Evaluating the implementation of Employment Equity in a Pharmaceutical Company: A Case Study

By

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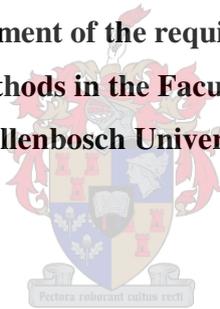
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ABSTRACT

This qualitative single case study explored the implementation of employment equity in a pharmaceutical company referred to as Medco and the factors that played a role in that regard. A case study design was used to conduct the research using mixed methods of data collection such as qualitative interviews (face to face and telephone), focus group and company documents.

Despite the introduction of the Employment Equity Act No. 55 of 1998 (as amended) 17 years ago to deal with inequalities and discrimination, the South African labour market remains hierarchical with blacks concentrated at the lower levels and white males occupying decision making positions. The results show that designated groups who managed to reach top echelons in the company are fewer than the 35% recommended threshold for critical mass to have a meaningful voice. Using the business case approach to respond to diversity in Medco ensures the continuation of the white male agenda to conceal white privilege, and ignore issues affecting diversity.

By concentrating on numerical representation to ensure legal compliance to the Employment Equity Act, consideration for profits and market dominance, the company did not pay attention to the power dynamics and privilege affecting the different groups in the company. The failure of the company to achieve its equity targets has been largely due to external factors such as volatile business environment affecting employers in the pharmaceutical sector as a result of globalisation. The limited pool of employees from designated groups available that employers compete for as a result of shortages was another factor affecting employers in the sector. Instead of investing in training employers embark on quick fix solutions of poaching from competitors to comply with legislative requirements by offering designated groups improved packages.

The slow pace of transforming the South African labour market implies that it will be some time before equality is reached and see the end of Employment Equity Act.

OPSOMMING

Hierdie studie ondersoek die implementering van billike indiensneming in 'n farmaseutiese maatskappy (verwys na as Medco) en die faktore wat 'n rol in dié verband speel. 'n Gevalstudie-metode is gebruik en inligting is deur middel van verskeie data-insamelingstegnieke bekom, naamlik persoonlike en fokusgroeponderhoude asook maatskapydokumente wat onder andere longitudinale personeelstatistiek bevat.

Ten spyte van die bekendstelling 17 jaar gelede van die Wet op Gelyke Regte No. 55 van 1998 (soos gewysig) om ongelykhede en diskriminasie aan te spreek, bly die Suid-Afrikaanse arbeidsmark gekenmerk deur 'n hiërargiese struktuur waar swartmense nog steeds gekonsentreer is in laer vlakke en wit mans in besluitnemingsposisies. Die resultate toon dat die aangewese groepe nie daarin slaag om die topstrukture in die maatskappy te bereik nie en steeds minder as 35% verteenwoordig, wat die persentasie is om die drumpel van 'n kritieke massa te vorm om 'n betekenisvolle stem hê. Die feit dat Medco 'n besigheidsgevalbenadering volg om diversiteit te bevorder lei ook tot die voortsetting van die huidige situasie wat wit mans bevoordeel en dit gee ook aanleiding daartoe dat diversiteitskwessies grootliks geïgnoreer word.

Deur te konsentreer op numeriese verteenwoordiging om wetlik aan die Wet op Gelyke Indiensneming te voldoen, sowel as die belang om winste en mark-oorheersing te verseker, dra daartoe by dat die maatskappy nie voldoende aandag aan die magsdinamika en bevoorregting van die verskillende groepe gee nie. Die mislukking van die maatskappy om die ekwitiwiteitsdoelwitte te bereik, is grootliks toe te skryf aan eksterne faktore soos die onbestendige sakeomgewing in die farmaseutiese sektor en globalisasie. Die beperkte poel van werknemers uit die aangewese groepe is nog 'n faktor wat 'n rol speel. In plaas daarvan om 'n belegging in die opleiding van werknemers te maak, is die kitsoplossing om werkers uit die aangewese groepe van mededingers te lok deur beter pakkette sodat maatskappye aan die wetlike vereistes kan voldoen. Dit gee aanleiding tot die stadige pas van transformasie in die Suid-Afrikaanse arbeidsmark en dit sal lank neem voordat diensbillikheid bereik word.

ACKNOWLEDGEMENTS

DEDICATION

This thesis is dedicated to my late mother Ethel Thozama Soloshe who was a beacon of education. Sis Wowo, your love for education has left a lasting legacy on us and our children and I know you would have been very proud of this achievement.

We miss you so much!

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LIST OF ABBREVIATIONS

AA - Affirmative Action

B-BBEE – Broad-Based Black Economic Empowerment

BEE – Black Economic Empowerment

CEE - Commission for Employment Equity

CHIETA- Chemical Industries Education and Training Authority

DG Review- Director- General Review

DHET- Department of Higher Education

DOL – Department of Labour

DTI – Department of Trade and Industry

EE- Employment Equity

EEA – Employment Equity Act

EEI – Employment Equity Index

GDP – Gross Domestic Product

GDPR – Graduate Development Programme

GIWUSA- General Industries Workers Union of South Africa

HC – Human Capital

HDI – Historically Disadvantaged Individuals

JSE- Johannesburg Stock Exchange

MCC - Medicines Control Council

NTF – National Transformation Forum

SAPC – South African Pharmacy Council

SD – Skills Development

SETA- Sector Education Training Authority

WSP – Workplace Skills Plan

CHAPTER ONE: INTRODUCTION TO THE STUDY

1.1. Introduction

Although it is now over twenty years after the demise of Apartheid, the South African labour market continues to reflect racial inequalities in employment not only in terms of occupational disparities, but also in terms of power relations. The effects of years of unequal education and discriminatory labour practices are still visible in society at large and in the workplace in particular. These inequalities exist not only in terms of race, but also gender with males still dominating certain sectors and men continue to be paid more than women despite commitment to gender equality. Proportionately, even though blacks make up the majority of the population, many remain unemployed and a sizeable amount of them are participating in the labour market.

These workplace disparities have been the subject of widespread debate and many have raised their concerns about the slow progress in transforming workplaces (Benjamin, 2009). This slow progress is characterised by the under-representation of designated groups especially women in the top three occupational levels in the workplace, namely top management, senior management and professionally qualified. The Commission for Employment Equity (CEE), which was established in accordance with Section 28 of the Employment Equity Act (EEA) No. 55 of 1998 (as amended) to advise the Minister of Labour on employment equity issues claims that the domination of whites in the upper echelons of the workplaces is attributed to "a lack of commitment" on transformation from the private sector as opportunities for staff movement to higher echelons are used for employing more white males (CEE, 2011: iv). The aim of this study is to establish what the challenges are in achieving employment equity in South Africa and whether it is merely a case of 'lack of commitment' or whether there are deeper systemic, institutional, local and global factors affecting the ability of government to address these historic imbalances. In order to understand this, it is necessary to provide a very brief background to the research problem.

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1.2.   Background

South Africa is a racially and culturally diverse country, which has recently emerged from a history of entrenched racial segregation. Although apartheid can be regarded as the worst practice of racial discrimination, it only served to entrench and perpetuate practices that were already in place (Wolpe, 1972). Job reservation for whites was already in practice in the early nineteen hundreds (Johnstone, nd: 124). For example, the Mines & Works Act No.12 of 1911 (as repealed) instituted a colour bar, which was later extended to other industries under the Industrial Conciliation Act was used to reserve certain categories of skilled jobs for whites. The main aim of these policies was the exclusion of non-whites from certain jobs and sectors of the economy and to curtail their movement and economic mobility thus preventing them from reaching their potential. The Act provided for the awarding of competency certificates to whites and coloureds for various operations in mining, while confining blacks to manual labour. The African labourers who were mainly unskilled served under a white supervisor or foreman in extremely appalling conditions. The whites on the other hand some of whom were unskilled and to some extent semi-skilled were protected and held the most comfortable jobs (Johnstone, nd: 126). Cell (1982:7) mentions that, "… since 1652 a solid base of discriminatory attitudes and practices had been built up, institutionalized in slavery over Malays and Khoi-khoi and then applied to relations with Bantu-speaking Africans". This resulted in imbalances in the labour market, where the majority population was excluded from meaningful participation in many sectors of the mainstream economy.

When the National Party became the government in 1948, the racial divisions, which existed, were further entrenched in legislation and apartheid became official government policy. A series of laws developed along the racial lines were introduced to sustain apartheid and "it made it policy to overlook qualified English-speaking whites and promote or hire less-qualified Afrikaners for positions" (Peron, 1992:44). The National Party apartheid policies were not only confined to the workplace, but were also extended to all spheres of the South African society, when the ruling party decided that education was an important aspect of labour supply for the growing mining industry. The Bantu Education Act of 1953 was enacted, which provided for the registration of all schools with the government. This legislation was meant to control the type and quality of

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education received by blacks by placing an emphasis on African languages, while denying them mathematical and scientific skills. As Dr Verwoerd the then Minister of Native Affairs (who is regarded as the architect of apartheid) claimed in 1953, "when I have control over native education, I will reform it so that natives will be taught from childhood that equality with the Europeans is not for them" (Perold & Butler, 1985:12).

What this meant is that blacks found it near impossible to move into certain highly skilled or high status occupations and professions. A Race Relations Survey noted that, "it is extremely difficult for non-whites to train as engineers, architects, auditors …because courses of study are not available at non-white colleges and they need special Ministerial permission to become full-time students at a university" (UNESCO, 1967:102). African school-leavers entered the labour market with a severe disadvantage.

After decades of opposition from racial oppression from all sectors of the society, a democratic state emerged in 1994. Although apartheid together with all legislation pertaining to it has been abolished since the advent of democracy, the effects are still visible in the society at large and within the workplace in particular. This led to many changes being introduced in the political, social and economic arena in order to redress the long-term effects of Apartheid. Section 9(2) of the Constitution paved the way to equality, by stipulating that, "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" (South Africa, 1996:7). This marked the start of the country's transformation agenda.

Although the Constitution prevents discrimination on any grounds, it does not view affirmative action as unfair if it is consistent with the provisions of the Employment Equity Act, (Grogan, 2010:251). The injustices that blacks were subjected to resulted in them lagging behind their white counterparts in every aspect of life. The sudden opening of opportunities to the previously disadvantaged however did little to address the existing inequalities in education and access to resources. To level the so-called playing field, it became accepted that some form of preferential treatment for blacks is needed in order to address the racial and occupational imbalances in the workplace. In order to redress this,

an assertive affirmative action campaign was instituted to advance and uplift those previously disadvantaged.

South Africa took the route of a legislated self-regulatory policy to achieve equality that relies on the goodwill of employers to comply with the prescripts of the Employment Equity Act, which came into effect on 19 October 1998. The Act is significant in that it places a duty on designated employers[1] to transform their workplaces by preventing unfair discrimination and to provide equal opportunities for all employees with a specific emphasis on designated groups[2]. Designated employers are required to introduce affirmative action (AA) measures in order to redress the effects of disadvantage and discrimination to achieve a diverse workforce, which is characteristic of the country's demographics (South Africa, 1998:18). In identifying and implementing AA measures the Act advocates the consultation between the employer and employees or their representatives to agree on an employment equity plan (EE Plan).

With the advent of democracy many companies who do business with the government identified opportunities of taking black advancement seriously as this would put them in a favourable position with government. For them embracing employment equity was not merely a moral or legal obligation, but made good business sense as this would help them win government tenders (Thomas, 2001:6). However, many companies especially in industries such as the pharmaceutical sector have found it difficult to meet their equity targets.

This is partly due to the fact that blacks typically lag in terms of their education, especially with respect to mathematics and science and often do not have the financial resources to attend higher education institutions to obtain the qualifications to enter this sector. Another reason is that some sectors, like the pharmaceutical sector continued to be characterised by a racial division of labour where whites occupy the more skilled

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[1] Designated employers are employers employing more than 50 employees or with a turn-over threshold specified for their respective sector according to schedule 4 of the Act if employing fewer than 50 employees.

[2] Designated groups refer to black people (consisting black Africans, Coloureds and Indians), women of all races and people with disabilities. The definition has recently been amended to include South African citizens by birth or descent, who have acquired citizenship before 27 April 1994 and those who would have been entitled to citizenship before 26 April 1994, but could not as a result of Apartheid policies.

occupations and managerial ranks due to their continued privileged position in society. Where whites remain in the majority and in control of decision-making, this makes it exceedingly difficult for blacks and women to break through certain institutional barriers. Hence how employment equity is implemented must be analysed beyond just looking at the figures, but at a range of factors that affect a company's ability to implement it and achieve the transformation envisaged. In this regard, for example, a study conducted by Deloitte and Touché (2001) soon after the promulgation of the EEA, found that almost 95% of top management positions in most of the sectors of the economy were held by whites, of which 80% were white men, while White females occupied 13.4% of the top management positions in the companies under review. The situation still persists, though not on the same scale as before the introduction of the Act. The Commission for Employment Equity has reported that, 70% of the top management positions from the reports that were received in 2014 were occupied by whites as opposed to 13.6% Africans, 8.4% Indians and 4.7% Coloureds. With regards to gender males constituted 79.1% in contrast to 20.9% females (CEE, 2015:18-19).

Despite this progress, the Commission for Employment Equity argues that the implementation of employment equity in the country is moving at a snail's pace because of "a lack of commitment" to transformation by the private sector (CEE, 2011: iv). Booysen (2007:64) concurs with the statement from the CEE where she identified that employers were paying a lip service to the need and implementation of employment equity. Others like Steyn (quoted in Grant, 2006) argue that because whites are still in positions of power, they act as gate keepers and decide who enter organizations.

The challenges of employment equity are compounded by the skills shortages in the country. Employers highlight the lack of skills among the previously disadvantaged stemming from poor educational attainment which is inhibiting their advancement to the upper echelons of organizations. The economy inherited a legacy of a massive number of people without the necessary skills. This problem is largely blamed on the previous education system as shaped by apartheid, which denied black people scientific skills and channelled them towards manual labour. Employers also indicate that the skilled designated groups are a well sought after commodity. They are in demand and therefore leave organizations sooner than they were recruited. The skills challenge has also been

highlighted by Bezuidenhout, Bischoff, Buhlungu and Lewins (2008:61) who noted that "firms tend to poach top talent from each other instead of training new candidates from designated groups".

The skills shortages are massive especially among professionals and artisans. Although there are skills shortages in crucial sectors of the economy, which curtail economic growth, many graduates belonging to the designated groups either remain underemployed or without employment. Hirsch (2005:186) is of the view that this is a result of, "a mismatch between the supply of labour (unskilled) and the demand for skilled labour". Access to and the quality of education for the different racial groups still remains a challenge in the country (Gumede, n.d.). Data released by the Higher Education Department for success rates in undergraduate studies for 2013 shows that, white students had the highest success rates of (88.2%) for both contact and distance modes of study compared to Indians (84.8%), Coloureds (81.8%) and Africans (79.8%), whose success rate was even lower than the national average of 81.2% (DHET, 2015). Booysen (2007:67) calls for more efforts by employers to "channel accelerated training and development of the previously disadvantaged groups in order to equip them with competencies for effective performance".

The focus of this study is on the pharmaceutical sub-sector, which is an over-regulated, highly skilled and technical environment and it is one such sector which is affected by a lack of skills. What is interesting is that in this sector there has been a general increase in the number of female graduates in the science related fields such as chemistry, chemical engineering and pharmaceutical science, which could increase the female contribution to the chemical sector in the future (Van Zyl, 2009:128). It is expected that not many of them would be experienced enough to hold influential positions in the sub-sector, but that over time there may be a more equitable gender balance in this sector. The racial and gender profile of the pharmaceutical sector will be discussed in Chapter 4.

