



A critical analysis of the 13th Commission for
Employment Equity report

May 2013

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1. Introduction

On 18 April 2013 the Commission for Employment Equity (CEE) released its 13th annual report. This report is based on the data submitted to the CEE by all designated employers (50 or more employees) and those employers who are not designated, but choose to submit regardless. It contains data submitted in 2012.

As has become the yearly refrain, the CEE has presented a situation of stubborn resistance against racial transformation in the South African labour market, especially with regard to the top and senior management levels. In speeches at the Employment Equity and Transformation Indaba where the report was released, this apparent phenomenon at top and senior management levels was then often generalised to include the entire South African labour market.¹

As was the case last year, the Minister of Labour, Ms Nelisiwe Mildred Oliphant, during her speech at the release of the CEE report, invoked a passage from the Freedom Charter that reads: 'All laws which discriminate on grounds of race, colour or belief shall be repealed'. It remains truly ironic that these words were quoted in a speech extolling the virtues of the Employment Equity Act (No. 55 of 1998), a piece of legislation that discriminates according to race.

This year, Indian people, even though they are part of the designated group, have joined white men in drawing the CEE's ire – following the inclusion of white women into the CEE's bad graces some years earlier by a previous chairperson of the CEE, Jimmy Manyi. Foreign nationals have also come under scrutiny by the CEE, although it is not clear from the report why this would be the case.

In its 13th report, the CEE continues to use the racial composition of the economically active population (EAP) of South Africa as the only and final yardstick for measuring 'racial equity'. It seems that the CEE will only be satisfied once South Africa looks exactly the same at every job level within every employer at every geographical location in the country. This amounts to wishing for a massive social engineering programme of relocation and

¹ The CEE makes no bones about it that the top level (with less than 1% of all employees) is where the focus should be – to quote from page 49:

'...the Broad Based Black Economic Empowerment 'movement' has been vociferous about the need to target 'top management' for transformation; to focus on that level rather than the other levels.' (emphasis added)

indoctrination of the population to all think the same and want the same things in every respect. It is, in effect, a complete denial of the inherent diversity of the South African population and of human beings in general.

Certain problems with the method followed by the CEE still exist in their report and are elaborated upon in the later sections of this report. Though some improvement seems to have been made, the CEE still has not managed to release a report that is free from basic errors² and misrepresentations³.

² For example: In Figure 3 on page 10 of the report, the column that purports to show data for senior management in 2010 actually contains the data for top management in 2010. On page 1, the CEE also states that the report covers the period 1 April 2012 to 31 March 2013. This is impossible, as the deadline for employers to submit their reports was actually October 2012 (although it seems that the CEE still accepted late submissions and corrections until 15 January 2013 – still two and a half months short of the date the CEE says the 13th report covers).

³ On page 21 of the report, the CEE states that 'Notwithstanding the positive developments for gender equity, White female representation is almost their Black female counterparts combined.' (sic). This refers to a figure of 17,5% for white women and 24,1% for black women. Surely, it is not reasonable to describe 17,5% as being 'almost [the same as]' 24,1%, as there is a difference of 6,6 percentage points, or nearly 40% between them!

2. Focus on ‘random walk’ at the top misguided

One of the big themes highlighted by the new chairperson of the CEE, Dr Loyiso Mbabane, is what he calls the ‘Random Walk’ phenomenon. In the introduction to the report he describes this ‘random walk’ as follows:

Our “progress” with representation of designated groups in top management and senior management has been akin to the “drunkard’s walk” from the bar (now walking away from it and later back to it) so the observer never quite knows which way s/he is actually headed.

This assertion is based on is the following data:

| Percentage of people from designated groups (white women excluded) as part of top and senior management (from pages 9 and 10 in the 13 th CEE report) | | | | | | |
|--|-------|-------|-------|-------|----------------------|-------|
| | 2002 | 2004 | 2006 | 2008 | 2010 | 2012 |
| Top | 18,4% | 21,1% | 22,2% | 24,2% | 24,1% | 24,2% |
| Senior | 22,2% | 25,7% | 26,9% | 32,5% | 24,1% (33,6%) | 35,0% |

With regard to the top management level, the data actually shows a steady (albeit slow) increase in the representation of black people. The only tenuous evidence of a ‘random walk’ might be from 2008 to 2012, where the figures appear to have stagnated.

At the senior management level, the same applies – a steady increase in the representation of black people is evident, except for the anomalous decrease in 2010. This decrease is easily explained. The CEE made an error when transcribing the data, as the 11th CEE report actually lists a figure of 33,6% for black people at senior management level in 2010.

In analysing these figures, especially at the top management level, anomalies are to be expected, due to the method that is employed by the CEE in collecting the figures. It is based on an ever-changing sample of employers and the CEE has also not been consistent in its use of the reports received. On page 15 of this year’s report a table (reproduced below) lists the number of reports that the CEE received from employers and the number of reports not included in the analysis. Reports may be excluded for various reasons, chief of which seems to be failure by employers to complete the reports in their entirety before submitting them.

| | Reports received | Reports excluded | % of reports used in analysis |
|------|------------------|------------------|-------------------------------|
| 2002 | 6 990 | 0 | 100% |
| 2004 | 5 554 | 0 | 100% |
| 2006 | 6 876 | 2 482 | 63,9% |
| 2008 | 10 580 | 3 351 | 68,3% |
| 2010 | 18 534 | 1 836 | 90,1% |
| 2012 | 23 312 | 1 300 | 94,4% |

With samples that diverge so widely in size and where the percentage of reports actually included also differ considerably, it is not surprising that strange fluctuations would appear – especially at the higher occupational levels where fewer people are employed.

