AN INVESTIGATION INTO THE PROGRESS MADE TOWARDS ACHIEVING EMPLOYMENT EQUITY AT CALSONIC KANSEI SOUTH AFRICA (PTY) LIMITED IN TERMS OF THE EMPLOYMENT EQUITY ACT No 55 OF 1998.

By
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Submitted in partial fulfillment of the requirements for the degree of Masters in Business Administration

MBA Unit, PE Technikon
In the Faculty of Management

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November 2002
31 November 2002

TO WHOM IT MAY CONCERN

RE: CONFIDENTIALITY CLAUSE

This work is of strategic importance.

It would be appreciated if the contents of this research paper remain confidential and not be circulated for a period of five years.

Sincerely,

__________________
G Ring
DECLARATION

This work has not been previously accepted in substance for any degree and
is not being concurrently submitted in candidature for any degree.

Signed __________________________

Date_____________________________
I hereby wish to express my gratitude to the following individuals who enabled this document to be successfully and timeously completed.

- Prof. ND Kemp for his patience and guidance.
- Mr. Ronald Girling for not allowing me to give up.
- Mr. J Thomas with his experience in the Human Resources industry.
- All of the members of the CKSA management team.
- The Human Resource Managers who assisted me in obtaining the answers to the questionnaire.
DEDICATION

Thank you to my late mother for always believing in me completely and for her unstinting love and guidance. To my wife, thank you for being my number one fan.
ABSTRACT

The key aspect to stimulating economic and individual growth in the workplace has been shown in numerous case studies to be the removal of discrimination. Affirmative Action looks at dealing with, and making amends for past injustices, as well as moving towards equal employment opportunities in a constructive manner. It is about recognizing that people are inherently different whilst trying to achieve a “colour – blind” society.

The Employment Equity Act No. 55 of 1998 was put in place by Government to facilitate the implementation of fair workplace practices, which will correct the imbalances of the past as well as creating a workforce, which reflects the demographics of South Africa. The inequalities in employment patterns and practices with respect to access to employment, training, promotion and equitable remuneration especially for black people, women and people with disabilities are addressed in the said Act.

The Employment Equity Act is quite specific about the minimum requirements of an organisation’s Employment Equity Plan, which make it easy to identify what progress is being made towards ending discrimination in the workplace. The minimum penalty for contravening the Employment Equity Act is R500 000 and the maximum is R900 000. The question arises as to whether South African organisations are merely implementing Employment Equity policies to adhere to the basic requirements and deadlines of the Act. Or, are these policies genuinely based on commitment to the principles of equality and equal opportunity for all in the workplace.

Calsonic Kansei South Africa has put into place various training and succession plans, which will help to achieve the organizational goal of being more equitable in terms of the Employment Equity Act. Employment agency databases have also been analysed to determine the availability of suitably qualified Affirmative Action employees.

In this paper the writer will investigate the progress that Calsonic Kansei South Africa has made towards achieving Employment Equity in relation to other organisations within the same industry.
TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confidentiality Clause</td>
<td>i</td>
</tr>
<tr>
<td>Declaration</td>
<td>ii</td>
</tr>
<tr>
<td>Acknowledgements</td>
<td>iii</td>
</tr>
<tr>
<td>Dedication</td>
<td>iv</td>
</tr>
<tr>
<td>Abstract</td>
<td>v</td>
</tr>
<tr>
<td>Table of Contents</td>
<td>vi</td>
</tr>
<tr>
<td>List of Figures</td>
<td>xii</td>
</tr>
<tr>
<td>List of Graphs</td>
<td>xii</td>
</tr>
<tr>
<td>List of Tables</td>
<td>xii</td>
</tr>
<tr>
<td>List of appendices</td>
<td>xiii</td>
</tr>
</tbody>
</table>

CHAPTER 1

THE PROBLEM AND SCOPE OF THE STUDY

1.1 INTRODUCTION 1
1.2 PROBLEM OF THE STUDY 4
1.3 PROBLEM STATEMENT 8
1.4 OBJECTIVES OF THE STUDY 9
1.5 DEMARCATION OF THE STUDY 10
1.6 RESEARCH METHOD 10
1.7 SUMMARY 11
# CHAPTER 2

## THE EMPLOYMENT EQUITY ACT NO 55 OF 1998

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>INTRODUCTION</td>
<td>12</td>
</tr>
<tr>
<td>2.2</td>
<td>A SUMMARY OF THE EMPLOYMENT EQUITY ACT</td>
<td>12</td>
</tr>
<tr>
<td>2.3</td>
<td>PHASE ONE: PREPARATION</td>
<td>21</td>
</tr>
<tr>
<td>2.3.1</td>
<td>Assigning Responsibility</td>
<td>21</td>
</tr>
<tr>
<td>2.3.2</td>
<td>Communication, awareness and training</td>
<td>21</td>
</tr>
<tr>
<td>2.3.3</td>
<td>Consultation</td>
<td>22</td>
</tr>
<tr>
<td>2.3.4</td>
<td>The Analysis</td>
<td>23</td>
</tr>
<tr>
<td>2.4</td>
<td>PHASE TWO: IMPLEMENTATION</td>
<td>25</td>
</tr>
<tr>
<td>2.4.1</td>
<td>Setting objectives and measures</td>
<td>25</td>
</tr>
<tr>
<td>2.4.2</td>
<td>Establishing a time frame</td>
<td>25</td>
</tr>
<tr>
<td>2.4.3</td>
<td>Allocate resources</td>
<td>26</td>
</tr>
<tr>
<td>2.4.4</td>
<td>Communication of the plan</td>
<td>26</td>
</tr>
<tr>
<td>2.5</td>
<td>PHASE THREE: MONITORING</td>
<td>26</td>
</tr>
<tr>
<td>2.5.1</td>
<td>Monitoring and evaluating the plan</td>
<td>26</td>
</tr>
<tr>
<td>2.5.2</td>
<td>Reporting to the Department of Labour</td>
<td>27</td>
</tr>
<tr>
<td>2.6</td>
<td>THE REPORTING CATEGORIES</td>
<td>28</td>
</tr>
<tr>
<td>2.7</td>
<td>THE COMMISSION</td>
<td>30</td>
</tr>
<tr>
<td>2.8</td>
<td>ENFORCEMENT OF THE ACT</td>
<td>31</td>
</tr>
<tr>
<td>2.9</td>
<td>CONCLUSION</td>
<td>36</td>
</tr>
</tbody>
</table>
# CHAPTER 3

## AFFIRMATIVE ACTION AND EMPLOYMENT EQUITY

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>INTRODUCTION</td>
<td>38</td>
</tr>
<tr>
<td>3.2</td>
<td>THE THREE SCENARIOS</td>
<td>38</td>
</tr>
<tr>
<td>3.2.1</td>
<td>Scenario One: “The Rotten Cake”</td>
<td>38</td>
</tr>
<tr>
<td>3.2.2</td>
<td>Scenario Two: “Icing The Rotten Cake”</td>
<td>40</td>
</tr>
<tr>
<td>3.2.3</td>
<td>Scenario Three: “Baking A New Cake”</td>
<td>41</td>
</tr>
<tr>
<td>3.3</td>
<td>ERRORS MADE WHEN IMPLEMENTING EMPLOYMENT EQUITY</td>
<td>42</td>
</tr>
<tr>
<td>3.3.1</td>
<td>Focus on the numbers</td>
<td>42</td>
</tr>
<tr>
<td>3.3.2</td>
<td>Focus on the organizational climate</td>
<td>43</td>
</tr>
<tr>
<td>3.3.3</td>
<td>Adopt the Deficit Model of Inferiority</td>
<td>43</td>
</tr>
<tr>
<td>3.3.4</td>
<td>No Top management support</td>
<td>44</td>
</tr>
<tr>
<td>3.3.5</td>
<td>Isolate Affirmative Action from other strategic objectives</td>
<td>44</td>
</tr>
<tr>
<td>3.4</td>
<td>THE CRITICAL SUCCESS FACTORS FOR EMPLOYMENT EQUITY</td>
<td>45</td>
</tr>
<tr>
<td>3.4.1</td>
<td>Employment Equity – A strategic commitment</td>
<td>45</td>
</tr>
<tr>
<td>3.4.2</td>
<td>Staffing</td>
<td>46</td>
</tr>
<tr>
<td>3.4.3</td>
<td>The role of Line management and organizational culture</td>
<td>47</td>
</tr>
<tr>
<td>3.4.4</td>
<td>The role of the Human Resources function</td>
<td>48</td>
</tr>
<tr>
<td>3.4.5</td>
<td>Contracting to black and female-owned business</td>
<td>48</td>
</tr>
<tr>
<td>3.5</td>
<td>THREE MODELS FOR THE ADVANCEMENT OF EMPLOYMENT EQUITY</td>
<td>49</td>
</tr>
<tr>
<td>3.5.1</td>
<td>The Integration or Osmosis Model</td>
<td>49</td>
</tr>
</tbody>
</table>
3.5.2 The displacement or Escalator Model 50
3.5.3 The Vertical Differential Model 50
3.6 THE CONTENTS OF AN EMPLOYMENT EQUITY STRATEGY 54
3.7 COMMUNICATION OF THE EMPLOYMENT EQUITY STRATEGY 55
3.8 MANAGING DIVERSITY 55
3.9 CONCLUSION 57

CHAPTER 4

RESEARCH DESIGN AND METHODS EMPLOYED

4.1 INTRODUCTION 58
4.2 THE AUDIT PROCESS 58
4.3 THE GAP ANALYSIS 59
4.4 THE AVAILABILITY OF AFFIRMATIVE ACTION CANDIDATES 60
4.5 THE ORGANISATION INTERVIEW 61
4.6 CONCLUSION 61
# CHAPTER 5

## DATA COLLECTION AND RESULTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1</td>
<td>INTRODUCTION</td>
<td>62</td>
</tr>
<tr>
<td>5.2</td>
<td>THE CURRENT DEMOGRAPHIC PROFILE OF CKSA</td>
<td>63</td>
</tr>
<tr>
<td>5.3</td>
<td>DESCRIPTION OF TARGET ORGANISATION</td>
<td>65</td>
</tr>
<tr>
<td>5.4</td>
<td>THE ORIGINAL DEMOGRAPHIC PROFILE OF CALSONIC KANSEI SOUTH AFRICA</td>
<td>66</td>
</tr>
<tr>
<td>5.5</td>
<td>THE EMPLOYMENT EQUITY PLAN</td>
<td>68</td>
</tr>
<tr>
<td>5.6</td>
<td>BENCHMARKING</td>
<td>68</td>
</tr>
<tr>
<td>5.7</td>
<td>OBSTACLES TO IMPLEMENTING THE EE PLAN IN CKSA</td>
<td>73</td>
</tr>
<tr>
<td>5.8</td>
<td>RETENTION OF AFFIRMATIVE ACTION EMPLOYEES</td>
<td>76</td>
</tr>
<tr>
<td>5.9</td>
<td>THE PROBLEMS ENCOUNTERED WITH AA CANDIDATES</td>
<td>77</td>
</tr>
<tr>
<td>5.10</td>
<td>THE CKSA AUDIT</td>
<td>78</td>
</tr>
<tr>
<td>5.11</td>
<td>AFFIRMATIVE ACTION AT CKSA</td>
<td>79</td>
</tr>
<tr>
<td>5.12</td>
<td>THE RESULTS OF THE QUESTIONNAIRE SENT TO SIMILAR ORGANISATIONS TO CKSA</td>
<td>80</td>
</tr>
<tr>
<td>5.13</td>
<td>INTERNAL PROMOTIONS</td>
<td>82</td>
</tr>
<tr>
<td>5.14</td>
<td>SUMMARY OF DATA COLLECTION RESULTS</td>
<td>83</td>
</tr>
</tbody>
</table>
CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1</td>
<td>INTRODUCTION</td>
<td>84</td>
</tr>
<tr>
<td>6.2</td>
<td>THE INTERNAL AREAS OF CONCERN</td>
<td>84</td>
</tr>
<tr>
<td>6.2.1</td>
<td>Top Management Support</td>
<td>84</td>
</tr>
<tr>
<td>6.2.2</td>
<td>The internal review of policies at CKSA</td>
<td>85</td>
</tr>
<tr>
<td>6.2.3</td>
<td>The Barriers to Affirmative Action at CKSA</td>
<td>86</td>
</tr>
<tr>
<td>6.2.4</td>
<td>Limitations encountered during the research</td>
<td>87</td>
</tr>
<tr>
<td>6.3</td>
<td>SUCCESSION PLANNING AT CKSA</td>
<td>87</td>
</tr>
<tr>
<td>6.3.1</td>
<td>The Engineering/Maintenance Department</td>
<td>88</td>
</tr>
<tr>
<td>6.3.2</td>
<td>The Manufacturing Department</td>
<td>88</td>
</tr>
<tr>
<td>6.4</td>
<td>THE EXTERNAL AREAS OF CONCERN</td>
<td>91</td>
</tr>
<tr>
<td>6.4.1</td>
<td>The Recommendation for the availability of AA employees</td>
<td>91</td>
</tr>
<tr>
<td>6.4.2</td>
<td>The Recommendation for Remunerating AA employees</td>
<td>92</td>
</tr>
<tr>
<td>6.4.3</td>
<td>The Recommendation for Retaining AA Employees</td>
<td>92</td>
</tr>
<tr>
<td>6.5</td>
<td>FINAL CONCLUSIONS</td>
<td>94</td>
</tr>
</tbody>
</table>

