

Employment equity in the South African retail sector: Legal versus competence and business imperatives

by Leon J Roman* and Roger B Mason**

Abstract

In 2013/14 a study entitled “Interventions to achieve employment equity objectives in the wholesale and retail sector” was conducted by the Wholesale and Retail Leadership Chair (WRLC) at the Cape Peninsula University of Technology on behalf of the W&RSETA (Sector Education and Training Authority). Objectives included assessing the impact of implementation of the Employment Equity Act (EEA) on retail organisations, and determining what supportive action regulatory authorities (the Department of Labour and the W&RSETA) and businesses could take to achieve employment equity (EE) goals. The study is therefore useful across the spectrum of the W&R industry, especially for employment relations practitioners and those tasked with EE implementation. The study followed a mixed-methods approach, using questionnaire surveys, in-depth interviews, case studies, focus groups and secondary data. Results indicated that EE tends to be numbers-driven at the expense of competence and talent management. Most respondents’ perceptions of EE implementation were negative, with the implication that a different approach is needed because the pace of change and transformation in the South African workplace is too slow. Although the small sample size limits generalisation of the findings, the study provides insight and direction for further research. This paper acknowledges that because EE is currently driven largely by meeting mandated targets for demographic change, the development of talent – in essence, competence – is lacking or inadequate. Thus, the recommendations propose a competency model linked to a performance management system, which could lead to an efficient EE talent management process. This process will enable organisations to develop, within the shortest possible period, competent individuals able to perform adequately in their positions, thereby maintaining or improving productivity; it also addresses effective succession planning.

Key words: affirmative action; competence; compliance; diversity; employee relations; employment equity; performance management; talent

1 Introduction

1.1 Background and context

According to the Wholesale and Retail (W&R) Sector Skills Plan 2013-2014, the W&R sector contributes around 24% of national employment (W&RSETA 2013:35). It therefore

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plays a vital role in national well-being. Ensuring employment growth or, at the very least, employment stability in the sector will contribute to the transformation objectives of the National Development Plan (NDP, National Planning Commission 2011).

Institutional transformation is necessary to redress the employment disparities produced by the discriminatory laws of colonial and apartheid era South Africa. This is the rationale behind the Employment Equity Act 55 of 1998 (EEA), which is intended to create an equitable environment that ensures competitive advantage and secures sustainable growth for organisations. The notion of creating policies to remove discriminatory practices and bring about redress for the previously disadvantaged existed before the transition to full democracy in 1994. Bezuidenhout, Bischoff, Buhlungu and Lewins (2008) provide a comprehensive overview of events leading up to the EEA: the struggle against apartheid was characterised by a deep need to oppose discrimination against black people and fight for equality.

The EEA outlines strategies and objectives to alleviate the barriers to equity in companies, but, according to research done by the Development Policy Research Unit and Sociology of Work Unit at the Human Sciences Research Council, imbalances exist between actual practices and the required objectives of the EEA (Bezuidenhout et al 2008). However, in general little research has been done on the implementation of the EEA and its legislative impact in South Africa. This study complements the small body of research in this area, including that of Janse van Rensburg and Roodt (2005), Oosthuizen and Naidoo (2010) and Maboho (2014).

The W&R Sector Education and Training Authority (W&RSETA) supported this research in order to gain insight on how to enhance their service delivery in respect of EE. In their sector skills plan they acknowledge that they face challenges in fostering skills development in all sectors of the workforce (W&RSETA 2013).

Mbabane (2013) states that a great need for EE still exists in South Africa and that senior and top managers from the designated groups could achieve more with the authority they have. He claims that transformation requires a leadership that reflects the values and approaches necessary for promoting EE, and points to particular areas of concern regarding strategic focus and competency development in organisations.

The EEA states that a person may be suitably qualified for a job as a result of ... that person's "capacity to acquire, within a reasonable time, the ability to do the job" (s 20(3)(d)). This is open to interpretation and gives rise to various questions: How does one measure or define "a reasonable time"? Are companies being asked to hire less competent staff and train them, in the hope that "within a reasonable time" they will produce the results a competent employee would have been capable of immediately, had they been legally permitted to hire one?

Jongens (2006:33) argues that "for many companies, the need to comply has overshadowed the need to transform due to the financial implications that come as a result of not complying".

Companies face great difficulties when trying to achieve transformation goals as these may clash with their productivity goals. The quota system depersonalises people and sees them as numbers (Jongens 2006).

The research findings below show that EE is supported by a majority of people and institutions. The question lies in its implementation. Are the implementation challenges faced by South Africa unique? Employment equity is a long-term process – for instance Malaysia took twenty years to fully implement its EE process, while still experiencing significant economic growth. However, as Oosthuizen and Naidoo (2010) note, South

Africa has not experienced the economic growth or formal expansion of employment enjoyed by Malaysia, the lack of which contributes to the troubled atmosphere in which EE is being implemented.

1.2 Research aims and objectives

Against the background outlined above, the following research aim was formulated: To determine the interventions required to achieve EE objectives in the W&R sector. Objectives supporting this aim were to investigate the following:

- the nature, philosophies and concepts of employment equity (including numbers versus competence);
- international trends in EE, especially in terms of implementation;
- the South African legal framework governing EE (EEA as amended) and their impact on the W&R sector;
- current status and challenges in implementing the EEA in the W&R sector;
- interventions to achieve EE objectives in the W&R sector; and
- recommendations to improve and accelerate the achievement of EE.

The findings will assist the W&RSETA and retailers to develop processes, systems and key competencies to manage organisational talent, enabling the achievement of EE objectives.

2 Literature review

The following section reviews literature that reflects on EE similarities in other countries, the benefits of EE strategies for organisations and national economies, the factors influencing EE success and the lessons from some international applications of EE practices.

