

SABPP POSITION PAPER ON EMPLOYMENT EQUITY AND TRANSFORMATION

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Executive Summary

This paper reviews the current situation on achievement of Employment Equity which is that insufficient progress is being made, and makes recommendations for HR professionals on their role and how they can help achieve better progress in the short, medium and longer terms.

Excerpts from the Commission for Employment Equity reports are reviewed to highlight important aspects and the official approach to Employment Equity. The Commission's statistics are examined and some key trends identified.

Little research has been done on the implementation and effects of Employment Equity in South Africa. The existing research is reviewed and key points highlight the complexity of the issue and the importance of organizational culture.

Drawing on these inputs, the SABPP sets out its position and guidance to HR professionals on aspects such as ownership of Employment Equity, the ethics involved, how various interests must be balanced, Employment Equity as a special instance of Talent Management, and HR professionals' key roles in reporting and compliance.

In addition, some recommendations are made on how the Department of Labour can better support employers in advancing towards Employment Equity.



Introduction

Employment Equity (EE) as a national strategy was embarked on post 1994, and formalized in the EE Act of 1998, with high hopes and on the basis of two major assumptions. The assumptions were that the demand for labour would be on a growth path as economic growth accelerated; and that the quality of skills offered by job seekers would be improving due to improvements in the basic and higher education systems.

As recent history has now shown, growth in employment has not matched expectations and the failure of the basic and higher education systems to produce people readily employable is well documented. This has had a profound impact on progress towards EE. However, the imperative to achieve EE as part of the transformation of organisations remains as important today as it was in 1998.

The Human Resource (HR) profession was at the forefront of the implementation of EE, having issued a position statement on EE in 1994, through the Institute of Personnel Management (as it was then). The SABPP, at that time already the credentialing body for the HR profession and working closely with the IPM, fully endorsed this position statement. Today the SABPP, as a professional body recognized by SAQA for the HR profession, reviews the state of affairs on EE and issues guidance for its registered professionals on matters pertaining to EE. During 2013 the SABPP will launch National HR Standards which will also contribute to the better achievement of EE.

Progress on EE as reported by the Commission for Employment Equity

The Commission for Employment Equity has issued reports at yearly intervals since 2002, following implementation of the 1998 Employment Equity Act. This paper reviews progress as detailed in the first report, that of 2004/5, 2008/9 and 2011/12.

The first report issued by the Commission for Employment Equity, chaired at the time by Professor Mapule Ramashala, noted that :

"It has become universally accepted that removing discriminatory laws and outlawing discrimination per se will not achieve equality in employment opportunities. For this reason, the Act places emphasis on institutional transformation and other positive measures that seek to proactively equalise employment opportunities by redressing the legacy of systemic imbalances in the work place.

It is encouraging to note that some employers are making impressive efforts to eliminate discrimination and improve the representation of black people, women and people with disabilities in workplaces. However, others need to demonstrate a sense of urgency in their efforts to achieve employment equity."



"..the achievement of employment equity requires proactive interventions that prioritise the development of the historically neglected groups who constitute designated groups under the EEA. This is critical for developing the necessary skills among these groups in areas where they are under-represented due to a skills shortage within their pool. Human resource development strategies can also be a useful tool for addressing gaps with regard to lack of experience within the designated group for positions in occupational categories and management positions where they have been excluded until now. The EEA recognises the importance of human resources, including skills development.

However, this Act alone cannot handle this task. It is accordingly critical to align the implementation of this Act with other human resource development policies particularly the Skills Development Act. The Skills Development Act, 1998, (SDA) was promulgated to develop the skills of the national workforce in order to facilitate economic and employment growth, and social development. While its focus is skills development for every person, the Act prioritises the development of black people, women and people with disabilities. Under this Act, a National Skills Development Strategy (NSDS) has been developed and is being implemented. Under the NSDS, the following national targets have been adopted for the beneficiaries of learning programmes:

- 85 % to be black
- 54 % to be women
- 4 % to be people with disabilities."

Even in those early days, the Report shows major differences between employers and identifies a key success factor as the attitude of the employer:

The organisations who seemed to make visible progress in attracting, developing, advancing and retaining suitable qualified persons, black people, woman and people with disabilities, the designated groups in terms of the Act, were those who saw affirmative action in favour of these groups as one of their key strategies for pursuing corporate goals such as achieving and maintaining productivity, excellence and global competitiveness. These are employers who saw employment equity as a business imperative rather than simply an issue of complying with the law. In many of these companies accelerated human resource development is a critical part of the affirmative action measures.

Research by the Department of Labour in 2002 among 67 private sector employers showed that:

- "General compliance patterns showed excellent compliance on paper, but poor compliance overall when deeper level workplace change associated with the Act was evaluated
- Stakeholder participation levels were usually poor
- The objectives and goal setting processes in companies were poorly executed, and not linked to their core business strategy



- In approximately 85% of the companies evaluated, no formal policies and/or programmes existed to proactively deal with racism, sexism and disability discrimination
- Very few companies demonstrated effort in the development of comprehensive employment equity plans, and in particular, affirmative action strategies
- There were few affirmative action interventions reported, most linked to pre-existing strategies in large companies
- Some companies demonstrated a fair to good execution of employment equity performance, but there were concerns around the validity of the reported data by companies, particularly with regard to Barrier Audits
- Overall, companies demonstrated a lack of commitment to employment equity processes, a lack of leadership and real internal capacity to implement change.
- Internally, there were significantly more employment equity information available to all company stakeholders, but the information is generally fragmented and challenging to access for non-management stakeholder groups
- Low-level input from organised labour into employment equity processes was a serious problem
- Monitoring of employment equity progress is infrequent, with a dominant HR-driven approach focusing on qualitative data
- Companies in general are spending relatively small amounts of funds on employment equity processes."

In the 2004/5 Report, the Commission noted that:

"It should be taken into account that 5 years is too short to measure the impact of policy. In all likelihood, the pace of change should accelerate over the next few years as the supplementary policy instruments (Codes and TAGS) are being used by employers to understand and implement employment equity better. The Commission believes that the pace of workforce transformation will be enhanced by the implementation of other equality legislation that has been enacted in the last few years."

This belief was not borne out over the following 4 years.

The Report also noted that:

"One of the key equality laws that are likely to strengthen workplace transformation efforts is the Promotion of Equality and Prevention of Unfair Discrimination Act (PEPUDA). Among other things, this Act engenders a human rights culture and introduces Equality Courts. The equality courts constitute a powerful, innovative enforcement mechanism where complaints involving discrimination, harassment, hate speech, etc. can be addressed without the involvement of lawyers."

We note that no significant case of employment discrimination or harassment has been taken to the Equality Court.

The Commission's Report of 2008/9 adopts a more aggressive tone, defending Employment Equity against its detractors and noting that:



"It is disconcerting to observe from the DG Review work that all 106 companies that were reviewed were found to be in breach of procedural and substantive compliance. The majority of these companies are in the top 100 JSE listing, which implies that they have the resources to implement the Act. This creates an impression that these companies are treating the Act with contempt even 10 years after its promulgation. The Commission for Employment Equity (CEE) will continue to monitor compliance with the agreed DG Review recommendations and will 'name and shame' those who fail to comply with the agreed recommendations. The Report does note, however, that only one of these employers (Comair) was referred to the Labour Court for non-compliance, the others having accepted the recommendations of the Department of Labour (DoL). From the detail provided in the Report, it appears that companies mistakenly used their Sector Charters or BBBEE Codes to derive their targets, rather than the Economically Active Population (even though, according to the Act, this should have been acceptable). The Labour Court in fact set aside the DoL compliance order on Comair and awarded costs against the Department, stating that the Department had not considered the factors set out in the Act when assessing Comair's progress towards achieving compliance.

