the financial sector. Participant I (personal communication, August 8, 2016) cites the different BEE schemes introduced by Standard Banks and Bank Windhoek. Representing the largest trade union in the sector Participant D (personal communication, July 29, 2016) also maintains that the implementation of BEE has been slow and referred to it as “literally small steps” being made.

Participant J (personal communication, July 29, 2016) on his part believes that the progress made by the sector is commendable, but maintains that there is much work to

be done to ensure effective implementation of BEE in the sector. He also warns that Namibians should understand that every industry has its specific challenges hence the difference in progress by the different industries in BEE implementation.

Respondents from financial institutions and BEE beneficiary were asked to declare their satisfaction with the implementation of BEE policy in their organisation. The majority of the respondents at 18 or 72 per cent maintained that they were partially satisfied with the implementation of BEE by their institution, while 3 or 12 per cent and 4 or 16 per cent maintain that they are completely satisfied and mostly satisfied respectively (Figure 4.19).

BEE was introduced to tackle the economic exclusion of the majority blacks from mainstream economic participation. The voluntary financial charter was adopted to guide, steer and oversee the implementation of BEE in the sector.

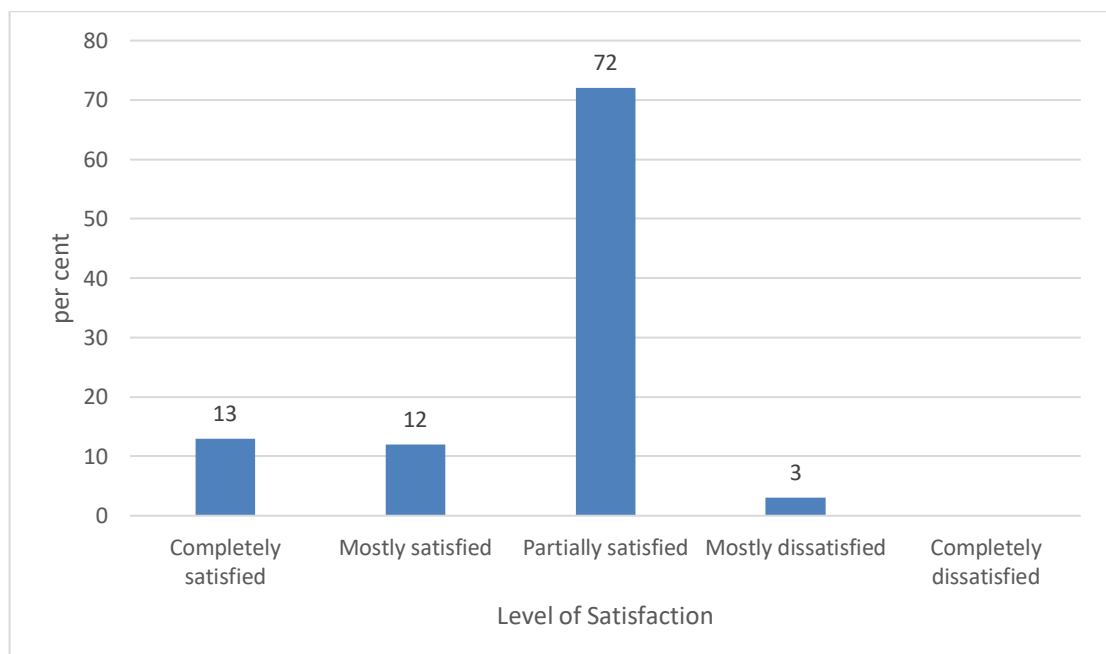


Figure 4.19: Satisfaction with BEE implementation

The successes of BEE in the financial sector must be measured in terms of the number of Namibians that are lifted from poverty, the number of people who are skilled by financial sector players and graduate from tertiary institutions, the number of new employment opportunities that are created in the finance sector, the number of local entrepreneurs who are assisted by the sector to run their businesses sustainably and indeed in the overall improvement in the living conditions of communities.

The results and outcomes of BEE implementation with regards to the overall objective of reducing inequality and of increasing the level of participation of blacks in mainstream economy are not flattering. There is no evidence in the results that strongly suggest and indicates that BEE implementation in the financial sector has achieved its stated objective of increasing the level of participation of blacks in the sector. This therefore clearly indicates that the charter has performed poorly with regards BEE implementation in the sector.

Overall and as observed by Participant A (personal communication, July, 2016) the financial sector is one of the sectors in the country that has seen extremely slow progress in transformation. In its current approach, the implementation of BEE in the financial sector through the voluntary charter has not been effective in achieving its stated objectives. Very few black Namibians have been absorbed by the financial sector whether as owners of productive assets, as managers or with regards upliftment from poverty. More so, the level of inequality and the gap between rich and poor has not been reduced, but to the contrary and as observed by Jauch (2011) and Melber (2009), has increased and steadily widened.

The lacklustre implementation of BEE in the financial sector cannot be squarely blamed on the financial sector players, but also on the Namibian government which has failed to articulate a clear vision of its ultimate goals and aims for BEE. It is very

difficult to see how the current empowerment deals of the financial institutions are helping the overwhelming majority of Namibians. Even the deals reached with trade unions representing a broad spectrum of society struggle to convince that they are having an impact on the individual trade union member. As observed by Participant B (personal communication, July 18, 2016), there is mounting public outcry and resentment regarding the nature, pace and scope of implementation of BEE and its outcomes of creating a small black elite while hardly spreading the benefits of BEE more widely.

4.3.13 Main challenges for implementing BEE in Namibia

In exploring the key challenges in the implementation of the BEE strategies, respondents were asked to mention and outline the main challenges that they regard as impeding the effective implementation of BEE in Namibia in general and financial sector in particular.

Several challenges for implementing BEE in Namibia in general and financial sector in particular were highlighted by the different respondents. Chief among these are discussed and listed below in no particular order:

- i. Most respondents hold the view that “fronting” is a huge problem and stumbling block in effective and successful BEE implementation. They contend that this problem should be rooted and stamped out to ensure successful BEE implementation.
- ii. The lack of mechanisms put in place to enforce compliance was also listed as another setback and hindrance to BEE implementation in the sector. Participant H (personal communication, July 22, 2016) maintains that despite having a

voluntary charter, there is a deficiency of mechanisms put in place to enforce compliance of the charter. Additionally, there is a serious lack of in-depth review and monitoring of the progress of BEE implementation in the financial sector.

- iii. The nefarious tendencies of nepotism, corruption and fronting were repeatedly and consistently highlighted as obstructions and challenges to the implementation of BEE.
- iv. The lack of willingness and commitment to BEE by financial institution white managers and owners which is masked by lip-service was also catalogued as a serious problem and challenge to the implementation of BEE in the financial sector. Participant H (personal communication, July 22, 2016) points out that the willingness and commitment to BEE by managers and owners is one of the main challenges in the financial sector. BEE is viewed negatively and seen as reverse racial discrimination and thus is not well supported by white managers who are the majority and main decision makers in the financial institutions. Participant D (personal communication, July 29, 2016) adds that this could be mainly due to the nature of the industry where whites are suspect of the skills of previously disadvantaged people.
- v. The level of qualifications, competences and skills of the targeted groups is also one of the main challenges identified. The acute shortage of skills and qualified individuals caused by the uniqueness and level of qualifications, competences and skills required by the sector also makes it difficult to implement BEE policy. Furthermore, there is significant shortage of skills and qualified individuals among the BEE targeted groups to be absorbed in management and key positions in the financial sector. The few available have

become what is termed “black diamonds” and are moving from one institution to another due to high demand for them.

- vi. Respondents also identified lack of in-depth review of the progress of BEE implementation in the financial sector. Participant K (personal communication, August 10, 2016) maintains that the lack of in-depth review contributes to financial institutions becoming complacent. He believes progress reviews would single out institutions that are not making progress as well as the reasons for this.
- vii. The availability and access to finance and funding is a serious drawback and chiefly pose as a challenge especially in the ownership aspects. Those with available funds are few and are BEE partners in several institutions. This according to Participant D (personal communication, July 29, 2016) leads to another problem of “the same faces” in all the empowerment deals. It also causes the problem of only a few individuals being empowered who are well and politically connected. Most financial institutions require huge capital investments which the previously disadvantaged do not have. As observed by Participant K (personal communication, August 10, 2016), acquiring 20 per cent of a bank for example requires millions of dollars, which is out of reach of the majority of black Namibians. The masses that really need empowerment do not have the means and funding to buy shares in big financial institutions.
- viii. The absence of BEE legislation that guide, regulate and enforces the implementation of BEE. Participant G (personal communication, August 5, 2016) maintains that one of the biggest challenges in the implementation of BEE in the sector is the absence of a law which defines what BEE should be that everyone understands it and how it should be implemented as well as any

rewards for complying or punitive measures for those not complying. This according to him has led to different institutions implementing BEE in the way they understand it.

- ix. The unwillingness of whites to open up their companies to outsiders especially blacks, and the held perceptions of white managers regarding black people strangles and stifles effective BEE implementation. Participant D (personal communication, July 29, 2016) puts it as the unwillingness to “share the cake” with black people and the suspicion built over a number of years by the apartheid system is one of the main challenges to effective BEE implementation.
- x. The fact that most financial sector institutions are foreign owned and controlled. The ultimate ownership and control of most large financial institutions still resides with people who are not Namibians and outside the country. Participant J (personal communication, July 14, 2016) claims that for this reason transformation is slow in the financial sector because the owners might have different agendas of growth and progress.
- xi. The voluntary nature of the charter was also listed as one of the main challenges impinging on and inhibiting the effective implementation of BEE in the financial sector.
- xii. The lack of real power and control by BEE partners who are absorbed and taken up by financial institution was highlighted and underscored as another factor repressing the successful implementation of BEE in the sector.
- xiii. The policy approach which emphasises individual empowerment against broad-based empowerment leads BEE to be ineffective. Only a few individuals end up benefiting instead of the masses.

- xiv. The lack of proper and understandable guidelines for the implementation of BEE which might be used as an excuse or hiding place for financial institutions is another challenge highlighted by the respondents.
- xv. The conflicting government economic policy (redistribution vs market economy and private property) which has led to government abdicating and relinquishing their responsibility to the private sector to voluntarily implement BEE and transformation was another factor highlighted.
- xvi. Another subtle factor observed as a challenge to BEE is the issue of racism which despite 26 years of independence is still a major factor in corporate Namibia. Participant A (personal communication, July 15, 2016) voiced out that genuine reconciliation has not yet taken root in the country.
- xvii. Finally the difficulty of finding and selecting the right BEE partner was also listed as another challenge facing the implementation of BEE in the financial sector.

The challenges listed above are supported by literature review as outlined in chapter 2. The sentiments on fronting and other nefarious tendencies of corruption, nepotism, window dressing and tokenism are also highlighted in the literature of Ramlall (2012). The lack of management will to implement BEE was also highlighted by Arya et al (2008). The challenge of lack of proper in-depth review is also cited by Butler (2006). Horwitz and Jain (2011) also listed the level of qualifications, competencies and skills based on historical inequality as a challenge and lamented that unfortunately this has not yet been adequately addressed. Another challenge that has been highlighted in the literature review and voiced by the respondents is the voluntary nature of BEE implementation in the financial sector. Horwitz and Jain (2011) singled out the aspect

of letting the private sector to be in the forefront of implementing BEE through sector charters as one of the biggest challenge in successful BEE implementation. The main challenges for implementing BEE in the financial sector as outlined in above correspond with those of the whole country and across sectors. However, certain challenges are mainly peculiar to the financial sector due to the nature and scope of the sector.

4.3.14 Implementation and Monitoring

To oversee the implementation, monitoring and enforcement of the financial charter a body, known as the Namibian Financial Sector Charter Council (NFSCC) was established. Its functions include providing supervision of the implementation of the charter, ensuring consistency in the implementation of the charter, providing direction to the executive resource and the financial sector over the existence of the charter, taking decisions affecting the charter and its implementation, and deciding how fees for the NFSCC will be raised (NFSC, 2009).

Furthermore each financial institution is expected and obliged to submit an annual report to the Council on the progress of its implementation of the charter by dates determined by the executive resource. The score-card forms an integral part of the NFSC and is being used as a tool to monitor and measure progress by a financial-sector institution.

An assessment of the implementation and monitoring by the Council revealed that from 2009 to 2014, none of the above-mentioned activities was undertaken by the Council. It was only in 2014 that a company was contracted to prepare a report on the implementation of the charter to the Council (Ministry of Finance, 2014). This is a clear testimony that the Council has not undertaken any of its responsibilities and

functions relating to providing supervision of the implementation of the charter, ensuring consistency in the implementation of the charter, providing direction to the executive resource, or taking decisions affecting the charter and its implementation.

It is the submission of this study that the Council has failed to oversee and guide the implementation of the charter and BEE in the financial sector. The financial charter in its current form as a vehicle for guiding and implementing the BEE initiative, is an inadequate means of extending prosperity to the majority blacks. It is further the position of this study that financial institutions seem to be implementing BEE or claim to implement it on autopilot. Different institutions are mostly implementing BEE without guidance and direction mostly to avoid and reduce the risk of political exposure and trying to be in the “good books” of the government and the public. It is the view of this study that due to the voluntary nature of the financial charter and absence of a piece of legislation on BEE there are no sufficient measures to monitor and review progress, to enforce compliance and to oversee BEE implementation.

Despite the fact that the government and the financial sector have advanced BEE as a main transformational and redistributive policy on paper, its application is a far cry from this. In order to successfully implement the BEE initiative in the financial sector, it is the proposal and recommendation of this study that a new approach needs to be adopted. This should replace the current voluntary charter. The sector should not only pronounce clear benchmarks, timeframes and review periods, but an enforcement agency need to be established independent of the sector to oversee the implementation of BEE in the sector. The functions of this agency will be to strictly review and monitor progress, provide direction and uncompromisingly enforce the implementation of BEE in the sector.

Appropriate powers and authority of enforcing compliance should be given to the agency and clear sanctions should be outlined for non-compliance. A clear and well defined comprehensive audit should be developed to measure BEE and BEE activities in the financial sector. Government should totally and completely abandon the current soft stance and voluntary approach that it has taken. The study agrees with the views of Faaland (2007) that policies for black empowerment will come to naught if the machinery and practices are not in place to closely and regularly oversee empowerment implementation, to analyse causes of progress and failure, to work out policy options for greater effectiveness and impact.

4.3.15 Code of conduct

Another crucial question that was posed to the respondents through a questionnaire was whether there was a need to introduce an obligatory Code of Conduct for those who benefit from the BEE intervention to minimise conflict of interest within empowered groups. All respondents agreed that an obligatory Code of Conduct for those benefiting from BEE intervention to minimise conflict of interest within empowered groups should be introduced.

4.3.16 Proposal for successful implementation of BEE

After all questions were asked and responses given, respondents were asked to propose how to make BEE implementation in the financial sector and indeed in the whole country, effective and successful. The following aspects were listed and raised by the respondents, in no particular order:

- After a comprehensive consultation and research of similar legislations from other countries, a well-structured, well-researched and unambiguous BEE legislation, with clear measures and mechanisms with regards enforcement and compliance should be introduced. The legislation should serve as a guide to BEE implementation.
- The government through the BEE legislation and regulations should introduce stiffer penalties for those found not complying and attractive incentives to encourage compliance.
- An independent well-capacitated body or organisation should be created to oversee BEE implementation in the country or in the sector. Compliance and structures to enforce BEE implementation should be put in place.
- The current regulators in the industry should be given more powers to also regulate and enforce BEE implementation. Financial institutions should provide regular progress reports to these regulators with regards BEE implementation.
- Clear and reasonable targets, timeframes and milestones should be given and financial institutions held accountable for meeting these targets and timeframes. Punitive measures to be introduced for companies not meeting targets.
- The definition and focus of BEE should be re-visited and made clear.
- The current BEE approach that advocates individual-based empowerment should be revamped and replaced with an approach that is broad-based if Namibia wants to broaden the participation of the majority black people to mainstream economic activities.

- BEE implementation should start with the voluntary agreements within sectors, before government introduce an all-encompassing legislation. Should the voluntary approach not produce the desired outcomes, then a legislation should be formulated and introduced.
- BEE must be structured in such a way that mechanisms are put in place so as to reach the people who really need empowerment. Mechanism should be put in place to prevent issues such as self-enrichments and “get-quick” scheme.
- Mechanisms should be put in place to avoid benefiting only a few individuals through putting in restrictions on empowerment.
- BEE to include the traditional structures, traditional authorities and structures that exist in communities so that it also reaches communities in rural areas.
- Financial institutions to provide scholarships to learners in rural communities.
- Mechanisms to be put in place that ensure that the vulnerable groups in society such as single mothers, orphans and the disabled get support.
- Well-off and empowered blacks should not benefit from BEE initiatives. Measurements to be put in place to ensure that once beneficiaries reach a certain stage they discontinue from benefiting.
- Comprehensive training and skills development needs to be undertaken and institutions to be asked to contribute to the training and skills development. All BEE directors and managers to undergo appropriate training to enable them to contribute effectively to running of institutions.
- Government should actively intervene and monitor all BEE deals and ensure that the beneficiaries are indeed benefiting from these deals.