2.1 Managerial and HR responses to meet transformational challenges

Spencer and Watkin (2006) suggest that human resource (HR) professionals should consider the competencies the individual possesses and determine which of these need further development for success. By looking at the employee's current competencies and comparing those with the skills necessary to fill a position, organisations can make better informed decisions on hiring and developing staff, promoting talent and addressing transformation. The study by the Aberdeen Group/Human Capital Institute (2005) found that 85% of HR executives maintained that one of the greatest challenges in workforce management is creating or maintaining an organisation's ability to compete for talent.

2.2 Employment equity in selected countries

The adoption of EE strategies varies from one country to the next and not all strategies have been successfully implemented. Various forms of affirmative action (AA) strategies to achieve EE have been adopted by countries worldwide, with different histories, ideologies and populations, to advance social justice and full utilisation of the human capital represented by their citizens (Vilet 2010).

Saha, O'Donnell, Mensik, Garavan, Taggar and McGuire (2002) in *Employment equality agendas: A comparative study of Canada, Ireland and Australia* identify fascinating similarities to the South African situation although the rationales for EE and the histories of other countries differ. South Africa's primary motive for EE was to rectify

the imbalances perpetuated and entrenched by apartheid. This is not the case in other nations that seek EE advantages.

Despite varying rationales for initiating AA, experiences in the countries studied reveal common threads and patterns in their AA/EE agendas, which shed light on the South African approach. South Africa’s experience of EE implementation is based on a unique history and its unfolding, but we have much to learn from other countries. The success or failure of AA plans is influenced by a country’s economic standing, division of labour, religious affiliations (often affecting gender discrimination) and social/ demographic composition. Hence, there can be no single standardised AA or EE method that works effectively for every country. However, the following similarities can be identified in the international processes:

- AA initiatives are driven by a need to rectify and eliminate past or present societal discrimination which has affected that society.
- The most targeted designated groups are women, people with disabilities and racial minorities.
- The option of goals and timetables is preferred to a quota system.
- Although the difference is not always significant, progress for women as a designated group is generally better than for other groups.
- AA/EE measures are rarely voluntary for large companies (with more than 100 employees) as they are strictly guided by punitive measures of control.

Table 1 summarises the AA/EE programmes of seven different countries.

Table 1
Strategies of AA/EE in selected countries

	Country						
	USA	Canada	India	Malaysia	South Africa	Britain	Northern Ireland
Target group	Women	Women	Scheduled castes and scheduled tribes	Majority of community are Malaysian or indigenous	Women	Women	Constitutional provisions
	Racial and other minorities	Racial minorities		Persons with disabilities	Majority ethnic community (blacks)	Racial minorities	
	Vietnam war veterans	Aboriginal persons			Persons with disabilities	Persons with disabilities	
	Persons with disabilities	Persons with disabilities					
Scope	Public and private sectors	Public and private sectors	Public sector	Public sector	Public and private sectors	Public and private sectors	Public and private sectors
Rationale	Political necessity for blacks e.g. desegregation of schools etc.	Elimination of employment	Political necessity for elimination of societal and job discrimination	Political necessity due to riots in 1969	Political necessity	Elimination of employment discrimination	Elimination of employment discrimination
	Elimination of employment discrimination	Discrimination		Broader economic development objectives	Elimination of societal discrimination		
Quotas or goals and timetables	Goals and timetables	Goals and timetables	Quotas or reservations	Quotas	Goals and timetables	No AA provision	No AA provision

Source: Authors’ summary

2.3 Benefits of EE

South Africa has a very diverse and culturally complex workforce. There are multiple benefits to a diverse workforce, at both a local and an international level. Cox (1993), Thomas (1991) and Morrison (1992) have identified the key benefit as the fact that EE accesses skills in a diverse workforce that are not available to a homogenous workforce.

Thomas (2002) argues that a diverse environment fosters a spirit of company creativity; a high aptitude for effective problem solving; communication in matters that deal with diverse markets, suppliers and distributors; a culture of inclusivity; and enhanced team spirit because all employees feel their uniqueness is valued.

Holzer and Neumark's 2006 study, which focused on both equity and efficiency, concluded that these attributes of EE illustrate its usefulness in an organisation. It is not a method to be adopted solely for AA purposes; it is an effective business strategy aimed at increasing productivity.

2.4 Lessons for South Africa

The Malaysian and Namibian experiences, and the lessons South Africa can learn, are briefly presented. These countries were chosen as they are directly relevant to South Africa.

2.4.1 Malaysia

Thomas (2002) highlighted some of the strategic and operational concerns surrounding EE legislation in South Africa, reviewed broad EE practices in Malaysia, India, the USA, Canada, Britain and Zimbabwe, and identified lessons for the effective implementation of EE in South Africa.

Malaysia's AA plan was a result of the need to improve the lot of an economically backward group. Thus AA is not a luxury, as it is for rich countries like the USA; poor countries can strive for it as long as their economy is moving in the direction of growth. Malaysia's approach was economic development, which has resulted in a less unequal society.

Some lessons from the Malaysian experience are:

- South Africa could adopt a plan with a time limit; this could limit negative response to the quota system during this period.
- A focus on education is essential, as this would reduce the numbers of the majority black uneducated group and move them towards an AA pool of suitably qualified people.
- The Malaysian government was based on national unity and the incorporation of opposition viewpoints "was important to ensure that the [non-Malay] Chinese and the Indians [were] left with sufficient economic space to make co-operation preferable to opposition" (Emsley 1996:9).

Non-Malays were promised that public servants had a right to keep their jobs, and those with scholarships would retain financial support to complete their training (Jauch 1998). The approach followed was to limit the impact of AA on other groups and to achieve AA in an equitable manner.

However, as in South Africa, the Malaysian government found that although there was an increase in the number of Malaysians in the labour market, they were highly concentrated in administrative and subprofessional jobs (Jauch 1998). Despite this,

Malaysia's affirmative action programme has been labelled successful if not perfect (Jauch 1998).

