



**Pioneers, Powers and Pundits:
Influential and Powerful Black Directors on the JSE
February 2004**

Authors

*Vuyo Jack, CEO
Chia-Chao Wu, Deputy CE
Shoni Makhari, Associate Director
Paola Lorio, Analyst*

Contact Details

*Tel. +27 11 234-7890
Fax. +27 11 234-5855
email:smakhari@empowerdex.com*

February 2004

1. Introduction

The past 10 years of democratic rule in South Africa witnessed a myriad of changes in the lives of many South Africans. The southern tip of the African continent attained a leadership status in moral and economic terms within the African continent and to some degree, the rest of the globe. While the political miracle seems now firmly established, the eagerly awaited economic miracle remains a dream for the majority of South Africans. But it was not all doom and gloom, a great many positive changes took place during the past 10 years.

The past decade of democracy was characterized by a surge in the number of voices representing the economically disadvantaged. Corridors of power, decision making committees and other influential structure charged with shaping the future of the economy suddenly found themselves in the comfortable position, for many, of having a larger pool of talent they could tap into in the quest for higher profits and creating an inclusive, socially and environmentally responsible society.

The decade of democracy saw corporate South Africa, along with the rest of the globe, embrace diversity as an enabler for gaining that elusive competitive edge. In 1992, the average total number of directors serving on the boards of the then top 100 companies listed on the JSE totaled 1 173. Less than 15 or 1.2% of these directors were black. By 1997 the situation had improved considerably, the number of black directors increased to just under 100.

Transformation of boards of directors in the early stages often followed the same pattern. Black individuals who were politically connected formed the nucleus of the pool of new “talent” giving headhunters migraine as the demand for their “services” outstripped the supply of these individuals. These individuals appeared in various boards, often holding non-executive positions resulting in little impact as their decision making powers were limited. Their role as the champions of change was significantly curtailed, this is one of the lessons from the first wave of black economic empowerment.

By 1997, the ratio of black executive directors had climbed to 1:3 from 1:14 in 1992. With the collapse of big corporates in the US and locally, corporate governance took centre stage in structuring company boards. The King Report on Corporate Governance recommended that there should be more non executive directors and independent directors to foster good corporate governance. These recommendations were released in 2001, and their effect, in particular to the increase in the number of black executive directors, is yet to be felt.

As at December 2003, there were 307 black individuals holding 432 directorships in 187 South African based companies that are listed on the main boards of the JSE Securities Exchange (JSE) (all companies listed on the development capital market, venture capital market, suspended by the JSE or have no SA-based operations were excluded from this survey). The results indicate a marginal increase of black directors in South African-based companies listed on the JSE. The increase in black directors would have been much more significant had it not been for the mass exodus of companies from the JSE during the period under review. The following chart and table provides a detailed breakdown of these 432 positions.