The Department of Labour appears to have been successful with its drive to get more employers to submit reports. This drive has included threatening employers with reviews and fines if they fail to submit reports. This, in itself, is likely to have had a perverse effect on the figures, as companies who are less ‘representative’ are likely to be the ones that did not submit reports in the past, but are submitting reports now. This would tend to make the racial representation figures appear to show slower change over the years than was actually the case.

A further factor that could be influencing the top management figures in particular is the fact that most of the employers who are included in the years where both large and small employers have to submit reports are small employers. These small employers each have at least one top manager, but probably not more than two or three people who are in top management in total. Because the smaller companies only have a handful of top managers, some of whom are likely to be owners or founders of the companies, it is unrealistic to expect ‘representivity’ to be reached at these levels quickly.

For example, if a small company was started by a white man, who remains the CEO of his own company and the company only has one other person at the top management level, the CFO. Even if the position of CFO were to be occupied by a black person, the company would still only have 50% black representation at top management level. The only way it could increase this would be to create more top management positions, or for the founder and CEO of the company to relinquish his position – both of which are not realistic to expect, especially in the small business sector. The effect adds up to something that may seem like ‘resistance to transformation’ in the overall statistics for top management, but actually just

reflects a completely reasonable situation that has nothing to do with racism or 'resistance to transformation'.

The 13th report consists of reports submitted by 4 831 large employers, with an average of 1 097 employees each, and 17 181 small employers with an average of 49,7 employees⁴ each. The fact that the average for small employers is lower than 50 indicates that many employers who submitted must have far fewer than 50 employees. This only serves to reinforce the point that what may look like 'resistance to transformation' in top management figures could actually simply be a manifestation of many of the small companies being white-owned and only having a very small number of top management positions.

As before, the CEE's focus on the top and senior management levels does not include pointing out that out of the 6 153 334 employees covered by the report, less than 1% are in top management and less than 2% are in senior management. Only 31 464 of the top managers in this report are white men. If they only had a 6,4% share of top management, equal to their share of the EAP, there would have been 3 367 white men at top management level. This means that only 28 097 positions would theoretically 'open' for people from designated groups to fill at the top management level. Compare this to an unemployment figure of almost 7 000 000 people in South Africa. Even if the 44 309 'over-represented' white men at senior management level were added to the 28 097 at top management level, it remains a minute portion of the total labour market. To imply that South Africa's labour market would be 'transformed' or 'equitable' if only national racial demographics could be applied at top and senior management levels is to miss the point entirely.

One could go even further: calculating the total number of 'over-represented' white men at the top four occupational levels provides a figure of around 292 000. Once again – this is insignificant compared to the seven million unemployed people in South Africa, the actual problem in the labour market. Furthermore, the CEE's report also has significant 'under-representation' of white men at the two lowest occupational levels and in temporary employment. The net effect being that, out of the 6,2 million employees covered by the CEE's report, only about 140 000 white men are 'over-represented'. If these 6,2 million employees could be re-organised overnight to achieve what the CEE would regard as 'equity', all other things remaining equal, it would only transfer 140 000 unemployed people into employment. South Africa would still have about 6,8 million unemployed people.

⁴ This in itself is somewhat surprising, as the threshold for compulsory submission is 50 employees or more. As the average number of employees for the small employers who submitted is lower than 50, it indicates that many of them must have much fewer than 50 employees.

3. Indians and foreign nationals: the new white women?

This year's CEE report contains several references to the 'over-representation' of Indian people. This is reminiscent of the references to white women being 'preferred beneficiaries of affirmative action' in the CEE's 7th and 8th reports when Jimmy Manyi⁵ was still the chairperson. This kind of 'everyone (except white men) is designated, but some are more designated than others' approach now seems to be applied to Indian people in the CEE's 13th report – for example on page 10:

Indians increased at [senior management] level from 6.3% in 2002 to 9.5% in 2012, which is a clear indication that the increase in representation is not benefiting all within the Black group equally or on an equitable basis.

In the summary of the report, on page 45:

The Indian category, amongst designated groups, continues to be over-represented. Indian males are even more overrepresented amongst people with disabilities in top management (9.2%) than they are amongst top managers as a whole in the sample of reports (5.7%).

The current chairperson of the CEE, Dr Loyiso Mbabane, mentioned this 'over-representation' of Indian people frequently during his presentation at the launch of the report at the Employment Equity and Transformation Indaba. He referred to employers 'cherry-picking' for Indian people among the designated groups. With reference to the representation of Indian men among people with disabilities, Dr Mbabane asked: 'Is there something special about Indian males who are disabled?'

There is an easy answer to Dr Mbabane's question. People of Indian descent in South Africa (including Indian men with disabilities) generally have much better educational qualifications than other groups who are part of the group designated for affirmative action. According to the 2011 census, about 16% of Indian or Asian men aged 20 to 64 in South Africa have a degree or higher qualification. The equivalent percentage for the remainder of the designated group (excluding white women) is only 4,7%. It is therefore not at all surprising that Indian men account for a large proportion of the higher occupational levels.

⁵ Manyi himself is also no stranger to making controversial statements about Indian people. In 2010, while he was the director-general of the Department of Labour, he told a gathering of the Durban Chamber of Commerce that 'Indians have bargained their way to the top'.

Dr Mbabane also referred to a ‘consistent increase’ in the representation of foreign nationals as another example of ‘cherry picking’ by employers. On page 45 of the report, reference is also made to a ‘steady rise’ in foreign nationals at top and senior management levels.

