

Media sings black empowerment praises

But will positive ratings give way to more cautious approach?

Research Links:
http://www.southafrica.info/doing_business/trends/empowerment/
<http://www.littleblackbook.co.za/>
<http://www.empowerment.co.za/>

Is black economic empowerment benefiting all South Africans or just a few? If one believes the media, it is a 'good thing' all around, as **Media Tenor**'s research shows. The value of black economic empowerment deals in South Africa more than tripled in 2003 compared to the preceding year, according to the latest Mergers & Acquisitions (M&A) annual compiled by global financial services firm Ernst & Young. According to Ernst & Young's M&A, there were 189 black economic empowerment (BEE) deals worth R42.2-billion in South Africa in 2003, compared to 104 deals totalling R12.4-million in 2002.

But despite these figures and a flurry of activity around BEE deals this year, there remains concern that the government's BEE policy is only benefiting the few prominent black businessmen who dominate the deals. However, research by **Media Tenor** from January 1 to April 30 2004 shows that this concern is not highlighted to any great extent in the media. If anything, the media's tone has been nothing short of celebratory when it addresses issues around empowerment.

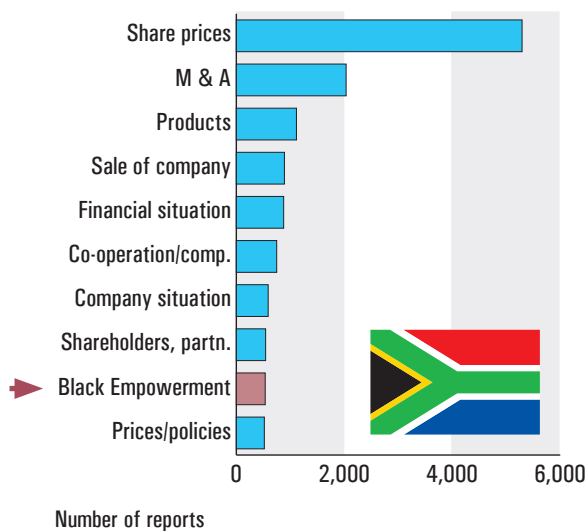
Business is the most reported-on issue in the leading South African media. In an analysis of 61,687 reports, business received 11,710 reports, or 19% of the total coverage, ahead of domestic is-

suess (8,996 reports or 14.6%) and economy (6,054 reports or 9.8%) in the period of analysis. Among the analysed daily and weekly newspapers, business was the leading issue, receiving 20.6% and 23.8% of the coverage respectively. Business was not as popular on television news, coming in behind sport (21.5%), economy (12.6%) and domestic issues (11.6%) with 10.2% of the coverage.

South Africa's leading financial daily **Business Day** was the main driver of BEE among the dailies, with 99 out of 352 statements (28.1%), with **The Star** (19%) and **ThisDay** (17.3%) also playing a part. Almost one in every three statements on BEE among the weeklies, could be found in the **Financial Mail** (30% or 40 from 133 reports) with **Rapport** (18%) and **City Press** (17.3%) trailing behind. **Business Focus**, a specialised business program on **SABC**, the public broadcaster, was the "BEE channel", producing almost half (47.4%) of the only 19 statements on BEE.

As mentioned above, the media tends to enhance the positive aspects when reporting on BEE. And while there are many positive aspects to these so-called "broad-based" black economic empowerment transactions - which encourage the redistribution of wealth and opportunities to previously disadvantaged communities and individuals, including blacks, women and people with disabilities - there are a few downsides which are becoming more frequently portrayed in the media. This includes the enrichment of wealthy individuals who are well connected in the world of politics

