

**CONSTRAINTS AND ENABLING FACTORS AFFECTING THE
IMPLEMENTATION OF AFFIRMATIVE ACTION IN AN INDUSTRY THAT IS
GLOBALISING: A STUDY OF THE DURBAN AUTOMOTIVE CLUSTER.**

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ABSTRACT

This study investigates prevailing factors that impede the implementation of affirmative action in the Durban Automotive Cluster. This study will enable DAC affiliates to determine their obstacles and challenges with respect to the implementation of affirmative action. The service provider of the DAC (B and M Analysts) will also be able to advise companies through their development programmes and recommend what has to be done in order to bring blacks on board. This study relied on primary data. In-depth interviews were conducted with the senior managers of DAC affiliates using unstructured questionnaires. Secondary data from the DAC database was analysed to strengthen the qualitative data. The data focused on the distribution of different population groups across the levels of occupations. The aim of the study is not to generalise about affirmative action but to obtain more in-depth clarity on the research problem.

The findings have established that the pool of technically qualified and experienced blacks is very small and hence they are in short supply in the market. A number of factors such as direct ownership and low turnover of staff were raised as one of the aspects that hinder affirmative action. Constraints such as attitudes of white middle management appeared to have been addressed by these companies.

The findings also clarified the role of human resources department in driving affirmative action. In most companies, the human resources department is part and parcel of management and actively involved in affirmative action. The study discovered that poaching also arises as a result of the shortage of skilled blacks. Retention of black employees is a problem for the majority of the companies. Despite these shortcomings, this study revealed that proper channels such as training, development and mentoring were followed for both internal and external recruits. This is being done to avoid window dressing.

The other constraint of the affirmative action programme is government capacity. The key constraints to delivery are limited staff capacity, scarcity of human resources at governmental level; lack of coordination and integration with other spheres of national and provincial government labour departments and the lack of effective organizational, technical and managerial support for affirmative action.

With respect to globalisation, the automotive sector is a dynamic and global sector which is changing fast due to technology and globalisation. As a result, the requirements of the Original Equipment Manufacturers (OEM's) who are competing globally were seen as a hindering factor to the realisation of affirmative action.

In conclusion, the achievements of affirmative action programmes amongst DAC affiliates were very modest in relation to both national expectations and their own stated goals due to shortage of skills, family and direct ownership and poaching. Implementation has proved far more complex and resource demanding than originally anticipated.

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Declaration

This dissertation represents original work by the author and has not been submitted in any other form to any other university. Where use has been made of the work of others it has been duly acknowledged and referenced in the text.

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LIST OF ACRONYMS USED

CEE	COMMISSION FOR EMPLOYMENT EQUITY
DAC	DURBAN AUTOMOTIVE CLUSTER
EEA	EMPLOYMENT EQUITY ACT
FEPC	FAIR EMPLOYMENT PRACTICES COMMITTEE
FET	FURTHER EDUCATION AND TRAINING COLLEGES
GDP	GROSS DOMESTIC PRODUCT
ILO	INTERNATIONAL LABOUR ORGANISATION
NP	NATIONAL PARTY
NEP	NEW ECONOMIC POLICY
OEM	ORIGINAL EQUIPMENT MANUFACTURERS
SETAs	SECTOR EDUCATION AND TRAINING AUTHORITIES
SA	SOUTH AFRICA
USA	UNITED STATES OF AMERICA

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CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Upon attaining democracy in 1994, the legacy of colonialism and apartheid which deprived blacks of access to land, education, jobs, political rights and extremely skewed distribution of income was evident in all aspects of South African society. The ANC-led government took upon itself the commitment to transform South Africa by way of creating a more balanced society through the implementation of a number of socio-economic policies and programmes. The main aim was to transform South African business organisations so that they reflect the demographic composition of the country (Hugo, 1996 in Franchi, 2003:158). Of particular importance in this regard is the employment equity and skills development programmes.

Despite representing the vast majority of South Africans, there are few blacks in senior management positions and most of them are occupying relatively junior levels of management, predominantly in human resource, marketing and public relations positions (Magojo, 1996:5). In 2004, six years after the Employment Equity Act came into effect and 10 years after transition to democracy, South African businesses and industry are still far from redressing workplace imbalances that were built up over decades of apartheid (Naidoo, 2004:27). As noted by de Witt (1998:5) perceptions regarding the implementation of affirmative action programme in South African companies is still poor. De Witt (1998:5) further states that in South Africa, great emphasis on affirmative action seems to be placed on the extent to which the workforce is equitably represented in the private sector. The underlying issue of the “hearts and minds” of managers who in fact implement affirmative action and employment equity is ignored. If the implementation of the Employment Equity Act (EEA) is not successful, inequality is likely to affect efficiency in the labour market and consequently the entire economy. This could also prevent the middle class growing very rapidly, which has stunted domestic demand and human resource development (Swanepoel et al, 2003:84).

The study seeks to bring into the fore the constraints and enabling factors that affect the Durban Automotive Cluster (DAC) from realising the goals of implementing affirmative action programmes. The study is based on the premise that to implement affirmative action successfully, companies must identify their barriers. It does this by assessing how the automotive sector has achieved or progressed with regard to the implementation of affirmative action, particularly given the global challenges that the sector has been exposed to since the country's transition. The study also seeks to explore whether the automotive sector is in line with the employment equity policy vision of empowering employees to take up new opportunities in labour market. Given this conceptual underpinning, it endeavours to undertake a critical non-partisan evaluation to determine where successes and failures have occurred, and from the information to develop lessons learnt and best practices that can be transferred to other places, thus providing guidelines for future policy formulation.

The study begins by outlining the literature on the importance of the automotive sector within the South African labour market. The literature shows the sectors' contribution to the country's Gross Domestic Product (GDP) and employment and explains to a great extent the DAC programmes and its success factors. This section is followed by a domestic and international literature review on affirmative action. At its heart, the literature revealed the constraints and enabling factors affecting the implementation of affirmative action in South Africa. These include shortage of skills among blacks; senior management commitment, company compliance, lack of government capacity; poaching and job hopping; economic growth and the emergence of intense competition due to industry's exposure to globalisation. In its findings the study shows that affirmative action is unlikely to proceed as fast as expected given the constraints affecting the DAC.

1.2. Objectives of the study

The specific objectives of the study are:

- To identify the underlying constraints that affect private businesses in the implementation of affirmative action.
- To identify the criteria that companies use when implementing affirmative action programmes.

1.3. Research Questions

- What are the constraints in implementing affirmative action when a manufacturing sector is rapidly exposed to global competition, and what factors explain their existence?
- What programmes exist in place to counteract these constraints and are there best practices that can be identified in respect of the implementation of affirmative action?

1.4. Significance of the study

The significance of the research is two fold. First and most directly is that, members of the Durban Automotive Cluster will be able to benchmark and evaluate their progress with regard to the implementation of affirmative action programmes. Companies will thus have the opportunity to identify their strengths and weaknesses in an attempt to bring designated groups on board with respect to economic ownership. They will also be able to share this information with other companies in the cluster and also use the research for policy making in the industry. Second, the research is intended to develop the SA's academic community's knowledge on the challenges related the implementation of affirmative action in the South African manufacturing sector.

1.5. Outline of the Study

This dissertation is organised as follows. Chapter 2 explores the importance of the automotive industry in South Africa. It does this by exploring the contribution of the automotive sector to the country's economy, sales of motor vehicles and employment creation. This chapter concludes by giving a background of the Durban Automotive Cluster. This chapter is important in that it sets the scene about the industry being studied and how it contributes to the overall post-apartheid South African economy.

Chapter 3 begins with an outline of the historical background of the socio-economic and political environment of South Africa. It presents labour and education legislation that were enacted in the past to marginalise black people and hence created the current inequality between blacks and whites. This chapter gives a justification for implementing affirmative action in South Africa.

Chapter 4 discusses the theoretical concepts of discrimination as they apply to the South African situation. It also discusses international affirmative action lessons from the United States of America and Malaysia. Moreover, it reflects on how the post-apartheid socio-economic and political environment informs the evolution of affirmative action as well as its controversial nature. Arguments for and against the implementation of affirmative action are explored in this chapter. It is in this chapter that the constraints affecting the implementation of affirmative action are put into perspective. The details explored in Chapter 3 and 4 are important for the findings presented in Chapter 6.

Chapter 5 presents the methodology of the study, the procedures that were followed, methodological considerations and the justification of the choice of methodology as well as the usefulness of the methods and various sources of data. It concludes by highlighting some of the limitations of the study and how the author managed to overcome them.

Chapter 6 provides a careful analysis of the findings that have emerged from the primary research completed. It discusses factors such as the shortage of skilled black workers in

South Africa, attitudes of the white middle management, communication, recruitment and training, poaching and retention of workers, globalisation pressures and the potential trade-off between economic growth and affirmative action. Chapter 7 serves as the conclusion and policy recommendations.

CHAPTER TWO

THE SOUTH AFRICAN AUTOMOTIVE INDUSTRY

Introduction

This chapter examines the impact and contribution of the South African automotive industry to the economy. This is done by focusing on the contribution of the sector to SA's Gross Domestic Product (GDP) and employment which can be traced from different kinds of manufacturing activities and sales of components and vehicles. The second section deals with the background and importance of the Durban Automotive Cluster. It describes the operational competitiveness and gains of firms from cluster activities in the areas of supplier development, human resource development, logistics, and benchmarking.

2.1. The Automotive Industry in South Africa

The automotive industry is the leading manufacturing sector in South Africa and plays a huge role in the country's economy. The industry has developed considerably during the past 50 years and has evolved from being an importing industry into an increasing industry of vehicle manufacturer, distribution, servicing and maintenance (South African Automotive Yearbook, 2003:12). The sector's contribution to GDP is quite significant, ranging from 5.7 percent of the country's R975.1 billion GDP in 2001. In 2003 its contribution to GDP amounted to 6.6 percent. Although the industry is responsible for less than 1 percent of the world's vehicle production, it produced approximately 83 percent of Africa's vehicle output in 2003 (South African Automotive Yearbook, 2005:6).

Barnes (2002:18) observed that the South African automotive industry has improved since 1998. Consequently, it has a positive contribution than the general manufacturing sector in the country in terms of employment, sales and production indicators. In terms of manufacturing employment in 1993, the automotive industry provided only 5.01 percent, 9.02 of the sales and 6.74 percent of production and yet by 2001 the same figures were 6.21

percent, 12.56 percent and 9.43 percent respectively. In economic terms, the industry's gearing effect in creating work opportunities can be traced to many kinds of basic manufacturing activities, including steel production, paint and rubber, textiles, plastics, petro-chemical industries and component fabrications (South African Automotive Yearbook, 2005:7).

Total annual vehicle sales have grown from just under 45 000 in 1950 to 368 470 in 2003 (South African Automotive Yearbook, 2003:12). In 2003, revenue from the sales of new vehicles was R59.5 billion (in 2002 was R 52.4 billion) and new vehicle revenue accounted for R19.4 billion (2002: R17.2 billion). The revenue from the oil industry comprised about R 95.0 billion (net of taxes) (2002: R86.9 billion). Aggregate domestic motor industry revenue was R 154.4 billion in 2003 and was expected to be approximately R 165 billion in 2004 (South African Automotive Yearbook, 2005:7).

The importance of the automotive industry from a development perspective is further revealed when viewed from its contribution to gross salaries in the manufacturing sector which consistently increased through the 1990s, from levels of only 6.18 percent in 1993 to 7.48 percent in 2000. Whilst this figure declined marginally in 2001 to 7.3 percent, the automotive industry has clearly performed exceptionally well relative to the manufacturing sector in general. This suggests that the automotive industry remunerates its employees at levels well ahead of the manufacturing average and as such has a stronger multiplier than the manufacturing sector in general (Barnes, 2002:20).

2.2. The Durban Automotive Cluster: Strength through Cooperation

A cluster is not only defined as a group of firms located in the same geographical proximity (Humphrey and Schmitz, 1996:1863), making use of the same labour pool and sharing common technologies, buyers or distribution channels (Lorentzen et al, 2004:1). The Institute of Development Studies (1997:1) indicates that geographical proximity on its own produces passive benefits. It does not necessarily indicate that firms are networking and working in cooperation. Moreover, passive benefits should be distinguished from joint

action ventures, which occur when firms cooperate (Institute of Development Studies, 1997:1). Lorentzen et al. (2004:5) concurs with the Institute of Development Studies that the cluster derives its strength from the agglomeration of economies and joint action. This relates to the concerted efforts of cluster participants to translate market opportunities and challenges into their maximum potential by leveraging inter-firm cooperation.

It is within this context that the DAC was formed in January 2002 as a public-private initiative (Barnes, 2005:6). It was established based on the seed funding provided by the eThekweni Municipality's Department of Economic Development (Morris and Barnes, 2004:4). The DAC was designed on the basis of continuous improvement, to help automotive component manufacturers to learn how to upgrade their operational performance in order to approach the international competitiveness frontiers (Morris et al, 2004:13). Since its inception, participation in the DAC has increased from 24 to 41 firms and comprises of clustering between smaller as well as larger firms. This is out of a total of only 50 automotive manufacturers in the region within which the DAC operates. Contributing 18.1 percent of the national output, it is most important to note that the DAC represents the 3rd most important automotive region in South Africa, The DACs¹ 41 members have a combined turnover of R5.0 billion and provide employment for nearly 16,000 people (Barnes, 2005:6).

The DAC is based on four programmes, namely, supplier development, logistics, human resource development and operational upgrading. Each programme has its own business plan and delivery time lines governed by the Technical Steering Committees whilst Benchmarking and Manufacturing Analysts serve as the facilitator. The Technical Steering Committees (TSCs) comprises of senior managers from DAC participants. These were nominated and given the mandate to ensure the successful implementation of each business plan's programme (Barnes, 2005:5; Lorentzen et al, 2004:14).

¹ The DAC is "a not for profit association of automotive focused manufacturing firms committed to co-operating with one another to develop mutual competitive advantage, overcome generic problems and exploit joint opportunities in the four fields of logistics, supplier development, human resource development and competitiveness benchmarking" (Barnes, 2004:5).

Significant gains that have already been established within each programme are discussed below. The supplier development programme has the facilitation of a more competitive local supply base for the regional automotive industry as one of its objectives. Basically the lack of involvement and interaction of the purchasing department with its suppliers was identified as a gap. Consequently, an automotive purchasing course was launched with the Durban Institute of Technology. In 2003, 16 students enrolled for the course (Barnes, 2005:12). Morris et al, (2004:10) note that increased knowledge was generated as a result of firms' sharing their experiences through workshop and whilst firm visits is also one of the benefits.

Achievements in the human resource development programme include joint training which helped to reduce prices paid by companies for training. These trainings have also provided benefits to a number of firms both large and small, which they could initially not afford alone (Barnes, 2005:10). In the logistics programme, the DAC has successfully collaborated to cut shipping costs as well as air freight thus giving the cluster an enhanced competitive advantage. Joint inbound and outbound supply rates with service providers were negotiated for 2002, 2003 and 2004 (Barnes, 2005:10). This means that firms are no longer buying freight individually, and hence are able to garner their competitiveness (Morris et al, 2004:9). Lastly, learning facilitated by B and M Analysts (B and M Analysts) helps to keep members informed of international trends and allows knowledge to flow through an online database and newsletters (Morris et al, 2004:10). Some authors who have written about the Durban Automotive Cluster say that:

It has developed an array of programmes ranging from highly technical specialised training interventions that might benefit a handful of firms to more generic initiatives such as programmes to support new entrants into the sector – especially for emerging black-owned firms. It is widely viewed as an example of a highly effective cluster (Bessant et al, 2003 in Morris et al, 2004:13).

Summary

This chapter has attempted to demonstrate two issues with respect to the importance of the automotive industry in South Africa. Firstly, the contribution of the automotive sector to the GDP of the country, which in 2003 amounted to 6.6 percent. Secondly, is that the

automotive industry has an effect in creating employment that can be linked to many kinds of basic manufacturing activities which includes steel production, plant and rubber, petrochemical and component fabrication industries. The industry provides employment in many areas such as sales agents for Original Equipment Manufactures (OEMs), mechanical engineers. This chapter has also discussed the importance of the automotive sector to employee salaries, namely, that it pays its employees far ahead of the manufacturing average in the manufacturing sector generally.

The last section of this chapter deals with contextual discussion of the Durban Automotive Cluster and its involvement to build competitiveness of the automotive industry. This section reveals that the DAC has achieved significant gains in its programmes through information sharing, joint training and joint shipping which reduced both training and shipping costs to boost global competitiveness of its affiliates. The other most important success was development of a purchasing course for supplier development programme in collaboration with the Durban Institute of Technology. As illustrated by Rogerson (2000:690), clustering gives the possibility for technology diffusion and positive learning among enterprises and thus the process of specialisation is easier to take place.

CHAPTER THREE

THE CONTEXT OF THE S. A. LABOUR MARKET AND EDUCATION SYSTEM

Introduction

This chapter discusses inequality and marginalisation of black workers in the South African labour market. The chapter is divided into three sections. The first section gives an explanation of the pact government labour laws and the poor white problem. The second section then focuses on apartheid legislation affecting the labour market such as the Group Areas Act of 1950, Bantu Education Act of 1953, the Industrial Conciliation Act of 1956 and Job Reservation Determination Act No.16 of 1964. The final point of this chapter locates the changes within the context of employment and labour force that took place between 1970 and 1994. These changes consist of challenges and opportunities for transformation of the traditional roles of apartheid system. A review of each of the relevant apartheid laws is necessary as a means of capturing the establishment of the full extent of the white supremacy and its impact on the South African labour market.

3.1. THE PACT GOVERNMENT'S REPRESSIVE LABOUR LAWS: 1924-1948

The roots of poverty and inequality in the South African labour market can be traced back to the arrival of white settlers approximately 350 years ago. In terms of the South African economy as it is presently constituted, the more relevant starting point is the late 19th century. Moreover it is not the objective of the study to review all the pieces of apartheid legislation.

3.1.1. The Poor White Problem

Due to the factors underpinning the oppression of the African population related to the Pact Government's labour laws, highlighting and understanding the issue of the "Poor White Problem" is also critical. The Poor white problem was the basis of the Pact Government's excuse for preferring whites in job opportunities irrespective of their qualifications. These

developments confirm the existence of affirmative action targeting white people in the apartheid era.

The 'poor white problem' among white Afrikaners was publicly recognised and became the most pressing social problem by the broader Afrikaner community from the 1890s onwards (Terreblanche, 2002: 266). Nattrass (1981:57) states that as early as 1891 there were numbers of impoverished and mostly uneducated whites who were already looking for work in towns and the mining areas despite the non-availability of suitable jobs. Jobs that could enable them to live amongst the rest of their fellow whites were scarce and impossible to obtain. Giliomee states that:

A 'Rand Relief Committee' said of Vrededorp people that 'most of them seem starved, they live from blood and guts discarded at the slaughtering-places, they exchange their clothes for food and children go naked (Giliomee, 2003:316).

Two reasons explain the problem of poverty among the Afrikaner community. Firstly, large numbers of Afrikaners were impoverished by the destruction of property during the Anglo-Boer War and the Rinderpest of 1896 to 1897. The social dislocation of 'poor white' Afrikaners became an ideological issue used for political campaigns and gains by the then president Jan Smuts who singled it out as the greatest threat to Afrikaner survival (Terreblanche, 2002: 266). After the war, many landless and impoverished Afrikaners had no choice but to move from rural areas to towns and cities where they found it extremely difficult to find jobs (Terreblanche, 2002:267). Secondly, the Afrikaners who began moving to the towns and cities in the 1890s found that the skilled and semi-skilled work particularly the professional and civil service positions were already filled by the local English or British population. The English-speakers had the benefit of better education, better skills and the command of English, the language of trade and industry (Giliomee, 2003:318).

Unemployment amongst Afrikaans speakers, particularly those who were illiterate and who had virtually no industrial workforce experience increased throughout the first quarter of

the twentieth century (Nattrass, 1981:63). Africans also intensified the level of poverty among the Afrikaners since they competed for the same jobs especially the kind of jobs that required little or no training. Blacks were largely migrant workers who had left their families behind in the communal areas and were therefore prepared to accept the jobs at a wage that was not only lower than the wage needed to sustain a 'white way of life', but also, in many instances, was too low to enable them to maintain both themselves and their families (Nattrass, 1981:63).

At the beginning of the 20th century, steps taken towards Afrikaner upliftment were stimulated by a desire to protect them against impoverished coloureds. No steps were taken to similarly uplift Africans although they were already showing signs of chronic poverty (Marks and Trapido, 1987 in Terreblanche, 2002:267). This occurred when the proponents of white supremacy concluded that a consolidated white group was needed to dominate the black majority but the main obstacle to such consolidation was the presence of a growing number of very poor white people (Giliomee, 2003:315). The uniqueness of the "Poor White" problem was a state of mind, which accompanied it, not poverty or its dimensions. White people who had previously enjoyed quality life, found themselves struggling and competing with black people who they regarded as inferior or belonging to a lower class than them. To many the humiliation proved too much and it was considered preferable to accept poor relief and face starvation, rather than taking a labourers' job or 'Kaffir work' (Doxey, 1961:77). In 1908 the Transvaal Commission reported that:

We have been impressed with the frequency with which it has been stated in evidence that unskilled work was "kaffir's work" and as such not the kind of work which a white men should perform. They also had an attitude to the unskilled work to such an extent that they did it grudgingly and inefficiently and also required higher wages, giving the natives a practical monopoly of the unskilled work (van Der Horst, 1965:115-116).

One of the important factors that need to be raised with regard to the formation and election of the Pact government is the 1922 strike. Between 1913 and 1922 half of the gold-mining companies were unable to mine gold on a profitable basis because the output of gold mines declined by 19 percent per year during this period (Murray, 1982:238). The root causes of

these profitability problems were, firstly, the rate of inflation which outstripped the increase in the sterling price of gold by more than 25 percent and secondly, the wage ratio between white and black mineworkers which increased from 11.7:1 in 1911 to 15:1 in 1920. This decline in the real wages of Africans led to an ANC-organised strike in 1920 which was suppressed by the Smuts government (Terreblanche, 2002:270).

Faced with problems of a fall in the gold price, rising production costs and stagnating output, the Chamber of Mines announced on behalf of the mining companies plans to employ fewer whites and more Africans in order to avoid bankruptcies and to relax the scope of the “job colour bar” fixed in the Status Quo agreement of 1918 (Murray, 1982:238). The Chamber’s plans threatened the jobs of 15000 white workers and this led to the 1922 strike that was suppressed by Smuts and resulting in a number of casualties (Terreblanche, 2002:270). One of the most remembered symbols of the strike was the banner declaring: “workers of the world unite and fight for a white South Africa (Giliomee, 2003:334).

The Pact government, based on an electoral union formed by the National Party (NP) and Labour Party (LP) after the 1922 strike, won the June 1924 elections after a bitter campaign that strongly emphasised the need for a greater state protection of white workers, particularly the unemployed and poor Afrikaners. The Pact victory can therefore be regarded as a victory for the consolidation of white supremacy (Terreblanche, 2002:272). According to Zungu (1977:209) “white supremacy itself rests, amongst other things, on the premise that its maintenance depends upon the acceptance by the subordinate groups of the superior position of the whites on the one hand, and their own inferior position on the other”.

Before the Carnegie Commission² started its work there were only informed guesses about the numbers of South African poor whites. In 1916 the number was thought to be 106 000 (7.5 percent of white population), and in the early 1920s, General Hertzog the then

² The Carnegie Commission was funded by the Carnegie Corporation in the late 1920s to study the intensity of poverty amongst the Afrikaner community in South Africa.

president spoke of 150 000. A 1924 government report classified 200 000 people as poor whites. The Carnegie Commission made the first proper attempt to research the issue before concluding that there were 300 000 poor whites (17 percent of the white population) (Giliomee, 2003:347) and nearly all were Afrikaans speaking.

In order to eliminate or solve the “Poor White” and white unemployment problems, the Pact government introduced the ‘civilised labour’ policy through the implementation of three sets of legislation. These were the Industrial Conciliation Act, No. 11 of 1924, the Wages Act, No. 27 of 1925 and the Mines Works Amendment Act, No.25 of 1926. These legislation together legally established the concept of white labour supremacy (Nattrass, 1981:76), that lasted until the early 1990s, forming the foundations of the present structure of South Africa’s labour legislation.. The governments’ ‘civilised labour policy’ effectively reserved certain public sector jobs for whites only and make it possible that every white man is remunerated in such a manner that a ‘civilised standard’ of living is maintained. Industries employing a high percentage of ‘civilised labour’ were also given preferential treatment. The standard of living generally recognised as tolerable was pegged against a European standpoint whilst “workers who were not white (uncivilised labour), required wages to afford only the bare necessities of the uncivilised and underdeveloped peoples” (Giliomee, 2003:341). This part of the overall strategy was specifically aimed at ameliorating the economic position of the Poor Whites and resulted in the dismissal of a large number of blacks (Nattrass, 1981:76).

During the Pact’s era of governance, General Motors (GM) was one of the highly mechanised assembly work corporation that was set up in 1926. It was dominated by white managers who also advocated a ‘civilised labour policy’ that favoured high wage rates for the white community. On one occasion, for example, the production manager of GM made the following statement:

To come to the local conditions in South Africa, where the cost of living for Europeans is relatively high, low wages would make it almost impossible to operate any industry aside

from those of pastoral origin, requiring only the services of semi-barbarians, while a fair wage would encourage the only kind of individual that is worthwhile (Davies, 1979:208).