REFERENCE LIST 96
LIST OF FIGURES

<table>
<thead>
<tr>
<th>FIGURE</th>
<th>DESCRIPTION</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>The Decrease of Productivity</td>
<td>39</td>
</tr>
<tr>
<td>3.2</td>
<td>The Increase in Productivity</td>
<td>41</td>
</tr>
<tr>
<td>5.1</td>
<td>Current Demographic Spread of CKSA in the Occupational levels of Top and Middle management</td>
<td>63</td>
</tr>
<tr>
<td>5.2</td>
<td>Summary Equity Spread of CKSA</td>
<td>64</td>
</tr>
<tr>
<td>5.3</td>
<td>Equity Spread 2000 for CKSA in the occupational levels of Top and Middle management</td>
<td>66</td>
</tr>
<tr>
<td>5.4</td>
<td>The Equity Plan for CKSA in the occupational levels of Top and middle management</td>
<td>68</td>
</tr>
<tr>
<td>6.1</td>
<td>Organisational Chart - CKSA – Manufacturing Department</td>
<td>89</td>
</tr>
</tbody>
</table>

LIST OF TABLES

<table>
<thead>
<tr>
<th>TABLE</th>
<th>DESCRIPTION</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1</td>
<td>Representing the demographic breakdown of the economically active population for South Africa</td>
<td>70</td>
</tr>
<tr>
<td>5.2</td>
<td>Representing the demographic breakdown by occupational category of the economically active population of South Africa</td>
<td>72</td>
</tr>
<tr>
<td>5.3</td>
<td>Representing the demographic breakdown of available candidates on employment agency databases</td>
<td>75</td>
</tr>
</tbody>
</table>
# LIST OF APPENDICES

<table>
<thead>
<tr>
<th>ANNEXURE 1</th>
<th>Informal Questionnaire</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>
CHAPTER 1

THE PROBLEM AND SCOPE OF THE STUDY

1.1 INTRODUCTION

According to COSATU, the South African labour market discrimination and inequalities are a direct result of labour market policies that predate apartheid (http://cosatu.org.za/docs/affirmac.htm, 1997). The apartheid system intensified these inequalities using laws reserving “quality” jobs for white workers, and crowded the African majority into low paying, unskilled occupations (http://cosatu.org.za/docs/affirmac.htm, 1997). The National Party Government used the public sector to create jobs for the white minority, and therefore the public sector is now regarded as having a catalytic and leading role in achieving broader social and employment equity (http://cosatu.org.za/docs/affirmac.htm, 1997). Yet Qwelane (1999:1), feels that the manner in which affirmative action has been introduced in the public sector leaves a lot to be desired, and many of those who have secured senior appointments via the Affirmative Action route are not encouraging examples.

Opponents to Affirmative Action see it as reversed discrimination that causes corrosive doubt in the eyes of both whites and blacks about the worth of black achievement (Wingrove, 1993:7). If jobs and benefits are awarded
According to group statistics rather than on individual merit, it will lower the standards and organisational effectiveness (Wingrove, 1993:8). The application of quotas divides society, especially in a society striving for equality that will make race irrelevant (Wingrove, 1993:8).

According to Wingrove (1993:8) it is problematic to base Affirmative Action in South Africa on American models, as these involve a minority group negotiating for “its place in the sun”, as opposed to a majority group striving for equality. The term “Affirmative Action” has become one of the catch-phrases of this decade. Affirmative Action did not have a credible start, having been stigmatised and likened to “wholesale blackening of the workplace” (Qwelane, 1999:1). Young white males view Affirmative Action as reverse apartheid, because it discriminates against them. Coloured and Asian people felt that they were not white enough in the era of apartheid and now feel that they are not black enough in the days of majority rule (Qwelane, 1999:1). However, it is interesting to note that Affirmative Action actually means upgrading women of all races, physically disabled people and people of colour on their ability and subsequently redressing past wrongs (Qwelane, 1999:2).

Affirmative Action concentrates on the employment, development and promotion of the previously disadvantaged. It redresses imbalances, and identifies positions that have been inaccessible to this previously disadvantaged group (Wingrove, 1993:5). Specific Affirmative Action recruitment drives are undertaken, and training and development drives are
established in organisations in order to bring about a change in the overall makeup of the organisation and in turn, bring about Employment Equity (Wingrove, 1993:6).

Affirmative Action policies are the only credible and meaningful vehicles by which the previously disadvantaged people of South African can be equitably represented in the workplace (http://tpb.co.za/comm/press/cw_0503_01.htm, 2000). The misuse and misrepresentation of Affirmative Action policies and the staff employed under its banner, have given Affirmative Action a bad name (http://tpb.co.za/comm/press/cw_0503_01.htm, 2000). Thus legislation was required to qualify and quantify this concept, and make it more enforceable (Qwelane, 1999:3).

The implementation of Affirmative Action is necessary to restore inequalities in the workplace, but it must not undermine the profitability of any organisation. Affirmative Action candidates must be appointed based on their competence and expertise (Schoeman, 2002:1). Organisations are encouraged to use the SETA’s to create an environment where Affirmative Action candidates can be trained and groomed. Without positive intervention Affirmative Action will, as in the United States become a curse and create negative perceptions about competent people of colour that are placed in top jobs (Schoeman, 2002:1).

According to Wingrove (1993:9), Affirmative Action can be seen as the “generator” of the equalisation process with the establishment of pro-active
steps to erase disparity between people brought about by lower standards of education, racism, government policies, and by other disadvantages that resulted in a lack of equal development and opportunities. It removes discriminatory practices and addresses the legislative aspects. It seeks to reverse the effects of discrimination that have been detrimental to previously disadvantaged groups. Wingrove (1993:7) states that Affirmative Action is based on artificial corrective action to create a workforce that demographically represents all levels within the organisation. However it has an element of preferential treatment, and can create resistance.

A number of organisations report a drop in standards or deterioration in the quality of work as a result of implementing Affirmative Action programmes (Klein, 1997:2).

1.2 PROBLEM OF THE STUDY

Charlton and van Niekerk (1994:44) suggest that long-term redistribution of resources is dependent upon economic growth, which is regarded as a consequence of Affirmative Action and Employment Equity to develop and fully utilise a country’s human resources. In the past, black people were not able to realize their full potential and were denied the capacity to compete due to previous discrimination in South Africa (Wingrove, 1993:13). A just society would seek to provide for the full development of everyone’s potential and it would ensure that merit was fully equated with social roles such as jobs. According to Wingrove (1993:15) it is an acknowledged fact that the white population growth is on the decline and that the black population
growth is on the increase in South Africa. Future employees on all levels will inevitably have to be sourced mostly from the black population. Thus, it is imperative that the previously disadvantaged population are given the necessary education, training, development and opportunities to fill organisations’ future personnel requirements with competence and confidence (Wingrove, 1993:15)

An obstacle that arises is that of poverty. Black people are more prone to poverty as a result of primary legislative, economic and political measures, which result in poor housing, the unavailability of public resources, inferior education, and subsequently low productivity (Abedian, 1986:93). This in turn leads to the creation of poverty further down the line as a result of low income. Low-income results in little or no saving, poor child education, malnutrition of the family, poor health, poor housing, high fertility and an unstable family life (Abedian, 1986:93). As educational needs are secondary to the basic biological needs, poverty is one of the main contributors to high dropout ratios of black school children at primary and high school levels. The financial inability of parents to afford schooling means that children have to discontinue their schooling in an attempt to earn income for the family (Abedian, 1986:93). Educational advancement is not conducive to poverty stricken families.

Where designated Affirmative Action groups are employed or promoted without the relevant skills needed to do the job, it is damaging to both the individual and the organisation. This can be construed as tokenism, and the
organisation should carefully reconsider this kind of approach to Affirmative Action (http://tpb.co.za/comm/press/cw_0503_01.htm, 2000). Token Affirmative Action appointees may feel that every move they make is being scrutinised and over analysed and may realise that although they are contributing much to an organisation that they are in a no-win situation (http://tpb.co.za/comm/press/cw_0503_01.htm, 2000). Not being able to do a job properly and having one’s qualifications and experience set aside, because one is part of a designated Affirmative Action group, can be soul destroying (http://tpb.co.za/comm/press/cw_0503_01.htm, 2000).

An increasing number of organisations implementing Affirmative Action programmes believe that their programmes are not working (Klein, 1997:1). Moreover these organisations are finding that there is a drop in the degree of commitment of senior managers to their Affirmative Action policies. Increased demand, coupled with the skills shortage has led to many organisations having to remunerate Affirmative Action appointees at levels higher than what they are worth (Klein, 1997:3). The pool of such candidates is constantly diminishing, and many organisations consequently have to poach from other organisations in order to recruit these Affirmative Action candidates. As a result of changing organisations often due to poaching, the lengths of service of these Affirmative Action candidates are declining. The question arises as to how much experience these Affirmative Action employees are gaining due to their shorter lengths of service. Organisations may not be able to fulfil their proposed Employment Equity Plans due to the shortage of Affirmative Action candidates (Hamlyn, 1998:2).
The Employment Equity Act (1998) is specific about the minimum requirements that need to be met by organisations implementing Employment Equity Plans. The reason being is that it makes the Act more transparent, and easier for the organisation and its employees to follow and ascertain whether the organisation is making any progress in ending discrimination in the workplace (http://labour.gov.za/docs/legislati.../why_the_ee_report.html, 1999).

A good employment equity plan is not accomplished by complying with the minimum requirements, but rather should encompass and promote the Act wherever possible. It must produce noteworthy results, which are fair to key players. The process of Affirmative Action is only successful when it results in a culture of equality (Wingrove, 1993:20). Many of the advantaged groups (whites) now feel discriminated against, as the need to bring about parity within the organisation will inevitably lead to short term discrimination against them (Wingrove, 1993:20). Wingrove (1993:21) states that in the pursuit of success in the Affirmative Action process, one element emerges as paramount, and that is the cultivation of mutual trust. Organisations should make use of the work environment where co-existence occurs daily to cultivate a relationship of trust between people of vastly different ideologies and cultures. This achieves greater understanding of the issues that caused such great division, separation and mistrust in the past.

Calsonic Kansei South Africa (CKSA) has established an Employment Equity Plan. However, it does not want to merely implement a plan within the
minimum requirements needed to avoid any penalties. CKSA wishes to implement an Employment Equity Plan that will encompass all of the necessary legal requirements as well as establishing an effective and meaningful Equity Plan.

1.3 PROBLEM STATEMENT

In line with the above, the problem is as follows:

- What can be done to assist in the implementation of a realistic Employment Equity Plan with the aim of achieving Employment Equity within Calsonic Kansei South Africa?

Sub-problems to be addressed are:

- What specific requirements in terms of the Employment Equity Act (1998) regarding the implementation of an Employment Equity Plan exist?
- What is the current level, and planned level of Employment Equity in Calsonic Kansei South Africa?
- What problems do Calsonic Kansei South Africa encounter in trying to achieve their Employment Equity Plan?
1.4 OBJECTIVES OF THE STUDY

The main objective of this study was to investigate the implementation and development of a strategy to assist CKSA in achieving Employment Equity within its organisation. To help achieve this main objective, the following secondary goals were identified:

- To examine the role of Government in implementing an Employment Equity Plan.
- To establish an outline of factors that could contribute to the successful implementation of the Employment Equity Plan.
- To identify the factors that can assist CKSA in implementing an effective and meaningful Employment Equity Plan, which covers more than the basic legal requirements.
- To define measurement criteria for CKSA regarding the current levels of Employment Equity which exist within the organisation.
- To utilise the results in developing a gap analysis identifying the position of CKSA in terms of the Employment Equity Plan, and possible areas of development and improvement.

This analysis enabled the writer to firstly establish the level of Employment Equity currently in CKSA, and secondly a “gap” analysis was performed to formulate an action plan that will achieve the implementation of an effective Employment Equity Plan.
1.5 DEMARCATION OF THE STUDY

Calsonic Kansei South Africa (Pty) Limited or CKSA was the organisation under review in this paper in terms of the Implementation of the Employment Equity Act (1998). CKSA is the South African division of a multinational organisation exporting flexible exhaust couplings to global markets. This South African division reports to the European division’s head office in Wales. The company’s headquarters are based in Japan.

1.6 RESEARCH METHOD

The broad research method adopted is as follows:

- The Employment Equity Act was studied to identify the legal requirements in terms of the implementation of an Employment Equity Plan.
- A literature review was undertaken to identify specific methods or strategies to be followed for the successful implementation of employment equity.
- An analysis of the equity levels within the organisation was completed, and a gap analysis was developed to identify areas of concern.
- Research was conducted with other organisations to determine what they are doing in terms of achieving Employment Equity, thereby identifying problems they may encounter with its implementation.
- Employment recruitment companies that Calsonic Kansei South Africa deal with exclusively were asked for certain statistical information. The information requested, details the demographical representation of
their employment databases with a view of obtaining the race
classification percentages for certain positions within CKSA.