2.4.2 *Namibia*

Affirmative action in South Africa began as a result of its gaining independence. Zimbabwe (1980), Namibia (1990) and South Africa (1994) all attained majority rule after long periods of struggle but economic power still remained with the white minority (Jauch 1998).

In Namibia AA was implemented to redress social, economic and educational imbalances as a result of past discriminatory laws. Much as in South Africa, its implementation was met with criticism: some labelled it "reverse discrimination" while others saw it as only benefiting the black middle class as it did not cover all sectors. Jauch (1998) noted that AA along ethnic lines could be a source of intensified ethnic conflict in a country like Namibia.

The key aims for AA in Namibia were to:

- contribute to the implementation of a culture of transformation in institutions;
- bring about greater representation of other ethnicities where there had been domination by the white minority;
- attain socioeconomic redistribution;
- achieve a 5% annual growth rate for the economy;
- create ample opportunities for employment;
- reduce inequalities in income distribution; and
- design economic and social programmes to help vulnerable groups in society and alleviate poverty (Jauch 1998; Melber 2006).

Education reform included the provision of free primary school education in terms of Article 20 of the Namibian constitution. This included the School Readiness Programme for Grade Ones, which ensured that children who had not received pre-school education were not disadvantaged. Adult and non-formal education was another initiative of the AA programme. It enabled adults who were no longer permitted to enrol in the formal school system to complete Grades 10–12 via distance learning. Unfortunately, despite these efforts education provision still remained unequal. Further AA initiatives included vocational and in-service training for public servants. These were initiated to rectify high unemployment among black workers (Jauch 1998).

Namibian attempts at AA highlight the difficulties in defining a country's needs and finding the right plans to meet these needs. The focus of Namibia's AA was education and employment in the public sector, and a few successes were identified, such as the increase in children's access to education. But members of some designated groups, such as women, were neglected and the measures (quota system) were unfruitful. Hannon and Sinclair (1999) point out that segregation of labour in the market leaves women disproportionately concentrated in certain narrow sectors with lower levels of pay, such as work in the service industry, technical work and clerical work. Members of the disabled group do not receive sufficient attention, but the reasons for this are not explored in the literature.

3 Research method

The research evaluated the nature, concepts and reality of EE in South Africa to determine what interventions are necessary to achieve EE in the W&R sector. A mixed-

methods approach, generating both qualitative and quantitative data through questionnaire surveys and in-depth interviews, was adopted.

3.1 The sample and data collection techniques

The sample was chosen from a database of 1 104 retailers which was provided by the W&RSETA and included mostly large retailers. Purposive sampling was used for the interviews and the selection of the sample was based on knowledge of the population (Punch 2005). Respondents with expertise and direct involvement with EE in their companies or associated organisations were selected as key respondents. This selection was done with help from knowledgeable managers in the W&RSETA and other retail associations.

Organisations involved in the research, whether businesses, unions, state organisations or parastatals, had to operate within the W&R sector. Out of 1 104 questionnaires e-mailed to all regions nationally where the W&RSETA has active forums, only 33 completed responses were returned; these came from a mix of large, medium-sized, small and micro-retailers. Completion of the survey was voluntary – thus the method used for the survey was a self-selected convenience sample.

Table 2 shows the sample composition, according to the range of techniques used.

Table 2
Sample Summary

Technique	Quantity	Details
Interviews	4	DoL, union official and W&RSETA managers
Case studies	3	Mixed analyses of EE plans of large retailers
Questionnaires/surveys	33	Mix of SMMEs and 3 large national retailers
Document analysis	10	Analysis of AA plans of medium rural retailers
Focus group sessions	3	Feedback on results from industry experts and representatives of the respondents

As Table 2 illustrates, a mix of 30 SMMEs and three large national retailers (>100 employees) completed the questionnaires, on condition of anonymity. Ten AA plans of rural retailers were analysed and three case studies were conducted on the EE plans of three large retailers. Interviews were held with the Deputy Director (responsible for labour inspectors) at the Department of Labour (DoL) in the Western Cape, two W&RSETA regional managers and the chairperson of the trade union representing most employees in the retail sector in the Western Cape.

The questionnaire, based on the literature review and the study objectives, was designed to extract information about actual EE practices of companies. It included direct questions on the challenges they faced with the EEA; whether they had an established EE committee as stipulated by the EEA; and whether they had formal processes in place for talent management/succession planning and other strategies. The questionnaire consisted of 20 questions, covering the requirements of the EEA for planning and reporting. In addition questions were asked about the organisational importance of achieving numerical compliance or meeting competence imperatives. Its very brevity was designed to persuade respondents to complete it. The questions were mixed, using both open and closed formats, such as leading questions, importance questions, Likert-type questions, bipolar and dichotomous questions.

Two-hour, in-depth interviews were conducted with representatives from the DoL, and union and EE managers from the W&RSETA, as the wealth of information they

possessed was easier to extract through a one-on-one process. In particular, the DoL representative's input was invaluable in familiarising the interviewers with EE procedures. Interviews provided a means of analysing data through inferences. The interactive nature of the interview process is a tool that allows flexibility; the questions served as a guide and enabled the researcher to probe when a point appeared relevant and worth further exploration. As researchers, we were able to adapt our approach in response to the answers and the reactions of the respondents, as suggested by Seale (2004).

Extensive research on EE was conducted through academic and scholarly journals (local and international), political viewpoints and critiques on EE implementation, media releases and documented articles and books, all of which were included in the literature review. Ten employment equity plans (EEPs) of medium retailers were also studied, which provided valuable insight into what these retailers deemed important as their EE objectives.

