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BLACK ECONOMIC EMPOWERMENT PROJECT

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Black Economic Empowerment: A Review of the Literature

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Abstract

South Africa has the highest income inequality in the world. A recent report by the World Bank found the Gini coefficient of income to be 0.66, the highest of all 149 countries for which the World Bank has reliable data. In the workplace, this is reflected in vast inequalities in salaries and wages between high and low earners, but importantly between different race and gender groups. Despite a plethora of legislation aimed at addressing inequality in the workplace, women and black workers in South Africa continue to be paid less than men and white employees, even when doing the same work (the pay gap), and are more likely to work in precarious, low-paid jobs (occupational segregation). These factors are driven by differences in the characteristics of workers, and by structural discrimination in the economy. Conceptually, we can decompose structural discrimination into two forms – that which discriminates against people who do the same job, based on race and gender (the pay gap) and that which discriminates indirectly by occupational segregation – black people and women are concentrated in low-paying occupations. In this paper, we review the literature on occupational segregation and the gender and race pay gaps in post-Apartheid South Africa. We examine the various policy interventions that have attempted to address this enduring problem. In particular, we ask whether broad-based black economic empowerment – while not explicitly a labour market intervention – has had any positive impact on reducing labour market inequalities.

Key words: inequality, race, gender, action, labour market.

Introduction and analytical framework

It is uncontentious that South Africa has some of the highest-ranked economic inequality in the world, both in terms of income and wealth (Chatterjee, Czajka & Gethin, 2020; Francis & Webster, 2019; Hundenborn, Leibbrandt & Woolard, 2016; Sulla & Zikhali, 2018). In 2018, the World Bank found that the Gini coefficient of income in South Africa was 0.66 – the highest of all 149 countries for which the World Bank has good data (Sulla & Zikhali, 2018). This coefficient has remained largely unchanged in the post-apartheid period. In terms of income, this inequality is very well described in the literature – inequality continues to follow the divisions of race and gender far into the post-apartheid period. In the workplace, this is reflected in vast inequalities in salaries and wages between both high and low earners and, importantly, different race and gender groups (Espi, Francis & Valodia, 2019).

One of the areas where our understanding of inequality is less clear, however, is within the firm. The survey and census data on which much of the analysis of inequality is based, does not allow us to see who performs what function within the firm, and whether or not they are paid fairly to do it. In the context of an analysis of Black Economic Empowerment (BEE) in South Africa, this raises the interesting question of whether or not the policies of BEE have led to a structural transformation of the workplace, not in terms of ownership, but in terms of occupation and remuneration. Inequality in the workplace is closely linked to inequalities within the broader economy, most notably economic and industrial concentration of economic power and wealth, historically among a small minority of white elites. As part of this broader survey on the impact of broad-based black economic empowerment (BBBEE) in South Africa, we ask if BBBEE has impacted on the labour market, particularly in terms of reducing labour market inequalities. In part, BBBEE is underpinned by a largely unexamined assumption that diversification of concentration and ownership in the economy will lead to greater equity in the labour market, although identifying the exact mechanisms by which this would proceed is difficult.

In this paper, we explore the literature on occupational segregation[1] and the pay gap in terms of race and gender in South Africa. We find that inequality in both these dimensions persists well into the post-apartheid period. There is, however, very little in the literature that interrogates the relationship between BEE and the labour market. This is perhaps not surprising because BEE is not primarily a labour market intervention. But it does raise the interesting question of whether transformation in ownership leads to transformation in the composition of the workforce, and to what extent.

We adopt the following analytical approach: we start from the understanding that the post-apartheid labour market has been shaped by a number of dominant trends – economic, social and legal – which we highlight below. This raises two key questions. The first is, in the light of these trends, what has the impact of employment legislation (in the form of affirmative action and BEE) been on the South African labour market? The second key question is do we have the data that would enable us to answer this

1 The use of this term does not suggest that there is any legal basis for discrimination. Rather, it suggests that socio-economic history and present conditions mean that there are structural determinants of both the allocation of jobs and the return to the characteristics of workers.

question? Our hypothesis is that returns to black workers in the labour market have undoubtedly increased. The complication is that the other changes in the labour market over the period (increasing returns to capital, increased capital intensity and growing unemployment, among others) have been so overwhelming that it is difficult, if not impossible, to distil the impact of employment equity legislation and black economic empowerment on the labour market. In this paper we focus on the literature that examines occupational segregation and the gender pay gap within the firm. As we explain, while we are not able to link these trends satisfactorily to BEE legislation, it is important to understand how occupational segregation and the pay gap have evolved over time, and their current status in 2020, if we are interested in understanding race and gender equity in the labour market. A better understanding of these dynamics will also help us sharpen the focus of any future iterations of black economic empowerment.