Firstly, it is far from clear from the data presented in the report that there has been a ‘consistent’ or ‘steady’ increase in foreign nationals at the top and senior management levels. The figures presented in the report are:

| Percentage of foreign nationals by occupational level | | |
|---|----------------|-------------------|
| | Top management | Senior management |
| 2006 | 2,9% | 2,0% |
| 2008 | 3,1% | 2,5% |
| 2010 | 2,9% | 2,3% ⁶ |
| 2012 | 3,1% | 2,5% |

In respect of top management, a figure that fluctuates back and forth from 2,9% to 3,1% can hardly be called a ‘consistent increase’ or a ‘steady rise’. The same goes for the senior management level, where the figures increase from 2,0% to 2,5%, then go back to 2,3% and then up to 2,5% again. This cannot be labelled a ‘consistent increase’.

Even if it were the case that the CEE’s figures showed a consistent increase in foreign nationals in employment at these levels, it is not clear why the CEE would regard this as a problem.

Furthermore, ‘foreign nationals’ are defined as including anyone who was resident in South Africa before 27 April 1994 but who was not a South African citizen and was not precluded from obtaining South African citizenship by Apartheid policies, as well as anyone who only became resident in South Africa after 27 April 1994. This means that, as long as South Africa experiences net inward migration, the proportion of people in the labour market who are defined as being ‘foreign nationals’ will continue to grow, even though some of these ‘foreign nationals’ have been South African residents for two decades or more and may even have become naturalised South African citizens after 1994.

⁶ The 13th CEE report uses an erroneous figure of 2,9% for foreign nationals in senior management in 2010. The actual figure, drawn directly from the 11th CEE report, is 2,3%.

4. The ‘domination of white men’ has been much exaggerated

A long-running theme in the CEE’s reports is the ‘domination of white males’. In the 13th report, the CEE asserts this in no less than eight places. The Minister of Labour also made such a comment in her speech at the release of the report.

With only a cursory examination of the top two occupational levels (which together make up less than 2,8% of the total number of employees covered by the report) this would certainly seem to be the case, with white men accounting for nearly 60% and 44% of top and senior management respectively in the latest report. However, considering the entire report and the trends over time, a different picture emerges.

The following table shows the changes in the percentage share of white men at the different levels of employment from the CEE’s data from 2002 to 2012.⁷

| | 2002 | 2004 | 2006 | 2008 | 2010 | 2012 |
|--------------------------|-------|-------|-------|-------|-------|-------|
| Top management | 71,1% | 68,2% | 60,2% | 61,1% | 60,8% | 59,8% |
| Senior management | 61,6% | 57,3% | 51,9% | 47,4% | 45,9% | 43,8% |
| Prof. qualified | 47,4% | 32,7% | 40,1% | 33,2% | 29,9% | 27,7% |
| Skilled | 24,0% | 24,1% | 23,2% | 18,5% | 15,8% | 14,3% |
| Semi-skilled | 6,8% | 6,2% | 4,2% | 4,0% | 3,3% | 3,1% |
| Unskilled | 1,4% | 1,1% | 0,9% | 0,8% | 0,9% | 0,8% |

The general downward trend can be observed in all categories. The ‘skilled’ group is particularly important, as this is where the bulk of white men are employed. In the latest CEE report, 41,4% of white men included in the report were employed at this level. Comparing 2002 and 2012 shows a decrease of 9,7 percentage points in ten years, which amounts to a 40,4% decrease in the percentage share of white men at this level of employment in the last decade. If one instead takes 2006 (the first year foreign nationals were also separately included) as a starting point, the change is 8,9 percentage points and 37,1% in only six years.

⁷ It must be kept in mind that due to the method that the CEE uses to collect data, and differences over the various years, none of the years are actually strictly comparable to each other. No other comprehensive data are available, however. Also keep in mind that the figures for 2002 and 2004 are even less comparable to the other years, as the CEE did not separate out foreign nationals in those years.

White men may still be (using EAP as the only yardstick) 'overrepresented' at the skilled level, but this has been very rapidly changing according to the CEE's own data. A decrease of nearly two fifths in their percentage share at this level in only six years represents very significant change, despite what the CEE may say about slow racial transformation.

Another way to illustrate this change would be to consider a racial breakdown of the CEE's figures where all the levels of permanent employment are consolidated. The earliest available figures that are roughly comparable are from 2006.

| | African | | Coloured | | Indian/Asian | | White | | Foreign | |
|-------------|---------|-------|----------|------|--------------|------|-------|------|---------|------|
| | M | F | M | F | M | F | M | F | M | F |
| 2006 | 41,4% | 15,2% | 6,1% | 6,1% | 2,4% | 2,0% | 12,3% | 9,6% | 4,7% | 0,1% |
| 2012 | 40,1% | 25,2% | 6,0% | 5,7% | 2,4% | 1,8% | 9,3% | 7,1% | 2,2% | 0,3% |

This table shows that while white people in 2006 accounted for 21,9% of all employees covered by the CEE's report, in 2012 they accounted for only 16,4%. This is also indicative of a large shift in employment when analysed by race. Also note that the largest increase by far is for African women, from 15,2% to 25,2%.