3.2 Data analysis

The data were collated in MSWord and MSEXcel, and analysed using MSEXcel. Themes were identified from the survey data and were used as an indication of the key findings. The in-depth interviews were analysed through content analysis, deconstruction of the conversations, reconstruction within the themes and the inference of meanings from the words and phrases used (Lee 1999).

3.3 Limitations and validity

Surveys were distributed via e-mails, so that respondents could complete them in the comfort of their offices/homes and would therefore be more willing to participate. However, only 33 out of the 1 104 surveys e-mailed were completed and returned, representing a response rate of 3%. It proved difficult to contact company officers responsible for EE to arrange interviews, which again resulted in a smaller sample than desired. Given the small samples, the findings should be seen as merely explanatory, being indicative of the situation in the W&R sector rather than a basis for reliable generalisation. However, the findings are generally believed to be credible and trustworthy because of methodological triangulation, the use of peer debriefing, and the checking of results with a focus group made up of industry experts and representatives of the respondents (Padgett 1998).

4 Results

The main findings of the surveys, literature and case studies are presented in this section, concluding with a summary of the challenges and barriers to EE implementation.

4.1 Interview findings

Key results from the four interviews conducted with a representative from the DoL, the trade union chairperson and two W&RSETA managers were:

- Unions promote a quota system.
- EE plans are made via discussions in EE forums, but are not always fulfilled.
- There is a lack of commitment by senior managers.
- There is a lack of general understanding of the requirements and content of the EEA.

- Quota system “number pushing” is desirable where progress is not being made.
- There is a disjunction between EE and skills development.

The trade union chairperson did not support sentiments expressed in the literature on numerical goals; he stated *“I see no problem in pushing numbers”*. This may be because he felt that despite negotiations, little or no progress had been made and that an aggressive approach such as a quota system would therefore be advantageous. He mentioned that although there are negotiating teams that represent workers on the EE forums and are given the opportunity to give their input, *“plans are placed on the table and two years later we still don’t see any implementation or transformation taking place”*.

The interview with a Deputy Director at the DoL yielded results akin to, and supporting, the findings collected through surveys. She identified a variety of shortcomings in companies in the W&R sector with regard to fulfilling their obligations in terms of the EEA, including the following:

- The people running EE in the company are juniors, whereas the Act requires them to be senior staff.
- EE forums are not well constituted.
- Companies could not produce an EE analysis (workforce profile).
- Companies do not distinguish between an EE plan and an EE report.

She said of the people running the forums:

They do not know their mandate or their role or why they are consulting. Employees are not given the training to understand their role. Why are they consulting? They don’t even know that they are to report on the Analysis, Plan and on the Report and they also don’t even have a copy of the Act.

She recognised the need for the DoL to hold workshops to train workplace forums on how to run the forums and on the EEA in general. Senior management should also be targeted, as commitment from them would result in progress on transformation.

The two W&RSETA managers outlined the role played by the SETA and the challenges they faced.

The first manager noted that skills development is about increasing the number of competent EE candidates; it was therefore important for their skills development facilitators (SDFs) to know about EE implementation. The SETA has programmes such as ILDP (International Leadership Development Programme) which focus on equity candidates. She stated: *“The SETA is very focused on EE (the national demographic focus) – we try to practice what we preach.”*

The second manager elaborated on the activities of the SETA, such as programmes that target specific occupational profiles and then equip managers via these programmes to further their careers. He noted that:

The problem is, how will they be getting the opportunity for higher positions? This is something out of our control. There is a small progress measured a year later of candidates being in higher positions. There is a disjunction between EE and skills development. In my opinion the two should have been made one. When it comes to reporting, you can only do a once-off. This is one of the reasons when it comes to EE, we push numbers – when it comes to skills development we push numbers. From a policy perspective it could be better if the SETA monitors both because it’s integrated. The EE plan could have been incorporated with the Workplace Skills Pan [WSP] and Annual Training Report [ATR] – but this is a policy issue. In

companies, the EE Plan does not match the Skills Development Plan. The dates of reporting differs as well ... this in itself makes it that the two plans will not speak to each other. Scarce skills in the sector also need to be linked to the EE Plan/Report of organisations.

The interviews revealed that the idea of “number pushing” was encouraged by regulatory bodies and unions where visible progress was not being made. However, this is not necessarily the view of companies.

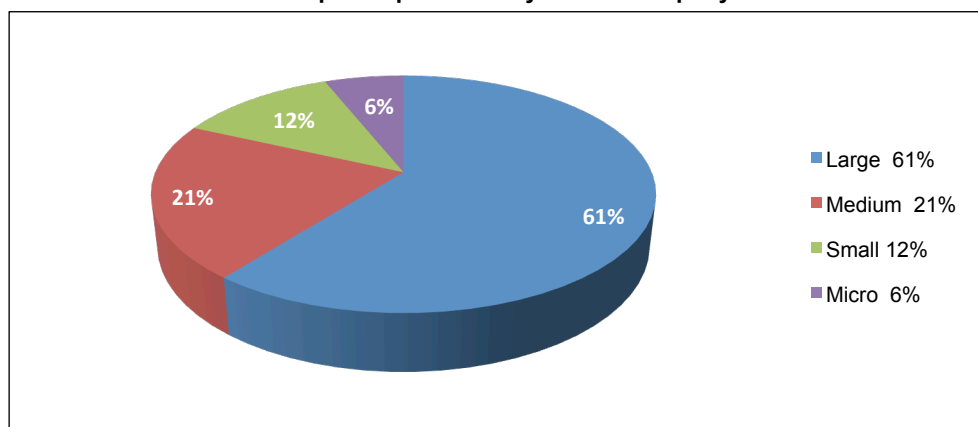
4.2 Questionnaire findings

This section presents a description of the respondents, organisation size, attitudes towards EE, understanding of EE and other key responses resulting from the survey conducted among retailers.