1.3.   Aim and Problem Statement

The aim of this study is to evaluate the implementation of the Employment Equity Act (Act No. 55 of 1998) as amended in a selected pharmaceutical company, herein referred to as 'Medco' between 2008 and 2014. The purpose is to understand how employment equity is implemented in the company and what affects their ability to meet certain equity targets. Accordingly, the research objectives are as follows:

(i)   To understand the broader debates in the literature on the implementation of employment equity in the workplace from a theoretical and practical perspective.

(ii)   To critically evaluate the changes in the workforce profile of the company at the management levels between 2008 and 2014, to establish whether there has been an improvement in the equity profile of the company and exactly where these changes have occurred in terms of race, gender and occupational level.

(iii)   To gain insight into the employment practices at Medco in order to assess the dynamics, complexities and the issues confronting the company in the implementation of employment equity by interviewing those involved in the implementation of the employment equity plans of the company.

(iv)   To assess the findings in relation to the broader theoretical debates on employment equity in order to highlight why this company has been either successful or failed to meet certain equity targets and to make certain recommendations in this regard.

1.4.   Research Significance

Many studies have been done on the implementation of employment equity both in government and the private sector. The research mostly focused on government departments, parastatals (Booysen, Kelly, Nkomo and Steyn, 2007), local government and specific companies in mining (Bezuidenhout, Bischoff, Buhlungu and Lewins 2008), retail (Mwita and Matsapola 2005) and finance. Building on research by Booysen (2007), Zanoni, Janssens, Benschop, and Nkomo (2010) and Nkomo (2011), the study will assist in providing some of the reasons why 17 years after the introduction of Employment

Equity Policy, the management and control in organizations remains white and mostly male. This information is valuable for both organizational management and public policy. It will also assist in providing insight into the issues that have an impact on the implementation of Employment Equity Policy in South Africa.

1.5.   Arrangement of Chapters in the Thesis

Chapter 2- The chapter reviews the literature relating to affirmative action, diversity management and employment equity. It also deals with the debates about affirmative action and employment equity and the theoretical framework for employment equity with reference to various theories. Among the theories is the critical diversity theory which is useful in understanding the nature of whiteness, white privilege and its effect in the power relations within organizations.

Chapter 3 –The chapter outlines the methodology used in the study, the reasons for the selection of the case study design, gaining access to the research site, data collection methods and analysis of the data. The limitations of the research will also be discussed, while reflecting on the experiences during the execution of the study.

Chapter 4- This chapter outlines the results of the research beginning with an overview of the pharmaceutical sector, in which the company operates, highlighting the demand and supply of skills in the sector. Thereafter statistics indicating the workforce profile and movement within the company, the results from the interviews from key informants, focus group, and company documents indicating the challenges in implementing equity will be reported.

Chapter 5- In this chapter the results of the research are discussed and conclusions drawn from the data presented. Suggestions to improve employment equity implementation in the country are provided as well as areas for future research will be highlighted.

CHAPTER TWO: THEORETICAL FRAMEWORK FOR EMPLOYMENT EQUITY

2.1. Introduction

The quest for equitable workplaces that are free from discrimination and inequality is a challenge that the South African government has sought to achieve since the inception and implementation of the Employment Equity Act, Act No. 55 of 1998 (as amended). The Act is based on the country's Constitution, and rooted in the principles of justice and fairness. The Employment Equity Act seeks to address racial and gender imbalances emanating from our historical past through the implementation of affirmative action (AA) measures. This is to ensure the equitable representation of designated groups in all occupational levels of the organization. Closely linked to the introduction of affirmative action measures is the need to remove discriminatory practices that affect power relations that have an impact on employee self-determination (Núñez and Guitteréz, 2004).

Although there is little disagreement about the need to transform, how to achieve equitable workplaces has been the subject of intense debate. This chapter focuses on various theoretical perspectives in the implementation of employment equity initiatives. Literature relating to affirmative action is included since affirmative action is a means towards achieving employment equity. The interest-based and the goal-based theories by Rowan (1999), Khalfani's shell/core embedded theory (2006) and critical diversity theory by Melissa Steyn (2010) are all relevant in the understanding of the issues that affect how employment equity and affirmative action are achieved and perceived in South Africa. These theories are useful to explain some of the dynamics that underlie the current affirmative action (AA) and employment equity (EE) debate in South Africa. They range from arguments for and against affirmative action to the evolution from affirmative action to diversity.

2.2. Literature Review

2.2.1. Defining Affirmative Action, Employment Equity and Black Economic Empowerment

Prior to the promulgation of the Employment Equity Act in South Africa, various authors used different terminology to refer to strategies aimed at addressing existing inequalities between black and white people (Higginbotham, 2000:190). Among the terms used were affirmative action, black advancement and diversity management (Thomas, 2002:238). All these terms emphasized the appreciation of affording designated groups opportunities to compete equally for available resources. While these concepts are used interchangeably, it is necessary to distinguish between affirmative action, employment equity and diversity management, as they mean different things.

There are many definitions of affirmative action and according to Uys (2003:32) there is no agreement about the exact meaning of the term. However most view AA as a means to assist those who suffered discrimination in the past, which denied them equal opportunities. Grogan (2010:250) defines affirmative action as, "a program or policy in terms of which a group of people are accorded preferential treatment on the basis of some common characteristic". Herring and Henderson (2012:630) provide a more expanded definition and see affirmative action as "consisting of government-mandated or voluntary programs and activities undertaken specifically to identify, recruit, promote and/or retain qualified members of disadvantaged minority in order to overcome the results of past discrimination and to deter discriminatory practices in the present".

In the case of South Africa, affirmative action embraces all these elements and ultimately aims to create opportunities for designated groups in order to achieve employment equity (Heinecken, 2009:33). The goal of affirmative action in South Africa is the levelling of the playing field left uneven by discriminatory policies by affording preferential treatment to previously disadvantaged groups. This includes numerical goals for designated groups, excluding quotas which justify the implementation of affirmative action as fair discrimination (Benjamin, 2009:103).

However, it is not just a measure to advance anyone from a disadvantaged group, but only those who are suitably qualified, at least in terms of the requirements for the job, occupation or profession in which they are to serve. This is clearly specified in Section 15 of the Employment Equity Act which describes affirmative action as a range of activities aimed at "ensuring that suitably qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational levels in the workplace" (South Africa, 2013:8).

Just as there are many different definitions of affirmative action which place emphasis on specific aspects, so too are different approaches to implementing EE and AA policies. Thomas (1991:18-21) notes three approaches in the implementation of affirmative action namely; passive, pipeline and upward mobility. These approaches progress along a continuum from inaction to total commitment realising the need for the opening up of opportunities and the development of people from previously disadvantaged groups. According to Thomas (1991), the passive approach involves compliance issues in terms of removing barriers relating to race and sexual discrimination without any meaningful intervention. This piecemeal approach is done with the hope that the removal of these barriers will ensure equality of opportunity. The pipeline approach coupled with the realisation for the need to increase the proportion of the previously disadvantaged groups notably women and blacks is concerned with the developmental efforts of these groups. This is due to the popular perception of a poor educational attainment and lack of skills from these groups. The upward mobility approach is not only concerned with the entry of blacks and women in the corporate arena but based on moral principles. The approach makes a concerted effort to actively recruit women and blacks, expose them to special training programs to develop them, while setting reasonable goals for advancement and monitoring their progress. This developmental approach cultivates a sense of self-worth for meaningful contribution. It is an approach which embodies the spirit of true transformation.

Often associated with and used synonymously with AA is employment equity. The term 'employment equity' was first used by the Canadian Judge Abella in 1984. Public hearings on racism and discrimination in Canada "found that significant obstacles confronted women and racial minorities" (Thomas & Jain, 2004:39). This was as a move

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away from the unpopular AA policy introduced earlier in the USA, which was perceived to be concerned with increasing the numbers of minorities. Employment equity was meant to be much broader than affirmative action in that it was not only intended "to improve the numerical representation of designated groups through hiring, but also sought to provide supportive organizational culture for the retention, promotion, and training of the designated groups" (Jain, Sloane & Horwitz, 2003:2). According to Jain & Hackett (1989) employment equity includes a wide range of activities undertaken by employers to review the workplace in order to identify the under-representation of disadvantaged groups and identify policies and barriers that contribute to the status quo. The process is undertaken in order to "identify and remove discrimination in employment policies and practices, remedy the effects of past discrimination through special measures … and ensure appropriate representation of target groups throughout the organization" (Jain & Hackett, 1989:190). Busby (2006:44) argues that "… employment equity does not amount to reverse discrimination, but is rather a form of positive action aimed at assisting members of the designated groups to reach their full potential".

The South African Employment Equity legislation is largely based on the Canadian model, in that it outlaws discrimination in employment and also promotes affirmative action for the previously disadvantaged groups. This is in order to address the imbalances in the workplace to ensure the equitable representation of the previously disadvantaged groups across all levels in the workforce, which Lee (2012:232) reckons would be "reproduced in the absence of state intervention".

Closely linked with employment equity, is a policy of Broad-Based Black Economic Empowerment (B-BBEE). Black economic empowerment is defined as, "an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the numbers of black people that manage, own and control the country's economy, as well as significant decreases in income inequalities (DTI, 2004:12). According to the Broad-Based Black Economic Empowerment Act, No. 53 of 2003, the Act aims to provide disadvantaged groups, youth and people from rural areas with business opportunities through entrepreneurship and preferential procurement, thus reducing unemployment, poverty and inequality (Benjamin, 2009). The B-BBEE strategy consists of a balanced scorecard

which is used to rate enterprises along a continuum on a scale of 1 to 8 (level 1 being the most empowered and 8 the worst) consisting of seven elements under the following three broad categories:

Table 2.1: Elements of B-BBEE and scorecard weights

DIRECT EMPOWERMENT	HUMAN RESOURCES	INDIRECT EMPOWERMENT
Ownership 20 points	Employment equity 15 points	Preferential procurement 20 points
Management control 10 points	Skills development 15 points	Enterprise development 15 points
		Socio-economic development 5 points

Source: Department of Trade and Industry

The first phase of BEE did not go as intended as it did not filter down to the envisaged beneficiaries, but was only concentrated on a handful of individuals, who have political connections (Horwitz & Jain, 2011). Instead it widened the inequality gap among the previously disadvantaged groups. In the revised B-BBEE codes the scorecard has been reduced to five elements, namely, ownership, skills development, enterprise & supplier development, management control which includes employment equity and socio-economic development (South Africa, 2013a). In its revised form black economic empowerment as provided in the Broad-Based Black Economic Empowerment Amendment Act, No. 46 of 2013 is meant to be inclusive and not only benefit few people. Matheba (2011) views the reasons for the review of the black economic empowerment policy as the loss of its rationale and its commanding moral appeal.

At the individual level there is no doubt that the introduction of BEE has contributed to the rise of a black middle class in South Africa, but at the societal level it has created another class of business executives, now referred as 'tenderpreneurs'. This term arose as the result of the manner in which these types of business executives acquired their wealth through bidding for tenders. Du Toit *et al.* (2008) captures this notion perfectly in their analysis of BEE practices in the wine industry in that the policy was misused by Afrikaner industry players who have formed alliances with the key black 'urban elite' to dictate the transformation agenda away from the real issues of power relations between the farm owners and the farm workers. Private companies have also benefitted from B-

BBEE and those who make business with the government such as the one under study have been placing more emphasis on the broader B-BBEE than employment equity, which is a component of B-BBEE. Companies become empowered, which places them in an advantageous position during the procurement process while they lag behind in transformation. Ownership is perceived to yield more benefits than the added burden of employment equity and skills development. The former chairperson of the CEE mentioned that "employment equity is the worst performing pillar of B-BBEE" (CEE, 2010: iv).

While the EEA seeks to improve the advancement of disadvantaged groups within the workplace, the B-BBEE aims to tackle the broader economic disadvantage experienced by these groups by affording them with opportunities for ownership and control. The connection between EE and B-BEEE is significant in this regard as the two policies are supposed to complement each other. As the economic landscape of the country changes so would the face of management in companies, but this was not to be the case. Despite the increase in the proportion of black people having a stake in the economy of South Africa, ownership still remains in the hands of a few white males, who are the majority shareholders in most companies and in turn control the discourse in organizations including the pace of transformation.

2.3.   The Affirmative Action Debate

There is no doubt that the promulgation of Employment Equity Act in South Africa has brought about much debate. Affirmative action as a means to achieve employment equity has been a topic of much discussion. The debate has been along two extremes, i.e. those in favour of and those against the practice. The raging debates are not based on finding a lasting solution to the issues of discrimination and inequality that have prompted the introduction of such a policy. There are many reasons why organizations would to implement AA measures in order to bring about employment equity, or workplace diversity. The justification for AA in South Africa lies in our history of entrenched discrimination and racial inequalities.

Proponents of affirmative action view it as necessary to create an environment where black and white people compete for available opportunities. Equality of opportunity

assumes that in competing for resources people should be given the same chance and exposed to the same conditions. This is not the case as white people have an advantage, which gives them an edge as a result of being privileged, hence the justification for affirmative action. Fair competition becomes impossible where a certain section of the population has been subjected to discrimination, hence the introduction of affirmative action.

There are also those who see the policy as reverse discrimination since it favours only a certain section of South Africa's diverse population, (Grogan, 2010). The argument is that such a policy will only lead to further discrimination. Opponents of affirmative action policies are also of the view that the beneficiaries often emphasise a victim mentality giving rise to perceptions of entitlement (Barker, 2007:251). These opponents are of the opinion that the appointment of "affirmative action candidates" leads to the lowering of standards since they might not possess adequate skills for the job (Kaveny, 1996 ; Barker, 2007) According to Section 20(3) of the EEA, it is worth noting that in determining the person's suitability for the job does not only take into account formal qualifications but a range of criteria including experience, recognition for prior learning and most importantly capacity to acquire within a reasonable time the ability to perform in the job (South Africa, 1998:11). This might be a contentious issue especially for external applicants as they might require testing to determine the ability to do the job in the absence of formal qualifications.

The criticism against the opponents of the policy is that they tend to focus on the perceived negative effects of the policy, while ignoring the historical reasons for its existence. There is also a prevailing situation of fear among some white South Africans that the legislation will lead them to lose chances for promotion (Coetzee, 2005). Although there is agreement on the effects of past racial policies, there is disagreement between the proponents and those against employment equity on the racial nature of the policy. Opponents of AA would prefer a society where benefits are apportioned to deserving individuals without regard for race or gender and would rather see a class-based policy. This would be an ideal situation but the problem is that such a society does not exist. Rowan (1999) provides an analysis for the right to claims for the justification of AA policies using the interest-based and goal-based theories.

2.3.1. The Moral and Interest-Based Theories of Affirmative Action

According to Rowan (1999:102) to advance the claim for the right to preferential treatment requires a clarification of four issues**.** *Firstly a determination is needed of whether any legitimacy for the basis of this right exists?* This refers to the determination of compelling value in conferring the right to members of a previously disadvantaged group, such as women and blacks. Proponents of preferential treatment policies argue that the right to preferential treatment follows from the principle of compensatory justice. The compensatory justice principle states that in order to restore the balance of justice, when an injustice has been committed to a group of persons, some form of compensation or reparation must be made to that group. This is based on an obligation to pay back to members of a particular group who have suffered harm. Kanooni (2005:5) is of the view that, "a moral obligation exits to remedy an injury caused to an innocent individual by the perpetrator of a wrongdoing". This means that if there is a practice of treating members of a particular group in a certain way, the members belonging to that group are entitled to compensation for the suffering they have endured (Taylor, 1973). In the South African situation black people are justified to benefit from employment equity as a result of past injustices they have suffered under the inhumane Apartheid policies, which prevented them from full participation as citizens of this country. This resulted in them lagging behind their white counterparts.