- The new empowerment framework should not only concentrate on race, but should be inclusive and tackle both the previously disadvantaged and the current disadvantaged.
- BEE should place the emphasis on structural change and redistribution rather than individual advancement.
- BEE should be focussed on poverty eradication as living in poverty deprives people of their chances to develop their talents.
- BEE should assist people in realising their potential and redistributing resources so that the whole country benefit.
- Special emphasise should be placed on areas of skills development and procurement from previously disadvantaged entrepreneurs.

4.4 The charter as the vehicle for transformation

The Namibia financial sector charter took effect on 1 March 2009 and will remain valid until 31 December 2019. After seven (7) years of operation and implementing and experimenting with BEE, it is fair, looking at the findings of this study, to say that the charter has not lived up to the expectations of being a vehicle of transformation. An assessment of its objectives as an intervention process that was envisaged to address inequality and the exclusion of the majority blacks in economic participation in the financial sector, found it to be highly deficient. The expectation of and main objectives of the charter with regards BEE implementation was to achieve broad-based transformation of the sector by accelerating the de-racialisation of the Namibian financial sector and fast-tracking the assimilation of historically marginalised communities into the mainstream of the economy (NFSC, 2009).

Other related objectives were to promote equal opportunity as an inclusive process and to promote Namibianisation of enterprises in the financial sector. This study after accessing the progress made in achieving targets set for the sector and evaluating the effectiveness of the charter with BEE implementation fairly concludes that it is an inadequate vehicle for transformation of the sector.

Having soberly and comprehensively analysed the implementation of different pillars as enshrined by the financial charter, this study seriously questions the commitment of the financial sector to addressing issues of ownership, management control and employment equity, human resources and skills development, enterprise development, and corporate social investment.

There are also inherent weaknesses and flaws in the financial sector charter as a transformative document, which prevents and inhibits it from being effectively implemented. For the charter to be effectively implemented these need to be addressed. The charter needs to be aligned to the national BEE policy.

Finally, it is the submission of this study that for the financial charter and BEE implementation in the financial sector to be effective and successful, the point of departure is for all stakeholders and players in the financial sector to acknowledge and be genuinely convinced that there is a great and urgent need to correct historical imbalances and level the playing fields. All the stakeholders must be steadfastly committed to redress the past injustices created by the colonial and apartheid regime. All stakeholders must recognise that undertaking this is advantageous not only to the country and community, but more importantly to the financial sector institutions themselves. Real empowerment will only take place when the majority side-lined blacks take full or partial ownership of some of the financial institutions in the sector.

An effective charter to advance BEE implementation must be relevant, realistic and practical. For BEE to be relevant for the long haul, the current voluntary approach will need to be abandoned and discarded. A new approach will need to be designed, engineered and crafted in a way that it really brings meaningful empowerment to the financial sector and to the country in general.

4.5 Towards a critique of BEE in the financial sector

When the concept of BEE was introduced in Namibia, a new vocabulary about encouraging the previously disadvantaged to effectively participate in the mainstream economy was born. The implementation of BEE in Namibia in general and the financial sector in particular has not been smooth sailing. Existing practices in its implementation process has received a fair amount of criticism. In assessing the implementation of BEE in the financial sector through the voluntary charter, this study exhumed several areas of concern. These areas are discussed below:

4.5.1 Voluntary charter

There is a growing perception as amplified by the respondents that the introduction of the voluntary financial charter is nothing but a gambit by the financial institutions to structure their own version of BEE programmes that pre-empt future populist anti-business policies. The Namibian government largely abdicated and relinquished to the financial institutions, the responsibility of defining, steering and overseeing the implementation of BEE. The financial institutions on their part gladly took this role and responsibility to define and structure the BEE initiative in their own economic

interests. In order for BEE to be more effective, there is a need for government to play a leading, enforcing and overseeing role.

4.5.2 Management Perceptions of BEE

A divergent of perceptions around BEE in general and financial sector in particular were exposed during the carrying out of this study. On one extreme BEE is perceived as a policy by government aimed at grabbing hard-earned economic assets of the previously advantaged and freely handing them to the previously disadvantaged. On the other extreme, BEE is viewed as a necessary policy to speedily correct the imbalances created by the apartheid legacy. On both sides, the antagonist and protagonist of BEE fear that the implementation or lack of will result in adverse social, political and economic consequences.

Those against BEE believe that it will scare away investors, heighten racial divisions and promote sense of entitlement. This will lead to unemployment, create a culture of entitlement, and result in economic collapse. They further believe BEE implementation leads to window-dressing, tokenism, cronyism, self-enrichment and a scheme just benefiting a few elites and politically well-connected. Some are of the opinion that BEE does not address the most important challenges facing the country such as poverty, unemployment and inequality. Some go further to state that BEE implementation instead of addressing these actually exacerbate these problems.

There is a great perception especially amongst the white community that BEE has the objective of taking away business from them. Participant C (personal communication, July 11, 2016) alluding to an article in a local newspaper maintains that the latest version of economic empowerment NEEEF has stirred pandemonium among the

country's white business community. He maintains that some white even believe there is a clandestine attempt to push them out of business altogether. He further states that the white community, NEF and Namibia Agricultural Union (NAU) have all made it very clear that they believe that NEEEF is a huge error of judgement on the part of government. They further believe that the proposed economic empowerment legislation is not only unworkable but unconstitutional. Participant I (personal communication, August 8, 2016) concurred with Participant C and maintains that most white business owners are of the opinion that there will be a slowdown in development, and or expansion, by local investors, who will be unable or unwilling to find a suitable partner as prescribed by the new proposed legislation. Participant C (personal communication, July 11, 2016) further maintains that the employer's organisation and white business community fear a slowdown in foreign investment where potential investors will be unwilling to place some shareholding in local hands without suitable guarantees. These perceptions have led to fear, suspicion and resistance to BEE by the owners and the predominantly white management of large institutions. It is also important to note that there is historical context to the current fear and perception of the implementation of the BEE initiatives by whites and white-dominated management of financial institutions.

Those who promote BEE believe that BEE is necessary to avail opportunities previously denied the majority of Namibians and without this intervention, the imbalance will persist until it leads to adverse social, political and economic collapse (Participant F, personal communication, July 25, 2016). These perceptions have also led to the previously disadvantaged and intended beneficiaries to have a sense of entitlement and false hope of overnight becoming owners and managers of institutions or of immediately becoming suppliers to these institutions.

Participant A (personal communication, July, 2016) maintains that there is further growing cynicism, scepticism and frustrations with regards the ability and willingness of government to effectively implement this policy. This is mainly caused by the length of time it has taken government to formulate a legislation that governs BEE, its track record with regards policy execution and implementation and its decision to allow voluntary charters to guide BEE implementation.

In managing perceptions, it is important to take into consideration the observation by Hubbard (2007) when she states that it is natural for people to be fearful of change, and particularly when they believe that the change in question will lead to a reduction in their personal power and status. It is the position of this study that managers in the financial institutions play an important role in shaping the transformation destiny of their organisations. Their commitment and dedication to transformation determines the pace and extent at which transformation can take place in an organisation. There is a perception that white management in the financial sector does not identify with BEE, and willing to execute the government's developmental policies as alluded by Participant A (personal communication, July, 2016). He further maintains that their attitudes reflect their negative perceptions on BEE and affirmative action policies as these are contrary to their vested interests, both economic and social.

After an examination of the different responses especially from financial institution representatives, the study was not convinced and could not successfully establish that leaders in financial institutions hold positive attitudes toward change and thus grant legitimacy to the organisational change process. The study detects that there is fear and negative perceptions towards BEE by financial institution managers, especially white managers. The government therefore needs to undertake massive campaigns to calm these perceptions and fears in order to reduce resistance and gain support for

BEE. Extensive consultation and information dissemination is necessary to clearly outline the purpose, the approach and benefit to all of implementing economic empowerment initiatives. More importantly, the government needs to demonstrate leadership and take robust and decisive action with regards BEE implementation in the country.

4.5.3 BEE is a business imperative not compliance

There is a conviction that BEE implementation places many new compliance constraints and requirements on business (Ntim & Soobaroyen, 2013). Financial institutions view BEE implementation as additional cumbersome compliance requirements. A key component of the successful implementation of BEE in the financial sector would be the incorporation of transformation by the financial institutions as a business imperative and not merely as a compliance requirement. There is enough evidence that indicates that it would be to the long-term advantage of financial institutions to positively adopt and implement fundamental institutional transformation and strategic responses to social issues in a transforming Namibia.

4.5.4 Managerialisation of BEE

A study by Ponte, et al (2007) found that there is disconnect between BEE and economic policy leading to the treatment of BEE as a separate, technical entity to be managed according to the principles of corporate social responsibility and auditing. They termed this the “managerialisation” of BEE. This is also reflected in the Namibian financial sector context, where BEE is left to the mercy and whims of managers in the sector who currently happen to be white, to implement. Ponte, et al

(2007) observes that the managerialisation of BEE is likely to lead to a predominant focus on process and system management, rather than overall objectives. Ponte, et al, (2007) further maintain that in current international practices of auditing and certification, it is perfectly possible to match procedures, indicators and management goals and at the same time openly fail to match the ‘spirit’ of the basic principles upon which a certification system was built.

4.5.5 Empowerment approach

BEE is an empowerment intervention that aims at addressing the exclusion of the majority of previously advantaged people from mainstream economic participation. As highlighted by some respondents, BEE in practice and in its current form has been viewed by some as following an individualistic approach and not a broad-based or mass community approach as envisaged. The pillars of ownership, and management and controls especially are seen as promoting individuals. How the mass rural based and poor communities will be assisted to participate is not effective through this process. With this process of implementing BEE, short of a major shift in conceptions of and implementation of BEE, meaningful empowerment is unlikely to take place.

4.5.6 Theoretical construct

BEE as a policy of transformation and aiming to bridge the inequality gap is grounded on the egalitarian philosophical and theoretical construct. Its principal justification is egalitarian where the mention of “inequality” runs throughout any discussion of BEE. The phrases ‘right to equality’, ‘more equitable income distribution’ and ‘equal opportunity’ are interchangeable with the aims and objectives of BEE. Glaser (2007)

maintains that strong egalitarianism aims at a certain rough interpersonal equality of material means. It is strong because its ideal is of a high degree of equality, and because it is concerned with equality of substantive outcomes rather than equality of opportunity (Glaser, 2007). Glaser (2007) argues that in consequence of concentrating on equality amongst races but not individuals, BEE ignores interpersonal inequality. Despite the fact that the policy of BEE appeals implicitly or explicitly to egalitarian norms, Glaser (2007) further maintains that narrow BEE fails to produce a 'direct equity effect' - a direct enhancement to interpersonal equality - that could plausibly appeal to strong liberal economic egalitarians. He concludes by strongly stating that the overall tenor is thus one of scepticism about narrow BEE's egalitarian credentials. In the case of BEE in its current form, the actual recipients number a few hundred or perhaps a few thousand out of the more than 1.5 million blacks in Namibia and more than 2 million citizens of the country.

4.5.7 Economic policy

Namibia as observed by Participant A (personal communication, July 15, 2016) is still characterised by centralised, neo-liberal policy-making that perpetuates, and in some cases exaggerates, socio-economic inequalities inherited from the apartheid era. Namibia's current free market economic policy emphasises private ownership, foreign direct investment, fiscal stringency and global market. In this environment, implementing BEE can prove to be challenging and in conflict with the ideals of free market economic system.

It is the submission of this study that the adoption of the market-based reforms in post-apartheid Namibia has also contributed to the worsening of the already skewed distribution of wealth in the country. The minority whites still reap the reward of the

previous privilege under the new economic system. It is therefore advanced that only radical economic transformation can address the current disadvantage in which the majority blacks find themselves. However, while advancing radical economic transformation, it is important that the government and politician do not masquerade behind this concept as a shield against criticism of its failing in terms of widening inequality, unemployment, poverty, corruption and incompetence.

4.5.8 BEE affects foreign investment

Participant J (personal communication, July 14, 2016) stated that one of the contributing reasons given by Fitch when it downgraded Namibia's economic outlook from stable to negative was the likely impact and effects of the proposed NEEEF on foreign investments. He further mentioned that it was also reported that businesses are very concerned, with many already making plans to leave the country and many more having halted all forms of reinvestments in their operations. There has been an outcry on the impact of BEE implementation on the economic competitiveness of the country in general and the financial sector in particular. There is a perception that the BEE legislation will stifle business and business confidence. Participant C (personal communication, July 11, 2016) concurs and states that the NEF and NAU have voiced their concerns that BEE and the new proposal NEEEF has the potential of scaring away foreign and local investors.

Participant A (personal communication, August 8, 2016) however, posit that BEE implementation is not mutually exclusive or parallel to competitiveness, investment promotion and sustainable economic growth. He maintains that on the contrary a country where the majority of its citizen can meaningfully participate in mainstream

economic activities and whose income are rising, can act as a catalyst to competitiveness and investment attraction in the long run.

This study posit that contrary to what is believed to be the outcome of BEE implementation, the real concern is that international investors will lose confidence in Namibia's ability and willingness to fix the country by addressing the country's social and economic challenges, and will therefore exit Namibia to invest elsewhere in the world. This means that if the current status quo of inequality and the majority blacks not meaningfully participating in the mainstream economy is left unabated, the negative impact on the economy may persist and most likely cause further harm to the economy. There is therefore an urgent and great need for the government to inspire many businesses and labour and other concerned groups to come together and work towards what is right and required in the country. The argument therefore that introducing an empowerment initiative such as BEE that address underlying structural inequality will scare investors is fundamentally flawed and faulty. The real concern is how this initiative is implemented.

4.5.9 Few benefiting from BEE deals

The current BEE implementation in the financial sector as is in all sectors of the country has created a lingering negative public image of BEE only benefiting a few elite with political connections while maintaining white economic power. Only a small and recycled number of BEE groups are participating in these deals with few of the benefits reaching the masses. As Tangri and Southall (2007) observed about South Africa, the BEE implementation in the financial sector in Namibia has also amounted mainly to the transfer of shares, which have been acquired disproportionately by a small number of prominent, politically connected black figures. During the last 19

years of mooting and experimenting with BEE, its implementation seems most responsive to the agenda of the powerful and elite, than the true sense of empowerment. One respondent, Participant A (personal communication, July 15, 2016) maintains that BEE in its current form only benefit connected individuals at the expenses of the general populace. He further states that the experience in the financial sector when it comes to ownership has been that those who can demonstrate political connection are the ones to benefit. There is a general feeling as indicated by Participant E (personal communication, August 1, 2016) that most BEE deals fail to meet public expectations of broad-based empowerment and participation by a large number of previously disadvantaged people (see more discussion of this in 4.3.3).

4.5.10 Economic slowdown

Related to scaring foreign investment is a concern that BEE implementation will lead to economic slowdown. Zimbabwe is used as an example where the indigenisation policy is indicted as one of the main factors of its economic peril. Participant C (personal communication, July 11, 2016) representing the employer's organisation mentioned that the Construction Industries Federation (CIF) in their submission to the OPM representing consensus of over 470 companies involved in local construction industry denounced the NEEEF bill in its current form as holding disastrous potential for the local economy. The CIF following the NEF also called for the Bill to be recalled.

A casual assessment of some countries such as Malaysia which implemented a similar empowerment programme reveals that the fear and perception of economic slowdown is highly exaggerated (Faaland, 2007; Akwenye, 2007). Many countries around the world, notably Malaysia have introduced empowerment programmes which worked to

the advantage of the economy. However it must be stressed that if not properly implemented, BEE can lead to economic slowdown and disruption.

This study further advance that indeed a growing and expanding economy is necessary and must be encouraged to allow for acceleration and deepening of economic transformation. There is no doubt that macro-economic stability is a precondition for sustained economic development. However, it is also true that the Namibian economy will not grow sustainably if the majority of the people in the country are not participating in the economy.

