Analysis of the implementation of Black Economic Empowerment:
The case of TransUnionITC

By

David N. Ndou
Student No: 202525188

Submitted in partial fulfilment of the requirements for the degree of
MASTERS IN BUSINESS ADMINISTRATION

Graduate School of Business
University of KwaZulu-Natal.

Supervisor’s Name: Ray Cox
16 October 2006

TO WHOM IT MAY CONCERN

RE: CONFIDENTIALITY CLAUSE

Due to the strategic importance of this research it would be appreciated if the contents remain confidential and not circulated for a period of five (5) years.

Sincerely

[Signature]

D.N. Ndou
Declaration

This dissertation has not been previously accepted for any degree and is not being currently submitted in candidature for any degree.

Signed: [Signature]

Date: 16 OCTOBER 2006

Page 3 of 97
ACKNOWLEDGEMENTS
With special thanks to the following people whom without your participation this research paper would not have been possible. Your co-operation, assistance and advice are highly appreciated.

Ray Cox (University of KwaZulu-Natal), Maxwell Phiri (University of KwaZulu-Natal), Christelle Haddon (University of KwaZulu-Natal), Lauren Kleynhans (TransUnionITC), Tersia van Rooyen (TransUnionITC), Dennis (University of KwaZulu-Natal), Dr Dent (University of KwaZulu-Natal), Nomthi Msane (Fellow student), Madile Mofamere (Department of Trade and Industry), Polo Radebe (Department of Trade and Industry), Desigan Chetty (Empowerdex), Ester Kruger (TransUnionITC), Coral Collins (TransUnionITC), Dhashni Pillay (TransUnionITC), Isidor Walbrugh (TransUnionITC), Jay Moodley (TransUnionITC), Mutsa Sibanda (TransUnionITC), Noto Modungwa (TransUnionITC), Urshula Mdwaba (TransUnionITC),
ABSTRACT

This paper looks at the Black Economic Empowerment (BEE) transaction at TransUnionITC. The transaction was concluded in 2005 however TransUnionITC has been involved in BEE activities and initiatives for the past decade. TransUnionITC has been instrumental in enhancing BEE policies in that they have been involved in rural training and awareness programs aimed at making consumers aware of their account history profiles and how they affect their economic participation.

The TransUnionITC BEE transaction is analysed here in terms of the following:

- TransUnionITC Considerations, the BEE partners, equity holding effectiveness, management after the BEE transaction, beneficiaries of the transactions, the BEE implementation process, Financial Services Charter scorecard, the DTI's generic scorecard or compliance issues, problems encountered, stakeholder expectations management and survey of TransUnionITC staff.

The company strategy will also be analysed to see if it has changed as a result of the transaction and how this has affected the company's strategic focus. Factors that have been influenced by the transactions such as profitability and new opportunities will be explored.

There are at least 24 laws as well as policy and regulatory provisions dealing with empowerment (Business Map, BEE Rationale and evaluation - 2005), these include sector charters, various tender boards, small business promotion bodies, labour relations institutions and regulatory councils. Some of these include:

- Maritime transport and services industry charter, Forwarding and clearing Industry charter, Mining sector charter, Tourism industry charter, Petroleum and liquid fuels industry charter and Financial Sector Charter, Information Communication
Analysis of the implementation of Black Economic Empowerment: The case of TransUnionITC.

Technology (ICT) charter. These charters are still under review, and will be finalised after the revision of the codes of Good Practice after December 2005.

TransUnionITC falls within the FSC charter and as a result their BEE transaction will be analysed to see if it complies with this specific charter.

Glossary:

AA
Affirmative Action

BEE
Black Economic Empowerment

BBBEE
Broad Based Black Economic Empowerment

BEE Act
Black Economic Empowerment Act No.53 of 2003

BEE Council
Advisory council established by section 4 of the BEE Act

Beneficially Owned
The right to received dividends without limitations

Black people
Africans, Indians, and Coloureds of South African origin or those who entered South Africa before 1994
Analysis of the implementation of Black Economic Empowerment: The case of TransUnionITC.

CIDA
Cida City Campus

DTI
Department of Trade and Industry

EE
Employment Equity

Economic interest
Entitlement to receive payments arising from equity interest

Equity
Share capital invested in an enterprise

Evaluation
BEE Assessment or BEE Rating

Fronting
A calculated act or structure aimed at circumventing BEE requirements as required under the various government policy instruments

FSC
Financial Sector Charter

GDP
Gross Domestic Product

HDI
Historically Disadvantaged Individuals
HRD
Human Resource Development

NGO
Non-governmental Organisation

NPO
Non-profit Organisation

PDI
Previously Disadvantaged Individuals

Previously disadvantaged
Blacks, women and the disabled

Rights limitations
Any restrictions placed on the beneficiary of equity interest

Risk assessment solutions
Generic and or customised scorecards used to assess either an individual or a company’s likelihood to purchase. They are also used to assess over-indebtedness or likelihood to repay debt if advanced.

SME
Small and Medium Enterprise with a turnover ranging from R500,000 to R20 Million per annum)

SANAS
South African National Accreditation System
TUIITC
TransUnionITC

Unrestricted
No limitations in respect of economic interest or voting rights

Voting rights
The level of control exercised by the member over the affairs of the enterprise

Weighting
Percentage allocation for a particular element of BEE scorecard
Table of Contents:

ABSTRACT .................................................................................................................. 5
GLOSSARY .................................................................................................................... 6

1. INTRODUCTION .................................................................................................... 12
   1.1 INTRODUCTION ............................................................................................... 12
   1.2 THE PROBLEM STATEMENT ............................................................................ 12
   1.3 RESEARCH QUESTION ..................................................................................... 13
   1.4 RATIONALE FOR RESEARCH .......................................................................... 13
   1.5 THE OBJECTIVES OF THE RESEARCH ........................................................... 13
   1.6 LIMITATIONS OF THE STUDY ........................................................................ 13
   1.7 RESEARCH METHODOLOGY ............................................................................ 14
   1.8 STRUCTURE OF THE DISSERTATION ............................................................... 15

2. REVIEW OF LITERATURE ...................................................................................... 17
   2.1 INTRODUCTION ............................................................................................... 17
   2.2 BLACK ECONOMIC EMPOWERMENT (BEE) IN SOUTH AFRICA .................... 17
   2.3 BEE AS AN ECONOMIC DRIVER ..................................................................... 19
   2.4 BEE PRINCIPLES .............................................................................................. 20
       2.4.1 Broad-based empowerment ...................................................................... 20
       2.4.2 Inclusivity ................................................................................................ 20
       2.4.3 Sustainable economic growth .................................................................. 21
       2.4.4 Good governance .................................................................................... 21
       2.4.5 Components of Broad-based BEE ............................................................ 21
       2.4.6 Narrow based economic empowerment .................................................... 28
   2.5 TRANSUNIONITC GROUP BACKGROUND ....................................................... 29
       2.5.1 Company vision ....................................................................................... 30
       2.5.2 Company mission statement .................................................................... 30
       2.5.3 TransUnionITC operational structure ....................................................... 31
       2.5.4 BEE at TransUnionITC ............................................................................ 32
   2.6 TRANSUNIONITC BEE PARTNERS (CIDA EMPOWERMENT TRUST) ............ 32
   2.7 FINANCIAL SECTOR CHARTER ....................................................................... 33
       2.7.1 Equity holding .......................................................................................... 35
       2.7.2 Employment Equity .................................................................................. 36
       2.7.3 Procurement policies .............................................................................. 36
       2.7.4 Social responsibility programmes ............................................................. 36
   2.8 CODES OF GOOD PRACTICE .......................................................................... 37
       2.8.1 Measurable ................................................................................................ 38
       2.8.2 Sound economic principles ....................................................................... 38
       2.8.3 Substance over Form ............................................................................... 38
       2.8.4 Comparability ......................................................................................... 39
       2.8.5 Completeness .......................................................................................... 39
       2.8.6 Timeliness .............................................................................................. 39
   2.9 CONCLUSION .................................................................................................... 39
   2.10 LIMITATIONS OF THE STUDY ...................................................................... 41
   2.11 RATIONALE FOR RESEARCH ....................................................................... 41
   2.12 THE PROBLEM STATEMENT ........................................................................ 41
   2.13 INTRODUCTION .............................................................................................. 41

3. METHODOLOGIES USED ..................................................................................... 41
   3.1 INTRODUCTION ............................................................................................... 41
   3.2 QUALITATIVE METHODOLOGY ..................................................................... 41
   3.3 DATA COLLECTION METHODS ....................................................................... 42
       3.3.1 Interviews ................................................................................................ 42
       3.3.2 Survey questionnaires .............................................................................. 43
       3.3.3 Inductive process ..................................................................................... 44
   3.4 DATA TYPES ................................................................................................... 45
### Analysis of the implementation of Black Economic Empowerment: The case of TransUnionITC.

3.4.1 Secondary data ................................................................. 45
3.4.2 Primary data .................................................................. 45
3.5 CONCLUSION .................................................................. 46

4. DATA PRESENTATION ............................................................. 47
   4.1 INTRODUCTION ................................................................ 47
   4.2 SURVEY QUESTIONNAIRE DATA PRESENTATION .......... 47
   4.3 CONCLUSION .................................................................. 73

5. DATA ANALYSIS .................................................................. 74
   5.1 INTRODUCTION ................................................................ 74
   5.2 THE FINANCIAL SECTOR CHARTER SCORECARD ANALYSED ......................................................... 74
      5.2.1 Ownership .............................................................. 75
      5.2.2 Management and Control ........................................... 77
      5.2.3 Employment Equity .................................................. 78
      5.2.4 Skills Development and Training ................................. 80
      5.2.5 Preferential Procurement ......................................... 81
      5.2.6 Enterprise Development ........................................... 82
      5.2.7 Social Investment .................................................... 83
   5.3 CONCLUSION .................................................................. 84

6. VALIDITY AND RELIABILITY MEASURES ......................... 85
   6.1 INTRODUCTION ................................................................ 85
   6.2 VALIDITY ...................................................................... 85
      6.2.1 Content validity ...................................................... 85
      6.2.2 Construct validity .................................................... 86
   6.3. RELIABILITY ................................................................. 86
      6.3.1 Test-retest reliability ................................................. 87
      6.3.2 Equivalent-form reliability ........................................ 88
   6.4 DETECTION OF POSSIBLE ERRORS .............................. 88
   6.5 CONCLUSIONS ............................................................... 89

7. CONCLUSIONS AND RECOMMENDATIONS ..................... 90
8. AREAS FOR FUTURE RESEARCH ........................................ 92

BIBLIOGRAPHY .................................................................... 93
1. Introduction

1.1 Introduction

This paper looks at the BEE transaction in the case of TransUnionITC. The transaction will be critically analysed in an effort to determine the effectiveness of the transaction. The transaction will also be analysed in terms of the Financial Sector Charter (FSC) scorecard requirements in determining if the transaction complies with the government’s BEE Act No 53 of 2003.

It must also be noted at this stage that this analysis will be based on the earlier (released in February 2005) FSC scorecard and not the amended version as per November 2005. This is because TransUnionITC used the first draft to prepare for their transaction and as anticipated by TransUnionITC and the Financial Sector Committee, the transaction will be reviewed once the Department of Trade and Industry (the DTI) has issued the final Codes of Good Practice which will govern all the sector-specific charters, including the FSC.

1.2 The problem statement

TransUnionITC BEE transaction was hailed as the first of its kind in the South African history of BEE. This transaction differed from other transactions in two key aspects. The first being that there are no partners appointed to the TransUnionITC board and secondly the shareholding beneficiaries of the transaction are not individuals, consortiums or group staff and customers or suppliers as in many other BEE transactions but Cida City Trust which represent the Cida City Campus students. This research paper seeks i) to establish the level of understanding of the TransUnionITC’s BEE transaction by staff members of TransUnionITC and transparency surrounding this transaction and ii) to test its compliance with the government’s generic BEE scorecard as well as the Financial Sector Charter (FSC) scorecard which the company affiliates.
1.3 Research question
Does the BEE transaction implemented by TransUnionITC comply with the DTI's generic scorecard as well as the FSC scorecard which the organisation affiliates to?

