



## Influence for change or status quo

Over the years I've seen trustee meetings where investment and employee benefit consultants have silenced a discussion on Transformation and the use of black asset managers by using the name of risk and complexity and masquerade it as a reason to "stick-with-the-names-you-know", to the exclusion of black businesses. Have we forgotten that only 8% of the long-term savings industry is allocated to black asset managers, this woefully low number (of an industry managing R7 Trillion) is an indictment on the financial services industry which is trusted with the facilitation of information to asset owners.

### Use your influence for change

Too few members of Retirement Funds actually understand how their apathy around retirement fund investment choices contributes to slower economic transformation. Activism is however being brought to the fore through the Retirement Fund Scorecard. This scorecard aims to dive deeper into the Transformational approach that funds are taking. It measures the BEE level of providers, measures the use of majority black owned businesses, the use of small and medium sized enterprises and the use of 30% black women owned businesses. The thinking being that if retirement fund members knew that their service providers were not transformed beyond the BEE level 1 certificate and very few organically grown businesses were being used... there would be a ground swell of activism of members demanding change..

### The value chain

If every person in South Africa who contributes to a retirement fund actively asked their trustees and service providers what they were doing to supporting more entrepreneurial Black businesses – I wonder what the answer would be. For those who would try to answer the question, it would be a long and vague answer, it would make reference to BEE certificates and talk about "risks" of using smaller businesses and make reference to a few failed black businesses and when all else fails they would refer to the risk they take on as Trustees.

The real answer would horribly surprise many members at how little of their long-term savings are being used to support black entrepreneurial businesses and that most of the long term savings are being channelled to large businesses. A case of the big getting bigger and the small, usually black owned businesses, remaining small.

### Activism

Activism has become a polarising word in SA as the connotations are of militant people shouting slogans at large companies and toy-toying in the streets. The reality is activism is more about educating oneself and having access to service providers who are willing to share the real picture of Transformation. In this way more members of funds are going to hold their Trustees and service providers accountable and not accept vague answers about risk and BEE Level 1.

Outside of the people who actually work in the long term savings industry few South Africans know the levels of concentration with the large businesses and the high barriers to entry for new black businesses coming into the industry. A similar situation probably exists across many other industries which also have high levels of concentration.

### Conclusion

Why don't we start with getting to know more of the black owned businesses and meeting the entrepreneurs and understanding their track record of ability. Spend time with the entrepreneurs and build relationships of trust.