The paper is structured as follows: first, we discuss the evolution of labour market legislation in South Africa in the post-apartheid period. We then examine how inequality is manifest in the labour market. Third, we review the evolution of the labour market in the post-apartheid period. We then review the latest literature on occupational segregation and the race and gender pay gap in South Africa. We conclude with a discussion on data limitations and offer recommendations.

Labour market legislation in post-apartheid South Africa

Black economic empowerment is a distinct economic policy that seeks to alter the structure of ownership and control in the economy. But it is not an isolated policy; rather it emerges from a tradition of post-apartheid policies designed to transform the structure of the economy and the workplace. One of the cornerstones of attempts to transform the workplace is the policy of affirmative action in South Africa, which was introduced in 1998. This arose out of two processes (the Labour Market Commission and the Green Paper on Employment) which led to the creation of the first BEE building block – the Employment Equity Act of 1998 (Burger & Jafta, 2010). However, the roots of affirmative action are found in the Constitution, which "stipulates principles for safeguarding equality and prohibiting unfair discrimination while recognising the legacy of past discrimination" (Lee, 2021: 108). With reference to the Employment Equity Act, section 3.1.1 of the Act compels employers to take "positive or affirmative measures to attract, develop and retain individuals from previously disadvantaged groups. These groups are designated in the Act as "Black (including Africa, Coloured (mixed race) and Indians), women and people with disabilities" (Burger & Jafta, 2010: 5).

This understanding of employment equity was incorporated into the broad-based black economic empowerment strategy, which found legal form in the Black Economic Empowerment Act of 2003. Burger and Jafta (2010) distill the three core components of BEE: direct empowerment, human resource development and indirect empowerment. These core components are comprised of subcomponents which each have a weight. Employment equity counts for only 15 of the 100 available points, and this should not be a surprise given that the focus of the BEE Act is on transforming ownership, not the structure of the labour force. These 15 points are allocated on the basis of the total share of employment comprised of black employees – this then does

not take into account occupation segregation within a particlar organisation (Burger & Jafta, 2010). For a more detalied discussion about the genesis of affirmative action, see Lee (2021).

Francis and Webster (2019) argue that Broad-Based Black Economic Empowerment (BBBEE) has become the main instrument for economic redistribution by the State in the post-apartheid period. As Southall notes, BEE, as a term, refers to "a mix of political pressure, government procurement practices, and legislation, notable the Broad Based Black Empowerment Act of 2003, which is designed to advance black ownership of and control over the economy" (Southall, 2007: 67). When it first emerged in the early 1990s, BEE focused on increasing the black share of ownership in major companies (Ponte, Roberts & van Sittert, 2007). "BEE has amounted mainly to the transfer of shares, which have been acquired disproportionately by a small number of prominent, politically connected black figures. This handful of persons has amassed large fortunes from empowerment transactions and accompanying directorships" (Tangri & Southall, 2008: 701). As we have argued elsewhere, under President Mbeki, the strategy was to build an African upper class and, to a large extent, the focus of BEE policies reflects this (Francis, Habib & Valodia, 2021).

Ponte et al. (2007) have argued that there is a central contradiction at the heart of BEE in that, rather than effecting structural changes in the economy, it provides "enhanced opportunities for black individuals (rather than groups) to improve their position via affirmative action. This is done by allocating extra resources created by higher economic growth, rather than by redistributing existing resources" (Ponte, et al., 2007: 934). This leads Webster and Francis (2019) to argue that the positioning of BEE as the prinicipal (or one of the principal) mechanisms for economic redistribution has left the structure and method of reproduction of capitalism in South Africa largely intact. What has changed is the racial composition of the capital class (Webster & Francis, 2019). This is perhaps unsurprising, argue Ponte et al. (2007: 936): "As BEE is applied in the context of neoliberal economic policy and of more general constraints (including mobility of capital and investment, risk rating), it can only take specific forms and achieve limited results. The failure to deliver meaningful change in areas that need it most (land, skills development, employment) and where it would be most feasible…are testimony to this."