1.4 Rationale for research
This research is motivated by two primary factors. The first being that since the government enacted the BEE Act in 2003, some companies have entered into BEE transactions for convenience purposes. While there are others that embraced the need for BEE in South Africa, others have opted to participate for compliance purposes, referred to by the media and the public as "convenience marriages". Secondly, there are other companies who have problems implementing the BEE transactions for different reasons. While these difficulties sometimes result in companies entering into transactions that do not necessarily meet the conditions of either the government's generic BEE scorecard or their industry specific scorecard.

1.5 The objectives of the research
The objective of this research is:

a) To critically analyse the BEE transaction in the case of TransUnionITC through an in-depth study of the transaction in an effort to establish if the transaction complies with the South African BEE Act No 53 of 2003 using the Financial Sector Charter (FSC) scorecard.

1.6 Limitations of the study
Due to the political sensitivity of the subject, it is difficult to get access to information on the details of BEE transactions. Most of this information relates to loan arrangements, discounted share prices, economic flow of benefit, effective voting rights, shareholder financial engagements, new opportunities from new partners, strategic focus changes as a result of the transaction and the fact that in most cases these types of transactions are
handled at the highest level of the organisation's management it is always difficult to get approval to speak to the correct person.

Permission to interview staff of any organisation on matters involving BEE transactions are usually not granted. This is largely because in most cases only executives and senior financial officials of the organisation are involved in the decision making and formulating the BEE transactions, so companies fear that staff views which might be negative, due to lack of involvement and or understanding, might spark debates that destabilise the atmosphere.

Also, the right people involved in these transactions are just not available due to office commitments. Though some might be willing to assist, there is no motivation for allocating their valuable time to speak to a researcher for free, the researcher has to convince the organisation of the benefits of the study. Some organisations fear the study might unearth different opinions or issues which could have been overlooked in their initial transaction analysis, in which case might result in internal investigations or accusations of wrong doings to those who participated in the formulation of the BEE strategy.

Though it would have added value to this research paper, interviews with Edward Khoury, CEO of TransUnionITC and or Andrew Knight, MD of TransUnion group were not be possible due to time constrains and other pressing commitments.

1.7 Research methodology
This research design was based on data collected from the following stakeholders:

- TransUnionITC and its employees
- New partners in the transaction
- Department of Trade and Industry
- Financial Services Sector committee
- BEE rating agencies
• South African media

Qualitative data was collected in the form of interviews. These interviews took place in TransUnionITC offices in Johannesburg with various staff members. These were people from Human Resources, Communications, and Finance departments. Interviews were not recorded as some staff members objected to being recorded and as a result notes were taken from the interviews and responses analysed by the researcher at a later stage.

Surveys questionnaires were distributed to a selected group of TransUnionITC staff members. Respondents were given two days to complete the questionnaire and return them to the researcher. The short period given to respondents was so to avoid informal discussions that could influence the answers. The responses received were put in an excel spreadsheet program for further analysis. This allowed the researcher to group similar responses in clusters facilitating the interpretation of the responses received.

Both primary and secondary data collection methods were used to gather information for the literature review. The information gathered was used to understand the details of the BEE Act No 53 of 2003 and the relevant industry specific scorecards, their impact on the government’s generic scorecard and the company in question.

1.8 Structure of the dissertation

The dissertation will be based on the University of KwaZulu-Natal’s recommended structure. The following high level chapters will shape the structure of the dissertation:

• Chapter 1 : Introduction
  This chapter will cover the factors influencing the research topic. The need for the research as well as the objective of the research will be explored. Factors that influenced the decision to select TransUnionITC as the company to analyse will also be reviewed.

• Chapter 2 : Literature review
Analysis of the implementation of Black Economic Empowerment: The case of TransUnionITC.

Background reading on all issues relating to BEE in South Africa and the relevant stakeholders in the topic will be explored. The government compliance standards and the non-compliance actions will also be explored.

- Chapter 3 : Research methodology
  In this chapter, this study highlights the research methodologies used in collecting the data for this research paper. The decisions or influencing factors to use certain methodologies will also be discussed.

- Chapter 4 : Results of the study
  The results of the study will be presented here. The results will be in a form of answers to questionnaires administered to a selected group of people. Their responses to the questionnaires will be presented in a graph format. A short comment on why the specific question will be presented as well.

- Chapter 5 : Data analysis
  Both the DTI’s generic scorecard and the FSC’s scorecard will be analysed using information collected from TransUnionITC. Opinions will be formed after critically analysing the data collected. These opinions will be presented in different formats in order to make them visually appealing for easy interpretation.

- Chapter 6 : Conclusions and recommendations
  Based on the result of the study and the opinions formed, conclusions will be made on every chapter of the research paper. The conclusions will not necessarily result in recommendations, but rather the emphasis and interpretation of the data collected. This research will not provide right and wrong answers to any of the stakeholders as this was not the purpose of the study. This paper will seek to address only issues identified in chapter 1, section 1.2 The problem statement, and therefore conclusions will be based on the findings of this problem statement.

Chapter 7: Areas for future research studies
Future research opportunities or possible future research fields and topics will be explored and presented. These are in line with the research study can be linked to the research topic.
2. Review of literature

2.1 Introduction
In this section, secondary data collected will be presented. Various data was collected from various sources over the period of the study. Some of the data was collected during interviews held with various people, while some of the data was collected from archives of TransUnionITC, the media and also from government gazettes.

2.2 Black Economic Empowerment (BEE) in South Africa
South Africa gained its independence from the white minority in April 1994 after the first democratic elections in the country. Before this period the white minority planned, implemented and maintained a racial system that saw the exclusions of all blacks from all forms of political, social and economic activities in the country. According to Towards a Ten Year review, a document compiled by the government in 2005, in some political and economic instances this system also saw the exclusion of women from participating actively in these areas.

From as early as 1995, the new government saw it necessary to address these imbalances of the previous regime. However, this has not been easy since the correction of these imbalances meant dealing with a very sensitive and most critical area of the country, the economy. In the beginning some suggested that the government not get involved in the management and influencing of such a fragile economy, and proposed to rather leave it to the market forces to determine the economic course of the country.

As early as 1995, the government showed its intent of encouraging and promoting the previously disadvantaged individuals and groups in actively participating in mainstream economic activities. This saw the initial empowerment deals such as the creation of New Africa Investment Limited (NAIL), spearheaded by Cyril Ramaphosa and Dr Nthato Mothlana. As more and more previously disadvantaged companies were formed, the government sought to introduce affirmative procurement policies that encouraged
corporate organisations to procure some of their supplies from companies that were either black owned or black controlled. According to the study undertaken by Business map (http://www.southafrica.info/doing_business/trends/empowerment), accessed on 31 October 2005, by 1999 there were at least thirty-eight black controlled companies listed on the Johannesburg Stock Exchange. This number reduced to twenty-one companies by 2003. By the end of 2003, the market capitalisation of black owned or controlled companies listed on the Johannesburg Securities Exchange (JSE) represented a mere 3% of all companies listed at R58 billion.

According to Towards a Ten Year Review, a government publication (http://www.gcis.gov.za/docs/publications/10years.htm), the proportion of black South Africans occupying top management positions by 2001 was 13% while the percentage of senior managers was 16% during the same year. This only proved that the process of incorporating blacks into the mainstream economic activities of the country was progressing at a very slow pace.

In 1998, the government introduced the Employment Equity Act which was enacted in parliament and came to be known as the Employment Equity Act No 55 of 1998. This Act targeted all companies that employ more than fifty staff members. The Act seeks to encourage companies to embrace affirmative action principles in the work place. Companies are expected to consider the previously disadvantaged people when promoting and hiring of new staff. By 2000 the government promulgated the Preferential Procurement Act No 5 of 2000, which seeks to encourage the participation in the mainstream economic activities by the previously disadvantaged. The government uses its departments, organs, agencies, provincial structures in determining the criteria for granting the licenses, tender processes and concessions when developing preferential procurement policies.

Following the appointment of the BEE committee and its recommendations, the government published the Broad-Based Economic Empowerment ACT. Act No. 53 of
2003. This Act was assented on the 7 January 2004 and published on 9 January 2004. The main objective of the Act was “to establish a legislative framework for the promotion of black economic empowerment, to empower the minister to issue codes of good practice and publish transformation charters, to establish black economic empowerment advisory council, and to provide for matters connected therewith” as published by the government gazette no. 25899 of 9 January 2004.

The legislation aimed at standardising the interpretation and the measurement of BEE through a balanced BEE scorecard. The Act allowed for the development of different BEE scorecards in different sectors. The broad-based black economic empowerment scorecard, would measure companies compliance in three main areas, these being:

- Direct Empowerment (Ownership and Management)
- Human Resource Development, and
- Indirect Empowerment (Affirmative procurement and Enterprise development)

These aspects of Broad-Based Black Economic Empowerment will be dealt with in detail at a later stage.

2.3 BEE as an economic driver

According to Lindiwe Hendricks, Minister of Minerals and Energy, (as adapted from the speech she presented at the Breakfast Meeting at the Holiday Inn Crown Plaza, Sandton on Monday 26 July 2004), BEE is an important component of the economic growth in South Africa. By promoting and increasing the number of previously disadvantaged individuals and groups in the economic activities, more and more entrepreneurs will be drawn into participating in the economy. It is estimated that throughout the world SME companies are responsible for creating at least 40% of job opportunities. In South Africa BEE can help increase the economic growth from 3% to 3.5% per annum or higher percentages. The government is targeting at least 5% to 6% year on year economic growth.
2.4 BEE Principles

Broad-Based Black Economic Empowerment is based on the four main principles. These as emphasised by Minister Lindiwe Hendricks are: (as adapted from the speech she presented at the Breakfast Meeting at the Holiday Inn Crown Plaza, Sandton on Monday 26 July 2004),

- Broad-based empowerment
- Inclusivity
- Sustainable economic growth
- Good governance

2.4.1 Broad-based empowerment

Broad-based empowerment ensures that the majority of the previously disadvantaged do benefit from BEE by including participation from a broader audience. It also ensures development of skills that are a lifelong benefit to the employees who can use these skills in different companies or even in different industries in some cases. It also limits fronts in that companies are forced to look at all the seven pillars of BEE and not just ownership. The seven pillars of BEE are:

- Ownership
- Management
- Skills and development
- Employment equity
- Affirmative procurement
- Enterprise development, and
- Social responsibility programs

2.4.2 Inclusivity

To ensure stable economic growth and development it is imperative that all South Africans are included in strategic policies and plans. South Africa can only succeed as a
united nation and not as individual groups. As a result it is important that the government policies including BEE are inclusive of all South Africans.

2.4.3 Sustainable economic growth

All economic sectors of the economy are covered by the various specific BEE charters. These charters ensure maximum participation by all people in all the sectors of the economy. By promoting entrepreneurship, new companies and products are likely to be formed and will undoubtedly increase participation in economic activities of the country.

2.4.4 Good governance

This is one of the key issues of Black Economic Empowerment, without which, BEE will not succeed. There is a need for transparency in the structuring of BEE transactions. If companies and individuals are not transparent in their dealings, it will be very difficult for the government or anyone else to check and ensure no fronting takes place.

2.4.5 Components of Broad-based BEE

Broad-based BEE is made up of three main components which are again broken down into seven sub-components, known as the seven pillars of BEE. These are:

- **Equity Ownership**: Equity Ownership looks at the company shareholding as per the company's shareholding agreements and share dividends paid to BEE beneficiaries.

- **Senior Management**: Company Senior Management includes Executive members who have the decision making powers in terms of voting rights and divisional strategic objectives formulation and implementation.

- **Employment Equity**: This component of the broad-based BEE deals with the representation of black employees at all job categories and levels of an organisation.
• **Skills Development**: This component of broad-based BEE looks at an organisation’s training plans and strategies particularly those of their black staff members.

• **Preferential Procurement**: This component of the broad-based BEE looks at the amount an organisation spend on BEE approved suppliers as a percentage of the total procurement. Organisations receive points based on the percentage spent on BEE suppliers.

• **Enterprise Development**: The Enterprise Development component of broad-based BEE looks at the Small, Medium Enterprise support and financial assistance that an organisation is part of. This support or assistance can be in the form of technical training, extended payment terms, preferential procurement, and financial management training.