- The employment agencies were asked questions regarding their
  affirmative action candidates; for example: are they receiving premium
  salaries upon placements?

1.7 SUMMARY

The aim of the study was to identify, using the Employment Equity Act (1998)
as a guideline, the steps that need to be followed in order to implement an
effective Employment Equity Plan. This plan should go beyond covering the
basic legal requirements of the Act to promote Employment Equity within all
levels of the organisation. A literature analysis identified areas of concern,
and strategies that can be adopted in the successful implementation of
Affirmative Action.
CHAPTER 2
THE EMPLOYMENT EQUITY ACT NO. 55 OF 1998

2.1 INTRODUCTION

The following chapter is a summary of the Employment Equity Act No. 55 of 1998, as published in the Government Gazette No. 20626, dated 23 November 1999. It has been included to give the reader more insight into the Act, and what is required from organisations in terms of it. In order to realise the implications of the Act on organisations, and what the Act specifies in terms the development of an Employment Equity Plan, this summary needs to be understood before an organisation can embark on the development of an Employment Equity Plan.

2.2 A SUMMARY OF THE EMPLOYMENT EQUITY ACT

The Act was passed to address discrimination in relation to race, gender and disability that has denied access to opportunities for education, employment, and promotion and wealth creation for most South Africans.

The Act has two main objectives:

- To ensure that our workplaces are free of discrimination; and
- To ensure that employers take active steps to promote employment equity.

The purpose of this Act is to achieve equity in the workplace by
Promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination; and

Implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, in order to ensure their equitable representation in all occupational categories and levels in the workforce.

This Act must be interpreted:

- In compliance with the National Constitution
- So as to give effect to its purpose
- Taking into account any relevant code of good practice issued in terms of this Act or any other employment law; and
- In compliance with the international law obligations of the Republic of South Africa, in particular those contained in the International Labour Organisation Convention (No. 111) concerning Discrimination in respect of employment and occupation.

The Act applies to all employees and employers, except where chapter 3 provides otherwise. Chapter 3 of this Act applies only to designated employers and people from designated groups. This Act does not apply to members of the National Defence Force, the National Intelligence Agency, or the South African Secret Service.

The Act is arranged into the following different sections:
In Chapter One of the Act, the basic definitions are defined. The term “black people” is defined as a generic term, which means Africans, coloureds and Indians. “Designated groups,” means black people, women and people with disabilities. A “person with disabilities” is defined as a person who has long-term or recurring physical or mental impairment, which substantially limits their prospects of entry into, or advancement in, employment. An “employee” is defined as any person, other than an independent contractor who:

- Works for another person or for the State and who receives, or is entitled to receive, any remuneration; and
- In any manner assists in carrying on or conducting the business of an employer.

Previously the Courts have applied the “dominant impression test” when determining whether a person is an employee or an independent contractor (Truter, 2002:1). Considerations would include factors such as fixed working hours, regular payments of a fixed amount, working for only one employer, and being subject to the employer’s code of discipline.
The pending changes in the Labour Law legislation are likely to ensure more confidence; as should any of the following factors be present the person will be classified as an employee of the organisation rather than an independent contractor (Truter, 2002:1):

- Are the person’s hour of work subject to the control or direction of another person;
- Whether the person forms part of the organisation by means of wearing a company uniform, or possessing their own business cards in the name of the organisation;
- Whether the person has worked for the organisation for an average period of at least 40 hours per month over the last three months;
- Whether the person is economically dependent on the organisation;
- Whether the organisation provides the person with his/her tools of the trade or work equipment;
- Whether the person only works or supplies services to one organisation.

A “temporary employee” is defined in terms of this Act as any person employed for an indefinite period, or for a period of three months or longer. In terms of the Act a person may be suitably qualified for a job as a result of any one of, or any combination of that person’s:

- Formal qualification;
- Prior learning;
- Relevant experience; or
- Capacity to acquire, within a reasonable time, the ability to do the job
An employer may not unfairly discriminate against a person solely on the grounds of that person’s lack of experience.

A “collective agreement” is defined as a written agreement concerning terms and conditions of employment or any other matter of mutual interest concluded by one or more registered trade unions, on the one hand, and on the other hand:

- One or more employers
- One or more registered employers’ organisations; or
- One or more employers and one or more registered employers’ organisations.

A designated employer means:

- A person who employs 50 or more employees
- A person who employs fewer than 50 employees but has a total turnover that is equal to or above the applicable annual turnover of a small business in terms of the Schedule 4 of this Act
- A municipality, as referred to in Chapter 7 of the Constitution
- An organ of state as defined in Section 239 of the Constitution, but excluding local spheres of Government, the national Defence Force, the National Intelligence Agency and the South African Secret Service
- An employer bound by collective agreement in terms of Section 23 or 31 of the Labour Relations Act, to the extent provided for in the agreement.
Chapter Two of the Act deals with unfair discrimination. All employers must take steps to promote equal opportunity in the workplace by eliminating unfair discrimination in any employment policy or practice. No person may unfairly discriminate, directly or indirectly, against an employee, in any employment policy or practice, on one or more grounds, including race, gender, sex, pregnancy, marital status, family responsibility, ethnic or social origin, colour, sexual orientation, age, disability, religion, HIV status, conscience, belief, political opinion, culture, language and birth.

However to take Affirmative Action measures consistent with the purpose of this Act, or to distinguish, exclude or prefer any person on the basis of an inherent requirement of the job is not unfair discrimination.

Medical testing and psychometric testing is prohibited in terms of the Act, unless certain conditions are met. Medical testing may only be carried out if:

- Legislation permits or requires the testing; or
- It is justifiable in the light of medical facts, employment conditions, social policy, the fair distribution of employee benefits or the inherent requirements of the job.

Should the Labour Court declare that medical testing is permissible, the Court could impose conditions relating to the provision of counselling, the confidentiality, the period during which the medical testing applies, and the category of jobs in which the medical testing applies.
HIV testing of an employee or applicant is prohibited unless justifiable by the Labour Court in terms of section 50(4) of this Act. Psychometric testing and similar assessment tests may only be carried out on employees, which includes applicants, if:

- They are proven scientifically to be valid and reliable;
- They can be applied fairly to all employees; and
- They are not biased toward any employee or group.

Should any party allege unfair discrimination they must refer the dispute to the Commission for Conciliation, Mediation and Arbitration (CCMA) within six months after the act or omission that constitutes unfair discrimination. The CCMA may refer a dispute after the relevant time limit of six months, should the applicant show good and justifiable cause.

The party that refers the dispute must satisfy the following criteria to the CCMA:

- A copy of the referral has been served on every other party to the dispute; and
- That the referring party has made reasonable attempts to resolve the dispute.

Should the CCMA fail to resolve the dispute after conciliation, any party to the dispute may refer it to the Labour Court for adjudication, or all of the parties to the dispute may consent to arbitration of the dispute. The onus is
on the employer against whom the allegation is made to prove that the unfair
discrimination was in fact fair.

Chapter Three of the Act deals with Affirmative Action. Affirmative Action
measures were designed to ensure that suitably qualified persons from
designated groups have equal employment opportunities and are equally
represented in all occupational categories and levels in the workplace of a
designated employer.

The Affirmative Action measures implemented by a designated employer
must include:

- Measures to identify and eliminate employment barriers, including
  unfair discrimination, which adversely affect persons from designated
groups;
- Measures designed to further diversity in the workplace based on
  equal dignity and respect of all people;
- Making reasonable accommodation for persons from designated
  groups in order to ensure that they enjoy equal opportunities and are
  equitably represented in the workforce of a designated employer;
- Measures to ensure the equitable representation of suitably qualified
  people from designated groups in all occupational categories and
  levels in the workforce; and
- Measures to retain and develop and train persons from designated
groups.
The Act does state that an Employer does not have to amend employment policies or practices that would establish a barrier to persons who are not from designated groups from being employed or promoted.

The designated employer needs to consult with and attempt to reach agreement on the preparation and implementation of the employment equity plan as well as on the reporting requirements in term of the Act. The consultation process will take place between the designated employer and a representative trade union, or if no representative trade union exists, with its employees or representatives nominated by them. The representatives nominated by the employees should reflect the interests of the employees from all occupational categories and levels of the workplace, employees from designated groups, and employees who are not from designated groups.

The Act states that the designated employer must develop and implement an Employment Equity Plan. Guidelines and steps to follow have been developed order to assist the designated employer with this task.

The process of developing an Employment Equity Plan should have three sequential phases: planning or preparation, development and implementation, and monitoring.

Phase One, or the preparation and planning stage will include assigning responsibility, communication, awareness and training, consultation and analysis. Phase Two; the implementation stage will identify, through consultation, corrective measures and objectives, time frames, allocation of resources, and planned communication. Phase three or the monitoring stage
will be used to evaluate and review the Employment Equity Plan. Here the
reporting requirements will be established.

2.3 PHASE ONE: PREPARATION

2.3.1 Assigning Responsibility

Senior managers who are permanent employees, and who report directly to
the Chief Executive officer, need to be assigned responsibility for
development, implementation and monitoring of the Employment Equity Plan.
These managers must have the necessary authority to make decisions and
need to operate under a mandate granted by the Chief Executive Officer.
They must have at their disposal the necessary budget, time available, and
access to other resources necessary to develop and monitor the Employment
Equity Plan. The managers need to be aware of their obligations in terms of
the Act, and sufficient training given in diversity management and related
skills. They must also understand that discrimination can be either direct,
indirect, or as a result of inaction or victimisation.

2.3.2 Communication, awareness and training

All employees need to be made aware and informed of the content of the
Employment Equity Act, the process to be followed, and of the importance of
their participation in the process. The communication is usually done through
a variety of methods like, newsletters, pamphlets, workshops, training sessions and videos, and internal office memorandums.

2.3.3 Consultation

The consultation process between the employer and a group representative of all employees within the organisation needs to be established as early as possible in the process. The consultation process will present the opportunity for all parties to meet, request, receive and consider information relevant to the employment equity plan, and subsequently report back to the employees and management. Not only the employer can contribute relevant information, the employees may be in a position to provide employers with information to be taken into consideration when developing the employment equity plan.

The following would be considered as relevant information:

- Information relating to the particular business environment and circumstances of the employer, the economic sector, or industry;
- Relevant local, regional, and national demographic information about the economically active population;
- The turnover of employees and anticipated growth or reduction of the employer’s workforce;
- The availability both internally and externally for the appointment or promotion of suitably qualified persons from the designated groups;
The degree of representation within each occupational category and level of designated employees within the designated employer’s workforce; and

The current employment policies and practices of the employer.

2.3.4 The Analysis

The Act states that a designated employer must collect information and conduct an analysis of its employment policies, practices, procedure and the working environment, in order to identify employment barriers, which adversely affect persons from designated groups. The analysis will determine the extent of under-representation or under-utilisation of employees from the designated groups in the different occupational categories and levels of the employer’s workforce. The policies and practices that are positively contributing to employment equity and diversity in the workplace will also be identified.

Factors that can adversely affect employees from designated groups as well as subtle or indirect forms of discrimination will be identified by this analysis.

The following policies and practices need to be reviewed in terms of the Act:

- All employment recruitment, selection, pre-employment testing, and induction procedures;
- Succession and experience planning, promotion and transfer procedures and practices;
- Utilisation of employees and job assignments;
The current methodologies, strategies and access related to training and employee development;

- Remuneration structures and practices;
- Employee benefits;
- Disciplinary practices;
- Working conditions;
- The number and nature of dismissals resignations and retrenchments;
- The corporate culture; and
- The practices relating to the management of HIV/AIDS in the workplace

The analysis must also include a profile of the designated employer’s workforce by occupational category and level, in order to identify the degree of under-representation of people from designated groups within these various occupational categories and levels. Employers can obtain this profile information from the employees directly, using the EEA 1 form, or from the employer’s database should the information held there be accurate and reliable. The information obtained relating to the number of employees from designated groups should then be compared to the relevant demographics of the area or industry. Form EEA 8 from the Department of Labour provides information relating to the distribution of the economically active population per province.

In order to benchmark their organisation an employer can compare his workforce profile with organisations similar in size, within the same industry.
or with those organisations which arestructurally similar and whose activities are spread over a similar geographical area. As every report prepared in terms of the requirements of the Act is a public document (the act), the availability of information for benchmarking purposes should not be difficult to obtain.

2.4 PHASE TWO: IMPLEMENTATION

2.4.1 Setting Objectives and measures

The employer should have as a result of the preparations done in Phase one, a snapshot of their organisational profile and information on their levels in respect of race, gender and disability. They will have an idea as to which policies and practices adversely affect members of designated groups. They will have various internal statistics regarding labour turnover, promotions, transfers and external economic profiles of persons within their regions. Workforce profile comparisons between similar organisations will also be available. All of this information, together with the organisation’s business plan can then be used to set realistic and achievable goals.

2.4.2 Establishing a time frame

The Act specifies that the duration of the plan should be between one and five years depending on the particular circumstances and timeframe in which
employers can make meaningful progress. The time frame should specify milestones and set target dates for reaching these milestones.