When the automotive industry first developed in the 1930s, most whites were employed in it, since it was seen as having an important role to play in the eradication of white poverty particularly in the Eastern Cape where the poverty level was pronounced at the time (Duncan, 1997 in Barnes, 2001:44). When blacks did find employment in the expanding industry they were as in the mining industry offered limited training and were prevented from working in a skilled capacity, skilled jobs being reserved for whites (Barnes, 2001:44). The policy was described in 1935, by the Secretary for Labour as the one that ensured that unskilled white workers were not denied entry into skilled occupations by virtue of the lower standard of living which the native was accustomed to, but has kept the rates of pay and their conditions of employment for work at a level which will enable white workers to live in accordance with the standard generally observed by civilised persons (Wilson and Ramphele, 1989:195).

3.2. THE CONTEXT AND LEGACY OF APARTHEID: 1948-1970

Because the Afrikaner community did not invent apartheid it just perfected it, the early pieces of legislation highlighting the white labour market supremacy were further entrenched in South African statutes with the emergence of apartheid in 1948 and its vast additional measures that further oppressed the African population. In 1948, DF Malan romped to power with a slogan the white man must remain a master. Race discrimination in the style of all colonial countries and all the social, cultural political and economic deprivation it entails was the accepted custom in South Africa from decades before [Afrikaner] NP came to power. The traditional practice was therefore codified and extended under the title apartheid (Helen Susman, 1993 in Abdi, 2002:19).

As noted by Giliomee (2003) apartheid was adopted as a strategy for the NP as early as 1945. Wolpe defined apartheid, “as the ‘mechanism specific to South Africa in the period of secondary industrialisation, of maintaining a high rate of capitalist exploitation through a

system which guarantees a cheap and controlled labour force, under circumstances in which the condition of reproduction of that labour force is rapidly disintegrating” (Leggassick, 1982:473; Bundy, 1988:227). A cornerstone of the apartheid system were legislation which specifically prohibited ownership of key economic goods such as houses and businesses and restricted access to vital services such as water and electricity by black South Africans.

3.2.1. Group Areas Act No.41 of 1950

The Group Areas Act as amended many times in the 1950s and consolidated as Group Areas Act No.77 of 1957 sought to segregate members of each racial group into separate residential areas with respect to property ownership. Ownership and occupation of property by a member of one group in an area designated for another group was not permitted. It further stipulated that in the case of trading and business concerns in specified non-white areas, whites were not allowed to work as employees for non-white employers, that owners of a business must appoint a manager who belongs to the same racial group as they do (Doxey, 1961:177).

Formal sector opportunities were also difficult to obtain because Group Areas Act of 1950 explicitly restricted firm ownership by blacks to specified areas in cities and towns, the then ‘white areas’ (Mbatha, 1994:43). Later regulations prevented black entrepreneurs from owning more than one business, establishing companies or partnerships or owning business premises even in ‘black’ areas (Gelb, 2003:27), thus preventing them from practicing in a free market economy (Mbatha, 1994:43). This implies that black business did not grow beyond selling few basic products such as bread and paraffin that were often bought by their own people with the little amount of money they had and thus could not be profitable.

The policies of black businesses in general and the informal sector itself were controlled through Provincial Ordinances and local municipal by-laws. Black businesses had to get in addition to a municipal licence, permission from the Labour Minister every year to operate a business (Lund, 1998:10-11). African firms were further restricted to certain business

sectors such as retail supply of food and fuel, being allowed before the restrictions were partially relaxed in 1976. The spatial and racial restrictions on property ownership resulted in blacks lacking collateral to borrow for asset acquisition, and the risk of ownership was increased by the insecurity of urban residential and workplace tenure (Gelb, 2003:27). Consequently, there very few black South African firms in the medium-size category as well as in the manufacturing industry and until the 1990s there were no large black firms either (Gelb, 2003:27). Those blacks who became entrepreneurs did so mostly on the margins, and often with the collusion of a white man or a chief (William, 1989 in Iheduru, 2004:4-5).

‘Market forces’ limiting black access to finance or acquisition of capital was also reinforced by the legislation (Gelb, 2003:27). When offices, posts, capital and credit are not equally accessible to all, the individuals discriminated against are prevented from realising their potential as autonomous moral persons (Hudson, 2000:95). This means that restrictions facing Africans were not necessarily in the workplace only but were also extended into the wider society (Langa, 1996:156). Under the Group Areas Act of 1966, towns and cities were further segregated into “white areas” and it was criminal for Coloureds, Africans and Indians to stay there even if they have been doing so continuously (Milkman, 1982:410).

3.3. INEQUALITY IN THE SOUTH AFRICAN EDUCATION

3.3.1. Artisan Training Act No. 38 of 1951

During apartheid, technical courses, which provided both theoretical and practical skills were earmarked for whites who were, guided in particular career directions where opportunities were evident. The Act was widely acknowledged as a means of placing local whites into skilled manual workers positions Apprenticeship training was the main form of industrial training and was done in racially-separate technical colleges administered by racially defined education department. Africans were not permitted to do this kind of training as a result their enrolment in technical and vocational centres had been low

(Moleke, 2003:205). By limiting entry into apprenticeship and making high minimum requirements for skilled labour statutory, the Artisan Training Act limited both the supply and demand for skilled black labour and encouraged that for skilled white workers. As a result, African artisans were concentrated in relatively low-skilled grades such as welding, boiler-making, fitting and sheet-metal working (Moleke, 2003:205).

In the 1980s, whites were doing a full four-year apprentice course and received on the job training with an employer for most occupations (Standing et al, 1996:388). Of particular importance is that during apartheid, employers and vocational trainers worked in tandem with technical colleges through a sponsored system that channelled the white youth labour directly into firm's technical jobs (Kraak, 2001:2). Whites continued to constitute 68.9 percent of total apprentices recruited in the period 1981 to 1989 (Lundall and Kimmie, 1992 in Kraak, 1996:119). In most cases, blacks were referred to a two year inferior course called the Artisan Training and Recognition Agreement for the Metal Industry (ATRAMI) which ultimately lacked popularity and credibility among blacks because it did not provide them the skills that were required in private industry (Standing et al, 1996:386).

While it was difficult for Africans under the apartheid system to find opportunities through the training-apprenticeship system, whites were upgraded and promoted through the system called "effluxion of time" where the apprentice will qualify as an artisan after five years of job experience according the old Manpower Act (Standing et al, 1996:388). Provision of these technical courses on a discriminatory basis continued until late 1990s. Therefore, technical training to blacks has not been actively encouraged to the level of artisans; hence their few numbers in these related fields.

Of the total 9 054 indentured apprentices in 1990, 6 709 (74 percent) only were white; 951 (10.5 percent) were African; 871 (9.6 percent) were coloureds; 523 were Asian (5.8 percent) (Trade Union Research Project, 1994:88). In 130 firms covered by the Breakwater Monitor project of the University of Cape Town Graduate School of Business, in 1994, 65 percent of apprentices and trainee technicians were white, 27 percent were Africans, and Coloured and Asians made up the remaining 8 percent (Standing et al, 1996:387). In 1990,

for example, only 13 460 Africans enrolled in technical drawing (a backbone of the vocational stream) and a mere 691 students enrolled for electronics out of 586 920 students enrolled in the Department of Education and Training (DET). Similar patterns were also common in technikons (Standing et al, 1996:386).

3.3.2. Bantu Education Act (Act No.47) of 1953

The Bantu Education Act (Act No.47) was introduced in 1953 based on the recommendations of the Eiselen Commission report. The Bantu Education Act focused on the following aspects of native education: lower and higher primary education; secondary education; teacher training; vocational training; night schools and continuing classes (GSA, 1957 in Abdi, 2002:41). All schools had to be registered, all state-aided schools had to be staffed by government trained teachers, and all had to use the official syllabuses (Lodge, 1983:116). The minister of education under the Bantu Education Act of 1953 was given powers to prescribe the content of the courses and medium of instruction in the governments 'Bantu schools' (Luhabe, 2002:17). Similarly, Zungu (1977:208) observed that the existing primary, secondary and vocational education system for natives and training of Native teachers were modified in respect of the context and form of syllabuses. Black students and teachers had no control over their schools, that is what they were taught, how they were taught and the conditions under which they were taught (Molteno, 1984 in Mabokela, 2000:97).

The goal of the Bantu Education Act of 1953 was to entrench the establishment of a racially differentiated system of education and entrench the privileged education for whites, by providing lower standard of education to blacks (Kallaway, 1984 in Mabokela, 2000:98). This was done by adopting the recommendations of the Eiselen Commission which was published in 1951, which proposed that in order to promote inferior education to Africans their education system should inculcate pride in African history, customs, habits, character and mentality of the people. The report also emphasised the importance of the superiority of the mother-tongue which resulted in the compulsory use of ethnic languages in the entire duration of the learners' primary and secondary schools (Giliomee, 2003:508).

This was done purposefully so that the students should not gain a wide perspective of what was happening in the world (Zungu, 1977:212). On the other hand, education which placed emphasis on Bantu cultures was based on divide-and-rule rather than on a genuine concern for the cultures and hence they wanted education to be conducted in English (Giliomee, 2003:509-510).

By the 1960s, the use of mother tongue had been extended to the high school level. Mother tongue instruction restricted the acquisition of information, especially technical and scientific knowledge because African languages do not have a developed terminology to deal with the concepts and phenomena commonly found in these areas (Zungu, 1977:211). This was done to prepare natives more effectively for certain forms of labour such as manual labour, teachers, nurses and policemen for the purpose of serving their black community in their black states, hence the predominance of blacks amongst these professions (Giliomee, 2003:508; Kuper, 1965 in Magojo, 1996:9). After all, “future generations of children under apartheid were to be relegated to the status of drawers of water and hewers of wood” (Susmann, 1993 in Abdi, 2002:40).

The 1953 Bantu Education Act required that African education be largely self-funded, thus tying expenditure on African education to revenue earned in the form of taxes from Africans (Bromberger, 1982 in van der Berg and Bhorat, 1999:7). In the early years of the National Party rule, expenditure on African education fell in per capita terms, and it declined from 13 percent of white levels in 1953 to only 10 percent in 1961 (SAIRR, 1961 in van der Berg and Bhorat, 1999:7). This was caused by an increase in population which had risen by 300 000 by the year 1953 (Lodge, 1983:114).

From the period 1948 to 1960 public expenditure on African education rose at an average rate of only 5.4 percent, lower than the growth in number of learners. From 1960 to 1974, however, the average growth rate rose to 15.4 percent-to nearly three times the earlier rate and it escalated still further over the period 1973 to 1977 to 26 percent per annum. The higher levels of expenditure are reflected in an increase in both the size of the student enrolment and the average length of stay in the schooling system (Nattrass, 1981:1981:49).

The per capita spending on black children fell by a third in this period as a result of the sharp increase in the number of children absorbed by the system (Giliomee, 2003:509). Table 3.1 shows that per capita expenditure fell from 17.08 in 1953/4 to 11.50 in 1962/3, and remained at about R12.00 for the rest of the 1960s (Johnstone, 1982:27).

Table 3.1: Expenditure per Pupil on White and African Pupils for Selected Years

Year	Whites Per Pupil	Africans Per Pupil
1930	R 45.20	R 4.27
1935	R 47.72	R 3.85
1940	R 51.42	R 4.43
1945	R 76.58	R 7.87
1953	R 127.84	R 17.08
1960	R 144.57	R 12.46
1968	R 228.00	R 14.48
1972	R 461.00	R 25.31
1973	R 486.00	R 28.56
Source: Zungu, 1977: 205		

During 1980/1981, the estimated per capita expenditure on white school pupils was R1 021.00 whilst that of Black school pupils was R176.20 (Human and Hofmeyr, 1985 in Smith, 1990:23). In 1983/1984 African pupils received only a subsidy of R234. This was less than half of the R 1654 subsidy available for white pupils (Wilson and Ramphela, 1989: 141). In 1987/1988 the per capita expenditure for different racial groups was as follows: African R595.39; “Coloured” R1 507.55; Indian R2 014.88 and White, R2 722.00 (Race Relations Survey, 1989 in Smith, 1990:23). In 1992/1993, the government spent an average of R4 372 on education of a white student, compared to R1 461 on an African student (Trade Union Research Project, 1994:86).

Even though levels of expenditure increased for Africans, in the early 1970s, the per capita expenditure for white children was still twenty times that of black children (Murphy, 1992 in Abdi, 2002:52). Leibbrandt et al (2001:13) further note that although the educational expenditure increased gradually from 1975 to 1991, it left a huge gap that was caused to a

large degree by the past backlogs, which prevented blacks from reaching higher levels of education.

The dismal expenditure statistics on black pupils was worsened by a teacher-pupil ratio of 41:1 for blacks and 19:1 for whites (Wilson and Ramphele, 1989 in Abdi, 2002:52), the acute disparity of teacher qualifications, and the number of school-age children in schools, which in 1980 was 96 percent for whites and 47 percent for blacks (Abdi, 2002:52). The teacher-pupil ratio remained a problem despite the fact that the number of teachers in training increased from 6,863 teachers in 1954, to 10, 268 in 1972. Moreover, teachers were also under qualified. In March 1972, 87 per cent of all African school teachers had qualifications under the matriculation level (that is under Grade, 12) (Zungu, 1977:214; Todaro, 2000:201) whilst, two percent of white teachers were underqualified (Hofmeyr, 1989 in Smith, 1990:24).

Gelb also noted that in 1989, there was not much improvement in African education compared to the observed ratios of 1969 by Wilson and Ramphele. In 1989, the African pupil: teacher ratio was 38:1 compared with 17:1 for whites. 52 percent of teachers in the African school system were under qualified. Not surprisingly, the African pass rate for the school-leaving exam was 41 percent compared with 96 percent for whites (Hofmeyr and McLennan, 1992 in Gelb, 2003:26; Charoux, 1990 in Smith, 1990:23).

The problems of black education under apartheid were clearly observed in the progress of African pupils where for every one hundred pupils who started standard one in 1969, only four matriculated in 1978 (Wilson and Ramphele, 1989 in Abdi, 2002:52).. Although there were claims that, since the establishment of Bantu education there had been an increase in the enrolment of African students. This was misleading and deceptive because as the grade levels increased the number of African students decreased, owing to the high drop out rate and the concentration of pupils at the very lowest classes (Johnstone, 1982:27).

In 1962, 44 percent of Africans in school were in the two lowest classes of primary school, while only 2.9 percent were in any of the five forms of secondary school. In 1967, 71

percent of Africans were in the four lowest primary classes. The proportion of school age Africans in secondary school was not growing. It was 3.4 percent in 1953 and 3.43 percent in 1966 (Johnstone, 1982:27). This shows that African education was frozen at primary level (Zungu, 1977:212-213). But English and Afrikaans remained part of the curriculum, though the emphasis was on oral work and speech exercises, adequate enough to receive and carry out instructions from the white “master” (Zungu, 1977:211).

Even after per capita spending on education increased from the mid-1970s, educational outcomes for Africans were still poor (Hofmeyr and McLennan, 1992 in Gelb, 2003:26). In addition the departments of education that were institutionalised for black population groups especially Africans were deprived of necessary resources to promote better education. Several authors’ point out that:

In apartheid education, “the curriculum is racist and Eurocentric; students are systematically disempowered; exams are culturally biased and racially selective. Classrooms are overcrowded and school buildings are dilapidated. Textbooks are absent, out of date, or in need of replacement, desks insufficient, playing fields inadequate, windows broken, toilets shocking, libraries and laboratories are seldom available. Teachers are overburdened; use inferior methods of teaching, under qualified and under strict state control and badly paid (Jansen, 1990 in Abdi, 2002:51; Terreblanche, 2002:47).

To elaborate on the above, packed classrooms made it difficult for teachers to give attention to each student and also spot a problem as early as possible. This in turn affected the performance of many students’ especially slow learners. Textbooks were not enough leading to sharing hence the obvious negative effect on the ability of learners to do homework. With regard to science there were no laboratories; learners were taught mostly the theoretical part of the subject. For instance, in subjects such as physics students could not be engaged in the practical side of the subject. The teachers were also affected in the same way, their limited qualifications being the most limiting factor. Moreover, schools were not enough, the scarcity of schools forced people to travel long distances to and from the schools. This also had an effect in the student’s performance because most of the students arrived in schools tired and unable to focus.

In 1955 a system of double-session was introduced, where pupils were taught through a three-hour relay system in the morning and afternoon by the same teacher. As a result, many children at the lower primary level received half the normal instruction. Teachers were also overworked (Zungu, 1977:214; Johnstone, 1982:27). Having presented the past problems of South African education system, the education system of the post apartheid SA needs more than equal funding or number of teachers for an equal number of students. For instance, the major educational challenge facing the post-apartheid government is to devise ways to reduce the number of drop-outs and repeaters in African schools as well as schooling all children (Motala, 1995 in Abdi, 2001: 232). The occupations according to qualifications that need mathematical background between blacks and whites is presented in table 3.2 below.

Table 3.2: Selected Mathematics-Related Occupations by Race, 1989

Occupation	Total	Blacks (%)	Whites (%)
Architecture	2526	32 (1%)	2492 (99%)
Civil Engineering	4798	63 (1%)	4735 (99%)
Computer Programmer	6580	853 (13%)	5727 (87%)
Electronic Engineering	1676	27 (2%)	1649 (98%)
Manpower Planner	310	30 (10%)	280 (90%)

Source: du Toit, 1995:163 in Abdi, 2002:62

According to the above table, in mathematics related fields, whites occupy more than 90 percent whilst blacks occupy less than 10 percent. For instance, in the electronic engineering field blacks constitute 2 percent compared to 98 percent whites. In addition to the above fields blacks also represent 7.4 percent of total accounting profession, 8.1 percent of medical doctors, 17.5 percent of all technicians, and 5.5 percent of all scientists (South African Institute of Race Relations, 1988/1989 in Magojo, 1996:9). In this regard, there are more white South Africans with mathematics related education compared to blacks- despite the fact that whites represent only about 10 percent of the population (Weiner and Fine, 1994 in McFarlin et al., 1999). In other words, blacks are poorly represented in the fields of engineering, science, medicine, architecture, accounting and management- the key positions in the economy and centres decision-making which reflect power relations in

organisations (Magojo, 1996:5). This implies that there are few schools that produce black students with credible results in mathematics to enter the university level.

3.3.3. The Industrial Conciliation Act No. 28 of 1956

In 1956 the Industrial Conciliation Act was amended and updated to give the minister stronger powers. Further controls were placed on black workers (Finnemore and van der Merwe, 1989:19) and a racial division of labour was further enhanced (Leibbrandt, et al, 2001:4; van der Horst, 1965:119). By this time an employee was defined as any working person being entitled to receive payment other than a Bantu (Nel, 2002:43). Mixed trade unions were outlawed and a strategy enforced to protect white workers from competition (Finnemore and van der Merwe, 1989:19; Doxey, 1961:138). For some time, only whites served as lift operators, ambulance men and traffic police (Giliomee, 2003:510). Since 1956 all Africans were excluded from participating in trade unions. This restricted blacks from forming a common front with other workers, in determining minimum wage and other working conditions to the bargaining councils (van Der Horst, 1961:119). When the Industrial Conciliation Bill was introduced, the Minister of Labour said:

.... here we have a precautionary measure so that one race cannot set standards which make it impossible for another race to make a living and to ensure that they will not be exploited by lower standards of any other race (Doxey, 1961:140).

Amendments to the Industrial Conciliation Act in 1959 assured that the state could overrule Industrial Council agreement, thus giving the state almost complete control over the hiring practices of private employers. Even during this period white workers were given preference in the public sector and in many cases black labour was substituted by white labour (Lipton, 1986 in Leibbrandt et al., 2001:4). In government services, for example, African employment fell by 12 percent between 1946 and 1951 (Leibbrandt et al., 2001:4).

3.3.4. Extension of the University Act No. 45 of 1959

In 1959 the government introduced the Extension of University Act to segregate universities by race and ethnicity. Universities were established for Africans, Coloureds and Indians (Mabokela, 2000:98). As result of the Extension of the University Act the following Universities were established; University of the North (for Sotho, Venda, and Tsonga speaking Africans; the University of Zululand for Zulus, the University of Western Cape for Coloureds and University of Durban Westville for Indians. The University of Fort Hare Transfer Act was passed to make it an institution for Xhosa people (Zungu, 1979:211).

Four primary goals were fulfilled by the creation of separate black universities: firstly, was the solidification of the idea of separate racial and ethnic groups; secondly, to provide personnel to administer and support structures in the newly created homelands (Mabokela, 2000:98); thirdly, to maintain and reproduce the subordinate social and economic position of blacks (Christie and Collins, 1984 in Mabokela, 2000:98) and fourthly, to remove black students from the influence of liberal academics and the city environment. Blacks and coloured students were not accepted in the established 'white' universities for any course that was also offered at their designated black or coloured universities (Giliomee, 2003:510) which were also referred to as 'bush colleges' (Gelb, 2003:27). Table 3.3 illustrates number of African students enrolled in white universities in fields not available in Bantu universities in 1972. It shows that in 1972, there were only 3 African students in the engineering field at Wits University and 1 student at the University of Natal.

Table 3.3. Number of African Students Enrolled in White Universities in Fields Not Available in Bantu Universities, 1972

University	Faculty	Number of Students
Cape Town	Commerce	2
Witwatersrand	Dentistry	7
	Medicine	1
	Engineering	3
	Science	1
	Music	1
	Arts	2
	Rhodes	Divinity
Potchefstroom	Divinity	1
Natal	Law	7
	Engineering	1
	Medicine	180
	Nursing	32
	Total	239

Source: Horrell, 1973 in Zungu, 1977:216

Until 1978, in the ‘native reserves’ agricultural, nursing and technical colleges were not allowed to be built near industrial or urban white areas but in rural areas. The location of these institutions in remote areas made it difficult for Africans to get connected and employed as skilled artisans and professionals. As a result, the linkage between schooling, vocational training and placement was non-existent across educational and training institutions (Standing et al, 1996:386). Thus African school-leavers entered the labour market at a severe disadvantage. At the point of entry to jobs, further discrimination was evident in the form of a “civilised labour” policy that gave first preference to white workers.

3.3.5. Job Reservation Determination Act No.16 of 1964

The, “Job Reservation Determination Act No.16 of 1964 enabled all jobs then held by whites to be kept for whites, as well as placing barriers on the kind of work that blacks could undertake” (Desai and Habib, 1997:503). Under ‘job reservation’ whites were better paid than blacks, therefore, unequal job access was historically a major source of racial wage inequality (van der Berg and Borat, 1999:12). Production workers earned approximately 60 percent of the salary of skilled employees compared to normal international standard of 85 percent (Desai, 1994:58). Whites also were given positions as supervisors without proper qualifications and skills related to the work performed.

Moreover, in order to be promoted blacks needed a Standard Eight Certificate (the then Junior Certificate); such restrictions did not exist for whites. Van der Berg and Borat (1999:12) note that the occupational profile of the white South African labour force when compared even to industrial countries can be ascribed to white upward mobility beyond their capacity, especially in the 1970s. Inadequate education and training of blacks also contributed greatly to artificial rapid white education mobility. This has also resulted in a large-scale under representation of blacks in important job areas, particularly the technology sector and top management (Commission for Employment Equity Annual Report, 2001 in Thompson and Woolard, 2001:2).

In the late 1970s, 45 percent of white workers interviewed at Ford Motor Company did not have Standard 8, although employed at the highest wage grades (Desai and Habib, 1997:504). This verifies that whites had their positions artificially inflated. The lower standards of education or and qualifications of middle management led to the development of a poorly skilled management structure in the motor industry and consequently, poor decision making (Harrison and Dunne, 1998; Hunter, 1998 in Barnes, 2001:44). Blacks were denied any opportunity to progress; consequently, this led to the generation of poor work ethic in the industry, as well as the development of a highly antagonistic labour relation (Desai and Habib, 1997; Dlamini, 1997 in Barnes, 2001:44). For example in 1978,

at Ford motor company, only 7 out of 294 supervisors, 4 out of 260 artisans, and 3 out of 131 professionals (below management level) were black (El-Khawas, 1982:535).

The complication is that within apartheid South Africa the state legally encouraged business people to practice discrimination based on race and colour, if they wanted to remain in business. There was very little space for any business or any activity within business that did not support racial discrimination; in fact, it became difficult to avoid as well as illegal not to discriminate (Luhabe 2002:157). Marx (1999:82) also agrees that white capital enforced segregation to reduce the cost of black labour, while white labour supported segregation to ensure its advantage over black labour. Therefore, business must shoulder the devastating effect of these policies on many South Africans (Bernstein, 1988 in Hofmeyr, 1989:23).

3.4. THE CONTEXT AND LEGACY OF THE POST-APARTHEID: 1970-1990

A series of strikes which occurred in Natal in 1973 forced the government and employers to rethink their industrial relations strategy. At that stage many employers and some white trade unions declared themselves in favour of granting Africans formal trade unions. This means that a gradual withdrawal of support of discrimination of labour field began to make itself felt. As a result, the government and appointed a Commissions of Enquiry into labour legislation in 1977 (Terreblanche, 2002:340).