4.5.11 BEE does not help the poor

There is a genuine concern that poor people and the marginalised do not have the kind of money to buy shares in large financial institutions. Participant A (personal communication, July 15, 2016) noted that poor people do not have the skills required to be in the management and boards of these companies. Neither do they have the ability to perform as board members or managers in these large institutions. Most poor people do not have companies that can be assisted or developed to supply to these large institutions. The CSI programmes run by these institutions have also not helped the plight of the poor and unemployed sustainably. The study could not find evidence that BEE in its current form is able to help the poor. Moreover, the study could not find evidence that the few newly empowered black elite are reaching down to provide their fellow blacks with assistance to be empowered or to benefit from their empowerment. The study therefore postulates that BEE implementation which empowers a few blacks by recruiting few black managers, procuring from few black businessmen and by providing social responsibility to few depressed communities, cannot be expected to benefit the majority previously disadvantaged Namibians and the poor. Jauch (2011)

posits that empowerment and transformation cannot be directed only at aspiring members of the private sector and some members of the middle class but they have to address structural inequalities. He further states that this cannot be done on a voluntary basis and also not within a framework of leaving change at the mercy of “market forces”.

4.5.12 Promotion of repugnant tendencies

One of the biggest concerns of BEE implementation is that it promotes repugnant tendencies such as window-dressing, tokenism, corruption, nepotism, favouritism, elitism, cronyism, self-enrichment and a culture of hand-outs and entitlement. Almost all the respondents interviewed voiced out the above tendencies as a by-product of the current BEE regime (See detailed discussion in 4.3.3 and 4.3.13).

4.5.13 Transferring wealth from one group to another

Participant C (personal communication, July 11, 2016) referring to an article in the local papers stated that the NAU argues that BEE aims to take wealth from one group and give it to another. The argument is in line and corresponds with what Mark Lowe, a trade and industry spokesman for the Democratic Alliance when he said that as long as the ANC focuses on transferring equity from one small group to another, its empowerment strategy will remain a myth for those who need it most (Bassett, 2008). This can be applicable to Namibia. This argument however, is flawed and deliberately used by those with negative attitudes towards the government’s intention of creating a just society. In all its pronouncements, the policy of BEE strongly emphasises, accepts and respects the role of private sector in the economy and reiterates the constitutional

provisions that guarantee the right to own property. The transactions that will result in investment and acquisition of stakes in the companies will be undertaken in a legal manner where just compensation remains the fundamental basis for the transaction.

It is further a submission of this study that it is a fact that in Namibia, the minority white population still have extensive control over the country's economy and that the legacy of white privilege still persist, while high levels of poverty and unemployment still haunt the majority black population. This inequity is also evident in patterns of ownership. Ownership of productive assets remains heavily skewed towards white and foreign ownership. The majority of blacks are still denied economic opportunities due to the design and architect of apartheid cornerstone. These developments have had sequential implications and generational effects which results in racial inequalities still continuing and being reproduced. White people continue to be more skilled and attain higher and better quality education levels than their black counterparts. This allows them to be able to attain higher positions in companies and on average earn higher wages or own productive assets. The fact that colonial and apartheid legacy allows whites to own productive assets, they leverage their ownership and control to extract rents and increase their wealth. For this reason the government is expected to address the widening inequality, unemployment and poverty and rectify the skewed economic ownership patterns. BEE is just but one mechanism on ensuring that inequality and lack of meaningful participation in the economy of black people is tackled.

4.5.14 Reverse racial discrimination

Another concern raised by some of the respondents is that BEE is viewed in some circles as promoting reverse racial discrimination. Participant C (personal communication, July 11, 2016) citing an article in a local newspaper stated that some

white business owners have voiced their distaste with BEE implementation and threatened to take their investments elsewhere. They further criticised BEE as amounting to racism in reverse since it excludes white people. He cited an example of NAU which accused government of wanting to regulate the economy according to race and sex, which they claim will increase racial division and racial tension (Participant C, personal communication, July 11, 2016). The above views are supported by Dupper (2008) who observed that disadvantage and inequality take on particularly complex forms in South Africa, and that current redress strategy, by placing society into two (or four) simplified camps, denies this complexity. In addition, it perpetuates race consciousness, which has implications for the goal of creating a non-racial society. Dupper (2008) conclude that while there is a degree of openness to redress on the part of white South Africans, framing it exclusively in racial terms is not the most effective way of securing their acquiescence.

The converse to this argument is that should the current status quo of inequality and continuing white domination of the economy in general and the finance sector in particular be left unaddressed it might create and lead to social and racial tension in the country and lead to instability and chaos.

Indeed the current BEE cannot be divorced from race and income. More often than not, BEE is haunted by the failure to delink economic ownership or development from the race component. This view is supported by Van Wyk (2010) who contends that in the implementation of Affirmative Action policies, and BEE, we cannot divorce affirmative action from issues about race and racism. She further argues that, in debating affirmative action and BEE, there is a need to disrupt rather than reinforce dominant, yet illusory racial frames in the public's mind. This has come as a result of

historical realities. It will remain one of the challenges for the Namibian government in implementing BEE to dissociate the economic function from race.

The Constitution of the Republic of Namibia provides for advancement of persons who have been socially, economically and educationally disadvantaged due to the discriminatory laws, policies, practices and procedures of apartheid colonialism. It is the position of this study that while the majority excluded from economic participation are blacks and deliberate efforts should be put in place to address their plight, it should also be taken into consideration that continued and prolonged empowerment based on race distinctions will impact racial relations negatively. It should also be noted that true reconciliation cannot be achieved as long as inequality persists. Inequality has a potential of dividing and polarising the country.

There is further no doubt that whites in Namibia continue to dominate the economy. To reject this reality and cry foul shows a clear lack of understanding of the fact that the minority whites continue to shape the political, economic and social life of the country.

Finally and looking at the bigger picture, it should be taken into consideration that the high state of inequality and economic exclusion has the potential of dividing and polarising the country. At the same time, true reconciliation cannot be achieved as long as inequality persists. The subject of inequality is beyond race.

4.5.15 BEE is unconstitutional

There has been a concern that BEE or some parts of it especially one dealing with ownership is unconstitutional. The concern is that there is no way that the ownership, management and control of Namibia's financial and economic resources can be

substantially transferred to the majority of its citizens 'equitably' and in such a manner that it does not undermine property and other guarantees in the constitution (Participant C, personal communication, July 11, 2016).

4.5.16 BEE does not address income inequality

Some authors are sceptical that the implementation of the BEE strategy can address income inequality. This view was also voiced by Participant I and supported by Herbst (2005) who in his analysis of the implementation of BEE in South Africa, maintains that rather than resolving South Africa's income inequality, such deals have only aggravated it. He argues that as a result of BEE implementation, the inequality is even worse in the country's black population than it is in the population at large (Herbst, 2005). He strengthens his argument by quoting Kgalema Motlanthe when he stated that many of the BEE deals have resulted in wealth "transfer" rather than "transformation" because they have done nothing to alter the economic structure of the country.

4.6 Summary

The chapter systematically presented, explained and interpreted the research findings. It also reported on the observations made as well as providing a critical analysis of these observations by examining the implications of these observations in the context of the purpose and objectives of the research. Responses from several questions asked in the questionnaire and semi-structured interviews were discussed in detail.

The chapter further undertook a comprehensive discussion of the data presented in relation to the six subsidiary research objectives driving this study. The implementation of BEE in the financial services industry was examined in detail.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

Economic empowerment in Namibia has a valid historical grounding. Since 1990, the Namibian government undertook a multi-faceted approach to address inequality which existed as a result of past discrimination. Having triumphed on the political front, the government faced a new, formidable and intractable challenge on how to broaden the participation of black people in the mainstream economic activities, bridge the inequality gap, reduce unemployment and alleviate poverty especially amongst the majority blacks. Despite gaining independence in 1990 and ending years of political oppression of black people, socio-economic oppression persists today for a large number of black Namibians. President Hage Geingob cautioned that if the present status quo of socio-economic imbalances and inequality, which can be traced to the discriminatory apartheid policies of the past is not addressed, the peace and stability the country is currently enjoying could be jeopardised (Geingob, 2016).

This final chapter of this dissertation provides a synoptic overview of the research findings and conclusions. It also identifies future research aspects and opportunities. Recommendations to Namibian policy-makers, regulators, executive management of financial institutions, and recommendations for further research are provided. Limitations to the study are outlined and an implementation evaluation framework for BEE is provided.

5.2 Summary of the findings

A gap and disconnect was identified in the literature between the intentions and prescripts of the voluntary adopted Namibia Financial Sector Charter, and the financial sector's response to and implementation of the BEE initiative. Furthermore, there is a gap between the government's objectives and intended outcomes of the BEE initiative on one hand and the financial sector's response, progress made and outcomes in implementing BEE policy on the other. The study validated existing theory and perceptions that there has been a disconnect between the policy framework and the progress made by the financial sector in implementing BEE policy (Ministry of Finance, 2010, GRN, 2011).

The main and primary objective of the study was to evaluate the implementation outcomes of BEE in the financial sector of Namibia and to determine the extent to which this policy framework addresses the systematic exclusion of the majority black Namibians from full economic participation in the sector and advancing economic transformation. With the financial charter acting as a framework and central instrument for guiding BEE implementation, this study focused on this initiative and critically analysed its execution with the aim of determining the extent to which this ambitious voluntarily adopted charter has been effective in achieving the intended objectives.

Specific and subsidiary objectives driving the study were as follows: to examine the extent to which financial institutions ensure direct empowerment of black Namibians; to investigate the extent to which financial institutions ensure management representation of black Namibians in senior levels; to examine whether financial institutions contribute to human resource and skills development for black Namibians; to determine the extent to which financial institutions contribute to community investment; to assess the extent to which financial institutions contribute to enterprise

development; and to propose an alternative effective management framework for planning, implementing and measuring performance of BEE in the financial services sector.

This section presents the summarised findings emanating from the research objectives and the overall purpose of the research as outlined in Chapter 1. The summarised findings focus on the following:

- The understanding of the BEE concept by financial sector players
- The objectives of BEE from the national and financial charter perspective
- The implementations of the BEE pillars as enshrined in the charter
- The challenges of implementing BEE by financial institutions
- The effectiveness of financial charter in BEE implementation
- The need for BEE legislation, and
- The proposal for successful BEE implementation

5.2.1 The understanding of the BEE concept

It is the finding of this study that there is a considerable lack of harmonised clarity as to what the BEE concept really is and more importantly as to how it will achieve its stated objectives. BEE in Namibia is a highly debated and contested concept and policy, subject to different definitions and ascribed different meanings and interpretations.

Due to the fact that no formal definition subsists in the Namibian context, much of the dialogue surrounding BEE has been framed on BEE progress in South Africa, where legislation and regulations have already been passed in the form of the BEE Act of 2004, codes of good practice, scorecards, sectoral charters, strategy documentation,

and a BEE Advisory Council. In the South African context, BEE seems to be well defined.

Despite the divergent definitions and meanings assigned to BEE, there was common understanding and agreement that apartheid fundamentally curtailed blacks from effective participation in the country's economy and society through systematic discrimination in education, ownership, access to resources and opportunities. For this reason economic transformation is inevitable, non-negotiable and necessary in the country and allowing the status quo without addressing it is not an option. There is therefore widespread agreement and unanimity that an economic empowerment policy is necessary and an essential part of redressing the legacy of apartheid. The study more importantly also found out that, due to the different understandings, views and perceptions of what BEE is, there are also important differences regarding how, and on what terms, this should be achieved. It is a duty of government to harmonise these views, and perceptions in order to enable all stakeholders to be invested in and work together towards a common goal and shared destiny.

5.2.2 The objectives of BEE

The study by analysing the different views articulated by the different respondents summarised the main purpose of BEE emerging from respondents as essentially to broaden the participation in the economic mainstream of the majority black citizens of Namibia. BEE primarily seeks to address the historical imbalance brought about by the apartheid legacy and which has detained the majority of Namibians from actively and meaningfully participating in the economic mainstream. Another important viewpoint expressed by respondents is that BEE helps to avail and open opportunities that have been previously reserved for whites only.

Other views not mentioned by all respondents, but that constituted unique individual perspectives are: the acquisition of equity ownership by black people in the most productive assets in the country; redistribution of resources; the creation of a more equitable economic dispensation; reducing the racial inequalities in the country by empowering blacks; creating a larger pool of wealthier blacks; and reduction of unemployment and poverty.

From the above summarisation, it is clear that BEE is an overarching initiative with different but intertwined focus areas. Implementing BEE in the country in general and financial sector in particular will therefore require a multi-facets approach. The challenge as highlighted by the study is identifying which of the different approaches are critical and urgent to accelerate the achievement of its objective sustainably. These could then be placed in the order of priority and importance. This study corroborates Karamata and Gwari (2007) when they advise that contribution to empowerment come in different forms, depending on the sector and industries. They further state that in some sector, the emphasis should be on ownership and management, while in other, it should be on the number of jobs created. In others it should be on local processing, and yet others should be on specialised skills development (Karamata & Gwari, 2007).

5.2.3 Perceptions of BEE

The study found that there is a divergent of perceptions around BEE. On one extreme BEE is perceived as a policy by government aimed at grabbing hard-earned economic assets of the previously advantaged and freely handing them to the previously disadvantaged. On the other extreme, BEE is viewed as a necessary policy to speedily correct the imbalances created by the apartheid legacy. The study further found out

that, on both sides, the antagonist and protagonist of BEE fear that the implementation or lack of will result in adverse social, political and economic consequences.

Contrary to the notion that BEE only benefits a few and politically connected individuals, promotes corruption, window-dressing, tokenism and laziness, and reverse racial discrimination, the respondents, especially representing financial institutions and BEE beneficiaries expressed sentiments not supporting the above notions. Independent respondent however expressed sentiments in support of the statements.

This study posits that managers in the financial institutions play an important role in shaping the transformation destiny of their organisations. Their commitment and dedication to transformation determines the pace and extent at which transformation can take place in an organisation. However, after an examination of the different responses especially from financial institution representatives, the study was not convinced and could not successfully establish that leaders in financial institutions hold positive attitudes toward change and thus grant legitimacy to the organisational change process.

The study concluded that the government needs to undertake massive campaigns to calm these perceptions and fears in order to reduce resistance and gain support for BEE. Extensive consultation and information dissemination is necessary to clearly outline the purpose, the approach and benefit to all of implementing this economic empowerment initiative. Since managers play a crucial role in BEE implementation, this study advances that financial institutions managers should be exposed to development in areas of diversity management, emotional intelligence, organisational culture and strategic leadership.

5.2.4 The response to the main research questions

The study empirically evaluated the implementation outcomes of BEE through the financial charter focussing on its stated pillars and the main objective of each pillar. It is the finding of the study that on almost all the pillars, BEE implementation significantly underperformed and ran short of expectation.

With regards the direct empowerment and ownership pillar, the study found that notable increase in black equity ownership of financial institutions has taken place. The study reveals that ownership of most financial institutions surveyed is between 10 and 20 per cent. The bulk of ownership is by trade union business arms, women organisation, employees and individuals. The study found that though many BEE deals have been concluded in the financial sector and among the biggest corporates, these deals have not translated into more substantial changes in ownership. There is further a strong perception and suspicion as enunciated by the respondents of superficial “fronting” and “window-dressing” arrangements. An examination of the public relations activities indicates that black ownership has provided an image boost and a marketing and PR instrument for financial sector firms with most of them boasting about their black empowerment profile. The study further found that access to capital remains a critical and biggest challenge to the implementation and the actualisation of the policy of BEE in the financial sector. Overall therefore BEE implementation with regards the ownership pillar did not attain its stated targets and objectives.

On the pillar of management and control, the study found that although there has been some effort to change the racial and gender composition of the control and management of financial institutions, the implementation of the charter and the BEE initiative has not adequately addressed the issues of management and control. Control by blacks is mainly by way of non-executive board members and mostly on the

holdings company level but not at corporate level. Additionally, it is the findings of this study that the industry is not diverse in its human nature, especially at the board level. Furthermore, despite the fact that blacks are making slowly but notable foothold in senior to top management positions, the financial sector has failed to decisively deal with the existing corporate structure and the control of the 'commanding heights' of the sector.

With regards employment equity, this study found that the pace of representation and diversity at organisational levels is not only painfully slow, but incremental rather than transformational. The study further found that financial institutions have put in place adequate measures to remedy past discrimination in employment practices as required by the Affirmative Action (Employment) Act. However, despite policies and measures being put in place to remedy past discrimination in employment in the financial sector, perception still abound that discrimination is still taking place.

There is no doubt that skills development and training are key components of empowerment. This pillar is therefore crucial in ensuring sustained transformation. The majority of the surveyed companies allocate the targeted 1.5 per cent of their gross salary expenditure. However, this study could not establish to what extent the effectiveness of training given by financial institutions has really improved and added value to the skills of BEE designated employees. The study also found that BEE implementation in its current form through the financial sector charter emphasises on input of how much is spent on training rather than the output of the quantity and quality of skilled Namibians institutions releases into the economy. Furthermore despites claiming to have spent so much on training and development, all respondents from the surveyed financial institutions lamented on the shortage of skills in the sector.