2.4.3 Allocate resources

Budgets, people, available time and training should be appropriately allocated in order to implement the employment equity plan effectively.

2.4.4 Communication of the plan

All persons responsible for the plan, where information may be obtained, objectives and the duration on the plan, the dispute resolution procedures as well as the roles and responsibilities of the role players must be communicated to all stakeholders.

2.5 PHASE THREE: MONITORING

2.5.1 Monitoring and evaluating the plan

Employers should be able to monitor and track movements over the duration of the plan. All records and data should be kept of the plan. Mechanisms to monitor and evaluate the implementation of the time must be developed and reviewed regularly. The employer needs to report on progress to the employee representative forum, and where problems arise they should be reviewed and amended through the consultation process.
2.5.2 Reporting to the Department of Labour

According to the Act a designated employer that employs fewer than 150 employees must:

- Submit their first report to the Director General within 12 months after the commencement of this Act or, if later, within six months after the date on which the employer became a designated employer; and
- Thereafter, submit a report to the Director General once every two years, on the first working day of October.

An employer employing 150 or more employees must submit a report:

- Within six months after the commencement of this Act, or within six months after the date on which the employer became a designated employer; and
- Thereafter once every year on the first working day of October.

The Reports to be submitted in terms of the Act are the Employment Equity Report Form EEA 2, and the Income Differential Statement Form EEA 4. As the onus rests on the employer to prove that the reports were submitted should they go astray, it is advisable that the employer retains a copy.

Form EEA2 that must be submitted to the Department of Labour is divided into three main sections, the employer details, the workforce profile and the qualitative assessment. Section B, or the workforce profile reports the breakdown of the total number of employees within each occupational
category, as detailed in Form EEA10, and occupational level, as detailed in Form EEA 9. The employee terminations are also reported under this section by race and by gender.

2.6 THE REPORTING CATEGORIES

The occupational categories to be reported under are:

- Legislators, senior officials and Managers – these employees main task is to determine and formulate policy and strategic plans for the organisation. Chief executive officers, presidents and vice presidents, chief operating officers, general managers and divisional heads are included under this category.

- Professionals - here the employees require a high level of professional knowledge and experience in the fields of physical, life or social sciences and humanities. A few of the professions that are included in this category are: engineers, architects, lawyers, accountants, biologists, geologists and system analysts.

- Technicians and Associate Professionals – here the employees require a high level of technical knowledge and experience in the fields of physical, life or social sciences and humanities. Some employees included under this category include computer programmers, nurses, musicians, translators and interpreters, and quality inspectors.
• Clerks – the employee’s main tasks require the knowledge and experience necessary to organise, store, compute and retrieve information. They include bookkeepers, tellers, typists, production and shipping clerks, stock clerks and receptionists.

• Service and sales workers – here employees main tasks require knowledge and experience necessary to provide personal and protective services and to sell goods in shops or markets. They would includes employees such as guides, police officers, real estate agents, shop attendants and insurance broker to name a few.

• Skilled agricultural and fishery workers – these employees would require knowledge and experience necessary to produce farm, forestry and fishing products.

• Craft and related trades – employees require knowledge and experience of skilled trades and handcrafts, enabling them to understand materials and tools to be used, as well as the production process and final use of the finished good. They would include miners, bricklayers, carpenters, plumbers, electricians, mechanics and painters.

• Plant and machine operators and assemblers – employees require the knowledge and experience necessary to operate and monitor large scale, automated industrial machinery and equipment. Production machine operators, apprentices and textile workers would be included in this category.

• Elementary occupations – this category covers those occupations, which require low levels of knowledge and experience necessary to
perform routine and simple tasks. It would include garage attendants, cleaners and garbage collectors.

The occupational levels are more self explanatory and consist of; Top management; Senior management; Professionally qualified, experienced specialists and middle management; skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents; semi skilled and discretionary decision makers; and unskilled and defined decision makers.

2.7 THE COMMISSION

Chapter Four of the Act deals with the Commission, the composition thereof, how members are voted onto the commission, and the main functions of this Commission. The Commission has been established to advise the Minister of Labour on:

- The Code of Good Practice, which was issued by the Minister of Labour after being advised by the commission. This Code of Good Practice was issued to give guidelines of good practice, in terms of the requirements of the Employment Equity Act (1998), for the preparation and implementation of an employment equity plan.
- Regulations made by the Minister in terms of Section 55; and
- Policy and other matters concerning the Act.

In addition to this the Commission may:
\begin{itemize}
\item Make achievement recognition awards to those employers furthering the purpose of the Act;
\item Research and report to the Minister on any matter relating to the application of this Act. This includes appropriate and well-researched norms and benchmarks for the setting of numerical goals in the various sectors; and
\item Perform any other prescribed function.
\end{itemize}

2.8 ENFORCEMENT OF THE ACT

Chapter Five addresses issues relating to the enforcement of the Act, and the subsequent legal proceedings and penalties. Any Trade Union representative or employee may bring an alleged contravention of the Act to the attention of another employee, the employer, the trade union, the workplace forum, a labour inspector, the Director-General, or the Commission.

Should a labour inspection have reasonable grounds to believe that an employer has failed to:
\begin{itemize}
\item Consult with employees;
\item Conduct an analysis;
\item Prepare an employment equity plan;
\item Implement the employment equity plan;
\item Submit an annual report;
\item Publish this report;
\end{itemize}
- Prepare a successive employment equity plan;
- Assign responsibility to one or more senior managers;
- Inform its employees;
- Keep records of the plan; then the inspector must request and obtain from the employer a written declaration agreeing to comply within a certain time period.

The Labour inspector will issue a compliance order, which must be clearly displayed in a prominent place accessible to the affected employees. Should the employer fail to comply with this order, the Director General may apply to the Labour Court to make the compliance order an order of the Labour Court.

The employer may object to a compliance order within 21 days after receiving the order. The Director General may after consideration of the employers representations confirm, vary or cancel all or part of the compliance order, and stipulate the time period in which the employer must comply with all or part of the compliance order. The Director General must within 60 days after receiving the employer’s representations, serve a copy of the decision on that employer. The employer will then have 21 days in which to appeal to the Labour Court against the compliance order issued by the Director General. The Labour Court, or any appeal against the decision of the Labour Court in that matter then suspends the compliance order pending the final outcome of the appeal.
The following factors need to be taken into account when determining whether a designated employer is implementing the Employment Equity Act (1998) in compliance with the said Act:

- The extent to which suitably qualified people from and among the different designated groups are equitably represented within each occupational category and level in that employer’s workforce in relationship to the:
  - Demographic profile of the regional and national economically active population;
  - Pool of suitably qualified people from designated groups from which the employer may reasonably be expected to promote or appoint employees;
  - Financial and economic factors relevant to the sector in which the employer operates;
  - Present and anticipated financial and economic circumstances of the employer;
  - Number of present and planned vacancies that exist in the various categories and levels within the organisation. The labour turnover also needs to be assessed.

- The progress that other organisations operating under the comparable situations and within the same sector have made in implementing employment equity;

- Reasonable efforts made towards implementing the employment equity plan by the designated employer;
- Extent to which the designated employer has made progress in eliminating employment barriers that adversely affect people from designated groups;

The Director General may conduct a review to determine whether an employer is complying with the Act. The employer must then furnish the Director General with a copy of its current analysis or Employment Equity Plan.

Should a dispute in terms of this Act be referred to the CCMA, the Commissioner may in any arbitration proceeding make any appropriate arbitration award that gives effect to a provision of this Act. The Labour Court has exclusive jurisdiction to determine any dispute about the interpretation or application of this Act, except where this Act provides otherwise.

The Labour Court may make any just and appropriate order should Court rule that an employee has been unfairly discriminated against, including:

- A compensation payment to the employee by the employer;
- A payment for damages to the employee by the employer;
- A preventative order ensuring that the same or similar unfair discrimination practice does not occur in the future;
- The removal of the employer’s name from the register;
- An order directing an employer, other than a designated employer, to act as if it were a designated employer;
The publication of the Court’s order.

Chapter Six stipulates the general provisions of the Act. Local organisations wanting to do business with any organ of the State will have to attach to their offer either a certificate of compliance, which can be obtained from the Minister of Labour, or a declaration stating that it complies with this Act.

The contravention of any Provision of the following sections will incur a fine:

- Section 16 - Consultation with Employees
- Section 19 – Conduct and Analysis
- Section 20 – Implementation of the Employment Equity Plan
- Section 21 – Submit Reports as per the requirements of the Act
- Section 22 – Publication of the Reports
- Section 23 – Preparation of a successive Equity Plan
Table 2.1: Fines imposed for contraventions of any provision of Sections 16, 19, 20, 21, 22 and 23 of the said Act

<table>
<thead>
<tr>
<th>PREVIOUS CONTRAVENTION</th>
<th>CONTRAVENTION OF ANY PROVISION OF SECTIONS 16, 19, 20, 21, 22 &amp; 23</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Previous Contravention</td>
<td>R 500 000</td>
</tr>
<tr>
<td>A Previous contravention in respect of the same provision</td>
<td>R 600 000</td>
</tr>
<tr>
<td>A previous contravention within the previous 12 months or two previous contraventions in respect of the same provision within three years</td>
<td>R 700 000</td>
</tr>
<tr>
<td>Three previous contraventions in respect of the same provision within three years</td>
<td>R 800 000</td>
</tr>
<tr>
<td>Four previous contraventions in respect of the same provision within three years</td>
<td>R 900 000</td>
</tr>
</tbody>
</table>

2.9 CONCLUSION

A properly drafted Employment Equity Plan will safeguard an organisation against accusations of unfair discrimination. The Employment Equity Act does not prohibit discrimination; it only prohibits treating employees differently in a manner, which is unfair (Rautenbach, 2002:125). Where Affirmative Action steps are implemented in an organisation, and where
discrimination takes place on the grounds of inherent requirements of the job, then fair discrimination has taken place in terms of the Act (Rautenbach, 2002:125). The function to appoint the best person for the job does not rest with the Labour Court, however the Court will strike down any selection that is based on unfair discrimination (Rautenbach, 2002:125). Should the Court identify any contravention of any provision of the Act, the maximum fine that may be imposed is detailed.
CHAPTER 3

AFFIRMATIVE ACTION AND EMPLOYMENT EQUITY

3.1 INTRODUCTION

The aim of this chapter is to analyse the literature available in order to develop a strategy that can be adopted in the implementation of Affirmative Action in the workplace. Human, Bluen & Davies (1999:5) have compared the implementation of Affirmative Action to that of the icing of a cake. They state that many organisations are unintentionally in the process of icing rotten cakes, because they are too lazy or too disinterested in getting it right, or simply because that have received the wrong advice along the way.

According to them there are three scenarios:

- “The rotten cake”
- “Icing the rotten cake”, and
- “Baking a new cake”.

3.2 THE THREE SCENARIOS

3.2.1 Scenario One: “The Rotten Cake”

Here organisations are superficially recruiting black people and others from previously disadvantaged groups in order to appear as though they are doing something (Human et al. 1999:6). The problem that arises is that they have done little to dispel white fears or to change the culture of the organisation.
White people have remained in power, and the feeling is that the blacks are simply window-dressing and thirdly organisational standards are lowered. This results in many black people experiencing frustration and feeling that their talents and potential are under-utilised (Human et al. 1999:6). Whites start to believe that their careers are limited and that most promotions or appointments are made simply based on skin colour. Women believe that they have to over perform in order to prove themselves due to male perceptions of them occupying certain positions within the organisation (Human et al. 1999:6). The overriding impression in these kinds of organisations is that there is a lack of dignity and respect for the people they employ, and no consideration is given to disabled persons. The impression is that of insecurity and demotivation as compared to a rotten cake, in which stress is compounded by the mismanagement of Affirmative Action and diversity. In this type of organisation productivity suffers (Human et al, 1999:7).

Figure 3.1: The decrease of productivity

Lack of dignity, diversity not valued; stress increases

PRODUCTIVITY DECREASES
3.2.2 Scenario Two: “Icing The Rotten Cake”

When viewing the organisation from the outside, it appears as though the Affirmative Action or Employment Equity strategy has been managed better. Aggressive Affirmative Action recruitment and promotion has changed the outside appearance of this type of organisation. There are greater numbers of black people in more senior positions (Human et al. 1999:9). On closer scrutiny the organisation has played a numbers game to the detriment of the organisational climate. Whites do not discuss their feelings of alienation, as they fear the loss of their jobs, even though they believe that black people are incompetent and tokens of Affirmative Action. Senior black people holding the power may deem themselves to be beyond reproach. There is a general experience of the loss of dignity. Diversity of the workforce is not valued and social contact remains strained, and stress is rife (Human et al. 1999:9). Productivity in this type of organisation suffers as a result of demotivation and insecurity.

What these two scenarios characterise, is that the mismanagement of Affirmative Action can negatively impact on the employee. Human dignity, self-confidence, self worth, motivation and productivity suffer in the process (Human et al. 1999:11)
3.2.3 Scenario Three: “Baking A New Cake”

Here organisations should approach Affirmative Action and Employment Equity with a more positive attitude and with an ultimate business goal in mind (Human et al. 1999:11). The opportunity for an integrated culture with employees working together in the interests of the organisation must be created. A more diverse workforce will increase the organisation’s effectiveness, lift morale, and enhance productivity (Laubscher, 2001:17). In this scenario, dignity and respect are used to improve self-confidence and motivation levels, which result in improved performance and productivity (Human et al. 1999:11).