The labour market is, of course, shaped and governed by institutions and legislation. Webster and Francis (2019) detail the main legal developments in the legislative regime governing the South African labour market. They argue that the cornerstone of the post-apartheid workplace regime is the Labour Relations Act (LRA) of 1995. This was supported by the Basic Conditions of Employment Act (BCEA) of 1997 and the Employment Equity Act (EEA) also of 1997. The EEA sought to eliminate unfair discrimination in employment policies or practices and promote equal opportunities in the workplace (see also Venter & Levy, 2011). As Espi, Francis and Valodia (2019) note, the EEA is of particular interest when it comes to questions of occupational segregation. Section 27 of the EEA requires designated employees (that is, firms with 50 or more employees, and smaller firms with an annual turnover above a set threshold) to report on occupations and income differentials within the organisation. Unlike survey data, this data can give us a much more detailed insight into who does

what within firms, and how they are remunerated. Espi, Francis and Valodia (2019: 44) not, usefully:

> The EEA data provide information on two key facets of economic participation. The first is the representation of different demographic groups, that is male and female, and the four race classifications used by the South African government, namely black, white, coloured and Indian, with an additional category for foreign nationals. This tells us the actual numbers of employees and proportions of different groups working in various sectors and occupations (delineated by skill level). The second is remuneration: the data tells us the average earnings of each of these groups for each industry and skill level.

The way the EEA data is structured allows researchers to match and compare workers in different occupational levels and industries at a level of detail not offered by household survey data (Espi, Francis and Valodia, 2019; Gradín, 2018). This information is published at a high level by the Commission for Employment Equity (CEE) (see, for example, Commission for Employment Equity, 2017), but as Espi, Francis and Valodia (2019) argue, the remuneration data arising from the EEA reporting is of very poor quality. It does not assist us to better understand the race and gender pay gap. This is a significant constraint to any project aiming to better understand how policy has impacted on the labour market at the firm level, because it is precisely this information that is lacking when we attempt to tackle these questions.

Long term trends in the post-apartheid labour market

There are a number of works charting the evolution of the South African labour market in the post-apartheid period, and it is not our intention to reproduce these here (see, among others, Bhorat, 2005; Casale, 2003; Espi, Francis and Valodia, 2019; Finn and Leibbrandt, 2017; Kerr, Lam & Wittenberg, 2019; Leibbrandt, Finn & Woolard, 2012; Mosomi, 2019b; Statistics South Africa, 2016; Webster and Francis, 2019).

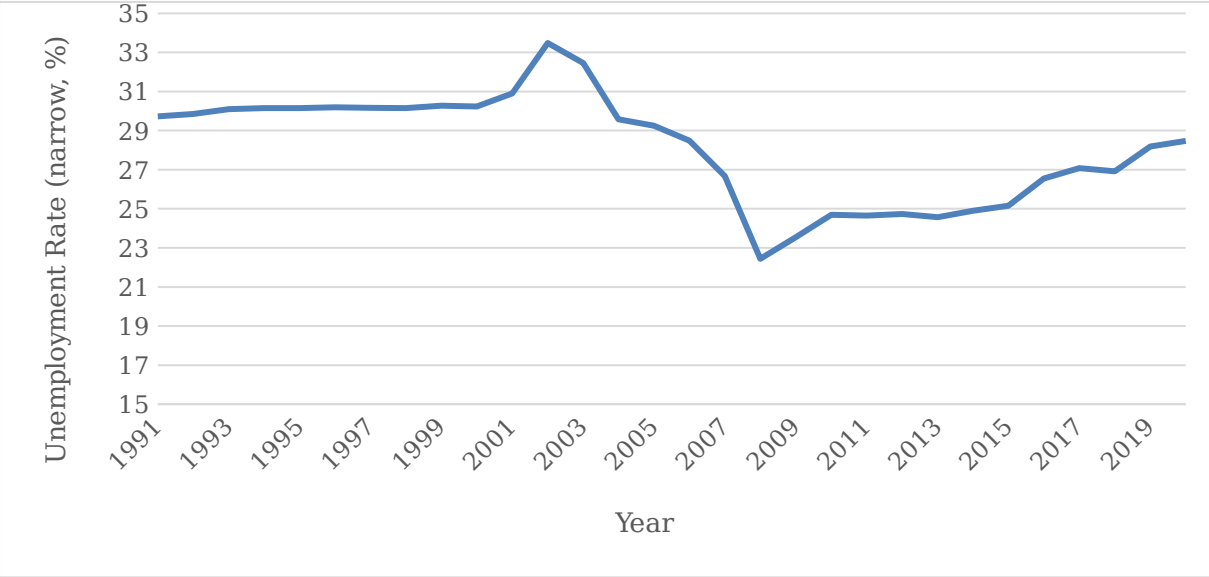
However, there are a number of broad trends which are relevant to our analysis here. The first is that the post-apartheid period has been characterised by growing employment and growing unemployment (Banerjee et al., 2007). This has been accompanied by a rapid rise in female labour force participation and female unemployment, particularly in the first years of the post-apartheid period (Casale, 2003; Casale & Posel, 2002;). Second, the returns to highly skilled works have grown significantly faster than the returns for low-skilled workers (Bhorat, 2000). Third, there has been a rapid increase in the size of the public sector (particularly in the last 15 years) and the composition of the public sector has changed significantly (Lee, 2021). Fourth, there have been notable fluctuations in the labour share of income in the post-apartheid period, but an overall decline from nearly 56% in 2000 to just over 54% in 2020, meaning that an increasing number of workers are competing for a diminishing share of national income (Merrino, 2020).