This study found that that the procurement and enterprise development pillar of the financial charter and BEE is not effectively and successfully implemented by the financial institutions. The study also found that the preferential procurement which would be used to develop and support BEE upstarts and small enterprises is negligibly undertaken by financial institutions. The financial sector has further performed below expectations with regards empowering black entrepreneurs whether through necessary skills transfers or by providing proper support to black entrepreneurs.

The community investment or CSR pillar was also extensively scrutinised. This study found that the majority of financial institutions have well-established CSR strategies and programmes. It also found that spending on these programmes ranges between 0.5 and 1.5 per cent of profit after-tax, which is significantly higher than the 0.25 per cent directed by the charter. However, a critical and deeper examination of these CSR activities and practices on the ground reveals a picture of CSR initiatives that are not genuinely and meaningfully contributing to addressing social challenges facing the country. An assessment of the responses from the interviewed respondents indicates that CSR amounts to more than mere philanthropic efforts by companies in the financial sector to paint and present themselves as socially responsible organisations in the media, to government, and the country at large.

5.2.5 The challenges of implementing BEE

The study found that there are many challenges inhibiting the successful implementation of BEE in the financial sector. The main challenges for implementing BEE in the financial sector correspond with those of the whole country and across sectors. One of the biggest challenges is that despite having a voluntary charter, there is a deficiency of mechanisms put in place to enforce compliance of the charter.

Furthermore, there is a serious lack of in-depth review and monitoring of the progress of BEE implementation in the financial sector. There is also lack of willingness and commitment to BEE by financial institution managers and owners. This could be mainly due to the nature of the industry where whites are suspect of the skills of previously disadvantaged people. The acute shortage of skills and qualified individuals caused by the uniqueness and level of qualifications, competences and skills required by the sector also makes it difficult to successfully implement BEE policy.

A serious drawback in the implementation of BEE is the availability and access to finance and funding. The absence of BEE legislation that guide, regulate and enforce implementation is another challenge. The unwillingness of whites to open up their companies to outsiders especially blacks, and the held perception of white managers regarding black people strangles and stifles effective BEE implementation. Unlike in other sectors, there are many financial institutions that are foreign owned and controlled. This is a huge stumbling block for BEE implementation. Finally, the voluntary nature of the charter is one of the main challenges impinging on and inhibiting the effective implementation of BEE in the financial sector.

5.2.6 The effectiveness of financial charter in BEE implementation

The study concluded that the financial charter in its current form as a vehicle for guiding and implementing the BEE initiative, is ineffective and an inadequate means of extending prosperity to the majority blacks. Having soberly and comprehensively analysed the implementation of the different pillars as enshrined by the financial charter, this study seriously questions the commitment of the financial sector to addressing issues of ownership, management control and employment equity, human resources and skills development, enterprise development, and corporate social

investment. It is further the findings of this study that financial institutions are mostly implementing BEE without guidance and direction mostly to avoid and reduce the risk of political exposure and trying to be in the “good books” of the government and the public. Due to the voluntary nature of the financial charter and absence of a piece of legislation on BEE there are no sufficient measures to monitor and review progress, to enforce compliance and to oversee BEE implementation.

5.2.7 The need for BEE legislation

Despite the fact that the Namibian government and the private sector have on numerous occasions highlighted the importance and transformative power of black economic empowerment, Namibia remains without a national BEE policy or legislation. Due to this policy and legislation vacuum, there is no clear official definition for BEE in Namibia. Moreover, it is only expected that a Namibian BEE policy will be passed in 2017. Extensive work, consultations and research for the framework for such a policy is currently underway. While it is worrisome that no policy has been passed, a number of private sector companies and individuals continue to use the term, with a loose understanding that BEE entails empowering the previously disadvantaged.

Most important, the study found that the absence of a clear and guiding BEE legislation is a contributing factor to the poor performance of BEE implementation in the sector. That Namibia need a legislation to drive and direct the economic transformation agenda is undeniable. Namibia cannot succeed to redress economic inequalities which are a direct result of legislated economic exclusion without a legislated solution. It is evident and clear that a BEE legislation to effectively empower the black majority in Namibia is necessary and has to be designed. The promulgation of a BEE law, which

sets guidelines, targets and mechanisms aimed at implementing an effective BEE programme in Namibia in general and in the financial sector in particular, should be undertaken urgently. Since the implementation of BEE has far-reaching ramifications to the country and institutions, the enactment of BEE legislation need to be preceded by thorough consultation and research to gather sufficient facts, evidence and data. Extensive consultations with all stakeholders are a prerequisite and encouraged. Clear information of what the legislation's intended outcome and process of reaching that outcome should be communicated and positively sold to the different stakeholders to get buy-in.

It is also the findings of this study that there are currently no significant measures and requirements of mandatory compliance put in place in the financial charter to enforce compliance with the BEE policy or with the charter itself. Instead the Namibian government in an attempt to advance BEE policy has encouraged the sector to voluntarily comply with the spirit of the government's strategy on BEE.

5.3 Reflections on whether research objectives were met

This study evaluated the extent of BEE implementation in the financial sector across the dimensions of ownership; management control and employment equity; human resources and skills development; enterprise development and procurement; and corporate social investment. The main and primary objective of the study was to critically analyse and evaluate the implementation of BEE in the financial services sector of Namibia and to determine to what extent this policy framework addresses the systematic exclusion of the majority black Namibians, from full economic participation in the financial sector and advancing economic transformation. Specific

and subsidiary objectives of the study were as follows: to explore the key challenges in the implementation of the BEE strategies as outlined by the financial sector charter in the financial sector; to determine the extent to which management attitude impact the successful implementation of BEE in general and the financial sector charter in particular; to examine the extent to which financial institutions ensure direct empowerment of black Namibians; to determine the extent to which financial services institutions ensure management representation of black Namibians in senior levels; to examine the extent to which financial services institutions contribute to skills development and employment equity; to determine to what extent financial services institutions contribute to community investment; to examine to what extent financial services institutions contribute to enterprise development; and to develop an effective management framework for planning, implementing and measuring performance of BEE in the financial services sector.

The above main objective and specific objectives were adequately covered and discussed in the study. The driving questions in the data collection instruments were also centred on these objectives. It is the submission of this study that the objectives as set out in Chapter one of this study were effectively and satisfactorily met.

5.4 Contribution of the study

Namibia has not seen significant transformation in the 27 years of independence from apartheid South Africa. The majority of Namibians remain structurally excluded from meaningful participation in the economy. The country, though classified as a middle-income country, has the dubious distinction of being the country with the worst economic inequality in the world, with the gap between the rich and the poor growing

wider each year. For newly independent and developing countries, inequality is one of the main threats to democracy, peace and stability. It has a potential to fuel anarchy. If inhabitants of a country feel that there is social injustice being promoted or not addressed they might mobilise and seek other alternatives which may not be beneficial to that society and country. Injustice elsewhere has been the root cause and fuel for many revolutions. The current economic setup continues to serve a tiny minority of the country while the majority are left on the economic periphery. This status quo is regressive, dangerous and bad for long-term economic and business sustainability.

The Namibian government in general and the financial sector in particular needs to understand that the patience of the poor and those excluded from economic participation has a limit and if they do not accommodate them at the Namibian dinner table, the time will come when they may throw sand in the food and thus spoil such dinner for everyone. A country where the majority of its people are poor, excluded from economic participation and opportunities, and where there is high inequality is a fertile ground for political, economic and social strife and instability. The successful implementation of BEE in Namibia in general and the financial sector in particular is hoped to go a long way in promoting much needed economic transformation in business, combating and effectively tackling the inequality and exclusion the apartheid era had built around the Namibian economy.

In evaluating BEE implementation in the financial sector, this study investigated progress, challenges, strengths and shortcomings in the BEE implementation process and ways to address the challenges to ensure sustainability and the successful implementation of the financial charter. In so doing the study contributes to a better understanding of the complexities, issues and challenges of BEE implementation from a management, sector and government perspective.

The Namibian government is at present in the process of consulting and reviewing its transformation strategy and broad-based economic empowerment is a key area of focus in the newly introduced Haraambe Prosperity Plan (HPP). This study once published will heavily contribute to this review and provide much needed empirical evidence for the government. The findings of the study will assist managers of financial institutions, financial institution bodies, sector regulators, and policy-makers to determine the appropriate ways of planning, implementing and evaluating performance of BEE initiatives for the benefit of the institutions, the sector and the country at large. The gaps and shortcomings that are unearthed and identified in this study will be useful to the relevant stakeholders.

The findings of the study are significant because they provide an insight on how to address and seal the loopholes identified in the implementation of the BEE initiative in the financial sector. More specifically, the study contributes to the development of a management framework that will contribute effectively to the evaluation and monitoring of BEE implementation in the sector.

Furthermore, there is an existing and acute literature gap on how BEE is implemented in Namibia and particularly in the financial sector. Prior to this study, there was no comprehensive and formalised study on the implementation of the financial sector charter and BEE in the Namibian financial sector in particular. Additionally, there is no study that explicitly incorporates a comprehensive management framework that outlines, evaluates and monitors the implementation and performance of BEE in Namibia. This study by examining this topic is filling a void in the BEE implementation literature.

Despite a heightened interest in and although a vibrant media debate has emerged in Namibia on the BEE phenomenon, little and scanty academic analysis has been carried

out so far with regards evaluating BEE implementation. Academically, this study greatly and significantly makes a unique theoretical contribution to the BEE body of knowledge and literature, thus addressing a gap in knowledge in this field. Lastly, the results of the study, besides contributing to literature on BEE, will undeniably inform, influence and improve existing practices on BEE planning, implementation and evaluation in Namibia.

5.5 Limitation on the study findings

Academic literature on the topic of transformation in Namibia is still relatively limited in depth and has many gaps. Little formal academic literature existed on BEE in Namibia during the undertaking of this study. The following are some of the limitations that the researcher experienced whilst undertaking the study.

Firstly, a total of 13 financial institutions participated in this study. Despite the fact that this was comprised of the largest and mostly foreign-owned financial enterprises, a bigger sample size would have contributed to finding significant relationships from the data, as statistical tests normally require a larger sample size to ensure a representative distribution of the population and to be considered representative of groups of people to whom results will be generalised or transferred.

Secondly, accessing information from respondents was an arduous task as most of them felt the information sought is highly sensitive, confidential and certainly not for public consumption. All financial institutions required their CEO, entire executive management or Board of Directors' approval to respond to the questions posed. This indicated to the researcher that the exposure of BEE implementation by financial

institutions is not taken lightly. At the same time, this not only caused delays in the research but led to some companies not participating.

Thirdly, lack of available and/or reliable data impacted on this study and required the researcher to limit the scope of the analysis, the size of the sample, and posed significant obstacle in finding a trend and a meaningful relationship.

Finally, after completing the interpretation of the findings, the researcher discovered that the way in which he gathered data inhibited his ability to conduct a thorough analysis of the results. The researcher regret not including specific question in the questionnaires that, in retrospect, could have helped address some particular issues that emerged later in the study.

5.6 Recommendations

If Namibia wants to put a decisive dent in the exclusion of the majority blacks from mainstream economic activities, tangible, timely, resolute and consistent response is required. At the same time, Namibia needs to configure forward-looking policies and devise strategies to fast-track the implementation process. The evaluation of the current BEE initiative and the financial charter has proven the charter of incapable of making a profound impact on the substantial change in racial and gender composition of ownership, management and control, contribution to skills development, aiding enterprise development and corporate social responsibility. Given these findings that have emanated from this study, the following general recommendations are provided:

- The financial sector charter is currently not binding. This is due to the absence of a clear national policy on empowerment. It therefore recommended that this

status quo is changed. Implementation of the charter should be made mandatory to all financial institutions. The charter should be guided by set rules developed by government, including the generic score-card for transformation. The charter should establish mandatory targets and quantified responsibilities with respect to each principle and outline processes for implementing the charter as well as mechanisms to monitor and report on progress towards given goals.

- To ensure effective implementation and monitoring of the charter, it is proposed that the charter should be overseen by a government established body or organisation and not by a Council established by the sector.
- It is evident and clear that a BEE legislation to effectively empower the black majority in Namibia is necessary and has to be designed. This study therefore proposes the urgent promulgation of a BEE legislation, which would set guidelines, targets and mechanisms aimed at implementing an effective BEE programme in Namibia in general and in the financial sector in particular.

Finally and at the same time the study also provides specific recommendation to the different stakeholders who are crucial in the BEE implementation process in Namibia.

5.6.1 Recommendations to the regulators

The financial sector regulators have an important role to play in championing economic transformation in the country. They have a responsibility to work with the government and the sector to ensure that the BEE objectives set by the government are met. Regulators can also play a pivotal role with regards to issues of compliance and enforcement of BEE implementation. It is recommended that the regulators together

with government and other implementing agencies must introduce regulations to police how BEE should be implemented and the consequences of non-compliance. The regulators should ensure that specific benchmarks are established to measure the progress made by individual companies in the financial sector. The two regulators of the sector, Bank of Namibia and NAMFISA should make it mandatory that financial institutions under their supervision regularly report on their BEE implementation progress additional to the other mandatory reports.

The regulators should design and implement a transformation plan with clearly defined and realistic targets and timeframes with regards different focus areas of BEE. Strict monitoring and reviewing of progress should be undertaken.

Finally, it is recommended that regulators establishes BEE compliance and enforcement offices or departments whose main task is to oversee compliance and enforcement of BEE implementation.

5.6.2 Recommendations to financial institutions

The financial sector needs to recognise its collective responsibility to invest in the country and assist government in achieving developmental goals. The sector should be encouraged to take into account private and social returns and factor long-term and strategic considerations when making investment decisions.

Financial institutions should understand that the more people participate in mainstream economic activities and contribute to economic growth, the more their sustainability and profits will be enhanced. BEE implementation is an inclusive process and its outcomes are for the benefit of the whole nation and future generations.

Financial institutions need to take serious and critical self-introspective when it comes to the need to address the exclusion of majority blacks from mainstream economic participation. It would be highly unfortunate and a great travesty if financial institutions would be viewed as elements intent on deliberately derailing government programmes and initiatives. There should be concerted effort on behalf of financial institutions to make meaningful transformation. This study makes some recommendations to financial institutions that will ensure effective and successful BEE implementation:

With regards to employment equity, it is recommended that financial institutions individually establishes executive committees or forums tasked with the implementation, monitoring and evaluation of employment equity plans. The committees should generally have representation from management, labour and other designated groups identified in the Act. The human resource manager or anyone responsible for people management should chair such meetings. The committee's aim should be to significantly increase the representation of black people, with a specific focus on black women and black people with disabilities, across all levels of the organisation, particularly in leadership roles. Leadership development, setting career paths, mentorship and coaching all contribute to a sustainable increase in equitable representation. Financial institutions should implement a transformation plan with clearly defined targets for each level of management within each business unit. This includes identifying black talent in each business unit, particularly individuals with the potential to move into junior, middle or senior management positions within a 12-month to three-year period. Importantly, financial institutions should determinately strive to remove impediments, historical and current, visible and invisible, which

inhibit the black majority from participating and benefiting from the activities of the sector.

With regards to human resources and skills development, the study recommends that financial institutions run learning and development initiatives to drive business performance and help employees, with a key focus on previously disadvantaged, develop to their full potential. Performance management processes that identify the areas in which an employee needs to develop and tracks progress against development objectives should be implemented. A skills development policy which guides skills development planning and execution should be formulated. In addition, skills development programmes for unemployed matriculants and graduates to contribute to social upliftment and human capital development should be introduced either individually or jointly as a sector. Financial institutions should host students and learners from tertiary institutions and schools respectively, to provide coaching, mentoring and training opportunities. Jointly, the financial sector should establish a Finance and Banking Skills Academy that can offer programmes of different durations and scope that trains participants for various entry-level positions in the financial sector.

This study highly recommends that to effectively contribute to enterprise development, financial institutions should aim to consistently increase their procurement spend with BEE suppliers. Companies should implement a robust process of procuring from BEE suppliers. A procurement committee should be established and an annual target given to it as well as commodities set aside for exclusive procurement from qualifying enterprises. Financial institutions must establish vendor development programmes to assist suppliers from designated groups. Decentralised procurement if adopted will help to ensure that regional suppliers benefit from financial institutions' procurement

spending. Furthermore financial institutions should establish entrepreneurship development programme which promotes and supports small and medium enterprise development by providing technical and management skills to growing and aspiring business owners.

When it comes to management and control, financial institutions should set a goal to hire entry-level managers from black communities in numbers that are equal to their representation in the total population. To ensure that blacks are not shunted into “token” managerial jobs, financial institutions should ensure that by certain time period a certain percentage of the total payroll costs is allocated to the development of top management. All levels of management including the board of directors should be representative of the demographics of the country.

It is further recommended that financial institutions genuinely commit funds and other resources to create long-term social value for the communities in which they operate. The CSR activities should be underpinned by sound business rationale aligned with strategic business objectives. Research-based approach to understand the socio-economic needs of communities by engaging with government, other businesses and community organisations should be employed.