Figure 3.2: The Increase in Productivity

**Dignity, valuing diversity; stress decreases**

The perceived notion that senior managers have that they are not responsible for Employment Equity, and that it is a human resources function, is one of the biggest reasons for failure of Employment Equity Plans. Managers who perceive employment equity issues as a nuisance, and implement targets and policies in the hope that they will go away cause productivity and motivation to suffer (Human et al. 1999:27).
3.3 ERRORS MADE WHEN IMPLEMENTING EMPLOYMENT EQUITY

3.3.1 Focus on the numbers

Organisations that appoint people from designated disadvantaged groups irrespective of competence merely to increase the numbers of Affirmative Action employees have done nothing to address Employment Equity (Human et al. 1999:28). The Employment Equity Act establishes benchmark in terms of the economically active population, but leaves the numerical goals to be achieved up to the employers and employers of the organisation (Vinassa, 2001:19). South African law allows for employers to state a preference where a particular group is under-represented, as it would be unconstitutional to follow US Affirmative actions programmes for example, which took the form of quotas (Vinassa, 2001:19). Tokenism is detrimental to Employment Equity as it sets black people up for failure and then reconfirms the already negative stereotypes white people may have of these employees. These types of organisations have specific areas in which black people are employed. Once in these positions, little is done to develop these employees and they often see other black employees recruited into higher positions that they would have been able to fill if they had been developed (Human et al. 1999:28).
3.3.2 Focus on the organisational climate

Much is done in training and explaining the need for Affirmative Action, but little is done to proactively appoint members of designated groups. A balance must be reached between bringing in members belonging to designated groups and to ensure that they are satisfied and productive once in place (Human et al. 1999:28). Target setting is crucial to the achievement of Affirmative Action. The achievement of targets should go hand-in-hand with the management of people and the organisation’s culture (Human et al. 1999:29).

3.3.3 Adopt the Deficit Model of Inferiority

Historically Affirmative Action has often been a process whereby black people have been trained and developed through a series of training programmes based on their perceived training needs, whilst the culture of the organisation has remained untouched (Human et al. 1999:29). It is important that both black and white employees are trained together, in order to eliminate feelings of inadequacy or inferiority, and to assist in addressing cultural problems (Etheredge, 1986:142). Affirmative Action requires more than just training and development of blacks, women and disabled employees, but rather the restructuring of the manner in which employees are recruited, promoted and developed (Human et al. 1999:30). Pressure should be placed on managers to acquire the necessary skills to coach and develop subordinates.
3.3.4 No top management support

Commitment entails the hands-on involvement of top managers within the organisation. This is one of the main reasons why Employment Equity programmes fail. Senior managers should strictly monitor these Employment Equity programmes. The commitment must be a long-term commitment, and the importance of other strategic issues must not override the issue of Employment Equity. Managers should be given the impression that Employment Equity and Affirmative Action is a strategic priority, otherwise it will lead to less commitment on their part (Human et al. 1999:31).

3.3.5 Isolate Affirmative Action from other strategic objectives

Many organisations lack an effective succession and career planning strategy. This is needed to identify training and development needs of the workforce (Human et al. 1999:32). An Employment Equity policy is not enough; a strategy of implementation needs to be developed, and monitored. This will require auditing the organisation and consulting with the employees to ensure that perceived barriers to equal opportunity are dealt with. An Employment Equity audit is an assessment in a specific organisation of the level of usage of the critical success factors for effective Employment Equity (Human et al. 1999:32).
These critical success factors have been developed over the years and are identified as necessary to the effective implementation of Employment Equity (Human et al. 1999:33). The factors are:

- a strategic commitment to employment equity,
- staffing,
- the role of line management and organisational culture,
- the role of the Human resource function, and
- contracting black and female-owned businesses.

### 3.4 THE CRITICAL SUCCESS FACTORS FOR EMPLOYMENT EQUITY

#### 3.4.1 Employment Equity – A Strategic Commitment

The Employment Equity process is an integrated holistic process, involving the entire organisation. It requires long term commitment from top management to implement, monitor and evaluate the strategy. A workforce succession plan needs to be tied into the strategic plan of the organisation. The Employment Equity Plan should remain a strategic objective of the organisation and other economic objectives must not minimise the importance of this objective. The Employment Equity Act does not require organisations to impose barriers to the employment of white men, but rather
requires a balancing of the interests of all employees as to how to effect transformation in their workplace (Vinassa, 2001:19).

Due to Affirmative Action programmes, many organisations are looking at mentorship as a method of assisting the progress made towards achieving Employment Equity in the organisation (Amos & Pearse, 2002:22). However a great number of white male mentors will be mentoring protégés who are black and/or female. This will impact both on the commitment of the mentor, and the functions fulfilled by mentors (Amos & Pearse, 2002:22). Thus, careful attention must be paid when selecting mentors who are willing to confront the political issues surrounding mentorship in a constructive and mature way, whilst remaining committed to the mentorship programme (Amos & Pearse, 2002:22).

3.4.2 Staffing

An approach to balancing the inequalities of the organisation needs to be addressed. Goals and timetables must proactively address the under utilisation of black people, women and disabled employees via external recruitment. Internal candidates must be developed and promoted in a process that remains sensitive to the realistic and legitimate career aspirations of competent white males (Human et al. 1999:33).

The money, time and investment in developing employees should be aimed at those employees most likely to benefit from such investment (Moerdyk,
Thus an employee’s potential in terms of their ability to achieve or operate in a certain way, as well as an employee’s ability to learn or acquire knowledge needs to be measured (Moerdyk, 2002:30).

3.4.3 The Role Of Line Management And Organisational Culture

Line managers need to be trained in and need to be held accountable for, the management and development of their subordinates. Until recently, few organisations measured and rewarded managers for their performance in relation to staff development, particularly in the case of supervisors and junior management (Human et al. 1999:34). The line manager’s willingness to recruit, develop and promote formerly excluded groups, leads to successful Employment Equity and people development (Human et al. 1999:34).

One of the major contradictions in an organisation exists between managing tasks and managing people. In some organisations tasks and production output override sensitivity to employees leading to demotivation and dissatisfaction (Human et al 1999:35). Development of employees involves setting challenging goals involving moderate risk along with a moderate probability of success. As the employee achieves success, self-confidence is increased along with motivation to take on more challenges. If the challenge is unreasonable, this is likely to demotivate an employee and reduce self-confidence and ultimately performance (Human et al. 1999:37). The scarcity of role models, due to the low numbers of members from previously
disadvantaged groups holding senior managerial positions in organisations, as well as the lack of social support systems are two factors that contribute to the low self confidence of black people, women and disabled persons (Moerdyk, 1986:175).

In order for an organisation to be effective, the organisational culture needs to be cultivated in a way that supports employment equity. Ivancevich and Matteson (1996:81) describe an organisation’s culture as “what the employees perceive and how this perception creates a pattern of beliefs, values and expectations.”

3.4.4 The Role Of The Human Resources Function

By providing appropriate systems and advice, the role of the Human Resources function becomes one of support to line management. The function should be proactive in identifying and diagnosing problems, proposing solutions and influencing line managers in the strategic direction the organisation is following (Human et al. 1999:46).

3.4.5 Contracting To Black And Female-Owned Businesses

Social transformation cannot take place unless attempts are made to redress imbalances in economic power created in the past (Human et al. 1999:47). Many white owned businesses may have gained through unfair discrimination, and thus an important area of economic development is the
support of black and female owned businesses. Abedian (1986:91) mentions five major stumbling blocks with regard to restrictions that have reduced the scope of the business enterprise and entrepreneurial sprit of Black South Africans:

- Limited access to expanding integrated markets.
- Limited access to capital due to not being able to meet collateral requirements.
- Inadequate training, experience and familiarity with business principals.
- Inferior and insufficient education, and
- The proximity to large business centres.

3.5 THREE MODELS FOR THE ADVANCEMENT OF EMPLOYMENT EQUITY

Moerdyk (1986:156) mentions three models for the advancement of employment equity through affirmative action. They are:

3.5.1 The Integration Or Osmosis Model

The basis of this model is that the position in the organisation is based on merit and job performance, irrespective of race and colour. The aim of the organisation should be to promote movement (osmosis) in both directions across the colour line until the division between whites and black become blurred. Barriers to the advancement of previously disadvantaged groups
need to be removed, and corrective action taken to ensure that merit becomes the sole criterion for advancement (Moerdyk, 1986:156).

3.5.2 The Displacement Or Escalator Model

The basis of this model is that the upward mobility of black employees will result in the displacement of white employees upward or out of the system. This displacement of white employees by blacks is one of the main reasons for resistance from white employees (Moerdyk, 1986:157).

3.5.3 The Vertical Differential Model

The basis of this model is that separate sections or departments are set aside for the advancement of members of previously disadvantaged groups, such as blacks, women and disabled persons. The departments can be used to develop and train these employees enabling them to transfer into the mainstream of the organisation. This model allows these employees to gain experience at more senior levels in a sheltered situation without threatening white employees not progressing. The problems associated with this model are two-fold. It delays the point at which integration into the mainstream occurs, and the departments created for the development of these employees may be downgraded in the eyes of the white worker, to the extent that white employees may be unwilling to work in these departments if it was necessary (Moerdyk, 1986:157).
The Employment Equity Act (1998) stipulates that organisations make reasonable efforts to consult with employees in an attempt to reach agreement on the conducting of the organisational audit, and on the preparation and implementation of the Employment Equity Plan. Human et al. (1999:50) identified the following reasons that consultation makes good sense:

- Effective consultation creates a common understanding of what employment equity is and how it can be achieved.
- It ensures that issues are aired and good ideas are listened to.
- It ensures that the organisation can tailor its own employment equity strategy to deal with its own specific concerns and challenges.
- It creates a context within which fears and concerns can be addressed and commitment to Employment Equity is increased.
- It creates a forum, which can put pressure on management to ensure meaningful progress.
- Issues can be addressed on a continuous basis rather than at the report-writing stage.
- Effective consultation underscores the belief in the basic equality and dignity of all employees as people and the fact that they have a right to be respected and listened to, even if we disagree with them.
- Effective consultation also underscores good faith and commitment to the process by top management.

The Employment Equity Act (1998) also states that the organisation must undertake an audit of the current levels of Employment Equity within the
organisation, however the form that the audits should follow is not outlined. The audit should not just be used as a gap analysis to identify what is missing in terms of numbers to meet the Employment Equity figures, but should also include an assessment of the critical factors for achieving Employment Equity outlined above (Human et al. 1999:51).

The statistical information obtained from the analysis of the organisation’s workforce provides the framework for setting goals and targets to improve the participation of members of previously disadvantaged groups, as well as providing benchmark information so that changes can be monitored and evaluated over time. These changes would include the qualification levels, length of service, positions where employed and the career progression of blacks, women and disabled employees.

Human et al. (1999:53) have identified four steps in the process of collecting and analysing an organisation’s workforce statistics:

- **Workforce profile** – this provides a current snapshot of the organisation by providing statistics regarding job title, salary, race and sex of the entire workforce.

- **Job group profile** – the information obtained in the workforce profile is categorised into broad job grouping such as senior management, middle management, supervisors and so on. This will identify the shortages of black, women and disabled employees within the higher
levels of the organisation. By analysing the recruitment and promotion procedures of the organisation, barriers to the advancement of members of designated groups can be identified and reviewed.

- Availability profile – this allows the organisation to compare between the job group profile and the availability of sufficiently qualified members from designated groups from the external labour pool. This profile must include qualified candidates as well as candidates who have the potential for development into specified positions. This profiling identifies the extent to which designated groups in certain occupations are under-represented in the organisation.

- Job transaction profile – this profile traces the progress of employees within the designated groups. The areas of investigation would include the number of black people, women and disabled persons applying for jobs, the number who are sufficiently qualified, the number making the short lists, the amount of appointments made, the number who are then trained and developed, and the number who are fired. This review assists organisations to focus on areas where improvements to policies and procedures are necessary.
3.6 THE CONTENTS OF AN EMPLOYMENT EQUITY STRATEGY

Human et al. (1999:63) have identified a number of objectives that are likely to appear in the Employment Equity strategy of an organisation. Firstly, the continuing commitment from senior management to employment equity must be a strategic objective. Affirmative Action measures are implemented as a means of creating Employment Equity. Confirmation must be given that the Employment Equity programme will be constantly evaluated and monitored, and that managers will be appraised in relation to equity objectives. Clear roles and responsibilities need to be assigned to employees at various levels within the organisation. Top management must confirm commitment to providing training to managers to assist them in managing diversity.