4.2.1 Description of respondents

Large, medium, small and micro-retailers completed the questionnaire; 33 surveys were received out of the 1 104 mailed. A probable reason why companies did not participate is that the completion of the survey was voluntary. Figure 1 shows the sample respondents by size of the business enterprise, where n = 33.

Figure 1
Sample respondents by size of company



Source: Survey questionnaires

According to Figure 1, 61% of completed questionnaires were from large companies (>100 employees). As 21% came from medium-sized companies (51-100 employees), 12% from small companies (5–50 employees) and 6% from micro-companies (<5 employees), these results do not adequately represent SMEs.

4.2.2 Attitudes towards and understanding of EE

According to Figure 2 below, over 58% of the companies surveyed consider it very necessary for South Africa to strive for EE, and 84.8% (combined figure) indicate that the implementation of EE is necessary to very necessary (Figure 3). From these results it is clear that business, across all size categories, supports EE and its implementation.

Figure 2
Necessity for EE

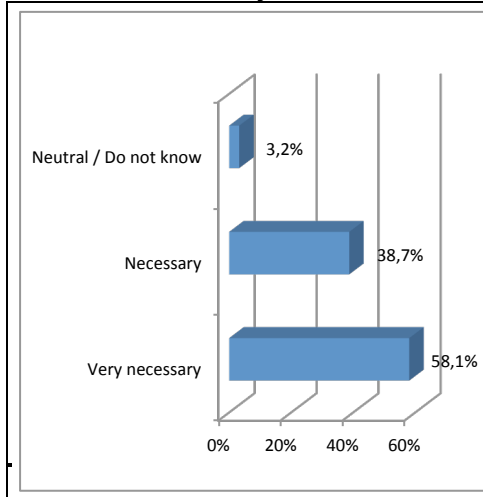
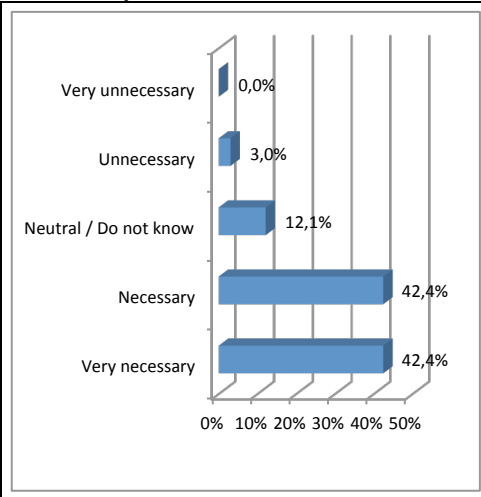


Figure 3
Implementation of EE



Source: Survey questionnaires

Only 3% of companies interviewed said they understood very few of the EEA requirements; the vast majority responded that they knew some to all of the requirements (Figure 4). It can therefore be concluded that companies do have a reasonable understanding of EE requirements.

Over 90% of respondents felt that the “new legislation” as contained in the Employment Equity Amendment Act 47 Of 2013 had a moderate or more substantial impact on companies’ EE activities, with half feeling that this legislation had an enormous impact (Figure 5). Clearly, the new legislation should have a positive influence on EE implementation in future.

Figure 4
Understanding EE requirements

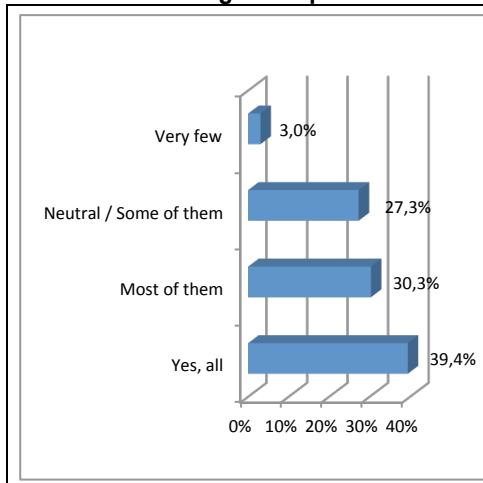
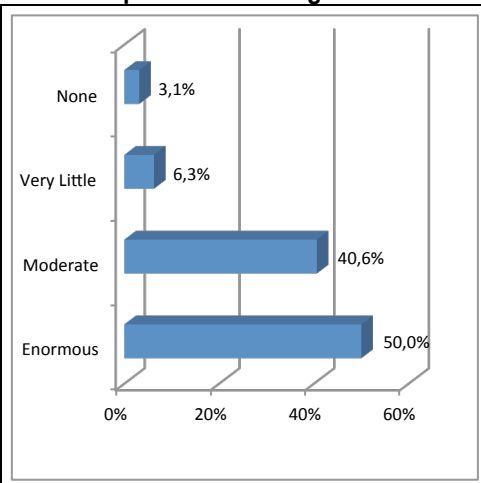


Figure 5
Impact of EE on organisation



Source: Survey questionnaires

4.2.3 Key responses to survey questionnaire

Table 3 records answers to questions that probed EE and organisational culture, EE and race, perceptions of EE and EE legislation in practice. These indicate the attitudes and beliefs that underpin and influence companies' actions and attempts to implement EE.

Table 3
Questionnaire findings: EE & organisational culture, race & legislation

Perceptions of employment equity			
58% of companies believe South Africa should strive for employment equity and that it is necessary in their specific place of work.	50% believe that legislation such as the LRA, EEA, BCEA and B-BEEE has an enormous impact on companies' actions in striving for employment equity (41% moderate).	65% of companies have a dedicated EE manager and in 73% of companies the EE manager is a senior manager as defined in the EEA.	30% of respondents understood most but not all of the requirements of the EEA.
Employment equity and race			
A white, male-dominated organisation culture continues to exclude black recruits (formally or informally through exclusionary network practices).	Black people are selected as tokens and not fully integrated into companies because of little delegation of real responsibility or decision-making authority, owing to the persistence of stereotypes.	Black staff are not systematically developed and trained – no effective talent management.	