The Report continues *"Even more disappointing has been the behaviour of some beneficiaries of the Employment Equity Act, who are at the top echelons of some of these organisations and have now become proxy or worse than some of their untransformed White counterparts. These 'reasonable' beneficiaries have become complicit in frustrating transformation by not assisting their organisations to acquire the skills of other Black people - for some reason they seem to think transformation ended with their appointment. These Black people continue to discredit themselves by becoming very eloquent and poetic about transformation, yet have no substantive evidence to back up their poetry.¹*

Furthermore, the Commission is seriously considering implementing a 'name and shame' strategy against structures such as the nomination committees, boards, human resources and, in particular, chairperson's, chief executive officers and managing directors that have influence in the appointment of top and senior management personnel.

It is noted with disappointment that certain companies, especially in the financial sector, have missed the golden opportunities to transform the top echelons as seen in the recent highly publicised appointments.

The Commission is urging all South Africans to embrace this corrective piece of legislation as a fundamental, peaceful and just approach in order to achieve a non-racial society objectively. To date, there has not been any plausible alternative to this noble policy."

In relation to whether there were people in the employed population who had the potential to advance, the Report noted that according to research conducted by the HSRC (not fully referenced): *"Very high rates of growth in the supply of Africans and*

¹ The Commission does not substantiate these allegations.



females [graduates] (in certain instances) .. attest to that transformative imperative.[Research to identify people with potential to advance in accordance with the EE Act criteria showed] nearly half of the sample projected showed potential to advance, most of those with potential are currently placed in semi-skilled positions, and potential to advance is evident in all population groups, and particularly also in females".... The interesting point about this assertion is that scrutiny of the figures shows in fact that promotions at the Skilled level of African men and women were 56% of the total in the Skilled level. Thus it would appear that these people with potential, sitting at the semi-skilled level as described by the HSRC, are in fact advancing at a fairly rapid rate. The research quoted does not address the point about advancement to senior and top management positions. Recruitments at the Professional level are predominantly White, which in many cases reflects the graduate output of professional courses at universities.

The latest report of the Employment Equity Commission (2011-2012) notes that:

"Transformation will not advance enough to benefit the majority of the populace adequately, unless individuals from the designated groups are largely employed in positions with authority and with real decision-making powers. Whites and males will continue to dominate in the middle-to-upper levels for the next 127 years as long as employers are caught up with the vicious cycle of continuing to employ people with mainly the same race and gender profile that just exited their organisations. Therefore, it is critical for employers to align their employment equity interventions, including skills and succession planning, with its employment equity objectives. Commitment by employers to effectively implement the Act in substance and spirit is likely to assist transformation by creating work places that are equitable in nature and free from discrimination."

The Commission states that the legislation will be tightened as the Commission believes that tighter legislation will accelerate progress.

The Report concludes that:

"The labour market's performance, taking all large employers who reported in 2011, is too slow in terms of race and gender representation at the Top and Senior Management Levels. Progress at the Professionally Qualified and Skilled Levels appear to be much better, which raises questions as to why the same cannot be achieved for the two upper levels.

Government is performing much better when compared to the Private Sector in terms of both race and gender representation. The good performance can be clearly seen at all three tiers, i.e. National, Provincial and Local Government."

The SABPP believes that these concluding statements do not recognize the reality of the South African situation. The progress achieved at the Professionally Qualified and Skilled levels reflect considerable effort aimed at improving training and professional



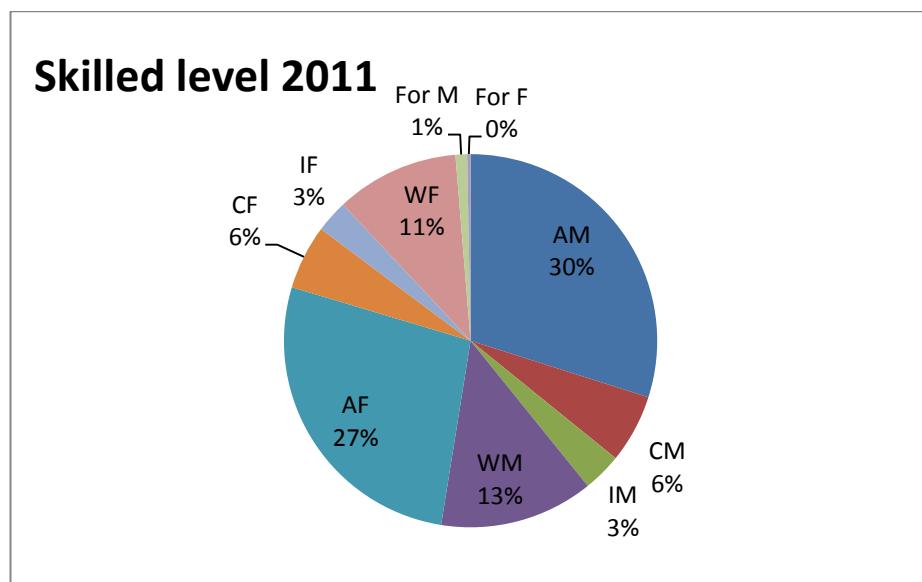
qualifications. These are amenable to change over the short to medium term (5 – 10 years) and indeed those changes are visible. However, senior and top managers have to be developed up through the ranks of management, which is a much slower process, although clearly some measures can and must be taken to expedite this process.

The issue for 2013 and the short to medium term is whether the government role in promoting employment equity correctly supports progressive employers and targets appropriate sanctions towards those employers who have not complied with the law.

Statistics

It would appear that the progress commented on by the Commission in their latest Report (2011/12) is based on dubious data. Compliance with reporting requirements has been a major problem for over a decade, but the latest report (which covers only large employers) notes that there has been a significant improvement, with 93% of reports being of a quality that allows for inclusion in the analysis. The variation in coverage over the years (1493 reports from large employers were analysed in 2007, which increased dramatically to 4 370 in 2011) detracts from the validity of comparisons, so conclusions on progress have to be taken with caution. It is fairly likely that employers who in previous reporting periods did not report properly did not represent above average EE progress and therefore inclusion of their figures into current statistics has probably depressed impressions of positive progress. The Commission does not give an estimate of the degree of compliance amongst large or small employers by, for example, comparing numbers of entities reporting in the private sector with numbers of tax paying entities or numbers of employers reporting to Stats SA.

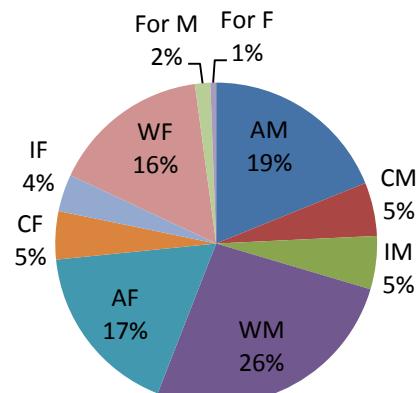
It is clear from the statistics in the 2011/12 Report that at the skilled level, racial and gender representivity is almost at the required levels and that promotions, training and recruitment trends are relatively healthy at this level to sustain this progress.