Their responses were embodied in the Wiehahn and Riekert Commissions of 1979. As a result of the recommendation of the Commissions, the government embarked on a programme of substantial legislative reform and adopted a consultative mechanism for black labour. The Industrial Conciliation Act of 1979 also widened the definition of an employee to include African workers. The upshot of the Wiehahn Commission was the legislation of black trade unions and the scrapping of job reservation. This legislation was enforced by business organisations that had made poor profits due to stagflation that had begun in 1974. Thus, a black workforce with greater bargaining power was increasingly

drawn into the labour market where they were covered by legislation on minimum conditions of employment.

The Riekert Commission investigated the issue of African mobility. It argued for the relaxation of controls to allow a free flow of labour to the cities on workers who held rights of urban residences and influx control, the last pillars of apartheid labour market was abolished in 1986 (van der Berg and Bhorat, 1999:8).

Summary

This chapter has demonstrated that inequality that continues up to this day in contemporary South Africa is a combination of various factors but largely relates to the apartheid system that saw one social group attain dominance over the production and management of resources at the exclusion of other groups. Thus from pre-employment to employment, African workers faced legislation that sought to undermine their ability to accumulate human capital, to increase their wages, to gather relevant job experience, and to negotiate for better wages and working conditions (van der Berg and Bhorat, 1999:7). This ensured that with the rise of industrialisation and competition, blacks entered this century unable to compete with the white minority.

Overall, the combination of poor quality of education and discriminatory labour laws and practices led to a skewed labour market and hence the majority of the poor black people in South Africa. Given the legacy of labour market discrimination and the current imbalances in the labour market, there exists a need to implement affirmative action. The Afrikaner nationalists implemented one of the first and foremost successful affirmative action programmes saving poor whites in the form of their civilised labour policy which excluded blacks from the definition of an employee. Legislation which prevented blacks from getting a decent salary that could be used to support themselves and their families back home and legislation which reserved skilled jobs for whites and prevented the upward mobility of Africans were strongly implemented.

CHAPTER FOUR: LITERATURE REVIEW

INTERNATIONAL AND DOMESTIC LESSONS OF AFFIRMATIVE ACTION

Introduction

This chapter explores the theories of discrimination as they relate to the topic of affirmative action. It also discusses affirmative action from different perspectives and as such is divided into two sections. The first section deals with theories of discrimination. In this section three issues worth mentioning are dealt with. Firstly, the definition of discrimination and types of labour market discrimination are discussed. This encapsulates factors such as human capital discrimination, employment discrimination, occupational or job discrimination. Theories of discrimination which include personal prejudice, market power model, statistical discrimination and the crowding model are also explored in detail. This is followed by human capital theory which assumes that an investment in ones education leads to a better salary and better occupation.

The second section deals with the definition of affirmative action. This definition will help the readers to understand what affirmative action is all about. This is followed by lessons from international experiences, in which two countries, Malaysia and USA are explored. The countries' experiences will be used to compare affirmative action programmes applied in the countries chosen. Moreover, they will also be used to identify problems that were encountered in their respective affirmative action programmes in an effort to inform the debate on affirmative action in South Africa and to ensure that we avoid mistakes made by these countries whilst at the same time learn from their best practices. Malaysia is chosen because of its similarities with the South African situation where different ethnic groups occur side by side with the majority of indigenous people. America is the opposite in that the minority is the one that is supposed to be affirmed. This is followed by affirmative action in South Africa. This includes the origin of affirmation action in South Africa, as well as discussion of the Employment Equity Act of 1998. The controversial nature, arguments for and against the effective implementation of affirmation is also dealt with in

this chapter. The last section focuses on barriers that prohibit the implementation of affirmative action.

4.1. THEORETICAL ASPECTS

4.1.1. What is Discrimination?

Discrimination is the irrelevant criteria to distinguish between groups having the purpose or effect of less favourable consequence for members of one group in relation to those of another (van Wyk, 1998:23). This refers to the “failure to treat people as individuals, but to assign them to group stereotypes, for example, all black workers are unreliable” (Bhoola, 1996:52). Stereotyping is a form of biased perception in which negative or positive attributes of one or more persons belonging to a group are generalised to all the members of that group (van Wyk, 1998:25). Discrimination may also be direct and indirect. Direct discrimination refers to unfavourable treatment of an employee on the basis of prohibited grounds, such as race, sex, personal characteristic, or simply refused employment. Indirect discrimination refers to neutral practices which have a more severe impact on a certain group, because of their position in society (Bhoola, 1996:52; van Wyk, 1998:25-26). Examples of indirect discrimination would be to recruit employees from certain white schools which had only white students, favour to appoint children of employers, especially in cases where the staff is not demographically representative (Barker, 1998:55).

4.1.2. Sources of discrimination

It is important to determine the sources of discrimination if any meaningful attempt to formulate anti-discrimination policies and programmes is to be made. Two types of labour market discrimination can be distinguished:

Pre-market discrimination: Pre-market discrimination occurs when individuals do not enjoy equal opportunities in terms of the development of talents and abilities before entering the labour market (Kaufman, 1986 in Rennie, 2000:111). Therefore, it is

determined by differences in endowments such as education, training and experience (Serumaga-Zakes and Naudé, 2001:672). This literally happened in South Africa where a majority of blacks were deprived of basic opportunities such as good education and political rights. This in turn made blacks with their poor quality education to compete with their white counterparts thus putting them at a disadvantage. Mgobozi (2004:780) agrees with the above argument that in the past, South Africa was characterised by racial policy in education which resulted in white South Africans being given credentials in a racially segmented labour market. Thus, the lower standard of education received by blacks placed barriers and burdens before them. They could not be hired in the primary labour market and this resulted in large numbers of them being unemployed or working in low level jobs in the labour market while white workers were paid premium wages and had superior schooling. This happened in both the middle and working class of black people.

Market discrimination: Market discrimination refers to discrimination that happens in the labour market. Where an employee or prospective employees are treated differently based on characteristics which are unrelated to their performance like race (being black) or gender (being female) (Kaufman, 1986 in Rennie, 2000:111). It is often referred to as the overt labour market discrimination (Serumaga-Zakes and Naudé, 2001:672). This is a situation where a certain group of people occupy inferior jobs than other groups in a society.

4.1.3. Types of Labour Market Discrimination

Human Capital Discrimination: This refers to discrimination in terms of education and training, both in terms of preparation for the labour market (pre-market discrimination) and further training whilst active in the labour market (market discrimination) (McConnel and Brue 1995 in Rennie, 2000:111).

Employment discrimination: This refers to situations where groups that are discriminated against, for example, blacks and women, have difficulty in finding jobs, even when they meet the hiring requirements. Such groups are the first to be targeted during retrenchments

(McConnel and Brue 1995 in Rennie, 2000:111). For instance, in the case of Malaysia, it was difficult for Malays to get jobs even when they met every job requirement.

Occupational or job discrimination: This occurs when a group of people such as blacks and women are underrepresented in certain senior or technical occupations, usually skilled, even though they possess the necessary qualifications. This occurs because their access to these jobs is restricted or limited, for example, black mine workers were prohibited from obtaining blasting certificates in South Africa during apartheid (McConnel and Brue 1995 in Rennie, 2000:111). This was attributed to the fact that, employers and privileged groups of employees find it difficult to tolerate those who are not like themselves. Occupational discrimination is a reflection of employer's preference, in the elevated occupational ranks, to hire a less productive worker who is like them rather than more productive workers who is different from them (Morudu, 1996:139). Managers are likely to fail if they simply hire employees who resemble them because the power of any group of people is the power to mix. Diversity bring with it innovation, creativity and new ideas (Oakley-Smith, 2001).

Wage discrimination: This form of discrimination takes place when a member of the unprivileged group is hired in such ranks only if he/she is willing to work at a lower wage than the dominant group (Morudu, 1996:139). For example, blacks and women (in senior positions) in South Africa are in most cases paid lower wages or salaries than white male employees, even though they perform the same job (McConnel and Brue 1995 in Rennie, 2000:111). For instance, in the case of Malaysia, Malays were getting lower salaries in the past than Chinese and Indians. In South Africa, black were paid lower than whites.

Impositional discrimination: This is where employers impose criteria for applicants that are beyond those actually required for the task of the job, as a screening device or as a means of obtaining workers of a certain type (Standing et al, 1996:384). For example, firms in the metal industry have apparently been selecting Africans for apprentices only if they have a matric with mathematics and science whilst whites were accepted with statutory minimum of standard seven or eight (Standing et al, 1996:389).

4.1.4. Forms of discrimination by intermediary agencies

Priority discrimination: this is where the public employment service, college or private employment agency gives lower priority with respect to placement of those from a certain group, in some cases in the interest of raising caseload efficiency (high placement rates), perhaps sending them for fewer interviews, informing fewer employers of their availability of skills, or simply not alerting jobseekers from that group of the existence of vacancies (Standing et al, 1996:384).

Job segregation discrimination: this is where the employment service, college or private employment agency sends a group of employees with certain characteristics only for certain types of job or scheme, thereby restricting their choice and opportunity, and helping to perpetuate or strengthen labour market segregation (Standing et al, 1996:384).

4.2. THEORIES OF LABOUR MARKET DISCRIMINATION

Discrimination is a complicated phenomenon and differs from one context to the next; more often than not it tends to have its roots in factors unrelated to the labour market. Some models of discrimination are discussed below.

4.2.1. Personal Prejudice

Employer discrimination: Employers' discrimination means that employers discriminate because of their perceptions that workers who belong to a certain group, for example, blacks and women are less productive than those of another group, for instance, whites (Barker, 2003:287). Thus, employers' discrimination and injustice are justified in terms their preference for other races hence their appointment and promotion (Rennie, 2000:112).

Employee/worker discrimination: This type of discrimination is caused by personal prejudice manifested on the supply side of the labour and goods market. For example, some whites prefer to avoid situations in which they have to interact with blacks' such as sharing a responsibility with a black. Whites will then resign or avoid non-discriminatory

employers; or the employers may offer them higher wages than their black counterparts to keep them (Serumaga-Zakes and Naudé, 2001:672). It is said that discrimination by employees is stronger and more prevalent than discrimination by employers. The reasons for this are as follows: employers are not in direct contact with the discriminated group, as is the case with employees. Discrimination by employers has financial costs, since they pay the favoured employee higher salaries. Prejudice amongst employees is heightened by their competition for jobs and close personal contact in the workplace (Kaufman, 1986 in Rennie, 2000:112).

Client/Customer discrimination: This type is also caused by personal prejudice. A client may prefer to be served or purchase a product from a white employee rather than a black employee (Rennie, 2000:112). If preferences to whites extend to jobs requiring major responsibilities, the preferences of blacks would be confined to less responsible jobs and an occupational segregation would occur. If blacks were to seek employment where customers' preferences favour whites, they either have to accept lower wages or be more qualified than the average white, because their value to the firm is lower than that of equally qualified white (Ehrenberg and Smith in Serumaga-Zakes and Naudé, 2001:672). Thus, black employees could then be paid lower wages to make up for the fact that they sell less, or they can be segregated to a lower paying job with no client contact (Rennie, 2000:112).

4.2.2. Market Power Model

Monopsonistic discrimination: Employers find it financially beneficial to practice wage discrimination or pay differential wages in respect of equally productive employees, for example, males and females or blacks and whites in cases where perfectly competitive conditions do not exist. According to this model, the employer is not necessarily prejudiced towards blacks or females. The employer implements wage discrimination because it is profitable to pay lower wages to groups whose labour supply is inelastic (that is less responsive to a wage reduction) (Rennie, 2000:112).

4.2.3. Statistical discrimination

Statistical discrimination occurs whenever individual are judged, for employment or promotion, on the average characteristics of the groups to which they belong, rather than individual characteristics (McConnell and Brue, 1995 in Rennie, 2000:113). Information available to employers about the skill endowments of individual job applicants is relatively 'sketchy', while information about the average skill endowments of social groups is relatively complete (Morudu, 1996:139).

Since the selection of personnel is expensive, only limited information is often collected, and this information does not adequately equip the employer to identify the most productive employee (McConnell and Brue, 1995 in Rennie, 2000:113). Due to the aforementioned difficulties experienced during the selection it often happens that employers seeking employees collects information on each applicant by using personal characteristics (race, gender, age and educational qualification), which are unrelated to the performance of the job, as indicators of potential productivity. Thus, because of incomplete information about individual job applicants, it is more cost effective and efficient for employers to give preferential hiring, or pay higher wages, to members of a group that they consider to be statistically competent and reliable (Morudu, 1996:139).

4.2.4. The crowding model

According to one variant of this model, the employer will, in the interests of labour peace, segregate workers from different races into different occupational categories and therefore avoid racial tensions in the enterprise (McConnel and Brue, 1989 in Barker, 2003:288). White workers might also prefer white workers and this result in black workers being crowded into less attractive occupations. Thus, employers weigh the cost implications that may arise from the reaction of privileged groups if a qualified member of an underprivileged group is hired (Morudu, 1996:140).

4.3. HUMAN CAPITAL THEORY

The basic premise of the human capital theory is that education and training enhances a person's stock of human capital by increasing his or her chances of employment and productive potential by imparting useful knowledge and skills (Barker, 2003:246). Proponents of the human capital theory state that the skills and knowledge of the individual are the key determinants of the distribution of income (Lombard and Palmer, 1982:36). Thus, differences in earnings can be explained as the return obtained on capital invested in acquiring certain skills and levels of education (Lonsdale, 1985:5). There is thus a progression from education and training to higher productivity to higher earnings (Marshall, 1980 in Barker, 2003:247). Therefore individuals with little education, training and skills will have low productivity levels and earn low or poverty wages (Lombard and Palmer, 1982:36). For example in South Africa, there is a general agreement that limited access of Africans to educational institutions and the poor quality of their education, have been the major factors in determining their inferior positions in the labour market (Langa, 1996:156).

Lombard and Palmer (1982:36) argue that Rosen's model reveals a positive relationship between job upgrading and education since individuals with more years of schooling tend to have a greater learning capacity and so find themselves in higher occupations. These persons have an incentive to choose jobs that provide greater on the job training and development opportunities, which are made possible through job upgrading programmes. The additional cost is offset by the greater value of knowledge obtained.

Investment in formal training and on-the job training produces benefits both to the individual in the labour market, because it improves the workers general ability to reason, to take decisions and allocate skills (Lombard and Palmer, 1982:36). It also improves a society as a whole, since society benefits from the increased productivity of educated workers. Throughout the world this is recognised by governments who pay some or all of the costs of education. To conclude, this theory provides a very simple analysis on how individuals formulate decisions on whether or not to further their education. This implies

that individuals have a choice of continuing with their education and earn a higher wage later or entering the labour force immediately and earn a lower wage.

4.4. THE GENERAL DISCUSSION ON AFFIRMATIVE ACTION

4.4.1. DEFINING AFFIRMATIVE ACTION

There are various definitions of affirmative action. Affirmative action can be defined as laws, programmes or activities designed to correct historical injustices, redress past imbalances and to ameliorate the conditions of individuals and groups who have been disadvantaged on the grounds of race, gender and disability (Department of Public Service and Administration, 1998:17) so that eventually a level playing field will be created where everyone can compete (Thomas, 1996 in Mello, 2000:31). This challenge is not only that of creating better jobs for the previously disadvantaged but also uplifting those already in employment to better positions and to actively participate in key economies.

Affirmative action is defined as “measures designed to ensure that suitably qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer (Pretorius, 2001:13). These terms refer to initiatives to redress employment disadvantage suffered by members of the specific groups as a result of discrimination. Affirmative action policies range from quotas, the most controversial, requiring that a certain number of jobs be reserved for disadvantaged groups to giving disadvantaged groups preference in employment (Bhoola, 1996:50).

Affirmative action is about empowerment- about creating opportunities, mechanisms and structures to allow disempowered groups to develop their educational, political, psychological, and economic capacities in a sustainable manner. “It addresses the disadvantages caused by poor education, prejudice, job reservation, racism, lack of political rights and unequal distribution of wealth” (Wingrove, 1993:7). The above authors define

affirmative action in the same way, meaning that there is a clear line in the understanding of affirmative action.

In South Africa empowerment programmes focuses on three levels of beneficiaries. The first type of beneficiaries include direct beneficiaries in the form of entrepreneurs and the shareholders of companies; the directors and the senior executives of companies who implement the decisions taken by the board. Direct beneficiaries take a certain level of risk and expect to be rewarded according to that risk. The second type of beneficiaries is made up of employees who benefit through occupations, salaries and transfer of skills which aims to achieve a fairer representation of blacks within companies at all levels. This will result in a fairer distribution of income across the different population groups. The third type is made up of the external stakeholders. These include the Black Economic Empowerment suppliers and disadvantaged communities. The benefits to the third type of beneficiaries will be channelled through initiatives such as affirmative action procurement and enterprise and social development (Jack, 2004:36).

The core of this dissertation is in the second type of beneficiaries, namely, equity in the workplace which gives employees the opportunity to move up the employment ladder and benefit through occupations of senior posts, salaries and transfer of skills which aims to achieve a fairer representation of blacks within companies at all levels. This will result in a fairer distribution of income across the different population groups

4.2. LESSONS OF AFFIRMATIVE ACTION FROM INTERNATIONAL EXPERIENCE

4.2.1 Affirmative Action in Malaysia

The type of affirmative action that was implemented in Malaysia seemingly resulted in vital economic growth while simultaneously promoting the disadvantaged majority of its citizens; hence it is of particular importance to South Africa for a number of reasons (Swanepoel et al, 2003: 142). Firstly, Thomas (2002:243) notes that the Malaysian

affirmative action programme intended to benefit the majority of the population and differences in religions of that country broadly coincide with the ethnic differences that South Africa encounters. In Malaysia the ethnic minority (Chinese) largely controls most of the economic power, while political power is in the hands of the Bumiputra (the sons of the soil), as the population of Malay origin is referred to (Adam, 2000:58). This resembles the South African situation where affirmative action is designed to benefit the majority of the population. Similarly, economic power is situated in the hands of white minority, whilst political power is in the hands of the black majority.

Malaysia gained its independence from Britain in 1957. After independence, the government was formed by the Alliance Party made up of three parties representing three ethnic groups, the Malays, Chinese and Indians (Swanepoel et al, 2003:143; Jauch, 1998:7). Successive governments embarked upon development plans to eradicate the economic gap between the Malays and the other two ethnic groups (Swanepoel et al et al, 2003:143). At the time of independence, the population of Malaysia comprised three main ethnic groups, the Malays who constituted a 50 percent majority of the population (Jauch, 1998:6). The Chinese, who migrated to Malaysia in the nineteenth century, comprised 35 percent of the population. Under the British colonial rule the Chinese population had become (economically advantaged) relatively wealthy merchants and traders, living mostly in urban areas (Swanepoel et al, 2003:143), than Malays who settled in rural areas (Jauch, 1998:7). The Indians, who comprised 10 percent of the population had prospered under colonial rule and became powerful in commerce and finance (Swanepoel et al, 2003:143).

In 1957, 73 percent of Malays were concentrated in the lowest paying occupations-agricultural workers and fishermen, compared to 38 percent of the Chinese and 44 percent of the Indians. Malays constituted only 3 percent of sales workers, whereas the Chinese constituted 16 percent and Indians constituted 9 percent of sales workers. As a result, at the time of independence income inequality was a problem, where the mean income per Malay household (in Malaysian ringgit) was 139 per month, compared to 300 per month for Chinese and 237 for Indians (Adams, 2000:59).

The target beneficiaries of affirmative action programmes were the majority groups (Malays) who were regarded as victims of historical discrimination consisting of structural constraints on Malay participation in the modern sectors of the economy rather than one of domination and exploitation of Malays by other groups (Jauch, 1998:6). To bring the majority population or disadvantaged population on board, a special rights clause (Article 153) for Malays was incorporated into the federal constitution of Malaysia (Jauch, 1998:7). Malays were granted political supremacy, the Malay's religion (Islam) was established as the main religion to be used in Malaysia; Malay was entrenched as national language and quotas in favour of Malays in the public service were introduced (Swanepoel et al, 2003:143). Provisions of scholarships and other educational privileges and for preferential treatment with regard to issuing of trade permits and licenses were also made available for the Malays (Jauch, 1998:7). According to Jauch (1998:7) Article 8 of the constitution stated that all persons 'shall be equal before the law and they shall be entitled to its equal protection', that is not be judged on the basis of their ethnicities. It specifically pointed out that:

A citizen may not be discriminated against on the grounds of religion, race, descent or place of birth in any office or employment under public authority or in the administration of any law relating to the acquisition, holding or disposition of property, or the establishment or carrying of any trade, business, profession, vocation or employment (Jauch, 1998:7).

In return, an understanding with the advantaged ethnic groups was reached to ensure that their economic interests would be protected and that they would not lose what they already had (Swanepoel et al et al, 2003:143). For instance, the constitution guaranteed non-Malay public servants the right to keep their jobs and non-Malay holders of scholarship the right to retain this financial support until their training was completed (Jauch, 1998:8). Citizenship for the Chinese and Indians was also granted in return for constitutional preferential treatment of the Malays (Thomas, 2003:243).

Affirmative action in Malaysia's public sector employment took the form of fixed recruitment quotas that ranged from 3:1 to 4:1 prescribing the recruitment of four Malays

for every non-Malay for higher posts (Jauch, 1998:8). Besides quotas in public service employment, policies which included rural development projects, land resettlement schemes, marketing facilities, and the provisions of schools and clinics were introduced by the Malaysian government to improve the quality of life in rural areas where residents were predominantly Malay. The fast growing urban sector of the economy provided the necessary finance and Malays found increased employment in the expanding public service (Jauch, 1998:8).

However the ethnic division of labour remained visible (Jauch, 1998:8) and the indigenous Malay community remained economically disadvantaged, threatening unity and national stability (Thomas, 2002:243). Due to lack of qualified Malays who could enter the professional and technical services, they were concentrated in the administrative and sub-professional jobs while non-Malays continued to dominate the professional and technical services. Consequently, the Malays claimed that not enough was being done to bring them on a par with non-Malays. The non-Malays, on the other hand, felt a special provision for the Malays as reverse discrimination and opposed the special rights clause if it was meant to become a permanent feature (Jauch, 1998:8).

The original Malaysian constitution provided that affirmative action provisions had to be reviewed fifteen years after independence, but this clause was removed from the Constitution as a result of serious civil protest in 1969. The civil uprising was attributed to a number of factors. Between 1957 and 1969 there was little government interference in the private sector and the economy grew at an average rate of 5.7 percent per annum which was healthy, while retaining its dual character of affluent Chinese and Indians with a poor rural (Malay) majority population who did not share in the benefits brought about by the economic boom, despite political power and domination in government decision making. As a result of this uprising, the government instituted a number of drastic reform measures (Swanepoel et al et al, 2003:143).

After elections in 1969 the Malay political elite successfully rallied for changes in the constitution to entrench further special provisions which became a permanent feature in the

form of a constitutional clause which could not even be changed by two-thirds majority in parliament (Jauch, 1998:8). An interventionist strategy was started by the state to increase business ownership by Malays and to promote and speed up the transfer of wealth to the Malays. This was in line with the New Economic Policy (NEP), which was introduced in 1971 in favour of indigenous Malays, aimed at reducing and eventually eradicating poverty and introducing affirmative action programmes aimed at restructuring society to eliminate the association of race with economic standing (Thomas, 2002:243; Adam, 2000:59). Affirmative action targets which were previously limited to the public service were extended to the private sector; land settlement schemes and agricultural credit, whilst price supports were introduced, and the state enterprise sector was rapidly expanded. The government embarked on a vigorous education programme favouring Malays and concentrating on the development of managerial, technical and scientific knowledge and skills. As a result a Malay middle class soon appeared (Swanepoel et al, 2003:144). The government also introduced and supported in-service training schemes in the private sector.

4.2.2 Benefits of Affirmative Action in Malaysia

Through the implementation of quotas at universities, in government and parastatal organisations and in the ownership of enterprises and new business, Malays now constitute the majority of university students (Puthuchear, 1993 in Thomas, 2002:243) and have moved from agriculture into manufacturing, trade and civil service (Thompson, 1993 in Thomas, 2003:243). In professional and technical occupations, Bumiputra membership increased from 47 percent in 1970 to 55.6 percent in 1988. In administrative and managerial occupations this figure rose from 24 percent in 1970 to 28.4 percent in 1988 (Adam, 2000:60-61).

Malays also increased their share in the wealth of the corporate sector from less than 2 per cent in 1970 to 18 per cent in 1990. This was achieved through the establishment of numerous public enterprises which were controlled by Malays (Jauch, 1998:9). The Chinese in 1970 owned 34.4 percent of capital which grew to 47.7 percent by 1985. Foreigners, in 1970 owned 63 percent with this falling to 33.6 percent by 1985 (Adam,

2000:60). The NEP tried to achieve equality of result, that is, proportionate distribution of income, wealth and occupation among ethnic groups. It achieved a higher degree of ethnic balance in the urban community and contributed to the establishment of a Malay business community (Jauch, 1998:9). Affirmative action in Malaysia was part of the country's overall economic development. The government adopted a flexible approach of the NEP, adjusting it to economic necessities. High economic growth rates of 6 to 8 percent per annum were the most important reason for the success of affirmative action because all ethnic groups benefited from increased incomes. While members of the Malay middle class were the main beneficiaries, the incidence of rural poverty also fell significantly from 68.9 percent of the population in 1970 to 46.1 percent in 1980 and to an estimated 21.8 percent in 1990 (Jauch, 1998:9).