To contribute to broad-based ownership financial institution should promote transformation of ownership through Employee Share Ownership Programmes, employee family share ownership, Community based share ownership and Traditional Authority share ownership

In order to ensure that the transformation strategy is properly implemented and executed, a BEE office or resource should be establish in the institution. Its function should mainly be overseeing and monitoring the transformation progress. The financial institution should take a conscious decision to have a senior manager acting

as resource or heading the office to ensure that all business units take full ownership for driving transformation in their areas. Monthly feedback and update meetings, chaired by the CEO should be instituted, where progress and challenges are discussed and action items agreed. The office or resource should be responsible for developing the BEE strategy and action plans to enable the institutions to meet its transformation commitments.

To succeed in the implementation of BEE, financial institutions must formulate a compliance and enforcement policy in the institution whose main areas are to deal and direct the functions of compliance and enforcement. Additionally, financial institutions must establish a compliance and enforcement function or committee which is responsible for a range of compliance and enforcement of BEE implementation.

Financial institutions must commit themselves to setting numerical goals and timetables and devise strategies to address under-representation of designated groups in occupations and organisational levels and to recruit, retain, train, develop and promote qualified designated groups. The institutions must continually identify and eliminate discriminatory job barriers by undertaking a thorough review of its staffing policies.

Practices including restrictions unrelated to job performance such as religion, inflated job experience, possible bias in psychological tests, job interview panel composition and glass ceilings in promotion opportunities should be abolished. Institutions must adopt positive measures to remedy the effects of past discrimination through pro-active recruitment selection, training and promotion of the historically disadvantaged individuals, second, to take reasonable accommodation measures such as accommodation of religious observances and offering flexible working hours and adopting policies which prohibit unfair discrimination including sexual harassment,

third, employers are required to conduct an internal and external workforce analysis of its workforce and qualified “economically active population” in all occupational categories and levels in the context of Namibia including directorships of company boards

As noted by Booysen and Nkomo (2010) a more inclusive culture in which diversity is valued, supportive employment practices, an integrated attraction, holistic human resource development and retention strategy and effective talent identification and management are essential. Transformation efforts can fail if an organisation does not communicate its vision and does not empower business units with the resources and tools to execute the vision.

Finally, it is highly recommended that financial institutions refrain from their current and habitual strategy of appointing blacks to non-executive positions, giving shares to influential politicians and pretending to be contributing to communities just to appease and make them more acceptable and gain access to Government contracts. This current strategy is contributing to the negative connotation attached to BEE. It is largely a class creation project, the promotion of a new class of wealthy and powerful Namibian movers and shakers.

5.6.3 Recommendation to CEOs and Executive Management

Meaningful and long-term sustainability requires effective and visionary leadership. The aberrant behaviour of some CEO and executives of financial institutions is not only a problem but it is extremely counter-progressive and a drag on the implementation of BEE in the sector. CEOs and executives of financial institutions should reflect on their roles in a fundamentally unfair system and institutionalise the necessary changes. In this way they will be playing a much more meaningful role in

the transformation of their institutions, the sector and Namibia as a whole. The relationship between financial businesses and the government would also be in a far healthier state than it is.

CEOs need to take courageous stances and attitudes with regards inclusivity. To succeed in the implementation of BEE in the financial sector, top management led by the CEO must initiate and drive the transformation process. The CEO must continuously emphasise that transformation at the financial institution is a business imperative and not a compliance issue. He or she must see that transformation is necessary as a moral imperative to redress past imbalances, a social imperative to redress disparities, and an economic imperative to create jobs and grow the Namibian economy while sustaining business. This study recommends the following to CEOs and executives in the financial sector:

CEOs must demonstrate more fortitude and confidence in their implementation of BEE and its overall objectives to the benefit of the country and the companies they lead. The financial institutions should aim to create an environment in which current and future leadership incumbents may be equipped with appropriate knowledge and capacity to enable them to play a central part in driving the transformation of the Namibian financial sector.

CEOs and executive management need to change their minds and attitudes and realise that what is good for the country is good for the institution they lead. Leadership and direction in implementing BEE in the individual institutions is derived from the CEO and executive management who chart the direction of the different financial institutions. How convinced they are in the initiative will ensure successful implementation and buy in of the whole company. CEOs should clearly read the times and understand that as captains of financial institutions in Namibia, they have a huge

responsibility towards the company, the country, their employees and people in general.

5.6.4 Recommendation to aspiring black entrepreneur and BEE beneficiaries

The previously disadvantaged people who have endured hardship meted on them mainly by the apartheid legacy should not see BEE implementation as hand-outs and entitlement. They need to view BEE as providing opportunities for them to unleash the great potential which they have but was denied the opportunity to expose. Aspiring black entrepreneurs should use BEE as an opportunity to prove, through timely delivery of quality work, that they can be trusted with future opportunities. Participation in BEE should not be viewed as a “get rich-quickly” scheme, but rather as a contribution to meaningful societal development. The entrepreneurs and BEE beneficiaries should embrace BEE in a responsible and accountable manner.

Critical, to the success of BEE are some facets not obviously detected that seriously impedes aspiring black people from successfully joining the mainstream economy. Unlike the obvious ones, these are self-inflicted and also needs to be honestly addressed. Many aspiring black entrepreneurs should address issues of self-doubt; negative self-critique; destructive self-judging; lack of trust in one another; inferiority complex that has been engraved in their minds by years of colonialism and apartheid; and not being proud of their “blackness”. If these areas are not effectively tackled, BEE will not be completely successful.

Black people need to liberate and emancipate themselves from self-doubt and wondering if they are ever really good enough. It is high time that black people ushers

in a new era where people are proud of themselves and their achievements and become dedicated to learning their craft, thus becoming the masters who will have control over their own destinies. The time has come when blacks should desist and abandon the mentality of being the candidate that was chosen to serve or hold office simply because of their skin colour.

This study therefore implores BEE beneficiaries and aspiring entrepreneurs to liberate themselves from self-doubt, but to actively compete in all spheres of life as well as to fully participate in the mainstream economy. Black people need to be in the coalface of business in the financial sector, owning financial businesses and playing a key role in providing a variety of financial services and products.

5.6.5 Recommendations to the Namibian government

Debates about BEE in Namibia cannot be understood separately from those about the role of the State. As pointed out by Ponte et al (2007), on the face of it, BEE fits well within a model of a 'developmental state' engaged in 'transforming' the economy. They argue using East Asia as an example that within the East Asian economies, the state has commonly been identified as relatively autonomous from different interests, such that it could support 'development' goals. Ponte et al, (2007) further argues that state intervention was critical to economic performance in these countries, but that the technocrats did not act in the interests of vote-seeking politicians, and successfully picked out industries for selective support.

This study therefore recommends and proposes the urgent promulgation of a BEE legislation, which would set guidelines, targets and mechanisms aimed at

implementing an effective BEE programme in Namibia and in the financial sector in particular.

One of the biggest challenges facing black businesses and the implementation of the BEE policy and as revealed by the study, is access to finance. To address this challenge it is recommended that government establishes a National Empowerment Fund to be used as an instrument to financially support empowerment initiatives. At the same time government should encourage all development finance institutions to be used as vehicles of economic transformation. The Development Bank, SME bank, Social Services Commission, and the GIPF should be encouraged to allocate certain percentage of their funds to empowerment initiation. A framework that commits and enforces financial institutions to provide previously disadvantaged Namibians with appropriate financing to buy into existing businesses on commercial or near commercial terms should be established to enable them to buy equity stakes into financial institutions. Similarly, it is also recommended that government establishes a framework to enforce financial institutions to provide financial and other assistance to enable previously disadvantaged Namibians to establish new businesses.

It is strongly recommended that the Government and its various agencies and institutions play a more active and interventionist role, so as to ensure that previously disadvantaged Namibians obtained a fair opportunity to gain more ready entrance into, and equality within, the modern sectors.

With regards to the policy framework of BEE, the Namibian government should understand that a policy vacuum or incoherent policy can lead to instability and uncertainty. The government must ensure that a policy framework is established which is consistent with and conducive to a high rate of economic growth. This will alleviate general poverty in the country by raising the general income level, provided growth is

fairly evenly spread. The policy should be in such a manner that it does not negatively affect the previously and racially advantaged Namibian. The policy should allow previously advantaged to grow without hindrance while allowing for accelerating previously advantaged Namibians entry into the modern sectors. The policy should provide the private sector with incentives to spearhead the growth of the economy, especially in its rapid industrialisation efforts and export drive.

Training and skills development is the key and most effective way to empowerment and transformation in the business sector. For this reason, this study recommends that training and skills development should be placed in the forefront of BEE implementation. Government should make training and skills development mandatory. It should therefore devise ways and mechanisms to monitor, enforce and measure implementation of training and skills development. The study therefore encourages the country to play a greater role in training and skills development to promote human capital formation in the country as a whole. People who are skilled will have improved and increased earning potential and open up opportunities for themselves. Besides becoming employable, they can also start their own business ensuring that they make contributions at all levels in the economy and organisation. Furthermore, government should actively develop the capabilities of the previously disadvantaged people through vigorous programmes of education and training. This will enable them to participate actively in the development process.

The implementation of BEE has far-reaching ramifications to institutions and therefore its planning process needs to have thorough consultation. It is highly advised that Government consult and negotiate with relevant stakeholders such as business and labour while drafting Namibia's empowerment policy.

The Government should recognise and understand that for BEE to be implemented successfully, it must set measurable and achievable targets, with timeframes attached which entail monitoring and evaluation and thus revision. It is recommended that government sets realistic targets in terms of capacity of industries in order to avoid overstretching industries. The targets must be in consultation and buy in of industries and institutions. More importantly, it is recommended that Government come up with a different proactive BEE strategy less dependent on the questionable good faith of white business. Government should assert itself and put more pressure to business. So far the Namibian government has been very friendly, naïve and at worst short changed by business. It has delivered its side of the implicit bargain with business, but business had arguably not done so. Government must take a strong stand in demanding that companies comply with given target. The aspect of voluntary charters must be done away with. Government should itself plan, implement and enforce the charter. It is strongly recommended that to achieve this, government establishes a well-capacitated independent body to oversee the implementation of BEE in the country and throughout the different sectors including the finance sector. This institution will play a critical role in the advancement of economic transformation and accelerating the economic inclusion of the majority blacks in the mainstream economy. Significant powers should be given to this body to ensure that it can enforce compliance to the targets, time frames and outcomes expected by the charter. The organisation should also ensure that existing empowerment projects are constantly monitored and studied to ascertain their actual impacts. This organisation will not only monitor BEE implementation and manage BEE score-cards, but should also comprehensively analyse all BEE deals/contracts to be submitted and lodged with it. It should be provided with powers to blacklist, imprisonment, take away tenders from non-complying institutions. The

council should also provide detailed advice to new BEE beneficiaries getting into deals or aspiring to get into deals with financial institutions.

With regards to enterprise development, the government is encouraged to ensure that mechanisms are put in place that will enforce companies not only to allocate certain percentage of their procurement to BEE and SMEs, but also to ensure that adequate training and assistance in terms of market development, management, finance, etc is provided to BEE companies to improve the quality of their supply. SMEs which meet certain requirements should be registered with an organisation (e.g. BEE Commission) and paired with financial institutions.

One of the main reason for BEE not implemented as expected is the fact that there are currently no significant compliance measures and requirements put in place in the financial charter to enforce implementation of the BEE policy. This study therefore recommends that robust and strict measures should be put in place to ensure compliance with and enforce implementation of the BEE initiatives. Heavy penalties must be meted out to non-complying institutions and management. At the same time some incentives should be provided to induce compliance. To make BEE successful, government should do away with voluntary adopted charters. Compliance with BEE implementation should be mandatory and not voluntary as is at present.

A national CSR framework for the financial sector is hereby recommended. The framework will define the CSR guideline so that it removes the discretion of making the organisation just look good. Government after an in-depth research and analysis of the developmental challenges would come up with focus areas that urgently need development and assistance and financial institutions channel resources to these areas with the aim of uplifting those groups or societies. This will address and discourage the current CSR that is done mainly for PR purposes. At the same time community

investment needs to be regulated or else it will remain another “window dressing” exercise.

An impartial transparent and honest audit on the ownership, management occupancy, skills and training intervention in the financial sector should be undertaken to determine how much the problem of exclusion is in the sector.

The current BEE implementation, its outcomes and track record has earned it the reputation of being an attempt to mask activities that are not consistent with equitable wealth and income distribution for the masses, hence the high level of distrust of government’s intentions. The nefarious tendencies of fronting, window-dressing, corruption, tokenism, and nepotism have been listed as factors that impede and undermine effective BEE implementation. Therefore it is recommended that government intensifies and devices mechanism to root out these reprehensible tendencies.

It has been repeatedly stated that Namibian leaders and the government have proven to be indefatigable conceivers and promoters of new populist policies and plans not followed by zealous and convincing implementation. There are numerous examples such as the National Development Plans, Vision 2030, Targeted Intervention Programme for Employment Creation and Economic Growth (TIPEEG), Mass Housing and now the Harambee Prosperity Plan which are great plans and polices which all end in lackluster implementation. The study therefore recommends that government establishes monitoring and evaluation mechanisms to ensure that BEE implementation in the financial sector and indeed in the country does not follow the example of initiatives before it. The study recommends the introduction of stringent feedback measures and in-built monitoring and evaluation mechanisms to aid the implementation of BEE in the financial sector. This is absolutely necessary.

Finally and noticing that any strategy that involves racial profiling will be met with resistance, distrust and even outright rejection, it therefore recommended that a more nuanced approach to BEE is undertaken. An approach to the implementation of BEE that weakens, rather than reinforces, stereotypical and prejudicial views will be more acceptable to many in Namibia in general and the financial sector in particular. As advised by Dupper (2008) that to avoid facing resistance, measures which would serve to redress racial inequities can be phrased as anti-poverty measures rather than as a means of reversing racial power and privilege, even if this is ultimately the goal.

5.7 Recommendations for further research

Since the present study is limited to the implementation outcomes of BEE in the financial sector. It might also be useful to investigate BEE implementation in other sectors so as to allow meaningful comparisons across industries of the Namibian economy in similar detail to the present study. The study also takes into cognisance that BEE implementation in the finance sector is relatively new and has been implemented mainly on a voluntary basis. Therefore its main effect is still unclear.

This study revealed that one of the crucial aspects of BEE implementation is finance. Finance is critical to the success of BEE. In-depth investigation of how BEE deals are financed was not undertaken in this study. It could have been interesting to learn in detail how BEE has been financed in most companies in the industry. In Namibia, the government may have to play an increasing role in financing BEE related projects. This may force the government to run large budgetary deficits, which in turn would undermine macroeconomic stability. Government borrowing may also crowd-out private investment through its effect on interest rates. This study therefore

recommends an in-depth investigation on the aspect of BEE financing in Namibia in general and the finance sector in particular.

There is a possibility that some failures in BEE transactions are caused by the funding structure and mechanisms used. More comprehensive and empirical studies are required to give insight into the aspect of BEE funding. An in-depth investigation into funding structure of BEE transactions is therefore and hereby recommended.

Finally, this study is not entirely convinced that BEE in its current form is the most appropriate strategy to address the massive inequalities and exclusion of the majority blacks from mainstream economic participation. It is therefore a submission of the study that further research needs to be conducted into whether a transformation process based on racial profiling and aimed at eradicating past inequalities is the most appropriate and sufficient means to ensure that Namibia's socio-economic challenges are adequately addressed.

Namibia is a country with a very diverse population with varied cultures and traditions. There is therefore a need for an in-depth and detailed empirical research in the Namibian context that can lead to assisting managers to identify effective processes that will lead and institutionalise the difficult process of transforming organisational culture from a traditional largely male and white-dominated one to a more inclusive and representative culture.

This study makes recommendations to do away with voluntary charters. It is a further recommendation of the study that more comprehensive studies should be undertaken to assess the implications of compulsory BEE implementation.

It is further recommended that an exploratory study be conducted using available data to ascertain who has been benefiting from BEE deals since the implementation of the initiative in the Namibia financial industry in 2009.

5.8 Proposed Implementation model and Management Evaluation Framework

5.8.1 Introduction

The secondary objective of this study was to propose a comprehensive management evaluation framework that will assist in the planning, implementing and evaluating the implementation of BEE initiative in the financial sector. This framework can be used to evaluate the implementation of BEE by Government and its different line ministries, regulators of the financial services sector, managers of the different financial institutions, academics, as well as the beneficiaries of BEE initiatives.