The South African Labour Market in 2020

Unemployment is a persistent feature of the South African economy and, while it has been worsened significantly by the COVID-19 pandemic and lockdown, unemployment has been persistently high for several decades. As illustrated in Figure 1,

unemployment according to the narrow definition has remained above 20% in the post-apartheid period. During the resource boom of the early 2000s – a period when the South African economy grew rapidly – unemployment declined from 33% to 23%, but it has risen steadily in the last decade, again reaching 30% by 2020.

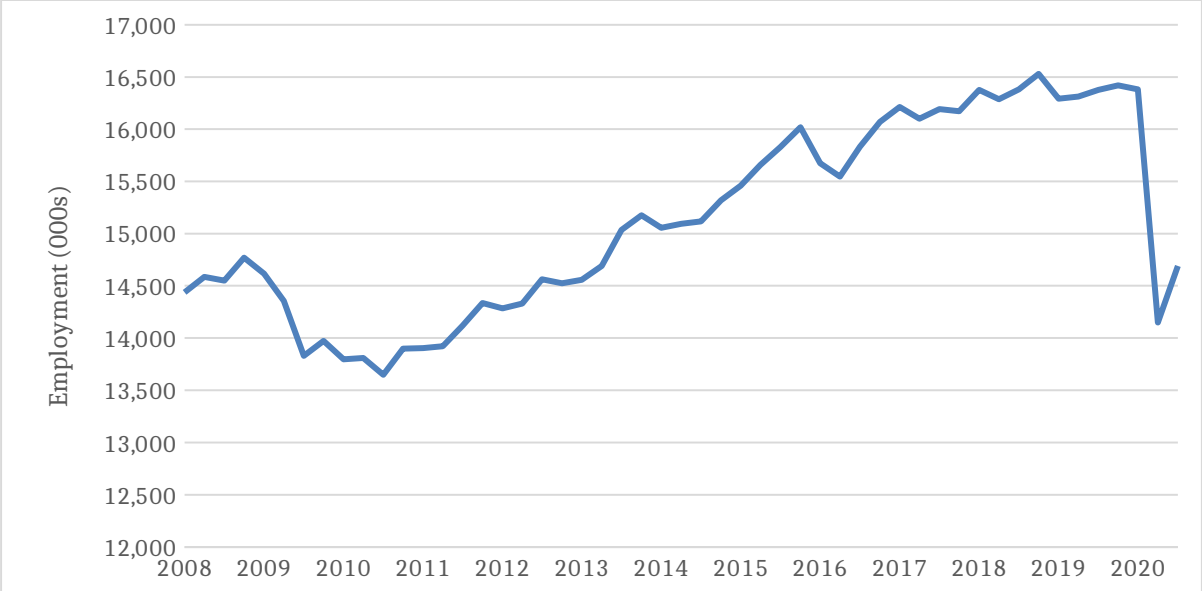
Figure 1: Unemployment in post-apartheid South Africa (modelled ILO estimate)



Source: World Bank Data Portal

We must preface this literature review by noting that the COVID-19 pandemic and the lockdown have delivered a major shock to the South African labour market, which may be large enough that much of the literature we present below is contingent (Francis, Ramburuth-Hurt & Valodia, 2020). As shown in Figure 2, the economy lost two million jobs between March and June 2020 (Statistics South Africa, 2020a) and, by September 2020, the unemployment rate had reached 31% – the highest in a decade – as shown in Figure 3 (Statistics South Africa, 2020b).