4.2.3. Problems of Affirmative Action in Malaysia

The quota system has operated to divide Malaysian society more deeply on ethnic lines (Swanepoel et al, 2003:144). As a result of quotas, non-Malay students left the country to study abroad. The continued ownership of wealth by the Chinese and Indians who operate business run by Malay "frontmen" is also a result of quotas (Thompson, 1993 in Thomas, 2002:243). This resulted in an elite Malay group benefiting from affirmative action, with less benefit accruing to the poorest sectors of the disadvantaged group (Castle, 1995; Jain, 2000 in Thomas, 2002:243). The system of rigid quotas can permanently entrench affirmative action strategies that may eventually serve only the interests of a minority (Jain, 2000 in Thomas, 2003:243).

Within the Malays, in 1992, the disparities in income between rich and poor are now wider than within any other ethnic group. This raises the issue of affirmative action's inability to assist the least disadvantaged among the disadvantaged group (Plaut, 1992 in Swanepoel et al, 2003:144). State organisations such as the Malay Chamber of Commerce that represent primarily the interests of the small businessmen have criticised government policies that favour big business while organisations of Malay workers have struggled against low wage

rates set by their own ethnic entrepreneurs, as well as Chinese factory owners (Adam, 2000:61).

In Malaysia, the government avoided the situation where the special rights for the Malays would result in the rights of the non- Malays. Thus, affirmative action in Malaysia was successful in reducing socio-economic inequalities between ethnic groups without imposing undue hardship on the non-beneficiary groups (Jauch, 1998:9). This approach was of crucial importance for the success of affirmative action programmes. Since affirmative action tried to overcome inequities in an equitable manner, both the foundation of the programmes and the way they were handled had to be equitable. Thus, not only the interests of the discriminated groups had to be considered, but also those of the formerly advantaged. In this way, affirmative action tried to find solutions that were acceptable to all parties concerned (Jauch, 1998:9).

4.2.4. Lessons of Affirmative Action from Malaysia

(1) High economic growth, in particular employment growth, is essential to successful affirmative action. Since 1970, real growth rates of over seven percent per annum were experienced by Malaysia. Growth is important for reduction of backlogs as well as reducing racial disparities (Barker, 2003:297). The Malaysian economy was managed in a very open way and this contributed to economic success and also allowed non-beneficiaries the option to leave the country largely with their wealth intact if they so wished (Barker, 2003:297).

(2) Education at the secondary and tertiary levels was vital in promoting equality and economic growth, and necessary resources were allocated to improve education (Barker, 2003:297; Swannepoel, 2003:144).

(3) The Malaysian experience with affirmative measures such as quotas was not a good one. It was difficult to do away with them, after they were applied to the public sector and

had several detrimental effects such as inefficiency; dependency and the fostering of resentment (Barker, 2003:297).

(4) Affirmative action policies based on race or ethnicity can cause great rifts along ethnic lines and undermine efforts to foster a national rather than a sectoral identity among groups in a society (Swannepoel, 2003:144).

(5) Affirmative action founded on group based notions of disadvantage does little to benefit the poor. The gap between the poor and the rich within historically disadvantaged group tends to increase markedly subsequent to the introduction of affirmative action programmes. Whilst affirmative action improves the number of entrants from the disadvantaged group into the bourgeoisie class, neglecting the needs of the poor people may lead to social unrest and serious conflict (Swannepoel, 2003:144).

Having discussed affirmative action in Malaysia, it is also important to look at how affirmative action policies were pursued in other countries. The reason for discussing two countries is to be able to see their strengths and weaknesses so as to know what is applicable or not. This will also help to correct past mistakes done by certain countries, hence affirmative action in the United States of America is discussed below.

4.5. Affirmative Action in the United States of America

The major difference between South Africa and the United States (USA) social conditions is that in the USA the majority of the population is white whilst in SA it is black. Moreover, in the USA, the politics of the 1960s required the white majority to affirm a minority black population (Ramphela, 1995:1).

The first attempt at banning discriminatory employment practices towards minority groups and women was made by President Franklin D. Roosevelt as far back as 1941 when he set up the Fair Employment Practices Committee (FEPC) (Herholdt and Marx, 1999:2; Hay and Wilkinson, 2002:80). In 1941, President Roosevelt's Executive Order 8802 prohibited

private employers in defence industries and by the federal government to discriminate based on race, creed, colour, or national origin (Swanepoel et al, 2003:120; Hay and Wilkinson, 2002:80). This action was primarily motivated by a black leader Phillip Randolph, a head of black railroad workers (Smith, 1981 in Hugo, 1986:56; Alkalimat, 1996:209).

One month later, a FEPC was created to investigate complaints of non-compliance with this order. The committee also acted as an advisory body to the President with respect to recommending appropriate methods of giving the desired effectiveness to it as well as monitoring the implementation of the policy (Hill, 1964 in Hugo, 1986:56; Alkalimat, 1996:209). The FEPC was a watchdog committee without real power, but it could advocate change (Alkalimat, 1996:209). This particular attempt to eliminate racially discriminatory employment practices was largely ineffective in achieving its goals in that no provision was made to give it teeth and as a result of the absence of punitive measures many employers failed to comply with the order (Hill, 1964 in Hugo, 1986:56).

In 1961, an executive order 10925 that compelled private contractors to treat job applicants equally without regard to race, creed, colour or national origin was issued by President John F Kennedy (Jauch, 1998:1) in which he used the term “affirmative action” to refer to practices aimed at assisting women and ethnic minorities who had historically been discriminated against. Although President Kennedy’s administration made some progress with the implementation of affirmative action, it was during President Johnson’s presidency (1963 to 1968) that the landmark civil right legislation was ushered in (Hugo, 1986:56). The Civil Rights Act passed in 1964 laid the foundation for the development of affirmative action law in America (Swanepoel et al, 2003:119-120), through recognising the importance of extending opportunities to blacks to enter the economic mainstream (Hugo, 1986:56).

Initially the U.S.A affirmative action targeted black minority. These make up less than 12 percent of the population. Although they are heterogeneous like any American group, they share a common historical and political heritage and have been defined as an “involuntary

minority” who remained slaves until the mid nineteenth century. Even when free, they were subject to overt discrimination, officially authorised and sanctioned, until the passage of the 1964 Civil Rights Act (Adam, 2000:39).

In 1964 affirmative action appeared in the Title VII of the Civil Rights Act, stating that employers should implement affirmative action programmes to compensate for discriminatory practices in the past (Jauch, 1998:1). The United States of America, Title VII of the Civil Rights Act of 1964 (42 U.S. A. Code, section 2000e et seq., as amended), states:

“It shall be an unlawful employment practice for an employer... to fail or refuse to hire or discharge any individual or employee, or otherwise to segregate or discriminate against any individual with respect to his [sic] compensation, terms, conditions, or privileges of employment such as raises promotions, because of such individual’s race, colour, religion, sex or national origin... an unlawful employment practice based on disparate impact is established under this title only if the employer fails to demonstrate that the challenged practice is job related for the position in question and consistent with business necessity” (Standing et al, 1996:382; Nel et al, 2004:176; Hugo, 1986:57).

This protection extended not only to bias in hiring and discharge but also included compensation, conditions and privileges of employment, and the classification of employees or applicants for employment in any manner that would limit them, on the basis of group membership (Adam, 2000:38).

In September 1965, Executive Order 11246 was signed by President Johnson, which required federal contractors to “take affirmative action to ensure that applicants, are employed, and that employees are treated equally during employment, without regard to their race, colour, religion, sex, or national origin (Agcos and Burr, 1996 in Thomas, 2002:246). In his justification of the policy President Johnson argued that:

But freedom only is not enough. You do not take a person who, for years, has been hobbled by chains and liberate him, bring him up to the starting line of the race and then say, you are free to compete with all the others, and still justly believe that you have been completely fair. Thus it is not enough just to open gates of opportunity. All our citizens must have the ability to walk through the gates... We seek not just freedom but opportunity- not just legal equity but human ability- not just equality as a right and a theory but equality as a fact and a result (Sunday Times, 26 August 2001 in Terreblanche, 2002:35; Citizens Commission on Civil Rights, 1984 in Hugo, 1986:58; Nel, 1996:9).

The operation of affirmative action under the Kennedy administration did not entail the notion of race-conscious action on the basis of a compensatory employment philosophy designed to redress past societal wrongs compared to later orders decreed by President Johnson and his successors (Hugo, 1986:57). Federal Contractors were required to perform administrative functions related to reporting on workforce composition and setting of goals and timetables for representative hiring (Agcos and Burr, 1996 in Thomas, 2002:246). Each contractor with 50 or more employees and who was bidding for a contract of at least \$ 50 000 was required to prepare and submit a written affirmative action plan (Alkalimat, 1996:211). An official circular expected all employers to understand that affirmative action required them to follow:

Certain guidelines to ensure a balanced and representative workforce. Non-discrimination alone is not affirmative action. To be truly affirmative, a company must take specific steps to remedy the present effects of past practices. What this may mean in practice is that a company has to go out of its way to recruit, select, train, and promote minorities until they are equitably represented in the workforce. Under equal employment opportunity a company may adopt a policy of neutrality and hope or assume it will happen. Affirmative action then is an extension of equal employment opportunity; it is the means by which a company achieves equal employment opportunity (Hall and Albrecht, 1979 in Hugo, 1986:58).

Another circular, expected employers to include in their affirmative action plans an analysis of areas within which the contractor was deficient in the utilisation of minority groups, and further, goals and timetables to which the contractor's good faith efforts must

be directed to correct the deficiencies and thus to increase materially the utilisation of minorities at all levels and in all segments of the contractor's work force where deficiencies exist (Benokraitis and Feagin, 1978 in Hugo, 1986: 58).

The USA Department of Labour took the Executive Order 11246 signed by President Johnson and defined specifics of affirmative and guidelines that affirmative action applies to minority groups and women and consists of "results-oriented actions", such as goals, timetables, back pay, and retroactive seniority, designed to ensure equal employment opportunities (Swanepoel et al, 2003:120; Sikhosana, 1996:66). In 1967, Executive Order 11375 extended coverage to all women. By 1968 the Labour Department had developed "utilisation analysis". The underlying assumption was that, in the absence of discrimination, persons from affected classes would be hired in roughly the same proportion as they were qualified and available. Because of this assumption the Labour Department viewed disparate impact as strong evidence of discrimination. The Labour Department, the Equal Employment Opportunity Commission (EEOC) and the Office of the Federal Contract Compliance (OFCC) located in the Department of Labour used such evidence to demand that goals and timetables be established to reduce under-utilisation of affected groups. Now the government officially recognised discrimination as systemic (not necessarily intentional) and the results oriented goal of proportional representation became part of United States of America's public policy (Swanepoel et al; 2003:120).

Although President Johnson was the first to establish affirmative action with the famous Executive Order 11246, preferential policies (to take race into account) were first implemented by Richard Nixon. Under Nixon in 1969, the federal government authorised what became known as the "Philadelphia Plan", a programme requiring federal contractors to set specific goals for minority hiring in the city's construction industry (Adam, 2000:39). In Philadelphia, the local authority had challenged builders to hire black workers in each job category to match the proportion of blacks in the entire workforce, which in Philadelphia was 30 percent (Alkalimat, 1996:211). President Nixon in 1972 signed the amendments to the Civil Rights Act which strengthened Title VII, with race and gender related measures approved by the United States Congress. In addition, Executive Order

11246 of 1972 provided higher education guidelines and requires development and implementation of equal employment opportunity programmes for employment in higher education in particular (Hay and Wilkinson, 2002:80).

Other regulatory procedures most notably civil rights complaints and costly settlements in terms of race and gender discrimination have also influenced employers to adopt strategies of affirmative action to prevent unfair discrimination (Acgos and Burr, 1996 in Thomas, 2002: 246). In 1977, when the U.S.A Congress passed the \$4 billion Public Works Employment Act, it included a provision for minority businesses: ‘.... ten percentum of each grant shall be expended for minority business enterprise’. This was meant to overcome the fact that minority businesses got less than 1 percent of federal contracts even though they were at least 18 percent of the population (Alkalimat, 1996:212).

4.5.1 Benefits of Affirmative Action in the United States of America

As a result of the Philadelphia plan, the proportion of blacks in the construction industry rose from 1 percent to 12 percent (Adam, 2000:39). The federal contractors’ regulation to implement affirmative action policy, covered 75 percent of the United States workforce and has resulted, among other things, in higher earnings, occupational upgrading and higher representations across occupations for women, and minorities over the years in both public and private sectors (Jain, 1999 in Thomas, 2003:246).

The earnings of black males relative to white males increased between 1960 and 1990 (Adam, 2000:52). Moreover, the percentage of black families earning more than \$50 000 per annum increased from 10 percent to nearly 50 percent between 1970 and 1990. Thus in terms of earnings distribution the black middle class also prospered during this period (Adam, 2000:53).

Prior to the implementation of affirmative action programmes and policies, black students constituted only 4.9 percent of the college students. Post affirmative action, the percentage of black college students increased steadily. In 1970, 7.8 percent of college students were

black. In 1980, 9.1 percent were black and in 1990, 11.3 percent were black (Adam, 2000:53).

4.5.2 Problems of Affirmative Action in the United States of America

Affirmative action in the USA has not been without its problems. In the USA, by 1996, less than 5 percent of blacks were in the executive, administrative and managerial positions, and occupied only 0.6 percent of senior executive slots in private corporations (Luhabe, 2002:172). Goldenberg (2004:25) notes that the data analysed by the Pew Hispanic Centre revealed that the wealth gap between white households, Hispanics and African-American families in the United States has widened during the economic downturn of 2001. In 2002 the median net worth of white households was \$88 651, or 11 times greater than Hispanic families (\$7 932) and 14 times greater than African-American families (\$5 988). This implies that minorities own only a fraction of wealth to the one that is enjoyed by whites.

In addition, the focus of affirmative action has been on numbers, with no due regard being paid to training and development of selected candidates, leading to little investment in human capital (Roberts, 1997 in Thomas, 2002:246). However, even with this apparent success, almost half the states in the USA are moving to abolish affirmative action because after 30 years, this policy has become counter productive and has outlived its usefulness (Johnson, 2002 in Thomas, 2002:246). Certain states such as California adopted legislation to prohibit affirmative action, allowing only for protection against unfair discrimination (Swanepoel et al, 2003: 121).

Affirmative action in the USA remained meaningless for the poorest sections of Americans because it did not address the wider issues of poverty as well as social and economic systems (Clark, 1992 in Sikhosana, 1996:73). This implies that historic disadvantages among poorest sections of the population from generations ago were being carried over (Goldenberg, 2002:25). Its beneficiaries have been those who have advanced furthest in escaping the ghetto and who in many instances have enjoyed superior educational and

better standards of living (Hugo, 1986:61). Thus affirmative action has benefited white women more than blacks (Human, 1991 in Sikhosana, 1996:73).

In America, affirmative action was instrumental in narrowing the gap between various racial groups because they were fairly represented in the privileged classes. In other words, affirmative action shifted from racial inequality to class inequality. In the United States poverty among blacks is no longer at the 45 percent level of the 1960s, but a third of the black community still lives below the poverty line (Clark, 1992 in Sikhosana, 1996:73). The rate of unemployment among blacks is double that of whites, and has remained at this rate since passing of the 1964 Civil Rights Act (Clark, 1992 in Sikhosana, 1996:73). Goldenberg (2002:25) notes that the Pew Hispanic Centre report argues that even in periods of economic expansion employers' are more likely to hire white majority than minorities. This intensifies the effects of a 30 percent wage gap between white and minority workers making it much more difficult for Hispanics and African-Americans to overcome traditional disadvantage.

4.6. BATTLING FOR A CHANGE: AFFIRMATIVE ACTION IN SOUTH AFRICA

4.6.1. Origins of Affirmative Action in South Africa

Affirmative action within the context of 'black advancement' as it was known in South Africa in the 1970s (and equal opportunity programmes in the 1980s), can be traced back from the mid-to late seventies (Luhabe, 2002:19). These programmes subsequently evolved into Sullivan Code in 1978 when Sullivan principles were imposed in US based Multinational Companies operating in South African. Reverend Leon. H. Sullivan a member of the General Motors board of directors after consultation with a number of corporate executives and with the South African government formulated Sullivan Principles, with the aim of reducing racial inequalities associated with apartheid (El-Khawas, 1982:531).

American companies operating in South Africa, as well as other local organizations enduring pressure from their respective countries of origin were compelled either to

disinvest from South Africa or embark on intensive black advancement programmes (Madi, 1993:3-5). They were urged to generate fair policies and practices regarding training, development and career advancement, reward and recognition and develop and finance corporate social responsibility programmes benefiting black communities (Luhabe, 2002:19). The Sullivan signatories program specified six dimensions of desirable behaviour on which signatory companies in South Africa were rated (Herholdt and Marx, 1999:2). The six original principles included:

- The non-segregation of races in all eating, recreational and work facilities;
- Equal and fair employment practices for all employees;
- Equal pay for all employees doing equal or comparable work for the same period;
- The initiation and development training programs to prepare blacks and other non-whites, in substantive numbers, for supervisory, administrative, clerical and technical jobs;
- Increasing the numbers of blacks and other non-whites in management and supervisory positions,
- Improving the equality of employees' lives outside the work environment in areas such as housing, transportation, schooling, recreation and health.

According to El-Khawas (1982:531) the Sullivan Principles were implemented at a very slow pace so that several black workers in American plants continued to work in a segregated environment because some companies were reluctant to integrate their facilities for the fear of white reaction (El-Khawas, 1982:532). The steps that were taken towards implementation were insignificant; for example, the removal of signs in segregated facilities based on race, which required blacks and whites to use separate facilities in line with the Reservation of Separate Amenities Act Legislation No. 49 of 1953 (El-Khawas, 982:531). The process of black advancement at the time was guided by the old ideology of the overall white leadership of the economy and the protection of white interests where whites could move only upwards. Blacks were not empowered to act as independent managers or supervisors rather than in an overtly paternalistic way (Nzimande, 1996:190).

4.6.2. Affirmative Action in the Post-Apartheid South Africa

In South Africa, the attainment of democracy prompted the post 1994 South African government to commit itself in redressing the imbalances of the past and to strive for empowerment of the historically disadvantaged especially blacks as classified as Coloureds, Indians and Africans who were denied opportunities under apartheid by developing legislative programmes through affirmative action. As a result Employment Equity Act (Act 55 of 1998) was developed as an instrument for addressing the legacy of the apartheid colour bar, which excluded people from jobs above the basic level (Terreblanche, 2002:47).

According to Standing et al. (1996:383) measures to remedy all inequalities also meant that actual social, economic, and political indices of disadvantage had to be addressed for example, poverty, denial of opportunities, education, exclusion from participation and social institutions. Moreover, Nel (2002:97) notes that the legacy of inequality inherited from the past cannot be left to formal equality alone with the assumption that it will correct itself through market forces over a period of time. This implies that the lifting of the discriminatory laws will not in itself break the long standing patterns of discrimination and overcome the effects of disempowerment of black people, hence the need for affirmative action (Kraak, 1994:41; Portnoi, 2003:79).

4.6.3. Employment Equity Act 55 of 1998

Employment Equity Act (EEA), No. 55 of 1998 was introduced in the context of extreme social and economic inequality as Nel (2002:97) points out that “there is nothing more unfair than treating unequal people equal”. EEA is the key piece of legislation that intends to achieve equity in the workplace through the elimination of unfair discrimination and implementing affirmative action strategies (Thomas, 1998:92; Orr and Goldman, 2001:13). It also protects workers by ensuring that suitably qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer (Nel, 2002:299).

4.6.4. The Purpose of the Act

The purpose is to achieve equity in the workplace through the following two measures:

- 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 and diverse in all occupational categories and levels in the workforce so as to promote economic development and efficiency in the workplace (Meyer, 2000:225; Finnemore, 2000:555, Nel et al, 2004:85; Hay and Wilkinson, 2002:42).

4.6.5. Interpretation of the Act

The EEA must be interpreted in compliance with the Constitution so as to give effect to its purpose, taking into account any codes of good practice. It must also be interpreted in compliance with the international law obligations of the Republic of South Africa particularly International Labour Organisation (ILO) Convention No 111, concerning Discrimination in Respect of Employment and Occupation (Finnemore, 2000:555). In terms of the South African constitution interpretation the most relevant point is Section 9 of the constitution which deals with the equality clause. Article 1 of the ILO Discrimination (Employment and Occupation) Convention, 1958 (No. 111), defines discrimination to include:

“Any distinction, exclusion or preference of labour with regard to colour, sex, religion, political opinion, national extraction, or social origin, which has the effect of multiplying or impairing equality of opportunity or treatment in employment or occupation ... [including access to vocational training, access to employment and to particular occupations, and terms and conditions of employment] Any distinction, exclusion or preference in respect of a particular job based on the inherent requirements thereof shall not be deemed to be discrimination” (Standing et al, 1996:382).

According to the Constitution of the Republic of South Africa's Bill of Rights, section 9 of the Constitution (1996:7), the term equality reads as follows:

- Everyone is equal before the law and has the right to equal protection and benefit of the law;
- Equality includes the full and equal enjoyment of all rights and freedoms. To promote the achievement of equality, legislative and other measures designed to protect or advance persons or categories of persons, disadvantaged by unfair discrimination may be taken;
- The state may not unfairly discriminate directly or indirectly against anyone on one or more grounds, including race, gender, sex, pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language and birth or HIV status (Thompson and Woolard, 2001:1; Nel, 2002:297; Thomas, 1998:93; Barker, 1998:54).
- No person may unfairly discriminate directly or indirectly against anyone on one or more grounds in terms of subsection (3). National legislation must be enacted to prevent or prohibit unfair discrimination;
- Discrimination on one or more of the grounds listed in subsection (3) is unfair unless it is established that the discrimination is fair”.

4.6.6. Application of the Act

Except to members of the National Defence Force, the National Intelligence Agency of the South African Secret Service, the EEA applies to all employees and to all employers except where only “designated” employers are identified (van Wyk, 2002; Finnemore, 2000:555). The employees excluded from the EEA can bring unfair discrimination matters before the Constitutional Court or lodge complaints with the Human Rights Commission (van Wyk, 2002:79).

4.6.7. Unfair Discrimination

It is not unfair discrimination to take affirmative action measures consistent with the purpose of the Employment Equity Act; or distinguish, exclude or prefer any person on the basis of an inherent requirement of a job (Finnemore, 2000:556; Meyer, 2002:226; van

Wyk, 2002:81; Barker, 1998:55). Harassment of an employee is a form of unfair discrimination and is prohibited on any one (Meyer, 2002:226; van Wyk, 2002:81). An employer must address unfair discrimination in relation to wage differentials. This can be done through collective, other bargaining or through measures contained in the Basic Conditions of Employment Act or in any manner appropriate in the circumstance (van Wyk, 2002:81).

4.6.8. Elimination of Unfair Discrimination

Every employer must take steps to promote equal opportunity in the workplace by eliminating unfair discrimination in any employment policy or practice. Employees or job applicants cannot be unfairly discriminated against (Finnemore, 2000:555).

4.6.9. Affirmative Action

4.6.9.1. Affirmative Action Measures

Affirmative action measures are designed to ensure that suitably qualified persons from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce (Section 15 (1) in van Wyk, 2002:82). Affirmative action measures implemented must include:

- measures to identify and eliminate employment barriers, including unfair discrimination, which adversely affect people from designated groups
- measures designed to further diversity in the workplace based on equal dignity and respect of all people
- making reasonable accommodation for people from designated groups in order to ensure that they enjoy equal opportunities and are equitably represented in the workforce. “Reasonable accommodation” means any modification or adjustment to a job or to the working environment that will enable a person from a designated group to have access to participate or advance in employment
- measures to ensure equitable representation of suitably qualified people from designated groups in all occupational categories and levels in the workforce and measures to retain and

develop people from designated groups and implement training measures (van Wyk, 2002:82; Finnemore, 2000:557; Thomas, 1998:93; Barker, 1998:57).

The EEA envisages that an employer's employment equity plan will include preferential treatment measures and numerical goals, but quotas are explicitly excluded. A designated employer is not required to take any decision concerning an employment policy or practice that would establish an absolute barrier to the prospective or continued employment or advancement of people who are not from designated groups. One can therefore conclude that the testing of quotas and affirmative action measures amounting to reverse discrimination are not part of the legislative intent (Swanepoel et al, 2003:133).

Section 20 (3) of the EEA, states that, a person may be suitably qualified for a job as a result of anyone or more of the following; formal qualifications, prior learning, relevant experience and the capacity to acquire, within a reasonable time, the ability to do a job (Orr and Goldman , 2001:16).

4.6.10. Designated Employer

A designated employer is an employer who employs 50 or more employees, or an employer who employs fewer than 50 employees, but has a total annual turnover that is equal to or above applicable annual turnover of small businesses in terms of schedule 4 of the EEA (Meyer, 2000:225); a municipality, an organ of state, but excluding the National Defence Force, the National Intelligence Agency and the South African Secret Service (van Wyk, 2002:79-80; Finnemore, 2000:557). A designated employer who employs 150 or more employees must report to the Director General annually. Those who employ fewer than 150 are required to report every two years (Orr and Goldman, 2001:14). Designated groups are black people (Africans, Coloureds and Indians), women and people with disabilities. "People with disabilities" means people who have a long-term or recurring physical or mental impairment which substantially limits their prospects of entry into, or advancement in employment (Meyer, 2002:225).