The second consideration is, whether that right would be applicable to all black people or women? In South Africa, for example, affirmative action applies to all black people and women (including white women) as they were discriminated against under the previous dispensation. The discrimination resulted in their disadvantage in many areas, which could not just be "redressed simply by repealing discriminatory laws" (South Africa, 1998:1). Rowan (1999) reckons that the lack of equality of opportunity would be the best indicator for preferential treatment, instead of race. The argument is that not everyone from the designated group has been affected by discrimination in the same way as it is the case with white females who are part of the designated group in the EEA. This is controversial as many are of the opinion that they should not be included as they benefited from Apartheid.

Nickel (1972) argues that affording preferential treatment to a specific group on the basis of "morally irrelevant" characteristics such as race and gender amounts to reverse discrimination. He is of the opinion that black people should not be receiving preferential treatment as a result of their race, but because they suffered injustice in the past (Nickel, 1972:114). Taylor (1973) disputes this by stating that in terms of compensatory justice, as a result of injustices they suffered the morally irrelevant characteristics were made morally relevant. By engaging in a discriminatory practice against members of a certain group, those inflicting discrimination are making the characteristics of those members morally relevant. Individual members having these characteristics are therefore entitled to special treatment since they had suffered discrimination in the past. Cowan (1972) would rather prefer that reparations be directed to any individual who was discriminated against for whatever reason irrespective of race and not because they are black as that would amount to reverse discrimination. So what Rowan is arguing is that race should not be the deciding factor for benefits in terms of access to resources, but rather disadvantage.

A third consideration is whether a policy of preferential treatment would be the most effective way of responding to the interest on which the right is based? Rowan (1999:106) views another interest for the right to preferential treatment is reparation for harm inflicted by the denial of opportunities. The right to compensation for past harm is derived from the idea that all black people have suffered as a result of racism at some point in their lives, which in this case has been caused by white people. Among the injustices inflicted against black people was the array of discriminatory employment practices that resulted in certain jobs and managerial positions reserved for white people. In this instance, preferential treatment policies are considered necessary to redress the imbalances inflicted by past practices that are construed as unjust and unfair. In applying this to South Africa, for example, there is general agreement that black people in South Africa have suffered injustices in the past, but questions are asked whether affirmative action policies can compensate for such injustices or contribute to a more equal society, or whether they are fair on white people, as this may amount to reverse discrimination.

De Klerk (2009:2) is of the opinion that the manner in which the affirmative action policy has been implemented in South Africa goes against the very Constitution that it is based on, because it "does not promote equality as most of the beneficiaries cannot be viewed

as disadvantaged". Not all black people can lay a claim to have been adversely affected by racism or that they have been disadvantaged given the fact that they now form a substantial portion of the middle class. This view presupposes that some people have been undeservedly rewarded, by benefitting from affirmative action policies. Also taking into account the high levels of unemployment among black people, only those who are employed are benefitting from affirmative action, as opposed to all black people and this has resulted in intensified class inequality in the country (Alexander, 2007). The conclusion according to Rowan (1999:108) is that, "the policy is therefore ineffective because it attends to the interests of those who are less needy at the expense of those who are in need".

For this reason, a class-based form of affirmative action has been proposed instead of a race-based policy that is in existence at the present moment (Adam, 2000; de Klerk, 2009). The argument advanced for this is that poverty and inequality is colour-blind and is no longer linked to race. There is both merit and demerit in this argument. The merit is that the policy has contributed to the rise in the black middle class as an indication of the opportunities that they are exposed to, which they would otherwise not been exposed to had it not been for affirmative action. Another argument put forth for the class-based affirmative action is that there are still many black South Africans especially those unemployed who have not benefitted from affirmative action. With a dual social system prevailing in South Africa, where there are differences in the quality of life, between urban and rural South Africa this argument holds. Most rural areas are under-developed with limited employment opportunities and this leads to urbanisation where the inhabitants move to the urban areas in search of opportunities. Those opting to remain and consequently become unemployed are likely to lose out on the opportunities provided by the policy.

There is also growing discontent among the Coloured population that only black African people among the designated group have been benefitting from affirmative action, that they are being discriminated against twice – previously by whites and now by not being black enough in order to benefit from the policy (Adhikari, 2004:168). The colour-blind argument is raised for there has been a rise in white South Africans who find themselves at a disadvantage and they feel marginalised by the present government, both

economically and politically. However, one can say that the blind meritocracy argument advanced here is hypocritical, as whites have been advantaged above other racial groups during Apartheid. They are still privileged by the colour of their skin above other race groups. Many young white South Africans have voiced their objection to the idea of looking at all white people as responsible for past injustices against black people. They claim that they were not responsible for the injustices suffered by black people as some of them were not even born when the injustices occurred. To illustrate this, Johnson (2008:623) quotes an article in the Mail & Guardian where an assertion is made that, "It is not nice being white in South Africa if you're young, even though I'm not a racist and had nothing to do with apartheid ever". Von Bergen, Soper and Foster (2002:243) concur with this, when they argue that members of the previously privileged group become the victims of this practice despite them not personally benefitting from these employment practices. This view represents the tension in the affirmative action debate where individual needs are in conflict with societal needs as prescribed by democracy.

The failure to acknowledge the rationale for introducing AA in South Africa and need for dismantling the entrenched racial and gender discrimination of South Africa's past can be regarded as malicious. Without the Employment Equity Act, the racial disparities would continue (not that they have stopped) unabated. Darity, Deshpande and Weisskopf (2011:239), have demonstrated the dilution of class-based policies aimed at providing opportunities to under-represented groups when they are extended to other races resulting in their ineffectiveness and many people benefitting. The downside would be that this would go against the very purpose the policy is meant for - that of levelling the playing field between blacks and whites. A racially based policy would suffice in this situation as class-based policies tend to benefit even those groups who are not meant to benefit from such policies. Rowan (1999:108) though is of the viewpoint that, "the policy is therefore ineffective because it attends to the interests of those who are less needy at the expense of those who are in need".

The final issue is whether there are any other factors, which could nullify the policy of preferential treatment and the justification for affirmative action? Affirmative action policies are often criticized in that they discriminate against better qualified white males in favour of less qualified members of designated groups (the meritocracy/mediocrity

argument). This is seen as reverse discrimination as the previously disadvantaged blacks are preferentially hired at the expense of qualified white males who are often overlooked in the quest of levelling the playing field. Physical characteristics override merit in hiring decisions and this creates both resentment and a challenge where this promotes to incompetency.

It is therefore argued that the interest-based theory of affirmative is regarded as "backward looking in that it emphasizes compensation and remediation for past injustices" and not empowerment (Kaveny, 1996:7). Rowan (1999:110) therefore concludes that, "affirmative action cannot be justified on the interest-based theory of rights" as it fails to deliver tangible benefits. This then takes us to the "forward looking" affirmative action policies, which are aimed at equality of opportunity (Goldman, 1976).

2.3.2. The Goal-Based Theory

According to the goal-based theory of affirmative action the disparities between black and white people are the result of the lack of equal opportunities, which result in blacks not being able to compete with their white counterparts on an equal basis. The goal-based theory argues that, affirmative action policy aims to eradicate racism in order to create a 'colour blind' society (Rowan, 1999:119). The achievement of a colour blind society becomes impossible due to the entrenched racism and unfair discrimination that black people are continually subjected to. This form of racism according to Rowan (1999) is unintentional and might not be as pronounced as overt racism. Overt racism can also be felt in "seniority-based layoffs" decisions, which would mainly affect black people as they would have been the last to be hired in positions/occupations which were exclusively reserved for white people, and therefore sees the introduction of affirmative action policies as the only remedy (Rowan, 1999:120). Ezorsky (1991:2) agrees that, "affirmative action programs were created in large part to reduce the negative impact of institutional racism on black persons".

The goal-based theory argues that affirmative action programmes become beneficial to black youths looking up to those who have made it to positions that have been traditionally held by white people. They become "role models", prompting youths to

develop an interest in the fields of work traditionally viewed as closed or unattainable to them. This will lead to their increased representation, which assists in "narrowing the socio-economic gap" and raising the belief or confidence among previously marginalised groups (Rowan, 1999:120).

Racism often affects the self-esteem and confidence of those affected. This becomes a vicious cycle as diminished self-confidence affects the motivation for the pursuit of opportunities. Studies by Heilman, Simon, and Repper (1987:67), for example found that, "when women believed their selection for leadership positions was based on preferential selection rather than merit, the women's self-perceptions (including self-confidence) were more negative". This was found to be the case for women only, and was not the same for men (Heilman, Simon, and Repper, 1987:67). Hence affirmative action can have negative consequences on self-esteem even where there are obvious socio-economic gains.

In relation to the implementation of affirmative action in South Africa, a question often asked is how does one determine when the playing field is level and who decides this? Statistics are usually the best indicator of the change in workforce demographics to measure the representation of previously disadvantaged groups. This often serves as the primary means to measure the 'success' of affirmative action, but Alexander (2007) does not agree with this practice. He argues that the use of racial labels does not explain whether the objective of affirmative action – namely the eradication of discriminatory attitudes that perpetuate inequality has been achieved. Former President Mbeki (2003:5) once wrote in an ANC column, that the racial labels still have significance and that their use would cease once workplace demographics reflect those of society. For now they are still relevant to gauge the progress being made on employment equity in the country.

Nkomo (2011) argues that South Africa is grappling with moving from the concentration on numerical representation of the designated groups to the intentions the EE policy, which aims to achieve transformation in the workplace. This is contributing to the continued debate and antagonism to the EE policy in S.A. What the country needs is to take stock and see how far we have come to eliminate the reasons why policies were introduced and the conflict it generates.

2.4.   Shell/Core Embedded Conflict Theory

This brings me to the Shell/Core Embedded Conflict Theory in order to grasp the underlying conflict that AA evokes. According to Khalfani (2006) the underlying issue at the heart of the debates on AA in both the USA and SA is the conflict over core societal values of liberty, equality and justice. These are the values that gave rise to the need for affirmative action. Those arguing against AA are engaged in the debate for personal gain, perpetuated by a system of meritocracy, which advocates a colour-blind society while ignoring the core societal principles of justice, liberty and equality (Khalfani 2006).

The debates only address the outer issues, which he refers as the shell, but ignore the real issues (core) that evoke resistance and conflict. His theory moves away from rights and moral based arguments to the "opposing interpretations of core societal principles namely, liberty, equality and justice, which are intertwined" Khalfani (2006:7). The central argument is that in both the USA and South Africa, the arguments in favour of affirmative action rest on principles of human rights, justice and equality - but that these principles are understood and interpreted differently by opposing groups. Khalfani (2006:2) calls this "the tangled relationship of these principles".

He argues that different race groups have different views about what constitutes societal principles. In Khalfani's view the advocates of affirmative action are striving for liberty, equality and justice at the macro-level for the benefit of everyone, while those against, claim that at the micro-level affirmative action erodes these principles. The debate is therefore at two levels namely, societal and individual level, which explains why the conflict around affirmative action persists. Consequently, the two positions advocate different positions and this makes it difficult to eradicate injustice, inequality and oppression, which is the ultimate aim of affirmative action.

Accordingly, Khalfani (2006:44) argues that, "the conflict over core principles must be extruded from the shell or identified within it so that the hidden conflict becomes the locus of the discourse between the conflicting parties". For the conflict to be resolved, Khalfani (2006:170) proposes that both sides arrive at a resolution to conduct the debate, "either at societal level or at the individual level". This can only be achieved if both

views do away with selfishness and personal beliefs (shell) and look at the bigger picture (core) in an attempt to reach a common ground. This implies that the core of the conflict should be brought to the fore, so that it can be openly discussed in order to arrive at a solution. The debate remains hidden as both sides are deadlocked with issues affecting the surface, while the core is not talked about.

Although the shell/core embedded theory provides insight about issues not talked about in the on-going discourse on race, it does not adequately address the issues of power, privilege and prejudice, embedded in the perceived superiority based on the culture of whiteness.

2.5. From Managing Diversity and the Business Model

In a globalised economy such as prevailing nowadays, diversity has become an important part of organizational competitiveness. Diversity refers to differences existing between people identifiable by attributes such as race, gender, age, sexual orientation, nationality etc. Such differences also come into play in the world of work and are affected by our backgrounds, languages, cultures, values, and beliefs (Mujtaba, 2007:8). The implementation of affirmative action results in diverse workplaces. Similarly the introduction of Employment Equity Act in South Africa resulted in employment opportunities for women and employees from different racial, economic, socio-cultural and national backgrounds. This has meant that these workers have ventured into territories previously reserved and dominated by white males.

Following a change from a homogeneous to a diverse workforce, a need for managing diversity arises to ensure organizational effectiveness. Uys (2003:36) defines diversity management as, "a managerial process that is planned, systematic and comprehensive for the purpose of developing an organizational environment in which every employee … has the opportunity to contribute to the strategic and competitive advantage of the organization".

Managing diversity can pose many challenges for both public and private organizations (Mujtaba, 2007). Not only should there be an appreciation of employing a diverse workforce, but an understanding of its effects on group dynamics (Ali, Kulik & Metz,

2011). The manner in which diversity is managed will depend and have an effect on individual productivity and organizational effectiveness (von Bergen *et al*., 2002:240). This can either work as an advantage or a source of burden to the organization. Thomas (2004) notes that in dealing with a diverse workforce some employers take a piecemeal approach and do not embark on a holistic process for a lasting solution. Most often there is an emphasis on organizational productivity, while ignoring the human aspects that have a contribution to it. Different cultures within the organization and that of the organization itself impact on these programmes and to a greater degree determine their success or failure.

Seymen (2006:305) defines organizational culture as a belief system characterised by specific behaviour and a distinct way of doing things formed over a long period, which defines the organization. She makes the point that, cultural diversity has been seen as an advantage, a source of power as well as a problem that is difficult to manage (Seymen, 2006:301). Miller & Rowney (1999:311) observed the "resistance to change in organizations with cultures that may fall into the category of enhancing, that is, whose members tend to adhere more fervently to the core values of the dominant culture". The expected performance is to a large extent based on racial and gender stereotypes (Bowmaker-Falconer, Horwitz, Jain & Taggar (1997:225).

According to Seymen (2006:301) a holistic focus is necessary in order to create "an organizational environment that allows all employees to reach their full potential in pursuit of organizational goals". Such an organizational climate needs to embrace the diverse skills and talent of all employees and strive to reduce the negative aspects that affect their ability to function optimally, which leads to valuing diversity (Bowmaker-Falconer *et al.,* 1997:225). Diversity best practices involve valuing people while cultivating a climate where cultural awareness, sensitivity, fairness and integrity prosper while promoting a sense of self belief for the employees where they can be the best they can be (Reichenberg, 2001). This is especially important in South Africa as attitudes based on racism remain entrenched due to the unequal power relations between blacks and whites and between men and women, where blacks and women are generally viewed as lacking in performance and incapable.