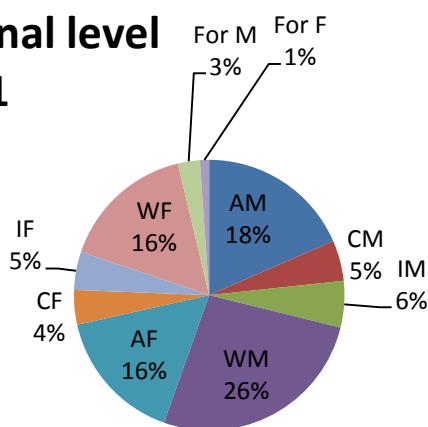
However, this does not form a basis from which to promote through to the professional and management levels, and at these latter levels, progress is extremely slow. At the professional level, although the Commission Report considers progress to be good, actual percentages are not good.

Professional 2011



In addition, although the Commission considers that the promotions, training and recruitment trends are positive, so that some progress can be expected over the next period, the actual recruitment figures are not good, showing continued predominance of White people in relation to their population representation.

Recruitments at professional level 2011



This is the basis from which progress in management levels can be made, and as can be seen from the above diagrams, the promotion sources are not yet anywhere near racial representivity and continue to recruit more White people than any other group. This is a major constraint to progress in the short to medium term, and in our view, it is



fruitless for the Commission to exhort employers to make more rapid progress at management levels until some years after the situation has normalized at the professional level, which itself has not been yet reached.

Even so, there are some disturbing trends at the management levels. This paper analyses the 2011/12 statistics on the pipeline of future succession to top and senior management levels to see whether the trends are favourable or not. For the purposes of demonstration, the analysis is confined to statistics on African Male and Female combined and compared to statistics on White males.

18.5% of top management positions are held by Africans. Amongst these people, there was a 15% termination rate in one year². This compares to a termination rate of 8.8% for White male top managers, who constitute 55.2% of the total. The Commission's data shows that, to replace the total terminations (1965), a total of 2852 people were recruited and promoted, giving a 4.4% growth in number of top management positions. This seems fairly unlikely, given the lack of economic growth over this period.

The source of these recruitments seems to be largely people already at top management level, as new recruitments totaled 1697 (for 1965 terminations). African terminations totaled 534 while African recruits totaled 529. White male terminations totaled 928 while recruits totaled 673. Promotions into top management were 18.8% African, and 46.5% were White males.

At senior management level, 21.8% of positions are held by Africans. Therefore, if only 18.8% of promotions to top management level were Africans, this means that Africans are slightly under-represented in promotions. This could be due to the relative lack of tenure of senior African managers at that level. This cannot be analysed without data on length in position of managers at this level.

As at top management, there appears to have been a growth in positions at senior management level as total terminations were 9087 and the total of recruitments and promotions was 15695, a growth of 8.5%. Again, this seems unlikely.

The termination rate of African senior managers was 11.8% compared to the White male termination rate of 13.3%. African senior management terminations totaled 1840, and there were 2111 African senior management recruitments, signaling an increased representation at this level. White male terminations totaled 4175 and recruitments 3133. Promotions into senior management were 28.9% African, compared to 30.1% White male.

At the professional/junior management level, 36.3% of positions are held by Africans. Therefore, if only 28.9% of promotions to senior management level were Africans, this means that Africans are again somewhat under-represented in promotions.

² The median total turnover for 2011 as reported by 21st Century Pay Solutions was 12% at executive levels.



These statistics demonstrate that:

- Turnover rates at top and senior management level are high. High turnover rates in any sector are not conducive to organisational success. If employers are competing with each other to recruit the few available African qualified people at these levels, this is not contributing to genuine achievement of EE and is merely driving up salaries for management employees.
- The availability of appropriate pools of previously disadvantaged people at the professional level is not high enough to provide advancement with due experience to higher levels of management. Constraints at this level need to be addressed before demanding achievement of major progress towards representivity at higher levels.
- The availability of EE candidates at the professional level will not improve without major efforts by employers to address the employability of graduates from the various institutions of the post-school education system and to increase the quality and quantity of young people into that system. Employers need to approach this in a collaborative rather than competitive way – this means that offering more attractive bursaries to the few well qualified candidates is not the way forward.
- Perceptions by many in the White population that entry to and promotion within organisations is barred to them are not based on fact. White males continue to have much better access to jobs at professional and management levels than any other group.

Organisations are required to submit data on income distributions across their workforce. However, consolidated statistics on income disparities is not published by the Department of Labour. One questions therefore why the data is collected.

Linkages to Broad Based Black Economic Empowerment (BBBEE)

EE has been one element of the BBBEE scorecards that companies are rated on for compliance with the BBBEE Act. Proposed changes to the scorecards tabled by the Government in September 2012 include the elimination of EE as a separate element and the inclusion of some specific targets under the management control element:

Measurement Category & Criteria	Weighting points	Compliance Targets	
		Years 0 - 5	Years 6 - 10
Black Disabled Employees as a % of all employees	2	2%	3%
Black employees in Senior Management as a % of all such employees using the adjusted recognition for gender	5	43%	60%
Black employees in Middle Management as a % of all such employees using the adjusted recognition for gender	4	63%	75%
Black employees in Junior Management as a % of all such employees using the adjusted recognition for gender	4	68%	80%
Bonus points for meeting or exceeding EAP targets in each category	3		



Positions taken by others

An “intellectual” analysis

Dr Ramphela³ outlines many of the historical and current distortions in our society and labour market, showing how the frame of reference of some senior white managers prevents them from seeing potential in black aspirant managers, while some black people “play the victim game and stop at nothing to get their way” (including misrepresenting qualifications or seeking positions for which they know they are not competent). She examines some of the unintended consequences of the EE Act, including the vexed question of the sub-division of the category “black” and the use of demographics as quotas rather than as a guide to what is possible. *“The probability of finding candidates to fill the skills gap in line with those possibilities depends on the complex dynamics that shape career choice”*, referring to a propensity to choose lucrative positions rather than positions of intrinsic interest. She is particularly concerned at the inability of the State to attract the best talent, which impacts negatively on service delivery. *“The process of transformation has to proceed within the realms of possibility. Equity would have to be established over time as equal opportunities are created to draw on a wider pool of talent to enhance our base.”* She emphasises that affirmative action is a means to achieve the goal of employment equity and since the country is clearly still far from this goal, calls to end affirmative action are misplaced. In her view, the model is a mechanism to create an equal opportunity climate for all, not a compensation for past wrongs. The latter view leads to the feelings of entitlement and disregard for competence and performance.

She notes that, although negative organisational climates can prevent progress towards EE, it is the socio-economic legacy of a lack of qualified black people that is the main impediment. She analyses some of the dilemmas that redressing this can throw up – for example whether to admit a black student with lower marks over a white student with higher marks. In her analysis, the decision to admit the black student is ethical and right, for reasons including that due to the more intellectually impoverished environment of the black application, his or her actual marks demonstrate a greater achievement; that it is important to create true diversity in the class to better prepare the students for the reality of South African life; and that it is crucial to build up the number of positive role models for others.

Other elements of affirmative action dilemmas that she discussed are relevant to the HR field:

- The “tie breaker” situation where two equally qualified candidates compete for a position. Giving the black candidate the position advances the transformation process without any risk to productivity and also creates a positive role model.