• **Social Responsibility Programmes**: This component of broad-based BEE looks at the initiatives taken by an organisation around Corporate Social Investments.

For a more comprehensive illustration, see the table below with the weightings of each component.
Table 2.1: Components of Broad-based BEE

<table>
<thead>
<tr>
<th>Core Components</th>
<th>Elements of BEE</th>
<th>Direct beneficiary</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Empowerment</td>
<td>Equity Ownership</td>
<td>Equity holders, executives, managers and other shareholders of economic resources</td>
<td>30%</td>
</tr>
<tr>
<td></td>
<td>Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human Resource Development</td>
<td>Employment Equity</td>
<td>Employees and job seekers</td>
<td>30%</td>
</tr>
<tr>
<td></td>
<td>Skills Development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect Empowerment</td>
<td>Preferential procurement</td>
<td>Suppliers, Customers, Communities, Entrepreneurs and other relevant external stakeholder</td>
<td>40%</td>
</tr>
<tr>
<td></td>
<td>Enterprise Development</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Social Responsibility Programmes</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: *The Codes of Good Practice on Broad-Based Black Economic Empowerment Draft, 2004*’ published by the Department of Trade and Industry.

The core components of broad-based BEE as indicated in the table above, also adapted from the Codes of Good Practice on Broad-Based Black Economic Empowerment Draft, 2004 are:

- Direct empowerment
- Human resource development
- Indirect empowerment

**Direct empowerment**

Elements of Direct Empowerment are Equity Ownership and Management. Equity Ownership refers to the effective shareholding structure of the organisation and the associated risks and rewards that flow to the ownership beneficiaries.
Management refers to the element of BBBEE that is involved and is responsible for the day to day operations of the organisations. Again the risks and reward must commensurate to the office bearers.

**Human resource development**

Elements of Human Resource Development (HRD) include Skills development and Employment equity (EE). While the aim of Skills Development part as of HRD is to focus on employee training programmes and skills development initiatives, this element also encourages organisations and employees to increase their staffs’ level of competencies within the organisation and outside the specific environment where possible.

On the other hand the EE element encourages organisations to promote equality of their staff at all levels. This ensures staffs of different races are given the same opportunities for promotions, hiring and responsibilities across different levels.

**Indirect empowerment**

Indirect empowerment focuses on preferential procurement, enterprise development and social responsibility programmes as elements of the BBBEE. The preferential procurement encourages organisations to engage previously disadvantaged companies and entrepreneurs in their economic activities. The enterprise development element on the other hand focuses specifically on development and promotion of Small Medium Enterprise (SME) organisations. Social responsibility programmes encourages organisations to plough back some benefits to the communities. These initiatives ensure communities involvement in the economic activities. The main beneficiaries of these initiatives will be communities, schools, students, charity organisations, non-governmental organisations (NGO’s) and non-profit organisations (NPO’s).
Table 2.2: Model Broad-based BEE Scorecard (DTI’s generic scorecard)

<table>
<thead>
<tr>
<th>Category</th>
<th>BBBEE Component</th>
<th>Weighting</th>
<th>Target</th>
<th>Example of Score Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Ownership</td>
<td>Ownership</td>
<td>20%</td>
<td>25.1%</td>
<td>15.92</td>
</tr>
<tr>
<td></td>
<td>Management</td>
<td>10%</td>
<td>40%</td>
<td>2.42</td>
</tr>
<tr>
<td>Human Resource Development</td>
<td>Employment</td>
<td>10%</td>
<td>40%</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Equity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Skills Development</td>
<td>20%</td>
<td>30%</td>
<td>13.5</td>
</tr>
<tr>
<td>Indirect Empowerment</td>
<td>Preferential Procurement</td>
<td>20%</td>
<td>30</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>Enterprise Development</td>
<td>10%</td>
<td>10%</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Social Development</td>
<td>10%</td>
<td>10%</td>
<td>10</td>
</tr>
<tr>
<td>Overall Weighting Score</td>
<td></td>
<td>100%</td>
<td></td>
<td>63.5</td>
</tr>
</tbody>
</table>

Source: As adapted and edited from 'The Codes of Good Practice on Broad-Based Black Economic Empowerment Draft, 2004' published by the Department of Trade and Industry.

In the above illustrated model company’s overall weighting score is 63.5 which is interpreted as follows:

- $< 40 = \text{Limited BEE contributor}$
- $> 40 < 65 = \text{Satisfactory BEE contributor}$
- $> 65 < 80 = \text{Good BEE contributor}$
- $> 80 = \text{Excellent BEE contributor}$

The overall weighting score is determined from a formula that uses the weighting percentage, target percentage and the actual or verified percentage per BEE element.
### Table 2.3: Breakdown of Broad-based empowerment scorecard (FSC’s scorecard)

<table>
<thead>
<tr>
<th>Core Components</th>
<th>BEE Element</th>
<th>Code Ref</th>
<th>Weighting</th>
<th>Indicators</th>
<th>Indicator Weighting</th>
<th>Target</th>
<th>Bonus/Preferential Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Empowerment</td>
<td>Ownership</td>
<td>BEE100</td>
<td>20%</td>
<td>Unrestricted Voting Rights in the Enterprise in the hands of Black people</td>
<td>3%</td>
<td>25%</td>
<td>Introduction of new entrants and BEE ownership in excess of target</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Unrestricted Voting Rights in the Enterprise in the hands of Black women</td>
<td>2%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Economic Interest in the Enterprise to which Black people are entitled</td>
<td>4%</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Economic Interest in the Enterprise to which Black women are entitled</td>
<td>2%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Economic Interest in the Enterprise to which Black designated groups are entitled</td>
<td>1%</td>
<td>2.5%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Level of Unrestricted entitlement of Black people to receive their Economic Interest in the Enterprise (as percentage of total ownership)</td>
<td>8%</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>Management</td>
<td>BEE200</td>
<td>10%</td>
<td>Weighted Management Representation Scorecard</td>
<td>10%</td>
<td>40%</td>
<td>Women Management, Different management positions weighed according to seniority and executive involvement</td>
<td></td>
</tr>
<tr>
<td>Human Resources</td>
<td>Employment Equity</td>
<td>BEE300</td>
<td>10%</td>
<td>Weighted Employment Equity Scorecard</td>
<td>10%</td>
<td>50%</td>
<td>Women representation</td>
</tr>
<tr>
<td></td>
<td>Skills Development</td>
<td>BEE400</td>
<td>20%</td>
<td>Investment in Skills Development (in addition to skills development levy), as a percentage of payroll</td>
<td>15%</td>
<td>3%</td>
<td>Fast-track programs for black employees and Management. Provision of skills development programs and learnership in priority skill areas.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Learnership – learnership positions (as a percentage of employees)</td>
<td>5%</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>Indirect Empowerment</td>
<td>Preferential Procurement</td>
<td>BEE500</td>
<td>20%</td>
<td>Affirmative Procurement from Excellent BEE Contributors (BEE Percentage Score as per scorecard, between 80 and 100 points)</td>
<td>18%</td>
<td>50%</td>
<td>- Procurement from excellent contributors (recognized at R 1.25 for every R1 of spend) - Procurement from good contributors (recognized at R 1 for every R1 of spend) - Procurement from satisfactory contributors (recognized at 50c for every R1 of spend)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Affirmative Procurement from Good BEE Contributors (BEE Percentage Score between 65 and 79)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Affirmative Procurement</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Analysis of the implementation of Black Economic Empowerment: The case of TransUnionITC.

<table>
<thead>
<tr>
<th>Enterprise Development</th>
<th>BEE600</th>
<th>10%</th>
<th>Monetary Investment in SMME with excellent or good BEE contributions (as percentage of Net Asset Value/EBITDA/Total Procurement)</th>
<th>8%</th>
<th>5% - 10%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Implementation of robust, independent verification and reporting mechanism to avoid fronting</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Mechanism which verify BEE status of suppliers reported under preferential procurement and utilization of dti approved accreditation agencies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residual Element</td>
<td>BEE700</td>
<td>10%</td>
<td>Industry specific initiatives to facilitate the inclusion of black people in the sector (as a percent of net profit)</td>
<td>10%</td>
<td>3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Corporate social investment initiatives in health, education, poverty alleviation and community development (as a percent of net profit)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The above broad-based BEE scorecard as adapted from the Department of Trade and Industry's Code of Good Practice document published in 2004, was used in rating TransUnionITC's BEE transaction.
2.4.6 Narrow based economic empowerment

Narrow-based BEE focuses on the direct empowerment elements only. These are Ownership and Management. Before the Codes of Good Practice companies could choose to be rated either on Narrow-based scorecard or on Broad-based scorecard. However, most companies realised the significant contributions they make by opting for the Broad-based BEE principles and objectives. It has been observed that most companies still preferring Narrow-based BEE approach are Sole Propriety companies.

Some of the reasons for these companies to prefer the Narrow-based BEE approach is the fact that they have small staff compliments and in some case only one employee. In this structure, it is difficult to apply all the seven elements, of the Broad-based BEE scorecard and hence they opt for a Narrow-based approach.

Table 2.4: Model Narrow-based scorecard

<table>
<thead>
<tr>
<th>Category</th>
<th>BEE Component</th>
<th>Weighting</th>
<th>Target</th>
<th>Example of Score Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Ownership</td>
<td>20%</td>
<td>25.1%</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Management</td>
<td>10%</td>
<td>40%</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Overall BEE score</td>
<td>30%</td>
<td>14</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: As adapted and edited from ‘The Codes of Good Practice on Broad-Based Black Economic Empowerment Draft, 2004’ published by the Department of Trade and Industry.

In this instance, the company is rated on Ownership and Management components of the BEE. The overall weighting score is determined from a formula that uses the weighting percentage, target percentage and the actual or verified percentage per BEE element.

Taking the same score from our model company, the final rating score of fourteen (14) will be interpreted in the following manner:

- $< 5$ = Non-BEE company
Analysis of the implementation of Black Economic Empowerment: The case of TransUnionITC.

➢  > 5 < 24 = Black influenced company
➢  > 25 < 49 = Black empowered company
➢  > 50 = Black owned company

2.5 TransUnionITC Group background

TransUnionITC is a corporate organisation that specialises in providing both consumer and commercial markets with risk assessment solutions. The company was formed in 1902 as RG Dun and Company with its offices in Cape Town at the time. Since then the company has undergone a transformation process that has seen it change its shareholding and its name to TransUnionITC as it is known today. TransUnionITC operates as a proprietary limited (PTY) Ltd company. The major shareholders of the company are TransUnion Chicago, a United States of America (USA) based organisation.

According to Isidor Walbrugh, Product Manager at TransUnion ITC, some of the solutions provided by TransUnionITC include:

• Database management
• Credit profile reporting
• Risk assessment tools
• Risk monitoring solutions
• Verification solutions

Issidor goes further to say, TransUnionITC solutions are predominantly used in the following industries;

• Financial services
• Telecommunications
• Retail
• Government departments
• Small and Medium Enterprises
• Mining
Analysis of the implementation of Black Economic Empowerment: The case of TransUnionITC.

- Real estate
- Recruitment
- Farming
- Transportation
- Manufacturing
- Trading

TransUnionITC head offices are located in Johannesburg and have branches in Cape Town and Durban. The company also has operations in SADC countries of Botswana, Swaziland, Namibia and Zimbabwe.

According to Ester Kruger, Human Resource Manager at TransUnion ITC, a strong staff compliment of about three hundred and twenty five people with varying expertise makes up TransUnionITC group. The specialist staffs are responsible for the provision of TransUnionITC solutions in areas of Data management, Information technology, Analytics and Modelling, Marketing and Sales, Debt collection, and Administration roles.