Herring and Henderson (2012) are of the view that for the South African labour market landscape to change, employers should embark on specific actions to change the effects of discrimination. Organizations are increasingly becoming aware that in order to remain competitive and relevant to their customers in a globalised world, they have to diversify their workforce. The problem is that very few South African companies have sought to tap into valuing diversity. Coupled with this is the failure to invest in uncovering the real issues that contribute to prejudice and the perpetuation of workplace discrimination. Bowmaker-Falconer *et al.* (1997) make the point that some organizations only embark on diversity management on a minimalist scale and rarely go beyond the legislative requirements. Oosthuizen & Naidoo (2010) agree when they claim that most employers are still sceptical about employment equity resulting in them reducing the policy to just legal compliance.

Consequently one sees that most organizations are merely concentrating on the numbers, while ignoring the issues related to inequality and discrimination that have characterised most workplaces. The lack of commitment to transformation by company executives as a result of resistance to change has been cited as another factor influencing the employment equity implementation. The loss of privilege and power brings anxiety among the dominant group which is mostly white males. The loss of political power meant that they have to hold on to the economy as it is the only thing still left in their control (Steyn, 2005). Whites are still in control in many companies with just a tiny minority of blacks particularly males occupying influential positions, while the majority of blacks and women are still confined to low level jobs, which means low income and a perpetuation of the poverty situation they find themselves. Herring and Henderson (2012:632) have noted an evolution in inclusion terminology from affirmative action to managing diversity and later critical diversity. They argue this was in order to appease whites and frame the affirmative action debate beyond the issues of race and inequality (Herring & Henderson, 2012:630).

2.6.   The Making of Whiteness and White Privilege

To understand critical diversity it is required that one first understand the inequalities brought up by discrimination and privileges accruing to white people as a result of their skin colour. Kersten (2000:240) defines whiteness as, "the extent to which one's daily life world is colored by a racial ideology that simultaneously obscures and naturalizes white dominance and through which whiteness establishes its social, cultural and political hegemony". Willoughby-Herard (2007:486) adds that whiteness becomes, "a normalised social identity that has granted mobility, institutionalised and privileged access to citizenship, class status, a valued cultural and moral ethos, property and wealth, and protected and revered gender and ethnic identities". It results in white privilege, where whites by virtue of their skin colour acquire certain privileges not ordinarily open to everyone else. As Johnson (2008:625) puts it, whiteness … is a principle metaphor for interrogating the justness of a racial hierarchy".

Colonisation and slavery gave rise to white privilege and black subordination. Whites often believed themselves to be "genetically superior" and therefore had a right to dominate over other non-white groups (Kendall, 2006). These beliefs are formed through a process called social identity and become visible through interaction with others who we view as similar or different to us (Maré, 2001:77). Religion played a crucial role for whites justifying the disadvantage blacks found themselves in and largely blamed as being responsible for their fate. The black skin colour was explained as a curse and condemnation from the Almighty, and this "became a central part of South Africa's racial ideology" (Legassick, nd: 9). Early missionaries who were mainly white saw everything black as evil, dirty, sinful, associated with darkness and heathen, hence the need to be enlightened. White on the other hand was associated with good, clean and civilisation (Steyn, 2005). This gave whites the authority to exercise domination and control over blacks, resulting in their subordination.

The consequence of this is unequal power relations, perpetuating discrimination and inequalities. When looking at South Africa one can see how this was used to foster white supremacy and particularly Afrikaner identity, which was constructed around "religious, racial, and cultural purity, superiority, calling, and the struggle for autonomy against

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oppression" (Verwey & Quayle, 2012: 553). In South Africa, whiteness has always been associated with power and privilege (Verwey & Quayle, 2012). The Nationalists used the religion as a basis of its apartheid policies. Whiteness studies have sought to uncover the notion of privilege, which is not immediately visible and is regarded as normal. Although this is the case, whiteness as it manifests itself by skin colour still wields power and privilege for them as it affords them with many opportunities although Blaser (2008:91) views it as situational "as it is negotiated individually and it is represented by a diversity of cultures. The economic privilege still exists, despite the loss of political power brought about by the new dispensation. This privilege is also mirrored in the workplace and manifests itself with resistance to change by maintaining the status quo.

2.7.   Critical Diversity Theory and Organizational Culture

Building on the discourse of whiteness Steyn (2010) has put forth the "critical diversity theory". The theory argues that what happens in organizations is a manifestation of the broader society. This tie in with looking at the organization in relation to its broader surroundings (Prasad, 2006). According to Collins (2011:520) the idea of critical diversity came about as a paradigm shift from merely managing diversity which ignored the "persistent racial and gender-based workplace inequality". A theory of critical diversity includes an analysis of exclusion, discrimination, and challenges hegemonic notions of colour-blindness and meritocracy (Herring & Henderson, 2012:630). It involves a "radical look at the constructions of difference which underpin institutional culture and interpersonal interactions within organizations, and moves beyond merely tolerating or assimilating differences into dominant practices" (Booysen, Kelly, Nkomo & Steyn, 2007). In contrast to just appreciating and embracing the differences that exist between different groups, critical diversity is concerned with examining the underlying power dynamics which give rise to inequality, discrimination, oppression and disadvantage and to confront those (Herring & Henderson, 2012:633). These differences are defined by social constructs such as race, gender, ethnicity, nationality, able-bodiedness, heterosexuality etc. The theory emphasizes the interconnectedness and intersectionality of these constructs (Kersten, 2000).

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Critical diversity challenges the current notion of 'business case' consistent with legal obligations, which views the inclusion of previously disadvantaged not as a moral right but as an economic imperative in order to appease business owners and shareholders. The theory views this notion as ensuring that little change takes place and that those included employees should fit into existing corporate culture without challenging the power relations in those structures. People who have power make the decisions and those who do not have to follow. Those who have power usually get things done and have the ability to mobilise resources to meet their goals (Kanter, 1977). Similarly being associated with powerful people brings the benefits of privilege. For people to feel comfortable in a group; they need to have a sense of belonging to that group.

According to the critical diversity theory real change does not just mean accommodating those who have been previously marginalised, but propagates the transformation of the old order to create a new social order. A common culture that values inclusiveness of everybody needs to be developed. This involves a complete overhaul which embraces a new way of doing things, while ensuring that no culture is dominant over the other. This is to avoid one group exercising dominance while the other becomes assimilated. It requires introspection (Kendall, 2006) of all involved, since whites are often oblivious of the privileges brought about by the skin colour and tend to view it as naturally given, while blacks have become too conscious of even the slightest disadvantage or prejudice they suffer. This is a challenge, as it often results in members of a particular race group tending to trust and mix with their own. One of the reasons is that the different races have grown to live separate from each other and lack an understanding of each other as it is the case in South Africa.

Critical diversity goes further to provide an analytic framework to identify power relations and how to deal with them. To evaluate how organizations respond to differences and the extent of transformation taking place within the organization, Steyn (2010:20) in her studies on whiteness sought to find ways of uncovering of how the whiteness discourse purports itself. This is discussed below.

2.7.1. Analytical Tools employed in Critical Diversity Literacy (CDL)

The critical diversity literacy involves specific tools used in evaluating the depth of diversity in a particular organization. These aspects enable the complete understanding of the power relations among the diverse groups and how this shapes and affects the functioning within organizations. Among the aspects put forth by Steyn (2010) are the following factors.

First is the recognition of the symbolic and material value of hegemonic identities such as whiteness, heterosexuality, masculinity, able-bodiedness, and middle-classness. This refers to the identities created by those who are in power in order to define what is normal and socially acceptable based on their standards. The white male hetero-sexual and able-bodied culture is regarded as the norm and everything else is measured in terms of this notion. This notion ignores the existing differences in society, seeing them as outside the norm, which everybody ought to abide to. Often there is a tendency of shaping what Kendall (2006:72) calls, "appropriate language for everyone" without accommodating those who are different from the mainstream. These constructs are used to exercise dominance over what is seen as outside the norm. As Kersten (2000:239) puts it, "while blacks are required to reproduce "white consciousness" as a condition of participation in society, and continuously find their own consciousness contested in day-to-day interactions, no such requirement exists for whites who can assume the naturalness of their reality without consequences or repercussions".

Second is the analytic skill of unpacking how these systems of oppression intersect, interlock, co-construct, and constitute each other. The concept of "intersectionality was originally developed in feminist studies to understand the oppression of black women through the simultaneous and dynamic interaction of race and gender" (Zanoni, Janssens, Benschop & Nkomo, 2010:15-16). It refers to the unpacking of the social constructs of race, class, gender and sexuality to uncover their connection to promote advantage. Looking at whiteness from an intersectional point of view helps to unmask its complexity and invisibility, which is clouded by race (Zingheim & Goltz, 2011:217). Critical race theorists argue that one's vulnerability to discrimination is shaped by the intersectionality

of these identities. According to Savas (2013:4) the social constructs of race, gender and class usually "determine the haves and the have-nots in society … and maintain the hierarchical organization of the different groups". These interlocking systems in turn determine the pecking order of privilege, with those at the top of the order having the greatest privilege. The notion can be applied to the understanding of the double disadvantage faced by black women, first by being black and second by their gender. On the average black women are at the bottom of the corporate spectrum and they continually face artificial barriers in the form of glass ceiling on their way to the top. To get recognition they have to constantly prove themselves, a test that men do not have to go through.

Third - the definition of oppressive systems such as racism as current social problems, rather than a merely historical legacy. Racism manifests itself in various ways some of which are both overt and covert. Often those advantaged by race feel uncomfortable to talk about it, while those on the receiving end are labelled as "racists" when confronting it. Those affected by discrimination feel it when it happens. When whites are denied privileges that they are so accustomed to, it invokes feelings of anxiety and they are quick to claim discrimination as a result of their perceived entitlement. Herring and Henderson (2012:638) argue that "being denied privilege feels as real as being denied opportunity feels for those people of color who are discriminated against". According to Zingheim and Golts (2011: 232), "the lived experiences can work to perpetuate, trivialize, and disguise the very oppressions we seek to address".

Fourth is an understanding that social identities are learned, and an outcome of social practices. People usually have stereotypes about the behaviour of others. Belonging to a certain group results in exposure to certain influences, which shape our beliefs and values (Mujtaba, 2007:13). The stereotypes often develop as a result of socialisation, resulting in grouping of people into pigeon holes and making generalizations about them. Some of the stereotypes about blacks have to do with being viewed as "intellectually inferior" thus creating expectations of underperformance. As a consequence one would have to work twice as much to prove that he/she has what it takes to receive recognition and acceptance.

Fifth is the possession of a diversity grammar and vocabulary that facilitates a discussion of race, racism and antiracism and the parallel concepts employed in the analysis of other forms of oppression. According to Kendall (2006:67) "white privilege allows whites not to see race in them, but to be angry at those who do". The privileges brought about by whiteness and disadvantages of being black are not discussed for fear of being labelled as racist. However these are the core of power dynamics existing in our society and in the workplace in particular. There is a tendency of not wanting to confront racial issues even in the face of obvious inequality. Whites tend to shy away from confronting such issues and profess to see everyone as equal and thus look beyond race. Black people also do not want to be seen as racists.

*Sixth is the ability to translate hegemonic practices***.** This refers to the ability to interpret symbols designed to perpetuate oppression other than the spoken word. Often these symbols are designed to promote exclusion of members of the external group. Since inequality uses the language of exclusion, it is critical that one acquires an awareness and understanding of the terminology and symbols used by others who are different from the self. A point can be made by the present practice of language policy where some schools elect to be exclusively Afrikaans as a form of exclusion for black learners now that Apartheid is no more and learners can chose to attend schools anywhere. Similarly many fail to acknowledge the absence of sign language interpreters as a form of exclusion to deaf during public information gatherings. Zanoni *et al.* (2010:18) make the point of inaccessible buildings for people with disabilities. The absence of reasonable accommodation for people with disabilities has proven to be an absolute barrier for their appointment in many workplaces as many employers find their employment to be costly for their adaptation.

Seventh is the analysis of the ways that diversity hierarchies and institutionalised oppressions are mediated by class inequality and inflicted in specific social contexts. The racialised and gendered social structure tends to place people in layered categories, which favour whites and put them at the top (Savas, 2013). The result is them having an advantage in accessing resources, and the false pretence of bringing few blacks who usually lack a voice. Blacks are usually placed at the bottom of the hierarchy and the worst is always expected of them without taking due regard for individual differences.

Black female executives always have to work very hard in their positions to demonstrate that they have what it takes to be in those positions. Therefore one can safely say that as a black woman one is likely to be discriminated twice as much.

The eight point is the need to engage with issues of transformation of these oppressive systems towards deepening democracy/social justice in all levels of social organization. To some extent this links up with the Shell/Core theory previously discussed. It implies gaining a deeper insight into how people perceive these principles and to reach consensus -moving beyond just recognising differences, but fostering a climate for social change. Herring and Henderson, (2012:636), argue that "diversity becomes hollow if it is not linked to access, equity, parity, and opportunity" and a mutual understanding of what this means to different people. If one does not understand difference, it becomes impossible to reach out and integrate those excluded into the mainstream.

The ninth and last principle of this approach to affirmative action is that employers need to actively move beyond from mere procedural compliance to substantive compliance. Transformation is not about getting the numbers right or developing good sounding policies that do not match practice, but about real change to the organizational culture where everybody is valued for their differences and contributions they bring to the organization. True equity, is about valuing differences in skills, talents and insights possessed by people from different backgrounds. This means going beyond the consideration for numerical goals and target setting to bring in members of designated groups and to concentrate on valuing diversity in order to transform the organization. It involves the review of all policies and practices that adversely affect the functioning of members from the designated groups in the organization to reach organizational goals. By so doing members of designated groups are more likely to feel part of the organization and empowered to perform rather than treated as statistics.

2.8.   Conclusion

The painful history of segregation and inequality, which characterised South Africa, has left certain portions of the population marginalised. The whites who have entrenched themselves in positions of power in most organizations continue to have a tight grip in the economy. Redress legislation brought about the advent of democracy has sought to reverse these effects. In some, such as the public sector there has been great progress in implementing and achieving employment equity, but in the private sector, particularly those demanding persons with tertiary education or technical skills, this has been more difficult. The difficulties stem not only from past historic disadvantage, but the perpetuation of such disadvantage as this chapter has shown from various angles.

These relate to how affirmative action is defined and how people perceive and experience affirmative action. Linked to this is how AA and EE policies are implemented, the rationale and the response to this by those affected – both black and white. For some it is merely a numbers game, driven by interest and goal-based arguments, for others it is about valuing diversity. However, underneath this is a discourse which perpetuates imbalances in power relations based on past privilege and meritocracy, which is often associated with whiteness. These issues will be interrogated by adopting a mixed methods approach to analysing how EE and AA is implemented in the pharmaceutical sector, by focusing on a particular case study which captures these issues.

CHAPTER THREE: RESEARCH METHODS

3.1. Introduction

The nature of the problem being studied usually dictates the research design to be employed (Cresswell, 1998). This chapter discusses the research design used in conducting the study and the reasons for the selection of the particular design. The various methods used to collect data are discussed, as well as the strategies used in analysing the data collected and the limitations thereof.