³ Ramphela, 2008, pages 83 – 88 and 250 - 258



- The “strong preference” situation where a black candidate is less qualified than a white candidate. Some attributes of the black candidate, external to the job specification, may mean that this candidate can add more value – for example in complementing a team, adding language skills or giving access to different markets. However, where technical requirements cannot be compromised for safety or business risk reasons, the best qualified candidate should be appointed, but the other candidate should be offered the opportunity to develop to be equally qualified and thus able to compete in the future.
- The “set aside (quota)” situation – this could be numeric (as, for example, where the pressure to achieve regional demographics at all levels of the company leads to specific racial specifications for jobs). In her view, this is totally counter-productive where scarce skills are involved. However, she also notes a strategic situation where it is really important for strategic reasons that an appointee be black – she quotes the example of the Reserve Bank Governor appointment in the 1990s. In this type of situation there could be “compelling social value” to this set aside, but it would be wise to put in place enabling and supporting mechanisms to build competence as quickly as possible.

BUSA

BUSA is supportive of the aims of EE but is concerned about over-regulation and additional costs of doing business. The organization acknowledges that companies have in many instances been too slow to act.

“Employment equity needs to be promoted in substance through education and capacity building, skills development and a generally enabling environment, rather than through enhanced administrative obligations, punitive court proceedings and fines.”⁴

“While we are pleased with the progress achieved by the seven companies identified in the report, we acknowledge that more should be done to improve private sector compliance with the Employment Equity Act. It is regrettable that after 14 years, the country still has to contend with the painfully slow pace of economic transformation. We commend Woolworths on the bold steps it took to embrace transformation and diversity.⁵ As BUSA we encourage our other member companies to boldly move in the same direction. .. We also note and acknowledge there are some impediments in our system and economy that have hindered rapid transformation – particularly the continued failure of

⁴ BUSA Final Submission on Labour Bills, 2011

⁵ In three of several advertisements for vacancies in the Western Cape, published on its website early in September 2012, the retail group states that in accordance with employment equity requirements the vacancies are for coloured, black or Indian applicants. In one advert the vacancy was designated for “African black” candidates only. “We’re a passionately South African company, so diversity is important to us. So is offering fair career opportunities. There are some areas of our business where certain groups are seriously underrepresented. These are the positions where we actively look for qualified candidates from specific groups.” CEO of Woolworths, quoted in BDLive on 7 September 2012. Solidarity maintained that this was equivalent to implementing quotas and was thus illegal. The Department of Labour confirmed that the approach taken by the company is in accordance with the EE Act.



the education system and colleges to produce candidates that are qualified and suitable to the needs of business.”⁶

The ANC

The ANC came to power in 1994 on a policy platform which strongly promoted employment equity and economic empowerment. The party drove the formulation and promulgation of the Employment Equity Act and has implemented gender equity within its own structures and both racial and gender equity in the public service.

The 53rd National Conference of the ANC, held in December 2012, did not make any specific recommendations regarding Employment Equity. There were recommendations made about improving the employment status of people with disabilities, youth and women. At the opening of the ANC’s National Policy Conference in June 2012, the ANC President, Jacob Zuma, said “Our broad-based black economic empowerment strategy and employment equity policies have been successful but have not yielded sufficient results.”

The lack of policy statements and conference resolutions on the topic seems to reflect that the ANC, having brought about the passing of the Employment Equity Act, does not wish to deviate from its original policy statements on the issue and is content that its ministers in government are pursuing the right approach, even though results have been slow in coming.

COSATU

COSATU is supportive of the EE Act but castigates companies whose management remains largely white. *“The companies are still over-employing whites into senior managerial positions whilst there are many black (Coloured, African and Indians) graduates not getting employment”⁷*

The DA

The DA challenges the figures and the interpretation of the figures from the Commission’s latest Report and states its position as: *“We acknowledge the urgency of redressing the legacy of past inequality, including in the workplace and business. Where we govern, we are doing this successfully by building the “pipeline of promotion”, broadening opportunities, emphasising training, and supporting hardworking and capable people to climb the ladder on the basis of potential, initiative and added value. We are already far advanced, as reflected in our statistics. Our approach is sustainable and fair. And in doing so, we are achieving both equity and excellence.”⁸*

⁶ Press statement by the CEO of BUSA, September 2012

⁷ COSATU media briefing March 2011.

⁸ DA Statement by Helen Zille, September 2012



Solidarity

Solidarity regards the current affirmative action model implemented by government as unworkable for a number of reasons. The Research Institute challenges the interpretation of the data by the Commission and in its own analysis demonstrates that White males are diminishing at every level of organisations. The union believes that the current approach has benefited only a small number of people and has created a "Black elite". The union says that "*Mass training, down to the lowest level, is the best corrective action. If affirmative action wants to move away from its small-group character, it would have to move from output-based affirmative action (representivity) to input-based affirmative action (training and development)... The proposed introduction of stricter measures to ensure compliance with the provisions of the EEA will in our view contribute little to ensuring that a non-racial and equal society is created in South Africa.*"⁹

Research

It is somewhat surprising, given the critical importance of EE in the transformation of our society, that to date there is little empirical academic research into EE. Only 7 published papers could be sourced (out of a total of over 350 on general HR topics since 2009). These published papers and some unpublished data are summarized in this section, to serve as a basis on which to draw some conclusions.

The importance of cultural transformation to achieve EE

Whilst EE is but one component of transformation, other components of cultural transformation of the workplace can significantly impact on the rate of progress towards achieving EE. Previously disadvantaged promotion candidates, according to Zulu & Parumasur (2009) will find it very hard to be competent and effective in a work environment which does not fully address the issues of cultural diversity "*Without multicultural change, the principles of the act [the EE Act of 1998] are bound to frustrate the same Africans they are intended to benefit.*" Their research in three companies demonstrated that "*very few measures had been put in place to fast-track transformation programmes in all three companies identified for the study. This was attributed to a number of challenges including lack of understanding by various stakeholders, little or no commitment from top management to addressing issues of workplace transformation as well as lack of resources from companies to implement programmes that are aimed at addressing the management of cultural issues. Furthermore, it was also established that no effective systems had been put in place by the Department of Labour to identify companies and organisations that do not comply with relevant legislative requirements that are aimed at redressing previously discriminatory practices.*" At the three companies studied, all senior management positions were held by White men. This research study also found that, on paper, the three companies complied with the EE

⁹ Submission by the Solidarity Research Institute on the Employment Equity Amendment Bills, September 2012



Act: "All the companies studied have employment equity forums and submit employment equity reports as and when required. However, transformation in terms of their company policies, has been slow or non-existent. Thus, transformation has been largely in numbers rather than in totality in all three companies investigated... Companies in South Africa are not viewing the management of cultural diversity as a corporate governance issue and hence, South Africa cannot afford to leave issues of transformation to the discretion of companies themselves. South Africa, according to Vundla (2006), needs more government intervention, more regulation and more legislation to provide clarity and direction on how to manage cultural diversity in South African companies."

Similarly, research by Nel (2010) in more than 400 companies between 2000 and 2008 concludes that most employees perceive their companies to be largely untransformed in terms of inclusive and democratic practices. He makes the point that legal barriers to the advancement of African people were abolished in 1987 and yet 23 years later, business has not made the required progress in advancing these people. Other societies such as Japan and Germany completely rebuilt themselves in a similar time period.