Chart 1: Breakdown of Black Directorship

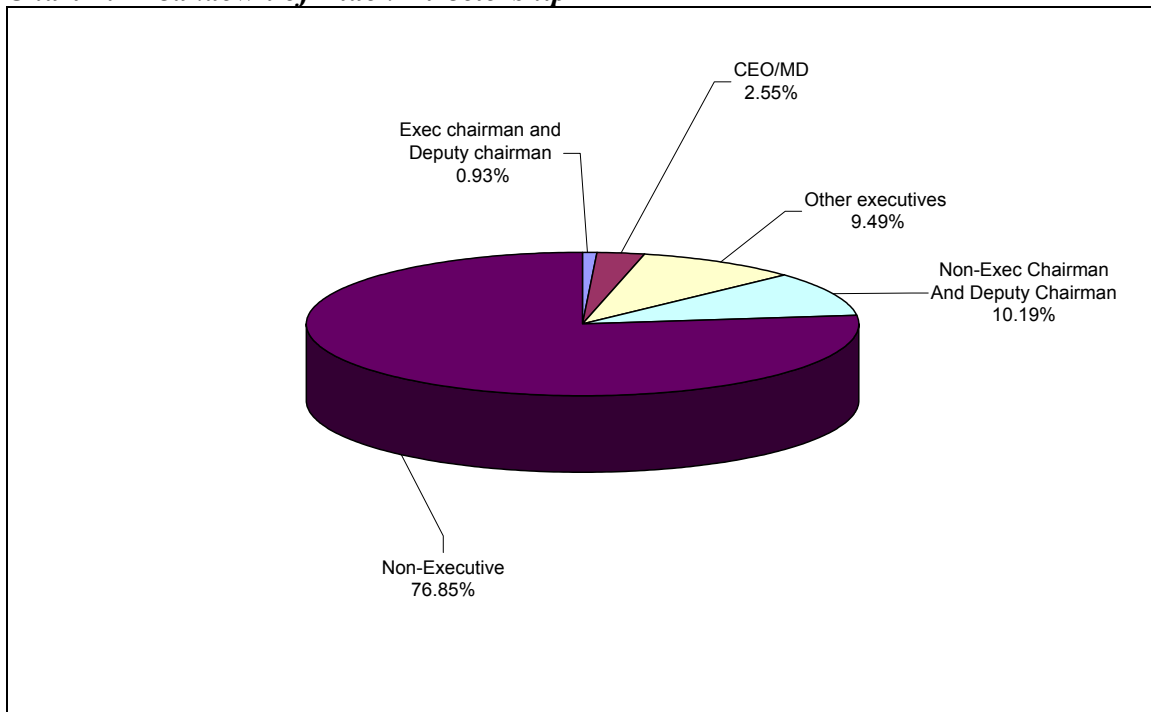


TABLE 1: Composition of Black Directorship

Position held	Number of directors	Percentage
Exec Chairman and Deputy Chairman	4	0.93%
CEO/MD	11	2.55%
Other Executives	41	9.49%
Total Executive positions	56	12.96%
Non-Exec Chairman and Deputy Chairman	44	10.19%
Non-Executive	332	76.85%
Total Non-Executive Positions	376	87.04%
Total Directors	432	100.00%

The black directors hold 56 executive positions and 376 non-executive positions.

2. MOST INFLUENTIAL BLACK DIRECTORS

Market influence measures each individual's ability to influence economic entities. This is measured by the aggregate market capitalization of the companies on whose board they represent, a minimum of two board seats is taken into account to determine influence. The measure is indicative of the magnitude of economic decisions in which the black director can influence. Table 2 provides the list of the 25 most influential black directors on the JSE.

Fred Phaswana, with market influence of R224 billion, tops the list, a position previously held by Cyril Ramaphosa. Ramaphosa moved one place below Phaswana with market influence worth R169 billion. Hixonia Nyasulu maintained her status from last year as the most influential black female director serving on JSE listed companies. Her market influence stood at R94 billion. There was a drop in the number of black females in the top 25 most influential people list. This is in part due to the delistings of several companies from the JSE.

Mining superstar Patrice Motsepe was placed 13th on the list with market influence of R56 billion, an impressive climb from last year's 58th position. Tokyo Sexwale, who heads up an empire with interests in resources and financial services lost his place as the second most influential black player, with market influence of R80 billion, Sexwale slid to fourth place according to the latest survey.

TABLE 2: 25 MOST INFLUENTIAL BLACK DIRECTORS

Ranking	Surname	Name	Market Cap (R'm)	Companies	Executive	Non-executive	Total
1	Phaswana	Fred	224,562.7	Anglo American plc, Naspers	0	2	2
2	Ramaphosa	Cyril	169,796.0	SAB Miller, Seardel Investment Corp, Johnnic Holdings, Alexander Forbes, MTN, First Rand	0	6	6
3	Nyasulu	Thembalihle Hixonia	94,284.5	Anglo Platinum, Nedbank, AECI, Tongaat Hullet Group, AVI	0	5	5
4	Sexwale	Tokyo	80,969.1	ABSA, Goldfields, Transhex, Mvelaphanda Resources, Northam Platinum	0	5	5
5	Van der Ross	Ben	71,249.9	Firstrand, Pick 'n Pay, Naspers, Bonatla	0	4	4
6	Nhleko	Phuthuma	68,557.9	MTN, Johnnic Holdings, Nedcor	1	2	3
7	Motlatsi	James	68,206.4	AngloGold, Cementation Company	0	2	2
8	Shubane	Khehla	65,873.9	Firstrand, RMB Holdings	0	2	2
9	Macozoma	Sakumzi	59,060.9	NAIL, Standard Bank Group, Murray & Roberts	0	3	3
10	Gerwel	Jakes	58,826.2	Brimstone, Goldfields, Naspers	0	3	3
11	Moroka	Kgomotso	58,320.6	Supersport, Standard Bank Group, Mnet	0	3	3
12	Konar	Len	58,106.8	Sappi, Steinhof, Illovo, Kumba, Unitrans, Mutual & Federal, Mustek, JD Group	0	6	8
13	Motsepe	Patrice	56,320.8	Harmony, Anglovaal Mining, Sanlam	0	3	3
14	Molobi	Eric	55,169.2	Mvelaphanda, Remgro, Northam, Kagiso Media, Imperial Holdings, Coronation Fund Managers	0	6	6
15	Charnley	Irene	52,100.9	Metropolitan Holdings, MTN	1	1	2
16	Bakane-Touane	Manana	51,505.4	Sanlam, Harmony	0	2	2
17	Sibisi	Sibusiso	50,025.2	Liberty Holdings, Liberty Group, Harmony	0	3	3
18	Sonn	Franklin	41,918.1	Metropolitan Holdings, ABSA, Steinhoff			3
19	Robertson	Fred	34,705.1	Brimstone, Remgro Investments	1	1	2
20	Swartz	Peter	30,894.0	Ellerine Holdings, ABSA	0	2	2
21	Ndlovu	Lot	27,231.4	Nedcor, Nampak	1	2	2
22	Titi	Fani	26,908.1	Bidvest, Kumba	0	2	2
23	Magwaza	J B	24,268.9	Tongaat Hullet, Nedcor, Rainbow Chickens, Dorbyl	0	4	4
24	Malungani	Mangalani P	21,360.8	Supergroup, Phumelela, Capital Alliance, Investec plc, Investec Group	0	5	5
25	Mkwanazi	Mafika	18,960.4	Nedcor, Matodzi	0	2	2