3.2. Research Design

Given the claims by government that little change has taken place in organizations since the introduction of the Employment Equity policy and counter arguments pointing to the scarcity of suitably qualified people from designated groups, it was necessary to explore how employment equity is implemented in the company. The company is called Medco, which is not its real name. The setting for the study was the company premises which included the head office and production factories in Johannesburg within the Gauteng Province. The case study design was used to respond to the research problem presented in this study. The case study design was the most appropriate design to use in the study as it would allow for a, "more naturalistic understanding of issues" affecting employment equity implementation within the company (Crowe, Cresswell, Robertson, Huby, Avery & Sheikh, 2011). It is a form of an inquiry which is normally used to gain an in-depth understanding into a complex issues or phenomenon in its real context or setting (Crowe *et al.,* 2011). It allows for a detailed analysis of a case being studied in its natural environment using multiple data collection methods (Baxter & Jack, 2008:544). Noor (2008) points out that the case study is not intended as a study of the entire organization, but rather intended to focus on a particular issue, thus emphasizing on an individual unit. A single case study is useful in exploring the occurrence of a phenomenon and can be replicated to other cases in another setting (Darke, Shanks & Broadben, 1998). According to Crowe *et al*. (2011:4) case studies are mostly useful in answering questions such as, 'how', 'what' and 'why'.

3.2.1. Selection of case

Bryman (2012) distinguishes between various types of cases and the circumstances whereby they would be appropriate. Medco can be regarded as a typical case as I intended to, "capture the circumstances and conditions of an everyday or commonplace situation" (Bryman, 2012:70). According to Bryman (2012:70), typical cases "exemplify a broader category of which it is a member". The employment equity practices in the company are likely to be similar to other companies in the pharmaceutical sector or the private sector in general. The issues affecting the company might shed some light and can also be typical of what other companies in the same sector are confronted with (Bryman, 2012:70). Being a large organization, Medco can be regarded as a major player in the pharmaceutical sector, with operations throughout the country and abroad. Another deciding factor for the selection of the case is the geographical location of the case which is in close proximity allowing for convenience and easy access for the study.

In answering the question of how employment equity is being implemented in the company, it is necessary to concentrate the study on the individuals who play a role in the implementation of such a policy. The unit of observation for the research will be assigned managers responsible for EE and most importantly the multi-representative EE forum which is responsible for compiling, implementation and monitoring of the EE plan in Medco.

3.2.2. Gaining Access

Access to the company was gained from locating the contact details of the assigned Employment Equity Manager written in the employment equity reports submitted by the company to the Department of Labour. According to Section 21 of the Employment Equity Act all designated employers are required to submit EE reports annually to the Department (South Africa, 2013b). The reports contain the identifying and contact details of the chief executive officer (CEO) and those of assigned EE Managers of the organization. The reports are classified as public documents and freely available to anybody requiring them upon submission of a request form (EEA 11) to the Department of Labour as prescribed by the Act. I did not encounter any problem in obtaining the

reports as I have access to the EE system (which is a data warehouse storing the reports) as I am working in the Employment Equity Directorate within the Department of Labour.

According to Bryman (2012:435) gaining access to a close setting such as an organization is usually through a senior or an executive manager as they normally act as gatekeepers. I contacted the assigned EE Manager reflected in the employment equity report telephonically to secure an appointment and initiate contact with the company. The assigned EE Manager has the responsibility for employment equity implementation in Medco. This would mean that the manager has first-hand knowledge on the employment equity matters and also accountable for the information contained in the report. The assigned EE manager referred me to the human resources manager (HRM) for all the information requirements regarding the study. An appointment was secured with the HRM for the first visit to the company, where the purpose of the study was outlined and the desire for more interviews and contact with the members of the employment equity forums (both site and national forums) was communicated. The HRM would also facilitate access to other participants to the study within the organization and arranged other interviews, participants and times for focus groups as he interacted with them during the course of his duties. He was also involved in providing telephone numbers for the participants whom I contacted telephonically, facilitating focus groups and meeting the National Transformation Forum (NTF).

During the first visit to the company I expected difficulties as a result of my employment at the Department of Labour, which is mandated with the monitoring and enforcement of employment equity in the country. I thought it was important for me to disclose my employment at the department upfront and assure the HRM that I was not working in the inspectorate coming to conduct employment equity inspection and enforcement. I informed him that I was working in the Labour Market Information and Statistics Directorate (LMIS) and that the information collected will only be used for study purposes. Since I was honest and did not hide my association with the Department of Labour, I think this made me establish rapport easily with the managers and other interviewees I met at the company. This put the interviewees, especially those in management at ease and not see me as a Labour Inspector.

The participants were selected purposively to participate in the study and regarded as key informants since they were directly involved with EE issues in the company in various roles. These participants were regarded as possessing knowledge about EE issues in the company. Some were working in the Human Capital Division (HC) as managers, staff members involved with the EE forum both local and national representing different constituencies such as trade unions and designated groups in the factories. As a result of changes in the company executive and subsequent restructuring it was not possible to meet the CEO and some top executives due to time constraints as they were always involved in crafting a new strategy to re-position the company towards profitability. The contact with the company was always secured in the afternoons due to operational considerations as they were a priority in Medco.

3.3.   Data Collection

In collecting data a variety of techniques should be used by case study researchers (Yin, 2009) in order to gain a deeper understanding of the case and capture its complexity. These multiple data sources can involve both quantitative and qualitative methods and assist in improving the internal validity of the analysis of the case (Crowe *et al*., 2011). I used a mixed methods approach, using multiple methods of data collection which were complementary in that questions which could not be answered by one method, another method was used to answer them in order to obtain a holistic picture of issues in the company (Bryman, 2012). The data collection strategies will be divided into primary and secondary sources.

3.3.1   Primary data sources

One of the primary sources of data for this project was analysing statistics contained in the Employment Equity Reports submitted by the company to the Department of Labour. Analysing the quantitative data provides one with the overall picture in terms of the demographics of the company and how these have changed over time. As will be explained below these were rich sources of information, but this data could not provide all the answers as to why certain changes in EE profile were not taking place. For this an in-depth understanding of certain aspects or an explanation about why certain phenomena occur was needed. This required the use of other methods, which would provide an

explanation and more information about why certain things were happening. Qualitative interviews, focus group and observations were used as primary data sources. Qualitative interviews were used to gain insight about employment equity practices in the company and what factors have an effect on its implementation.

Different type of interviews such as face-to-face and telephone with various techniques were used during the study, with participants who were viewed as key informants due to their experience and role in transformation issues in Medco and in general. The types of interviews conducted are displayed in the table below.

Table 3.1: Interviews conducted and participants involved

Type of interview	Participant(s)	Number of interviews	Demographics
Telephone	Union representative	2	African male
	EE Manager	1	African female
Face-to-face Semi-structured	Human Resource Managers (HRM)	1	African female
		1	White male
		2	African male
Face-to-face Semi-structured	Human Capital Executive (HCE)	1	African female
Face-to-face Unstructured	Department of Labour Manager	2	African female

The use of semi-structured interviews was done so as to steer the interview discussions to elicit specific information about employment practices within the company. An interview schedule contained in (*Annexure A*) was used to guide the flow of the interview in line with the purpose of the research. A face-to-face interview was conducted with the Human Capital Executive (HCE) who is also listed as the assigned EE Manager in EE reports at the company premises. Two telephone interviews were conducted with a union representative who serves as the chairperson of the National Transformation Forum and is one of the assigned EE managers according to the company EE plan. Due to work commitments and limited available time for a face-to-face interview a telephone interview proved to be the feasible method for the interview. A follow-up telephone conversation was done with the HRM (African female) to get clarity on some issues that came up in the focus group and the national transformation forum meeting. The average duration of the interviews was one hour.

One unstructured face-to-face and a follow-up interview were conducted with the Employment Equity Manager at the Department of Labour. The purpose of the interviews was to gather information about the state of employment equity in the country. The manager would talk of the Department's monitoring role and the experiences with designated employers since the Department started with Director-General Reviews to evaluate substantive implementation of the Employment Equity Act both in government and private companies. The unstructured interview allowed the manager to talk freely about the experiences and issues encountered in the course of monitoring employment equity implementation in the country, while I could also ask follow-up questions to clarify some issues.

One focus group was conducted with members of a local transformation forum from one of the production factories (referred to as site forum) who sacrificed their time and agreed to participate. The participants of the focus group were recruited by the HRM during a site forum meeting. Only participants who were keen and agreed to be part of the focus group were included and those who did not wish to participate were left out. The focus groups consisted of four individuals, 3 black males and one black female. During the focus group it emerged that the staff profile at the factories was mostly black males (*Annexure B*). This made me to decide against conducting another focus group with a different site forum within the same geographical area, taking into consideration the difficulties involved in convening the focus groups. It would have been futile as the demographics in the factories are the same and would probably not have yielded any new information. It was difficult to get time for the group to converge due to operational matters, and after hours the employees had to rush for the public transport which is normally full to take them home as they reside far from their place of employment. The focus group that I was able to conduct was formed after a site forum meeting that the employees had earlier that day. It also emerged during the focus group that employees in the factories do not hold meetings on a regular basis. They only meet when there is a specific need due to productivity concerns from the company.

I also had the opportunity to attend the National Transformation Forum meeting. I attended this meeting as a participant observer at the request of the HRM where I presented on the Employment Equity Amendment Act, No. 47 of 2013 and the amended

Employment Equity Regulations of 2014. Although the main reason for the invitation was to provide information to the forum on new developments in the employment equity regulatory framework and the implications of these changes to the forum, I used the opportunity to gain insight into the composition and the operation of this structure.

3.3.2   Company Documents

As indicated, the Employment Equity reports submitted by the company to the Department of Labour for the 2008 to 2014 reporting years were accessed and analysed. The reports contain the workforce profile of the company for a specific reporting year. They also contain information on changes that have occurred in the workforce profile of the company and reflected by movement indicators namely; recruitments, promotions and terminations.

The EE reports were used to assess the changes in the profile of employees in terms of race and gender in the various occupational levels. There are 6 occupational levels used to categorise employee hierarchical placement within an organization and the description of the roles in each category are contained in (*Annexure C*). They are namely; top management, senior management, professionally qualified, skilled technical, semi-skilled and unskilled. The progress or lack thereof in implementing affirmative action measures as reflecting employment equity in the company is determined by assessing the changes and movement in the workforce profile. The changes in the workforce profile would be informed by the annual targets set to achieve the goals at the end of the Employment Equity Plan, which in the case of Medco were three year intervals. Notwithstanding the targets set to achieve the goals of the EE plan, other external factors such as the availability of suitably qualified appointees from the members of designated groups, economic conditions affecting the company etc. would affect the attainment of the goals.

The employment equity plans for the period 1 March 2008 - 30 September 2011 and 1 October 2011 - 30 September 2014 were also accessed and analysed. The EE plan provides the roadmap and activities that the company will undertake to address transformation in the company. An employment equity plan should comply with the requirements prescribed in Section 20 of the Employment Equity Act. According to Section 20 of the EEA, employment equity plans should contain annual objectives,

barriers and affirmative action measures, numerical goals and targets, the people responsible for monitoring the plan and dispute resolution mechanism for disputes arising from the interpretation and implementation of the plan (South Africa, 1998). The numerical goals refer to the workforce profile the company plans and hopes to achieve by the end of the EE plan, while targets are the annual building blocks towards the goal. These are depicted according to race and gender for all occupational levels.

A report from the Department of Labour Director-General (DG) review was made available by the company. The document is the outcome of the DG review process that was conducted in the company by labour inspectors during November 2011. It consists of an assessment of substantive compliance on the duties of designated employers according to the EEA and recommendations that the company should undertake in order to comply with the Act.

Several company documents were made available to assist in the research process. Among the documents reviewed was the employment equity policy, recruitment policy, Annual Report for 2014, National Transformation Forum (NTF) Constitution etc. These documents assisted in understanding the philosophy, values and beliefs the company held about employment equity issues and its employees. These affect the changes in the complexion of the organization and reflect management commitment to transformation.

The company's Employment Equity Policy, which was approved by management in March 2009, provides the philosophy and framework for the implementation, monitoring and evaluation of employment equity in the company.

The company recruitment policy and staff requisition form provided the procedures for recruitment and appointment of staff into the company. The Graduate Development Programme document, which sets out the views of the company regarding the development of new graduates as a future asset was also reviewed.

The Constitution of the National Transformation Consultative Forum, the minutes of meetings and attendance registers for a period of two years were received and analysed although I was not provided with a full set for the period under review. The constitution outlines the composition, frequency and the conduct during the meetings of the forum.

The minutes analysed were for 2012 and 2013 as I was not provided with a full set of minutes of meetings for the entire period.

News clippings reported about the company in the media and information from the company website was retrieved to follow the news about the change in the ownership and therefore the organizational structure of the company. Mottos which showed the values that the company lived by that were displayed in the building were observed.

3.4.   Data Analysis

The analysis strategy used to analyse employment equity practices in the company was multi-fold. The statistics in the employment equity reports submitted by the company to the Department of Labour were analysed. The analysis of EE reports involved establishing the changes in the representation of designated groups within the company between 2008 and 2014 from data contained in the EE reports. The reports are generated as aggregated statistics in the form of a table for all employees according to race and gender in each of the occupational levels. These official statistics were presented in tables with raw figures and percentages depicting the representation of each race and gender in each occupational level. The increases and decreases over the years can be clearly seen by the percentage representation for each group. It is worth noting that the analysis excluded employees classified as foreign nationals since they are not of South African descent and therefore not beneficiaries of affirmative action. However the totals in the data include figures where they are represented in order to capture the correct percentage representation of the designated groups.

The patterns of movement within the company indicating recruitments, promotions and terminations during the period under review were also mapped. A longitudinal analysis of the workforce profile and movements were done covering the period of the employment equity plans, which are 2008 to 2011 and 2011 to 2014. Thematic analysis was used to analyse data from the qualitative interviews. This was done to understand and provide meaning to the employment equity statistics submitted by the company to the Department of Labour. The analysis of qualitative data from the qualitative interviews and focus group was done in order to understand employment equity practices in the company.

Baxter and Jack (2008:554) make the point that this allows for a better understanding of the case. The analysis techniques used are elaborated below.