5.8.2 Model for evaluating and implementing BEE in the financial sector

Based on the identified challenges, gaps and shortcomings in implementing BEE, this study goes further to develop an implementation management model that can be used to address the challenges and to ensure effective implementation of the BEE policy in the financial sector. This implementation model can be used by the Government, regulators of the financial sector, and managers of the financial institutions. Furthermore, the model can be replicated in all other sectors of the economy. The premise of the model is that BEE objectives take a long time to be fully achieved. The model also emphasises that successful evaluation and implementation is not only a result of a particular sector, but must be undertaken on different levels.

The starting point is the examination of the critical factors required to ensure successful implementation. Successful implementation of BEE in any sector is determined by a combination of activities on three different levels: the macro, meso and micro level.

The tables below (Table 15) highlights the critical factors required to achieve a successful implementation of BEE in the financial sector. The factors are categorised into primary and secondary critical factors. These factors will be used in creating a model for effective implementation in the financial sector.

5.8.2.1 Critical factors

Primary critical factors are arranged in five (5) dimensions that include country specific factors, (2) Industry/Sector specific factors, (3) Institution specific factors, (4) management specific factors and (5) institution attributes. The secondary factors are arranged according to the determined pillars of the BEE programme. The number of pillars are determined by the sector charter or government. In this study five pillars outlined by the financial charter are used.

Table 15: Primary critical factors

Dimension	Factors critical for BEE implementation
Country approach to BEE policy	<ul style="list-style-type: none"> • The role of the government in implementing BEE policy • The support government rendered to the financial sector • The political, social, economic and legal roles played by government • Incentive provided by government to promote BEE implementation • The punitive measures provided by government to discourage non-compliance
Industry approach to BEE policy	<ul style="list-style-type: none"> • The role of industry in promoting BEE • The role of industry associations • The role of industry in setting target and goals of BEE • The monitoring and evaluation of progress provided by the industry

Institution approach to BEE policy	<ul style="list-style-type: none"> • The role of the institutions in implementing BEE policy • The appetite of the institution in achieving the targets set on BEE • Monitoring and evaluation mechanism put in place
Management Approach to BEE policy	<ul style="list-style-type: none"> • The role of management in providing strategic direction and support towards implementation of BEE • The support of management in the implementation of BEE • The attitude and culture of management towards BEE • Monitoring and evaluation mechanisms put in place
Institution attributes	<ul style="list-style-type: none"> • The ownership of the institution including percentage foreign ownership • The size of the institutions • Profitability and performance of institution • The affinity of institutions towards its community

Table 16: Secondary critical factors

Dimension	Factors critical for BEE implementation
Ownership and empowerment financing	<ul style="list-style-type: none"> • Willingness and ability of business to promote the transfer of ownership to previously disadvantaged people (PDI) • Understanding of the importance and benefits of PDIs owning and controlling enterprises • Willingness to avail financing to PDIs • Willingness and ability of the institution to participate in financing the transformation of ownership • The eagerness to diversify ownership to include employees, women, youth, people with disabilities and communities in depressed areas
Management and Employment Equity	<ul style="list-style-type: none"> • Willingness and ability to genuinely promote representation on board level of previously disadvantaged • Understanding of the importance and benefits of representations of PDIs on board and management levels • Understanding of importance and benefits of Extent to which management is representative of demographic make-up of the country

	<ul style="list-style-type: none"> • Extent to which business is putting in place measures to remedy past discrimination in employment opportunities • Extent to which business is putting in place measures to eliminate social and employment barrier for advancement • Extent to which the business is deliberately providing opportunities for previously disadvantaged
Human resources and skills development	<ul style="list-style-type: none"> • Percentage of gross wage of a business devoted to training and skills development • Kind of skills development such as on-the-job training, coaching and mentoring, succession planning, financial aid
Procurement and Enterprise development	<ul style="list-style-type: none"> • Understanding the importance and benefits of supporting small enterprises • Willingness to allocate a percentage of total procurement to promote and stimulate local entrepreneurship • Willingness to assist the development of small entrepreneurs • Willingness to put in place measures such as mentorship, joint ventures, market access, internships to assist small businesses
Corporate Investment Social	<ul style="list-style-type: none"> • Willingness to genuinely want to uplift society • Understanding the importance of society upliftment • Ability to allocate percentage of after-tax profits devoted to community investment • Has business established its operations in depressed communities • Alignment of CSI to government goals and objectives • Has the business put in place measures to prevent its operations from causing damages to the environment and communities • The affinity of institutions towards its community

5.8.2.2 Macro level

(a) Political factors

- The State intervention by putting in place an overarching empowerment policy (a policy that integrates all the different current existing empowerment policies)

- State building and supporting institutional capacity through employment creation, education, training and skills development
- Putting in place a needs oriented education system and boosting the capacity of educational institutions
- Introducing robust policy on public-private partnerships
- A programme to address race relations and need for racial reconciliation and redress
- State introducing a national empowerment fund
- The state establishing a CSR guiding framework as well as sectoral-based CSR focus areas sectors

(b) Economic factors

- State putting incentives to promote empowerment
- State using procurement policy to promote empowerment implementation
- State using taxation to incentive compliance with BEE implementation
- State providing funding for small businesses especial those owned by PDIs

(c) Social factors

- State addressing poverty
- State putting in place measures to address unemployment

(d) Legal factors

- Establishment of a monitoring and compliance institutions
- Establishing of a monitoring and compliance framework
- State putting in place legislation on BEE and supporting regulations
- State putting in place sectoral-based BEE Codes of good practice

- State with consultation of industry establish sectoral charters.
- The state establishing a BEE commission to monitor and evaluate BEE implementation progress

5.8.2.3 Meso level – Industry

These factors concentrate on the whole industry to determine areas that needs to be improved in order to effectively and successfully implement BEE in the financial sector. They are as follows:

- The financial industry in conjunction with government establish the sectoral charter
- The financial sector setting up goals and targets for BEE
- The financial sector setting up an independent organisation to monitor and evaluate BEE implementation
- The financial sector establish educational and training institutes to enhance skills development

5.8.2.4 Micro level – Institution

These are factors within an institution that needs to be examined and improved to ensure a successful implementation of BEE in the financial sector. The factors are as follows:

- Institutions setting own targets on BEE aligned to the sectoral targets and goals
- Institution putting in place processes to address management attitudes towards affirmative action, race, BEE and diversity management

- Institutions setting up a dedicated department/section/office that deals with organisation wide BEE implementation
- The institution putting in place measures to eliminate barriers
- Institution setting up procurement targets and monitoring the achievement of targets
- Incentivising management to achieve BEE targets.

Figure 5.1 and 5.2 below clearly illustrates a proposed model of effectively and successfully implementing and monitoring BEE implementation in the financial sector. This model can be replicated and used to implement, monitor and evaluate the implementation of BEE in any other sector of the country.

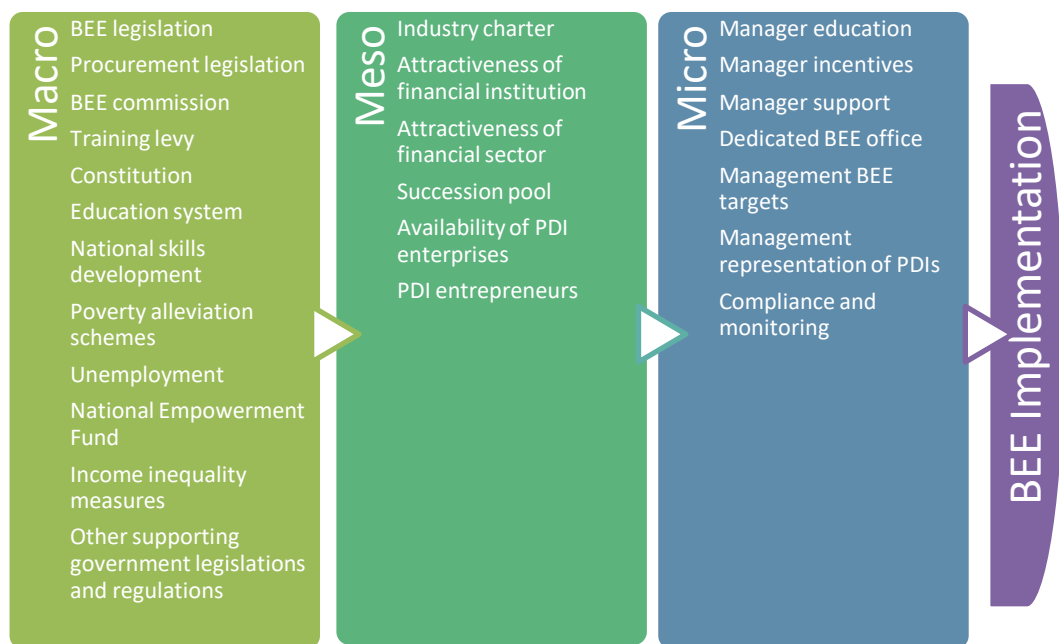


Figure 5.1: Model for BEE evaluation and implementation

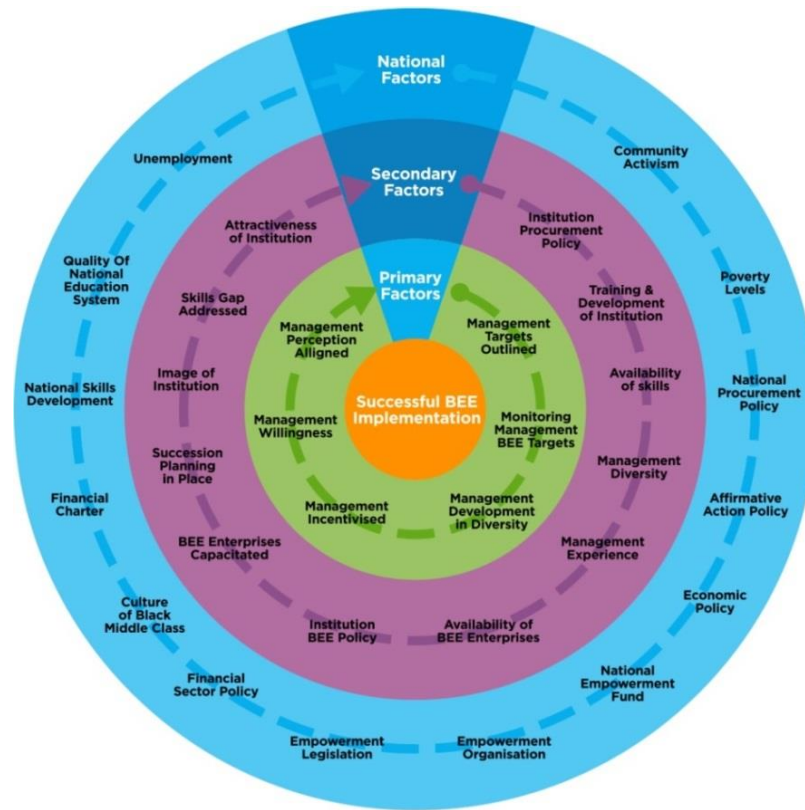


Figure 5.2: Model for evaluating BEE implementation

5.8.3 Management Evaluation Framework

The evaluation framework proposed by this study will assist the Financial Sector Charter Council, the government and the financial sector as a whole to track the progress and compliance of individual financial institutions in the sector. The Management Evaluation Framework emerges and is guided by the findings of the study as well as the proposals for successful implementation of BEE in the sector. The evaluation framework comprehensively outlines the different and important components of ownership, management control and employment equity; human resources and skills development; preferential procurement and enterprise development; and community development. By outlining important Key Performance Indicators (key implementation indicators (KIIs) the FSCC and government can

effortlessly and certainly assess levels of compliance and effectiveness of the BEE implementation by the different financial institutions. The evaluation framework works in conjunction with the scorecards established by the sector and which are also outlined below. The framework further serves as a key measurement tool for the success of this policy initiative in addressing the exclusion of majority black from participating in the mainstream economy and also to ensure that all Namibians have access to the economy. It is measurable and realistic.

In order to calculate a company's BEE implementation progress, a 'scorecard' should be developed to quantify the different BEE pillars or elements. Each should be allocated a weighting out of 100.

As alluded to earlier, it can also be used by the institution to track its progress with BEE implementation. The management evaluation proposed in this study is a table that describes the indicators that should be used to measure whether the BEE implementation programme of an institution or a sector is a success.

The framework below (Figure 5.3) summarises the different role players and their different roles during the evaluation process. The starting point is the Government formulating BEE legislation and outlining the different objectives and targets. This is done in conjunction and consultations with the sectoral bodies, the financial institutions and management of the financial institutions. Training and constant feedback should also be provided to managers of financial institutions as well as any relevant industry bodies.

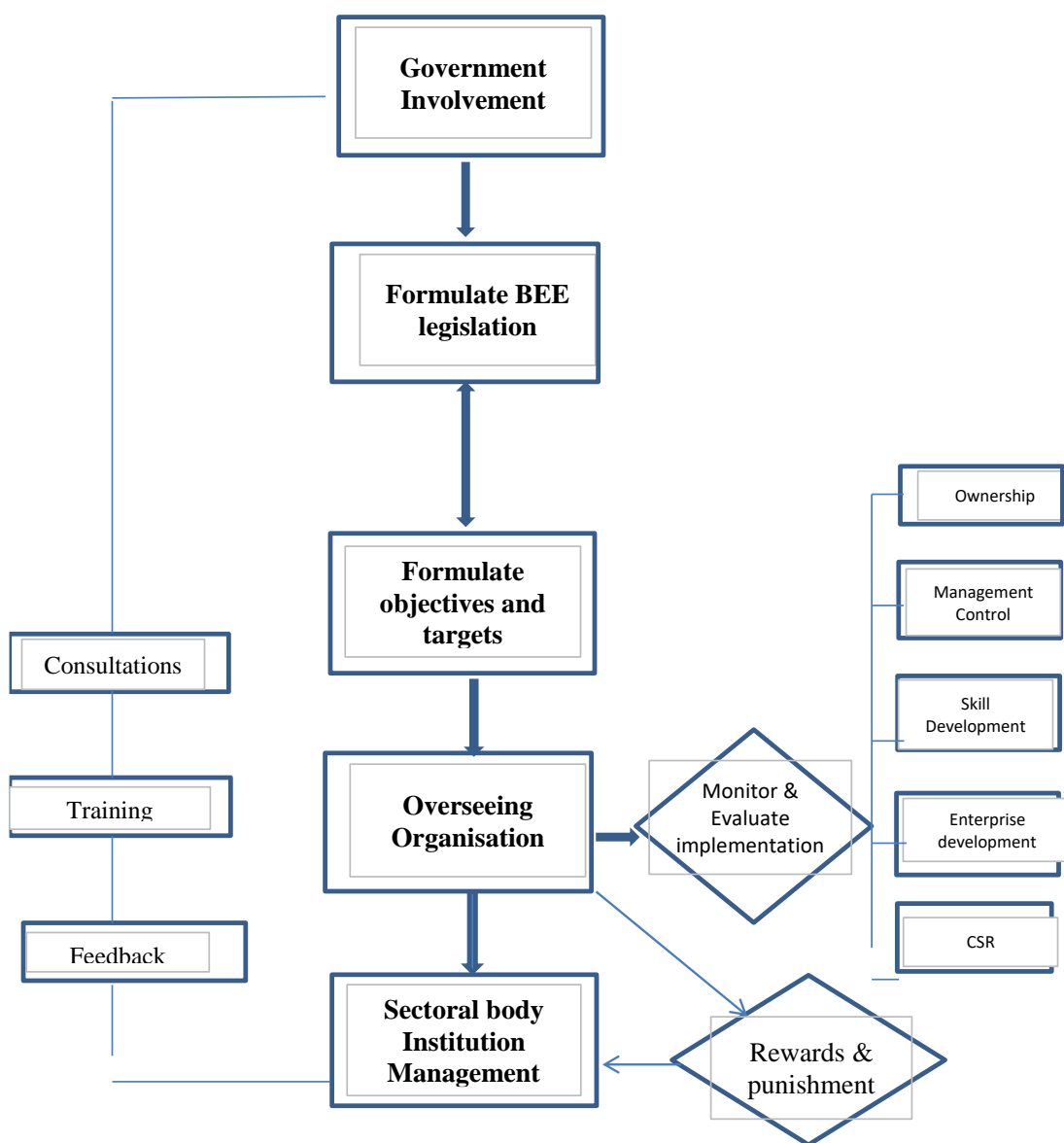


Figure 5.3: Summarised Evaluation Framework

An organization overseeing the implementation of BEE should be established made up of members from the sector and the government. Its role is to monitor and evaluate BEE implementation in the sector. At the same time the organisation should be empowered to impose punishment to financial institutions not complying with BEE and to offer rewards to those meeting expectations.

This evaluation framework is part of a broader evaluation plan which describes how the whole evaluation and monitoring system for the evaluation of the BEE implementation will work, including aspects such as who is responsible for certain aspects of the program, what forms and tools will be used, how the data will flow through the organisation, and who will make decisions using the data.