4.6.11 Duties of the Designated Employer

According to van Wyk (2002:82) a designated employer must: consult with his employees; conduct a staff analysis or staff audit; prepare and implement an employment equity plan and report to the Director-General on progress made in implementing the plan. Companies should consult with employees via representative trade unions or their nominated representatives. Such consultations must include people from both designated and non-designated groups (Thomas, 1998:93; Orr and Goldman, 2001:14). Thomas (1998:93) states that in conjunction with employees, companies are required to draw up an Employment Equity Plan, the contents of which include:

- conduct an analysis reviewing, recruitment, advertising and selection procedures; appointments and appointment process; job classification and grading; remuneration and employee benefits; job assignments; the working environment and facilities; training and development; performance management systems; promotions; transfers; disciplinary measures; employment barriers
- preparing a plan setting objectives and timetables with realistic targets (non quotas); setting out measures to address employment barriers; specifying indicators to gauge affirmative action achievement; planning for the reasonable accommodation of people from designated groups; creating an action plan to retain, train and develop people from designated groups; detailing special measures to be taken in relation to people with disabilities and those with family responsibilities, detailing measures to address sexual and racial harassment; specifying procedures and responsibilities for implementing, monitoring and evaluating the plan.

The employment equity plan will be the public document and public companies are required to publish a summary of the plan in its financial reports. The plan must be signed by the Chief Executive Officer (Thomas, 1998:93). Non-compliance could result in either a referral to the labour court or the imposition of a fine that ranges between R500 000 to R900 000 depending on the number of times companies have contravened certain provisions of the EEA (Naidoo, 2004:27; Barker, 1998:60). This indicates that if the company contravenes the act for the first time the fine might be smaller but increases as the

number of contravention increases. When implementing Employment Equity a number of pitfalls to be avoided as well as critical success factors to be followed are summarised in the following table:

Table 4.1: Pitfalls and Critical Success Factors for the Implementation of Affirmative Action

Pitfalls to avoid	Critical success factors
<ul style="list-style-type: none"> • Assuming that the only driver for EEA is to comply with the legislation • Not making EEA one of the strategic imperatives of a company • Believe that the only goal of EEA is to get the racial and gender numbers right regardless of quality and job satisfaction • Making the Human Resource Department solely responsible for results • Keep the process and key statistics secret • Not involving stakeholders and if you do, implementing only token consultation • Focus on spending months on developing EE Policy • Achieve results after policy development and a long planning process 	<ul style="list-style-type: none"> • Internalise and understand the moral reasons and develop a sound business case for EEA. • Place Employment Equity high on the strategic objectives of the company • Develop a balanced set of targets that include non-numerical objectives, for example, training and development • The CEO/Managing Director and his or her Executive team should take full responsibility • Be transparent and communicate • Consult with all relevant stakeholders, that is, those groups that can impact on EEA and those groups that are impacted by EEA • Spend more time on developing plans that include specific measures and actions • Focus on quick-wins initially to demonstrate commitment while developing holistic plans

Source: Rosmarin, K and Vester, D.J (2000: 484)

It is also important to note and be aware that the presence of legislation or anti-discrimination laws that cause organisations to hire and promote historical disadvantaged people do remove legal barriers to employment but they do not eradicate the historical inequalities (Swanepoel et al, 2003:123) and most importantly are not enough to ensure that no discrimination will take place (Thompson and Woolard, 2001:1). Furthermore, the law cannot in itself remove non-legal or societal barriers arising from people’s attitudes-

for this a concerted human resource management effort is needed (Swanepoel et al, 2003:123).

4.6.12. Human Resource Impact of the Employment Equity Act

The impact of the EEA include but are not limited to: recruitment, procedures, advertising and selection criteria, appointment process, job classification and grading, remuneration, employment benefits and terms and conditions of employment, job assignments, the working environment and facilities, training and development, performance evaluation system, promotion, transfer, demotion, disciplinary measures other than dismissal (Nel et al, 2004:85).

4.7. The Controversial Nature of Affirmative Action

The interpretation of the term affirmative action between blacks and whites in South Africa has been different because of various backgrounds. To blacks the term means the arrival of the time to benefit from the wealth of the country since they were deprived such benefits for a long period of time. To whites it represents a punitive action since their opportunities they usually enjoyed are going to be minimised at the expense of balancing the scales (Ramphela, 1995:7). Nel et al. (2001:179) supports the notion of affirmative action as an institutionalised racism and it is not different from what the apartheid regime introduced to empower poor incompetent Afrikaners ('Poor Whites') and kept Africans out of the labour market. Nel et al. (2001:179) argues that those who are politically influential will always use their political advantage to get better positions. Under the programmes of affirmative action, people are still labelled and treated unequally as was the case in the apartheid system. They raise high the pleasant sounding banner of non-racialism, beneath it; they plot to set up a race obsessed government (Caldwell, 1990 in Sikhosana, 1996:67).

It is also viewed as an intervention meant to substitute whites with blacks in an effort to democratise and with less or no effect on improving the country's competitiveness (Joubert, 1992 in Nel et al, 2001:177). Moreover, to privileged white males, affirmative

action is something meant to threaten their personal security and well-being (Maphai, 1989 in Mabokela, 2000:109) and while conservative blacks characterise them as a form of dependency (Nkuhlu, 1993 in Mabokela, 2000:109). According to whites any practice that is meant to reach its purpose by referring to gender, race, and other biological characteristics is unjust and unfair (Nel et al, 2001:179). What is seen as a great hope for so many disadvantaged blacks has triggered an equally intense rejection by whites who perceive themselves as the new victims of reverse discrimination (Adam, 1997:232).

Bitterness towards the affirmative action policy has become more intense because affirmative action is perceived as driving skilled professionals out of South Africa. Affirmative action has led to many whites witnessing their careers being put on hold for five or more years as their 'black' colleagues go up the corporate ladder. Such developments or reverse discrimination as it is known have caused many whites to feel that corporate doors are closed for them and that South Africa is no longer a country in which to have whites (Kaihar, 2001:9) as well as to feel redundant in the public sector and therefore taking early retirement (Adam, 1997:232; Financial Mail, 1996 in Kaihar, 2001:9). A survey conducted by Commission for Employment Equity on 7000 companies that submitted reports between 2000 and 2002 showed that whites make up to 80 percent of "terminations", people who have left companies (Newmarch, 2004:1). Adam (1997:232) notifies that if preferential policies 'chase professionals out' of South Africa that suffers from chronic shortage of skills, the country risks of damaging its growth prospects.

On the other hand, Bheki Sibiyi, the then Black Management Forum (BMF) managing director, noted that if skilled workers chose to leave the country and others accept early retirement because they could not work in racially mixed environment, then so be it. By so doing they leave more space for the many qualified blacks who are waiting in the wings and cannot find appropriate work (Adams, 2000:86).

On the contrary, Potwana (2001:6) outlines an undeniable fact that the advantaged groups have for a long time experienced many opportunities, the present dispensation is named reverse discrimination which takes away opportunities they previously enjoyed, offering

them to unqualified blacks. This argument is silent about unqualified whites. Reasoning on these lines, (Barker, 2003:298) emphasises that affirmative action is not a form of discrimination but a method of providing reparation to benefit members of a group that has been discriminated against on account of their race.

On the question of whether affirmative action discriminates against persons who are not perpetrators of discrimination but are only innocent victims. The crux of the matter is that whites are aware that race discrimination has historically given them an advantage against other groups in the labour market, unless they are young entrants in the market. The term innocent may mean that white males did not have the power to authorise discrimination against others but they were willing recipients of the indirect and 'unfair' advantage that they did receive. There are no reports of white males inquiring whether they were getting an employment advantage on the basis of their race (Clark, 1992 in Sikhosana, 1996:68).

The essence of affirmative action is to include, hence granting equal access to all, but providing special measures to those previously excluded (Venter, 2003:129) hence promoting equality. The aim of discrimination or apartheid was to exclude thus denying people work or career advancement on the basis of skin colour (Venter, 2003:129), hence promoted inequality. Affirmative action requires positive action to overcome systemic, institutionalised discrimination, whereas anti-discrimination laws are passive in the sense that they forbid someone from indulging in certain types of behaviour. Thus anti-discrimination laws are perpetuating discrimination rather than eliminating it (Swanepoel et al, 2003:124).

In view of the above exploration, Herbert (1994:29) remarks that affirmative action is a necessary or positive discrimination to allow blacks a fair chance to catch up. Herbert (1994:30) further notes that attempts to address affirmative action in non-discriminatory approach lacks sincerity and pose a real threat of double discrimination for the blacks of South Africa both under apartheid and under the false display of non-discrimination. Standing et al (1996:383) concurs with Herbert that if affirmative action policy tries to ensure real equality of opportunity in which race is genuinely negated as a concept of social

dynamics, it could produce such slow progress in redressing inherited inequalities and frustrations could become endemic. However, Freire (1970:1) cautions that the discriminated must not in seeking to regain their humanity, discriminate against those who previously discriminated them, but rather restore the human dignity of both (Freire, 1970:1). Following a similar line of thought, Ramphela (1995:4-5) also warns that one cannot build a country on the foundations of punitive action against those who were previously advantaged.

4.8. Arguments for the Implementation of Affirmative Action

South Africa is characterised by gross inequality between nations. Mbeki (1998:3) rightly observes that “one of these nations is white, relatively prosperous, regardless of gender and geographic dispersal. It has ready access to a developed economic, physical, educational, communication and other infrastructure”. Similarly, Todaro (2000:201) explains that the country’s native black Africans still live in an entirely different world from the whites. South African whites who constitute 14 percent of the population own 88 percent of the country’s private property and industry and the other races own the rest. This means that South Africa has a high level of inequality where a relatively small percentage of the population receives a relatively large share of the total national income. The most important point to make about the above argument is that these percentages should be based on adult population of all race groups since it is mostly adults not their children who own wealth. Although it should also be considered that if the parents of certain population are wealthier than others there is a possibility of transferring the wealth to their children.

The second and larger nation of South Africa is black and poor, with the worst affected being women in the rural areas, the black rural population in general and the disabled. This nation lives under conditions of grossly underdeveloped economic, physical, educational, communication and other infrastructure (Mbeki, 1998:3). Todaro makes an authentic evaluation to the above argument by noting that:

The United Nations noted that the disparity between whites and blacks in South Africa is four times larger than in the United States, with the average income per capita almost 10 times average black income. Moreover, if white South Africa were a separate country, it would rank 24th in the world (just after Spain). Black South Africa would rank 123rd in the world (just above Congo). Not just two different people, these are two different worlds (Todaro, 2000:201).

This means that the South African economy is made up of the ‘haves’ and ‘have-nots’ where whites have deliberately been made the ‘haves’ and blacks the ‘have-nots’ (Biko, 1978:54), hence the need for the implementation of affirmative action to bring the previously disadvantaged group to the mainstream of the South African economy.

The people who were discriminated against (blacks) are far behind in terms of ownership of the wealth of the country and filling of skilled occupations as the labour skills in the economy are largely monopolised by the white workforce (Marshal et al, 1980 in Barker, 2003:298). Similarly, Orr and Goldman (2001:13) rightly observe that in addition to occupational segmentation, there is a significant wage gap between the average wages earned by executives (mostly white) and those earned by lowest paid workers (mostly black). This is referred to as the ‘apartheid wage gap’, because it mirrors racial hierarchies. This is further illustrated by Mbeki (1998:6) that black people are the producers of wealth; not for their own benefit but for its appropriation by the white population; and, are permitted to consume part of this wealth but only in that proportion which will “give the maximum account of work” on a continuous basis. It must be noted that while the distribution of wealth and income need not be equal, it must be to everyone’s advantage, and at the same time the positions of authority and responsibility must be accessible to all (Rawls, 1999:53).

A further hard-headed business reason for implementing affirmative action is that the country cannot afford to make a big mistake of wasting talents and potential of the huge majority of the population as the apartheid system did (Macrae, 1994 in Abdi, 2002:45). The legacy of apartheid for mathematical education included the subordination and the exclusion of majority of the population from access to and participation in the

mathematics-related professions. As a consequence of the separate and unequal development, 86 percent of the population, that is, black population are seriously underachieving in mathematics (Macrae, 1994 in Abdi, 2002:45), hence their poor representation in mathematical related fields such as engineering, science, medicine, architecture, accounting and management. There is also a shortage of scientific technical, technological and managerial skills in our economy that can no longer be compensated for in the old way- by importing skilled, white men from different countries (Idasa, 1995:5). For Ramphele (1995:4) affirmative action is appropriate in developing targeted developmental programmes such as skills training, flexi-time to allow one to work at a pace suitable to one's needs, mentoring and general support in career advancement.

In view of the above, affirmative action is a positive step to bridging the racial gap, so that South Africans will live in harmony with each other and the economy will have the manpower necessary to drive it efficiently (Goldstone, 1989 in Barker, 2003:298). Ramphele (1995:4) cautions that although affirmative action is essential for increasing access to resources such as jobs and educational opportunities, is an inappropriate tool for promotion of people simply because they are black or female. Promoting people beyond their level of competence is a disservice to those individuals, and to society as a whole, the long-term costs are incalculable. Following a similar line of thought, Pretorius (2001:22) rightly observes that the need for transformation must be weighed against the substantial needs to obtain the services of employees with proven discretion, responsibility and experience. In other words, the efficiency needs of the employer should be clearly more substantial. For Ramphele (1995:4) there are no quick fixes to the legacy of apartheid.

4.9. Arguments Against the Implementation of Affirmative Action

If affirmative action policy tries to correct past injustices in favour of the groups that have been disadvantaged "positive discrimination", it could result in labour market inefficiencies in the name of a rapid improvement in distributive justice and that it could lead to new forms of discrimination, through selection of those from the favoured group even though they have inappropriate qualifications (Standing et al, 1996:383). The reduction of

economic efficiency will be because the best person for the job is not necessarily appointed. This implies that recruitment standards are reduced and that competition, the basic principle of markets, is negated (Barker, 2003:299). Thus, affirmative action could amount to front-office or tokenism and could negate the considerable strides made by many victims of discrimination in terms of moving into highly skilled occupations (Barker, 2003:299; Magojo, 1996:9).

A further possible disadvantage of affirmative action is that victims of discrimination might use affirmative action as a source of entitlement, in the same way as whites used the system of apartheid as a source of privilege (Barker, 2003:299). This will stigmatise those who do not need help and would have succeeded without intervention because not everybody who stands to benefit from affirmative action is comfortable with being labelled an “affirmative action” candidate (Ramphela, 1995:16; Feinberg, 1996 in Mabokela, 2000). The message might, for instance, be that people are appointed to positions because they are black, and not because of merit. This will undermine their self-esteem and reinforce the myth of racial inferiority. Racism will therefore not be eradicated and racial hostilities will not be reduced (Barker, 2003:299).

As shown by the Malaysian experience, affirmative action programmes are unlikely to be temporary even when explicitly defined as temporary. They do not only persist but expand in scope, thus making them very difficult to end (Barker, 2003:299).

While affirmative action exists partly to advance equality of opportunity for members of certain groups, it does not seek to advance their status; it uses group membership to identify and correct past acts of discrimination against individuals (Feinberg, 1996 in Mabokela, 2000:109). This implies that employment equity process appears to have a very little effect on the lives of the most disadvantaged workers. They seem to benefit a small number of black people (probably black men) and women (probably white) (Orr and Goldman, 2001:13).

4.10. Constraints Affecting the Implementation of Affirmative Action

Theoretically and historically, there is a strong case for affirmative action in South Africa. The United States of America and Malaysian experience are not universally positive but despite their weaknesses, South Africans can learn from the experiences of the two countries. It is, however, important to know the practicalities of implementing affirmative action in South Africa. These are discussed below.

A number of studies have been conducted to identify constraints that prohibit the implementation of affirmative action. Some studies include those by Hofmeyr and Templer (1991:6), who identified the following factors: Poor education of black employees, black workers not regarded as capable, fear of white employee reaction, management not convinced of the need for black managers, reaction of customers or public, and a restrictive legislation. Adam (2000:129) identified the following factors, lack of qualified blacks, lowering of standards, resentment and demotivation among non-beneficiaries of affirmative action, “sourcing” technically skilled personnel/ poaching, resistance to change by white middle management, state of the economy. Similarly, Magojo (1996:14) quotes factors such as, white employee resistance, white customer resistance, companies paying lip-service to the programme of black advancement, window dressing positions given to blacks and the marginality of black managers.

4.10.1. Lack of Qualified or Technically Skilled Black Personnel

South African labour force is relatively uneducated and unskilled. Education is closely linked to the structure of the labour force since it determines how people move into and out of employment. In South Africa, differences in access to education had a knock-on effect on the perpetuation of inequality in the labour force, namely, poor quality of education received by blacks compared to their white counterparts. The quality of education received by blacks is one of the key institutional barriers that prohibit black advancement in the labour market (Watts, 1985 in Smith, 1990:21). Van Wyk and Hofmeyr (1997:12) point out that education inequality is exacerbated by the fact that, South Africa does not equip new

entrants to the labour market with the skills necessary for a developing country to be globally competitive. The South African businesses are also not likely to benefit immediately from the current education transformation aimed at addressing these shortcomings. Kraak (2002:2) states that should the economy of the country expand, the shortage of skills will be a great inhibitor of growth.

The Trade Union Research Project (1994:86) found that in 1991, 56.4 percent of the South African population had a standard 4 level of education or lower, 45 percent of adult Africans could not read or write and 35 percent of the economically active population were considered functionally illiterate. Moreover, students who obtained a matriculation exemption decreased between 1994 and 2000 (Gqubule, 2003:5) because of tighter progression standards at lower levels and limitations on repeaters (Mahabane, 2004:71). Consequently, only 12 percent of Africans had a matriculation certificate or tertiary qualification and 20 percent of Africans had no formal schooling at all (Ramaphosa, 2002:58).

Of particular importance is that the shortage of skilled and qualified individuals from the designated groups is also exacerbated by a shortage of black matriculants who have passed mathematics in Grade 12. Mathematics is the passport to most professions including the automotive industry. This is identified as a systemic obstacle for which there is no quick fix (Financial Mail, 2004:75). The study by van der Berg (1999:6) takes this argument further by stating that few schools that particularly serve the African population perform well in Mathematics and Science. For example, in 1997 only 45 percent of matriculation candidates wrote Mathematics (with a marked male bias) and 21 percent passed. The percentage was even lower in Science. Moreover, a large proportion of students who wrote mathematics did so at the standard grade, a standard far below what is conventional in developed countries (van der Berg, 1999:6). Gqubule (2003:5) states that only seven percent (19 327) passed mathematics on higher grade in 2000. Mahabane (2004:71) observed that in 2002, fewer than 6000 African learners graduated with a higher grade mathematics pass, making it impossible at this rate of output to meet the targets being

negotiated in more than a dozen sectors in the economy. Consequently, most university graduates in South Africa are not qualified for science and engineering professions.

This in turn influences the number of learners taking science, engineering and technology courses in tertiary institutions. Steyn and Daniels (2003:565) show in Table 4.2 that, of the 24 555 core registered engineers, technologists and technicians by August 2002, the historically disadvantaged engineering graduates (Africans, Coloureds and Indians) constituted 9% as compared to 91% of the white engineers. Therefore the percentage of black graduates is still substantially lower than that of other groups when expressed relative to each other (Steyn and Daniels, 2003:576). Consequently, there is a shortage of blacks in high skills professional and management occupations in science, engineering and technology (Koen, 2003:1).

Table 4.2. Race profile of registered engineers, technologists and technicians, 2002

White	African	Coloured	Indian
91%	5%	1%	3%

Source: Steyn and Daniel, 2003:565.

More importantly, despite this shortage, enrolment patterns at technikons during the early 1990s showed a shift from science, engineering and technology fields to social sciences, business and commerce (Koen, 2003:1). This shift is particularly noticeable to historically black technikons (HBTs) where mainly black students study. Therefore, the original conception of technikons as advanced technical education institutions is no longer strictly applicable (Koen, 2003:1).

This confirms the arguments that there are a number of black students studying at under resourced schools and producing matric students who are poor in mathematics. The public schools still have poor career guidance and as a result when it comes to career choice people have no option but to choose careers that consists of soft courses such as marketing and human resource management. On top of that Koen (2003:1) notes that science, engineering and technology courses are perceived to be difficult in tertiary institutions.

This demonstrates that:

Until proactive measures are taken to cater for training and human resource development, as well as social spheres such as education, pre-labour market discrimination will continue to produce unequal outcomes in the labour market; affirmative action will only benefit a small minority (Mohne, 1998 in Franchi, 2003:158).

Apart from the shortage of qualified mathematics and science candidates from the designated groups, South African businesses have historically under-invested in skills development, particularly in relation to low paid workers (Cosatu, 2000:37). South African companies spend between 0.5 and 1.5 percent of their payroll on training compared with 5 percent allocated in Europe and USA and 8 percent in Japan (McFarlin et al, 1999:63; Mahabane, 2004:71). Therefore, in terms of the world competitiveness ratings South African performance has been exceptionally poor on the human resource development (de Witt, 1998:5). Moreover, in highly developed industrial countries, there are two skilled workers to every one unskilled worker. In South Africa, there are nearly five unskilled workers to each skilled worker. In South Korea, there are 20 technicians for every engineer, and in Japan 7.1 percent of the population are scientists and engineers (Trade Union Research Unit, 1994:87).

In view of the above, Adams (2000:130) asserts that lack of qualified people from the black community, especially those with technical skills has led to a lowering of standards and hence the hiring of people with inappropriate qualifications. The hiring of inappropriate skilled people may lead to the following factors. Firstly, direct and indirect opportunity cost incurred by poor hiring decisions (to reach employee targets) as well as the declining morale of (white) employees (Jafta, 1998 in Thomas, 2002:239). Poor hiring decisions may result in token employees where people hired by certain companies have impressive job titles with no real authority and responsibilities in the workplace (Magojo, 1996:12). In most cases the new employees are not seemingly part of the bigger organisational solutions to deal with issues around the company. There are instances where a black Chief Executive Officer (CEO) is appointed, and then the job content changes and meaningful responsibilities are removed before a black incumbent takes over. White superiors

reinforced such a situation by giving blacks the position of power (a managerial position) and then transferring white subordinates to other departments to defuse that power (Dickens and Dickens, 1982 in Magojo, 1996:13).

Secondly, the shortage of skills in some sectors will make black skills more expensive and unaffordable to smaller companies, further providing disincentives for investment and expansion (Jafta, 1998 in Thomas, 2002: 239). On the contrary, Madi (1993:36) points out that the lowering of standards and token positions occur in organisations where affirmative action is 'essentially a numbers game' and there is no choice but to lower the standards in order to get their numbers politically correct.

4.10.2. Lack of Commitment by Top Management and Unions

The lack of commitment by company top management and the lack of a clear company policy are some of the drawbacks to the effective implementation of affirmative action (Adam, 2000:132; de Witt et al, 1998:5). Those who criticise affirmative action are actually criticising the management of the organisations where it failed (de Witt et al, 1998:5). The commitment by top management requires more than a verbal acknowledgement that affirmative action is important and also more than the drafting of statements of intent (Hofmeyr, 1996 in Magojo, 1996:15). Affirmative action objectives can only be achieved when top management makes affirmative action a top priority and that the future of its business depends on it. In addition to playing a leading role in ensuring that the objectives and targets are met, top management should therefore be prepared to commit time and effort. If top management is not committed, affirmative action plans and policies will not be driven and monitored with the same enthusiasm as other strategic plans- they are going to be marginalised (Hofmeyer, 1989 in Magojo, 1996:15).

Lack of commitment by top management can affect many components of the Employment Equity Act. One of them is the failure of companies to meet the targets they set for themselves. This comes from the failure of top management to grasp that employment equity is a business imperative as well as a strategy that can add real and continued value to

the bottom line (Oakley-Smith, 2004:7). In many companies employment equity is sidelined as human resource or personnel department issue thus creating an unfortunate impression that employment equity is not part of the company's business strategy. It comes to the executive only when plans must be signed-off and adopted. Even when top management is involved, line and production management, who are often hostile to such programmes are not brought on board (Kraak, 1994:42).

This may be compounded by unrealistic and unattainable employment equity targets resulting from insufficient research with regard to skills pool, the benchmarking of skills available within the industry and an indication of how it will develop skills internally (Oakley-Smith, 2004:7). Orr and Goldman (2001:16) also identified lack of commitment by top management with regard to communication and explanation of the EEA to workers. This was the case in one of the South African automotive companies where the management refused to hold a meeting with all their employees and inform them about employment equity. Another factor that impedes implementation is that trade unions have not taken the issue of employment equity seriously. They do not regard it as a core issue or as an important issue as traditional union concerns, such as wage levels and conditions of employment. If they would take the issue on board, this would increase the pressure on companies to comply (Gqubule, 2004:73).