3.4.1   Analysis of Company Documents

Content analysis was used to evaluate the transformation practices in the company primarily guided by the goal-based and interest-based, critical diversity theories. The analysis of company documents provided insight into the transformation philosophy, values, vision and to some extent the beliefs of the organization. The analysis of the company documents also served to complement the information from the interviews to enable an in-depth understanding of Medco. An analysis of the EE plans was also performed. The workforce profile of the company as reflected in the EE reports was analysed against the annual targets and goals that the company has set itself at the end of the EE Plan. This was done in order to determine whether the company has implemented the plan and achieved the numerical goals as envisaged in the EE plan. The analysis was based on the criteria for evaluating employment equity effectiveness as suggested by Jain *et al*. (2002) in the Employment Equity Index (EEI). According to Jain *et al.* (2002:109) the EEI consists of several factors, which "enable the employers to implement, nurture, and evaluate the effectiveness of EE programs". They have a bearing on the successful implementation of employment equity in an organization as the EE plan is a roadmap for transformation within an organization. The factors discussed in the index are relevant for use in the evaluation of the EE Plans of Medco as they are to some extent similar to the elements of an EE plan. In South Africa they are legally prescribed as the critical elements of an EE plan according to Section 20 of the Employment Equity Act (South Africa, 1998). Among the factors mentioned are;

a)   *Accountability:* This is a requirement which requires allocating responsibility for the implementation of employment equity and linking this to performance measures as part of management responsibility. The assignment of responsibility for the implementation and monitoring the EE plan is a requirement in the EEA.

b)   *Numerical goals and timetables*: These are the goals that the EE programs are set to achieve and assist in tracking progress against set time tables for each year of the plan

until the end date, which in the case of Medco are 3 year cycles for each EE plan under examination.

c)   *Monitoring and control mechanisms:* The procedures for monitoring and evaluation the implementation of the EE Plan to determine whether the company is on track to achieve its goals. This enables taking corrective action to deal with impediments which affect goal attainment. The quarterly tracking of employment equity targets and link with monetary rewards provide for constant monitoring.

d)   *Employment practice review***:** This refers to a process of reviewing the policies, and employment practices in order to identifying barriers which affect the equitable representation of people from among the designated groups in the workplace. The EE plan contains identified barriers which adversely affect the promotion of designated groups and affirmative action measures and strategies to deal with them to achieve equity. This involved the identification of impediments that prevent the company from attaining transformation imperatives. This is significant as employment equity is not only concerned with numerical representation of designated groups, but also the factors that affect their representation such as policies and practices.

e)   *Special target or designated group recruitment and training efforts***:** These are the strategies to bring equitable representation of designated groups through recruitment and training. The Graduate Development Programme offers opportunities for the company to mentor young graduates in the workplace for them to gain experience and develop them for future roles in the company.

f)   *Employment Equity Co-ordinator or Committee:* This is a fulltime person responsible for the development, implementation and monitoring of EE activities. Medco has established a National Employment Equity Transformation Forum (NTF), which is responsible for driving employment equity in the company. The nature, composition, responsibilities of the members of the forum and the functioning thereof was analysed as to its effectiveness in the implementation of employment equity. The NTF should consist of members from both designated and non-designated groups, members from all unions represented in the company and representation from all occupational levels in the company.

g)   *Resources or budget***:** The resources (monetary and people) allocated for the implementation of the Employment Equity programmes are crucial for the success of the programme.

3.4.2. Analysis of Qualitative Interviews

Thematic analysis was used to extract themes and categories that emerged from the qualitative interviews. This was done in order to understand the experiences of the participants about the implementation of EE in the company. The focus was on common themes emerging from interaction with the various participants in the different interviews. Although it was important to outline common themes emerging from the interviews, particular care was taken to include and highlight issues of divergence between the informants as this might demonstrate areas of conflict between the role players. Critical diversity theory emphasizes the importance of power relations in the interaction between people from different race groups as would play a significant role in the prejudice and power relations shaped by the previous political dispensation. These assisted in interpreting the meaning of certain aspects relating to the understanding of various positions on perceptions/experiences of affirmative action as it relates to employment equity in companies. Statements referring to the values, culture and relations in the company were of particular importance as these highlight the manner in which workplace diversity plays itself. The interviews provided valuable information in determining the manner that the company responded to the requirement to transform its workplace to reflect the broader economically active population in the country. The use of the interviews was not to validate the quantitative data contained in the EE Reports, but was complementary as it was used to gain a deeper understanding of processes that shape the social structures that were observed in the quantitative analysis of the employment equity reports.

Observations of behaviour and statements made during the personal interviews, focus groups and meeting of the National Transformation Forum were noted and included in the analysis.

3.5.   Limitations of the Study

The main limitation of the study was the inability to be a participant observer in the factories to observe interaction between the employees in the factory floor. Due to the student being a full-time employee and embarking on the research on a part-time basis it was not possible to embark on this method of data collection.

It would have been ideal to have more focus groups with different groups within Medco. As a result of operational reasons this was not possible. Time constraints as a result of the scope of the research, and productivity concerns for the company impacted on spending more time with the employees in the factories. The constant change in HR Managers (who acted as point of contact) impacted on the research as this meant that there was not meaningful continuity with the contact persons in the company.

Although assurance was given that the information collected would be used for the research purpose, suspicions were that the HR Managers provided the information that they thought I want to hear as a result of my employment at the Department of Labour. Therefore, issues of reactivity related to social distance could have influenced the reliability of the study.

3.6.   Ethical Considerations

In conducting a case study, consideration for ethical implications for the participants must be ensured (Crowe *et al.* 2011). When I began conducting the research with the company no ethical approval was required from the university, but ethical implications such as informed consent, anonymity and confidentiality were ensured during the course of the study. The prescribed forms for consent from the university became available after the commencement of the research and were thus not necessary as the study was already underway.

At the first meeting with the HRM permission was requested to do research in the company and it was verbally granted. The HRM provided me with assistance with arranging for interviews and focus group and any other relevant information requested as well as supplementary documents. The research posed no harm to any of the participants.

In reporting the results, care was taken not to reveal the identities of the participants and use their positions to refer to their statements.

The information revealed during the research might assist the company to uncover issues that the company might not have been aware of. The product of the research in the form of a thesis will contain suggestions, which might assist the company in its endeavours to implement the Act and transform.

The participants were informed that they were at liberty to participate in the study at their own free will and could withdraw at any time should they not wish to continue. Those who participated did not have any problem and committed to continue. Permission to record the interviews and focus group for ease of reference was always sought with participants. The participants in the research were informed that the information they have provided during the research was confidential. Assurance was given that the discussions would not be shared with anyone else, save for the study supervisors. The information will not be shared with their managers. All interviews were undertaken at the participants' convenience, mostly in the afternoons in order not to interfere with the company operations.

The identity of the company was also kept confidential from my colleagues at the department to keep up with the promise of anonymity of participants and the company. To my relief it transpired during the interaction with the company that it has recently been subjected to a Director-General review by the provincial office. This gave me the confidence that EE compliance issues would have been addressed and I did not interfere with this process, which would have posed a dilemma for my role as a researcher and an employee from the head office of the Department of Labour.

3.7.   Personal Reflection

During my initial visit to the company I expected difficulties as a result of my employment at the Department of Labour. Added to that, being a black woman and a potential beneficiary of EE policy I felt somewhat uneasy to discuss transformation issues with a white manager. The subject of EE can sometimes invoke feelings of anxiety due to its sensitivity and current debates about the subject. As a person historically affected by

discrimination and inequality one never knows how s/he will be received, but nevertheless the research had to be done if I was to succeed in my studies. As a result of staff turn-over, I had to deal with three different HR Managers who were working in the Human Capital (HC) Division of the company. The managers played the role of gate keeper and facilitated contact with other participants in the company, and also provided me with the necessary documents needed for the research. This meant that I had to establish rapport with each of them and explain the purpose of the research with each one and outline the requirements for interviews. The experience was challenging taking into account the time constraints on both sides (mine and theirs), but I managed to establish good relations with all of them. Also doing research in an unfamiliar environment has its down side, you have to be flexible to the time allocated for interviews as any other time may not be suitable due to company operational reasons and unavailability of informants. At no stage during my involvement with the company did I encounter problems with securing interviews with the HR division who were directly involved in implementing employment equity. They always accommodated me despite their busy schedule.

The exposure to critical diversity literature resulted in awareness and better understanding of why things have remained as they are in organizations, despite almost 20 years since the introduction of employment equity. The literature has also resulted in me in interrogating my own prejudices about other groups which are different from my own, be it racially or ethnically.

During the early stages of this study I was working in the Labour Market Information and Statistics (LMIS) Directorate, but subsequently moved to the Employment Equity Directorate (EED). This proved valuable for the study as I gained a lot of insight to many issues and information relating to employment equity, which I would never been privy to. I am exposed to Director-General Reviews and the methodologies and tools used to assess substantive compliance of designated employers to employment equity. I became exposed to and interacted with the Commission for Employment Equity (CEE). Hence, I am working in an area which is not only my daily work, but which I have some depth of understanding of and hopefully this comes through in the reporting of my findings on Medco.

CHAPTER FOUR: THE NATURE OF THE PHARMACEUTICAL SUB-SECTOR-BACKGROUND AND FINDINGS

4.1.   Introduction

The pharmaceutical sector plays a pivotal role in the health and wellness of society. In South Africa health care is provided by both the private and public sector, with a difference in the quality of service provided. The private health care provides quality services to a small section of the population at a very high cost, while the public sector services the majority of the population, who are poor and generally at a minimal or no cost (Gerber, 2006). The pharmaceutical sub-sector plays an important role in supporting the health sector, but is faced with many challenges recently. Many of these relate to the competitive environment in which this sector operates within the global market. Others relate to political pressures, such as conforming to, or meeting equity targets in a sector that continues to be dominated by whites.

In order to understand the challenges faced by the sector in implementing employment equity, it is necessay to provide a background of this sector and the case study used to analyse the issues. This chapter strives to do so by providing an overview of the pharmaceutical sector, mapping its history, the external environment which governs the sector, as well as the available and required skills to perform within the sub-sector. To illustrate some of these challenges that this sector faces in adhering to equity targets and the underlying power dynamics associated with it, I have selected an exemplarly case study, namely a company called Medco as an example. The characteristics of the workforce, the goals the company has set itself in order to achieve equity, how it has gone about achieving these goals and what specific impediments/catalysts have affected the achievement of these goals are discussed.

4.2   Overview of the South African pharmaceutical sub-sector

According to the industrial standard classification of economic activities (ISIC) the pharmaceutical sub-sector is part of the chemical sector within the manufacturing industry (Statistics South Africa, 2012). The sub-sector is a knowledge intensive, highly regulated environment which deals with research, manufacture and distribution of medicines and equipment used in the health services (CHIETA, 2014). It operates according to strict laws and regulations in compliance with international treaties that the country is a signatory to, as well as national laws and regulations. Companies wishing to operate in the country either as manufacturers or distributors are required to register with the Medicines Control Council (MCC) established according to the Medicines and Related Substances Act, No.101 of 1965 (as amended), under the Department of Health (South Africa, 1965). Medco, the company selected for this study, for example, is registered with the Medicines Control Council for the purpose of manufacturing medicines and hospital products. Pharmacists and their assistants on the other hand are required to register with the South African Pharmacy Council (SAPC). The council is an independent regulatory body which governs the training and conduct of pharmacists and pharmacy support personnel in South Africa. It was established in terms of the Pharmacy Act, Act 53 of 1974 (as amended). According to the Chemical Industries Education and Training Authority (CHIETA, 2014), the sub-sector plays a major role in the country's economy and contributes about 20% of the manufacturing Gross Domestic Product (GDP) and about 1,6% of the total country's GDP. Market intelligence expects pharmaceuticals to double its growth by 2018 as a result of lucrative government contracts to fight the scourge of HIV/AIDS (Africa Development Bank Group, 2014). This is a highly competitive sector and influenced by global competition.

In recent years, this sector has been affected by a negative trade balance as a result of imported products, which are used in the manufacture of medicines which are prone to fluctuations in exchange rates. It is reported that the sector lost R14,8 billion in imports, due to cheap imports from other low-cost countries (CHIETA, 2014). To combat this, the government has embarked on bold plans to reduce the reliance on foreign pharmaceutical companies and encourage the local production of drugs. The aim is not only to produce

drugs to improve the quality of lives of those living with HIV/AIDS more affordably, but also to develop the employment creation potential of the sector. As such, this sector faces many challenges brought both by the global competitiveness of the sector, and political imperatives to ensure that companies operating in the sector meet equity targets. As these companies are a major supplier of drugs to the public sector, which are influenced by government tenders, being competitive and meeting political imperatives are important criteria that influence their sustainability.

4.3.   Employment in the pharmaceutical sub-sector

The pharmaceutical sub-sector is experiencing challenges globally and South Africa is not immune to these challenges. Some of the challenges are concerned with global competitiveness and technological advances, which affect many industries world-wide. In order to adapt to these challenges, many companies are beginning to realise the importance of tapping on all available human resources in the labour market.

According to the CHIETA, the pharmaceutical sub-sector is the fourth largest within the chemical sector and employs about 22 100 people, which amounts to 14.2% of the employees in the total chemical sector (CHIETA, 2014). It is difficult to determine the exact racial profile of employment in this sector as only 64 (48,5%) of the companies operating in the pharmaceutical sub-sector submitted information on this to the SETA. From those who did, it was established that most employees were Africans (43.8%), followed by Whites (29.3%), Coloureds (18.5%) and Indians (8.4%) as indicated in Figure 4.1 below. Of interest, is that the sector appears to be relatively gender balanced, with 54.4% being women and 45.6% men as shown in Figure 4.2 below, although women are mainly represented at the lower occupational categories. Women are the majority in all occupational groups with the exception of the managerial, skilled and trade workers, as well as the more blue collar jobs such as plant and machine operators and assemblers categories (CHIETA, 2014). CHIETA (2014) also noted that the managerial categories were mainly comprised of white males (29.4%) and females (26.8%).

In terms of education, the SETA also reported that more than half (54.5%) of the employees are in possesion of a tertiary qualification, which indicates the high level of skill required to be employed in the sector (CHIETA, 2014).

Figure 4.1: Racial composition in the pharmaceutical sub-sector
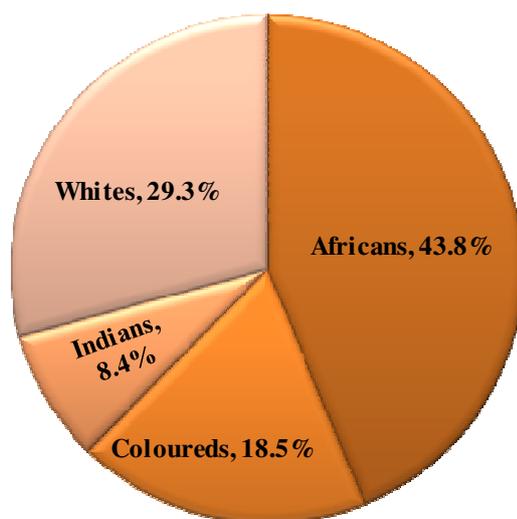
Source: CHIETA

Figure 4.2: Gender composition in the pharmaceutical sub-sector
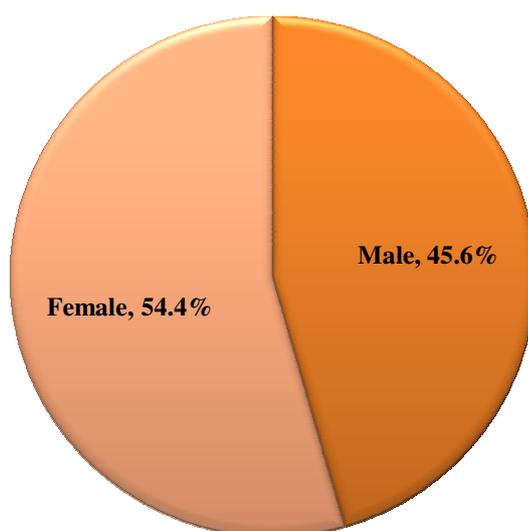
Source:CHIETA

CHIETA indicates that the professional group account for a quarter of employees in the pharmaceutical setor (25.5%), followed by the managerial group who make up 14.9% of the employees, many of whom are involved in sales and quality assurance for the products produced. Technician and associate professional group account for 14.5%, plant and machine operator and assembler category amount to 14.1%, while the elementary occupational group, which is at the bottom is about 14.6% (CHIETA, 2014). Even through these figures are fairly representative in terms of race and gender, women and blacks tend to be clustered in the lower levels.

4.4. Demand and supply of labour in the sub-sector

The use of advanced technology and investment in machinery has led to a decrease in the demand for labour in the pharmaceutical sub-sector (CHIETA, 2014). This has meant that the demand for labour has shifted to the need to employ more people with technical skills, as the demands for new and cost effective drugs increase. An assessment of the skills required in this sector in the future indicates that more skilled personnel will be needed as South African pharmaceutical companies expand their share in the emerging markets such as China (Berton, 2013).