Comprehensive succession planning systems identifying employee development needs must be utilised within the organisation. The procedures relating to recruitment and selection of employees need to be assessed and new procedures developed which aggressively target problems relating to under-representation of disadvantaged groups. Bridging education, or the training designed to upgrade the social, technical and cognitive skills of disadvantaged people in order for them to compete on an equal basis with groups possessing the required skills, may be a method of achieving Employment Equity in the workplace (Moerdyk, 1983:167).
The organisation needs to become proactive in its efforts to expand the qualified labour force by becoming more involved in local schools and communities (Human et al. 1999:63). Organisations need to work more closely with local schools to assist them in providing the necessary infrastructure needed to increase the levels of education and development within their communities.

### 3.7 COMMUNICATION OF THE EMPLOYMENT EQUITY STRATEGY

Communications of the Employment Equity strategy and current levels of equity within the organisation are vital to its success (Human et al. 1999:70). Employees need to be made aware of what Employment Equity means and how it will affect them individually. The training that will be available in terms of Employment Equity should also be identified and communicated to the employees.

### 3.8 MANAGING DIVERSITY

Ivancevich and Matteson (1996:98) present the following definition of diversity:

“Diversity is the vast array of physical and cultural differences that constitute the spectrum of human differences. Six core dimensions of diversity exist: age, ethnicity, gender, physical attributes, race, and
sexual/affectional orientation. These are the core elements of diversity that have a lifelong impact on behavior and attitudes."

The benefits of a diverse workforce are not maximised merely by diverse individuals but rather by diverse work teams (Laubscher, 2001:18). These diverse work teams significantly outperform their homogenous counterparts in decision-making and problem solving. These diverse teams bring about a variety of perspectives, and a higher level of creativity in problem analysis, which is almost impossible to duplicate when this diversity is absent (Laubscher, 2001:18). This will ultimately lead to new product development and services, and increased productivity.

For the effective management and development of employees, managers need to be able to address employee diversity. Diversity, in terms of race, gender, culture, ethnic background, religion, disability and sexual orientation, needs to be understood. Managers need to recognise the strengths and talents of the diverse workforce, without prejudice, in order to manage and develop the workforce effectively. (Human et al. 1999:107). In the opinion of Human et al. (1999:123):

"Managing diversity effectively is a simple process if we go about it the right way. The wrong way is to learn something about an ‘African’ culture and impose this cultural stereotype on everyone with a black skin. The right way is to accept that, as individuals, we are all multidimensional and share aspects of our identity in common whilst, in other respects, we differ."
3.9 CONCLUSION

The details of the employment equity strategy need to be comprehensive. Employees need to know exactly what they are responsible for, and how they will be evaluated and assessed on the achievement of these responsibilities. Miscommunication is detrimental to the achievement of this strategy, as is the lack of commitment from senior management. The strategy needs to be evaluated and monitored on a regular basis to ensure its continuing success. All of the policies and procedures of the organisation relating to recruitment, promotion, selection and development of employees must relate directly to the Employment Equity strategy (Human et al. 1999:60).
CHAPTER 4
RESEARCH DESIGN AND METHODS EMPLOYED

4.1 INTRODUCTION

This chapter explains the research approach that was followed in order to resolve the main and sub-problems. Firstly, an analysis of the organisation, Calsonic Kansei South Africa (CKSA) was undertaken. The Employment Equity Act (1998) states that an audit needs to be completed to identify the current levels of Employment Equity in the organisation.

4.2 THE AUDIT PROCESS

The current levels of Employment Equity within the different departments of CKSA were audited. Actual positions held, broken down by race and gender were recorded. This information was obtained from the organisation’s payroll system. The accuracy of the data in this system was verified and confirmed as correct.

The Employment Equity Plan of CKSA was audited and analysed. Again the positions and categories were broken down into race and gender within the plan.
The existing equity levels within the organisation two years previously were also audited and analysed. The reason that this was undertaken, was to determine what levels of Employment Equity existed when the Employment Equity Plan was first submitted to the Department of Labour. Details of race and gender were obtained from the audit.

4.3 THE GAP ANALYSIS

A “gap” analysis was undertaken to identify areas of concern. The occupational categories, according to the Employment Equity Act (1998) were analysed by race and gender. This was completed to identify the demographical profile of each occupational category. When compared to the Employment Equity Plan, differences were identified within each occupational category.

In addition to the analysis of the demographical profile of the different occupational categories, an audit was carried out on the recruitment procedures of CKSA. This was undertaken to identify procedural barriers in the selection, recruitment and promotion of employees. These prevent employees from previously disadvantaged groups being considered for positions that became available in the organisation.
4.4 THE AVAILABILITY OF AFFIRMATIVE ACTION CANDIDATES

In order to investigate the availability of Affirmative Action candidates, a study was undertaken with four recruitment agents that CKSA deals with exclusively. Each agency was requested to provide the breakdown percentage according to equity group, of all adequately educated and experienced candidates within certain positions in the organisation. The positions involved were: purchasing manager, financial manager/accountant, production manager, quality manager, and maintenance controller and engineering manager. White managers within CKSA currently hold these positions.

The agencies were requested to provide the information within three weeks of receiving the email request. A telephone call was made to each agency to ensure that each agency knew what was required from them in terms of the information they were to provide. Each of the employment agencies approached to provide the information to CKSA, responded within the three week time period.

In addition to the collection of demographical data, each of the employment agencies was asked additional questions regarding Affirmative Action candidates. They were asked, based on their experience, whether or not Affirmative Action candidates are being paid salaries beyond the current
market values, and whether “poaching” of Affirmative Action employees was occurring.

4.5 THE ORGANISATION INTERVIEW

An informal questionnaire was conducted with Human Resources officers from four manufacturing organisations, within the same industry as CKSA. All four questionnaires were received back with similar results. The informal questionnaire is included as Annexure 1. The questions asked regarded the retention of their Affirmative Action employees. The questionnaire involved the availability of Affirmative Action employees, and once an organisation had obtained “good” Affirmative Action employees – how do they retain them? The remuneration policies, regarding the payment of Affirmative Action employees at each of the organisations were investigated. Each Human Resources officer was asked to identify what their organisation was doing in terms of striving to meet their Employment Equity Plans.

4.6 CONCLUSION

In order to do a proper analysis in the empirical study, the aforementioned sections set the design and methodology, which is necessary for final conclusions and recommendations.
CHAPTER 5
DATA COLLECTION AND RESULTS

5.1 INTRODUCTION

In this chapter, the Employment Equity Plan submitted by CKSA in December 2000, in terms of the Employment Equity Act number 55 of 1998 will be analysed. The subsequent plan submitted in October of 2002 will also be scrutinised and analysed. An attempt will be made to determine the steps the organisation has taken in achieving their Employment Equity Plan, as well as identifying whether the plan is realistic.

The research conducted in terms of obtaining the demographic profile of the available candidates on the databases of the employment agencies used by CKSA has been analysed. The interview with an AA employee “poached” on numerous occasions by other organisations has been included. The results of the informal questionnaires sent to organisations similar to CKSA have been analysed and recorded.
5.2 THE CURRENT DEMOGRAPHIC PROFILE OF CKSA

Figure 5.1: Current Demographic Spread of CKSA in the Occupational levels of Top and Middle management

CKSA at present has one white male in the occupational category, of Legislator, senior officials and managers, or occupational level of top management. The white male in the category of Legislator, senior officials and managers, is the operations manager who was appointed when the company was established. CKSA has five white males and only one white female in the occupational category of professionals, or occupational level of professionally qualified and experienced specialists and middle management. This is graphically shown in figure 5.1 above.

The positions filled here by white males include the positions of Financial Controller, Manufacturing Manager, Engineering Manager, Quality Manager...
and Purchasing Manager. The white female fills the position of Management Accountant

One white male represents the technical and associate professional’s category. Two coloured males, two Indian Males, one white male and one coloured female represent the clerks’ occupational category at CKSA. In the craft and related trade workers occupational category, one Indian male and one white male are represented. In the occupational category of plant and machine operators and assemblers category two black, four coloured, one Indian and three white males are employed. Also employed in this category are six coloured females, one black female and one white female. The total breakdown of non-permanent employees is split as follows; three coloured males, three coloured females and one white male.

![Employment Equity Spread of Calsonic Kansel SA](chart.png)

**Figure 5.2: Summary Equity Spread of CKSA**

It is obvious from figure 5.2 above, showing a summary of the equity spread of CKSA that the senior positions within CKSA are not representative of
designated Affirmative Action employees as defined in the Act. The two occupational levels analysed in figure 5.2 are that of Legislator, senior officials and managers and the occupational level of professionally qualified and experienced specialists and middle management. Seven white males and only one female, also white, represent the organisation’s management structure. No employees with a disablement are represented at all within the organisation’s workforce.

5.3 DESCRIPTION OF TARGET ORGANISATION

Calsonic Kansei South Africa was registered on 21st May 1997. This company is a joint venture between Calsonic Kansei Europe and Sung Jin Machinery (SJM) established to manufacture flexible couplings for exhaust systems supplied to Opel Germany through Calsonic’s sister company in the Netherlands. The company commenced operations with an operations manager, an engineer, a quality technician, a maintenance technician, a lead operator and five manufacturing operators. Since the organisation has been in existence since May 1997, additional employees have been hired when production volumes increased and constraints within the administration departments become apparent.
5.4 THE ORIGINAL DEMOGRAPHIC PROFILE OF CALSONIC KANSEI SOUTH AFRICA

Two years ago when the first company analysis was prepared, the occupational level of Legislator, senior officials and managers and the occupational level of professionally qualified and experienced specialists and middle management, was represented by four white males and one coloured male. This team represented the management structure of CKSA. This is shown graphically in figure 5.3 below. No women were represented within the management team. One white male representing the occupational group of technicians and associate professionals, and two coloured males, one Indian male and two white females representing the clerk occupational category existed.

Figure 5.3: Equity Spread 2000 for CKSA in the occupational levels of Top and Middle Management
Only one white male represented the occupational category of craft and related trade workers. Three black males, eight coloured males, two Indian males, two white males and only one coloured female represented the occupational category of plant and machine operators and assemblers employed at CKSA. One black male, six coloured males, one white male and four coloured females represented the occupational category of non-permanent employees.

Over the past two years, since the first submission to the Department of Labour, it would, in the category of plant and machine operators and assemblers, appear that the Employment Equity status been addressed. However, in terms of the representation in middle to top management the employment equity is far from equitable. CKSA has gone from employing only one coloured female in this category to employing six coloured, one black and one white female. From only employing one female in this occupational category two years ago CKSA now employs eight. Two years ago CKSA employed a total of three females, excluding non-permanent employees, and now employs a total of eleven females.

Also within the occupational category of plant and machine operators and assemblers, CKSA has gone from employing eight coloured males and three black males to employing fourteen coloured, two black, one Indian and three white males. This has been an improvement in terms of equalising the equity spread in this category.
5.5 THE EMPLOYMENT EQUITY PLAN

Figure 5.4: The Equity Plan for CKSA in occupational levels of Top and middle management

In the original plan, no women were included to become part of the top three occupational levels. This has not been amended upon submission of the second report to the Department of Labour. Although the original plan has been retained, this inequality will be addressed. The Employment Equity Plan includes four white males, two coloured males, and one black male within the three top occupational levels of top management, senior management, and professionally qualified and experienced specialists and middle management.

5.6 BENCHMARKING

When benchmarking the organisation’s demographical representation of its economically active workforce, attention must be given as to whether the
comparison should be done on the demographics of the region or on the
demographical representation existing within similar. The CKSA Equity Plan
established two years ago envisaged a more demographically representative
management team, consisting of one white male in the category of top
management, three white males, two coloured males, and one black male
represented in the occupational level of professionally qualified and
experienced specialists and middle management. Although it would appear
that the overall numerical targets have been achieved, the breakdown of the
employees within this category has definitely not been met in terms of
designated Affirmative Action categories. All of the management team at
CKSA consists of white employees.

The benchmarking data that can be used when conducting an analysis of the
organisation’s workforce profile can be obtained from the user’s guide to
preparing an Employment Equity Plan, which was published by the
Department of Labour. Form EEA 8 details the demographic data of the
economically active population by province, race and gender, the occupation
by province, and the occupation by race and gender as taken from the
Census 96 published in 1998 by Statistics South Africa. In terms of the data
published relating to the Eastern Cape region 786 818 people or 8.63% of
the total economically active population of South Africa are employed within
this region. Within the Eastern Cape region 29 805 people fall within the
occupational category of legislators, senior officials and managers, 96 195
within the category of professionals, 47 329 within the technicians and
associate professionals, 52 655 within the clerk category, 88 833 within the
craft and related trades workers and 42 547 people within the plant and machine operators and assemblers.

However, there is no breakdown by race by province, only a breakdown by race of the total economically active population. Thus any benchmarking should be based on the breakdown by race in total, which is not really representative of the demographics for the Eastern Cape Region.

The total economically active population by race and gender for the country was 9 113 847. Of this number, 5 481 903 are male and 3 631 944 are female. 5 682 476, or 62.35% of the total economically active population of South Africa are black, 1 129 515 or 12.39% are coloured, 363 486 or 3.99% are Asian, 1 856 452 or 20.37% are white and 81 917 or 0.9% are classified as belonging to other race groups.