Six years after Booyesen's 2007 study, the findings of the current research confirmed those of the earlier study, showing just how deep-seated the issues around EE implementation are. They also point to the slow pace of transformation, a concern raised by some of the interviewees. The relevant findings are:

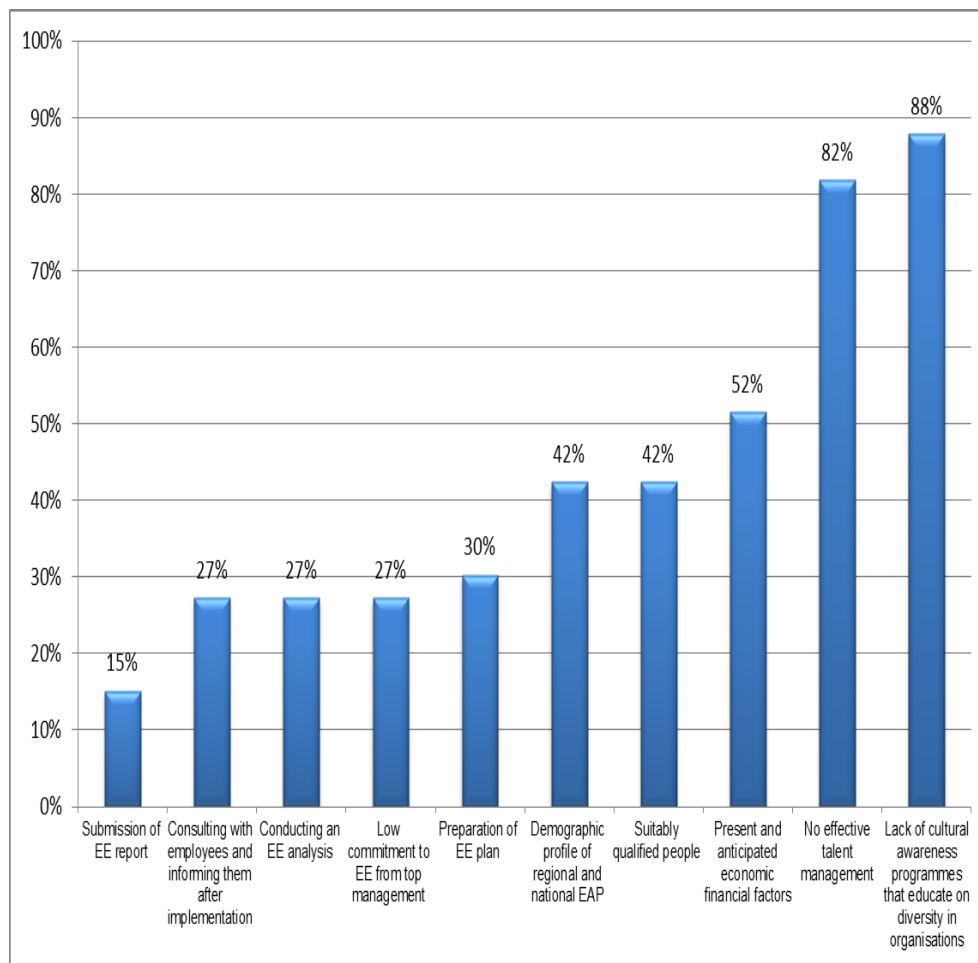
- There is a lack of cultural awareness programmes and of an organisational culture that values diversity.
- A white, male-dominated organisational culture continues to exclude black recruits (formally or informally through exclusionary network practices).
- Black people are selected as tokens and are not fully integrated into companies because there is little delegation of real responsibility or decision-making authority.
- Black staff are not systematically developed and trained – there is little or no effective talent management.
- Most companies apply their EE focus throughout the company but the second most targeted group is top management.
- There is a lack of black mentors and role models.
- 30% of respondents understood most but not all of the requirements of the EEA.
- 50% believe that legislation such as the EEA and allied legislation, including the Labour Relations Act, the Basic Conditions of Employment Act and the Broad-Based Black Economic Empowerment Act, have an enormous impact on companies' actions in striving for EE, but 41% believe the impact of this legislation to be moderate.
- When considering EE targets, increased competency levels are strongly regarded as more important than achieving numerical goals. Education levels are low among blacks, which may make hiring a pool of "suitably qualified" staff difficult.

4.3 Challenges faced

The concept of EE is not unfamiliar to organisations, and although its necessity is appreciated, organisations have difficulty in complying with EEA regulations, including compiling EE plans and writing EE reports. Even where plans have been drawn up companies do not find it easy to follow through.

Figure 6 presents a summary of the challenges experienced by large and SMME retailers.

Figure 6
Challenges faced by retailers



Source: Survey questionnaires

In ascending order the challenges experienced by the 33 responding retailers and listed in Figure 6 are:

- *Submission of EE report*: 15% had difficulty in compiling/completing their EE report for submission.

- *Consulting with employees and informing them after implementation:* 27% of organisations stated that they do not consult with employees after implementing an EE plan.
- *Conducting an EE analysis:* 27% did not have the resources or competency to conduct an EE analysis.
- *Low commitment to EE from top management:* 27% identified low commitment from top management.
- *Preparation of EE plan:* 30% had difficulty in starting to prepare their EE plan.
- *Demographic profile of regional and national EAP:* 42% claimed that if they have to take the prescribed demographic profile of regional and national EAP (economically active population) into account in their EE planning, they would have difficulty in filling positions.
- *Suitably qualified people:* 42% found it is difficult to define “suitably qualified” as contained in the EEA.
- *Present and anticipated economic financial factors:* 52% stated that the economy has a definite bearing on their EE implementation.
- *Lack of talent management systems:* 82% do not have a formal talent management system in place.
- *Lack of cultural awareness programmes on diversity in organisations:* 88% have not rolled out change or diversity management programmes of any kind.