2.5.1 Company vision

TransUnionITC’s vision as quoted from their intranet website, (http://tuitc-net/) is:

“TransUnion ITC will be the customer's Business Intelligence Partner and Commerce Facilitator of choice”

2.5.2 Company mission statement

TransUnionITC mission statement as quoted from the company’s website (http://tuitc-net/) is as follows:

“We provide:

Responsible, value added analytical and risk management solutions on businesses and consumers in southern Africa
We achieve this through:

Being a knowledgeable and dedicated partner, maximising our experience, being an innovative leader, being technologically capable, and being committed to consumers and our employees

This ensures:

Superior customer value, fulfillment of staff aspirations, and a fair return for shareholders

2.5.3 TransUnionITC operational structure

As adapted from the company’s intranet site (http://tuitc-net/index.asp?URL=content.asp&PITCSiteMenuID=7&ITCSiteMenuID=14)

TransUnionITC operations focus on the following pillars of strengths:

- **Credentials**
  TransUnionITC has been in operation since 1902 making it one of the oldest risk management solutions providers in South Africa. The company is able to provide solutions for both consumer and commercial markets through the use of complex and robust database management technology. Through the company’s comprehensive data elements, it is considered the biggest credit bureau in the country.

- **Data management**
  TransUnionITC infrastructure allows for the development and management of multiple databases. This flexibility allows for better business decision making due to a multiple view of the customer. Data is sourced from different credible sources regulated by the Credit Bureau Association (CBA).
• **Technology**
  Technology plays a vital role in the business operation process of TransUnionITC. Business systems processes covers data procurement, data quality check management, risk assessment scorecard development, database management and delivery processes.

• **Solutions and services**
  The company's solutions are customer centric in that most of them are customised. TransUnionITC's customers want risk management solutions that will give them the edge over their competitors. As a result their requirements are specific and unique.

2.5.4 **BEE at TransUnionITC**

In August 2005 TransUnionITC entered into a BEE transaction with Cida Empowerment Trust, a trust company established on behalf of Cida City Campus, a tertiary institution that provides higher learning education, based in Johannesburg, to previously disadvantaged students for a minimum fee. According to the transaction Cida Empowerment Trust will acquire 10% of TransUnionITC shares. The shares will be subject to a loan repayment agreement over a period of five years. Cida City Campus will be able to repay the loan from the proceeds of the share dividends over the next five years.

2.6 **TransUnionITC BEE partners (Cida Empowerment Trust)**

Cida City Campus is a tertiary institution established to provide higher learning education to financially disadvantaged students for a minimal fee. Students contribute 5 percent of the fees while the College contributes 95%. In 2005 the college had a total of one thousand four hundred enrolments. Most of the expenses incurred by the college are sponsored by corporate organisations in the form of donations and sponsorships.
According to an article published by Sowetan newspaper on 4/8/2005, the deal will benefit at least three hundred to five hundred students studying at the college. With profits expected to reach more than seven million rand in five years’ time, Cida City Campus will be able to open centres in KwaZulu-Natal, Western Cape and Limpopo provinces.

2.7 Financial Sector Charter

The Financial Sector Charter emanated from the NEDLAC Financial Sector Summit which was held in 2002. In this summit the Financial Sector or industry representatives committed themselves to “actively promoting a transformed, vibrant, and globally competitive financial sector that reflects the demographics of South Africa, and contributes to the establishment of an equitable society by effectively providing accessible financial services to black people and directing investment into targeted sectors of the economy” as quoted from “The Financial Sector Charter”. Organisations which fall within the Financial Sector include companies in:

- Banking
- Insurance
- Brokerage firms
- Asset Managers and Collective Investment Schemes

The Financial Sector Charter scorecard was developed in line with the government’s generic scorecard but with slight variations on targets. This is the case with the rest of the charters as each industry will face different operational and trading challenges and will be differently influenced by the nature of business in that specific industry.
Subsequent to the introduction of the Financial Sector Charter, the government introduced the Codes of Good Practice in December 2004. The Codes of Good Practice would:

- Further interpret the Broad-Based Black Economic Empowerment
- Set qualification criteria for preferential procurement and indicators to measure broad-based black economic empowerment
- Provide the weighting to be used
- Provide further guidelines for stakeholders in the relevant sectors of the economy to draw up transformation charters for their sector

The Financial Sector Charter would fall in line with the government's legislative framework. It would also follow the government's broad-based black economic empowerment strategies and it would apply in the manner that satisfies the government and its agencies' policies of compliance. The Financial Sector Scorecard would be used to verify companies BEE compliance. Within the Scorecard, targets and weightings would be agreed on per each of the scorecard section. This would ensure the broader South African communities and groups benefit from BEE transactions.

The targets were issued in January of 2004 and will be reviewed in 2009. Thereafter they will gradually increase with companies required to comply fully with those targets by 2014. However, the Financial Sector does realize and concur with the government that the growth of development of the financial services industry is key to the country's economic growth and stability. And therefore the implementation of BEE and its underlying strategies are crucial to the success of the financial sector. The financial sector charter also realizes that BEE is not only about compliance issues but about understanding the country's economical differences and as a result commit to BEE policies and strategies way beyond 2014.

Each organization that operates within the financial services industry will have to be rated every twelve months to ensure compliance. The rating will be valid for a period of
twelve months simply because people resign from companies and companies employ new staff and promote people throughout the year and as a result the BEE status is not immune to changes.

The BEE at TransUnionITC looked specifically at the following aspects:

- Ownership Equity holding
- Employment Equity
- Procurement Policies
- Corporate Social Responsibilities Programmes

### 2.7.1 Equity holding

TransUnionITC brought in Cida City Campus under Cida Empowerment Fund as its BEE partner in a transaction that saw Cida Empowerment Fund acquiring 10% stake in TransUnionITC. Initially, the transaction will be funded by TransUnionITC said Andrew Knight, CEO of TransUnion Group, the mother company of TransUnionITC, though he would not say exactly how much this transaction has cost TransUnionITC. According to Tersia van Rooyen, Communications officer at TransUnionITC, TransUnionITC completed two empowerment transactions with its two subsidiaries, TransUnionITC and TransUnion Receivables Management at the same time. Both these transactions carry a value of R80 million. Through these transactions Cida Empowerment Fund will be able to claim dividends from the 10% ownership they have and this they can use to finance the administration and management of their Campus. This means students at Cida City Campus will be able to benefit from the transaction with immediate effect. According to Edward Khoury, CEO of TransUnionITC, the Cida empowerment transaction will only involve ownership and not management control. The management control will be an initiative of TransUnionITC to be addressed through the leadership and vision of Edward Khoury. At present TransUnionITC has eleven board members who form executive committee, of which 1 is an African female.
2.7.2 Employment Equity

TransUnionITC has approximately 325 staff members in total according to their Human Resource representative, Coral Collins. 188 are Africans and 137 are Whites, this leads to total employment equity of 57.85% across the different levels of the company. A detailed breakdown analysis was conducted per department and it is presented in chapter four: Research Analysis of this dissertation. According to statistics provided by the HR department in December 2005, the overall employment equity for the company is presented as follows:

- Management EE – 22.62%
- Other EE – 70.12%
- Total EE – 57.85%

2.7.3 Procurement policies

According to Andrew Knight, Transunion Group CEO and executive director of TransUnionITC, TransUnionITC has focused its strategies over the past few years around Black Economic Empowerment needs including procurement strategies which were driven by procurement policies put in place. Suppliers and clients of TransUnionITC include SME’s, BEE compliant corporate organisations and previously disadvantaged groups.

2.7.4 Social responsibility programmes

Every Friday all employees of TransUnionITC are encouraged to wear casual attire and in return contribute money (as stipulated by the company). Funds collected are donated to previously disadvantaged schools in and around the Gauteng region.

Every three months, management and supervisory staff are required to partake in serving the homeless and poor in Immaculata home in Rosebank area. The company provides food and groceries, while staff members donate an hour of their time. According to Mr William Modise, manager at Immaculata Home, the home accommodates up to thirty five street children who come in and get food and accommodation. TransUnionITC regularly
donates much needed accessories such as old clothing, computers, desks, chairs and stationery to the home. These items, according to Mr William Modise, are very much appreciated and go a long way in assisting the management of the home.

2.8 Codes of Good Practice

The main objective of the Codes of Good Practice according to The Codes of Good Practice on Broad-based Economic Empowerment’ 2004, (As published by The Department of Trade and Industry) is “to provide guidance and assistance to both public and private corporations in their interpretation and implementation of Broad-based Black Economic Empowerment Act No.53 of 2003. It is aimed at facilitating and accelerating the implementation of the BEE Act in a meaningful and sustainable manner”.

The Codes of Good Practice provides an overall summary of the Broad-based Black Economic Empowerment Scorecard. For sector specific requirements, different scorecards can be maintained based on the generic scorecard. The Codes of Good Practice also provide guidance to the application and implementation of BEE initiatives while using the balanced Broad-based Black Economic Empowerment (BBBEE) scorecard.

Some key principles of application and implementation of the balance Broad-based BEE scorecard including the recognising, measuring and reporting include the following:

- Measurable
- Based on sound economic principles
- Substance over Form
- Comparability
- Reliability
- Completeness
- Timeliness
- Definition of the BBBEE scorecard
- Components of BBBEE
2.8.1 Measurable

According to the Codes of Good Practice, all BEE initiatives by companies must be measurable. This will allow for the reporting of statistics per company, sector, industry, region and the economy as a whole in determining the participation progress. It will also allow different sector charters to be measured on different elements of their specific scorecards.

2.8.2 Sound economic principles

Sound economic principles are fundamental to the development and growth of any economy including that of South Africa. For BBBEE to be a success and to contribute positively and effectively to the South African economy, it is of paramount importance that it (BBBEE) adheres to sound economic principles.

These include but are not limited to:

- Risk and reward relationship: Where there is a reward, it is commensurate with the risk assumed.
- Skills development: In South Africa where there is a high level of illiteracy (more than 60%) skills development is of paramount importance if the economy is to grow at 5% per annum as targeted by government. The skills requirements will be determined by the various industries.
- Enterprise development: Enterprise initiatives will undoubtedly increase the country’s economic growth as a result of increased job creation, increased spending power, increased Production Parity Index (PPI), increased Gross Domestic Production (GDP) and overall increased economic activities.

2.8.3 Substance over Form

It is important that companies consider the essence of BEE and its core purpose rather than to focus on the legal requirements for compliance only. When companies embrace
the core purpose of BEE the country as a whole can start to develop and improve the economy for the betterment of all South Africans.

2.8.4 Comparability
While different companies in different sectors will be rated differently, it remains important that rating agencies conduct their activities in a fair, objective and consistent way. This allows for measurement of progress per company over a period of time. The Codes of Good Practice provide for general or accepted standards of compliance while different industry or sector charters provide for a specific rating measurement to be used subject to sector characteristics. It is still possible for rating companies to be compared consistently among each other and over a period of time.

2.8.5 Completeness
All information required for making a comprehensive judgement must be provided by the rated company to the rating agency. Where supporting information is missing or can not be verified, it leaves room for incompleteness of the rating process and therefore unreliable decisions will result.

2.8.6 Timeliness
Information provided by the rated company must be used timeously in order to satisfy the relevance and reliability of decision making process. Due to companies' staff turnover, the BEE rating is only valid for a period of twelve months, and therefore they must be re-rated every twelve months.

2.9 Conclusion
The literature used in this research paper is around the three main stakeholders of the BEE transaction between TransUnionITC and Cida City Campus through Cida Empowerment Fund. A background to BEE in South Africa was explored in order to understand the origins of BEE and the strategic objectives of the government. The
government's regulatory body, the Department of Trade and Industry (the DTI), the specific sector committees, their jurisdictions and powers in developing the sector specific scorecards such as the FSC scorecard were also analysed and presented in this chapter.

A background on the factors that influenced the BEE transaction at TransUnionITC in terms of timing, choosing a BEE partner was also explored. TransUnionITC background was also discussed to see if due to their operations and organisational structure a specific partner could have been a partner of choice.
3. Methodologies used

3.1 Introduction
This study uses both the Qualitative and the Quantitative methodologies. Qualitative methodology was intended to explore and measure TransUnionITC’s compliance with the DTI’s generic scorecard as well as the Financial Sector Charter’s scorecard.

Quantitative methodology on the other hand was intended to explore TransUnionITC’s staff level of understanding of the BEE in general as well as their understanding of the BEE transaction at TransUnionITC.