According to Mabope and Meyer (2014:136) pharmacy has been identified as a scarce skill in South Africa due to the shortage of pharmacists in the country. Indications are that the skills supply has not kept pace with the demand, even though there has been an increase in students entering chemical engineering and technology qualifications in the higher education sector. Some of the factors impacting on the scarcity of skills as reported by employers in the sub-sector are the gap between the formal training and the work environment, lack of training in certain fields and an absence of career paths (CHIETA, 2014). CHIETA notes that the shortage of clinical research associates and other industry relevant occupations were largely as a result of "the lack of articulation between qualifications, legal requirements for certain positions and insufficient development of career paths that lead to certain occupations" (2014:xi).

Table 4.1: Registered professionals by gender in 2015

Role Type	Male	Female	Total
Assessor	98 26.8%	267 73.2%	365 100.0%
Assistant Basic	1 467 34.8%	2 750 65.2%	4 217 100.0%
Assistant Learner Basic	1 187 35.3%	2 172 64.7%	3 359 100.0%
Assistant Learner Post Basic	834 33.7%	1 639 66.3%	2 473 100.0%
Assistant Post Basic	1 942 26.3%	5 442 73.7%	7 384 100.0%
B Pharm Student	1 353 32.1%	2 865 67.9%	4 220 100.0%
Community Service Pharmacist	200 32.0%	425 68.0%	625 100.0%
Intern	258 29.7%	611 70.3%	869 100.0%
Pharmacist	5 358 39.7%	8 147 60.3%	13 505 100.0%
Specialist Pharmacist	7 53.8%	6 46.2%	13 100.0%

Source: South African Pharmacy Council

Table 4.2: Registered professionals by race in 2015

Role Type	Asian	African	Coloured	White	Unknown	Total
Assessor	61 16.7%	66 18.1%	10 2.7%	227 62.2%	1 0.3%	365 100.0%
Assistant Basic	301 7.1%	2 644 62.7%	556 13.2%	715 17.0%	1 0.0%	4 217 100.0%
Assistant Learner Basic	226 6.7%	2 279 67.8%	358 10.7%	497 14.8%	0 0.0%	3 360 100.0%
Assistant Learner Post Basic	157 6.3%	1 532 61.9%	317 12.8%	467 18.9%	0 0.0%	2 473 100.0%
Assistant Post Basic	636 8.6%	3 384 45.8%	997 13.5%	2 365 32.0%	2 0.0%	7 384 100.0%
B Pharm Student	636 15.1%	2 413 57.2%	204 4.8%	943 22.3%	24 0.6%	4 220 100.0%
Community Service Pharmacist	157 25.1%	310 49.6%	26 4.2%	132 21.1%	0 0.0%	625 100.0%
Intern	168 19.3%	448 51.6%	34 3.9%	216 24.9%	3 0.3%	869 100.0%
Pharmacist	2 740 20.3%	2 606 19.3%	487 3.6%	7 619 56.4%	53 0.4%	13 505 100.0%
Specialist Pharmacist	3 23.1%	1 7.7%	0 0.0%	8 61.5%	1 7.7%	13 100.0%

Source: South African Pharmacy Council

What is noteworthy is that the sector has seen a significant increase in the number of blacks and females registering for qualifications in this field at universities. Table 4.1

shows that females dominate all the professionals currently registered in the pharmacy fields with the exception of specialist pharmacists where males have a slight edge over females. The 74.3% black and 70.3% female pharmacy interns should be able to provide the sector with a pool of professionals to release the pressure on the ability to meet equity targets. Table 4.2 shows that most registered assessors, pharmacists and specialist pharmacists with the South African Pharmacy Council in 2014 were white. Among the reasons for the high proportion of white pharmacists as opposed to the designated groups can be explained by the inadequate mathematics and science attainment of previously disadvantaged groups owing to the history of Apartheid. Mabope and Meyer (2014:133) argue that, "students from diverse educational and socio-economic backgrounds increasingly enter higher education - some with limited academic skills". They further noted that prospective students wishing to study pharmacy at University of Limpopo, Medunsa campus (which was previously classified as catering for black students) "approximately half of all applications did not meet the basic requirements to enter the second phase of the selection process" for admission to the BPharm qualification (Mabope & Meyer, 2014:133). This probably explains the high proportion of blacks and females in the auxiliary/assistant pharmacists category. Even when students met entry requirements to study for the qualification, limited space and resources have an effect on the admission to the qualification (Mabope & Meyer, 2014).

Despite this increase, both CHIETA and the Pharmacy Council have noted that there is still a shortage of pharmacists and pharmacy assistants in the country. This has been largely due to migration to countries such as USA, which has shown a great interest in pharmacist from South Africa to deal with their shortage and demand for the profession. Another factor has been the general low interest in the pharmacy profession in recent years as a result of regulatory issues affecting pricing by government. The South African Pharmacy Council (SAPC) predicts that the country requires 1 200 pharmacists a year, almost three times the present annual output of graduates which is approximately 450 (Pharmacy Conference, 2013). Companies require skilled employees who have experience in the operations required by the sector, some of which are only acquired after years of working. Workplace training becomes important in this regard. Inadequate funding was cited as a major constraint and problems with accessing training grants for

workplace training (CHIETA 2014). According to the SETA, employers also decried the poaching of skills by competitors and insufficient partnerships for training by stakeholders involved.

4.5   Company case study

4.5.1   Profile of the company

Medco is a pharmaceutical company, which started operating as a pharmacy more than 100 years ago (Medco, 2013). It manufactures and supplies prescription, over the counter (OTC) medicines and hospital products to both the private and public sector. The company is listed in the Johannesburg Stock Exchange (JSE) and is considered a leader in the field. According to company reports, the company made R 1, 140 million profit from its pharmaceutical division during the 2013-14 financial year with a trading loss of R 7 million due to a fall in share price (Medco Integrated Report, 2014). It holds 10% share in the private pharmaceutical industry with a lead in volume sales. The global financial crisis in 2008 affected Medco, although its effects were felt long after this. This has affected hiring decisions and recently the company has undergone major organizational restructuring to reposition itself as a leader in its sector and recover from the losses (Medco, 2013).

Mindful of the competitive environment within which it operates; Medco constantly looks for opportunities for growth with mergers and acquisitions in the country and beyond its borders. Medco as other companies in the sector strives to constantly grow its business and recognises that attracting the right talent is a major contributory factor in terms of its growth. In this regard, the company not only needs highly skilled personnel in its production sector, but also in research and development (R&D). It has its own World Health Organization (WHO) approved R&D site facility, which is responsible for the development of new products and improvements to existing ones. One of these divisions' primary aims is to develop cheaper drugs to respond to the health needs of the country and other international markets (Medco, 2013). To enable this it needs competent excellent employees who are "energised and empowered to achieve more than before"

(Medco Graduate Development Programme, 2010). Over the years, Medco has established itself as a trusted brand and prides itself as a "leading world-class branded healthcare company" (Medco, 2013).

When the company unbundled from the holding company it was previously operating under in 2008, new policies, which define the new business and strategy, were developed. As with most other businesses of its size in South Africa, Medco had to implement employment equity to transform itself. The workforce profile at the three upper occupational levels was predominantly white. At top management level there was a white male occupying the position of a chief executive officer, while whites comprised 65% of the workforce at the senior management level and 49.5% at the professionally qualified level (as indicated in tables 4.4 to 4.6). The first African female to be employed at the senior management occupational level occupied the position of Human Capital Executive (HCE), which is a supporting role to the core business of the company. The HCE is responsible for all human resources in the company. In explaining her experience as the first designated person at senior management, she accounts her appointment as having "a clear mandate to establish a human capital department for the company after the unbundling and raise the company's BEE rating. Another mandate was to facilitate the recruitment of designated employees into the company" (Human Capital Executive, Medco, 2014).

In analysing the statistics, one can see that there are fluctuations in employment during the period under study. By the end of 2014, the company employed a total of 2 236 employees, which is an increase of 5.6% from 2 116 in 2008. The highest increase of 10.8% was experienced between 2011 and 2012 and a lowest recorded decrease of -6.2% was between 2010 and 2011 as illustrated in Table 4.3. The employees are distributed across the country and include medical practitioners, pharmacists, scientists, laboratory technicians, machine operators, sales persons etc. Medco has classified experienced regulatory pharmacists, supply chain professionals, experienced artisans and medical professionals as scarce skills and the company is always searching for human capacity in these areas (Careers, Medco, 2013).

Table 4.3 : Total workforce in the company

Year	Total Employees	Difference	% Difference
2008	2 116	-	-
2009	2 078	-38	-1.8%
2010	2 241	163	7.8%
2011	2 103	-138	-6.2%
2012	2 330	227	10.8%
2013	2 331	1	0.0%
2014	2 236	-95	-4.1%

Source: Employment Equity Reports, Department of Labour * (totals include figures for foreign nationals)

4.5.2　Workforce profile at Medco

In order to assess the changes in the workforce profile, I analysed the goals that the company set for itself at the end of the EE plans using race and gender variables at the different occupational levels. Besides the numerical goals set to achieve employment equity, the company has annual equity targets for the various occupational levels. Non South Africans (otherwise known as foreign nationals) were excluded from the analysis, as they are not beneficiaries of affirmative action and employment equity. Their numbers are nevertheless included in the totals in order to reflect the accurate representation of the different groups at a particular, occupational level. Although there are six occupational levels, the analysis of the workforce in the company focused on the first four occupational levels namely; top management, senior management, professionally qualified and skilled technical levels. The reason for this emphasis is that change in the workforce profile is most significant at these levels since they include the junior managers, up to the level of decision makers. The top and senior management levels are the two uppermost levels, which comprise people who develop the strategy and run the company, whereas the two middle levels, i.e. professionally qualified and skilled levels are the middle and junior managers. They are the engine of the company as they are involved in the development of the products that define the company's competitiveness and are involved in the production process. The two lower levels namely, semi-skilled and unskilled already contain an over-representation of black people.

In my analysis of the figures, it appears as if there are errors with the data submitted by the company to the Department of Labour. There is a capturing error in the data for the 2012 reporting cycle as all data in the recruitment column is the same as the workforce profile for all occupational levels. For instance, recruitments indicated in a year should translate to an increase in the workforce profile in the same occupational level during the following year. Another problem was that numbers in the workforce profile were reduced without any indication in the number of terminations in terms of employment. A case in point is the representation in top management in the Table 4.4 below.

Table 4.4: Workforce representation at top management level

Year	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
2008	0	0	0	3	0	0	0	0	3
	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	100%
2009	0	0	0	2	0	0	0	0	**2**
	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	**100%**
2010	0	0	0	2	0	0	0	0	**2**
	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	**100%**
2011	0	0	0	2	0	0	0	0	**2**
	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	**100%**
Numerical goals	**0**	**0**	**0**	**2**	**0**	**0**	**0**	**0**	**2**
	0.0%	**0.0%**	**0.0%**	**100%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**100%**
2012	0	0	0	2	0	0	0	0	**2**
	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	**100%**
2013	0	0	0	2	0	0	0	0	**2**
	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	**100%**
2014	0	0	0	2	0	0	0	0	**2**
	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	**100%**
Numerical goals	**0**	**0**	**0**	**2**	**0**	**0**	**0**	**0**	**2**
	0.0%	**0.0%**	**0.0%**	**100%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**100%**

Source: Employment Equity Reports, Department of Labour

Positioned at the top management level are the company chief executive officer (CEO) and the deputy chief executive officer who is also the company chief financial officer (CFO). These are the two most powerful individuals in the organization as they together with the board make decisions about the governance in the company. The company's corporate governance structure is illustrated in (*Annexure D*). The representation at the top management level as depicted in Table 4.4 shows that there has been no change in the control of Medco as two white males remained at the top for the entire period under review. This has meant that essentially the company is still run by white executives who exercise control over the company, its policies and practices.

Table 4.5: Workforce representation at senior management level

Year	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
2008	0 0.0%	0 0.0%	5 25.0%	9 45.0%	1 5.0%	0 0.0%	1 5.0%	4 20.0%	22 100%
2009	0 0.0%	0 0.0%	4 17.4%	9 39.1%	1 4.3%	0 0.0%	2 8.7%	6 26.1%	23 100%
2010	0 0.0%	0 0.0%	4 20.0%	9 45.0%	1 5.0%	0 0.0%	1 5.0%	4 20.0%	20 100%
2011	2 13.3%	0 0.0%	3 20.0%	7 46.7%	1 6.7%	0 0.0%	0 0.0%	2 13.3%	15 100%
Numerical goals	**1 4.3%**	**0 0.0%**	**5 21.7%**	**9 39.1%**	**2 8.7%**	**0 0.0%**	**1 4.3%**	**4 17.4%**	**23 100%**
2012	2 14.3%	0 0.0%	3 21.4%	5 35.7%	1 7.1%	0 0.0%	0 0.0%	2 14.3%	14 100%
2013	2 12.5%	0 0.0%	3 18.8%	6 37.5%	2 12.5%	0 0.0%	0 0.0%	2 12.5%	16 100%
2014	2 14.3%	0 0.0%	2 14.3%	6 42.9%	2 14.3%	0 0.0%	0 0.0%	2 14.3%	14 100%
Numerical goals	**4 20.0%**	**1 5.0%**	**3 15.0%**	**4 20.0%**	**3 15.0%**	**1 5.0%**	**1 5.0%**	**2 10.0%**	**20 100%**

Source: Employment Equity Reports, Department of Labour * (totals include figures for foreign nationals)

The senior management occupational level consists of heads of divisions in the organization. They are accountable to the CEO. Some of the senior managers also serve in the various committees set up to deal with governance obligations in the company as required by the Companies Act, No 71 of 2008, which report to the board (KPMG, 2011). One such committee is the Social and Ethics Committee, which among others is responsible for monitoring the company's activities in relation to the Employment Equity Act. Table 4.5 above shows that whites especially males are over represented at the senior management occupational level at Medco, although they have been decreasing over the years.

Of interest is that until 2011, there was not a single African male at the senior management level in the company. The Human Capital Executive (HCE) who was appointed in 2008 has been the only African female until 2012. Neither were there any Coloured employees at this level in the company for the period under review. In contrast, Indian male representation was high, second to that of White males. In terms of gender, the number of Indian females has been fluctuating until there were none at the end of the first EE plan cycle in 2011 and there has been no replacement by the end of the second cycle in 2014.

Looking at the statistics what one sees is that the workforce profile of Indians and Whites at the senior management level has declined over the years, in favour of African males and females. In terms of gender, the proportion of males over females remained between 55% and 70%. This is way above the critical mass of 30% for them not to be seen as mere tokens. Female representation is growing steadily as more women enter this traditionally male dominated sector.