When considering EE targets, increased competency levels are strongly regarded as more important than achieving numerical goals.

Although not all companies proposed recommendations, it was evident that companies feel the DoL needs to be more involved, especially in presenting workshops on the preparation of EE plans and EE reports.

4.4 Barriers to effective EE implementation

All the barriers identified were viewed as contributing to the gap between espoused EE policy and EE practices and progress. These barriers were:

- insufficient focus, coordination and integration of existing implementation processes;
- lack of shared understanding and communication about EE issues;
- lack of leadership commitment;
- inconsistent implementation practices without consequences;
- white fears regarding EE;
- organisational culture issues; and
- external forces.

Furthermore, it seemed that the recruitment, development and retention processes that do exist are fragmented and are not integrated or aligned with one another. The main reason for this may be a lack of commitment from senior managers to adopting a transformative approach to EE in their businesses, as they have the structural power to drive change. This lack of commitment causes a trickledown effect which, in turn, hinders compliance with the EEA. This lack of commitment is evident in –

- preparation of EE reports and EE plans;
- discussions with employees;
- conducting of EE analyses;
- talent management; and
- consulting with employees and informing them before implementation.

Organisation climate and culture were also factors identified for losing black staff as fast as organisations recruit them (Booyesen 2007). Booyesen lists possible reasons for these high attrition rates:

- slow EE progress at management level and inconsistent progress across departments in organisations;
- low commitment to EE from top management, with lip service by leadership about the need for EE;
- ineffective consultation and communication around EE progress and implementation;
- a lack of cultural sensitivity, where new recruits are expected to assimilate into the current organisational culture;
- a lack of cultural awareness programmes and an organisational culture that values diversity;
- a white, male-dominated organisational culture that continues to exclude black recruits (formally or informally through exclusionary network practices);
- black people being selected as tokens and not being fully integrated into companies because of little delegation of real responsibility or decision-making authority, owing to the persistence of stereotypes;
- limited systematic training and development of black staff: no effective talent management; and
- lack of black mentors and role models.

4.5 Consequence of barriers

Oosthuizen and Naidoo (2010) showed that many large corporations are faced with the dilemma of maintaining high productivity levels while having to comply with EE legislation. Problems such as the existence of systematic discrimination, transformation, questions over leadership and difficulty in retaining black people cropped up repeatedly.

The Deputy Director of the DoL agreed that bodies such as the W&RSETA and the DoL need to intervene and implement programmes that focus on training senior employees on the concepts and application of the EEA. This, however, is only the beginning: training of the managers does not guarantee success but will initiate or speed up the process of transformation.

The overriding perception of non-management employees is that management at all levels is not totally committed to the process (Oosthuizen & Naidoo 2010). This supports Gama's (2013) conclusions that in companies which do not have EE forums, junior human resource practitioners are delegated to take charge of EE; some employers do not have EE plans; some submitted reports long after the closing date, and incorrect and inaccurate information was often submitted. As Gama is the Department of Labour's Chief Director: Provincial Operations in the Eastern Cape, these observations carry weight.

Gama continued:

EE should not be relegated to juniors. EE should be seen as a business imperative, not as an administrative burden. If EE is seen as a burden, we risk committing what is called "malicious compliance", wherein employers submit just for the sake of compliance.

The EEA requires that one or more managers are assigned to the implementation and monitoring of the EE plan. Businesses are required to conduct an analysis and show in their EE plans how they intend to rectify areas that do not meet required standards. Questions arising from these challenges are:

- Is one person adequate to take on the task of organisational or institutional transformation?
- Do all companies have the ability and capacity to undertake this role?

5 Discussion

Employment equity is not about hiring or promoting unqualified candidates or having an organisation suffer undue hardship. Rather, it should be about taking the steps necessary to ensure that competent, designated group members are hired, promoted and retained equitably.

The research shows that there is no single solution and the onus is on the company to plan to ensure its EE success. Efforts to achieve EE should not be the sole responsibility of the EE manager(s) but a combined effort by all levels of management.

Donnelley (2012) found that white males still fill 65.4% of top management positions, six times the proportion of the economically active population they represent. However, there are some signs of improvement. She argues that progress in terms of race at the professionally qualified level has been visible, as national population distribution trends from 2007 to 2011 show that:

- African representation at the professionally qualified level rose from 24.4% in 2007 to 36.35% in 2011.
- Coloured and Indian representation grew from 8.5% to 10.2%, and from 8.7% to 9.1%, respectively.
- White representation shrunk from 57.2% in 2007 to 42.3% in 2011.

The intention of the EEA is to encourage organisations to develop their own human potential. It cannot be effective unless it is applied, and human resource practitioners play a vital role in its implementation, including spending time and resources on mentoring, coaching and developing staff, staff training, and drafting career paths and mobility in the workplace. If these provisions were implemented consistently and fairly, the EEA would enjoy broader support. Proper application of the EEA will grow both the person and the organisation. The results indicate that South African employers spend too little on training their staff and investing in their long-term potential. If more staff were trained to higher and higher productivity levels, company economic performance would improve and the incentive to job-hop would be reduced. Short-term solutions, such as overpaying for scarce skills, are counterproductive to long-term development.

The government may need to review the present incentives embodied in the Skills Development Act (SDA) to ensure higher spending on staff development.

Some organisations still decide to follow the cheaper option of paying a fine for non-compliance with EEA targets rather than spending on their training budget. However, most companies support and are willing to strive for EE and with this positive mind-set, it is up to SETAs and the government to intervene and create support structures that will promote this process.