3.2 Qualitative methodology
Based on the research problem of this research paper, qualitative methodology was the obvious choice for this research. The nature of the problem for the research dictates the research methodology. (Leedy 1993: 139). Due to the nature of the research problem, this research is based on interviews. Answers and explanations provided during the interview process formed the basis of the data collected for the research. Qualitative method is a creative, scientific process that necessitates a great deal of time and critical thinking, as well as emotional and intellectual energy. (Mariano 1993: 354). The data collected was then analysed and opinions formed based on the explanations provided for in the interviews.

Other characteristics of qualitative methodology that can be traced in this research paper were outlined by Cobb and Hagemaster (1987), as qualitative methodology should:

- Consider words as the elements of data
- Be primary and inductive approach of data analysis, and
- Result in theory development as an outcome of data analysis.
Again other qualities of qualitative research that can be traced in this paper were identified by Eisner (1991), as “the six features of a qualitative study.” Those that can be traced in this research are:

- Qualitative study tends to be field focused
- Interpretive characteristics
- Use of expressive language and the presence of voice in the text
- Attention to particulars

Leedy (1993), qualitative method is widely used for the following types of research:

- Descriptive studies
- Survey studies
- Historical studies
- Case studies

This research paper is a typical case study dissertation that uses both descriptive and survey methods to collect and analyse the data.

3.3 Data collection methods

3.3.1 Interviews

Interviews were conducted with staff and management of TransUnionITC from September 2005 to December 2005. People interviewed were selected based on their knowledge and involvement in the BEE transaction that TransUnionITC completed. Interviews were held in the TransUnionITC offices in Johannesburg. The following people were interviewed,

- Lauren Kleynhans, Communications Manager,
- Tersia van Rooyen, Communications Practitioner,
- Mutsa Sibanda, Employment Equity committee member,
- Urshla Mdwaba, Employment Equity committee member,
- Carol Collins, Human Resource Consultant
3.3.2 Survey questionnaires

Two categories of questionnaires were sent out to staff members of TransUnionITC in Johannesburg between the period of November 2005 and December 2005. The questionnaires were sent to fifty randomly selected staff. The respondents were made up of managerial and non-managerial staff. There are about 325 TransUnionITC staff members in total.

The questionnaires are presented in chapter 4: Data presentation, as presented on page 46 below.

Sample size

The following process was employed to determine the sample size to use in the study. Using the formula below, as adapted from Leedy (1993):

\[ N = \frac{(z/e)^2}{(p)(1-p)} \]

Where:

\( N \) = the size of the sample
\( z \) = the standard score corresponding to a given confidence level
\( e \) = the proportion of sampling error in a given situation
\( p \) = the estimated proportion or incidence of cases in the population

\[ N = \frac{(40\%/1\%)^2}{(15\%) (1-15\%)} \]
\[ N = \frac{(40)^2}{(0.15)(0.85)} \]
N = 80 \times 0.1275
N = 10.2\%

Therefore the size of the sample needed to be at least 10.2% of the total population. Given the study population of 325, at least fifty people being 15.38% were consulted in our research study.

### 3.3.3 Inductive process

According to Leedy, (1993) inductive process, involves the process of observing, gathering data, analysing data collected, and forming an opinion based on the data analysed and presenting the facts based on data collected and analysed.

This research study is also based on inductive process whereby data was collected, presented and analysed to form an opinion. Leedy, (1993) identifies the inductive process as:

- Identifying the problem that defines the goal of the quest
- Gathering data with the hope of resolving the problem
- Positing a hypothesis both as a logical means of locating the data and as an aid to resolving the problem, and
- Empirically testing the hypothesis by processing and interpreting the data to see if the interpretation of them will resolve the question that initiated the research

This process is represented in figure 3.1 below as adapted from Leedy (1993). This process represents the multiple responses received from respondents that can be interpreted into a single conclusion. In this study survey questionnaires were distributed to approximately fifty staff members of TransUnionITC and their responses were analysed and interpreted to give a single conclusion.
Figure 3.1: The inductive process as adapted from Leedy, (1993)

Source: Practical Research Planning and Design by Paul D. Leedy

3.4 Data types

3.4.1 Secondary data

Secondary data was used in this research study. Most of the secondary data was collected from public libraries and was on Black Economic Empowerment topics. Other secondary data used was on the main subject of the study, TransUnionITC Company, its background, BEE understanding, commitments and initiatives and on its BEE partners. The BEE scorecard as supplied by the Department of Trade and Industry was also interpreted in line with the TransUnionITC transaction to evaluate the compliance issues.

Secondary data was collected from media publications, in-house communications and published intellectual materials.

3.4.2 Primary data

Primary data refers to data collected for the purpose of this particular study. This data was collected in the form of interviews and survey questionnaires. Interviews were conducted and responses to interview questions recorded, interpreted and an opinion formulated.
Survey questionnaires were drafted, and distributed to a random sample making 15.38% of the staff members within TransUnionITC organisation. The random questionnaires were distributed to staff in the Johannesburg office. The data collected from the questionnaires was used to determine answers in two categories.

The first category of questionnaire is around BEE in South Africa, its objectives, statement of intent, compliance measures, and implementation processes. The second category is around BEE at TransUnionITC. The transaction the company has concluded in 2005, its implementation strategy considerations, the staff implications as well as the impact on the company’s strategic focus.

3.5 Conclusion

Data presented in the following chapter is based on the interviews and survey questionnaires identified in this chapter. Survey questionnaires will be used to gather responses from staff of TransUnionITC over a defined period. Both primary and secondary data will be used in the following chapter when presenting and analysing it.
4. Data presentation

4.1 Introduction
The data collected will now be presented and analysed with the main objective of this research paper in mind, this being:

To establish the level of understanding of the TransUnionITC’s BEE transaction by staff members of TransUnionITC and transparency surrounding this transaction and ii) to test its compliance with the government’s generic BEE scorecard as well as the Financial Sector Charter (FSC) scorecard which the company affiliates.

The data will be presented in stages of the FSC scorecard and will be critically analysed before the data elements are interpreted and an opinion is formed and presented to the audience.

4.2 Survey questionnaire data presentation

The survey questionnaires are in two parts. The first part seeks to explore the level of understanding employees at TransUnionITC have on BEE in South Africa, its objectives, background, statement of intent, and compliance issues.
Question 1: Do you know what BEE is?

This question was aimed at getting a general understanding of how many people within the organisation are familiar with the topic at hand. This would be important in analysing their responses later on. The respondents were provided with YES or NO options only so that no room would be left for uncertainty.

From the responses received as indicated below, we can see and formulate an opinion that all employees at TransUnionITC know what BEE is.

Responses:
- Yes: 50
- No: 0

![Figure 1: Do you know what BEE is?](image-url)
Question 2: Do you know the reasons or origins of BEE Act in South Africa?

This question was aimed at getting to know the level of the respondents’ understanding of BEE background. Again, respondents were only allowed to reply by either ticking “Yes” or “No”.

The responses received (indicated in figure 2 below) indicates that majority of the employees understand the origins of BEE with a small percentage unaware of the origins of BEE.

Responses:
- Yes: 40
- No: 10

Figure 2: Do you know the reasons or origins of BEE in South Africa?
Question 3: Do you think we should have BEE legislated in South Africa?

This question was aimed at finding out the general perception of TransUnionITC employees on BEE in general. In many cases it is the negative perception that creates a negative atmosphere in organisations. By understanding the perception, be it correct or incorrect, people can start to appreciate the respondents' likely behaviour and attitude towards discussions on the topic at hand.

In this question the researcher decided to give respondents a third alternative to their response. This is because the question itself can result in answers which need justifications. As a result some respondents might feel they can justify for and against the statement posed by the question.

From the responses provided below the research can be interpreted as having the majority of respondents believing that BEE should be legislated, interesting enough is also the high number of respondents who are not sure if BEE should be legislated or not.

Responses:
- Agree: 27
- Uncertain: 13
- Disagree: 10

Figure 3: Do you think we should have BEE legislated in South Africa?
Question 4: Do you know the objectives of BEE in South Africa?

Again this question was aimed at gaining a level of understanding that employees at TransUnionITC have about the government’s intentions and objectives of BEE. Here the study assumes that if the employees understand the objectives of BEE, they will be more supportive of the company’s initiatives since they appreciate the broader government initiatives.

Respondents were only allowed to answer either “YES” or “NO”, simply because these objectives are a public knowledge documented by the government through the Department of Trade and industry, and they do not require interpretations. So one either knows these or they do not.

From the responses received as indicated below, we can see that majority of the respondents are familiar with the objectives of BEE. We also note the high number of respondents who do not know the BEE objectives.

Responses:
- Yes: 30
- No: 20

Figure 4: Do you know the objectives of BEE in South Africa?
Question 5: Do you know the benefits of complying with BEE by companies?

This question aims at gaining more understanding of staff knowledge of other components of BEE, the compliance issues around BEE. BEE compliance is of vital importance to all companies operating in South Africa, after all if it was not because of compliance, many organisations would not enter into any BEE transactions.

Again, only “YES” or “NO” responses were expected. This is because the compliance benefits are clearly identified by the government. Mainly tender preferential procurement, and lately talks of tax concessions to be implemented in the near future.

From the responses gathered as indicated below, this study indicates that the majority of the staff at TransUnionITC are aware of the consequences of their company not complying with the BEE Act.

Responses:
- Yes: 40
- No: 10

![Figure 5: Do you know the benefits of complying with BEE?](image)
Analysis of the implementation of Black Economic Empowerment: The case of TransUnionITC.

Question 6: Do you understand the BEE compliance issues?

Here the study tries to gauge the level of understanding of the BEE compliance issues. I wanted to see if the staff knew what the BEE compliance issues are, in relation to the benefits pointed out in question 6 above, what do companies including TransUnionITC need to do to comply with the BEE.

Since the compliance issues are quite broad, spanning over seven different areas of companies' operations, it is possible that some people will be aware of all compliance aspects while others are only aware of some aspects. Also, the interpretations of these can vary from one company to the other. As a result, staff were given the benefit of the doubt by choosing from three options.

The responses received can be interpreted as the most people being aware of the BEE compliance issues. This means that they are more likely to give critical comments on their organisation's BEE transaction.

Responses:

- Agree: 38
- In between: 4
- Disagree: 8

Figure 6: Do you understand the BEE compliance issues?
Question 7: I believe BEE is the only way to transform South African economy.

This is an in-direct question similar to question 3 above. The study intended to confirm the responses received in question 3 above. By confirming responses the study validates and authenticates the responses I receive from participants.

While the “Uncertain” responses remained relatively the same, there is a slight shift from those who agree to those who do not agree. This could be interpreted as that there is more than one way of enforcing the BEE objectives.

Responses:

- Agree: 24
- Uncertain: 12
- Disagree: 14

Figure 7: I believe BEE is the only way to transform South African economy
Question 8: I do not see the benefits of BEE in a broader S.A. economy.

In this question the study intends to get an understanding of how many staff members can support their organisation in pursuing BEE compliance initiatives. This will also give the researcher an indication as to the number of negative responses that can be expected in the later stages of the research.

Here the respondents were given the benefit of the doubt by having all three options. This is because some of the respondents might not be aware or know the objectives of BEE or they might not comprehend the overall BEE impact in the broader economy, and hence they might not know if there are BEE benefits at all.

From the responses gathered, the study illustrates that almost all the people who responded, agreed that company needed to comply with BEE, that is, they can see the benefits BEE will have on the South African economy and not only at a company level.

Responses:
- Agree: 1
- Uncertain: 1
- Disagree: 48

Figure 8: I do not see the benefits of BEE in a broader South African economy
Question 9: I can see the benefits in companies that comply with BEE Act.

Here the study could be used to gauge the level of understanding staff have on the benefits related to the specific organisation at an operational level, that is, profit and or market share increase, new business opportunities and improved operational capabilities. Since TransUnionITC BEE transaction was concluded this year (2005), staff were asked this question on their general perceptions of other companies that have implemented BEE strategies.

The responses received proved somewhat different from the responses to a similar question (question 8 above) at a broader economy level. Here a higher number of respondents seem to be uncertain, similarly a high number do not see the benefits associated with the company that complies with BEE.

Responses:
- Agree: 30
- Uncertain: 10
- Disagree: 10

Figure 9: I can see the benefits in companies that comply with BEE Act
Question 10: I can see the benefits for staff members of companies that comply with BEE Act.

