

FTSE-JSE Indices Close		% ch	FTSE-JSE all share daily close		Bonds/forwards		% ch	Currencies		Commodities Latest		% ch	Foreign Markets Latest		% ch	
All Share	52628.80	▲ 0.22	52628.80		R207	9.385	▲ 0.05	R/S	15.5128	▼ 0.08	Gold PM Fix	1285.75	▲ 1.57	Dow Jones	17627.36	▼ 0.47
Top 40	46393.40	▲ 0.23	46393.40		R207	8.76	▲ 0.00	R/E	22.4387	▼ 0.55	Gold NY	1277.50	▲ 0.23	S&P 500	2056.08	▲ 0.51
Fixed 30	72980.70	▼ 0.12	72980.70		3-mth NCD spot	3.32	▲ 0.00	R/C	17.561	▼ 0.09	Brent Future	48.95	▼ 0.20	FTSE 100	6513.40	▲ 0.21
Resources 20	14454.90	▼ 0.27	14454.90		R/S (6-mth)	5889.5	▲ 0.31	S/C	1.15702	▲ 0.01	Platinum PM Fix	1052.40	▲ 0.11	Nikkei 225	18652.80	▲ 1.13
Goldex	2225.15	▲ 0.42	2225.15		R/S (12-mth)	11891.5	▼ 0.36	V/S	109.1225	▲ 0.07	Palladium Spot	581.11	▼ 1.34	Xetra Dax	9890.29	▲ 0.63

Employment equity policies not producing

THE Employment Equity Commission recently released the National Employment Equity Report, which indicates that white people, and in particular white males, still dominate the management echelon in the private sector.

White people take up about 70% of all management positions, while they represent only about 10% of the economically active population. This is in stark contrast to the public sector, where 70% of management positions are taken up by black people.

The report was received with shock and disbelief, and in some circles has been described as an “embarrassment”, especially 22 years down the road of democracy and 15 years after enactment of the existing employment equity (EE) legislation. EE laws make provision for fines and other sanctions. On the government’s own admission, these were not applied in the past, but this is about to change.

Until now, the authorities have succeeded in getting designated employers to submit EE plans and annual reports. This information forms the basis of the Employment Equity Commission’s reporting on the status of EE in SA.

The approach up to now has been to get businesses to set their own targets and report on progress made in achieving these. A further carrot encouraging businesses to make progress in this regard was the earning of points on black economic empowerment (BEE) scorecards.

Looking at the statistics, it is safe to say that whatever is in place, in the form of policy or implementation, is not producing the required results.

“ Could the use of legislation be a sign of desperation, or is it long overdue? ”

It is also no secret that a lack of implementation often undermines government policy.

At the same time, the EE strategy and policy is not without flaws. The basis for this policy is the notion that had it not been for the racial policies of the past, the racial demographics of SA would be reflected in all spheres of society. This is highly speculative and without evidence, as in no other country made up of more than one ethnic group is representation in the government, business or sport enforced on a narrow numerical basis.

The insight of the parents of our nation who drafted our Constitution should be carefully noted here, as the Constitution provides for institutions to be “broadly” representative.

The existing policy also falls short of recognising age groups and experience in the pursuit of targets.

It is an open-ended question as to how long we should allow for the wrongs of the past to be attended to, given the many centuries that went into their making. There is a concern that in forcing the issue, we might create a “bubble” or an unintended situation with unintended consequences, as various essential factors have to be overlooked for successful achievement of targets.

The question arises as to why the private sector has been reluctant to make EE



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progress, despite the national imperative, incentives in the form of BEE recognition, and the commercial importance of diversification.

The employment equity commissioner has been quoted as saying that, in her opinion, noncompliance is due to racism.

Some business sectors have criticised this observation and raised the danger of statistics whose interpretation can often be compared to the bikini — although they reveal a lot, they cover up some important areas.

In certain quarters, for example, it is believed that a significant number of black businesses have joined the economy — some suggest that 10%-15% black-owned entities have been added in the past five years. If black-owned businesses have also not appointed black managers to the extent that is expected, then what?

It would serve policy makers and enforcers well to conduct thorough research to determine why the private sector in general is not employing sufficient numbers of black people in management positions. By opting for legislation without thorough, independent research, policy makers may fail to tackle the real issues, thereby hampering much-needed and urgent progress in this regard.

We all know that using the wrong tools for the job is often worse than having no tools at all. Very few would disagree that something needs to be done. The question is: what? Could the use of legislation be a sign of desperation — a last throw of the dice — or is it long overdue? Whatever the case may be, as well as the need for in-depth research, businesses need urgently to revisit elements of their EE plans, including job-grading and human resource policies.

Recruitment, promotions, incentive programmes, training policies and correct grading should all be aligned to ensure the attraction and retention of suitable staff. Entities may opt for a flatter management structure and restructure their management component through various methods to become compliant.

Businesses often fall short of EE targets due to a lack of planning and management. Fines for noncompliance, which could vary from R900,000 to 10% of annual turnover, are avoidable.

It is imperative that businesses seek expert advice with regard to the above to avoid hefty fines and losing their empowering supplier status as BEE suppliers.

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