3. Most Influential Black Women on the JSE

At the time of going to print, there were three women on the top 25 most influential black directors on JSE listed companies. A 25 percent drop from last years' figure. They include Hixonia Nyasulu (3) from last years' 13th place, Advocate Kgomotso Moroka (11) whose appointment in Standard Bank catapulted her into the top 25, Irene Charnley (15) moved just one place from 16th last year. Brigalia Bam placed 20th in the previous survey, retired from the Absa board and consequently lost a place in the top 25 as well as Dawn Mokhobo who was placed 22 in the previous survey.

The most influential black woman on the JSE, Hixonia Nyasulu has leap-frogged all her compatriots in 2003 after joining the board of Anglo Platinum.

TABLE 3: 10 MOST INFLUENTIAL BLACK FEMALE DIRECTORS

Ranking	Surname	Name	Market Capitalisation (R'm)
1	Nyasulu	Thembalihle Hixonia	94,285
2	Moroka	Kgomotso	58,321
3	Charnley	Irene	52,101
4	Bakane-Touane	Manana	51,505
5	Mabaso	Sindi	47,424
6	Mtshotshisa	Nomazizi	39,549
6	Fakude	Nolitha	28,145
7	Simelane	Rejoice	28,145
8	Dube	Muriel	16,035
9	Zilwa	Sindi	14,593
10	Marole	Dawn	11,202

4. MOST POWERFUL BLACK DIRECTORS ON THE JSE

The list of most powerful directors focuses on CEOs and executive chairmen. They are considered powerful due to their ability to direct the operational decisions of their companies. Their economic power is measured as the market capitalization of the companies they manage.

TABLE 4: MOST POWERFUL BLACK DIRECTORS

Rank	Director	Position	Company	Market Cap (R 'm)
1	Nhleko, Phuthuma	CEO	MTN	47 424
2	Nxasana, Sizwe	CEO	Telkom	39 549
3	Modise, Jacob	COO	Johnnic Holdings	2 230
4	Macozoma, Sakumzi	CEO	New Africa Investments	1 271
5	Phiri, Steve	CEO	SA Chrome	908
6	Jardine, Roger	CEO	Kagiso Media	730
7	Morolo, Gary	Executive Chairman	Datacentrix	357
8	Brey, Mustaq	CEO	Brimstone	164
9	Peer, Abdul	Executive Chairman	LA Group	144
10	Khena, Nathi	MD	Putco	135

This year's most powerful director was MTN CEO Phutuma Nhleko, a position he held last year. The company he manages has market capitalization of nearly R50 billion. JSE new-comer Telkom catapulted its CEO Sizwe Nxasana to second most powerful individual directing a JSE listed company. Telkom's market capitalization at the time of going to print was R39 billion. Women were visibly absent from the top 10 most powerful directors of JSE listed companies.

5. THE MOST ACTIVE BLACK DIRECTORS

The work rate of the 307 black individuals is as follows; about 75 percent of the black directors hold only 1 directorship. Just over 16 percent of the black directors hold more than 2 director positions. Nearly 5 percent of black directors hold three board positions.