This question is similar to question 9 above and aims to understand the perceptions in regard to direct benefits of staff members working for companies that comply with the BEE Act while question 9 above focused on the companies’ benefits. Again, respondents were expected to give their perceptions of those companies that have already implemented BEE.

Here the benefits linked directly to staff would be interpreted as skills development, opportunities made available, knowledge transfer and flow of economic benefits.

Interesting enough, here most respondents do not see the benefits directly linked to staff of the BEE complying company. This can be interpreted as either of the following:

- There is no difference in staff benefits before and after the BEE transaction in that particular organisation
- The BEE transaction is not structured to benefit internal staff but rather external BEE partners
- Or simply that the transaction is a front and does not satisfy all the government’s compliance conditions.

Responses:
- Agree: 18
- In between: 6
- Disagree: 26
Figure 10: I can see the benefits in staff members of companies that comply with the BEE Act

The second part of the survey questionnaires focuses on the employees understanding of the BEE transaction with TransUnionITC Company. What it means to them, to the company, and to the shareholders?
Question 11: Did you know TransUnionITC were negotiating with a BEE partner during the process?

This question was aimed at establishing if the employees were aware of their company’s intentions before the transaction was concluded. Transparency is important in an organisation as negative perceptions can be easily created due to lack of transparency.

Respondents were expected to either know of such activities or not to know. Therefore a "Yes" or "No" option was used. Most of the respondents indicated that they knew of such activities taking place, though this does not necessarily mean that they were officially told.

Answers:

Yes: 32
No: 18

Figure 11: Did you know TransUnionITC was negotiating with a BEE partner during the process?
Question 12: Did you know the BEE partners before the TransunionITC introduced them after the transaction?

This question aimed at finding out if the employees knew the BEE partners before the transaction. This is the initial question to eventually finding out if the partners might have had any dealing with TransUnionITC, either as a client or as a supplier.

Again, the respondents were expected to either know or not know the partners. Therefore only a “Yes” or “No” answer was expected.

Answers:

Yes: 10
No: 40

Figure 12: Did you know the BEE partners before TransunionITC introduced them after the transaction?
Question 13: Did TransUnionITC have dealings with the BEE partners before the transaction was concluded, either as customers or as suppliers?

This is a follow up to question 12, above. It is aimed at finding out if the BEE partners come from the same industry or whether they know TransUnionITC’s corporate environment. This will be important in determining if the new partners will be able to add value to the organisation in the near future. This question also serves to confirm the validity of the responses given in question 12 above.

From the responses received it can be seen that most people did not know the BEE partners before the transaction.

Answers:

Agree: 4
Uncertain: 12
Disagree: 36

Figure 13: TransUnionITC had dealings with the BEE partners before the transaction, either as customers or as suppliers.
Question 14: I believe Cida City Trust will add value to the operations of TransUnionITC in the future.

Though the new partners might not be known, respondents were asked if they thought the new partners will be able to add value to the organisation. Obviously, depending on their (new partners) line of business, their previous experience, network connections and other factors in their favour they might add value to TransUnionITC's operations, hence this question was asked.

Responses received revealed that the majority of the respondents believed that the new partners will add value.

Answers:

Agree: 29
Uncertain: 11
Disagree: 11

Figure 14: I believe Cida City Trust will add value to the operations of TransUnionITC in the near future.
Question 15: I believe the timing for concluding this transaction was right.

This question was intended to find out if the timing for this transaction was correct. Timing is very important as it determines if the company was under pressure, whether they had enough time to search for the ideal candidate, or they explored all the risks associated with the new partners and the transaction details. This is crucial because it will affect the company’s operations and strategic focus in the future which will have an effect on the shareholders.

From the responses received, majority of the people believe the timing was right for this transaction to be concluded when it was.

Answers:
Agree: 44
Uncertain: 4
Disagree: 2

Figure 15: I believe the timing for concluding this transaction was right.
Question 16: TransUnionITC’s BEE transaction will add value in terms of the commercial tender process.

To be able to answer this question one must at least know the framework under which the transaction was finalised. This question was intentional and was aimed at understanding the level of the transaction detail employees know as well as the level of compliance details they know.

From the responses received most employees' know these details by confidently agreeing that the transaction will add value, there are also a high number of respondents who are uncertain, giving the impression that they either do not know the transaction details or they do not know the compliance implications when it comes to tender process.

Answers:

Agree: 31
Uncertain: 16
Disagree: 3

Figure 16: TransUnionITC BEE transaction will add value to the commercial tender process
Analysis of the implementation of Black Economic Empowerment: The case of TransUnionITC

Question 17: I fully support the BEE transaction concluded by TransUnionITC

This question was intended to determine the percentage of employees who support the transaction. This will help identify the possibility and the level of success the transaction is likely to gain in the medium to long run. The higher the support the company enjoys the higher the chances of a positive impact.

Most respondents showed confidence in the company’s transaction with a relatively high number also showing their vote of no confidence. This is a good sign as the company using these statistics can use the positive respondents to influence the non-supportive staff.

Answers:

Agree: 32
Uncertain: 4
Disagree: 14

Figure 17: I fully support the BEE transaction concluded by TransunionITC
Question 18: TransUnionITC is already deriving some benefits from the BEE transaction it concluded with Cida City Trust

The question aims at finding out the time it will take the company to start benefiting from their transaction. Depending on the company and situations surrounding the status of the BEE, a company can start enjoying the benefits while the transaction is a long term planning aspect of the company. The respondents needed to know some of the details of the transaction in order to associate the benefits with the transaction.

Here, most of the responses received revealed that most people do not know whether the company is already enjoying the transaction benefits or not. Therefore it can be concluded that respondents are not aware of any benefits directly associated with the transaction.

Answers:

Agree: 9
Uncertain: 36
Disagree: 5

Figure 18: TransUnionITC is already deriving some benefits from the BEE transaction it concluded with Cida City Trust
Question 19: The partners' other business interest can cause a conflict of interest with TransUnionITC's operations.

This question was intended to understand if there is a chance of the new BEE partners to have a conflict of interest in the operations of TransUnionITC. Companies have a tendency to look for the most popular, highly network orientated business partner thinking the partner will bring in business and fail to look at other relationships the partner already has with, for example, a competitor. Though it also makes sense to go into business with someone who knows your sector like a supplier or main consumer, companies again fail to find out what influence the new partner will have in terms of price fixing.

In this instance, responses showed that no one thought the partners pose a threat to the operations of TransUnionITC with a few people being uncertain of any threat that can be caused.

Answers:

Agree: 0
Uncertain: 11
Disagree: 39

Figure 19: The partners' other business interest can cause conflict of interest with TransUnionITC's operations.
Question 20: I believe the new partners are benefiting economically from the transaction

This question aims at finding out if the transaction is a genuine BEE transaction. If the beneficiaries of the transaction can not benefit from it for some time, the transaction can not be recognised until such time they start benefiting from it.

From responses received, the beneficiaries (Cida City Trust) will be able to benefit economically from the transaction.

Responses:

Agree: 48
Uncertain: 2
Disagree: 0

Figure 20: I believe the BEE partners are benefiting economically from the transaction
Question 21: I believe Middle management staff are benefiting from the BEE transaction in terms of increased opportunities.

This question was intended to find out if staff can see the benefits of the transaction already in terms of increased opportunities. It is noted, however, that it might still be early days to see some of these benefits or even to associate the benefits with the transaction. However, the company might be communicating their plans to staff which will enable the staff to know or make a sound judgement when it comes to this issue.

From responses received as can be seen below, a high number of respondents believe this is the case with a fairly high number of respondents being uncertain and others not seeing the benefits.

Responses:
- Agree: 21
- Uncertain: 13
- Disagree: 16

Figure 21: Middle management staff are benefiting from the BEE transaction in terms of increased opportunities.
Question 22: Staff in lower levels are benefiting from the TransUnionITC BEE transaction in terms of skills development

This question is similar to question 21 above but is intended to find out the benefits of staff at operational levels. These staff can be expected to benefit from skills development and increase opportunities as well. Again, the company's future plans are expected to be taken into considerations when making these judgements.

This time however, staff do not think there are benefits that can be associated with staff in operational levels as yet. Instead there are a high number of respondents who do not agree with the statement and also a significant number of people being uncertain.

Responses:
- Agree: 16
- Uncertain: 11
- Disagree: 23

Figure 22: Staff in lower levels are benefiting from the BEE transaction in terms of skills development
Question 23: Staff were kept informed of the transaction process at all times.

Here the study wanted to establish the staff involvement during the process. They might not have been actively involved as this is a strategic process of any organisation, but at least be informed of the process and the company's intentions. By keeping the staff involved throughout the process, the company can avoid a hostile reception of the partners by existing staff members. It also reflects the transparency intention by those involved in the discussions process.

Here the responses received showed that most people were not kept in the loop during the process.

Responses:

Agree: 2
Uncertain: 6
Disagree: 42

Figure 23: Employees were kept informed of the transaction process at all times
2.14. I believe the process was transparent

A straightforward question aimed at finding out if the employees think the process was transparent.

From responses received it is very obvious that most employees believe the process was not transparent.

Responses:

Agree: 10
Uncertain: 8
Disagree: 32

Figure 24: I believe the process was transparent
4.3 Conclusion
Data collected from questionnaire survey was analysed in this chapter. The sample size was determined by working out a formula as indicated in section 3.2.2 above. This formula was adapted from Leedy (1993). Some questions are similar and this was intended to verify the validity of the responses. The questionnaires are in two categories. The first category looks at finding out the respondent’s understanding of the BEE topic in the South African context. The second category looks at the respondents’ understanding and BEE transaction in the case of TransUnionITC.

A short interpretation of the responses is provided for each question. The interpretation is in two parts. The first part is a quick description of the motive for asking the question and the second part of the response is then interpreted into an opinion.
5. Data analysis

5.1 Introduction
This section looks at the data collected and presented in the previous chapters and analysis this data. The Financial Sector Charter (FSC) scorecard presented in chapter two will now be analysed. The DTI's generic scorecard also presented in chapter two will be analysed in this section.

5.2 The Financial Sector Charter Scorecard analysed
The next set of data to be analysed was collected during the interviews. The objective of this part of data analysis is to analyse TransUnionITC BEE transaction against the Financial Sector Charter (FSC) and make an objective opinion as to whether the transaction complies with the FSC.

Broad-based BEE seeks to rate an organisation in seven areas of compliance as defined by the Department of Trade and industry. It must be noted that DTI issues the Codes of Good Practice as a guideline and these must be interpreted by the rating agency that is performing the assessment of the BEE transaction. In the case study, the interpretation was done with the help of Empowerdex Rating Agency staff.

The attached framework for the Broad-based BEE scorecard was extracted from the scorecard summary document published by the DTI in 2004. It must also be noted that there might be updates by the DTI and subsequently by the FSC since this scorecard was released in 2004. However, the attached generic scorecard together with the FSC scorecard will be used since the TransUnionITC BEE transaction was concluded using these scorecards as the base. Since the BEE rating is only valid for a period of twelve months, the transaction will be reviewed using the updated scorecards in 2006, and only then can the transaction be analysed using the updated scorecards.

The targets as set by the DTI and reflected in the FSC are to be reviewed in 2010 and again in 2014. The government through the DTI reserves the rights to revise these targets
as they review them in line with the economic needs and development of the country. So companies will need to comply with these targets until such time the DTI revise them.

5.2.1 Ownership

According to the *Codes of Good Practice for Broad-based Economic Empowerment*, Broad-based BEE Ownership element looks at the shareholding which the company has made available to historically disadvantaged individuals or groups. This element carries a weighting of twenty points out of possible hundred points of the broad-based BEE. The DTI through the Codes of Good Practice require companies to maintain a target of at least 25% effective ownership at company level by black people or groups by 2010. This means that the ownership must accompany effective flow of economic benefit. Any transaction that is either conditional, deferred basis, without upfront economic benefits will be considered null and void until such time as the equity transferred carries real economic benefits to the shareholders.

The financial industry through the *FSC scorecard* stipulates that the company can also maintain a minimum of 10% effective ownership provided that the company in question maintain a minimum of 33% black people as members of their board of directors by 2008.