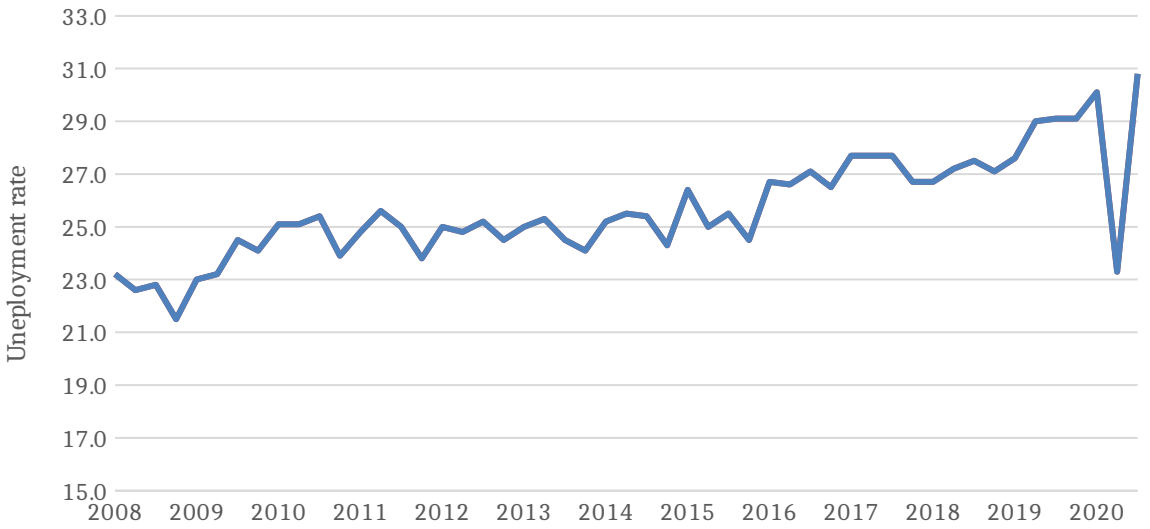
Figure 2: Employment in South Africa



Source: **Statistics South Africa (2020b)**

While the labour market has begun to recover some of the losses, the shock will have caused massive churning between occupations, altered the terms of employment of many workers, and will have been highly unequally distributed (see, for example, Casale & Posel, 2020; Casale & Shepherd, 2020 on the gendered impact of the lockdown). It is too early to know with much certainty exactly how the costs of the shock are distributed, but this should be born in mind in the analysis which follows.

Figure 3: Unemployment in South Africa



Source: **Statistics South Africa (2020b)**

Thinking about inequality in the labour market – some definitions

Espi, Francis and Valodia (2019) argue that there are two main ways that the labour market generates inequality in South Africa. The first is the gap in remuneration

among those who work. The South African labour market is characterised by vast differences in waged earnings: low pay is widespread (Valodia et al., 2016), while a small subset of the labour market continues to earn very high salaries (Francis & Massie, 2018). This inequality in wage income has increased in the post-apartheid period. The second way in which the labour market generates inequality is between the employed and the unemployed. Unemployment in South Africa reached 31% (according to the narrow definition) in 2020 (Statistics South Africa, 2020b). The significant proportion of the population that is excluded from paid work means that there is vast inequality between the employed and the unemployed. In this paper, we are interested in the former mechanism – inequality among those who work and, here, there are two main forms of inequality which are of interest.

The first is occupational segregation. This is where a particular group (women or black people, for example) are less likely than others (men, white people) to occupy particular occupations which are usually associated with better pay, such as managerial and executive positions (Espi, Francis and Valodia, 2019; Gradín, 2018). This is not due to any legal basis for discrimination, but is a product of the structure of an economy and society which has been shaped by decades of colonialism, apartheid and patriarchy. For example, black people have historically been excluded from higher education, which has constrained their educational attainment and limited their access to highly skilled positions. Despite the dismantling of apartheid 30 years ago, the social and economic consequences have significant inertia and continue to shape the labour market today.