Table 5.1: Representing the demographic breakdown of the economically active population for South Africa

<table>
<thead>
<tr>
<th>Male</th>
<th>Female</th>
<th>Black</th>
<th>White</th>
<th>Coloured</th>
<th>Asian</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 481 903</td>
<td>3 631 944</td>
<td>5 682 476</td>
<td>1 856 452</td>
<td>1 129 515</td>
<td>363 486</td>
<td>81 917</td>
</tr>
<tr>
<td>60.15%</td>
<td>39.85%</td>
<td>62.35%</td>
<td>20.37%</td>
<td>12.39%</td>
<td>3.99%</td>
<td>0.9%</td>
</tr>
</tbody>
</table>

If we analyse these demographics further we find that within the total occupational category of legislators, senior officials and managers within
South Africa, 26.66% are black, 8.32% are coloured, 7.5% are Asian, 56.37% are white and 1.15% are classified as other races. In the professional category, 48.98% of the total economically active population of South Africa are black, 8.62% are coloured, 4.83% are Asian, 36.40% are white and 1.17% are classified as belonging to other race groups. Technicians and associate professionals are represented in terms of the total economically active population by 32.60% black, 10.26% coloureds, 6.71% Asians, 49.32% white and 1.12% by other races. In the clerk category, 34.91% are black, 14.81% are coloured, 7.58% are Asians, 41.49% are white, and other race groups represent 1.21%. The craft and related trade workers occupational category is represented by 68.83% black, 11.97% coloured, 3.29% Asian, 15.10% white and 0.81% other race groups. Black people represent 73.25% of the occupational category of plant and machine operators and assemblers. 13.99% are coloured, 4.97% are Asian, 6.98% are white and other race groups represent 0.81%.
Table 5.2: Representing the demographic breakdown by occupational
category of the economically active population of South Africa

<table>
<thead>
<tr>
<th>Category</th>
<th>Black</th>
<th>White</th>
<th>Coloured</th>
<th>Asian</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislators,</td>
<td>26.66%</td>
<td>56.37%</td>
<td>8.32%</td>
<td>7.5%</td>
<td>1.15%</td>
</tr>
<tr>
<td>Senior Officials &amp; Managers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional</td>
<td>48.98%</td>
<td>36.40%</td>
<td>8.62%</td>
<td>4.83%</td>
<td>1.17%</td>
</tr>
<tr>
<td>Technicians &amp; Associate Professional</td>
<td>32.60%</td>
<td>49.32%</td>
<td>10.26%</td>
<td>6.71%</td>
<td>1.12%</td>
</tr>
<tr>
<td>Clerk</td>
<td>34.91%</td>
<td>41.49%</td>
<td>14.81%</td>
<td>7.58%</td>
<td>1.21%</td>
</tr>
<tr>
<td>Craft &amp; Related Trade Workers</td>
<td>68.83%</td>
<td>15.10%</td>
<td>11.97%</td>
<td>3.29%</td>
<td>0.81%</td>
</tr>
<tr>
<td>Plant &amp; Machine Operators &amp; Assemblers</td>
<td>73.25%</td>
<td>6.98%</td>
<td>13.99%</td>
<td>4.97%</td>
<td>0.81%</td>
</tr>
</tbody>
</table>

Thus in terms of the demographical representation of the economically active
population of South Africa, CKSA should be employing four whites, two
blacks, and one employee from the remaining race groups in their
management structure. The split between males and females should be four
males and three females.
In terms of the data above, CKSA has actually gone backwards in the implementation of an Employment Equity plan. One needs to investigate further as to why the plan is not being achieved.

5.7 OBSTACLES TO IMPLEMENTING THE EE PLAN IN CKSA

Firstly, the fact that CKSA is a small organisation in the Eastern Cape means that although there is room for growth, there will also be less turnover of labour. This low labour turnover, especially in higher positions within the organisation makes it difficult to implement Affirmation Action, and labour equity. CKSA also tries to promote from within the organisation. This means that those suitable candidates from lower positions with the correct and adequate skills are considered for any new position that is created. Due to the size of the organisation this presents a problem in itself - that there are few sufficiently qualified employees within the organisation. Or, that the employees that are sufficiently qualified belong to the same demographical group of white male or white female that already exist within these occupational categories or levels.

The external approach has obtained similar results. The numbers of suitably qualified Affirmative Action applicants from within the designated group, proposed by the employment agents are limited. An information gathering exercise was undertaken with four employment recruitment agencies that deal with CKSA to obtain the demographical spread of available candidates.
In the position of Engineering manager, two agencies only had white male candidates, and the remaining two agencies with access to national databases showed that 70% of available candidates are white, and the remaining 30% are from all other race groups. Only 2% were female.

The position of financial controller/Accountant was more equally spread. The total percentage of available white candidates was 58% of which 33% were women. Of the remaining 42%, black males constituted 18%, females 11%, coloured males 8%, females 1% and other race groups 4%.

In the position of Quality manager just over half of the candidates were white males. On a national database level, coloured males constitute 24% of the candidates, however locally available this number is only 12%. Black males only constitute 13%. Females comprise only 12% of the total candidates.

Production management is far more evenly spread on a national database level. Here 31% of all candidates available are black males. Locally this is slightly smaller with 13%. 28% are white males, 22% coloured males, and 17% are Indian Males. Only 2% are female, and they are all coloured.

The position of Purchasing manager is more highly represented by females, showing that 19% of the candidates available are female. 37% of candidates on a national database level are white males, however of only locally available candidates this percentage rises to around 83%. 24% are coloured males, and only 12% are black males.
No candidates are female when analysing the position of Maintenance Controller. 51% of the candidates available on a national database are white males, and there is an equal split of available black and coloured males of around 20% each. Indians constitute the balance of 9%. Table 5.3 below summarises the findings of the information gathering exercise carried out at 4 employment recruitment agencies to investigate the availability of affirmative action candidates.

Table 5.3: Representing the demographic breakdown of available candidates on employment agency databases.

<table>
<thead>
<tr>
<th>Position</th>
<th>Male</th>
<th>Female</th>
<th>White</th>
<th>Other Race</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Accountant</td>
<td>67%</td>
<td>33%</td>
<td>58%</td>
<td>42%</td>
</tr>
<tr>
<td>Engineering Manager</td>
<td>98%</td>
<td>2%</td>
<td>70%</td>
<td>30%</td>
</tr>
<tr>
<td>Quality Manager</td>
<td>88%</td>
<td>12%</td>
<td>63%</td>
<td>37%</td>
</tr>
<tr>
<td>Production Manager</td>
<td>98%</td>
<td>2%</td>
<td>28%</td>
<td>72%</td>
</tr>
<tr>
<td>Purchasing Manager</td>
<td>81%</td>
<td>19%</td>
<td>37%</td>
<td>63%</td>
</tr>
<tr>
<td>Maintenance Controller</td>
<td>100%</td>
<td>0%</td>
<td>51%</td>
<td>49%</td>
</tr>
</tbody>
</table>

The increasing demand of Affirmative Action employees, coupled with a shortage of skills has lead to Affirmative Action candidates being paid premium salaries (Klein, 1997:2). As more and more organisations are striving to meet their equity plans, the higher the market value of the
Affirmative Action candidates become. The problem that arises is how to retain these Affirmative Action employees.

5.8 RETENTION OF AFFIRMATIVE ACTION EMPLOYEES

In a discussion with a marketing manager of one of the employment agencies, she mentioned that the Affirmative Action candidates are often recruited at higher remuneration packages (personal communication, 23 October 2002). This occurs especially in positions where there is a limitation of Affirmative Action candidates requiring specialist skills. However, she also mentioned that certain organisations are not prepared to offer these candidates higher salaries, and decide to either place the position on hold until a suitable Affirmative Action candidate can be recruited, or as a result end up recruiting a white male.

A general observation made by all of the representatives of the employment agencies questioned was that there has definitely been an increase in Affirmative Action candidates being sourced by organisations. All of the agencies confirmed that of the positions that they are currently recruiting; about 70% are for Affirmative Action candidates.

An even greater concern is the retention of an Affirmative Action candidate once an organisation has recruited one. One particular Affirmative Action candidate has more than tripled his salary within nine months. The only
qualification he has is a diploma. This particular candidate is 25 years of age.

**5.9 THE PROBLEMS ENCOUNTERED WITH AA CANDIDATES**

The marketing consultant for one of the recruitment agencies (personal communication, 23 October 2002) stated that the two main problems that they encounter with Affirmative Action candidates are:

- Poaching, and
- Counter-offers.

According to this consultant “poaching has become the order of the day”. Due to the shortage of available Affirmative Action candidates within the Eastern Cape region, the same pool of Affirmative Action candidates are merely “doing the rounds” at different employers within the region. Counter-offers have increased by 70% as organisations find it more practical and economical to retain their Affirmative Action employees. The organisations have a limited resource from which to draw new Affirmative Action candidates, and these candidates are becoming more expensive to obtain. Placement fees paid to employment agencies along with the costs associated with training and development, make it a far more viable option for organisations to rather counter-offer their employees if they are offered alternative positions externally.
According to R Girling, Operations Manager, CKSA, Port Elizabeth, (personal communication, 23 October 2002) CKSA does not want to get into a scenario of rewarding these candidates at a higher remuneration level than they would have to remunerate an employee not within the designated group. How then does the organisation retain these candidates without prejudicing against other employees?

The single Affirmative Action employee that CKSA had within these management levels as previously reported at the time of submission of the first Employment Equity Plan, was headhunted by a much larger local organisation. According to R Girling, Operations Manager, CKSA, Port Elizabeth, (personal communication, 23 October 2002) CKSA has always adopted a management approach of not counter-offering employees when they have been offered alternative employment, and subsequently lost the employee.

5.10 THE CKSA AUDIT

Over the past year only the positions of Production Manager, Purchasing Manager, Management Accountant and Engineering manager have been recruited. In the case of the Production Manager, the previous employee, a coloured male, was approached and recruited by another company. Upon re-recruiting for the positions of Production Manager as well as for the position of Engineering Manager, very few Affirmative Action candidates were presented. The problem is obtaining skilled Affirmative Action
candidates according to R Girling, Operations Manager, CKSA, Port Elizabeth, (personal communication, 23 October 2002).

In the Finance department an affirmative action candidate was employed into a junior position of administration clerk, with the view of being able to train and develop the employee for succession planning purposes. The management accountant, although white, falls within the designated group of women.

The candidates presented for the position of purchasing manager were well presented in the designated group’s category. The availability of adequately experienced purchasing managers from within these categories, and within what the company is willing to offer in terms of remuneration, is minimal. The original choice for this position was a woman, falling within the designated group, however before acceptance of the position she demanded higher remuneration. CKSA reviewed her resume and decided against the increase and recruited the next best applicant, who happened to be a white male.

5.11 AFFIRMATIVE ACTION AT CKSA

The main driver in the recruitment procedure of CKSA is Affirmative Action, and the implementation of the Employment Equity Plan. Thus the employment agencies that CKSA deals with exclusively have been requested to furnish suitably qualified applicants to the organisation whenever positions arise. These agencies have been tasked with obtaining firstly Affirmative
Action candidates, or candidates from previously disadvantaged groups, and secondly with also supplying equally skilled and trained applicants not from the designated groups. This way the organisation can make more meaningful decisions when recruiting for a particular position.

All positions are advertised internally first. This provides the employees a chance to apply for these vacant positions. The application is treated confidentially and each applicant is assessed in terms of the specific job requirements, as well as on whether the applicant can be trained or groomed into the position. All jobs currently within the organisation have been graded, or are in the process or being formally graded by an external human resources consultant. Any new positions are graded and specific job requirements are defined as the position arises within the organisation.

5.12 THE RESULTS OF THE QUESTIONNAIRE SENT TO SIMILAR ORGANISATIONS TO CKSA

All of the organisations approached agree that they are experiencing a lack of available suitably qualified Affirmative Action candidates. They also confirmed that the AA employees, at higher levels within the organisation, are being “poached” or approached regarding alternate positions within other organisations. Most of the organisations stated that it was not their organisation’s policy to counter-offer these employees that are being poached in order to retain their services. However, they all stated that due to the increasing number of AA employees being poached, that they would
have to review this policy within their respective organisations. One specific organisation has used training contracts as a method of retaining good quality Affirmative Action employees, however stressed that in some instances “poaching companies” are prepared to settle any training contracts that Affirmative Action candidates have outstanding.

The recruitment policies for each of the organisations questioned do not specifically state that AA candidates must be recruited. According to R Girling, Operations Manager, CKSA, Port Elizabeth, (personal communication, 23 October 2002) all efforts must be made to recruit people from previously disadvantaged groups, however maintaining the organisations high standards comes first.

All of the organisations questioned through the informal questionnaire, confirmed that AA candidates would be remunerated at higher than market salaries should it be necessary, however, it must not be seen as standard organisational practise. Once employed these AA employees would be offered the same benefits and training opportunities as all other employees of the organisation, otherwise this may be seen as discriminatory.

The fact that the lengths of service of AA employees are declining due to their demand and high mobility was hi-lighted as a major concern. The reason being that although the organisation had managed to obtain an AA employee, the experience gained by the employee was limited due to the
number of positions held by the employee at different organisations within a short period of time (Klein, 1997:2).