Research into the experiences of EE candidates has revealed that there are often many problems in terms of attitudes, acceptance, support and affiliations which negatively impact retention and commitment on the part of those candidates. One study in a mining company showed that middle level Black managers expressed a preference for a non-racial working environment where individual merits supersede racial association¹⁰. The participants of this study supported the concept of EE because it opened up opportunities for them that they had not been able to access previously, but once in the job, they wished to be evaluated, rewarded and promoted on their own merits without reference to their membership of a disadvantaged group. Another study showed that previously disadvantaged individuals expressed concerns about lack of training and development which they felt was impeding their ability to perform.¹¹ In a study into reasons why executive women left corporate life to go into alternative careers all participants in full time positions (regardless of whether their employer was in the private, public or NGO sector) reported that they experienced a complete lack of support and understanding from their organisation¹². A corroborating study among female accountants showed that qualified female Chartered Accountants leave public practice firms because of a lack of alignment between the organisation's work demands and their personal needs, and this is influenced by prevailing societal gender and care-giving norms.¹³

Research by Professor Stella Nkomo has demonstrated that until there is significant (more than 20%) representation of women in both the Board and the Executive of a company, little transformation has occurred in practice. She calls this the "double crown".¹⁴ Extrapolating from this, it is likely that a similar "double crown" would

¹⁰ Op't Hoog, Siebers & Linde (2010)

¹¹ Oosthuizen & Naidoo (2009)

¹² Whitehead (2003)

¹³ Bosch, Ribiero & Becker (2012)

¹⁴ Nkomo (2012)



operate in relation to other designated groups. The problems referred to in the previous paragraph are therefore unlikely to improve until this “double crown” is in place.

The impact of legislation on the psychological contract

Research by Wocke and Sutherland (2008) discussed the effect of EE legislation on the relational nature of the psychological contract between Black employees and their employer and they noted the EE Commission’s report of 2004 which showed that at top management level, African labour turnover was 29.8% compared to 9.35% for White males.. *“In exchange for their loyalty and commitment, such employees will expect continued professional development and membership of the broader identity group.”* Their research covered 80 different companies and 500 individual employees, of which 28% were African. The results indicated that African employees perceived significantly less commitment from their employer in terms of living up to promises and fulfilling commitments compared to their White male counterparts, even though they actually rated their employers’ commitment fairly highly. Despite this, the intention to leave among Africans was much higher than amongst White males, indicating, in the opinion of the researchers, that the favourable external labour market had a higher impact on their intention to leave than anything the employer could do to keep them.

Remuneration

Remuneration research from 21st Century Pay Solutions shows that management salary inflation was sparked some years ago by pay premiums offered to EE candidates. Employers then adjusted overall pay levels upwards to create internal equity with the result that today there is no significant difference in pay between managers of different races. This pattern continues today with pay premiums still being offered to new EE recruits and then internal adjustments upwards.¹⁵

Research by economists Burger and Jafta (2006) on labour market data from Stats SA between 1998 and 2004 showed that the level of education was the biggest driver of wage/salary inequality, and since African people were more likely to have lower levels of education, this impacts most on African people. *“Any policy aimed at addressing the wage gap by focusing only on the labour market while neglecting to correct the inequalities in the educational system will necessarily fail to provide a sustainable solution to this problem.”* In addition, they observed that racial differences within occupations had not narrowed and they hypothesised that: *“It is possible that the focus of affirmative action policies on the top end of the skills ladder has made employers more careful of using race (directly or as a proxy for unobservable skills) as the basis for hiring into highly skilled positions, but that it remains an important determinant when determining actual responsibilities and wages within these occupational categories.”*

¹⁵ Figures supplied in December 2012 courtesy of 21st Century Pay Solutions. In the absence of reliable data collected through the EE reporting channels, figures from the remuneration survey companies are considered more valid.



Linkages with BBBEE

Abbott (2012) reported from her study of HR practitioners that the prevalent view was that where EE is linked with BBBEE scorecards it becomes easier for the organization to understand the linkage between EE and business outcomes and therefore EE becomes a more strategic issue for the company, with more overt top management support.

A document entitled “Strategy for the sustainable growth and meaningful transformation of the RSA mining industry” was released in 2010 after a high level multi-stakeholder team (the Mining Industry Growth and Development Task Team) concluded that in order for the mining industry to transform (that is, to meet the requirements of the Mining Charter), it needed to grow at the same time.

Case studies

In its 2004/5 Report, the EE Commission stated:

“The Commission is however encouraged by a growing number of employers who demonstrate unwavering commitment to the objectives of the Act and are implementing innovative strategies to make employment equity work despite challenges. To recognise such employers, the Commission has developed an Employment Equity Awards System that involves a number of awards to employers who demonstrate excellence in pursuit of the objectives of the Act.”

It would appear that this Award system has never been implemented. This is a pity, because the system would have allowed for the study of successful examples of achieving EE.

An IDASA publication from 1995¹⁶ gives extensive case studies from 8 different organisations, and draws some lessons learned from these. The main points derived were that unless EE is driven hard and personally by the most senior manager and unless quantitative and qualitative targets are set, monitored and have tangible consequences for non-achievement, EE efforts are likely to peter out and be ignored by the prevailing culture of the organization.

SABPP Position

1. Legislation and enforcement

1.1. The SABPP continues to support the intent and approach of the Employment Equity Act of 1998. The model of prohibition of discrimination coupled with the requirement to adopt affirmative action measures devised by each employer to suit their own circumstances, monitored by government, is, in our view, the most appropriate approach.

¹⁶ Making Affirmative Action Work – A South African Guide



- 1.2. However, the creeping tendency of the Department and other bodies to consider the racial demographics of the Economically Active Population, whether at national or regional level, as the quota of employers' EE Plans, should be arrested. Section 15 (3) of the Act requires employers to take affirmative action measures that "include preferential treatment and numerical goals, but exclude quotas". The adoption of this "quota" mentality, especially when using it together with breakdowns into African, Coloured and Indian categories at regional level, produces absurdities and diverts attention from the intention and approach of the Act itself – to "achieve equitable representation of suitably qualified employees" in all occupational categories and levels." (Note – the current amendment Bill removes the reference to occupational categories.)

- 1.3. It is interesting to note that, despite the existence of well drafted legal frameworks on discrimination and employment equity, employees and trade unions are not using these frameworks to bring cases of discrimination or lack of progress. (For example, employees and trade unions are not reporting recalcitrant employers to the Director General and are not referring cases to the CCMA, Bargaining Councils or to the Equality Court.) The exception to this is the activity of Solidarity on behalf of White men and women, which activity has tested the legislation and produced some useful rulings on the validity of the premises and implementation of the EE Act. We believe that this reticence of previously disadvantaged people (and trade unions acting on their behalf), in the face of what is clearly still a situation of lack of affirmation, is due partly to the lack of capacity to address complex EE issues within the prescribed workplace structures such as the EE Committees. It is too easy for management to present strong arguments and reasons as to why progress is slow and why certain appointments happened and the employee representatives are unable to counter these arguments adequately.

This reticence to litigate is in strong contrast to the United States of America, where class actions have created changes in management practice after these actions have highlighted salary and promotion discrimination against women and ethnic minorities. It is clear that the socio-economic history and current circumstances do not promote such a litigious climate, which is probably fortunate for some employers in this country.