Table 5: Black directors as per number of positions held

Number of board position	Number of black directors	Percentage
8	1	0.33%
6	2	0.67%
5	5	1.67%
4	2	0.67%
3	15	5.01%
2	49	15.91%
1	225	75.97%

Chart 2: Individual black directors as per number of positions held

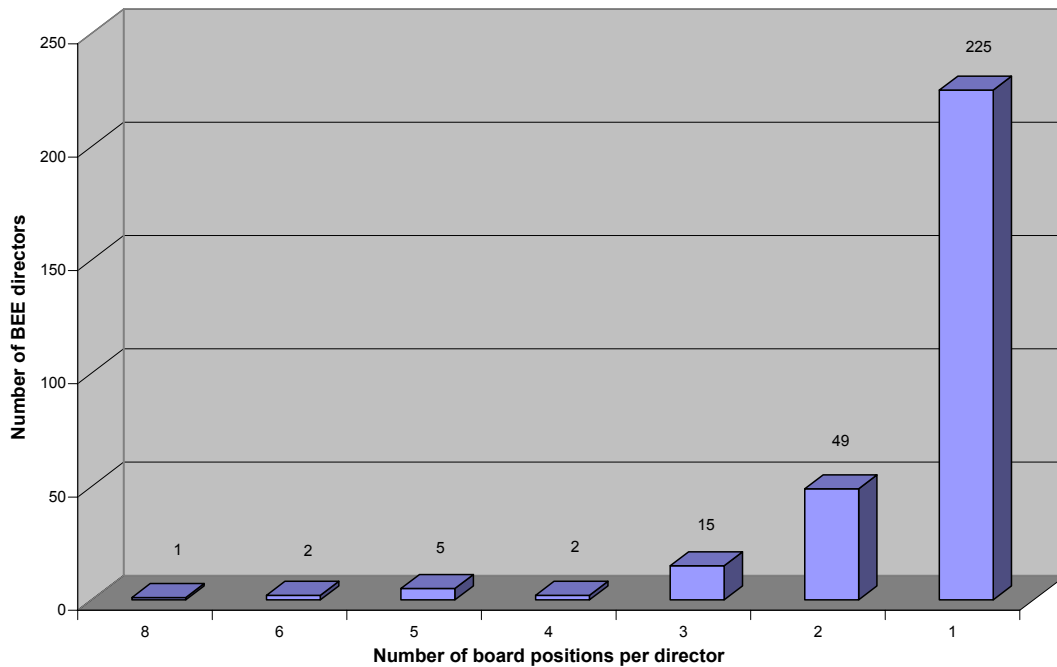


Table 6 lists black directors according to the number of JSE directorship they hold individually. Len Konar, tops the list with 8 director positions, a place previously held by politically connected Cyril Ramaphosa who shed 2 director positions and is currently serving on 6 director positions. Ramaphosa’s director positions remains unchanged but has been joined by Eric Molobi who also holds 6 director positions. There are 5 black individuals who hold 5 directorships each. The workloads of well-known black personalities are generally high as a result of their personal stature and business networks.

The most active black women include Hixonia Nyasulu with 5 board seats along with Danisa Baloyi, Salukazi Hlongwane, Advocate Kgomotso Moroka and Sindi Zilwa who have three board seats each.

TABLE 6: MOST ACTIVE BLACK DIRECTORS

Ranking	Director	Influence (R millions)	Total
1	Konar, Deenadayalen	58 107	8
2	Ramaphosa, Matamela Cyril	169 796	6
3	Molobi, Eric	55 169	6
4	Nyasulu, Hixonia	94 284	5
5	Sexwale, Tokyo	80 969	5
6	Malungani, Mangalani	21 360	5
7	Molusi, Connie	12 741	5
8	Modise, Jacob	12 415	5
9	Van der Ross	71 249	4
10	Magwaza, JB	24 268	4

6. Conclusion

On his state of the nation address, President Thabo Mbeki unequivocally stated the government's intention to "vigorously" implement existing BEE policies. While the President's statement which highlights the present government's position that there would be "no new major policy change" has apparently angered some politicians and certain quarters of black business, BEE implementation is expected to gain momentum, boosted by the recently signed BEE Act. This will result in the removal of racial and gender ceilings inherited from the past and facilitate black people's entry into the boardrooms of the JSE.

Taken in isolation, the current figures representing black directors, executive and non-executive, serving on JSE-listed companies may appear disappointing. Several factors are to blame for the benign rise in black directorships, including the massive delistings experienced in the past few years. The marginal increase in the number of black directors on JSE-listed companies should not be viewed as the only indicator of economic transformation of the South African economy as there are sweeping changes taking place outside the JSE environment. New and innovative funding mechanisms to make up for the scarcity of funds are being implemented to fast track black ownership. While there are still pockets of fronting operations, corporate South Africa appears to have bought into the concept of sustainable, economically viable broad based black economic empowerment.

Broad based empowerment is expected to add fuel to the entrepreneurship drive as companies implement affirmative procurement policies. The notion of an elite black club has lost favour as government and the private sector are jointly behind promoting substantive broad based empowerment.

The next challenge, however, in the journey to empower black individuals would be to ensure that changes taking place at boardroom level cascade downwards ensuring that a larger portion of economic benefits flow towards black people.