4.10.3. White Employee Resistance towards Black Advancement.

South African occupational hierarchy is characterised by the white population group dominating its black, Indian, and "coloured" counterparts. Consequently, the black manager is, at the very start, faced with the formidable task of penetrating this socially based occupational hierarchy (Charoux, 1986 in Smith, 1990:25). Magojo (1996:9) argues that black managers specifically cited white middle management as the major stumbling block in the process of moving towards equity in the workplace. White middle management is perceived to be unreceptive to the changes sought by their seniors (top management); yet it is the one responsible in bringing about change (Human, 1992 in Magojo, 1996:9). This is also illustrated by Standing et al, (1996:391) that the day to day

functions in the departments on the factory floor has a powerful impact on who learns and who gets ahead, so that the attitudes of managers and employees, and their behaviour, overshadows what is planned and decided in the boardroom or in the personnel department.

This approach suggests that underperformance on the job by black employees arises from a restricted occupational structure which denies them access to adequate training, housing and work opportunities (Charoux, 1986 in Smith, 1990:25). The research conducted by Orr and Goldman (2001:16) in one of South Africa's auto companies confirms the existence of resistance from white middle management and their desire to frustrate the process. The resistance by white middle management is caused by fear of losing power and authority over blacks as well as lesser career prospects (Human, 1991 in de Witt et al, 1998:5). The dilemma is that affirmative action programmes are mainly designed and controlled by white managers who occupy corporate middle and senior management positions (Nzimande, 1991). Thus, black management is largely a political process involving black managers who are being empowered and white managers who play a crucial role in the empowerment process (Magojo, 1996:2).

4.10.4. Company Compliance

When the Employment Equity Act was gazetted in 1998, there was an initial rush by certain companies to achieve procedural and administrative compliance (Financial Mail, 2004:73). During implementation most companies found that the act is full of gaps, for example, they are not compelled to create positions in the workplace (Orr and Goldman, 2001:19). The Department of Labour encourages companies to reflect the racial and gender composition of the potential workforce by willingly setting numeric targets, without imposing quotas and timeframes and then report on performance against those targets (Orr and Goldman, 2001:19). Thus, the philosophy that underpins the EEA is one of self regulation and assessment of both quantitative and qualitative aspects of employment equity (Gqubule, 2004:73). Oakely-Smith (2004:7) cautions that the fact that the EEA does not insist that companies should achieve their targets should be clearly explained to them but reasons should be given if they fail to do so.

One of the important factors surrounding this failure is that the Department of Labour is relying on workers and employers to work together to implement affirmative action programmes. As a result, most of the targets of the employment equity reports set by companies are very conservative. They are tied to staff turnover and hence retirement and resignation of company employees in order to create space for more members of the designated groups to be employed (Orr and Goldman, 2001:14). The Business Day (2003:1) notes that according to a survey of about 500 companies released by Deloitte and Touche in 2003, 17 percent of the companies covered by the survey indicated that retrenchments or early retirement were considered as options to create vacancies for black executives. As a result many designated companies are not only failing to file employment equity reports, but among those that do targets are not met (Oakley-Smith, 2004:7). In addition, the National Economic Development and Labour Council (NEDLAC) states that 99 percent of companies do not have in place policies for ending racial, gender and disability discrimination (Oakley-Smith, 2004:7).

Instead of undertaking an effective culture audit to identify barriers to employment equity many organisations have taken the easy way. These companies regarded compliance as a tick in the box (Gqubule, 2004:73) and have completed the required forms mechanically by taking guess estimates and have not undertaken the necessary substantive qualitative compliance such as consultation which is required by the EEA (Oakley-Smith, 2002). Mostly, these are companies that have regarded compliance as a problem to overcome and attempted to escape labour department by handing in plans that most employees have never seen and therefore do not support (Oakley-Smith, 2001). In some instances, companies do easy things, they pay levy and do not even bother to reclaim it by meeting the basic or minimum requirements (Oakley-Smith, 2002). Kraak (2001:2) states that:

Though firms pay 1 percent of the payroll to government as a skills training levy, the evidence suggests that only 10 percent of those paying the levy are participating effectively and reclaiming their money. So far, collecting around R3 billion per year from levies has been the most efficient part of the system. Spending has been lot more difficult (Kraak, 2001:2).

Companies should be aware that if they do not submit skills development plans to their respective Sector Education and Training Authorities (SETA's), they are in fact refusing employees direct utilisation of and access to levies paid on behalf of them. If the company does not use this money it is in fact subsidising its competitor that uses it thereby contributing to its own downfall (City Press, 2001:5).

Table 4.3. The Extent of Reporting by Employers between 2000 and 2004

Year	Employers
2000	8250
2002	6990
2004	3000

Source: Gqubule, 2004:44; Commission for Employment Equity, 2002-2003:9.

As shown in table 4.3 above, in 2000, 8250 employers with 3.3 million employees submitted the reports whilst there were more than eight million people employed in the formal sector (Gqubule, 2004:44). In the Commission of Employment Equity Report 2002-2003, the labour department acknowledged that only 6990 companies with 2.6 million employees had met the October 2002 deadline to submit employment equity plans. The number of employees covered is 22 percent less than the number of employees covered in 2000 reports (Department of Labour, 2002-2003:9). The department of labour states that in 2003, only a third of the companies that fall under the EEA have filed reports. Of the so called 10 000 large employers required to file annual reports, just more than 3000 were lodged with the department in 2004. Earlier in 2004 it emerged that government departments were among the worst offenders, and included some provinces and municipalities. It was unclear how many government departments have met the March and April deadlines to file their equity reports and plans (Naidoo, 2004:27).

The survey of 7000 companies by the Commission for Employment Equity (CEE) which analysed and compared yearly employment equity reports submitted in 2000 and 2002 found that employment equity was falling behind expectations (Newmarch, 2004:1). This implies that there was a limited improvement relating to employment practices and race (Business Report, 2004:5). Blacks defined as Africans, Coloureds and Indians- held 12.7 percent of top management positions at the end of 2000. The figure rose to 19 percent of the senior management positions in 2002. While blacks constituted the majority of the total workforce... their representation in key positions in the workforce profile remained “very low”. The lion’s share of senior jobs was still held by whites, 85 percent of top management positions going to this population group in 2002, down from 2000’s 87.5 percent (Newmarch, 2004:1). This is shown in table 4.4 that employment equity in the private sector has been implemented at a very slow pace.

Table 4.4 Percentages of Employed Top and Senior Managers in South Africa, by Race, 2000 and 2002

Blacks		White
Year	% of employed.	% of employed.
2000	12.7	87.5
2002	19	85

Source: Nwmarch, 2004

4.10.5. Inadequate Government Capacity

One of the main stumbling blocks is the area of monitoring and compliance because the Labour Department does not have a monitoring process in place (Naidoo, 2004:27). The only way of assessing progress is through annual reports filed by employers to the Labour Department (Naidoo, 2004:27). The Labour Department and CEE are the two bodies responsible for driving the implementation of the EEA but have not been visible enough in emphasising the need for compliance. The Department of Labour has invested insufficient resources to monitor the implementation of the EEA. The Department has 700 inspectors but none is an employment equity specialist. (Gqubule, 2004:44). The department has not trained any specialised Employment Equity inspectors or invested in an Information Technology system to capture data. Officials complain that there have been budget cuts

since 1996 and this has led to rationalisation (Gqubule, 2004:34). This implies that the Department of Labour lack the skills and expertise necessary to effectively monitor employment equity and, as such, it remains merely a paper tiger to many companies (Oakely-Smith, 2004:7).

Since the EEA came into being no company has been fined despite the fact that most companies have not been filing and submitting their reports in response to their set targets. Another problem is that there are no external benchmarks against which to measure progress (Gqubule, 2004:73) as well as lack of external verification of companies' claims in their reports. Although the CEE has the powers to issue numerical benchmarks; it has not done so (Gqubule, 2004:73). This may be because of the costs to government, and hence the taxpayer, which will be increased by the administrative burden associated with monitoring and enforcement of the law. The legal structures that may be overburdened and become unable to cope with cases where legal rulings are required may also be a hindring factor (Thomas, 2002:239).

Oakley-Smith (2002) notes that department of labour also has a long process regarding reclaiming of levies, seeking accreditation and generating unit standards which is enough to put off the most hardened levy seekers. Most of all the forms are designed to facilitate computerised reporting, encourage a focus on filling in numerical targets but provide little scope for additional information on strategies and targets with regards to non-numerical goals aimed at creating the enabling workplace environment needed for Employment Equity to succeed.

4.10.6. Poaching /Job-Hopping

Most of the appointments to managerial positions consist of the same people being shifted from one company to the other through poaching and premium payments (Ramphele, 1995:21); as a result of competition for black candidates at senior levels. The implication is that new jobs for new entrants are not created in the labour market (Jafta, 1998 in Thomas, 2002:239). To those companies who spent more time and resources on training successful

candidates poaching was seen as a major concern (Adams, 2000:130) because the resources spent on blacks who spend very little time in their jobs to acquire useful skills are seen as not beneficial to the trainers themselves. As soon as people finish their training they are in demand elsewhere. This makes it difficult to quantify the work that the company has done in human capital development and hence affirmative action.

On the one hand, a number of authors assert that there must be reasons why people change jobs. In certain cases people leave because they are frustrated within companies. They may be given opportunities for development and training but yet others are perpetually being trained without being given opportunities to implement what they have been trained for (Hofmeyr, 1989 in Magojo, 1996:12). But others are frustrated by the institutional environment that is not transforming enough as noted by (Madi, 1993:9) that the environment may not only be alien but may downright hostile. In other words, there are no remedial courses for the companies to adjust to blacks whilst blacks are provided with mentors to adjust to the companies (Maphai 1989 in Mabokela, 2000:110). As a result, when they see opportunities in other businesses, they move on.

Despite the fact that companies are suffering from poaching, out of 500 companies surveyed by Deloitte and Touche in 2003, 61 percent of companies still did not have a formal or informal employee retention strategy in place for black executives, only 9 percent offered a “sign-on” incentive bonus to attract such employees (Business Day, 2003:1). Oakley-Smith (2004:7) states that the reasons for the lack of a retention strategy is that insufficient thought is often given to developing effective career paths for employees who are members of the designated groups in terms of the employment equity, given the fact that relatively few resources are directed towards retention. Effective career path should incorporate monitoring of employee progress as well as identification of realistic milestone and incentives. Without adequate career paths employees are likely to be set up for failure and are unlikely to remain in the organisation.

4.10.7. State of the economy

In a period of slow or negative economic growth, economic costs of training are regarded as a serious obstacle to the practical implementation of affirmative action. When the economy is not in good condition, it is difficult to provide jobs for blacks since companies have to retrench yet still change their racial composition (Adam, 2000: 131). In the short-run affirmative action is seen as an added cost to business operations compared to enhancing the profit-making capacity of the organisations. High administrative costs associated with compliance to the legislation also have an impact on company growth (Thomas, 2002:239). According to Adam (2000: 131) 'South African companies generally cannot afford any further unproductive factors influencing operations. Another constraint to the implementation of affirmative action is the over-regulation of the labour market, coupled with the government role of "watchdog" which will result in a decrease in overseas investments and entrepreneurial initiatives (Dickman, 1998 in Thomas, 2002:239). Pretorius (2001:22) outlines that if the job entry-level position requires special skills such as the automotive sector, the employers should significantly be affected by not appointing the better candidate.

4.10.8. Globalisation and Affirmative Action

Globalisation means different things to different people. In its broadest sense, the term economic globalisation means external liberalisation which is the breaking down of national economic barriers; the international spread of trade, financial and production activities and the growing of organisational corporations and international financial transactions resulting in greater openness and integration of countries in the world markets (Khor, 2000:7; Carr and Chen (2002:1). Some countries such as South Africa tend to expose their domestic enterprises without looking at their capability to compete with the outside world and are also characterised by lack of effective governance.

After decades of failed Import Substitution Industrialisation that was promulgated through restrictive tariffs, quantitative restrictions and various local content programmes the South

African government took the view that the South African manufacturing sector needs to be globally competitive (Barnes, 2001:3; Morris et al, 2004:107). The re-entry of South Africa into global economy and markets after years of isolation and protectionism has rapidly exposed the South African industry to the different types of competitors active within various market segments (Harrison and Dune, 1998:1). Therefore, the Motor Industry Development Programme in 1995 was implemented and argued for a reduction of tariffs as well as removal of local content provision (Barnes, 2001:3; Morris et al, 2004:107). Thomas (2002:241) observed that:

The indicators of the competitiveness of the country are not encouraging. The country has lagged in the 42nd place for two consecutive years in the ranking among 47 countries of the industrialised nations and occupied the last place in terms of “people rating in 1999”.

South Africa’s transition to democracy in the last decade, and the associated liberalisation of the economy or globalization has coincided with an increase in the knowledge and skills intensity at all levels of production. These economic changes had significant impact on the profile of the work force, with increase in demand for highly skilled labour to modernise and make South African economy more competitive. This was encompassed by a decline in the number of unskilled jobs. Skills development holds a central place in the activities required to enable the economy to change and grow. Until recently, South Africa’s economy was built on low skills base in manufacturing. It is therefore widely agreed that South Africa is not yet equipped with the skills it needs for economic, employment growth and social development. Historically, the country’s education and training system can best be described as a low-low skills training regime, shaped largely by racial segmentation in the labour market (Koen, 2003:1).

4.11. Making Affirmative Action the Cornerstone of the Business: Codes of Good Practice to Eliminate Barriers in the Workplace

The elimination of barriers is also crucial to the recruitment of the previously disadvantaged groups. Barriers are not always obvious, they might relate to several issues,

for example, the 'culture' of the organisation. Identifying barriers is a very significant part of the audit process (Orr and Goldman, 2001:14). In order to achieve this goal, barriers in the work-place which restrict employment and progression opportunities have to be systematically eliminated (Idasa, 1995:12). According to Orr and Goldman (2001:21), the Code of Good Practice (1999) which is also referred to as a checklist, states that affirmative action measures should be developed to address barriers identified. Such measures could include:

- Appointment of members from designated groups through transparent recruitment strategies and targeted advertising
- Increasing the pool of available candidates through community investment and bridging programmes
- Training and developing people from designated groups.
- Promoting people from designated groups through a structured succession and experience system, including appropriate and accelerated training.
- Retention of people from designated groups, including such strategies as the promotion of a more diverse organisational culture, an interactive communication and feedback strategy and ongoing analysis of labour turnover.
- Reasonable accommodation of people from designated groups, for example, creating an enabling environment for people with disabilities and workers with family responsibilities.
- Steps to ensure that members of designated groups are appointed in positions enabling them to participate meaningfully in corporate decision-making process.
- Steps to ensure that the corporate culture of the apartheid era is transformed to ensure diversity in the workplace and harness the potential of all employees.

Summary

This chapter has demonstrated theories regarding labour market discrimination. This chapter is divided into two sections. The first section of this chapter looked at the definition of discrimination, sources of discrimination and types of labour market discrimination in

the South African context. The reason for choosing the above theories is that they reflect the labour, economic and educational situation of South Africa that has happened in South Africa in the past. The importance of knowing this background is that if any meaningful attempt to formulate affirmative action policies and programmes is to be made, sources of economic discrimination that are associated with pre-labour market factors, policies and programmes aimed at education and training should be the area of focus. For example, the human capital theory is relevant in the sense that the previously disadvantaged who were deprived of the basic education need to invest in education and training in order for them to participate successfully in the labour market.

A detailed discussion of affirmative action programmes in Malaysia and United States of America were explored. The purpose of international literature on affirmative action was to obtain a better idea of the critical success factors of affirmative action in other countries so as to facilitate its design and implementation of its policies in South Africa. Weaknesses of the implementation of affirmative action in these countries were also discussed. It was revealed that affirmative action in the USA has focused on numbers of blacks without paying attention to training and development. In both countries, Malaysia and USA, affirmative action remained meaningless for the poorest sections (disadvantaged groups) of their societies because it did not address the wider issues of poverty as well as social and economic systems. The income gap between rich and poor within the designated groups is wider than other ethnic groups. In other words, affirmative action has shifted from racial to class inequality. Malaysia's successful affirmative action model was based on its economic growth which was managed in an open way.

Factors that hinder the implementation of affirmative action were also explored in this chapter. The literature highlighted that in recent years the standard of mathematics and science has declined drastically among blacks. Few African learners have passed mathematics with a higher grade standard, which is a passport to scarce skills in higher education and subsequently to most professions. Most learners are doing mathematics at standard grade which is far lower than international standards. Hence few blacks are qualifying in engineering and science professions. Two factors were raised as a result of the

shortage of skills among blacks. Firstly, the lowering of recruitment standards which will result in poor hiring decisions and employment of incompetent individuals among blacks which results in token employees. Secondly, because of competition of many companies for the same scarce individuals, their price on the market will increase.

The lack of commitment by top management in terms of time and effort was also described as a stumbling block. This is exacerbated by lack of understanding that employment equity is a business imperative. The literature revealed that in most instances this will result in businesses failing to meet targets as well as sidelining of the employment equity programmes to human resource department. In most instances, the employment equity policy documents will come only to senior management for endorsement. In light of the above argument, white middle management is also perceived to be unreceptive and also have a desire to frustrate the employment equity process. This suggests that underperformance on the job by black employees arises from a restricted occupational structure which denies them access to adequate training.

Another important constraint is the company compliance. Companies are supposed to set their numeric targets and voluntarily submit employment equity plans to the department of labour. Companies are both failing to submit the reports or to meet the targets. Moreover, most of the targets set by companies on employment equity reports are very conservative and tied to staff-turnover. Hence, early retirement and retrenchment are considered options to create vacancies for black people. This shows that most companies do not take affirmative action programmes and compliance seriously. They tend to submit employment equity and skills development forms without the consultation of employees. In some instances they pay skills levy which they do not bother to reclaim by meeting the basic minimum requirements. This was ascribed to the fact that both the Department of Labour and Commission for Employment Equity are not visible enough on the ground for proper evaluation and implementation of the Employment Equity Act. The department lacks human resource capacity and also has insufficient information technology resources for data capture.

It was also revealed that South African business is under-investing especially in low skilled personnel compared to Europe (whites) and United States of America who spend 5 percent of their budget in skills development respectively. Moreover, poaching is one of the hindering factors affecting the implementation of affirmative action. This indicates that companies spend time and resources in training black candidates who spend very little time in their jobs. This makes it difficult to quantify work that companies have done in human capital development and hence limited implementation of affirmative action. Given this scenario, companies do not have retention strategies which are also coupled by insufficient thought in developing effective career paths for employees who are members of the designated group.

High administrative costs associated with affirmative action are seen as an added cost to business operations and have a negative impact on company growth and profit-making. Economic costs of training are regarded as a serious obstacle to the implementation of affirmative action especially during times of negative economic growth. Although this might be the case, South African companies should be aware that the cost of training might be lower if they reclaim their money from the relevant SETA's after training. When the economy is good condition the opposite happens as shown by the Malaysian experience.

The re-entry of South Africa into the global economy coincided with the increase in knowledge and skills at all levels of production. This in turn increases the demand for highly skilled personnel which South Africa is not yet equipped with for employment and economic growth. This forces companies to be competitive. Competitiveness can be achieved with highly qualified and highly skilled workforce. This may affect unskilled people as they may be retrenched and thus increases unemployment.

CHAPTER FIVE

RESEARCH METHODOLOGY

Introduction

The main aim of this study is to obtain qualitative and quantitative information on affirmative action in the Durban Automotive Cluster. This study begins with a review of the South African as well as international literature on affirmative action. The literature review in turn informs data collection and data analysis. Generally, the entire study relies on primary data collection. The aim of qualitative research is not to generalise about any population but rather to obtain more depth and greater clarity on a vague research problem (Martin et al., 1996:125). To support the qualitative research, certain calculations based on the quantitative data are also explored to fill the gaps left out by qualitative analysis. The reason for using quantitative methods as a supporting mechanism is that statistics tend to put more emphasis on the numbers thus strengthening the qualitative argument. This means that the integration of the two methods may fully capture the real problems facing the DAC in the implementation of affirmative action.

This chapter is organised as follows, the first part deals with negotiating entry with the selected respondents. This is followed by a discussion of methods, various research techniques and processes that were followed to collect data for the study. Strengths of the research and limitations of the study are also explored in this chapter.

5.1. Negotiating entry

Making appointments with people that one is not familiar with is one of the key problems that students face during their research studies. In order to gain access to the companies interviewed, the company name, Benchmarking and Manufacturing Analysts (B and M Analysts) was used. The company is responsible for facilitating programmes of the Durban Automotive Cluster and is widely respected for its development influence. The author of the study personally conducted the interviews throughout the study.

5.2. Method of Data Collection

Data collection relied on plant-level visits to the OEMs and automotive component manufacturers. The interviews were conducted at the respondents firms. The interviews were conducted on a one to one basis with members of the senior management of each firm. The questions for managers sought information on the design, problems and challenges as well as outcomes of affirmative action programmes. This was done in order to gauge the extent to which the implementation of affirmative is progressing. Such interviews, which involve face to face interaction and asking questions to a sample of respondents, are referred to as personal interviews. According to this method the interview can take place at any suitable place including the respondents' home. The interviewers' task is to contact respondents, make arrangements, ask the questions and record the answers (Martin et al, 1996:125).

The advantages of personal interviews as opposed to other forms of interviews are that they provide the opportunity to probe complex issues in a relaxed atmosphere, as well as to record additional pieces of information concerning the behaviour of the interviewee during the interview (Remenyi et al, 1998:157). This makes it possible for the interviewer to read the atmosphere and hence to identify whether the respondent is comfortable with the question asked, especially sensitive questions.

One of the tactics that was used to collect data was the use of unstructured questionnaire and in-depth interviews which usually focuses on collection of data from a small number of informants. According to Remenyi (1998:55) in the case of unstructured questionnaire and in-depth interviews, a questionnaire is not normally used but the researcher can at times use a prepared list of issues or prompts to use during the interview. Unstructured interviews are described by Welman and Kruger (2003:188) as those "interviews that simply suggest the general theme of discussion and pose further questions as they come up in the spontaneous development of interaction between interview and research participant". The informant is allowed to speak freely on the subject of interests of the researcher (Remenyi, 1998:55). The use of unstructured and open ended interviews was important for two reasons. Firstly,

was the need to minimise bias among the respondents and secondly to create a free environment for the respondents to express their true feelings about the subject matter. Data collection also involved the use of a tape recorder in addition to taking notes by hand in order to follow the participant's discussion and be able to ask relevant questions as and when necessary.

To strengthen the qualitative study, secondary data called 'pooled data' (Martins et al., 1996:103) was also used for this study. Martins et al. (1996:104) note that 'pooled data' is a standardized data which a number of interested organizations of equal status voluntarily submit to an independent, impartial organization for processing and redistribution to the participating parties". This data was collected by Benchmarking and Manufacturing Analysts from companies belonging to Durban Automotive Cluster. From this data, human resource development information issues which dealt with organisational occupation levels of companies were extracted. To collect the data, a detailed questionnaire was sent electronically and a follow up taken to ensure that firms returned questionnaires before the benchmarking factory visit. The process of benchmarking involved management interviews and factory visits to verify information on the forms and that on the ground.

5.3. Sampling

The sample used in this study consists of 10 companies selected from the various companies that belong to the Durban Automotive Cluster. The companies participated without inducement. The companies were selected using the contact list of the companies kept by Benchmarking and Manufacturing Analysts. The contact list consisted of the company name, contact person, e-mail and the contact number. The choice of companies attempted to combine a range of small and large firms. Companies were selected using a semi-random sampling mechanism of every third place in the contact list. This was done to avoid bias.

Following random sampling was the selection of appropriate representatives of the firms especially the senior managers. Initially, e-mails containing a letter requesting

appointments were sent to all the senior managers of the selected companies in the contact list, introducing the researcher as well as the research topic. The purpose of the letter was to familiarise the respondents with the researcher as well as to establish trust between the researcher and respondents. The managers were then contacted by phone for purposes of setting up appointments. Consent with the research respondents was established before the actual discussion started. This sampling technique is called judgemental sample or purposeful sampling. Ulin (2002:58) points out that small purposeful sampling are ideally suited to qualitative inquiry. This sample consists of individuals with knowledge and information to provide useful ideas and insights about the pursued research (Remenyi et al, 1998:194) because they are rich in information as well as experienced in a particular topic (Ulin et al., 2002:60). The sample has the following characteristics:

- The firms were mainly concentrated in one sector, that is, the automotive industry
- Most firms have 50 employees as required by the EEA
- Most firms were concentrated in two regions, that is, the Southern Industrial Basin and Pinetown or New Germany

5.4. Analysis

In all cases transcription which normally took two to three hours was done immediately after the completion of each interview whilst most of the facts were still vivid in the mind of the researcher. Immediate transcription of tapes also helped to identify gaps or questions whilst it was still possible to return to the field and collect more data. Such an approach gave the researcher the opportunity to review and refine the questions and thereby gain richer information on the topic researched since the gaps may suggest new questions for more exploitation (Uli et al., 2002:144).

The coding was done manually in a qualitative way with more focus on the ideas than sentences. From these ideas themes and sub-themes addressing ideas about the constraints of affirmative action were discovered and established. Several methods such as research questions, transcript headings and similar ideas on paragraphs were used to look at the

similarities and differences of the data. Code numbers were used to flag ideas discovered in the analysis. Having all the pieces of the text that relate to a common theme together in one place also enables the discovery of sub-themes and hence explore them in greater depth. Codes that closely matched the ideas were coded together in a similar way (Uli et al., 2002:144).