- 1.4. The SABPP is extremely concerned that the objectives of the Act are not being achieved at the rate of progress that was envisaged at the time of the passing of that Act. Some analysts have estimated that it will take until the year 2060 to reach normal representivity at the current rate of progress. We believe that equity in the workplace in terms of racial, gender and disability representivity is critical if South Africa wishes to create an economy which delivers a decent life to all its citizens.



- 1.5. We believe that this lack of progress is due more to the lack of genuine commitment of some employers in the medium to large formal sector than to any deficiencies in the current legislation. We therefore do not support tightening of the legislation in terms of removal of specific criteria for assessment of compliance with the legislation. In our view, this is counter-productive to creating a culture of compliance.
- 1.6. Some of the slow progress can be attributed to a lack of positive affirmation measures taken by employers. Many, if not most, employers have moved away from discrimination but have not yet formulated constructive positive affirmation measures. Again, tightening the EE legislation is unlikely to produce more positive affirmation. A more effective approach, we believe, is the change in methodology of the BBBEE Codes away from focusing on skills development at the lower levels towards more emphasis on changes at the higher levels and at ownership level.
- 1.7. In addition, the high turnover amongst higher level African managers due to the favourable labour market should be taken into account by the Department of Labour when assessing an employer's progress. Whilst, as discussed above and further below, high turnover can be indicative of lack of internal transformation and hence an unfavourable work environment, it can also be simply the result of market factors. Thus, a narrow view of the Department in assessing compliance would be unfair in some situations. This indicates the importance of constructive engagement between companies and the Department.
- 1.8. The attitude and behaviour of employers, whilst not as supportive as it should be to the aims of the legislation, is reinforced by the failures of the basic and higher education systems to produce qualified people at the rate needed to achieve transformation in employment. Similarly, employers have been less able than they might have wanted to be in creating transformation through growth in employment, due to the adverse economic circumstances of the last decade.
- 1.9. It is therefore, in our opinion, not a time to be discussing whether Affirmative Action should have a finite life-span. The past 14 years have clearly demonstrated that the path to EE is long and complex.
- 1.10. Having said that, we believe that many employers could have done much more to progress previously disadvantaged groups in the workplace, although some large employers are exemplary.
- 1.11. One of the contributing factors to lack of progress may be the employment of unqualified Human Resource professionals in positions which influence the implementation of Employment Equity programmes. The SABPP



has been registering qualified HR professionals for over 30 years but even so the penetration of registered professionals into key HR positions has been too low. The sum total of registered members of the various HR professional bodies and member associations is a small fraction of the number of people employed in HR positions in South Africa, and we believe that the consequence of this is poor employment practice, poor compliance with labour legislation and poor progress on achieving transformation in the workplace.

1.12. We note that employment equity has been achieved to a greater extent in the public sector than in the private sector, but we also note the many problems which have arisen in productivity, staff churn (internal turnover), and service delivery in the public sector (Report of the Public Service Commission, 2011). These problems demonstrate the dangers of chasing numbers rather than paying attention to the need to achieve transformation and competence at the same time.

1.13. We believe that the situation in 2012 represents the beginning of the end of a second phase in employment equity in South Africa. We would characterise the first phase as Righting the Obvious Wrongs – in which the available people with qualifications, skills and potential were given access to positions of increasing seniority.

The second phase has been Marking Time and Making Some Investments – in which employers have competed amongst themselves for middle and senior level qualified people in order to try and improve their EE reports, thereby creating a spiral of staff turnover and salaries¹⁷; and in which many employers have worked hard at bursary schemes, assistance to schools and tertiary institutions and internal staff training in order to create a larger pool of qualified people at lower levels, who will gradually make their way up the ranks. Many professional bodies, notably the SA Institute of Chartered Accountants and the Engineering Council of SA, have been running very successful programmes to accelerate transformation within their professions.

The third phase that we need to move to is Consolidating Competence and Creating the Talent Pools. In relation to Consolidating Competence, whilst the pressure on employers to continue to make progress does need to be maintained, a way needs to be found to take the pressure off the salary spiral of “EE candidates” and to allow employers to bring in the specialised skills that are required for the growth of their businesses – whether these skills reside in foreign nationals, White people or previously disadvantaged people. South African companies have to compete for talent in a world where talent is in extremely short supply. A recent global survey found that the lack of certain specialised skills is leading to consequences as severe as companies not being

¹⁷ 21st Century Pay Solutions



able to implement capital projects and not achieving their growth forecasts both in their home markets and in exports.¹⁸

1.14. The challenge in moving to the third phase is that creative expedited development programmes are needed to supply the experience that is required for people who do not qualify for promotion to senior ranks on normal criteria. Such programmes require intensive investment of time and other resources, but have been proven to be effective. The Employment Equity legislation monitoring mechanisms need to allow such programmes time to bear fruit.

1.15. Employers who are facing high turnover of “EE candidates” or who are making slow progress in attracting qualified people need to engage in some stringent self-reflection. The results of the first and second phases have created a marked but insufficient presence of previously disadvantaged people in positions of influence within medium to large private sector employers. These people are now coming up against institutional barriers which may be deep-seated and unconscious – such as beliefs that only 20 years’ experience can qualify a person for a certain position, or that only people with a certain qualification can hold a certain position, or that women are not suited to certain positions. Some such beliefs might be rooted in negative racial or gender stereotypes, but others are simply traditional to an industry or company¹⁹. It is the challenge of Transformation Executives, Organisation Development Practitioners and the Human Resource profession as a whole to uncover and deal with these attitudes and barriers.

1.16. In relation to Creating the Talent Pools, continued, co-operative and focused investments into the basic and higher education systems by employers will continue to be necessary, since policy changes by government to improve the quality of outcomes of both education systems will take decades to produce results. Unlocking some of the funds residing in the SETAs to assist employers to undertake remedial programmes to make school and college leavers employable and promotable will assist in this regard. The introduction of the QCTO system and the involvement of professional bodies in creating career ladders within the professions should also assist to create better pools of talent.

1.17. We believe that the monitoring by the Department of Labour of employers’ Employment Equity Plans should take account of these phases and should support employers to move through them towards transformation.

¹⁸ PriceWaterhouseCoopers Key Trends in human capital 2012

¹⁹ Nzukuma (2011).



- 1.18. We ask the question of what happens once an employer has reached the required state of representivity? Surely then the recruitment and promotion processes should revert to normal. The public sector has reached this point at the top management level in most provinces, and is well on the way at senior management and professional levels. We would advocate that membership of a designated group as a recruitment criterion in the public sector should now be scaled back. This could then open up more opportunities for disadvantaged groups in the private sector, if White male graduates, for example, are recruited into the public sector.
- 1.19. We believe that it is unrealistic to expect employers to adhere to regional demographics to set targets without taking into account national skills shortages. A credible EE Plan must balance national and regional demographics with the availability of staff in the types of occupations the organisation requires.
- 1.20. The proposed amendments to the BBBEE scorecard are likely to concentrate more management attention on EE, which is a good development. However, there is a major risk of a salary spiral as employers who have neglected to develop their own managers offer attractive packages to entice EE candidates. The compliance targets set, and the time frames attached to those targets, are, by all statistical analysis, impossible to meet on a sustainable basis at the Senior Management level, and most probably also at the Middle Management level.