5. The role of education

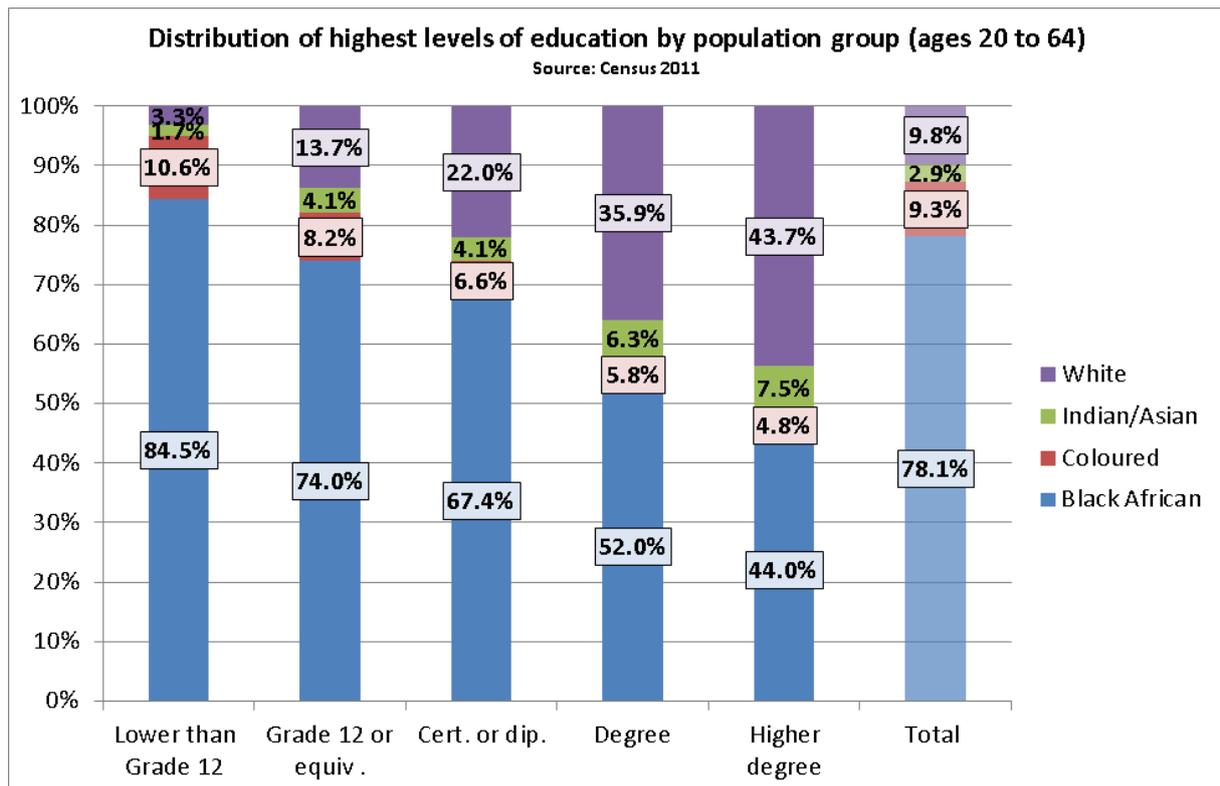
As in previous years, the CEE does not include any figures or comments on the distribution of educational qualifications in the South African population in its report. This should be a major theme in the CEE's reports as educational qualifications are undeniably one of the most important factors that determines whether a person can be appointed to a specific job or not.

Even the Employment Equity Act, in section 42(a)(ii), stipulates that one of the factors that must be considered when compliance with the Act is being assessed, is 'the pool of suitably qualified persons from designated groups from which the employer may reasonably be expected to promote or appoint employees'.⁸

When it comes to the reality that an employer faces when considering job applications, it is a complex matter. The suitability of a particular person's educational qualifications and experience for a particular job has to be considered on a case-by-case basis. However, by taking into account an overview of the distribution of educational qualifications in South Africa, a large part of the reason why the racial distribution of employment cannot realistically reflect the total economically active population at every occupational level in South Africa becomes apparent.

The following graph shows the percentage that each of the four race groups that the Employment Equity Act defines contribute to broad levels of educational qualifications of the population aged 20 to 64 in South Africa. Keep in mind that these are very broad categories, as even at matric level, there can be massive differences between the quality or labour market value of two people's matric certificates. One person who has scraped through with an average barely above 30% does not have the same capabilities as a person who passed matric with an average exceeding 80%. With tertiary qualifications, similar situations exist: degrees in all fields are not equally valued and a qualification from a university with a good reputation is more valuable than a qualification from a university that is not held in high esteem. These subtle, but important, differences are not reflected by the data presented below.

⁸ Subsections (iii) and (iv) of the Act also refer to the economic and financial position of the employer and employers in the same sector. This serves as an acknowledgement that implementing employment equity can come at a cost to the company. The amendments to the Act that are currently proposed will remove most of these other factors that have to be taken into account from the Act, but it will not preclude anyone who is evaluating compliance with the Act from including them regardless.



Comparing the rightmost column, representing everyone aged 20 to 64, regardless of highest educational level, to the other columns provides clear evidence why it is unrealistic to expect the labour market, especially at the higher levels where the CEE focuses, to reflect the racial demographic distribution of the EAP. Even at a level as low as Grade 12, the white and Indian/Asian sections of the population account for a larger share than their share of the total population aged 20 to 64. This trend continues and intensifies moving up the scale. At graduate and postgraduate levels, white people account for around one in every four working-age adults even though, as a whole, only about one in ten people aged 20 to 64 are white.

Of course these figures are gradually changing over time as an increasing number of young black African people are successfully completing tertiary education. Even so, it takes time for young people to gain the experience to be able to climb the career ladder. The visible changes in workplaces will therefore necessarily be gradual and incremental.