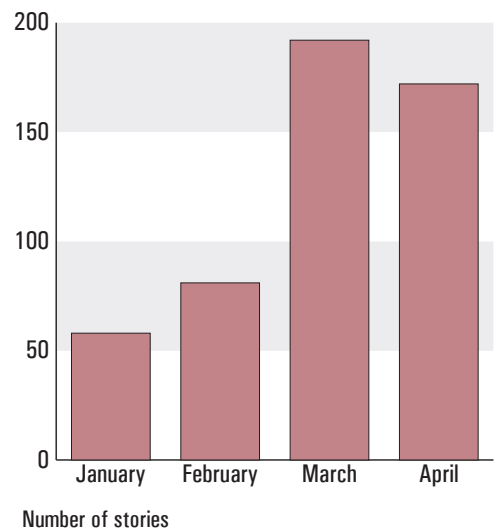
BEE ranks high on corporate reporting



Source: Media Tenor 01/01 - 04/30/2004

Basis: 25,241 reports on companies in 21 SA media

Strong increase in BEE coverage, less during elections

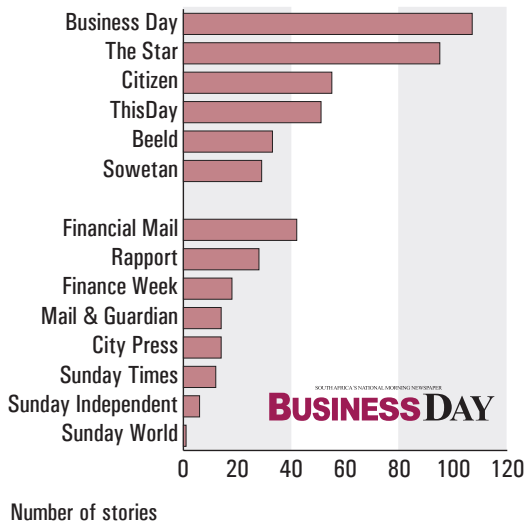


Source: Media Tenor 01/01 - 04/30/2004

Basis: 503 stories in 21 SA media

The policy to empower SA's black majority will undoubtedly become an even greater issue in the media as more and more companies come into line with the sector charters, which prescribe black equity requirements.

Financial media leading BEE discussion



Source: Media Tenor
01/01 – 04/30/2004

Basis: 503 stories
in 21 SA media

and the issue of “fronting”, a practice that helps falsify BEE credentials.

Media Tenor’s research shows that there has been a steady increase in the number of reports on BEE this year, from 58 in January to 81 in February, hitting a high of 192 in March and dipping to 172 in April. The bulk of the reports (74.4%) were contained in the financial pages, with 11.9% of BEE reports making it to the front page of the business section. That BEE is a prominent issue in the SA media is reflected in the fact that 7.7% of the reports were dealt with in the editorial/opinion pages. 4.2% BEE reports were published on the front page.

When analysed in terms of reporting on companies and where BEE was the main topic of the report, Business Day was the most circumspect of all the dailies with 12.5% of its reporting being positive and only 0.93% negative in tone. Sowetan, a black-oriented newspaper, was the most critical on BEE with 6.9% reports being negative in tone. However, 34.48% of the reports on BEE in Sowetan were positive. **Sunday Times** and **Mail & Guardian** were mostly neutral in their coverage, but overall the weeklies were generally also quite positive in their assessment of BEE.

Absa Bank, which released details of its empowerment deal at the end of June, was the most reported-on company in terms of BEE (39 of 535 statements or 7.3%) with former politician and leading black businessman Tokyo Sexwale’s Mvelaphanda, who acquired interests in mining

company Gold Fields, the second-most reported-on company. Sexwale was also involved in the BEE ‘deal’ of Absa. Sanlam, Imperial Holdings and Old Mutual were the other leading companies in terms of coverage on BEE.

With its broad ideals of uplifting the poor, BEE may be seen as a social issue. However, a look at the protagonists who are mentioned in relation to empowerment indicates that BEE is a financial issue, at least in the eyes of the media. The leading protagonists in the media in relation to BEE were the companies and unions with an overwhelming 78.3% (372 of 504 statements) of the coverage. Second-ranked, yet some way behind in terms of volume, was the government (8%) and society (6.7%).

BEE is a major topic in terms of reporting on companies. Of the top 10 leading issues the media reports on when covering companies, BEE was ninth in the period of analysis with 543 statements. This was more than issues of pricing policy, investigations, investment and profitability. Of the leading issues the media addressed when reporting on companies, share price was the most popular (2 593 statements), followed by mergers and acquisitions (2 034 statements).

The policy to empower SA’s black majority will undoubtedly become an even greater issue in the media as more and more companies come into line with the sector charters, which prescribe black equity requirements. The question is whether the media will continue their celebratory tone or start to reflect more critically on who exactly is being empowered. The majority of all BEE deals have been conducted by three individuals and their respective ‘consortiums’: Tokyo Sexwale, former Premier of Gauteng, South Africa’s industrial hub; Cyril Ramaphosa, businessman and former ANC activist as well as Patrice Motsepe, mining businessman. Lately, increased criticism has been seen across all media, particularly after the latest deal of one of South Africa’s largest banks, Standard Bank, was once again concluded with one of the three ‘BEE giants’. Companies will have to closely monitor the attitude of media towards BEE, if they are to conclude further deals. gr

Basis

Media: Business Day, Beeld, Business Report, The Star (including Business Report) Citizen, Sowetan, ThisDay, The Sunday Times, Sunday Independent, City Press, Mail & Guardian, Financial Mail, Finance Week, SABC News in Afrikaans, English, Business Focus, Zulu/Xhosa, Sotho, e-news

Time: 01/ 01 – 04/ 30/ 2004

Analysis: 61,687 stories in 21 SA media , 25,241 reports on companies

Open questions:

Will the positive coverage on BEE continue despite recent criticism?

Should black empowerment be portrayed as an economical issue rather than a social one?