Indeed, the long history of discrimination in the South African labour market has resulted in persistent segmentation of employment by race and gender, and this has led to systemic differences in occupations between these groups (Espi, Francis and Valodia, 2019; Rospabe, 2001; Standing, Sender & Weeks, 1996). Some of this segregation can be explained by differences in the characteristics of workers, which are in themselves products of the apartheid regime (restricted access to education and work has shaped the development of human capital of various groups). But much of this segregation remains unexplained and is the product of more direct discrimination which persists in the post-apartheid era (although there is more work to be done in order to understand exactly how and why this discrimination persists and operates).

The second form of inequality is the pay gap – when women or black people, for example, are paid less than men or white workers for doing the same work (Espi, Francis and Valodia, 2019; Rospabe, 2001). This wage gap can be explained by two main factors, according to Mosomi (2019). The first is differences in human capital (education, work experience, etc.) which leads to differences in worker productivity. This is known as the positive explained pay gap. That these differences are systemic is due to the way that apartheid, and failures of the post-apartheid state, have shaped education and labour markets. The second factor is the difference in returns to these human capital characteristics (for example, differences in earnings between two people with the same human capital characteristics) – this is the positive unexplained gap. This unexplained gap points to persistent discrimination in the labour market. The key question facing us in this paper is to what extent employment equity legislation and policy, in general, and BEE in particular, have ameliorated these problems, and indeed whether or not it is possible to answer this question from the

available data. This is particularly challenging because, at the highest level, there has been no change in the level of income inequality in South Africa, despite its progressive constitution and labour market legislation (Francis & Webster, 2019).

Occupational segregation by race and gender

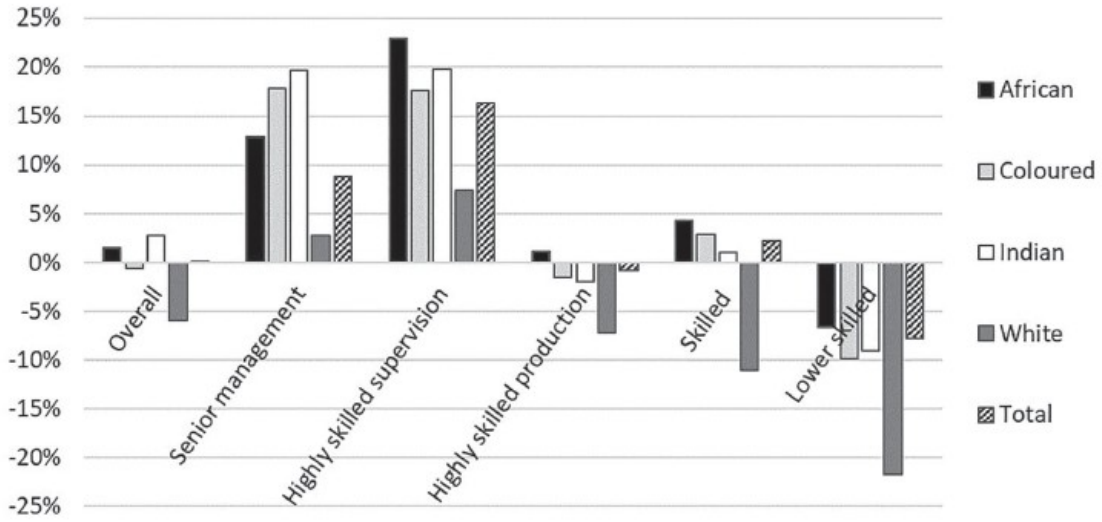
While the EEA data offers the opportunity to interrogate occupational segregation, very little work has been done on this aspect of workplace inequality, in terms of either race or gender (for a fuller review of the literature see Espi, Francis & Valodia, 2019; Gradín, 2017;). This gap is partly remedied by Gradín in a 2017 paper which examines occupational segregation by race in South Africa. There he finds, using census data, that "black [people] are disproportionately over-represented in lower-paying jobs [and that] only 29% of segregation in 2007 is directly associated with differences in observed characteristics between black and white [people]" (Gradín, 2017: 14–23). Furthermore, he argues that

> Racial inequality in the distribution of characteristics helps to better explain the segregation of black [people] into low-paying occupations, nearly one half in 2007 (49% Gini; 47% *D*), with education playing the most fundamental role (44% Gini; 42% *D*), the rest being associated with differences in demographic variables and location. These large unexplained terms in segregation and stratification are the result of differences in the conditional occupational distributions, with similar workers working in different occupations based on their race. This may be the result of differences across unobservables, such as the lower quality of education received by black [people], of differences in preferences, or of direct discrimination by race in hiring or promotion practices.