5.13 INTERNAL PROMOTIONS

One of the organisations questioned in the informal interview, stated that due to the lack of “good quality” Affirmative Action employees available and due to the higher than market levels of remuneration that AA candidates receive, they have started focusing on developing and promoting from within their organisation. This brings about other contentious issues. The policy of the organisation questioned regarding internal promotions, was that an employee promoted from within the organisation must prove themselves first in a position before they receive any additional remuneration for that position. This policy has been accepted as fair, until recently. AA employees that have been promoted from within the organisation argue that this practise is discriminatory and that the organisation is “taking advantage” of their potential as AA employees. These AA employees believe that the organisation would have to remunerate an external AA applicant at a rate higher than what they are receiving. According to one Human Resources Manager questioned through the informal questionnaire (Personal communication, 11 November 2002) the organisation continues to argue that in order to be promoted, all employees must first prove themselves worthy of a position and its respective remuneration.
5.14 SUMMARY OF DATA COLLECTION RESULTS

The data was collected and analysed in three main areas:

- Internal audit of CKSA in terms of Equity spread
- The availability of Affirmative Action candidates
- A survey of organisations within the same industry as CKSA, to determine problem areas that they experience in the implementation of an Employment Equity Plan

From the analysis of the databases of the employment agencies surveyed, attention must be given to the limited access to “good quality” Affirmative Action employees. An organisation needs to take into account the possibility of having to remunerate Affirmative Action candidates at higher than market rates in order to successfully recruit these candidates into their organisations. The availability of good AA candidates can be seen as a problem to the successful implementation of an organisation’s Employment Equity Plan.

In response to the informal questionnaire sent to four organisations, certain areas of concern need to be addressed.
CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

The effects of the results obtained from chapter five on achieving the Employment Equity Plan of CKSA can be divided into internal and external areas of concern. In order to finalise the research this chapter will be divided into conclusions and recommendations.

6.2 THE INTERNAL AREAS OF CONCERN

The areas of concern identified here can only be controlled and amended by the management team of CKSA.

6.2.1 Top Management Support

The main reason for failure of Employment Equity Plans has been cited as the lack of support, or continued support from top management. This was an issue at CKSA. Although there was support from top Management, Employment Equity was not considered as an important strategic objective. The threat of fines payable upon the contravention of any section in terms of the Employment Equity Act (1998) was the main reason for the implementation of an Employment Equity Plan at CKSA.
6.2.2 The Internal Review Of Policies At CKSA

A number of internal company policies have been reviewed and rewritten to remove barriers to Employment Equity implementation. One of these procedures is the recruitment and selection policy. CKSA being a relatively small organisation cannot recruit employees from previously disadvantaged groups in order to meet Employment Equity Plans until these management positions become vacant. The overall operational management of the organisation depends on the commitment and contribution of the management team. Employees recruited into this management team must be appointed in terms of their potential contribution to the organisation, irrespective of race, gender, pregnancy, marital status, family responsibility, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, political opinion, culture, language or birth.

The procedure does not specifically state that an employee from within the designated group, i.e. black people, women or people with disabilities, must be appointed. Rather that preference will be given to members of historically disadvantaged groups to ensure that the workforce is representative of the society in which CKSA operates. Where the Operations Manager has specifically approved it, CKSA may decide to discriminate against applicants on the inherent requirements of the particular job. This has been the most frequent problem when recruiting for new employees within the occupational levels of top management, senior management and professionally qualified
and experienced specialists and middle management, due to the lack of available skilled Affirmative Action candidates.

6.2.3 The Barriers To Affirmative Action At CKSA

Education levels and a lack of necessary skills have been the only barriers to appointing existing employees into new or vacant positions within CKSA. Training programmes have been identified in terms of the skills development programme. The Minister of Labour established the Sector Education and Training Authority (SETA). It was established to contribute to raising skills of those employed or wanting to be employed, and has gone a long way in forcing organisations to focus on specific skills training required by their workforce (SETAs – Sector Education and Training Booklet). Training must be to agreed standards, within a national framework wherever possible. This means that training within one province should be recognised in another. All training should be subject to quality control and where appropriate be compared to the best international standards (SETAs – Sector Education and Training Booklet). CKSA uses its international connections to their holding company and various sister companies throughout the United Kingdom and Europe to ensure that the best international training standards are used.

SETAs encourage employers to develop a skills training plan. They also pay the employer a grant upon preparation of a skills development plan. The plan is monitored and evaluated by the SETAs and, if used properly, it becomes an important tool in identifying training requirements.
6.2.4 Limitations encountered during the research

When asked why the organisation’s questioned through the informal questionnaire, were not achieving their Employment Equity Plans, the following answers were given:

- The availability of employees from previously disadvantaged groups.
- The retention policies, including a policy on “counter-offers” for the organisation are not written to include AA employees.
- The lack of commitment and support from management, even if there is commitment from top management.
- Scheduling meeting times convenient to all stakeholders, for the EE committee members to meet and discuss problems.
- The perception that advertisements for vacant positions are written around some employees and exclude others.
- The demographical profiles within each department are not changing rapidly enough, and subsequently employees believe that the EE strategy is not a priority.

6.3 SUCCESSION PLANNING AT CKSA

CKSA has implemented various succession planning procedures aimed at upgrading the level of skills held by employees within the lower operational levels within the organisation.
6.3.1 The Engineering / Maintenance Department

A white male heads the engineering department. The next in line for this position is also a white male. The reason for this is attributed mainly to the lack of available skilled employees from designated groups. CKSA has identified this area as a problem of concern and has embarked on a programme of training and the uplifting of employees within the maintenance department. Two Indian males fill the positions of maintenance technicians. They are currently undergoing training courses at the Russell Road Technical College in order to increase their education levels. Both of these technicians are studying fitting and machining or an equivalent N2 in order to become qualified fitters. Their immediate supervisor is a white male. Thus they need to be sufficiently trained and groomed to be able to take over from him should he leave the company, or another similar position arises within the company.

6.3.2 The Manufacturing Department

The manufacturing department, including the factory operators, has also undergone extensive skills identification assessments. External consultants carried out an initial ABET/NQF skills assessment. The preliminary finding was that the majority of operators had a skills level equivalent to an N3. A senior certificate or Matric is equivalent to an N4. Thus for CKSA to ever be in a position to recruit or promote from within, the skills and education levels of its current employees need to be uplifted and developed. CKSA has
changed its organisational structure within the manufacturing department in order to provide for adequate succession and development of its employees.

The Manufacturing manager has two line supervisors reporting directly to him. Affirmative Action candidates from previously disadvantaged groups have filled these positions. Three manufacturing cell leaders on each shift in turn support the two line supervisors. These cell leaders oversee the operators within their manufacturing cells.

The Organisational chart for the Manufacturing Department obtained from the CKSA Business Plan, is shown below:

Figure 6.1 – Organisational Chart – CKSA – Manufacturing Department

By creating these positions CKSA has created levels of succession in which operators can strive towards. At the same time, by introducing these
additional levels, the gap between operator and Manufacturing Manager is broken up into more achievable succession stages. Operators are more likely to strive towards these positions rather than being intimidated by the gap from operator to Manufacturing manager. Certain cell leaders are being earmarked as succession candidates, and are undergoing production and supervision diplomas at Damelin. Another cell leader is currently studying towards a diploma in production management, also through Damelin. CKSA has embarked on various training programmes in conjunction with external training companies. One of these projects is training the shop floor people in World Class Manufacturing, Interpersonal and Team skills, which is being carried out by the Education and Training Institute (ETI) based in Uitenhage.

The programme is aimed at creating a common understanding between shop floor people and their leadership on the challenges created by global competition and how organisations need to respond to these changes. The following items are covered in the training programme:

- The challenges of global competition;
- The principals of Quality management, including input from the customer and their requirements; the difference between internal and external customers; the value-added chain; the cost of not meeting quality requirements; accepting accountability for quality; how quality is measured and what is expected from each employee in order to deliver the results;
- Waste reduction, continuous improvement and methods of reducing waste;
- Problem solving, including a process to follow when things do go wrong;
- Housekeeping;
- The world-class employee, what the profile is and the importance on continuous training; and
- Team skills, what makes a team productive, trust as the critical factor in working co-operatively, the impact of differing leadership styles and the roles of management, supervision and operators to build productive teams.

6.4 THE EXTERNAL AREAS OF CONCERN

The external factors that influence the achievement of the Employment Equity Plan of CKSA include:

6.4.1 The Recommendation for the Availability Of AA Employees

Alternative methods of obtaining AA representation within the organisation need to be followed. The availability of good quality AA employees for skilled positions within the organisation will remain an area of concern. The organisation needs to “earmark” existing AA employees having the potential to be developed into certain positions within the organisation. The availability of mentors for these “earmarked” employees is important to their success. The training needs of these employees need to be identified and monitored as they progress.
6.4.2 The Recommendation for Remunerating AA Employees

The remuneration of Affirmative Action employees has become a very contentious issue, with employees not falling within previously disadvantaged groups arguing that they are being unfairly discriminated against. The organisation needs to determine whether it is absolutely necessary to remunerate one employee above another if it is purely based on race, or gender. Each position that needs to be filled within the organisation will have to be assessed individually and a decision made regarding any remuneration levels beyond current market rates. Also, CKSA will need to determine whether it is imperative that an Affirmative Action employee fills the position. In order for any employee to be remunerated beyond current market rates, the relevant manager at CKSA must justify the additional expense for approval by the Operations manager.

This is an extremely sensitive situation and needs to be handled with care, as it leads to unhappy employees.

6.4.3 The Recommendation for Retaining AA Employees

The retention of Affirmative Action employees is becoming more and more difficult due to the “poaching” of these employees from organisations. The lack of “good quality” Affirmative Action employees has made this once taboo practice more common place in business today. Before deciding whether to
counter-offer the employee “poached”, each case needs to be assessed individually. Each case will be assessed in terms of:

- The possible skills to be lost,
- The training and development costs incurred to date for this employee,
- The recruitment costs associated with the recruitment and subsequent re-recruitment of an employee for this position, as well as
- The effect on an organisation’s equity spread.

The organisation can consider binding Affirmative Action employees recruited with training contracts. This requires an employee to re-imburse the organisation with the training costs spent should the employee leave the organisation before a certain date specified in the training contract. This will serve as a deterrent rather than as a permanent prevention method. As identified in the responses to the informal questionnaire sent out, many organisations “poaching” Affirmative Action employees are prepared to settle training contracts should they consider the candidate worthy.

Options, such as the training and development of existing AA employees, need to be investigated to alleviate the pressure on externally recruiting Affirmative Action employees. Due to the problem of “poaching” of Affirmative Action employees, specific attention needs to be given to remuneration and retention policies, which address the issue of retaining all employees, not specifically AA employees. Alternate methods of retaining employees, such as training contracts, need to be investigated. The Employment Equity Policy of any organisation needs to be driven by top
management, as without this commitment minimal progress will be made to achieving Employment Equity in the workplace.

6.5 FINAL CONCLUSIONS

CKSA has come a long way in achieving Employment Equity in the workplace by removing barriers to allow employees from previously disadvantaged groups to be considered for internal promotions as well as external recruitment. The lack of “quality” Affirmative Action employees has resulted in the organisation having to look deeper than just recruitment. CKSA has identified the training needs of all of its employees, and has embarked on a course of uplifting its workforce. This will enable CKSA to seriously consider internal promotion first, before considering external recruitment.

Support from top management has played an important role in driving the Employment Equity Plan for CKSA. Managers are aware that they are looking to recruit the “best person” for the job, irrespective of race or gender. First choice is to recruit an Affirmative Action employee, however not to the detriment of their respective departments.

Succession plans have been established within each department at CKSA and employees with potential for development have been identified. Training and study bursaries for employees wanting to further their studies have been
awarded to employees with potential to be developed further in terms of the departmental succession plans.

Although Employment Equity is seen an important aspect of employee satisfaction and a means of addressing “wrongs of the past”, it will not be implemented to the detriment of the organisation as a whole. Each Employment Equity decision made will be assessed in terms of the overall success of CKSA. The continued existence and competitive strength of the organisation are considered to be the most important goal of CKSA. Employment Equity must be implemented in conjunction with this goal.
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ANNEXURE 1

INFORMAL QUESTIONNAIRE

1. Is your organisation experiencing a lack of Affirmative Action candidates for recruitment or promotion?

2. Does your organisation’s recruitment policy specifically state that Affirmative Action employees must be hired when positions arise? How is this implemented and monitored, and is this policy adhered to?

3. Is it your organisation’s policy to remunerate Affirmative Action employees at higher remuneration levels than the current market levels in order to recruit Affirmative Action employees?

4. How does your organisation retain these Affirmative Action employees once they have been recruited into the organisation?

5. Are you aware of “poaching” of any of the organisation’s Affirmative Action employees? If so, what policy does the organisation follow in terms of retaining these marketable Affirmative Action employees?

6. In your organisation, are you experiencing the “length of service” of Affirmative Action employees to be on the decline, due to their mobility?

7. What is your organisation doing in terms of developing and training Affirmative Action employees for succession planning?

8. What problems, or areas of concern get raised at the meetings held by the Employment Equity committee in your organisation?