5.5. Strengths of the research approach

Given the fact that affirmative action is a very sensitive topic, open ended questions were used in order to obtain as much information as possible with regard to the topic. The researcher felt that the topic requires more than yes and no answers, as a result closed ended questions were not suitable for gathering the necessary information and hence the use of open ended questions. Most importantly it is believed that the chosen sample (senior management) was capable of giving out the required information beyond ticking a box as in yes and no. Management was able to explain why certain things were done in a particular way and not the other.

5.6. Limitations of the study

Only senior managers of the DAC firms were interviewed. Production employees who might have had other views within the study were not interviewed as this was beyond the scope of this study. Of particular importance is that even if workers or other stakeholders were interviewed it is unlikely that they would have come with different views from those of their managers. Anyone who sits in the employment equity meetings of their companies is able to discuss anything in relation to the implementation of affirmative action within their own company. However, worth noting is that senior managers are the ones who have powers for the implementation of affirmative action as well as accountability for compliance. The implication is that the affirmative action programme and policies are not a one man's show. The findings and the quality of the study are thus not adversely affected or invalidated by the fact that most of the people that were interviewed are human resource managers or senior managers.

5.7. Ethical issues

At the beginning of each interview the purpose of the study was explained clearly to the respondents to seek their cooperation. An indication was given that the interview will last between 45 minutes and 1 hour. Although 45 minutes to 1 hour was requested, practically the interviews that were undertaken varied in length, with the shortest interview completed in one hour and the longest in one and a half hours.

To overcome scepticism all necessary procedures were taken during the respective interviews. The purpose, background and anonymous nature of the study were equally explained to each respondent. The respondents were therefore assured about the confidentiality of their responses. Welman and Kruger (1999:188) confirm that not only should the participants be assured of complete anonymity, but they should feel completely free to express their true feelings and opinions without fear of disapproval from the interviewer. This suggests that “in a relaxed and comfortable setting, the conversation generates empirical data by enabling participants to talk freely about the topic concerned” (Holstein and Rubin, 1999 in Ulin et al., 2002:83).

In order to avoid creating suspicion, questions were phrased in such a way as to avoid prejudice and bias among respondents. It is therefore correct to say the results give a realistic picture of the constraints and enabling factors affecting the implementation of affirmative action in Durban Automotive Cluster. Before the interview, permission to use a tape recorder was requested. Some respondents declined. Tape recorders were thus used only with the consent of the respondents. The taking of notes was also done in order to keep the researcher aware and on track and above all to be able to make some follow up questions where unclear or questionable facts were presented.

Summary

This chapter revealed that the main aim of the study was to obtain quantitative as well as qualitative information on the current situation of affirmative action in the Durban Automotive Cluster. The identification of these companies was facilitated by the kind of provision of the list of companies that belonged to the Durban Automotive Cluster which was provided by B and M Analysts. Ten Durban Automotive Cluster members were visited and personal interviews conducted using unstructured questionnaire.

This chapter also discusses various techniques employed to obtain the data. These include primary data collection in the form of personal interviews which were used to obtain all the necessary information pertaining to this study. This was supplemented by strong secondary data from the DAC database. In cases where certain issues or aspects could not be captured, the problem has to do with the sensitivity of the issues and the time constraints involved rather than shortfalls of the data collection methods used in this study.

CHAPTER SIX: ANALYSIS AND FINDINGS: DAC AFFIRMATIVE ACTION: FROM INITIATION TO IMPLEMENTATION

Introduction

Affirmative action is a process designed to achieve equal employment opportunities. In 1998 the Employment Equity Act (EEA) was institutionalised in South Africa but the implementation of the same Act has not been as successful as originally anticipated. The automotive industry has faced both negative and positive effects with respect to the implementation of the EEA. Given this background, it is important to investigate and verify the barriers that hinder its implementation. This section discusses the constraints and enabling factors affecting the implementation of affirmative action in the Durban Automotive Cluster. As such this chapter consists of one section with eight discussion points. The detailed concepts such as shortage of technically skilled and management personnel; commitment by top management; attitudes of white middle management; government role; recruitment, selection and training; skills loss, poaching and retention policies; economic growth; globalisation and customer requirements are examined in this chapter. The major issues associated with the implementation of affirmative action are explored. The intention is to show how these factors hinder or enhance business success in pursuing the sustainable implementation of affirmative action.

6.1. Shortage of Technically Skilled and Management Personnel

Just like in other sectors, the research findings show that when recruiting relevant candidates for employment, qualifications and experience in the automotive sector are very important. All the Durban Automotive Cluster respondents stated that affirmative action candidates with the right skills, qualifications and experience appear to be in short supply in the labour market. At the moment South Africa has an oversupply of unskilled workers and a shortage of skilled workers as required by the manufacturing industry in general. All the DAC respondents claimed that the basic diplomas are considered inadequate for employees to work at the strategic or decision making level in the automotive industry,

hence, the need of specialisation at the lower grades. As revealed by one respondent that “there are still no employable black candidates with purchasing management skills of electronic equipment in their company”.

This indicates that technical skills and experience is one of the hindering factors that affect the implementation of affirmative action in the DAC. As a result of the gap between the industry and training institutions, one of the ten respondents of the Durban Automotive Cluster mentioned that it takes about fifteen years to develop a fully experienced engineer that is capable of coming up with innovative ideas and designs.

The above findings are confirmed by Magojo (1996) who says that it takes about 14 to 18 years to train and develop a competent engineer or artisan manager. She further argues that this estimation may be based on research done on the white community because they had the initial opportunity of practicing as qualified engineers or artisans in South Africa. It might therefore take a bit longer for black engineers, given their educational background and the lower standard of education they were exposed to during apartheid. This lengthy training time shows that there is no short-term route to rapidly increase the number of black artisans, engineers or managers.

All the DAC respondents in this research pointed out that the pool of engineers from the designated groups is very small and inexperienced and hence there are few engineers employed. Insufficient experience arises out of quick technological innovations that are happening within the industry. All DAC respondents asserted that the automotive sector is a science and technologically driven field. To be competitive in the field one needs to be exposed to all sources of information and technological advances. This demands affirmative action candidates to advance themselves in line with technological changes. According to eight of the ten DAC respondents there are few black design engineers and black supervisors in their companies though these companies’ need more engineering employees from the designated groups. These companies advertised these posts on numerous occasions but received no response from the designated groups (blacks). This implies that the shortage of skills is an area of concern in the automotive sector.

These findings are consistent with those of Kraak (2001:2) who found that in technikons and Further Education and Training Colleges (FETs) there has been a decline in the number of students who are taking engineering as their career choice. However, the number of students who undertake soft skills such as human resource management, business management and marketing increased from 57 000 in 1998 to 203 000 in 2000. As a result Kraak (2001:2) asserts that there is an estimated shortage of 20 000 technicians or artisans in South Africa. Another important factor that may cause the shortage of skills is the decreasing number of matriculants with suitable merits in mathematics and science, thus reducing the pool of individuals who qualify to enter engineering (Steyn and Daniels, 2003:570). The effect of mathematics education is mostly felt when previously disadvantaged individuals are moving up the education ladder and take science oriented careers at tertiary institutions. Most blacks find it difficult to even interpret and analyse statistical research components which is the key in higher education learning.

In view of the above arguments, all the DAC respondents noted that as a result of this scarcity, a short-fall is experienced by their companies with regard to their numerical targets set in their employment equity plans. This indicates that it will probably take some time for companies to meet their targets. Factors such as an improvement in education and training in the long-run will play a very big role with regard to the effective implementation of affirmative action.

Todaro (2000:201) rightly observes that over three quarters of black teachers in South Africa are unqualified for their jobs and this causes poor results in grade 12 because of their poor teaching methodologies. Reasoning along these lines Van der Berg (1999:6) notes that, “only 5 percent of the Mathematics and 42 percent of Science teachers have studied these subjects beyond secondary school level.

The findings of this research also show that only a minority of blacks that have been privileged with good education are able to penetrate the labour market. Ordinary South African blacks especially Africans are still in the lower levels of the organisational occupations. Of the ten DAC respondents, five postulated that Indians tend to benefit most

in the affirmative action programme because their education was better than other designated groups especially Africans and to a certain extent Coloureds. Moreover, Indian employees are the ones who are taking over when white employees are leaving certain senior positions in their companies.

All the interviewed DAC respondents stated that their companies tend to recruit new engineering graduates for experiential training and internship. They select suitable and capable applicants from the recruits. Although a high percentage of experiential trainees appear to have passed their examinations from the technikons or universities, they are not up to standard and are not of good quality. These engineers are very limited in terms of their ability to function, deliver and meet work requirements. This implies that in terms of technical education, South African candidates are found to have irrelevant skills as far as automotive engineering is concerned. The suggestion is that there is no correlation between technical qualifications from higher institutions such as technikons and the requirements of the industry.

In his study Kraak (2001:2) notes that the institutions that supply intermediate skills (technikons and further education colleges) are way off track when it comes to providing what the labour market needs. While firms are suffering from the shortage of technicians and artisans, the placement of FET graduates in recent years has been appalling since a graduate produced by these colleges has only a 30 percent chance of getting a job. This view is also supported by Lickindorf (2004:2) who notes that discussions in 1998 among senior business and higher education representatives revealed disappointment and frustration at the poor quality of new graduates and their lack of readiness for the workplace. This showed the existence of a clear gap between higher education and societal needs.

Four respondents of the DAC mentioned that the shortage of qualified blacks also increases the wage rates of the designated groups. According to these respondents black workers earn more than their white counterparts but doing the same job or the same amount of work. To this effect, these employees are very expensive but with no additional value.

These respondents also noted that the other colleagues (whites) do not know that their black counterparts are paid higher salaries than them. When revealed it might create a confusion in these companies and division among employees. One respondent noted, that “in the past the company had a general increase for all employees and a performance based increase for the selected individual, but it was stopped by the unions”.

Out of the ten DAC respondents, five stated that the shortage of skills among the designated group can also be interpreted as the management perception of the performance of qualified black individuals (people from the designated groups) and the prejudice that exists. When the management and its selection committee receives applications they tend to comment that if a white person can be employed in a certain position, the job would be done immediately with out the need to train the incumbent. Therefore the selection of a qualified person from the non-designated group (white community) could be cheaper and add more value. Skilled and qualified engineers from the so called designated groups therefore rarely walk into a job and do it well without further in-house training.

Of particular importance is that all the interviewed DAC respondents declared to be very mindful of appointing employees for token reasons or window dressing. They believe this would definitely undermine the purpose of the EEA. Moreover, one respondent stated that:

Non-core appointments or token appointments is an expensive thing to do and can make companies fail.

All the DAC respondents noted that all appointed workers are given training and proper channels are followed before a handover programme is done. The numbers game which is a very rife and unfortunate practice that businesses have been caught doing these days appears not to be an issue in Durban Automotive Cluster.

6.1.1. Mentoring and Support System

This is followed by a mentoring and support system. All the DAC respondents believed that in order for black incumbents to perform, mentoring and support was important. They highlighted that mentoring and support makes it possible for someone to learn under an experienced employee before he or she can be given projects to handle. In most cases this minimises the risk of making a large number of errors at work and possibly reduces costs. In this sense by virtue of equal rights offered by the constitution, a person with required skills should not be discriminated against irrespective of the colour of their skin, hence recruiting the right workers for the job. First of all, workers are given training and proper channels are followed before a handover programme is done. If the affirmative action implementation programmes were to be politicised, where employees would take over positions that they do not deserve, the whole issue would affect the economy of the country. First of all white people were going to leave the country with their skills and experience to use them elsewhere.

The findings illustrate that higher education institutions should start redesigning their curricula and tailor make them to suit the requirements of the business sector. A curriculum that is designed for the purpose of employment gives learners and employees a specific skill to do a specific task or occupation. A curriculum designed for the purpose of employability means that the learners or graduates that come out of that curriculum are flexible or adaptable as well as innovative thinkers. In South Africa there is a need to balance the two but at the moment the business sector needs more doers than thinkers. Moreover, producing people that are ready to work would also help reduce unemployment. Students should leave institutions with the required skills for the workplace. Companies should also fulfil their obligation by giving students opportunities for experiential training.

All the DAC respondents noted that institutions should also note that by the time technologists or engineers are produced in a certain period, automotive engineering may have changed and moved further to other technological innovation levels. This implies that education should be provided in accordance with the latest technology so that once the

graduates are out of school they will be capable of adapting to the changing technology. Institutions should not teach in accordance with the previous requirements of particular companies but in relation to the future needs of the sector. If proper training could be done by higher education institutions, graduates would be able to move from the universities into the workplace. At the same time the costs of in-service training (retraining individuals) could be used for other development purposes thereby reducing the training budget in most companies.

6.2. Commitment by Top Management

All the DAC respondents revealed that their companies' senior management is still predominantly white and to a certain extent Asian. The majority of blacks still occupy lower level positions. The organisational structure of these companies is as follows: The executive management level tends to be white males. The professional and senior management level tends to be dominated by whites and a small proportion of Asians.

In all the DAC surveyed companies, the respondents claimed that there are programmes in place to try and develop people into management and senior management level but the process is very slow. The professional and clerical levels have a reasonable profile in terms of racial mix. In some companies the area of concern is the availability of females compared to males. The lower levels are male dominated with a reasonable spread across population groups. The shopfloor level is predominantly African male. There is a need to develop a more equitable representation by way of recruiting Asians, Whites and Coloureds at the shopfloor level. At the moment it is rare to find a white person operating a machine or working as a machine operator. Table, 6.1 shows occupation of the DAC by race.

Table, 6.1. Selected Organisational Occupations of the 10 DAC firms by Race

	Total number of employees	Total number of whites	Percentage of whites	Total number of blacks	Percentage of blacks
Management	670	643	96%	27	4%
Professional	604	308	51%	296	49%
Supervisors	1697	506	30%	1191	70%
Artisans	108	74	69%	34	31%
Production workers	3189	379	12%	2810	88%
Apprentices	11	3	27%	8	73%
Other: include admin staff	4204	263	6%	3941	94%

Source: calculated from DAC database.

Table 6.1 shows the level of occupations between blacks and whites in the Durban Automotive Cluster. 96 percent of the DAC management consists of whites whilst blacks make up 4 percent. The data shows that management of the DAC appears to have lack of commitment to transformation especially at the senior level. It has failed to bring a substantiated number of blacks to management levels.

In the professional occupations there is a slight difference between blacks and whites. Blacks constitute 49 percent as compared to 51 percent of white professionals. It is interesting to note that this figure is followed by 30 percent of the white and 70 percent of black supervisors respectively. The professional and supervisory occupations indicate a positive trend that black employees are being brought on board. The percentage of white employees in the apprentice level constitutes 27 percent compared to 73 percent of blacks. This in turn shows the commitment of the DAC in skills development especially for the designated group. However, it is worth noting that except the professional level, the number of blacks tends to be more in the lowest occupations than in the highest ones as indicated by 88 percent of production workers.

Given the above analysis, the DAC respondents stated that the most prohibiting factor for the implementation of affirmative action is that most companies are owned by the founding directors. In addition to that, two out of ten surveyed companies are family owned such that family members tend to dominate top management. Respondent X stated that,

The problem with family and private business is nepotism although families tend to deny its existence. In this situation there are white people in the business so it is not just nepotism; it is nepotism within white people, so it is a bit of a complex situation.

Five of the ten interviewed DAC respondents noted that directors tend to work in these companies for years, as a result there is a low staff turn-over. Two respondents mentioned that the staff turn-over in their company has been low for the last 10 years. As revealed by the DAC secondary data the management turnover is between 0 and 2, 5 percent in all surveyed companies. This low turnover is literally restricting the mobility of affirmative action candidates to senior management positions and hence making it difficult to achieve equity targets. The respondents also revealed that the low turnover is also exacerbated by the ageing and mature workforce with fairly low standards of education. As a result the potential to achieve affirmative action targets across the different occupational categories may be quite difficult because there is not much outward movement of currently employed individuals for purposes of opening up vacancies for affirmative action candidates to meet the targets set in the equity plans. Given this scenario, it is apparent that companies rely on their staff turnover to create positions for the previously disadvantaged.

As mentioned before, all the interviewed DAC respondents noted that in the past when whites left their companies, Asians took their positions. With the introduction of the Employment Equity Act, they found it difficult to understand the objectives of the EEA and hence monopolised it for their own benefit. Instead of creating opportunities for the entire benefit of the previously disadvantaged people, they create opportunities for their race group only. This means that other race groups remain sidelined or marginalised and do not benefit from the provisions of the EEA. This makes the achievement of implementing a successful affirmative action programme difficult.

This study reveals that although these companies are still dominated by whites, two respondents of the DAC mentioned that the replacement of their old management by the new management has made a significant impact in the implementation of affirmative action. This implies that the previous management used to pay a lip service to issues of

affirmative action. Nonetheless, all the companies mentioned that they are working towards strategies of bringing people from the designated groups into management positions. Moreover, the other most important component that was revealed by all the DAC respondents is that their organisations have a monitoring system to evaluate the commitment of the senior management to the implementation of affirmative action. These monitoring systems include quarterly presentations as well as deduction of certain percentages from senior management annual packages if they fail to meet the employment equity targets.

These findings show that in all the surveyed DAC companies the human resource department is responsible for driving and implementing affirmative action programmes. This does not mean that affirmative programmes are sidelined as a human resource management issue. The human resource departments act as champions for the implementation of affirmative action, since it is mostly involved in dealing with labour relations issues including recruitment and training which are the core issues of the affirmative action policy. In addition to that it is also involved in the preparation and submission of relevant reports to the Department of Labour since it is responsible for recording data and keeping records related to training and development. In some cases human resource managers or directors are also part of the senior management.

Although the human resources department may act as a champion for the programme, all of the interviewed Durban Automotive Cluster respondents stated that they have employment equity and skills development committees which represent several stakeholders in their plants. The implication is that senior management, human resource management, workers and unions are represented in these committees. The same committees are also involved in the development of the employment equity policy and associated targets in each company. Following this argument, the findings indicate that they do not fully support the argument that management tend to push the responsibility of handling affirmative action matters to the human resources department because they are not important to them.

6.3. Attitudes of White Middle Management

Drawing from the findings of this study, it is clear that when affirmative action was introduced there was a wrong perception that black employees were going to dislodge white employees out of their jobs. Consequently, whites were not sure of what was going to happen with regards to their jobs, their progress at work and other opportunities such as training and promotion and hence their insecurity and hostility. The assumption was that blacks were going to be understudies and over a period of time take over the jobs. This suggests that all the positions previously occupied by whites were going to be occupied by blacks without considering factors such as experience and qualifications.

All the DAC surveyed companies seem to have followed the guidelines of the Employment Equity Act. In most companies prior to the implementation of the EEA, consultations of all stakeholders such as employees, unions and senior managers were done. As a result through these communications the respondents state that all the fears and expectations appear to have been addressed. The DAC respondents assert that when employees are assured about their uncertainties in terms of what is going on and what is going to happen about their future employment and opportunities for development in the respective companies every implementation goes on with full support of everyone.

All the DAC respondents revealed that the targets in terms of having blacks in senior management are far from being met. Most of these companies are advancing in terms of meeting other requirements of employment equity such as training and development of employees. The key component of this process involved formulating the policies, equity plans and setting the numerical targets for the respective companies in addition to meeting statutory requirements. Only one out of ten interviewed companies stated that they do not have an employment equity policy and are also not following the governments' EEA requirements. The company however, has a recruitment programme that is targeting blacks and is in line with the requirements of the affirmative action programme.

All the DAC respondents claim that through clear and proper communication which involves all the stakeholders, the affirmative action policy seem to have been accepted

without hostility in almost all organisations. Companies who are having affirmative action vacancies are also recruiting employees from the white community especially if they are not getting qualified blacks with the skills that they need. This is in line with the EEA requirements which state that a designated employer is not required to take any decision concerning an employment policy or practice that would establish an absolute barrier to the prospective or continued employment or advancement of employees who are not from the designated groups. One can therefore conclude that affirmative action measures amounting to reverse discrimination are not part of the legislative intent.

All the respondents noted that employment equity in the DAC surveyed companies is a balance between empowering blacks while at the same time not alienating whites. As noted by the Finance Week (2004:10) that “if the new South Africa does not accommodate the aspirations of racial minorities, this country will never achieve greatness and growth”. This suggests that most companies are aware that the contribution of white people in this country cannot be overemphasised. Moreover, the country is short of skills and cannot afford skilled individuals leaving the country to pursue other careers elsewhere.

During interview sessions all the DAC respondents pointed out that their companies have an open door policy. They consult with all stakeholders to avoid confrontation and resistance when implementing the employment equity policy. For this reason their unions were not so militant. Cordial relationships and transparency were established with employees in an effort to buy them in. Worth noting is that in the past, employees were merely regarded as figures in the payroll. This has changed as values and names are attached. As one respondent said that the removal of numbers from the employees and recognising them by their names makes them feel important as well as part of the company. Moreover, worth noting is the improvement in communication between employers, black engineers and black general labourers which resulted in improved participation in decision making. The previous concept of dealing with management only during payment disputes is largely depreciating.

The study also revealed that all the surveyed DAC companies had consultative forums or employment equity committees that sat every quarter to evaluate progress made. In some companies this consultation forms part of the managing director's briefings usually given by the managing director to employees. The managing director takes employees through the financials and operational performance of the business as well other actions on site which includes discrimination. This constitutes affirmative action with respect to issues of transparency.

All the respondents of the DAC acknowledged that over the last few years have seen a lot of transformation in their businesses. This is attributed to training and development; active participation in the workplace; skills committees; employment equity committees; awareness training and general change in the mindset of middle management and the desire to see transformation taking place. Where the implementation has been slow it was noted that this could be attributed to the lack of expansion of new businesses.

The crucial aspect that was revealed by two respondents is the cultural gap that exists between racial groups in South Africa. It is unusual and rare to find white, Asian and black engineers' socialising together and sharing a common vision. This has a negative impact on idea generation and finding solutions to problems. It was highlighted that this problem may however be less severe in the new generation of students that attend mixed schools.

6.4. Government's Role

Although the national department of labour was not interviewed, certain questions focusing on the department's commitment to the success of the EEA were asked to the DAC respondents. The findings show that the department of labour has assessed three of the DAC companies with respect to commitment in their implementation of affirmative action policy. Though the companies were satisfied with the way in which they handled the programmes there was no single feedback from the department. Feedback from the department would inevitably assist in pointing out strengths and weakness noted of the companies in order for them to improve their performance. Generally all assessed

companies submit the required documentation to the department of labour on a yearly basis. In almost all the surveyed companies this is said to be an ongoing process. Documents are submitted in April for the Skills Development Act and October for the EEA. This means that most companies in the Durban Automotive Cluster are to some extent complying and therefore fulfil the stated deadlines. This is supported by Barnes, (2005:29) that “the submission of the Workplace Skills Plan (WSP) by DAC members to their respective SETAs increased from 68 percent at the beginning of 2002 (prior to the establishment of DAC) to 100 percent by 2004”.

Two of the respondents stated that companies need to project realistic figures when submitting returns to the department; seemingly a lot of companies are not doing this. The ideal situation is that companies should put few candidates per annum but make sure that they support the vision of the few candidates. Of particular importance is that all DAC respondents stated that no company has been fined presently.

6.5. Recruitment, Selection and Training

Eight of the ten DAC respondents mentioned that a targeted selection system is used to select candidates during the recruitment process. This is done by short listing people using a point system that does not discriminate against anyone. Applicants are given points on the basis of job specification using factors such as qualifications, experience and exposure to automotive industry and management qualifications. Since most historically disadvantaged candidates do not have experience, the inclusion of affirmative action points bolster and give an added advantage to those coming from the designated groups and hence their preference for selection. By so doing attempts are made to level the playing field from the start. Their targeted selection process also consists of numerous visits to technical colleges, technikons and universities for purposes of recruiting affirmative action candidates.

Through changes in the legal framework of the country, most companies are playing a huge role in development and training. All the surveyed DAC companies' respondents indicate that they train blacks through internal programmes and placement management trainings.

There are also internal programmes for clerical positions from the shop-floor which upgrades labourers with matric certificates from the shop-floor to clerical trainee positions in the DAC companies. This would allow them to occupy clerical positions if and when available.

Although in some companies the stakeholders were deeply involved in the preparations for the implementation of the Employment Equity Act, it was noted by the DAC respondents that some company committees are divided and have different agendas in contrast to the vision of the EEA. When it comes to the issue of Unions, there are mixed views among the DAC respondents. In some companies the unions are concerned about the rights of their shop-floor constituency which is a hindering factor. In other companies Unions were called several times to attend stakeholder meetings but in vain. Eight respondents assert that their unions were not committed to the implementation of the affirmative action. These reports were presented to their constituency (workers). As a result, there would be a direct confrontation between the workers and unions with respect to employment equity programmes. Another complicated factor was jealousy of the shop-stewards among candidates that were nominated for training. One respondent noted that in their company this was dealt with through recommending that shop-stewards apply for vacancies if they so wish, given that once the candidates are selected, it becomes a joint selection.