2. Ownership and Ethics of Employment Equity

- 2.1 The HR profession must take ownership of the HR processes which will deliver employment equity and transformation in the workplace. This is at once a special form of Talent Management and a moral issue and therefore represents an example of where ethical conduct of each HR professional is critical. Every HR professional must ensure complete compliance with the Employment Equity Act and Regulations, but must do so in the spirit, not only the letter, of the law. *"The introduction of holistic human resource management practices that complement target setting, could overcome the stumbling blocks currently being experienced in the effective implementation of EE."*²⁰

Some specific guidelines are offered in the following sections. Further elaboration of the SABPP position on Ethics and Employment Equity can be found in the publication Ethics in HR Management.²¹

²⁰ Oosthuizen & Naidoo, 2009.

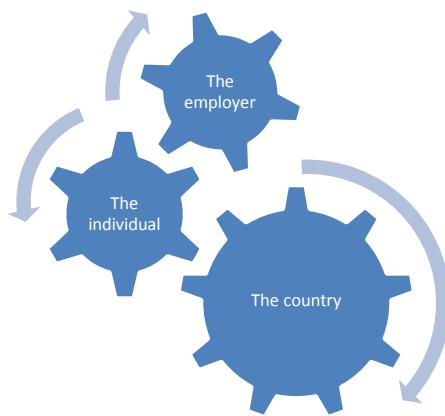
²¹ This can be ordered from the SABPP via the website www.sabpp.co.za/products



- 2.2 The HR function in an organization should itself be transformed if it is to lead transformation. HR professionals should be trained and skilled in employment equity and organization development processes. Too often, transformation functions are separated from the HR function²² – we believe it is good practice to have these functions integrated and also to integrate Socio-Economic Development (or Corporate Social Investment) and Broad Based Black Economic Empowerment with HR, at least through mechanisms such as joint committees if it is not considered feasible to have them in one department, headed up by a Transformation Executive.
- 2.3 If the HR function is to take ownership and become the internal champion for EE, a high degree of professional credibility will be required. Unfortunately, it is often the case that organisations staff their HR functions with people who are unqualified in terms of HR training and experience. This is typically because senior management does not understand the competency requirements of the important HR role and, in some instances, fill it with a junior person who is unlikely to be able to make the stand called for in promoting EE and/or does not have an HR competency at all, having been put into the position from an administrative background.

3. Balancing of interests

The interests of various parties have to be carefully balanced:



3.1. The country

The overall moral imperative is that employing organisations must be transformed to be inclusive at all levels of all ethnic and gender groups within South Africa. Lack of transformation hinders the growth of social capital which is essential to unlock economic growth and the delivery of improvement in quality of life for all.

²² Abbott, 2012.



The National Development Plan places emphasis on a more inclusive society, delivering real improvements to everyone.

3.2. The employer

The practice of leaving a vacancy unfilled if an EE candidate cannot be identified, provided that sourcing of candidates has been widely cast (see section on sourcing below), does not contribute towards achievement of the organisation's objectives and should not be recommended to the employer by HR professionals. An alternative such as restructuring work may be a good one, but the appointment of a person in an "acting" capacity is not a good alternative except where it is anticipated that the vacancy can be properly filled within a short period of time (1 – 2 months as a guideline). Having employees acting over long periods of time is destabilizing for all concerned and can prejudice decision-making and implementation of important strategic programmes. Many organisations do not have formal and clear policies on "Acting in Position" – these should be developed in consultation with affected employees and communicated to all employees as a guide to decision-making.

3.2.1. Private sector employer

HR professionals in the private sector have to help their organization achieve transformation at the same time as building increasing competence to cope with the uncertain economic environment of this decade. The employer cannot compromise on either concept – transformation and competence.

HR professionals must take an objective view of what constitutes competence and must exercise their influence where it seems that entrenched interests are blocking advancement of deserving EE candidates. HR professionals must be able to "speak truth to power" in this area. In order to be able to take this objective view, HR professionals must be close to the business and understand business requirements.

3.2.2. Public sector employer

HR professionals in the public sector must build on the transformation already achieved in terms of representivity at all levels to ensure competence and stability to improve levels of service delivery and customer service. The well-conceived HR processes developed by the Department of Public Administration must be implemented so that vacancies are filled by competent officials and people develop their careers on the basis of increasing competence.

HR professionals must ensure that the practice of "deployment" by political parties in power does not undermine the principle of filling vacancies with competent officials. HR professionals must also be active in identifying areas of



lack of competence and presenting plans to overcome this. Again, this is where HR professionals must be prepared to “speak truth to power”. The development and use of clear competency frameworks for all positions will help HR professionals to make their case.

3.3. The individual

The interests of advancing EE should not take precedence over the well-being of the individual member of a designated group. This means that people should not be put into jobs for which they are not ready unless solid support measures are put in place. It also means that time and effort should be put into helping individuals understand how to take charge of their own development and adopt realistic career ambitions. The “culture of entitlement” mixed with pressure to achieve EE targets can result in destruction of careers as people fail to perform when advanced too quickly.

4. Talent management:

4.1. Sourcing

As is clear from the EE Commission statistics, representivity at the skilled level is well on the way to being achieved. However, recruitment into the professional and management levels is still heavily weighted against EE. This tends to reflect the output of higher education institutions and is therefore unlikely to change in the short to medium term. Competition among employers for the few African graduates in engineering, accounting and other quantitative disciplines drives up starting salaries and is a zero sum game (one company's gain is another company's loss).

HR professionals must therefore look beyond the obvious and near to hand sources and must start developing long term talent pools in rural areas and the less advantaged urban township schools. There are some extremely successful initiatives of this type, one example being the regional recruitment officers of the Thutuka development programme by the SA Institute of Chartered Accountants. HR professionals should ensure that their organization is involved in a hands-on way in the basic education system, preferably in co-operation with other employers. Management, professional and skilled staff in all functions should be encouraged and facilitated to engage in capacity and skills building activities in schools. Similarly, organisations must get involved in offering work placement opportunities for young people in Further Education and Training Colleges and other higher education institutions which require practical exposure in the workplace for their qualifications.



In view of the severe lack of employment readiness among young people leaving the education system at all levels, HR professionals must identify needs, develop and implement the investment of significant time, attention and money in programmes to equip people from designated groups to secure entry level jobs. Employers in South Africa today cannot wait for government delivery in this area.

The large pool of unemployed graduates must also be considered as a source of talent. Although these young people may not be immediately qualified for professional level jobs, they do represent an opportunity to take people with potential and develop them. The SABPP has an alliance with the SA Graduate Development Association which has programmes for unemployed graduates and encourages HR professionals to make contact with them.

4.2 Recruitment and assessment

HR professionals must proactively work to open up recruitment opportunities for EE candidates at all levels. This can involve challenging managers who set unrealistic specifications for jobs, advocating for the consideration of people with disabilities for all types of jobs, looking for opportunities to restructure jobs to allow for people with less experience to succeed and building support structures for new recruits or people newly promoted, to increase the probabilities of success in their new role.