TransUnionITC’s transaction on ownership is effective 10% to CIDA Empowerment Trust, where black students are the recipients of the shareholding with effective economic benefits. According to employment records from the Human Resource department of the company, there is also one black female executive director out of a total of eleven executive directors at the company. This represents 9% black female executive directors of TUITC.

It can be concluded from the results of this study that that TransUnionITC’s BEE transaction will comply with the FSC rating scorecard provided they maintain a minimum of 33% black representatives on their board of directors by 2008. If they do not, they will
not be in compliance with BEE both in terms of the DTI’s Codes of Good Practice and in terms of the FSC scorecard.

### Table 5.1: TransUnionITC Ownership Score Calculations

<table>
<thead>
<tr>
<th>Ownership indicator</th>
<th>Weighting Points</th>
<th>Compliance Target</th>
<th>TUITC</th>
<th>Compliance Level</th>
<th>TUITC Score</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Voting Rights</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted voting rights in the Enterprise in the hands of black people</td>
<td>3</td>
<td>25%+1</td>
<td>9%</td>
<td>9%/25%=36%</td>
<td>1.08</td>
</tr>
<tr>
<td>Unrestricted voting rights in the enterprise in the hands of black women</td>
<td>2</td>
<td>10%</td>
<td>9%</td>
<td>9%/10%=90%</td>
<td>1.8</td>
</tr>
<tr>
<td><strong>Economic Interest</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic interest in the enterprise to which black people are entitled</td>
<td>4</td>
<td>25%</td>
<td>0%</td>
<td>0%/25%=0%</td>
<td>0.0</td>
</tr>
<tr>
<td>Economic interest in the enterprise to which Black women are entitled</td>
<td>2</td>
<td>10%</td>
<td>0%</td>
<td>0%/10%=0%</td>
<td>0.0</td>
</tr>
<tr>
<td>Economic interest in the enterprise to which black designated groups are entitled</td>
<td>1</td>
<td>2.5%</td>
<td>10%</td>
<td>10%/2.5%=400%</td>
<td>1 (Max 1 point can be allocated)</td>
</tr>
<tr>
<td>Level of unrestricted entitlement of black people to receive their economic interest in the enterprise</td>
<td>8</td>
<td>25%</td>
<td>10%</td>
<td>10%/25%=40%</td>
<td>3.2</td>
</tr>
<tr>
<td><strong>Bonus Points</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Involvement of new entrants who are black people in the ownership of enterprises</td>
<td>1</td>
<td>No</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Performance in excess of the requisite targets for unrestricted voting rights or unrestricted economic interest</td>
<td>1</td>
<td>No</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>TUITC Total Ownership</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>7.08</td>
</tr>
</tbody>
</table>

Source: As interpreted from data supplied by Lauren Kleynhans, TransUnionITC Communications Manager.

Therefore the maximum weighting that can be awarded to Ownership at TransUnionITC is 7.08.
5.2.2 Management and Control

While the FSC scorecard requires a maximum of 33% black individuals at the board level by 2008, the Codes of Good Practice recommends a 40% black representation at the board level by 2008. The management and control element of Broad-Based BEE only considers managers in executive directorship. Senior managers of the organisation are considered when calculating Employment Equity. If one looks at the TUITC senior management structure as provided by their Human Resources department, the calculations will then be as follows:

Table 5.2: TUITC Management and Control Count without scores

<table>
<thead>
<tr>
<th>Governing Body Position</th>
<th>Black</th>
<th>Black Women</th>
<th>Non-Black</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Chairman</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Chief Operating Officer</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Chief Financial Officer</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Executives</td>
<td>-</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>Non-Executives</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>-</td>
<td>1</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: As interpreted from data supplied by Coral Collins, TransUnionITC HR Consultant

Table 5.3: TUITC Management and Control Scores calculations

<table>
<thead>
<tr>
<th>Governing Body Position</th>
<th>Black</th>
<th>Black Women</th>
<th>Non-Black</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Chairman</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>-</td>
<td>-</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Chief Operating Officer</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Chief Financial Officer</td>
<td>-</td>
<td>-</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Executives</td>
<td>-</td>
<td>1.5</td>
<td>10</td>
<td>11.5</td>
</tr>
<tr>
<td>Non-Executives</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>-</td>
<td>1.5</td>
<td>14</td>
<td>15.5</td>
</tr>
</tbody>
</table>

Source: As interpreted from data supplied by Coral Collins, TransUnionITC HR Consultant
Analysis of the implementation of Black Economic Empowerment: The case of TransUnionITC.

The weighted black representatives are as follows:

- Non-Executive level: $0/15.5 = 0\%$ limited to $10\%$.
- Executives and Other levels: $1.5/15.5 = 9.7\%$
- Total: $0\% + 9.7\% = 9.7\%$
- DTI Generic scorecard: $9.7\%$ of $40\% = 9.7\%/40\% = 24.25\%$
- FSC scorecard: $9.7\%$ of $33\% = 9.7\%/33\% = 29.39\%$

In terms of both the DTI's generic scorecard and the FSC scorecard, the BEE transaction at TUITC does not comply with the minimum requirement at Management and Control element of the broad-based BEE. This is illustrated by the calculated percentage figures above. However out of the weighting of ten points allocated to the BEE scorecard element, a weighting of $8.9$ is awarded. This weight is calculated as follows:

- Target = $33\%$
- TUITC = $29.39\%$
- $29.39\%/33\% = 89\%$
- $89\%$ of $10 = 8.9$

5.2.3 Employment Equity

According to the DTI's Code 000 Scorecard summary document released in 2005, Employment Equity is a mechanism used to achieve fairness in the workplace by:

- Promoting equal opportunity through the elimination of unfair discrimination,
- Implementing affirmative action measures to redress the disadvantages in employment experienced by blacks in the past.

With this in mind, the study will assess the BEE transaction at TUITC when it comes to the Employment Equity element of BEE scorecard. Information is as provided by the company's Human Resource Department.
Table 5.4: Employment Equity

<table>
<thead>
<tr>
<th>Occupational Level</th>
<th>Africans</th>
<th>Whites</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Senior Management</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Middle Management</td>
<td>19</td>
<td>65</td>
<td>84</td>
</tr>
<tr>
<td>Supervisors</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Semi-Skilled</td>
<td>169</td>
<td>72</td>
<td>241</td>
</tr>
<tr>
<td>Unskilled</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>188</td>
<td>137</td>
<td>325</td>
</tr>
</tbody>
</table>

Source: As interpreted from records and data supplied by Coral Collins, TransUnionITC’s Human Resource Consultant.

Employment Equity calculations are as follows:

- % Black Management representation: $19/84 = 22.62\%$
- % Other Black staff representation: $169/241 = 70.12\%$
- % Total Black representation: $188/325 = 57.85\%$
- Employment Parity: (Info unavailable)
- Payroll equity: (Info unavailable)

Though some information is not available, a sound judgement can be made based on the available information when it comes TransUnionITC Employment Equity score. Looking at the statistics calculated above it can be seen that overall position indicates that TUITC does comply with both the DTT’s generic scorecard and the FSC scorecard that requires a total of 50% affirmative positions in an organisation. However there is a concern on the management positions where the organisation only satisfies 22% affirmative positions. This category also requires a 50% affirmative representation by 2010, as per the Codes of Good Practice.
5.2.4 Skills Development and Training

The code000 Scorecard Summary document as provided by the DII, clearly stipulates that Skills Development refers to the development of core competencies of black people to facilitate their interaction in the mainstream of the economy.

Table 5.5: Skills Development

<table>
<thead>
<tr>
<th>Course Details</th>
<th>No of Delegates</th>
<th>No Of Black Delegates</th>
<th>Internal or External</th>
<th>Accredited / Certified</th>
<th>Training Spent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applications courses</td>
<td>84</td>
<td>80</td>
<td>Internal</td>
<td>No</td>
<td>R743,100</td>
</tr>
<tr>
<td>Product related courses</td>
<td>125</td>
<td>92</td>
<td>Internal</td>
<td>Yes</td>
<td>R898,400</td>
</tr>
<tr>
<td>Specialised courses</td>
<td>116</td>
<td>29</td>
<td>External</td>
<td>Yes</td>
<td>R835,500</td>
</tr>
<tr>
<td>Total</td>
<td>325</td>
<td>201</td>
<td>-</td>
<td>-</td>
<td>R2,477,000</td>
</tr>
</tbody>
</table>

Scorecard calculations for Skills development and Training are as follows. Data used in these calculations is as provided by the Human Resource department of the company.

- Total training spent : R2,477,000
- Total Annual payroll of entity : (Information unavailable)
- % Skills spent to Annual payroll : (Can not calculate, no payroll info)
- Total number of delegates : 325
- % Delegates trained to total staff : 325/325 = 100%
- Total No of blacks trained : 201
- % Blacks trained to total trained : 201/325 = 61.84%
- Total accredited training spent : R898,400 + R835,500 = R1,733,900

Looking at the Skills Development and Training programmes for the previous financial year at TUITC, one can see that the company is paying attention to the development of its staff. However, due to some information which is considered sensitive and can not be
made available, the efficiency of the Skills Development and Training programme at TUITC could not be comprehensively assessed.

From the above it can be seen that the organisation has managed to train 100% of its staff members, though some staff might not have been trained and others might have received more than one training session, on average, all staff were trained. Also it can be seen that 61.84% of the staff trained were blacks in an organisation were 57.85% staffs are black. This can be interpreted as meaning that all black staffs were trained.

Based on 100% training administered for the previous year and similar plans for the future a maximum of 20 points were awarded.

**5.2.5 Preferential Procurement**

The FSC stipulates that at least 50% of the total value of procurement must be from BEE accredited companies by 2008 and 70% by 2014. The DTI's generic scorecard does not stipulate the amount in terms of value or percentage what an institution should spend on BEE suppliers, however it provides a guideline as to the amount that a company can claim as BEE spent when tendering. Therefore if companies do not wish to claim the BEE spent they do not have to comply with this element of BEE scorecard. However if they do wish to claim it is important that they keep all invoices of suppliers in order for the Rating Agency to audit and record accurate BEE spent figures. Were invoices are not supplied no such expenditure will be taken into account.

The table below is used to calculate the amount that can be claimed as BEE spent by any company including TUITC. However, it was not possible to have access to the suppliers' invoices of TUITC as this is sensitive information. It was made clear that if competitors can have access to this information, the operations of the organisation can be jeopardised and hence access to such information was denied.
Nonetheless, below is the table that can be used to determine BEE spent by TransUnionITC.

Table 5.6: Model Procurement Spent

<table>
<thead>
<tr>
<th>Preferential from BEE Suppliers</th>
<th>BEE recognition</th>
<th>Spent Example - Company A “BEE Spent”</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Affirmative Procurement</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>from Excellent BEE Contributors (BEE Percentage Score as per scorecard, between 80 and 100 points)</td>
<td>Recognise at R1.25 for every R1 spent</td>
<td>R1,000,000</td>
</tr>
<tr>
<td>from Good BEE Contributors (BEE Percentage Score between 65 and 79)</td>
<td>Recognise at R1 for every R1 of spend</td>
<td>R1,000,000</td>
</tr>
<tr>
<td>from Satisfactory BEE Contributors (BEE Percentage Score between 45 and 65)</td>
<td>Recognise at 50c for every R1 of spend</td>
<td>R1,000,000</td>
</tr>
</tbody>
</table>

This means that if it could be established that TUITC suppliers falls within the first group of BEE contributors, “Excellent BEE Contributors”, and then TUITC could claim Preferential BEE Spent of 125%. Using the example above, if TUITC have spent R1,000,000 on “Excellent BEE Contributors”, they would claim preferential BEE spent of R1,250,000, and so on as indicated on the table above.

5.2.6 Enterprise Development

Enterprise Development element of Broad-based BEE emphasises the organisation’s initiatives in creating or supporting SME organisations. This can be through joint venture initiatives, providing SME’s with special terms and conditions or extended repayment periods, providing SME’s and their members with business management skills, coaching, mentoring skills where possible and or financial assistance. Organisations within FSC are also expected to refer business opportunities to SME’s wherever possible.