6 Recommended further research

The following areas were identified as meriting further research:

- A follow up project on the status of the EE/AA strategies and their implementation in the countries mentioned in Table 1; for example:
 - Which countries are still implementing EE/AA?
 - Why have some stopped?
 - What alternative approaches have they adopted?
 - Are these approaches more effective?
- A comparison between different organisations and their holistic approaches to achieving their EE objectives, especially seen in a South African cultural context, would help to explain why some companies have been successful in implementing EE.
- Using regional and national demographics in the application of the EEA has become a very debatable and topical issue, with various court cases potentially influencing EE activities in the Western Cape, such as *Solidarity v Department of Correctional Services* (Department of Labour 2013:5). This regional/national dispute requires further investigation and research.
- The mechanisms and systems used to achieve effective selection processes (strategic business approach of regarding human resources as strategic business partners), as well as the implementation thereof, would also help to identify the factors leading to successful EE implementation.

7 Conclusion

In this final section we link the findings (in sections 4.1 and 4.2) and the challenges and barriers to EE implementation (sections 4.3 and 4.4) to provide practical solutions to promoting EE in the workplace.

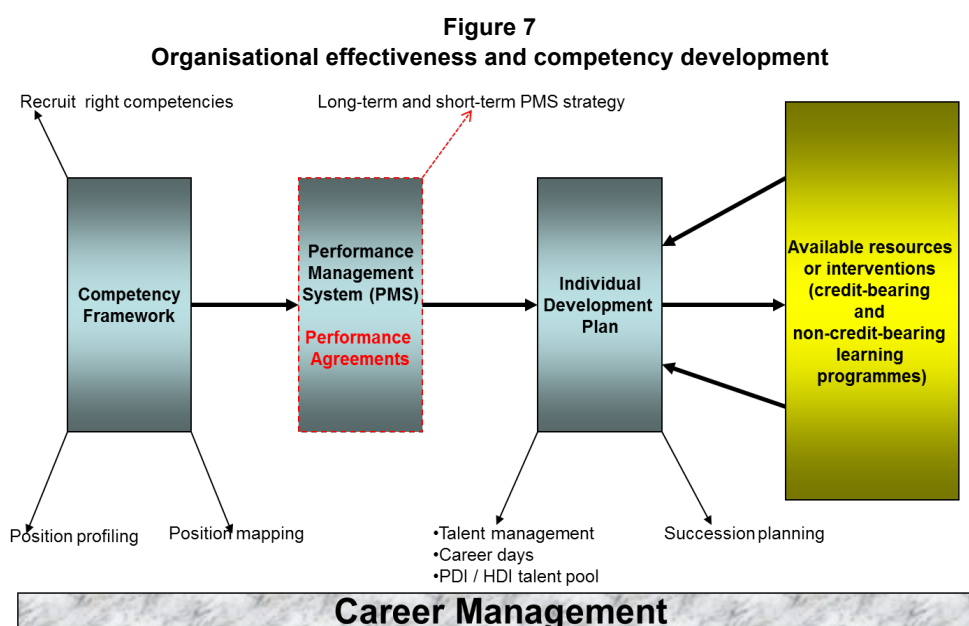
A competency model is a descriptive tool that identifies the skills, abilities and behaviour needed to perform effectively in an organisation. These identified competencies form a basis for the planning and development of all the human resource management activities. Furthermore, a competency model helps to communicate a company's strategic intentions and needs, and gives organisations a "common language" that can be used to discuss performance, selection, development, career advancement and succession planning. Such a model is proposed below.

7.1 Overcoming EE challenges

7.1.1 A career management model

The career management model proposed (see Figure 7 below) integrates a competency methodology with a performance management system, and shows all the external and internal factors that could promote an efficient EE talent management process in an organisation.

This proposed framework is also applicable to attracting, developing, motivating and retaining talent. The process in the model can shed light on, and give direction to, the subjective, phenomenological term "suitably qualified". As per Wilson (2013), human equity should be at the heart of any successful organisation.



7.1.2 Practical implications for human resource practitioners

The career management model can be used as the basis for human resource management to ensure continuity and competence in order to drive future performance. It can be used to:

- understand competencies and how they impact on performance;
- ensure that human resource (functional and behavioural) competencies are aligned with roles and responsibilities in support of corporate, segment and functional strategies;
- integrate a variety of performance measurement, reward and career management models;
- align training and development processes (skills planning);
- align recruitment and selection processes (interview guides); and
- identify interventions (training, on-the-job-training, coaching, etc) per competency per level.

7.1.3 Improvement of employment relations in the workplace

If implemented in terms of the proposed model, the following steps would provide clarity of roles, expectations, sanctions and rewards in the workplace, which would promote better communication, reduce sources of friction and result in improved employment relations:

- Job profiles must be standardised as far as possible.
- The communication strategy must address all employees affected, especially in the preparation of required EE assessments.
- All team leaders, managers and HR managers should understand the bigger picture and longer term benefits of EE to the organisation. The roles and expectations of general managers, HR managers and team leaders must be made clear.

- Communication protocols must be well defined and established, especially with HR managers.
- Every employee must receive structured performance feedback.
- Competencies must form the basis of development and training interventions.
- Competencies and job profiles must be verified top-down and cross-functionally.
- Employees' understanding of the term "supply chain" must be increased.

7.1.4 Use of training, systems, procedures and controls

Developing a proper "people strategy" requires a systematic method and commitment to the long-term development of people. It must ensure that competencies drive performance at all levels within the organisation, and also form the basis of human resource enablers such as recruitment and selection practices, performance management systems, training and development strategies and career guidance principles.

- Organisations need to be committed to the continuous development of their people, in line with meeting business objectives.
- A strategy document should be developed to align training and development needs with tangible development objectives.
- The objectives of this strategy are to put the training needs of the organisation into context and to align the training needs of the business with the core competencies needed in each job family.
- The training needs of the individual should be aligned with the development needs identified by management, as well as with the National Qualifications Framework, standards and legislative requirements.

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