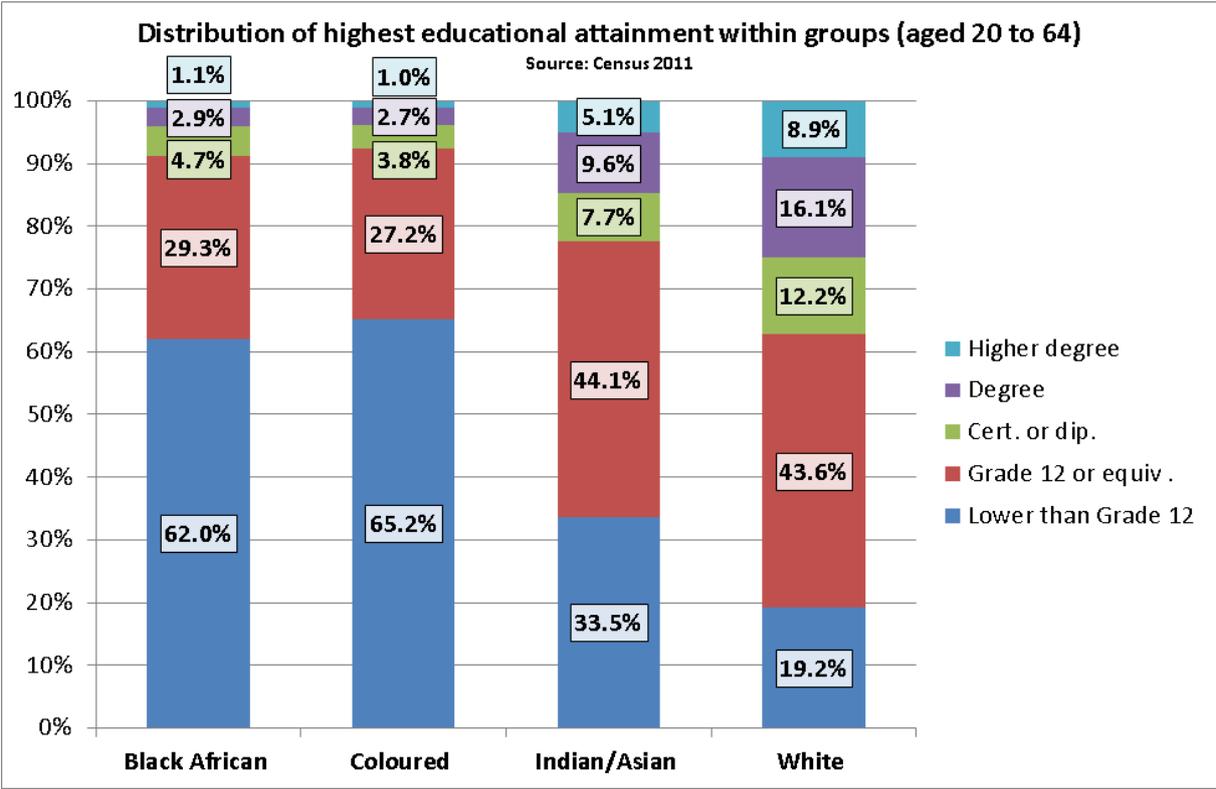
It should be clear from the figures presented above that the situation of 'over-representation' of white people (and, as the CEE takes pains to point out, Indian people) at the higher job levels in the labour market can be explained by the fact that members of these groups generally have better educational qualifications. There is no need to go searching for some sort of malicious racial discrimination plot by businesses to explain the situation. To a very

large degree, the ‘over-representation’ of certain groups is simply a reflection of the reality that educational qualifications are not evenly spread among the different population groups.

Consider a hypothetical situation where there had not been any discriminatory policies in the history of South Africa, but where white people, through random chance, had ended up with the majority share of educational qualifications. In such a situation, if white people did not, in the CEE’s words, ‘dominate’ the higher levels of the labour market, analysts would be confounded by such a strange state of affairs.

And yet, in its report, the CEE does not even mention the possibility that the differences in educational attainment among the different race groups may provide a large part of the explanation for why white people hold such a large share of employment at the higher levels of the labour market.

The same data can also be presented in a different way:



This graph clearly shows that the educational attainment profile of the white population and, to a lesser extent, the Indian population is significantly better than the black African and Coloured groups. Nearly 40% of the adult working-age white population have qualifications at a level higher than Grade 12, while less than 10% of the black African and Coloured

population in the same age group have tertiary qualifications. Less than 20% of the adult working age white population have no secondary or tertiary qualifications, while the comparable percentages are above 60% for the black African and Coloured population.

These differences cannot be wished or argued away. This is the South African reality and it can only change through better education – something that the public sector has failed dismally at doing in most cases. Even so, for many people it is simply too late. It is an unfortunate reality that it is very unlikely that a 50-year-old person with less than matric will, in the course of the remainder of his or her working lifetime, manage to matriculate or gain an equivalent qualification and even more unlikely that he or she will progress to degree level. However, this person remains part of the labour market (and the EAP), but is extremely unlikely to ever attain a managerial position.

No figures on work experience at different levels are available, but it is reasonable to assume that most black people have less work experience at higher levels than their white colleagues of the same ages. To a large extent, this would be the result of unjust policies of the past. Unfortunately, however, it is not possible to make up an experience deficit overnight.

Of course, there are exceptions to the situations outlined in the above paragraphs. There are people from all races and walks of life who did and do manage to triumph over adversity and attain very good qualifications and experience or who manage to surmount these obstacles through sheer business acumen and talent in the absence of formal qualifications. As in any society in the world, however, only a small minority of people manage to achieve such feats. If it were easy for anyone to become a senior manager in a business without the relevant qualifications, universities and other institutes of learning could close their doors today.

6. General problems with EAP as yardstick

The aim of this section is to briefly touch on some of the reasons why EAP in and of itself cannot be used as a precise measurement of what each race group's 'representivity' should actually be. This is not an exhaustive list, but only touches on some of the most salient points.