In TUITC however, the company has not yet embarked on these initiatives as part of Enterprise Development compliancy within BEE. Research is underway where possible SME’s and joint ventures are being evaluated. This is a medium to long term strategy of
any organisation and needs the attention it deserves in order to ensure long term success of the partnership to emerge.

Therefore as part of the TUITC BEE transaction assessment, there are no points that can be allocated as a result.

5.2.7. Social Investment

According to Dhashni Pillay, TransUnionITC, Corporate Social Investment Coordinator, TransUnionITC has various social responsibility programmes that it administers. The company has adopted Nkathuto Primary School in Dube, Soweto. The school benefits from support offered by the company in terms of donated books, sponsored events, educational trips, science laboratory equipments and the like.

The company also has every Friday as a casual day and all employees contribute a stipulated amount of money which goes into a kitty to be distributed to charity organisations and the end of each year.

Once a year, according to Dhashni, the company management donates 1 hour of their time to Immaculata home for the needy, which is selected by the Social Responsibility Team. They donate time to help at the home by donating food, clothes, furniture and or computers. They also assist in preparing and distributing food by being hands on for an hour.
5.3 Conclusion

In this chapter the study looked at both the DTI’s generic scorecard as interpreted by the Codes of Good practice and the FSC scorecard in order to verify the compliance of TransUnionITC BEE transaction. Information was requested and received from the company’s Human Resource and Communications departments, though some information deemed sensitive could not be obtained.

Each element of the scorecard was analysed using information received to verify if the company complied with both the Department of Trade and Industry and FSC scorecard since they both recognise the same elements of BEE scorecard. A summary interpretation was provided above after each element of the scorecard. Where the information was not available, opinion was formed on the basis that information missing represents non compliance on the particular element of the scorecard. It was assumed that if the information was available it would have been submitted to the researcher.
6. Validity and reliability measures

6.1 Introduction
In this chapter the study looks to verify that the case study and the questionnaires used are accurate and that the correct processes were used in gathering information and proving the objectives of this study. Also the process of gathering the information is accurate and the information collected is accurate and relevant to the case study in question.

6.2 Validity
Validity is concerned with ensuring that this case study deserves to be done. The process and the methodology undertaken are appropriate. According to Bless and Higson-Smith there are four types of validity. These are:

- Content validity,
- Criterion-related validity,
- Construct validity and
- Face validity

This study can be identified as a combination of both content validity and construct validity.

6.2.1 Content validity
It was important to find an approach that would provide with information of different components. BEE has been a headache for many organisations mostly because of its complex issues which are quite comprehensive in the operation scope of any organisation. As a result, it was important to cover as many areas as possible when investigating or analysing this case. Therefore human resources effects, ownership, management perceptions, procurement, social responsibility initiatives, effect on
shareholders, effect on beneficiaries, effect on operations and the issue of stakeholder expectations management were explored.

The effect of BEE on the strategic focus of the organisations is another crucial element of consideration under content validity.

6.2.2 Construct validity

This approach was used effectively in this case study in that a known theory, that of TransUnionITC’s BEE transaction, existed and research needed to be undertaken to verify the transaction.

The questionnaires and the interview questions were used to collect information to link the research topic and research objectives. It was crucial to identify the research objectives and the case study topic, and then use research techniques to collect relevant pieces of data that was used in forming an opinion on the subject matter.

Looking at the above types of validity methods used, it can be seen that the right process was considered in identifying the need and the relevant research topic for this case study.

6.3. Reliability

Several types of reliability tests can be conducted to validate the response received from participants. Reliability deals with issues of validating the accuracy of data used. In our study, the different types of reliability test as identified by Bless and Higson-Smith (1995), were used as a combination of approaches to prove the consistency of responses received.
6.3.1 Test-retest reliability

The purpose of this reliability test is to administer the same test to the same group of respondents and verify if the responses are consistent. This study had had to look at and wary of the disadvantages of test-retest reliability theory. The approach taken was based on the following gaps identified after analysing this technique and some of these gaps include:

- Timing. It was important that the timing does not influence the response which is a common fact, for instance, questionnaire administered immediately after an employee has had a bad meeting is likely to result in negative feedback whereas questionnaire administered after an employee was awarded a promotion or increase is likely yield positive response.

- The study did not want to expose the researcher to respondents by administering the same questionnaire more than once and risk annoying respondents because this might end up with respondents ignoring my questionnaire.

- Another important issue that was considered before using the test-retest reliability technique was that some respondents might twist the answers just to create challenges for the researcher.

- Period between the subsequent questionnaires can influence the responses in that situations change or respondents can engage in discussions so that next time the respondent sees the same questionnaire: their responses can be influenced by these discussions.

With these issues to consider, the researcher opted for a test-retest technique administered at the same time. Same questions were asked differently in the same questionnaire. This provided the researcher the opportunity to gauge the validity of the responses received while at the same time the respondents had no time to be influenced by the other participants.
6.3.2 Equivalent-form reliability

Also known as the parallel-form reliability test, the researcher used this technique in the study. In the same questionnaire, same questions were asked but constructed differently. Responses to similar questions were analysed to see if there is any consistencies. Again the decision to use this approach in the same questionnaire was to avoid timing issues.

6.4 Detection of possible errors

Though it is acknowledged that it would be impossible for any research study to be free of errors and mistakes in terms of measurement and or bias, the study took careful consideration in identifying these errors and striving to reduce their effect on the final findings of this study.

When administering the questionnaires, questions were grouped into two main classifications. One classification being questions relating to the respondents' understanding of BEE in South Africa. The other classification being questions relating to the respondents' understanding of the BEE in particular to the TransUnionITC case.

Care was taken in analysing different parts of this research study in an effort to identify sources or errors with the belief that by identifying as many as possible sources of errors, the will be possible to begin to address those errors in the best possible way. The following were considered throughout the research in an effort to detect errors:

- Avoidance of vagueness of the definitions
- Stick to simple language and explanations
- Avoidance of inaccuracy of hypothesis
- Adequate design and planning of the research
- Researcher, interviewer and analyst (my own) biasness
- Respondent biasness

With all these in mind, it is acknowledged that this research paper is not error free and therefore the researcher acknowledges possible areas of improvement.
6.5 Conclusions
The test-retest validity method was not applied in this research because of the gaps identified in section 5.2.1 above. Instead the equivalent-form reliability method was used. In the same questionnaires asked in the survey, some questions were constructed differently to provide the same response intentionally. For example the question asked in Figure 2 reads “Do you know the reasons or origins of BEE in South Africa?” while the question posed by figure 4 reads “Do you know the objectives of BEE in South Africa?” Both questions were constructed in such a way that a consistent respondent would provide the same answer.
7. Conclusions and recommendations

After carefully analysing the BEE transaction in the case of TransUnionITC, several elements of the BEE scorecards were identified as complying with both the DTI’s generic scorecard and the FSC scorecard. The analysis was based on feedback received during interviews and information collected during the research study using various methods including survey questionnaires.

According to Bless and Higson-Smith (1995), power is defined as a person’s ability to make others do as he or she wants them to do. They also go further in saying “a full list of different ways of exerting power might include the use of force, threat, persuasion, influence and reward.” During this research study, the researcher was faced with a lot of challenges which in order to overcome one might argue that the need to exert force was considered. In short, it was impossible to get access to certain information without resorting to the some form of the earlier mentioned acts of power. However, in the spirit of professionalism and accountability, it was opted not to exert force. As a result one could not gain access to all the information required to conclusively rate the BEE transaction at TransUnionITC objectively. The conclusions are therefore based on the findings on the seven elements of the scorecard and on the limited information made available. These elements are analysed and summarised as follows:
Table 7.1: Interpretation of the TransUnionITC’s broad-based black economic empowerment transaction.

<table>
<thead>
<tr>
<th>Element of Scorecard</th>
<th>FSC Weight</th>
<th>TUITC Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership</td>
<td>20</td>
<td>7.08</td>
</tr>
<tr>
<td>Management &amp; Control</td>
<td>10</td>
<td>8.9</td>
</tr>
<tr>
<td>Employment Equity</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Skills Development &amp; Training</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Preferential Procurement</td>
<td>20</td>
<td>-</td>
</tr>
<tr>
<td>Enterprise Development</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td>Social Responsibility</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100%</strong></td>
<td><strong>45.98%</strong></td>
</tr>
</tbody>
</table>

Table 7.2: Interpretation table

<table>
<thead>
<tr>
<th>Score</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 40%</td>
<td>Limited contributor to broad-based BEE</td>
</tr>
<tr>
<td>Between 40.1% and 64.9%</td>
<td><strong>Satisfactory contributor to broad-based BEE</strong></td>
</tr>
<tr>
<td>Between 65% and 79.9%</td>
<td>Good contributor of broad-based BEE</td>
</tr>
<tr>
<td>80% and above</td>
<td>Excellent contributor of broad-based BEE</td>
</tr>
</tbody>
</table>

Source: As interpreted using the table adapted from the Codes of Good Practice, published by the DTI.

Based on information received TransUnion was rated at 45.98% using FSC’s broad-based BEE scorecard. As a result the company’s BEE status can be interpreted as “**satisfactory contributor to broad-based BEE**” as indicated in the table above.
8. Areas for future research

The topic of Black Economic Empowerment is a very broad one. In this particular research case the study was i) seeking to establish the level of understanding of the TransUnionITC’s BEE transaction by staff members of TransUnionITC and transparency surrounding this transaction and ii) to test its compliance with the government’s generic BEE scorecard as well as the Financial Sector Charter (FSC) scorecard which the company affiliates.

There are natural areas for future research around this research topic, of Black Economic Empowerment within the TransUnionITC environment. These can be influenced by various factors such as the realisation or the benefits of this transaction and the anticipated market growth or the lack of it after the implementation. Some of the areas for future research will include but not be limited to the following:

- Analyse the effect the BEE transaction has or had on TransUnionITC stakeholders
- Analyse stakeholders affected negatively by the BEE transaction in the case of TransUnionITC
- Did TransUnionITC have to change its strategic focus as a result of the BEE transaction?
- How did the BEE transaction in the case of TransUnionITC affect business operations, most importantly profitability?
- What are the challenges facing management post-BEE transaction in the case of TransUnionITC?
- What are the challenges facing investors post-implementation of BEE strategies within TransUnionITC?
- What are the challenges facing the BEE partners in the case of TransUnionITC BEE transaction?
- Analyse new opportunities (new products, increased market share and new target markets) created by BEE partners in the case of TransUnionITC.
Analysis of the implementation of Black Economic Empowerment: The case of TransUnionITC.

Bibliography


• Duffy, M E “Methodological Triangulation”, *Nursing and Health Care* 7 (May) pp. 131.

• Duffy, M E “Qualitative Research: An Approach Whose Time Has Come”, *Nursing and Health Care* 7 (May) pp. 237.


• Hendricks, L 2004. “Ministry of Trade and Industry”, *Black Economic Empowerment*: Keynote address at the Breakfast meeting held at Holiday Inn Crowne Plaza, Rivonia (July)


• Kleynhans, L 2005. “TransUnion ITC, Communications Manager”, *Interview on the BEE transaction in the case of TransUnionITC*” (September)


• Modungwa, N 2005. “TransUnion ITC, E-Commerce Manager”, Interview on TransUnionITC’s e-commerce products and solutions (November)

• Moodley, J 2005. “TransUnion ITC, Project Manager”, Interview on TransUnionITC strategic focus and branding (October)


• Pillay, D 2005. “TransUnion ITC, Corporate Social Investment Coordinator”, Interview on Social responsibility programmes at TransUnionITC (September)


• Sibanda, M 2005. “TransUnion ITC, Employment Equity committee member”, Interview on Employment Equity at TransUnionITC (September)

• Sowetan newspaper on 4/8/2005, “Black Students Strike it Lucky”


• van Rooyen, T. 2005. “TransUnion ITC, Communications Practitioner”, Interview on the BEE transaction at TransUnionITC (October)

• Walbrugh, I 2005. “TransUnion ITC, Product Manager”, Interview on TransUnionITC’s products and solutions (November)


• William Modise, 2005. “Manager of the Immaculata Home”, *Interview on TransUnionITC programmes* (September)