Assessment of candidates needs to take into account talent management research which shows that three factors are important for career advancement – ability, engagement and aspiration. None of these alone can serve as a guarantee of success in a more senior position, but without significant amounts of all three, employees are highly unlikely to perform well in their next position.²³

4.3 Attraction and retention

Research into the main attractors and retention factors of talent for new graduates shows that training & development, overall reputation and long-term career prospects were the most important features that graduates looked for in prospective employers.²⁴ Other research shows that, while remuneration is important, it continues to be a hygiene factor and operates on the basis that remuneration should be seen as reasonable and fair, but given that, other career development and management factors are more important. A good EE reputation and good practices would therefore be important features in the ability to attract and retain capable high potential EE candidates.

HR professionals should be analyzing their organization from a diversity management perspective and putting in place appropriate programmes. It is clear from the section on Research that many of the barriers to EE achievement

²³ CLC 2005

²⁴ SA Graduate Recruiters Association 2012 Candidate survey



lie in the lack of true appreciation and acceptance of the business advantages of having diversity at all levels.

HR professionals must influence their organisations to grow their own talent except for those small pockets of expertise in which an organization cannot offer a career ladder. There is no place in South Africa today for lack of investment in growing internal talent. At the same time, organisations must recognize that at times the best career move for a person is outside the organization. This should not be regarded as a loss of the investment made in a person, as often that same person can be a valuable recruit into a higher level of management in the future and/or can be a useful contact as a supplier or customer, if the right relationship is maintained. HR professionals must ensure that each EE candidate has an appropriate personal development plan over a 3 year horizon, with a mix of formal and informal development opportunities, and HR professionals should create a culture where each individual takes responsibility for his or her own career development in terms of that plan.

4.4 Performance Management and Development

HR professionals must enable the adoption in organisations of expedited development programmes for those EE candidates who perform well and who demonstrate potential to advance. Whilst it is often said that there is no substitute for experience, it is also true that the right exposures can be carefully planned to give the necessary experience without wasting time. Each EE candidate should have an Individual Development Plan, with specific activities across the spectrum of formal training, mentoring and coaching, workplace exposures, relieving in a senior position, self-study, shadowing and other practical means of acquiring relevant knowledge and experience. This Plan should extend over 3 to 5 years.

HR professionals must proactively encourage, by example and by other means, all previously advantaged professionals and managers to coach, mentor and train EE candidates for advancement. Programmes which incentivize this approach and provide alternative career opportunities for White males to create space for EE candidates are necessary.

5. Special cases

Apart from the talent management issues discussed above, there are specific issues concerning the employment and advancement of women, people with disabilities and people living with HIV/AIDS.

The SABPP provides materials relating to women in the annual Women's Report which is based on research in this area. This Report is available as a free download on the SABPP website.



The SABPP is compiling material to assist HR professionals understand the area of employment of people with disabilities and to access resources to assist. It is hoped that this material will be available during the first half of 2013.

The SABPP has produced a small handbook on the issue of HIV/AIDS and employment, which is available free of charge from the SABPP offices.

6. EE Reporting

It is evident from the figures reported by the EE Commission that many companies do not submit the required reports or do so in an incomplete or inaccurate form. This is a major hindrance to the accurate analysis of trends in EE and prevents policy makers from forming an accurate picture of the issues involved.

Each HR professional has the duty to report on EE in the prescribed format at the prescribed intervals. The reports must be accurate and complete. The SABPP will support any of its registered professionals who are directly or indirectly instructed to avoid or falsify reporting. If any member is uncertain of how to complete the report, assistance is available through the Department of Labour or from a wide range of HR consultants operating in this area.

The SABPP thinks it is a pity that well-functioning data collection and analytical services such as those of Stats SA and SARS cannot be used for the collection and analysis of EE data. In addition, the proposal to set up a fully integrated labour market research capability (contained in the Green Paper of the Department of Higher Education and Training) could be extended to cover EE requirements, as this is an important element of the labour market in South Africa. If data collection can be integrated, this will enable companies to set up their own integrated systems to provide the data in a “one stop shop” situation, thereby reducing manpower and costs for all parties.

7 Recommendations

7.1 It would be helpful if the Department could adapt its approach and segment employers so that appropriate support can be offered to the various segments. Maybe three groups would be appropriate- for example, Making Good Progress, Beginning to Make Progress and Yet to Demonstrate Compliance. For the first group, the Department could offer further support in terms of advice and encouragement and it would be from this group that the Awards would be chosen. For the second group, the Department would need to keep up some pressure, but in a supportive rather than punitive way. For the third group, the Department’s compliance mechanisms would be fully applied and special attention would be paid to these employers. Director General Reviews should be reserved for the second and third groups as it is a waste of valuable resources to review the first group.



If this could be done, the resources of the Department would be better directed to the real laggards and the more progressive employers would be recognized and supported as the good role models that they are.

- 7.2 The real problem at the moment is the lack of progress at the professional levels. We recommend that the Department concentrates its efforts on reviewing employers' plans and progress at this level with the aim of accelerating progress at this critical level.
- 7.3 The collection, analysis and reporting of EE data needs to be considerably improved. As discussed in Section 6, integration of this function with other labour market reporting would be beneficial.
- 7.4 Employers should review the competency levels of their HR practitioners and ensure that such practitioners are properly trained and equipped to fulfil their strategic role. The HR function needs to be represented at the top management level of the organisation in order to make the contribution that is required.

Conclusion

The major constraint on the achievement of EE is the slow rate of economic growth in South Africa which has resulted in the situation where to achieve representivity at the skilled, professional and management levels within organisations, a replacement of White males with people from designated groups has to occur, rather than representivity being achieved through a growth in the actual number of jobs at those levels. Having said that, it is also evident that unless government performance in the area of basic and higher education improves, some of the existing constraints on the achievement of EE will remain. It is also true that some of the constraints are in organizational mindsets and processes. It is up to HR professionals to help change these mindsets and processes and speed up the rate of change in EE within the existing economic constraints.

The SABPP encourages the conduct and publication of research in this area and commits to continued support and professional development for HR professionals to enable them to carry out their very important role in achieving transformation.



ABOUT THE SABPP

Mission: To establish, direct and sustain a high level of professionalism and ethical conduct in human resources and people practices.

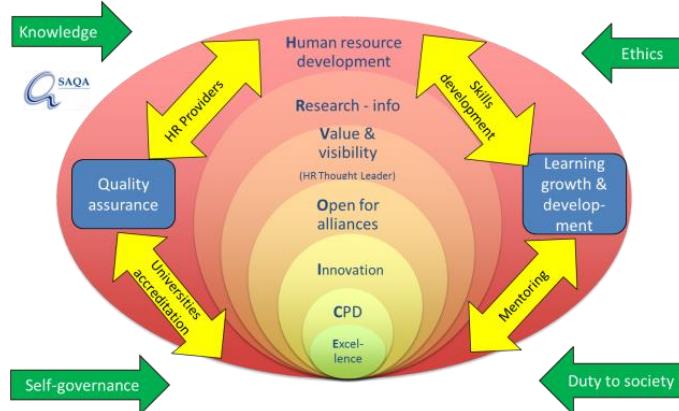
The SABPP links the achievement of quality to equity and the fostering of innovation and diversity.

Our values:

OBJECTIVITY | FAIRNESS | CONSISTENCY | INTEGRITY

Our strategy – HR VOICE

New Model: HR Voice for Professionals



Contact

Enquiries about this position paper can be made to marius@sabpp.co.za or to penny@sabpp.co.za. The position paper was prepared with the input of the SABPP's Labour Market Committee and the Board. Anyone interested to participate in the SABPP Labour Market Committee can contact either of these two people.

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