The proposed evaluation framework for the financial sector will follow the logic of most evaluation framework and will include indicators for the program, data source, baseline target, how often measurements will take place as well as who will be responsible for measuring and monitoring progress. The developed evaluation plan is a written document that describes the overall approach or strategy that will be used to guide the evaluation. It includes information on:

- Why the evaluation is being conducted
- What will be done
- Who will do it
- When will it be done
- How evaluation findings will likely be used

5.8.3.1 Management Evaluation Framework

The framework below is proposed to be used in conjunction with the scorecards developed by the financial sector. It is the culmination of the findings and challenges exposed by the study as listed in Chapter 1. The evaluation entails evaluating the following:

- The main goal of the BEE as a transformation initiative

- The objectives of BEE implementation in the financial sector. This should be clear and have enough indicators.
- The expected impact
- The outcomes
- The outputs
- The required activities
- The inputs

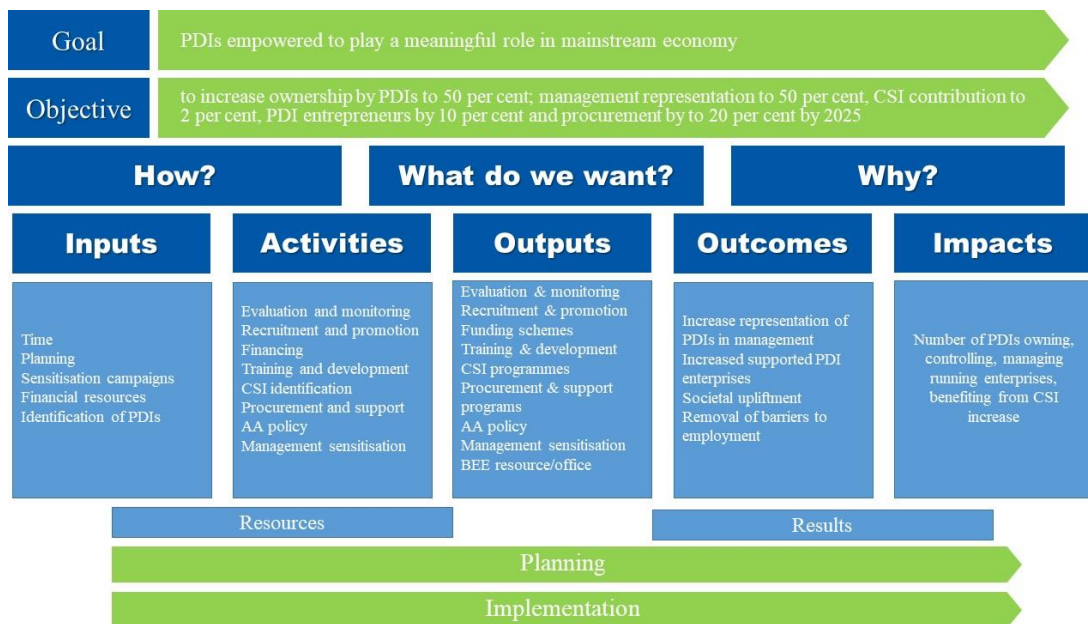


Figure 5.4: Evaluation Framework for BEE Implementation

5.9 Conclusion

One of the major consequences of apartheid was the deliberate exclusion of black people from meaningful participation in the economy. This culminated in limited access to proper education, skills development and employment opportunities for black people. Since 1990, the Namibian government undertook a “multi-faceted”

approach to address inequality which existed as a result of past discrimination. Having triumphed on the political front, the government faced a new, formidable and intractable challenge of how to bring the majority blacks from economic exclusion, bridge the inequality gap, reduce unemployment and alleviate poverty especially amongst the majority blacks.

The Namibian government's policy for BEE emerged against the backdrop of increasing frustration regarding the slow pace of social and economic transformation after the transition since gaining independence. This study undertook a comprehensive evaluation of BEE implementation in the Namibian financial sector. It is the finding of this study that the voluntary charter adopted by the sector in 2009 to guide, oversee and spearhead the implementation of BEE in the sector has acutely and seriously under delivered. There has been very little progress in getting the previously disadvantaged people to become meaningful participants in the ownership of financial institutions. BEE implementation in the financial sector has not achieved its stated objective of substantially changing the racial and gender composition of the ownership; substantially changing the racial and gender composition of the control and management structure; substantially contributing to human resources and skills development of previously disadvantaged; supporting and contributing to enterprise development; and contributing to community development. Very few black Namibians have been absorbed by the financial sector whether as owners of productive assets, as managers or with regards upliftment from poverty. More so, the level of inequality and the gap between rich and poor has not been reduced, but to the contrary has increased and steadily widened. It is the belief of the government that for any economy to succeed, the majority of the citizens must play a meaningful role, beyond being

workers. They must participate also as owners, executives and senior managers and also as policy makers in the economy.

This study highlights a number of conclusions emanating from the findings and discussions in Chapter four. From the findings, it is clear that there is no common understanding about what BEE entails and various BEE implementations in the financial services industry are being carried out by individual institutions without guiding principles. The Government should come up with a clearly defined BEE strategy.

It is also clear from the findings that despite the many flaws of BEE implementation its current form, BEE as an empowerment intervention is still necessary to remedy the economic imbalances perpetuated during apartheid. The objectives of BEE are still valid. However, in its current format there is no chance of it addressing and achieving these objectives. The charter proposals on BEE will do very little to reduce income disparities or to promote active participation of blacks in the mainstream financial sector. There is therefore a need to reinvent BEE to make it more effective. It should be understood that inequality and economic exclusion is an extraordinary conundrum and thus requires extraordinary measures and strategies to tackle it. It will require certain boldness and creativity on the side of government in confronting and addressing the issue of black economic exclusion and inequality.

Another conclusion is that the charter to be effectively implemented, there should be a genuine desire on the side of the financial sector to address inequality and exclusion of the majority blacks from economic participation. The managers and owners of financial institutions will have to totally change their perception towards BEE and view it as a necessary vehicle to bring about harmony, peace and economic growth.

The financial sector must understand and buy into the idea that a transformed economy is good for business.

It is also the conclusion of the study that a new approach which is broad-based, inclusive and part of a sustainable long-term growth and development strategy and not individual based is necessary. What is required is a BEE strategy that will usher in a radical departure from the current BEE implementation that seems to be mostly for appearance sake. The implementation of the current BEE initiative fails to reach deep down into society.

Additionally, the sector needs to do away with the voluntary charter and replace it with a mandatory regime. A new transformational agenda needs to be adopted by the financial sector that is government spearheaded and integrates the objectives of Vision 2030, NDPs and the Harambe Prosperity Plan.

BEE has not been successful mainly because the government has pursued several important goals simultaneously that have been difficult to reconcile with each other. As observed by Tangri and Southall (2008) on the one hand, it has been committed to achieving more rapid economic growth in the country and on the other hand, the government has been committed to populist policies such as BEE, as well as maintaining legitimacy in the eyes of trade unions and the impoverished masses. Balancing these two competing goals has proven difficult for the government.

The study also concludes that the current BEE process and the BEE charter in the financial sector was conceptualised and is controlled by white and foreign dominated companies. Expecting it to implement radical changes to advance empowerment is not only unfair, but wishful thinking. A strong external body is required to deepen the process and increase the pace of implementation of BEE in the financial sector.

From the findings it is also concluded that there is a need for government to move quickly in legislating BEE laws. For BEE to be effectively implemented, the policy should first be enacted into law. The current policy framework is not enough and lacks teeth and authority to effectively ensure proper implementation. It is also extremely critical to consider including a Code of Conduct for those who benefit from the BEE initiative and intervention to minimise conflict of interest within empowered groups and for the beneficiaries to provide feedback on how those transactions helped improve livelihoods.

Finally and more importantly, it is the conclusion of this study that the implementation of the BEE pillars have not been very effective and successful. Since the adoption and implementation of the charter in 2009, BEE implementation has not produced the desired results and outcomes. Financial institutions dismally performed across all the targets set by the financial charter. This talks to the need for more stricter compliance and enforcement measures. The fact that the established Financial Sector Charter Council was inactive for most of the 7 years of implementation has also negatively affected the effectiveness of the charter.

5.10 Summary

Income and wealth disparities remain a global and local concern. Namibia as stated elsewhere in this study is unfortunately one of the countries with the highest levels of income disparities in the world and where the majority are still excluded from mainstream economic participation. The Namibian economy needs transformation to encourage the participation of the previously disadvantaged in the mainstream economic activities. There is no doubt that economic empowerment is necessary and

needs to urgently take place. The principle and intention of BEE still remains noble. An empowerment initiative that will address the underlying structural impediments which making it difficult for many Namibians to effectively participate in the economy is necessary. Economic empowerment of the previously disadvantaged persons will pave the way for employment and wealth creation, reduction of poverty and inequality. Economic empowerment is further necessary and strategic to the maintenance of peace, harmony, stability, democracy, creation of a socially just society, pursuance of economic justice and economic growth.

This study unequivocally maintains that redress and empowerment of the previously and currently disadvantaged is both necessary and just as a corrective for the legacy of colonialism and apartheid. It further postulates that in implementing BEE Namibia as a country and the financial sector need to pose critical questions about the current manner in which the BEE strategy is being implemented, if the sector has to avoid a situation in which BEE becomes a policy that only generates resentment and strengthens, rather than weakens, existing social divisions.

In chapter 2, empowerment experiences of other countries were highlighted. Namibian in introducing and implementing its empowerment initiative can draw lessons from these countries while charting its own course.

Economic empowerment should be broad-based and not narrow focussed. It should include impoverished communities and workers, rather than just individuals who in most cases are already wealthy. It should aim at rapidly increasing the participation and contribution of the majority of Namibians into mainstream economic activities. BEE is necessary, useful and a relevant socio-economic tool to achieve broader developmental outcomes. The continuation of the same situation created by apartheid, 27 years after independence is no longer an option for the sustainable development of

Namibia, for sustaining peace, stability and justice. The government will need to pursue tough and unpopular choices to oversee economic growth and a redistribution of wealth to the black majority at the same time help grow the economy inclusively. More importantly, the government need to focus on radical accelerated transformation of the economy so that all who live in Namibia can benefit from the economy. Currently there is a growing perception that the government is not fully committed to transformation and thus has not taken adequate steps to address the exclusion of the majority blacks from mainstream economic participation. This perception can be invalidated if the government act with urgency to accelerate inclusive growth and development so that it can reverse the triple challenge of poverty, unemployment and inequality. At the same time the government should intensify its commitment to making sure that it works with business, labour and the civil society in order to improve the business confidence and implement structural reforms to accelerate inclusive economic growth. For this reason, an accelerated transformation agenda is required. The government must demonstrate action and not just rhetoric and populist words and slogans. The government must tirelessly work to uproot the impediments in the system that prevents black economic empowerment from taking root. Not addressing the exclusion of majority black people has far-reaching social, economic and financial consequences.

For the sake of the future peace and stability, inequality, poverty, racial and economic discrimination must be halted. Prosperity that benefits only a few people in a country cannot be sustained. The outcomes of poor or slow implementation are dire and severe. The growing frustrations especially amongst the youth with slow economic empowerment and freedom is evident in the country with the formations of bodies such as the Affirmative Repositioning (AR), Landless People's Movement (LPM) and

different voices of other political youth formation and the recent mushrooming of the phenomenon of independent candidates. This study further warns the financial sector and indeed government of the potential for social unrest if empowerment is not implemented more quickly and more substantially.

BEE is a good policy and initiative which is currently badly implemented. It is a fact that BEE is not a panacea for economic inclusion, however if implemented accurately, fairly and accordingly, it will go a long way in promoting economic inclusion of the previously disadvantaged population and reduce the income inequality that is afflicting Namibia. For BEE to have an impact it should be targeted, decisive, and monitored. Unless BEE is implemented systematically and effectively, the dream and hope of encouraging and increasing economic participation of black people who were previously disadvantaged and excluded from the mainstream economic will remain but a flirting illusion to be pursued but never attained. BEE should not be seen as a temporal measure or a quick fix but should be viewed as part and parcel of a broader initiative that is aimed at sustained social economic development and the improvement of the lives of Namibians. Unfortunately in the implementation of BEE, there will be pain, there will be bleeding and there will be casualties.

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Annexure 1: The Interview Guide



EVALUATING THE IMPLEMENTATION OF BLACK ECONOMIC EMPOWERMENT IN THE NAMIBIAN FINANCIAL SECTOR

Please answer each of the following questions TRUTHFULLY
1. What do you understand by Black Economic Empowerment (BEE)?
2. What is your view on the effectiveness of BEE implementation in the financial services sector?
3. What are the main challenges for implementing BEE in Namibia in general and the financial services sector in particular?
4. Is there a need for a piece of legislation and policy to ensure the effective and successful implementation of BEE? Explain.
5. Do you think there are enough measures employed to enforce compliance with BEE implementation in the financial services industry. Explain
6. In your opinion has the financial industry achieved the objective of substantially changing racial and gender composition of the ownership in the financial sector?
7. In your opinion has the financial industry achieved the objective of substantially changing the racial and gender composition of the control and management structure in the financial sector?
8. Do you believe that financial services institutions have put in place adequate measures to remedy past discrimination in employment practices as required by the Affirmative Action (Employment) Act? Explain.
9. Do you believe that financial institutions are doing enough to develop skills in the financial sector?
10. Do you believe that financial services institutions are doing enough to support and encourage aspiring entrepreneurs from BEE designated groups in business development and entrepreneurship? Explain.
11. Do you think financial services institutions are devoting enough resources to community investment? Please Explain?
12. In your opinion are BEE beneficiary given appropriate training in accordance with needs identified in the national skills audit?
13. What would you propose to make BEE implementation effective and successful in Namibia in general and financial sector in particular

Thank you very much for your time and the inputs into this research.

Annexure 2: Financial Institutions Questionnaire



EVALUATING THE IMPLEMENTATION OF BLACK ECONOMIC EMPOWERMENT IN THE NAMIBIAN FINANCIAL SERVICES INDUSTRY

FINANCIAL INSTITUTION QUESTIONNAIRE

June 2016

Dear Sir/Madam,

At independence, the new government introduced various policies aimed at redressing inequalities and economic exclusion. One of these policy initiatives is Black Economic Empowerment (BEE). Acknowledging the need for transformation, the financial sector drafted and adopted a voluntary Charter for the sector in 2009, which spells out the sector's transformation agenda.

As part of my Doctor of Business Administration (DBA) studies at the University of Namibia, I am evaluating the implementation of BEE by financial institutions in the financial services industry in Namibia. The research has been approved by the Post Graduate Committee of the University of Namibia. The result of this study will provide information on the status of the implementation of BEE in the financial services industry.

As a representative of your company (or beneficiary group), you are requested to complete a questionnaire that asks questions about BEE implementation in your organisation. This questionnaire is intended for the large firms within the financial sector. Your participation in this study is completely voluntary. Although there are no risks associated with this project, if you feel uncomfortable answering any questions, you can withdraw from the survey at any point. Your response is greatly valued and appreciated. At the same time your survey responses will be strictly anonymous and data from this research will be reported only in the aggregate. Your information will be coded and will remain confidential. If you have questions at any time about the survey or the procedures, you may contact **Evans Simataa at 264811248872** or by email at the email address specified below.

Thank you very much for your time and support.

IMPORTANT NOTES:

- ❖ This questionnaire should take you approximately **fifteen (15) minutes** to complete.
- ❖ The Questionnaire consists of **nine (9) Sections**, Section A-I.
- ❖ All responses to this questionnaire will be treated with the strictest **confidence** and **anonymity**.
- ❖ Please complete this questionnaire as honestly and comprehensively as possible and submit it by **Friday, 15 July 2016** to: **Mr Evans Mulele Simataa - Researcher**
- ❖ You are welcome to contact **Evans** at 264811248872 or emsimataa@gmail.com, if you have any questions in completing this questionnaire.

Thank you for sharing your time and effort in completing this questionnaire!