Lee (2021) finds that "black representation in employment increased in the post-apartheid era, notably in the high-level occupations prioritised by affirmative action and other skilled occupations, such as technical and clerical categories" (Lee, 2021: 190). He finds that black workers increased their share of professional posts from 45% in the early 2000s to 70% by 2018, while in management, the share rose from 40% to 60%. Lee also makes use of the EEA data and finds that black representation in management has increased in the 20 years following the Employment Equity Act. However, while their share has increased, black people, and especially black African people, remain proportionately under-represented in top management.

There is also an important distinction between the public and private sectors in terms of affirmative action. Lee (2021) finds that there are higher proportions of managerial and professional black people working in the public sector compared to the private sector, although the magnitude of change is similar between the sectors. By 2018, 25% of all black African managers worked in the public sector. There has also been rapid growth in senior management and highly skilled supervisory jobs among non-white people in the public sector between 1995 and 2010, as shown in Figure 4.

Figure 4: South Africa public services: average annual growth of employees, by occupation and skill level, and race, 1995-2010



Source: (Lee, 2021: 201)

These findings notwithstanding, we do not find much in the literature which interrogates, in detail, the links between BEE, affirmative action, and the changing composition of the workforce. The use of census data, by Gradin (2018) for example, is limiting in that it does not allow us to specify the nature of the occupational segregation, or to examine individual sectors. There is still much more work to be done to understand the large unexplained components of segregation and stratification in the workplace.

In terms of occupational segregation by gender, one of the most recent papers by Gradin (2018), finds persistent gender discrimination in terms of occupation. That is, the differences in occupation are not driven by the individual characteristics of male and female works, but rather by differences in returns to these characteristics (in an analogous fashion to the pay gap). He also found that there is persistent stratification by employment type along racial lines among female employees – black and coloured women are consistently found in lower-paying work (Gradín, 2018: 26):

> No evidence that this segregation and stratification by gender, now or in the past, were the result of the distinctive characteristics of male and female workers, especially attained education. Hardly any segregation can be justified on these terms, and only the overrepresentation of women in some higher-paying professional positions may partially be justified by their higher education and other attributes. That is, men and women with similar characteristics still tend to work in different occupations, with a tendency for some (black and Coloured) women to work in lower-paying jobs compared with men of similar human capital.

Espi, Francis and Valodia, (2019: 58) found that "women (and especially black and coloured women) continue to be under-represented in high-skilled and managerial positions, and disproportionately occupy low-paid and low-skilled positions". Again, due to limitations on the data, we are not able to take a longitudinal view on how this

distribution has changed over time. This is because one such source of this information, the EEA data, is only available from the early 2000s and for the first few years the data is incomplete and unreliable, even in terms of occupational information.

The race and gender pay gap

In their 2010 review of the effects of affirmative action in South Africa, Burger and Jafta (2010) found that affirmative action had, at best, a marginal impact on reducing both the employment and wage gaps between races in South Africa. Indeed, they argue that "race and gender both played an important role in determining labour market outcomes…and that there is very little evidence to suggest that these effects are disappearing over time…this would suggest that affirmative action may have helped individuals from designated groups who already found themselves higher up on the skills ladder, but that these effects were too small and concentrated on too few individuals to have had an impact on the average previously disadvantaged individual" (Burger & Jafta, 2010: 23). There is, of course, a wide literature which confirms that there are persistent inequalities in income between black and white workers (Collier, 2015; Hundenborn, Leibbrandt & Woolard, 2016; Merrino, 2020; Sulla & Zikhali, 2018;), but not much of this is framed in terms of the explained and unexplained wage gap (that is, much of the inequality can be explained by differences in the characteristics of workers due to persistent inequalities in access to and quality of education, among other factors).