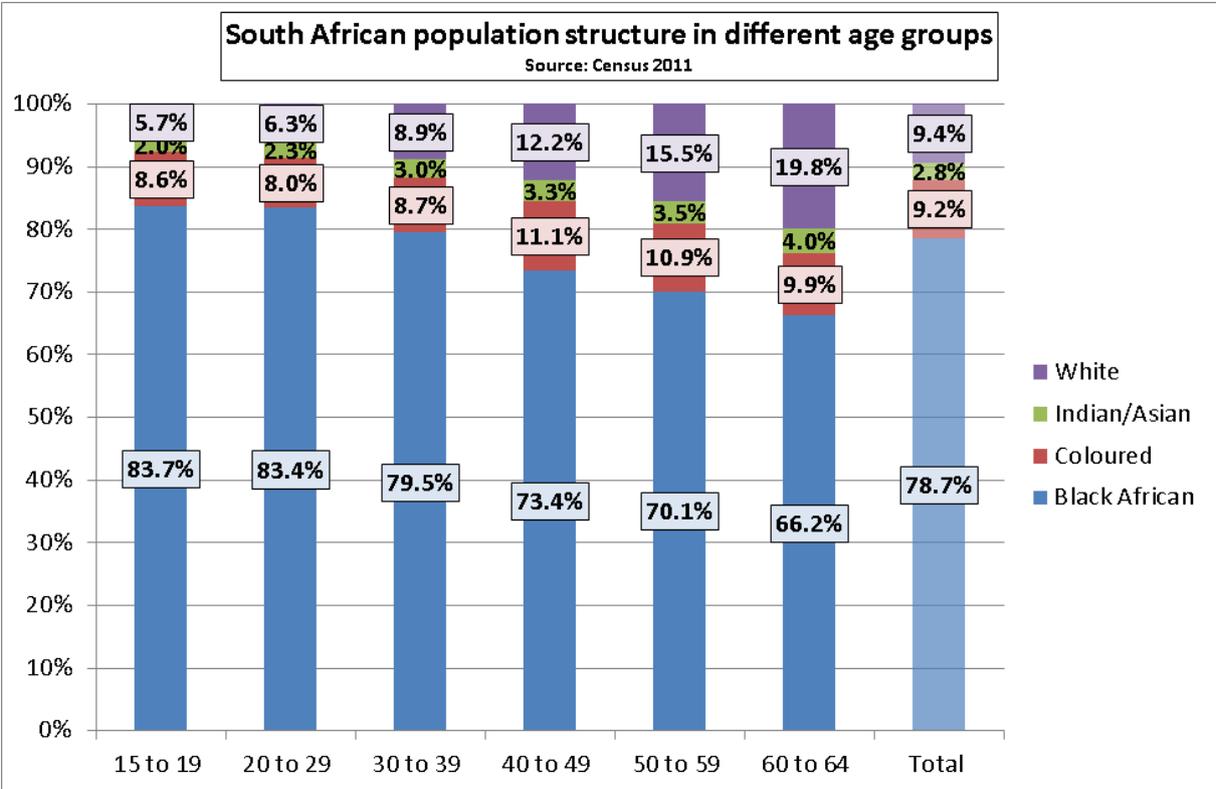
The EAP is derived as part of the Quarterly Labour Force Survey (QLFS) that is regularly undertaken by Statistics South Africa. Being a sample survey, it has significant margins of error, which increase as the population is broken up by variables such as population group or geographical location. Rigidly using EAP as a yardstick without leaving some leeway despite this fact is not justifiable. Furthermore, the QLFS uses estimates of the total population to extrapolate the relevant figures for the country as a whole. The estimates of the total population that are used at the moment still use the 2001 census figures as a base population, with various other data sources and assumptions factored in to estimate the current population in every specific quarter. The fact that the base population that is used is from a decade ago naturally creates challenges with regard to the accuracy of current estimates. This also means that the EAP figures cannot be regarded as a perfect representation of reality for each quarter and that rigidly applying targets based on EAP are not cognisant of reality.

Furthermore, the QLFS makes absolutely no distinction with regard to citizenship or any other such factor that has a bearing on whether a person is part of the 'designated group' or not. The 'black African' category in the QLFS, for example, includes any 'black African' immigrant who has entered South Africa after 1994. In terms of the definitions used for the 'designated group', such a person is to be considered a 'foreign national' and should not be included in the 'African' category. However, the yardstick that is used, EAP, includes such a person in the 'African' category.

Because the QLFS's racial definitions and the definitions used for determining whether a person is part of the 'designated group' or not are not aligned with each other, it further limits the degree of accuracy with which the EAP figures can be applied. The significance of this factor will probably continue to grow as years go on, for as long as South Africa experiences migration into the country in excess of the number of South African citizens who emigrate, as has been the case for decades now. As net immigration continues, as long as it is faster than the increase in the South African population due to reproduction, the proportion of the

population who have to be regarded as being 'foreign nationals' for the purposes of applying racial affirmative action will continue to grow.

The way in which the EAP figures are used by the CEE also do not take into account the differences in the age structures of the various population groups. The 'black African' population of South Africa proportionally has much more young people than the 'white', 'Coloured' and 'Indian or Asian' population groups. As the graph shows, the older the group, the higher the proportion of 'white', 'Coloured' and 'Indian or Asian' people, except for the 60 to 64 age group where 'Coloured' people's share of the population decreases marginally. Inversely, the 'black African' population's proportion of each age group decreases as the age brackets advance.