**PLEASE ANSWER THE FOLLOWING QUESTIONS AS HONESTLY AND ACCURATELY
AS POSSIBLE**

SECTION A: UNDERSTANDING OF BEE AND MANAGEMENT PERCEPTION

1. BEE objective

Please circle the most appropriate number of each statement which correspond most closely to your desired response

	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
1.1 BEE implementation will lead to promotion of equal opportunities for Namibians?	1	2	3	4	5
1.2 BEE implementation will contribute to transformation of the Namibian economy?	1	2	3	4	5
1.3 BEE is a policy designed to address the exclusion of the majority blacks from mainstream economic participation	1	2	3	4	5

2. Perception of BEE. Please circle the number that represents how you feel about BEE implementation

	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
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2.1 BEE is the best initiative to address the exclusion of blacks from mainstream economic participation?	1	2	3	4	5
2.2 The implementation of BEE promotes reverse racial discrimination?	1	2	3	4	5
2.3 BEE only benefits the elite and politically connected individuals?	1	2	3	4	5
2.4 BEE implementation will contribute to transformation of the Namibian economy?	1	2	3	4	5
2.5 BEE implementation promotes corruption?	1	2	3	4	5
2.6 BEE implementation can lead to window-dressing and economic cronyism?	1	2	3	4	5
2.7 BEE promotes laziness and entitlement syndrome	1	2	3	4	5
2.8 Government should abandon BEE implementation	1	2	3	4	5

SECTION B: OWNERSHIP

3. Ownership. Please circle the number that represents how you feel about BEE ownership

	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
3.1 BEE implementation resulted in black people participating in the ownership of the productive resources of the country	1	2	3	4	5
3.2 Adequate assistance is provided to black Namibians to buy into existing businesses on commercial or near commercial terms	1	2	3	4	5
3.3 The current BEE regime encourages and empower more black people to own shares in financial enterprises	1	2	3	4	5
3.4 BEE beneficiaries have voting rights in financial services institutions	1	2	3	4	5

4. Percentage Ownership by BEE in your organisation. Select and circle the number which is closest to your response

4.1 What percentage of your company is owned by BEE beneficiaries
--

Between 1 and 10 %	1
Between 10 and 20 %	2
Between 20 and 30 %	3
Between 30 and 40 %	4
Above 40 %	5

5. Empowerment Financing. *Please circle the number that represents how you feel about empowerment financing of BEE*

	Strongly Disagree	Disagree	Uncertain	Agree	Strongly agree
5.1 Your organisation provides products and services designed specifically to assist blacks in acquiring equity interests in well-established entities in the financial sector and other industries.	1	2	3	4	5
5.2 Your organisation provides BEE beneficiaries appropriate risk mitigation measures such as capacity building, mentorship programme, training and equity investments.	1	2	3	4	5

SECTION C: MANAGEMENT CONTROL AND EMPLOYMENT EQUITY

6. Conducive environment for employment equity. *Please circle the number that represents how you feel about conducive environment for employment equity*

	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
6.1 Your organisation has put in place adequate measures to remedy past discrimination in employment practices.	1	2	3	4	5
6.2 Your organisation is improving access and representation throughout all occupations and at all levels for members of designated groups identified by the Employment Equity Act	1	2	3	4	5

SECTION D: HUMAN RESOURCES AND SKILLS DEVELOPMENT

7. Your organisation provides the following as in-house support or assistance for skills improvement to staff? Please circle the number that represents how you feel about skills development

	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
7.1 Financial aid	1	2	3	4	5
7.2 Study leave or time	1	2	3	4	5
7.3 On-the-job training	1	2	3	4	5
7.4 Coaching/mentoring	1	2	3	4	5

SECTION E: ENTREPRISE DEVELOPMENT

8. Percentage procurement spending on BEE organisations. Select and circle the number which is closest to your response

8.1 What is the percentage procurement spending allocated to businesses owned by black Namibians?	
Between 1 and 10 %	1
Between 10 and 20 %	2
Between 20 and 30 %	3
Between 30 and 40 %	4
Above 40 %	5

9. Assisting and encouraging BEE entrepreneurs. Please circle the number that represents how you feel about assisting and encouraging BEE entrepreneurs

	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
9.1 Your organisation uses skills transfer to educate, assist and encourage aspiring entrepreneurs from BEE designated groups in business development and entrepreneurship	1	2	3	4	5
9.2 Your organisation supports enterprise development at educational institutions to encourage aspiring entrepreneurs from BEE designated groups in business development and entrepreneurship	1	2	3	4	5
9.3 Your organisation offers technical and managerial assistance to encourage aspiring entrepreneurs from BEE designated groups in business development and entrepreneurship	1	2	3	4	5

9.4 Your organisation uses internships to educate, assist and encourage aspiring entrepreneurs from BEE designated groups in business development and entrepreneurship	1	2	3	4	5
9.5 Your organisation uses mentorship programmes to educate, assist and encourage aspiring entrepreneurs from BEE designated groups in business development and entrepreneurship	1	2	3	4	5
9.6 Your organisation uses infrastructure support to assist and encourage aspiring entrepreneurs from BEE beneficiary groups in business development and entrepreneurship	1	2	3	4	5

SECTION F: CORPORATE SOCIAL INVESTMENT

10. Percentage of after tax profit spent on social responsibility. *Select and circle the number which is closest to your response*

10.1 What percentage of after-tax profits is your organisation devoting to community investment?	
Between 0 and 0.5 %	1
Between 0.5 and 1 %	2
Between 1 and 1.5 %	3
Between 1.5 and 2 %	4
Above 2 %	5

SECTION G: IMPLEMENTATION AND MONITORING

11. Effectiveness of BEE implementation. *How effective and successful are each of the elements of BEE being implemented in the financial services sector*

	Not effective	Fairly effective	Very effective
11.1 Equity ownership	1	2	3
11.2 Management control	1	2	3
11.3 Employment equity	1	2	3
11.4 Enterprise development	1	2	3
11.5 Corporate social responsibility	1	2	3

Explain:

12. BEE Legislation. Select and circle the number which is closest to your response

	YES	NO
12.1 Is there a need for a piece of legislation and policy to ensure the effective and successful implementation of BEE	1	2
12.2 Has the financial charter been effective in promoting BEE implementation in the financial services sector?	1	2

13. Challenges in Implementing BEE

13.1 What are the main challenges for implementing BEE in the financial services sector
.....
13.2 What mechanisms were put in place to monitor the implementation of BEE at your organisation?
.....

14. Dedicated office and reporting. Select and circle the number which is closest to your response

	YES	NO
14.1 Does your organisation promote specialist knowledge and dedicate resources to BEE implementation	1	2
14.2 Is there a specific office/department/individual tasked with overseeing BEE implementation in your organisation?	1	2
14.3 Does your organisation submit an annual report to Management or any other external body on the progress of its BEE implementation	1	2

SECTION H: COMPLIANCE MEASUREMENT

15. What are the measures employed to enforce compliance with BEE implementation. Select and circle the number which is closest to your response

	YES	NO
15.1 Are there any measures employed to enforce compliance with BEE implementation at your organisation?	1	2

15.2 Does your organisation have an office or dedicated staff to ensure compliance with BEE implementation?	1	2
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SECTION I: OUTCOMES OF BEE IMPLEMENTATION

	Yes	No
16. Is the BEE initiative in the financial services industry producing the intended outcomes in the short, medium and long term?	1	2
17. What main unintended outcomes (positive or negative) were produced by BEE implementation? 1. 2.		

20. GENERAL

<p>Any other information or recommendations you would like to share concerning BEE implementation in your company and in the financial services industry in general.</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
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Annexure 3: BEE Beneficiary Questionnaire



EVALUATING THE IMPLEMENTATION OF BLACK ECONOMIC EMPOWERMENT IN THE NAMIBIAN FINANCIAL SECTOR

BEE BENEFICIARY QUESTIONNAIRE

June 2016

Dear Sir/Madam,

At independence, the new government introduced various policies aimed at redressing inequalities and economic exclusion. One of these policy initiatives is Black Economic Empowerment (BEE). Acknowledging the need for transformation, the financial sector drafted and adopted a voluntary Charter for the sector in 2009, which spells out the sector's transformation agenda.

As part of my Doctor of Business Administration (DBA) studies at the University of Namibia, I am evaluating the implementation of BEE by financial institutions in the financial sector in Namibia. The research has been approved by the Post Graduate Committee of the University of Namibia. The result of this study will provide information on the status of the implementation of BEE in the financial sector.

As a representative of your company (or beneficiary group), you are requested to complete a questionnaire that asks questions about BEE implementation in your organisation. This questionnaire is intended for the large firms within the financial sector. Your participation in this study is completely voluntary. Although there are no risks associated with this project, if you feel uncomfortable answering any questions, you can withdraw from the survey at any point. Your response is greatly valued and appreciated. At the same time your survey responses will be strictly anonymous and data from this research will be reported only in the aggregate. Your information will be coded and will remain confidential. If you have questions at any time about the survey or the procedures, you may contact **Evans Simataa at 264811248872** or by email at the email address specified below.

Thank you very much for your time and support.

IMPORTANT NOTES:

- ❖ This questionnaire should take you approximately **10 minutes** to complete.
- ❖ The questionnaire consists of **ten (10) Sections**, Section A-J.
- ❖ All responses to this questionnaire will be treated with the strictest **confidence** and **anonymity**.
- ❖ Please complete this questionnaire as honestly and comprehensively as possible and submit it by **Friday, 15 July 2016** to: **Mr Evans Mulele Simataa - Researcher**
- ❖ You are welcome to contact **Evans** at **264811248872** or emsimataa@gmail.com, if you have any questions in completing this questionnaire.

PLEASE ANSWER THE FOLLOWING QUESTIONS AS HONESTLY AND ACCURATELY AS POSSIBLE

SECTION A: UNDERSTANDING OF BEE AND MANAGEMENT PERCEPTION

1. BEE objective

Please circle the most appropriate number of each statement which correspond most closely to your desired response

	Strongly Disagree	Disagree	Uncertain	Agree	Strongly agree
1.1 BEE can enhance growth and development of the Namibian economy?	1	2	3	4	5
1.2 BEE implementation will lead to promotion of equal opportunities for Namibians?	1	2	3	4	5
1.3 BEE implementation will contribute to transformation of the Namibian economy?	1	2	3	4	5
1.4 BEE is a policy designed to address the exclusion of the majority blacks from mainstream economic participation	1	2	3	4	5

2. Perception of BEE

Please circle the number that represents how you feel about BEE implementation

	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree

2.1 BEE is the best initiative to address the exclusion of blacks from mainstream economic participation?	1	2	3	4	5
2.2 The implementation of BEE promotes reverse racial discrimination?	1	2	3	4	5
2.3 BEE only benefits the elite and politically connected individuals?	1	2	3	4	5
2.4 BEE implementation will contribute to transformation of the Namibian economy?	1	2	3	4	5
2.5 BEE implementation promotes corruption?	1	2	3	4	5
2.6 BEE implementation can lead to window-dressing and economic cronyism?	1	2	3	4	5
2.7 BEE promotes laziness and entitlement syndrome	1	2	3	4	5
2.8 Government should abandon BEE implementation	1	2	3	4	5

SECTION B: OWNERSHIP

3. To what extent does the organisation use these mechanisms to promote ownership by previously disadvantaged Namibians. Please circle the number that represents how you feel about BEE implementation

	Never	rarely	Every once in a while	Sometimes	Almost Always
3.1 State-owned financial institutions i.e. DBN/SME Bank	1	2	3	4	5
3.2 Private financial institutions	1	2	3	4	5
3.3 Venture capital	1	2	3	4	5
3.4 Buy-ins	1	2	3	4	5
3.5 Takeovers	1	2	3	4	5
3.6 Debt financing	1	2	3	4	5

4. Ownership

Please circle the number that represents how you feel about BEE ownership

	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
4.1 BEE implementation resulted in black people participating in the ownership of the productive resources of the country	1	2	3	4	5
4.2 Adequate assistance is provided to black Namibians to buy into existing businesses on commercial or near commercial terms	1	2	3	4	5
4.3 The current BEE regime encourages and empower more black people to own shares in financial enterprises	1	2	3	4	5
4.4 BEE beneficiaries have voting rights in financial services institutions	1	2	3	4	5

5. Empowerment Financing

Please circle the number that represents how you feel about empowerment financing of BEE

	Strongly Disagree	Disagree	Uncertain	Agree	Strongly agree
5.1 The organisation provides products and services designed specifically to assist blacks in acquiring equity interests in well-established entities in the financial sector and other industries.	1	2	3	4	5
5.2 The institution provides certain percentage of business loans/funds towards BEE transaction	1	2	3	4	5
5.3 The organisation provides BEE beneficiaries appropriate risk mitigation measures such as capacity building, mentorship programme, training and equity investments.	1	2	3	4	5

SECTION C: MANAGEMENT CONTROL AND EMPLOYMENT EQUITY

6. Conducive environment for employment equity. Please circle the number that represents how you feel about conducive environment for employment equity

	Strongly	Disagree	Uncertain	Agree	Strongly agree

	disagree				
6.1 The organisation has put in place adequate measures to remedy past discrimination in employment practices.	1	2	3	4	5
6.2 The organisation is improving access and representation throughout all occupations and at all levels for members of designated groups identified by the Affirmative Action Act	1	2	3	4	5
6.3 Adequate awareness programme are undertaken for all BEE directors to discharge their duties effectively	1	2	3	4	5

SECTION D: HUMAN RESOURCES AND SKILLS DEVELOPMENT

7. Skills Development: The organisation provides the following as in-house support or assistance for skills improvement to BEE staff. Please circle the number that represents how you feel about skills development

	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
7.1 Financial aid	1	2	3	4	5
7.2 Study leave or time off	1	2	3	4	5
7.3 On-the-job training	1	2	3	4	5
7.3 Coaching/mentoring	1	2	3	4	5

SECTION E: ENTREPRISE DEVELOPMENT

8. Financial services organisations uses the following to assist and encourage BEE entrepreneurs. Please circle the number that represents how you feel about assisting and encouraging BEE entrepreneurs

	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
8.1 Skills transfer	1	2	3	4	5
8.2 enterprise development at educational institutions	1	2	3	4	5
8.3 Technical and managerial assistance	1	2	3	4	5
8.4 Internships	1	2	3	4	5
8.5 Mentorship programmes	1	2	3	4	5

8.6 Infrastructure support	1	2	3	4	5
8.7 Secondment	1	2	3	4	5

SECTION F: CORPORATE SOCIAL INVESTMENT

9. Percentage of after tax profit spent on social responsibility. Select and circle the number which is closest to your response

9.1 What percentage of after-tax profits is the organisation devoting to community investment?	
Between 0 % and 0.5 %	1
Between 0.5 and 1 %	2
Between 1 and 1.5 %	3
Between 1.5 and 2 %	4
Above 2 %	5

SECTION G: IMPLEMENTATION AND MONITORING

10. Effectiveness of BEE implementation. How effective are each of the elements of BEE being implemented in the financial services sector

	Not effective	Fairly effective	Very effective
10.1 Equity ownership	1	2	3
10.2 Management control	1	2	3
10.3 Employment equity	1	2	3
10.4 Enterprise development	1	2	3
10.5 Corporate social responsibility	1	2	3
Explain:			

11. How satisfied are you with the implementation of BEE in the organisation?

Completely Satisfied	1
Mostly satisfied	2
Partially satisfied	3
Mostly dissatisfied	4
Completely Dissatisfied	5

12. Identify 5 main challenges in terms of BEE implementation in financial services institution

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.....

13. Improving livelihood

Please circle the number that represents how you feel about how BEE improved livelihood

	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
13.1 The BEE transactions helped improve livelihoods of black people (specifically the beneficiary).	1	2	3	4	5

14. BEE Legislation

Select and circle the number which is closest to your response

	YES	NO
14.1 Is there a need for a piece of legislation and policy to ensure the effective and successful implementation of BEE	1	2

SECTION H: DECISION-LEVEL

15. How satisfied are you with the contribution to decision-making accorded to BEE beneficiaries in the company?

Completely Satisfied	
Mostly satisfied	
Partially satisfied	
Mostly dissatisfied	
Completely Dissatisfied	

SECTION I: OUTCOMES OF BEE IMPLEMENTATION

	Yes	No
16. Are the objectives for the BEE initiatives being met?	1	2
17. Is the BEE initiative in the financial services industry producing the intended outcomes in the short, medium and long term?	1	2

18. What main unintended outcomes (positive or negative) were produced?

- 1.
- 2.
- 3.

SECTION J: CODE OF CONDUCT

	Yes	No
19. Should an obligatory Code of Conduct for those who benefit from the BEE intervention to minimise conflict of interest within empowered groups be introduced?	1	2

20. GENERAL

Any other information or recommendations you would like to share concerning BEE implementation in your company and in the financial services industry in general.

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Annexure 4: Dissertation Authorisation Letter



19 April 2016

To whom it may concern

Mr Evans Simaata of student number: 9217437 is registered for a Doctor of Business Administration at the University of Namibia through the Namibia Business School.

This letter serves to inform you that his research proposal was reviewed and successfully met the University of Namibia requirements.

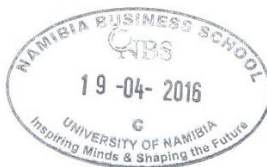
The student has been granted permission to carry out postgraduate studies research. The University of Namibia has approved the research to be carried out by the student for purposes of fulfilling the requirements of the degree being pursued.

If you have any queries please do not hesitate to contact the Business School at the University of Namibia.

Thank you so much in advance and many regards.

Yours sincerely

Albert Isaacs, PhD
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