There have been several investigations into the post-apartheid gender wage gap in South Africa (Bhorat & Goga, 2013; Burger&Jafta, 2006; Casale & Posel, 2011; Grun, 2004; Muller, 2009; Ntuli, 2007; Posel & Rogan, 2009), although there is disagreement in the literature about the magnitude of the gender wage gap, and whether or not it is expanding (Mosomi, 2019b, 2019a). The most comprehensive analysis of the gender pay gap was undertaken by Mosomi (2019). At the highest level, she finds that the gender wage gap in terms of median wages remains high between 23% and 25% and, importantly, that this difference is not explained by differences in human capital characteristics between male and female workers. Her study (Mosomi, 2019b:30–32) further finds that

> there has been a substantial decline in the gender wage gap at the 10th percentile. On the other hand, there has not been much change in the gender wage gap at the median, a trend that is puzzling. At the 90th percentile, there was a decline in the gender gap between 1993 and 2005, but this trend has reversed, exhibiting a continually increasing unexplained gap in recent years … The results show that occupation of employment contributes positively to the unexplained gap at the 90th percentile. This means that there is a type of ceiling for highly qualified women … Although over time there has been an increase of women in management, women are still under-represented at this level, and there are occupations that are still male-dominated, such as crafts and machine operation.

Recommendations and conclusion

One of the main constraints to analysing both occupational segregation and the race and gender pay gap, and any impact that BEE might have on these metrics, is the available data. Census and household survey data does not contain sufficient detail to

allow like-for-like comparisons that would give an accurate indication of occupational segregation. The data arising out of the EEA reporting does address this shortcoming, but there has been very little empirical work examining the data. One of the main limitations of the EEA data is that the quality of the remuneration data therein is very weak (Espi, Francis & Valodia, 2019). This limits its usefulness for understanding the race and gender pay gap. This is a pity because the structure of that data lends itself very well to answering these sorts of question, because the EEA data is population rather than sampling data, covering a wide range of firms across all sectors of the economy (for a detailed discussion of the data coverage see Espi, Francis & Valodia (2019)).

Even if we manage to improve the data at the firm level, there are still some theoretical and empirical gaps in our understanding of the relationship between employment equity legislation, BEE, and inequality in the labour market. First, we need to better explain the conceptual linkages between ownership and the labour market, and how changes in ownership and concentration could positively impact on inequality in the labour market. Empirically, we need to link information about firm ownership and economic concentration (which is a function of BEE, among many other things) and the labour market. This requires a much more detailed understanding about the composition and nature of employment within the firm (which is a function of employment equity legislation, among many other things). Until these two things have been accomplished, we will only have the vaguest sense of the impact of the BEE on labour market inequalities.

Our review of the literature on occupational segregation and the race and gender pay gap in South Africa highlights that much more research needs to be done if we are to develop a detailed understanding of the distribution of work and pay within firms in the contemporary South African labour market, and how this is linked to the ownership structure of firms. The focus in the literature on decomposing income inequality from household survey data has left us with a thin understanding of the occupational distribution of work and how this has changed in the post-apartheid period.

Our review of the recent literature on occupational segregation and the race and gender pay gap shows that these persist 30 years after the end of apartheid. While some of the gaps are explained by differences in characteristics of workers, much of the gap remains unexplained. This persistence of discrimination in the labour market requires urgent attention. What is less clear from the literature is what effect, if any, has BEE had in terms of addressing occupational segregation and the wage gap. This question is difficult to answer because the main instrument – labour force surveys – does not provide the level of granular detail required to investigate how the allocation of occupations has changed over time. Where there is data, in the form of the EEA database, it remains under-analysed. Furthermore, the remuneration data from the EEA, which would allow us to investigate pay gaps and occupational segregation in more detail, is of very poor quality, rendering it almost useless.

If we are to better understand these important questions, the quality of the EEA data needs to be drastically improved, and the responsibility for this falls on the Department of Labour and the National Minimum Wage Commission. In the absence of

these data, it is difficult to present findings with any confidence. But, as Francis and Webster (2019) have argued, BEE was never intended to be a structural intervention in the labour market. Rather its aim has been to alter the composition of the ownership of capital, and perhaps those at the top end of the labour market. This does not mean, of course, that BEE cannot or will not have broader impacts on the economy (for example, fostering a black middle class or reducing inequality in the labour market) but there is clearly a need for more conceptual investigation and for an empirical study investigating both ownership and composition of firms, and how these have been shaped by legislation and economic policy.

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