To give just one basic example of how this divergent age structure has a material impact on the suitability of using EAP figures for judging 'representivity', consider the following example: a job that requires a three-year qualification and ten years of experience in a managerial position. Nobody who is under 31 years old can be considered to be part of the possible candidates for the job, and a 31-year-old candidate would still be extremely unlikely to have started working in a managerial position anyway.

Using total EAP in isolation for judging 'representivity' for such a job is improper, as the actual potential pool of people that can be employed has a larger proportion of white people and fewer 'Africans' as the required age for the job rises. For this example, if one considers the possible age group from which someone may be appointed to be 31 to 64 years old, the proportions for the four population groups are as follows:

| | Black African | Coloured | Indian/Asian | White |
|-------------------|---------------|----------|--------------|-------|
| 31 to 64 | 74,3% | 10,0% | 3,3% | 12,4% |
| Total working age | 78,7% | 9,2% | 2,8% | 9,4% |

This shows what a significant impact even something as basic as an age restriction can have, before more significant factors like qualifications are even taken into account.

7. The misinterpretation of turnover figures

It is disheartening that this section has to be included in this critique of the CEE's report once again, as the Solidarity Research Institute has pointed this mistake out before on at least three occasions: in 2010, 2011 and in 2012. It has also been pointed out and discussed during a meeting with the CEE, but the CEE seems to be blind to this glaring problem in its analysis of its own figures.

As has been mentioned, the CEE uses the racial composition of the EAP as the absolute and only yardstick for measuring all of the figures in its reports. According to the CEE's approach: if any figure for white people (and in the past few years' reports, Indian people) is higher than the white (or Indian) share of EAP, it signifies racism and discrimination. This approach is also followed when the CEE analyses figures on recruitment, promotions and skills development.

The figures on skills development contained in the reports are actually not properly useable, due the way in which information is collected by Form EEA2. The question regarding skills development is phrased as:

Please report the total number of people from the designated groups, including people with disabilities, who received training solely for the purpose of achieving the numerical goals, and not the number of training courses attended by individuals.

It is not at all clear how this should be interpreted. What qualifies as training 'solely for the purpose of achieving numerical goals'? The most logical interpretation in the context of Form EEA2 would be that it refers to training given to employees from designated groups (or under-represented groups) in order to enable them to be promoted to more senior positions. If this is the case, however, there should be no, or very little, training reported for white men. In the CEE's report, this is not the case. Clearly, then, companies who report are not interpreting the question in this way. It is likely that the question is interpreted in divergent ways by different companies, which makes the usability of the figures even more questionable than the rest of the figures in the report.⁹ Regardless, the CEE continues to use the figures in its reports.

⁹ In this year's report, the CEE, for reasons unclear, neglected to include figures on terminations of employees, even though the definition of 'workforce movement' in the report itself still refers to terminations as being one of the relevant aspects.

In terms of the CEE’s way of interpreting the recruitment and promotion figures, the following serves as an example:¹⁰ At the senior management level, with respect to the figures in the following table, the CEE notes: ‘The existing patterns only indicate that inequalities in the representation of race, gender and disability at this level will remain for a number of decades to come.’

| | White men | Black men and women |
|-------------|-----------|---------------------|
| Employed | 43,8% | 35,1% |
| Recruitment | 42,6% | 35,9% |
| Promotion | 32,1% | 47,3% |

If one were to compare these figures on recruitment and promotion to EAP only, the conclusion reached by the CEE seems to be valid. White men, with a 6,4% share of the EAP, accounted for 42,6% of recruitments and 32,1% of promotions at this level – big disparities indeed! It is, however, an incorrect comparison to make.

The proper comparison is between the proportion for the specific group that is currently employed and the proportions of recruitment and promotions. If the recruitment or promotion figures (or both in conjunction) for white men are lower than the proportion of white men that is currently employed at a specific level, it indicates that any individual white man at that level is actually less likely to be promoted or recruited than any individual black person. The figures in the table above therefore actually point to a gradual erosion of the ‘white male dominance’ at senior management level.

To illustrate this principle, the following hypothetical example can be considered. Take a situation where a company has 1 000 employees at senior management level. Of these 1 000 employees, 700 are white and 300 are black. Now the company promotes 100 employees. Of those that are promoted, 60 are white and 40 are black. The CEE would look at this and conclude that white people are more likely to be promoted than black people and that white people are getting more than their fair share of promotions. According to the CEE’s approach, in this example, where 60% of promotions went to white people, ‘white dominance’ would be further entrenched. This is not correct.

¹⁰ This is not limited to the senior management level – the CEE repeats similar, incorrect interpretations at every level in the report. Senior management is merely used as one example.

Actually, in this example, each individual black person of the 300 is more likely to be promoted than each of the 700 white people. Forty promotions out of 300 means that 13,3% of the black people were promoted, while only 8,6% of the white people were promoted. As long as the percentages of promotion and recruitment for white people, or the net effect of both in conjunction, stay at a lower level than their current representation at that level, it actually gradually erodes white representation at that level.

This situation is exactly what one can generally observe in the figures from the 13th CEE report, as would be expected, when considering the gradual decreases in white representation at most levels over the past years.

| | Currently employed | Recruitment | Promotions |
|--------------------------|--------------------|--------------|------------|
| Top | 59,8% | 47,4% | 43,1% |
| Senior | 43,8% | 42,6% | 32,1% |
| Professionally qualified | 27,7% | 28,8% | 20,9% |
| Skilled | 14,3% | 17,6% | 8,0% |
| Semi-skilled | 3,1% | 4,4% | 2,2% |
| Unskilled | 0,8% | 1,3% | 1,4% |

In the latest report, at the top and senior management levels (where the CEE expresses the most concern about a slow pace of ‘transformation’) the figures on recruitment and promotion actually point towards the gradual erosion of what the CEE laments as being ‘white male dominance’. At the professionally qualified and skilled levels, the figures (in bold in the table) for recruitment and promotion of white men are marginally higher than their existing shares of employment, but only by slim margins. At the same levels, white men’s share of promotions is far lower than their current share of employment at the respective levels.