In South Africa, employers seeking skilled workers seldom turn to training as a solution to their skills shortage and needs. They rarely wait for the returns of training to materialise (Skilling SA, 2001:3). The findings of this study suggests that in the automotive industry, training is not done only for employment equity or affirmative action purposes but is an obligation and a fundamental issue to ensure that employees are continuously up to date with the latest changes in technology and work organisation practices. All respondents of the DAC surveyed companies mentioned that they had already adopted a Kaizen approach which focuses on continuous improvement. This means that training done on the basis of skills development levy is an additional support to the training that is already happening in the sector. The additional advantage is that in the past the training targeted only few people mostly whites. Presently both blacks and whites are benefiting from the trainings. Of

particular importance is that although training may be continuous in the automotive sector, in most cases it is not done for promotional purposes. Barnes (2005:8-9) agrees that “training expenditure amongst regional automotive component manufacturers has increased by a substantial 10 percent since 2001 (despite the DAC massively reducing training fees for firms by negotiating joint training contracts with service providers), whilst employment equity in the industry is being taken increasingly seriously”.

The government introduced the Skills Development Levies Act, which provides for the collection of 1 percent of payroll from all the private sector firms, and then reward firms that use training initiatives. In this regard, all of the DAC firms have budgets for training each year. They design training strategies and workplace skills plan which they finally submit to their respective Sector Education and Training Authorities (SETAs) every year. The skills development plans run from March to April. After training their staff, they claim their money back from the related SETAs in the form of grants which usually come back larger than their contribution especially if the company has followed the training priorities of the SETAs. SETAs were also blamed for delaying and not ensuring actual implementation of these policies.

All the DAC respondents stated that firms are pursuing in-service training for internal employees. Above that all the surveyed companies claimed to have introduced adult education in their organisations which is often referred to as non-formal education. Non-formal education can be described as organised education which is effective in terms of accessibility, participation and low cost. It is aimed towards greater relevance to learners. It is interwoven in the life long learning processes where individuals acquire attitudes, values, skills and experiences from resources in their immediate environment. Non-formal education uses methodologies on the basis of active acquisition of knowledge and skills rather than receptive learning used in formal education and therefore focuses more on practical skills. These findings show that the most important components of affirmative action go beyond numerical numbers. All companies indicated that they are striving to achieve the targets they set in their five year plans although these targets are not ambitious.

The Department of Public Service and Administration (1998:40) notes that affirmative action must contain a well focused and meaningful education, training and development strategy that is specifically tailored to the development needs of the target group. These programmes should be built on the organisational and career development needs of these employees to fill the specific ranks and occupations.

Most of the surveyed companies have a limited number of blacks at the top management level. In this regard, all DAC respondents argue that there are quite a number of trainings, development and career paths that are taking place for the historically disadvantaged individuals in order to place them in better positions. There are two important programmes which are going to be used in this research as case studies for the affirmative action progress. These were reflected by two DAC respondents stating that their companies use these methods as a quick response to the shortage of skills in the automotive industry. The first programme is the performance management programme called 360 degrees (360⁰). The second programme is called fast-track.

According to respondent Y, 360⁰ programme consists of 10 leaders from the designated group appointed from the shop-floor level and are now working as operators. These team leaders were screened and assessed according to their performance. This was done in order to identify and develop high performers to levels of learnership which entails manufacturing management, production management courses that prepare them to become production coordinators. As a result, there has been an improvement in the implementation of the EEA at the shop floor level. This is also important for succession purposes.

This performance management programme is used to assess employees' performances internally and identify gaps and weaknesses. In this programme high performers are identified using other management tools and effort to ensure a development path that leads to a fundamental management programme, to a management development programme and lastly to an executive development programme. Plans are underway to fast-track people in the current programmes so that they take less time. A leader could be developed to become a production coordinator, then production managers and lastly business team manager

responsible for the profitability of their own sections. Since, the manufacturing operations of these companies are divided into business teams, which like many businesses, are driven by profit.

According to respondent Z, they use the fast-track programme to ensure that employees from different sections are developed very quickly. Employees that apply are selected, trained and developed through this programme and hence stand a good chance of taking managerial or senior positions which are available within the organisation. Six candidates in 2004 were selected to do a Production Management Diploma that takes two years instead of the usual three years at a college or technikon. To make sure that this Durban Automotive Cluster affiliate has enough technical skills, it has engaged itself in learnerships and apprenticeships programmes. Six ordinary people who were recruited from the designated group at the shop-floor level were selected and are now doing phase three of the apprenticeship on a fast-track basis. When they finish the trade test and qualify as artisans they could be promoted to management positions of the company.

Three other employees from the designated groups were selected to do a two year management development programme course through the University of Stellenbosch. Upon finishing the programme they could be considered for any positions that may arise in the company. This is part of succession plan to ensure sufficient skills to keep the business running, given that some of the company's senior people are close to their retirement. Besides the internal recruitment, companies also have external recruitment programmes that deal with attracting people in the market for senior positions in the companies as well as attracting new graduates from local respective institutions.

6.6. Skills Loss /Poaching and Retention Policies

Poaching is one of the problems faced by companies at the moment. Poaching also arises out of a shortage of black skilled individuals. All the DAC respondents stated that they train employees for purposes of giving them vacant positions, yet after the training most employees do not stay for a long time. They leave to join competitors who promise to offer

better remuneration. One respondent said that “the most important thing that makes artisans to change jobs is money. Artisans are paid per hour so they can leave for a R1.00 difference to another company”. Two respondents stated that in order to reduce the costs of training they enter into a training and development agreement with the employees. The agreement binds the employee to work for the company for a certain period of time after training. Eight DAC respondents claimed that they could not hold employees if they wish to leave, since it is their choice to do so. Eight of the ten DAC respondents stated that people should not be blocked since training people in the end helps the broader South African economy. Another important issue firms should note is that when trained workers move to another firm after training, the second firm that did the training is rewarded with a grant and the firm that receives the person actually contributes to the cost of training via the skills development levy (Skilling SA, 2001:3).

It was noted by all the DAC respondents that until there is a bigger pool of skilled and competent affirmative action candidates in the labour market, poaching will continue. All the respondents argued that this frustrates employers because this leaves them with a disadvantage of having invested heavily in training employees who leave long before they can make any significant contribution to the business. This suggests that affirmative action is possible where the mass education of the black community is done in scarce skills careers such as engineering.

Another vital point that was raised by one respondent is that in plants located in peripheral areas the pool of engineers is non-existent for both blacks and whites. This means that labour has to be recruited from elsewhere at a premium cost. This is costly because the recruiting company has to pay higher salaries and offer additional fringe benefits. Despite the benefits offered, peripheral areas are not favoured by young graduates who nevertheless leave after a short period, usually one to two years. A study by Aniruth and Barnes (1998:846) in the Richards Bay’s private sector confirms the argument that lack of skilled labour the field of engineering and management level has indeed resulted in companies offering high salary packages to attract skilled labour from outside the region.

Two of the DAC respondents highlighted that despite poaching most people from the designated groups are now moving to self employment. They do not stay long in the employment of someone else. Most people leave employment and take whatever package available to start their own businesses or else leave the country for lucrative opportunities elsewhere. This was perceived to be a problem with regard to the implementation of affirmative action, since it creates a huge gap thus exacerbate shortages of skills that already exist in the country. This needs to be prevented by providing better opportunities across racial groups.

Although certain measures exist to prevent the exodus of employees, two of the ten DAC respondents mentioned that their companies have retention policies. These respondents explained that their retention policy comes in different packages. These include employee assistance packages for employers to advance themselves in terms of education. The career choice should be within the parameters of the automotive sector. In this stream workers are given a chance to study using their own money but once they finish their studies; the company reimburses the cost of the studies. If they fail, the company does not pay. Two of the surveyed companies noted that they have bursary schemes for children of their employees as part of the retention strategy. It initially accommodated every stream but because of the shortage of skills within the automotive sector it has been streamlined to accommodate only students who are considering the automotive industry as a career. There is also a fourteenth cheque which is issued in January/ February each year to their employees. Another company offers a salary review every six months in order to align their salaries with market rates.

Eight of the DAC respondents stated that they do not have retention policies. They cited factors such as costs and the size of the business as the hindering factor. Small companies are unable to have retention policies because to retain employees means to pay more and this involve issues such as salary review, 14th cheques, bursaries and others. This also reveals the importance of profitability made if companies are to facilitate the implementation of the EEA. The more profit the companies make the more they will be able to deal with the implementation of affirmative action.

6.7. Economic Growth

When asked what impact affirmative action has on economic growth, only five out of ten DAC respondents gave response. Five respondents stated that there is a low participation by the majority of the population especially in the mainstream economy because of low economic growth. The implementation of affirmative action can affect companies in two ways; economic growth can contribute favourably to affirmative action. On the one hand, economic growth can also positively contribute to employment by attracting companies to invest in the country. If companies invest in the country more work opportunities are likely to be created and hence giving people a chance to participate in the South African economy. As a result, unemployment is likely to fall. On the other hand, the proper implementation of affirmative action will result in the development of skills. Skilled people are able to contribute to the economy of the country through their increased buying power assuming they earn higher salaries. According to these respondents a positive contribution has already been seen with regard to the buying power of the working black middle class in South Africa. Therefore, affirmative action is very important in economic growth in both ways.

The other five respondents of the DAC gave a micro-perspective (profit concern) as opposed to a macro perspective. In order to create jobs the most important issue to these companies was profit making, rather than national growth. The impact of the implementation of affirmative action was felt more at company level than at the national level. The profitability of organisations increases the potential for growth and ensures that they have the ability to create career paths for existing employees and also attract new employees. Obviously for one to attract new employees from other organisation, one has to project an image of a growing organisation that offers some form of benefit to the prospective employee. The greater the profit made by companies, the higher the likelihood for setting aside funds for training and development. In general all the DAC respondents stated that although macro-economic issues can be a problem, they do not mean that the implementation of affirmative action should be an excuse. When implementing the EEA,

companies should be more strategic and this would stem from understanding clearly the objectives of the EEA.

6.8. Globalisation and Customer Requirements

Opening a country's markets to foreign firms tends to reduce the market power of domestic firms and increase competitive pressure on them, eventually forcing them out of business. All the DAC respondents stated that globalisation appeared to be a hindering factor on the implementation of affirmative action. However, it was emphasised by all the DAC respondents that the impact stems from the tough requirements of the OEMs who are competing globally. Their stringent requirements mean that the right applicants that meet the required standards for the vacant posts have to be sourced. To counteract these requirements, companies are forced to be competitive as well as employ qualified and highly skilled labour force which is going to be productive and add value to the business. Additionally, if an employee has gone for one week training especially in small companies, careful prior planning has to be done because every minute of an employee counts. Given this scenario, trade liberalisation may lead to an increase in demand of skilled labour and reduce the demand of unskilled labour.

All the DAC respondents stated that it is very important to start black employees at the lower level first, so that they set to understand the terminology and pressures of the industry. These respondents acknowledged that applicants from the designated groups that do not have required skills should not be employed in critical positions without proper training, unless they are being set for failure. If they could be employed, competitiveness of these automotive firms may be harmed. This is because the OEMs do not compromise when it comes to quality. It was also noted that all South Africans are new in globalisation and in terms of management it is ranking poorly. Consequently, South Africa is faced with the challenge of lack of skills amongst the designated groups, as well following the requirements of the EEA; it also has to restructure the industry to better meet changing market demands.

Summary of findings

As revealed in this chapter affirmative action is considered in terms of the following constraints: shortage of skills, low turnover of management staff and poaching. Shortage of skills particularly engineering related skills which are a key success factor of the automotive industry have been found to be limited. The available candidates are inexperienced and incapable of delivering when employed. This suggests that in most instances additional training is needed especially for the new graduates. The low turnover of staff in most companies is caused by the fact that the directors of these companies are the same people involved in day to day management. Moreover, they are also the founders of these companies' which makes it hard for them to be replaced and hence allow the movement of workers from shop floor to the management level.

The limited number of skilled employees and low wages or salaries is one of the factors that cause the high rate of poaching. Poaching can be prevented through a number of strategies and policies such as retention. Given this situation, only two companies out of ten stated that they have retention policies and others claimed that it is too expensive. This implies that profit is important for the implementation of affirmative action.

This study also revealed that the extent to which the majority of blacks participate in the management positions remains limited. There are still few blacks who occupy senior management positions in the automotive sector. This shows that at the senior level employment equity has been implemented at a very slow pace. Therefore, there is a necessity to introduce a coherent and focused strategy to bring blacks into management positions. Factors like commitment of top management and the attitudes of white middle management are issues that companies seemed to have dealt with through their communication strategies. Most of the DAC affiliates appear have an open door policy which involves a high degree of transparency when dealing with their employees.

The study also raised some important issues regarding the use of human resource management when dealing with affirmative action. It highlighted that the human resources

department is likely to be used because it is the only one that deals with recruitment, training and development of workers. In all the surveyed companies' the human resource personnel were part of senior management which usually meet with the stakeholders to discuss strategies to fast-track affirmative action policies. The implementation of affirmative action is driven by stakeholders who were selected and voted by people within these companies. Most senior managers including the chief executive officers or directors seem to be very committed to the implementation of the EEA, such that affirmative action is not a one man's show.

Five of the ten DAC respondents managed to link affirmative action to the increase in economic growth through the increasing buying power of blacks who are the majority. Black middle class is also increasing significantly. In addition, they cited that economic growth can also result in number of companies investing in South Africa which can also result in a number of people from the designated groups being employed thus reducing their unemployment rate.

Most of the companies stated that they are affected by globalisation, but thought that it is not a direct hindrance to employment equity. The companies also showed that the only way to deal with these barriers is a joint effort between companies and its workers, government and higher education institutions. The findings show that the practical implementation of affirmative action is far broader than suggested by the reviewed literature. Hence dealing with it in a more holistic approach is very important.

CHAPTER SEVEN

CONCLUSION AND RECOMENDATIONS

Introduction

This chapter summarises the findings presented in the preceding chapters and outlines specific recommendations with respect to responding to problems posed by the findings and research analysis. This chapter is divided into two sections, firstly, the conclusion and secondly, the recommendations (or rather policy suggestions). The purpose of the study was to explore the constraints and enabling factors affecting the implementation of affirmative action in a globalising industry.

7.1. Conclusion

Transformation cannot happen over night but if companies continue along the path they are currently treading, they will eventually have a workforce that reflects the country's demographics. Ten years of democracy to rectify hundreds of years of exploitation and discrimination is a drop in the ocean by any standards. Affirmative action requires collected efforts from different angles of policy making. Moreover, there is no single concept that can be identified as the only important one to make affirmative action work. Education and training of teachers, relevant education for learners, commitment of senior managers, educated employees as well as vocational training are among the factors that can play a role in the successful implementation of affirmative action programme.

As highlighted in Chapter Three, during apartheid apprenticeship training was administered by racially defined education departments. Apprenticeship training was done in racially separate technical institutions where blacks were prohibited from attending apprenticeship courses with whites. This was realized by making high entry requirements which Africans could not attain. This limited both the supply and demand for black labour and encouraged that for skilled white labour. It is worth noting that to give opportunities to white youth labour, apartheid employers and vocational trainers worked hand in hand. These historical

factors continued to shape events at the workplace in the post-apartheid South Africa. Up to now African enrolment in the technical colleges is low.

Similarly, the Bantu Education system which entrenched the establishment of racially differentiated education was also a hard blow for blacks. It prescribed the content that needed to be taught to blacks and required African education to be self funded. Until the early 1990s the per capita expenditure in education was racially biased. White students were far ahead of black students in terms of expenditure per pupil in education. This had an effect on resources such as desks, classroom textbooks and a shortage of qualified teachers. To make things worse black, coloured and Indian students were not allowed to do any courses that were also offered at their designated universities. There is a need to reduce the number of school drop-outs, to provide resources and infrastructure as well as training of teachers.

Given the above important issues, the Job Reservation Act was also one of the difficult policies that blacks had to face. In terms of job reservation, blacks were prohibited from occupying senior management positions. Barriers were also placed on the kind of jobs that blacks could do. In order to be promoted blacks were required to pass standard eight whereas there were no restrictions for whites. It was stipulated that jobs that were held by whites at the time should be kept for whites. Whites were elevated to management positions beyond their capacity without proper qualifications and skills related to the work performed. This resulted in large-scale under-representation of blacks in important job areas particularly in technology areas and top management.

The last section of Chapter Four also revealed and explored the factors that hinder the realisation of the implementation of affirmative action in South African industries. The focus has tried to determine the consequences or effects that accrue from these constraints. As such the literature has established constraints in relation to the implementation of affirmative action. These are summarised below.

Lack of qualified blacks is associated with the poor quality of education that they received in the past. Additionally, black matriculants perform poorly in subjects such as mathematics and science. As a result, there is a shortage of black matriculants with higher grade mathematics and science (Grade 12). Lack of commitment from top management is attributed to three issues, firstly, inability of companies to meet set targets. Secondly, failure of top management to grasp that employment equity is a business imperative. Thirdly, affirmative action is sidelined as human resource programme. This creates an impression that affirmative action is not part of a company's business strategies.

The resistance and unwillingness of white middle management to accept change and transformation is considered as a major bottle neck. Company compliance is ascribed to encouragement of companies by Labour Department to reflect the racial and gender composition of the workforce. These are done by willingly setting numeric targets, time frames and then report these targets at the required time. The literature revealed that because of self regulation most of the company's targets on employment equity reports are very conservative. They are based on the staff turnover. Furthermore, most companies do not have employment or affirmative action policies in place. The literature has also established that compliance is regarded by many companies as simple item to overcome. They take guess estimates and in some instances just pay levy without claiming it back.

The main stumbling block around government capacity is monitoring and compliance. This is caused by inadequate government capacity to deal with employment equity issue. This constraint concerns the shortcomings in monitoring and evaluation of affirmative action programmes. This refers to scarcity of human resources at governmental level and lack of effective organizational, technical and managerial support to businesses. This means that the speed of implementation of the programme is slow due to a combination of large bureaucracy and over-centralization of the process, which ultimately renders the programme ineffective. This is coupled by the lack of specialists as well as technology for facilitating the programme.

Poaching relates to affirmative action candidates who spend very little time in their jobs after being trained. As result, companies do not see any benefit of investing in skills development. On the one hand, two reasons for leaving companies were described, firstly, frustration of being perpetually trained without being given any opportunities. Despite the challenge of poaching the literature points out that companies that are having retention policies for affirmative action candidates are still few.

When the economy is not growing or even contracting, two things may happen in relation to the implementation of affirmative action. Economic costs of administration and training may be high making it is impossible to provide jobs to blacks. Due to high administrative costs, affirmative action is seen by many businesses as an added cost. Globalisation is in line with the SA's liberalisation which coincided with an increase in knowledge and skills intensity at the level of production. In this instance, South Africa is not yet equipped with the skills needed for economic and employment growth. Given the country's history, blacks that are highly qualified are still few in South Africa. Therefore, the challenge of meeting global pressures and following the requirements of the EEA is extremely difficult.

In Chapter Six, the findings revealed that DAC affiliates face a number of constraints that were revealed by the literature. In most instances factors such as the shortage of skills from the black community, commitment by top management, company compliance and government's role, poaching, economic growth and globalisation seemed to concur with the findings presented in reviewed literature. However, certain constraints revealed by the literature such as the attitudes of white middle management, the shifting of the responsibility baggage by management to the human resource department and training seem to contradict with the findings. These issues appeared to be less critical and have been to a certain extent addressed by most of the DAC companies through their communication strategies and transparency. Through proper communication fears of the historically advantaged and expectations of the historically disadvantaged were likely to be addressed clearly. On the one hand, it was revealed that human resources is part of the management and the stakeholders that decide affirmative action policy. With these in mind the discussion then turns to kinds of policies that should be implemented to solve the problem.

The role played by organisations such as the DAC can also not be overemphasised. The findings of the study further show that that affirmative action is depressed by what is termed the automotive industry's competitiveness. To respond to further competitive pressures the automotive sector is forced to employ highly skilled technical workers which are going to be productive and add value to business immediately. Therefore, the lack of qualified mathematics and science candidates combined with low level of education of black candidates has negative implications in terms of the implementation of affirmative action. The findings show that unless workers are trained intensively, the possibility of quick response to the implementation of affirmative action is impossible.

7.2. Implementing Sustainable Change: Policy Suggestions

The findings of the study raised a number of issues which need to be dealt with through the following policy suggestions. The core argument of this dissertation is that a number of interventions are needed to tackle a problem of implementing affirmative action; particular emphasis should be placed on factors that cover a broad spectrum and benefit a number of stakeholders. The CEE should perhaps present the results of their reports according to sectors so that the department of labour would be able to know which sectors are following the right route and which sectors are lagging behind with respect to the implementation of affirmative action. The current strategy where the manufacturing sector is presented as a whole is not comprehensive and it also downplays sectoral differences. The manufacturing sector itself needs to be divided into automotive, clothing and other related manufacturing sectors. Such an approach will make it possible to employ specialists that are experienced in these sectors to visit and establish the structure and kind of training done by these companies.

The linkage between educational institutions, businesses, government and broader communities should also be considered as a critical factor in the successful implementation of affirmative action. This will determine in the true sense of the word that institutions are producing candidates that are required by businesses sectors and community at large. The secondment of technical educators to manufacturing companies that are related to their

taught courses or disciplines will also be a crucial factor. This will help in broadening their understanding of what really happens in the world of work as opposed to theoretical considerations that are normally pursued in class situations. Presentations by artisans from the automotive industries to tertiary institutions with regard to recent innovations and designs of the new machinery in the sector are also a necessary exercise. A few of the benefits of these strategic alliances include, access to skills and technology, access to up to date research and information for policy making, access to institutional facilities for training purposes. This suggests that black education in the post-apartheid government needs more than equal funding.

Raising the quality of teaching and transfer of resources to the former black schools should also be a priority. Aniruth and Barnes (1998:848) note that this should occur at the local level as far as possible, thereby ensuring that the local population has the skills base required by the business investing in that particular area. Teachers should also make arrangements for students to visit manufacturing industries. This will develop their interest in the diverse careers of the manufacturing sector. The automotive industry should also visit certain institutions to explain and give information about career prospects of the automotive sector. These colleges also need to be recapitalised to ensure that they have the necessary infrastructure and programmes relevant to the needs of their economy.

Starting at the school and tertiary level to bring on equitable environment that allows people to be developed through education will bring them into the labour market with the right level of education and right skills. Tertiary institutions should offer internships or experiential training programmes as a core component of their curricula. This involves visits of students to some companies for a period of six months to one year to complete certain projects related to the subject of study. It then allows them to move into industry and commerce and start to map out a career. In many cases when people leave school and after attending tertiary institutions the focus is always on looking for a job. People need to be educated and developed in such a way that they will be looking for a career not a job. To fill the experience gap that is also crucial in the industry, specialisation should be started in the high school level probably at Grade ten. Mass education of black people to careers

declared as scarce skills will be a very important move for both business and government. This suggests that the government should give further subsidisation particularly to students coming from the historically disadvantaged background studying engineering courses as these are assigned under scarce skills in South Africa.

There is also a need to strengthen industry organisations such as the DAC. These organisations should play a role in the transmission of information by means of workshops, information sharing sessions, and local meetings with various companies. The cluster itself shows that most organisations hold a view that they cannot operate alone. The use of organisations such as the Durban Automotive Cluster to influence technical education institutions to offer courses that are related to their requirements should be considered. The establishment of an automotive newspaper or magazine for the DAC in order to keep South African's aware of the contribution of these companies to the implementation of affirmative action remains critical. This should consist of companies that have succeeded in the implementation of affirmative action policies so that other companies can follow suit.

Businesses should continue capacitating their employees with technical, organisational and management skills, as well as improving their participatory skills. Programmes that can provide employees with business management and economics related training can build a sense of self-esteem; optimism and non-passivity. This should be done in such a way as to empower automotive employees by means of active education and training programmes that produce communities which acquire lasting knowledge, skills, values, and attitudes. The training of employees by business on an ongoing basis is also important. The companies should also develop proper indicators that will show their successes and failures with regard to the implementation of the EEA.

The department of labour should improve its monitoring and evaluation process through field visits. A monitoring task team consisting of the relevant stakeholders including specialists from the labour department should be established. The monitoring task team should compile an area status report providing detailed knowledge of current affirmative action programmes. In order to meet the need for technical skills, joint cooperation between

the department of labour, department of education and department of trade and industry (dti) is necessary. There should be a direct link between SETAs and the Department of Labour (DoL) to avoid duplication of duties and reduce costs. For instance, when the department of labour makes visits it may be accompanied by the related SETAs. This will reduce costs as well as double reporting by these organisations. Forms should also allow companies to provide more information on strategies they use to achieve other requirements of employment equity, in addition to numerical goals.

Although the EEA is quite a comprehensive document, it needs to be developed from time to time so that it is in line with the current situations. For instance, instead of having only a stick approach that forces companies to implement affirmative action, the government should also develop a carrot programme that is able to give incentives in the form of tax breaks to companies that are keen and committed to the implementation of the EEA. Lastly it is very important to understand that affirmative action is a complex, slow moving process involving people as well as factors related to production and organisation. To be successful access to information, infrastructure and skills is very important. Participants must be motivated and have confidence and this is possible where education and opportunities exists. Therefore, affirmative action needs a holistic approach, because it is more than dealing with general workers and associated numbers that the top management of the corporate industry should have.

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