At the semi-skilled and unskilled levels (where white men are, incidentally, ‘under-represented’) the figures are somewhat higher than white men’s current representation at these levels, which is also actually in line with a rigid approach to ‘representivity’.

With regard to ‘white male dominance’, the CEE can actually therefore only reasonably complain at the professionally qualified and skilled levels. Ironically, but predictably due to the rigid and unsuitable approach that it follows, this is where the CEE expresses most

satisfaction with the 'progress' that is being made with regard to indicators of workforce change.

The unsuitability of the CEE's approach can be illustrated by a further simple example: In a specific company, there are 35 black people and 65 white people at a job level. In one year, the company decides to promote all 35 black people. If they were to adhere to the EAP proportions, this would mean that they could only promote five white people in that year, to achieve (roughly) an 88/12 split. This would keep the CEE happy and the net effect of the change would be that 40 employees were promoted.

However, if the company instead decided to still promote all 35 black employees, and also promoted 35 white employees instead of only five white employees, the split would change from 88/12 to 50/50. This would make the CEE very unhappy, but did anything negative actually happen? Were any black people disadvantaged by this decision?

The answer is no: all of the black people were treated exactly the same in both examples. The only difference was to the white employees, who, in the second situation, were positively influenced without disadvantaging anyone else. Still, according to the CEE's approach, the first situation, where only 40 employees instead of 70 benefited from promotions, would be preferred. If one were to, as the CEE consistently does, use EAP as the only yardstick by which to judge the fairness and desirability of the two alternatives above, the first example would be judged fair and equitable, even though the second alternative treated all the black employees exactly the same, but increased the net positive effect on employees. The logical conclusion of the CEE's approach is similar to the Aesopian fable of the dog in the manger.

This also speaks to the effect of the dogmatic adherence to EAP at an individual level. The promotion of 35 black and five white employees would be judged to be fair according to EAP at a group level. Say, however, that there were actually ten white employees who were equally deserving of a promotion because of their hard work and dedication. Five of them would have to be told that they could not be promoted, because by promoting them, group-level equity (as determined by a bureaucrat) would be negatively affected. This is the kind of unfairness at individual level that is created by a dogmatically numerical approach to affirmative action as advanced by the CEE.¹¹

¹¹ This situation is similar to that which Solidarity is contesting in court on behalf of employees of the Department of Correctional Services and members of the South African Police Service who are most deserving of promotions, but who are not promoted in order to adhere to numerical targets of affirmative action.

There is another simple, but important aspect to employee turnover that the CEE seems to fail to grasp. The CEE's approach to employee turnover supposes that every white person who leaves an employer will not find employment at another employer, or will/should only find employment only at a lower level than before.¹²

In reality, especially at the higher levels of the labour market, this is not what generally happens. It is rare for someone to voluntarily leave a managerial position if he or she does not already have another job lined up at the same or higher level.¹³ Therefore, most of the CEE's figures on 'terminations' of employment (unpublished in this year's report) and of recruitment of new employees are probably double-counting the same individuals. This is just one more reason why it is not reasonable to suggest that it is racism by employers that prevents them from filling each position that is vacated by a white person with a black person. The turnover of employees takes place precisely because the employees vacating their jobs know that they can be employed at the same or an improved level at another employer – they already have the new job 'lined up' before resigning. If this were not the case – if, for example, white employees were told that if they resigned, they could not be employed at another company at the same level – the number of white people voluntarily vacating their jobs would be significantly lower.¹⁴

¹² In his foreword to the 13th CEE report, the chairperson of the CEE refers to the opposite of this as '...a situation where the throughput is guaranteed to perpetuate the kind of output that the Report is lamenting.'

¹³ Exceptions would of course be permanent retirement, emigration or death.

¹⁴ The racial composition of the supply of skills, as outlined in section 3 of this document, also plays a role.

8. Summary and conclusion

As has repeatedly been the case in preceding years, by misinterpreting and misrepresenting its own data and omitting to mention important relevant factors the CEE has, with its 13th report, once again presented a skewed picture of racial transformation in the South African labour market.

While this critique of the latest CEE report is not exhaustive, some of the most salient points that have been referred to are summarised below:

1. Referring to a 'random walk' phenomenon for racial transformation at the top and senior management levels is a misreading of the figures (based at least partly on a basic transcription error) and even if this were not the case, the CEE does not mention the most relevant reasons for why such a phenomenon might seem to be happening.
2. The CEE seems to disapprove of Indian people (especially Indian men) gaining managerial positions in excess of their representation in the EAP, without taking into account that men of Indian descent are generally much better qualified than the remainder of the designated group.
3. The CEE continues to emphasise the 'dominance' of white men, even though the CEE's own figures show steady decreases in the representation of white men in the reports analysed, in particular at the 'skilled' occupational level, where more than 40% of all white men are employed.
4. The report pays no attention to the huge educational and experiential differentials that still exist among the different population groups in South Africa. These differentials are steadily narrowing, but at the moment they still exist and cannot simply be ignored.
5. The CEE rigidly applies the racial composition of the economically active population (EAP) as a yardstick throughout the report without taking into account the limitations and uncertainty of these figures.
6. The CEE continues to interpret its own figures on employee turnover incorrectly, coming to the conclusion that current trends are generally favouring 'over-represented' groups, while in virtually all cases in the 13th report, the opposite is true.