Table 4.6: Workforce representation at professionally qualified level

Year	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
2008	14 6.9%	10 5.0%	32 15.8%	53 26.2%	19 9.4%	6 3.0%	20 9.9%	47 23.3%	202 100%
2009	23 10.3%	12 5.4%	32 14.3%	58 26.0%	23 10.3%	9 4.0%	19 8.5%	45 20.2%	223 100%
2010	31 11.7%	13 4.9%	38 14.3%	59 22.2%	28 10.5%	12 4.5%	26 9.8%	57 21.4%	266 100%
2011	21 9.5%	11 5.0%	27 12.2%	45 20.3%	31 14.0%	9 4.1%	24 10.8%	50 22.5%	222 100%
Numerical goals	25 11.7%	12 5.6%	30 14.1%	44 20.7%	34 16.0%	7 3.3%	24 11.3%	36 16.9%	213 100%
2012	31 11.8%	13 5.0%	30 11.5%	54 20.6%	31 11.8%	10 3.8%	28 10.7%	58 22.1%	262 100%
2013	45 15.8%	11 3.9%	32 11.3%	51 18.0%	34 12.0%	11 3.9%	30 10.6%	67 23.6%	284 100%
2014	32 11.6%	12 4.4%	28 10.2%	52 18.9%	33 12.0%	10 3.6%	36 13.1%	68 24.7%	275 100%
Numerical goals	60 19.8%	18 5.9%	36 11.9%	37 12.2%	60 19.8%	22 7.3%	30 9.9%	40 13.2%	303 100%

Source: Employment Equity Reports, Department of Labour * (totals include figures for foreign nationals)

Employees at the professionally qualified occupational level are usually line managers, who control the operations at the business unit level. They translate the company strategy into operational plans.

As shown in Table 4.6 whites (both male and female) are the most represented at the professionally qualified occupational level, although the percentage representation of white males decreased from 26.2% in 2008 to 18.9% in 2014 partly owing to the increase in the total workforce. Similarly, there has been a decrease in the representation of Indian males (from 15.8% to 10.2%) and Coloured males (from 5% to 4.4%) during this period, while there was an increase in the representation of African males from 6.9% to 11.6%.

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African females increased their headcount and percentage from 19 (9.2%) to 33 (12%), while Indian females were the biggest beneficiaries with an increase from 20 (9.9%) to 36 (13.1%). White females also benefited, thus increasing their headcount from 47 in 2008 to 68 in 2014. The percentage representation of white females remained more or less constant and is the highest at this level.

The representation of Indian males has been decreasing over the years, while the opposite is true for their female counterparts. The representation of blacks has been fluctuating over the years with gains made in one year being reversed in the following years. Both African males and females have made slight gains with their representation increasing albeit on a fluctuating basis.

The representation at the professionally qualified level is very significant, as it is the occupational level preceding the senior management, which should prepare them for leadership roles and operating at the higher level within the company. This means that in future, with the nurturing of their talents it may be easier to meet the desired equity targets should these employees remain in the company.

Table 4.7: Workforce representation at skilled technical level

Year	Male				Female				Total
	African	**Coloured**	**Indian**	**White**	**African**	**Coloured**	**Indian**	**White**	**Total**
2008	67 15.3%	23 5.2%	25 5.7%	79 18.0%	64 14.6%	21 4.8%	35 8.0%	125 28.5%	439 100%
2009	77 16.8%	23 5.0%	27 5.9%	70 15.3%	85 18.5%	27 5.9%	42 9.2%	108 23.5%	459 100%
2010	85 18.1%	25 5.3%	27 5.7%	66 14.0%	86 18.3%	31 6.6%	40 8.5%	109 23.2%	470 100%
2011	70 16.1%	23 5.3%	27 6.2%	48 11.0%	104 23.9%	26 6.0%	36 8.3%	99 22.8%	435 100%
Numerical goals	**120 22.9%**	**40 7.6%**	**43 8.2%**	**60 11.5%**	**90 17.2%**	**31 5.9%**	**50 9.6%**	**89 17.0%**	**523 100%**
2012	138 23.7%	24 4.1%	31 5.3%	62 10.7%	118 20.3%	43 7.4%	56 9.6%	108 18.6%	582 100%
2013	128 22.8%	25 4.4%	25 4.4%	63 11.2%	129 23.0%	35 6.2%	54 9.6%	103 18.3%	562 100%
2014	149 25.3%	30 5.1%	29 4.9%	59 10.0%	140 23.8%	39 6.6%	47 8.0%	94 16.0%	588 100%
Numerical goals	**133 25.3%**	**37 7.0%**	**28 5.3%**	**47 8.9%**	**103 19.6%**	**36 6.8%**	**45 8.6%**	**97 18.4%**	**526 100%**

Source: Employment Equity Reports, Department of Labour * (totals include figures for foreign nationals)

At the skilled technical level, employees have the knowledge of the products and production processes and often supervise the operations of other lower level employees. As shown in Table 4.7 the representation of the company's workforce at the skilled technical level, the pattern follows that of the previous levels. Initially whites (especially females) were the most represented but their representation has experienced a sharp decrease with white males decreasing by almost half from 79 (18%) to 47 (10%) and from 125 (28.5%) to 97 (18.4%) for white females during the same period. The Indian and Coloured representation has been erratic with gains made in one year being reversed in the following year.

The decrease in the representation of whites translated into gains for Blacks with Africans being the major beneficiaries. African representation increased from 67 (15.3%) to 149 (25.3%) for males and from 64 (14.6%) to 140 (23.8%) for females between 2008 and 2014, with males making major gains compared to their females counterparts. African, Coloured and Indian female representation also increased during the period under review.

4.5.3   Workforce movement in the company

Workforce movement reflects changes in employees as indicated by new employees who have been recruited into the company, promotions and employees who have left the company as reflected in terminations.

Table 4.8: Recruitment at top management occupational level

Recruitment	Gender	Race group	Reporting years						
			2008	2009	2010	2011	2012	2013	2014
	Male	African	0 0.0%	0 0.0%	0 0.0%	0 0.0%	**0** **0.0%**	0 0.0%	0 0.0%
		Coloured	0 0.0%	0 0.0%	0 0.0%	0 0.0%	**0** **0.0%**	0 0.0%	0 0.0%
		Indian	0 0.0%	0 0.0%	0 0.0%	0 0.0%	**0** **0.0%**	0 0.0%	0 0.0%
		White	1 100%	0 0.0%	0 0.0%	0 0.0%	**2** **100.0%**	0 0.0%	1 100%
	TOTAL		**1**	**0**	**0**	**0**	**2**	**0**	**1**
Termination	Male	African	0 0.0%	0 0.0%	0 0.0%	0 0.0%	**0** **0.0%**	0 0.0%	0 0.0%
		Coloured	0 0.0%	0 0.0%	0 0.0%	0 0.0%	**0** **0.0%**	0 0.0%	0 0.0%
		Indian	0 0.0%	0 0.0%	0 0.0%	0 0.0%	**0** **0.0%**	0 0.0%	0 0.0%
		White	0 0.0%	0 0.0%	0 0.0%	0 0.0%	**0** **0.0%**	0 0.0%	0 0.0%
	TOTAL		**0**	**0**	**0**	**0**	**2**	**0**	**1**

Source: Employment Equity Reports, Department of Labour * (totals include figures for foreign nationals)

As can be seen in Table 4.8 there has been stagnation at the top management level. The report indicates that there was only one employee who is a white male who was appointed in 2008. This is the chief financial officer, recruited to oversee company finances after the unbundling from the previous holding company. There was also a change in the company leadership in 2014 with the resignation of the chief executive officer and the appointment of a new CEO. It is worth noting that all the changes at the top management levels involved only White males who are the helm of the company. As already mentioned there were errors in the 2012 data concerning recruitment and termination in top management.

Table 4.9: Workforce movement at senior management occupational level

	Gender	Race group	Reporting years						
			2008	2009	2010	2011	2012	2013	2014
Recruitment	Male	African	0 0.0%	0 0.0%	0 0.0%	1 100.0%	**2** **14.3%**	0 0.0%	0 0.0%
		Coloured	0 0.0%	0 0.0%	0 0.0%	0 0.0%	**0** **0.0%**	0 0.0%	0 0.0%
		Indian	0 0.0%	0 0.0%	0 0.0%	0 0.0%	**3** **21.4%**	0 0.0%	0 0.0%
		White	1 25%	0 0.0%	0 0.0%	0 0.0%	**5** **35.7%**	1 50.0%	0 0.0%
	Female	African	1 25%	0 0.0%	0 0.0%	0 0.0%	**1** **7.1%**	1 50.0%	1 100%
		Coloured	0 0.0%	0 0.0%	0 0.0%	0 0.0%	**0** **0.0%**	0 0.0%	0 0.0%
		Indian	0 0.0%	1 100.0%	0 0.0%	0 0.0%	**0** **0.0%**	0 0.0%	0 0.0%
		White	2 50%	0 0.0%	0 0.0%	0 0.0%	**2** **14.3%**	0 0.0%	0 0.0%
	TOTAL		**4**	**1**	**0**	**1**	**14**	**2**	**1**
Promotions	Male	African	0 0.0%	0 0.0%	0 0.0%	1 100.0%	0 0.0%	1 50.0%	0 0.0%
		Coloured	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%
		Indian	1 50.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%
		White	1 50.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	1 50.0%	0 0.0%
	Female	African	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%
		Coloured	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%
		Indian	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%
		White	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%
	TOTAL		**2**	**0**	**0**	**1**	**0**	**2**	**0**
Terminations	Male	African	1 25.0%	0 0.0%	1 100.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%
		Coloured	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%
		Indian	0 0.0%	0 0.0%	0 0.0%	0 0.0%	1 20.0%	0 0.0%	1 50.0%
		White	2 50.0%	1 100.0%	0 0.0%	1 50.0%	3 60.0%	1 100.0%	0 0.0%
	Female	African	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%
		Coloured	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%
		Indian	0 0.0%	0 0.0%	0 0.0%	1 50.0%	0 0.0%	0 0.0%	0 0.0%
		White	1 25.0%	0 0.0%	0 0.0%	0 0.0%	1 20.0%	0 0.0%	1 50.0%
	TOTAL		**4**	**1**	**1**	**2**	**5**	**1**	**2**

Source: Employment Equity Reports, Department of Labour * (totals include figures for foreign nationals)

Table 4.9 shows an account of recruitment, promotions, and terminations at the senior management level in the company between 2008 and 2014. As depicted, there has been a variety of movements in Medco. Mostly males have benefitted from recruitment and promotion opportunities at the senior management level. In terms of gender, it is mainly African females that have been appointed. It was only in 2011 that there was consideration for the appointment of African males.

With regards to promotions, only black males benefitted from promotion opportunities at the senior management occupational level, as there was no female from any population group who was promoted during the period under review.

Concerning terminations, some white and Indian employees have left the company resulting in a decrease in white males and no representation for Indian females. The representation of white males at 42% is still high. This has paved the way for the recruitment of other population groups, notably African males. Although the reasons for termination are not categorised according to occupational level, they range from resignation, non-renewal of contract, dismissals, and retirement. The non-renewal of contracts and retrenchments were the top reasons for terminations reported between 2009 and 2011, while resignations were the mostly experienced in 2012 and 2013.

There has not been any consideration for the inclusion of Coloured people at the senior management level in the company, although they are classified as one of the designated groups.

Table 4.10: Workforce movement at professionally qualified occupational level

	Gender	Race group	Reporting years
			2008	2009	2010	2011	2012	2013	2014
	Male	African	5 / 15.6%	9 / 15.5%	11 / 23.4%	6 / 11.3%	**31** / **11.8%**	9 / 31.0%	0 / 0.0%
		Coloured	0 / 0.0%	3 / 5.2%	0 / 0.0%	1 / 1.9%	**13** / **5.0%**	0 / 0.0%	1 / 3.3%
		Indian	5 / 15.6%	6 / 10.3%	10 / 21.3%	4 / 7.5%	**30** / **11.5%**	1 / 3.4%	4 / 13.3%
		White	3 / 9.4%	11 / 19.0%	4 / 8.5%	5 / 9.4%	**54** / **20.6%**	3 / 10.3%	7 / 23.3%
	Female	African	8 / 25.0%	14 / 24.1%	8 / 17.0%	14 / 26.4%	**31** / **11.8%**	5 / 17.2%	5 / 16.7%
		Coloured	2 / 6.3%	3 / 5.2%	4 / 8.5%	3 / 5.7%	**10** / **3.8%**	0 / 0.0%	0 / 0.0%
		Indian	3 / 9.4%	5 / 8.6%	8 / 17.0%	6 / 11.3%	**28** / **10.7%**	4 / 13.8%	8 / 26.7
		White	6 / 18.8%	7 / 12.1%	2 / 4.3%	14 / 26.4%	**58** / **22.1%**	7 / 24.1%	5 / 16.7%
Recruitment	**TOTAL**		**32**	**58**	**47**	**53**	**262**	**29**	**30**
	Male	African	0 / 0.0%	2 / 12.5%	3 / 17.6%	6 / 11.3%	1 / 14.3%	0 / 0.0%	3 / 30.0%
		Coloured	1 / 12.5%	1 / 6.3%	2 / 11.8%	1 / 1.9%	1 / 14.3%	0 / 0.0%	0 / 0.0%
		Indian	1 / 12.5%	1 / 6.3%	0 / 0.0%	4 / 7.5%	2 / 28.6%	1 / 11.1%	0 / 0.0%
		White	2 / 25.0%	3 / 18.8%	3 / 17.6%	5 / 9.4%	0 / 0.0%	0 / 0.0%	0 / 0.0%
	Female	African	0 / 0.0%	2 / 12.5%	4 / 23.5%	14 / 26.4%	0 / 0.0%	3 / 33.3%	1 / 10.0%
		Coloured	0 / 0.0%	0 / 0.0%	0 / 0.0%	6 / 11.3%	0 / 0.0%	2 / 22.2%	1 / 10.0%
		Indian	1 / 12.5%	0 / 0.0%	1 / 5.9%	3 / 5.7%	1 / 14.3%	1 / 11.1%	2 / 20.0%
		White	3 / 37.5%	7 / 43.8%	4 / 23.5%	14 / 26.4%	2 / 28.6%	2 / 22.2%	3 / 30.0%
Promotions	**TOTAL**		**8**	**16**	**17**	**53**	**7**	**9**	**10**
	Male	African	6 / 18.2%	3 / 8.3%	4 / 12.1%	6 / 14.3%	15 / 15.6%	3 / 15.8%	10 / 20.0%
		Coloured	2 / 6.1%	3 / 8.3%	2 / 6.1%	2 / 4.8%	5 / 5.2%	1 / 5.3%	0 / 0.0%
		Indian	4 / 12.1%	7 / 19.4%	2 / 6.1%	4 / 9.5%	2 / 2.1%	1 / 5.3%	6 / 12.0%
		White	7 / 21.2%	6 / 16.7%	7 / 21.2%	8 / 19.0%	9 / 9.4%	4 / 21.1%	9 / 18.0%
	Female	African	5 / 15.2%	6 / 16.7%	8 / 24.2%	7 / 16.7%	28 / 29.2%	2 / 10.5%	7 / 14.0%
		Coloured	0 / 0.0%	1 / 2.8%	3 / 9.1%	3 / 7.1%	2 / 2.1%	1 / 5.3%	1 / 2.0%
		Indian	2 / 6.1%	4 / 11.1%	2 / 6.1%	3 / 7.1%	23 / 24.0%	3 / 15.8%	6 / 12.0%
		White	7 / 21.2%	6 / 16.7%	5 / 15.2%	9 / 21.4%	12 / 12.5%	4 / 21.1%	11 / 22.0%
Terminations	**TOTAL**		**33**	**36**	**33**	**42**	**96**	**19**	**50**

Source: Employment Equity Reports, Department of Labour * (totals include figures for foreign nationals)

The employment equity statistics in Table 4.10 above shows that the company has embarked on a massive recruitment drive lately. Initially this has mostly benefitted people from designated groups notably females with African, Indian and white females being the most beneficiaries. The recruitment of Coloureds lags behind of all race groups.

In terms of promotions, white females were the most beneficiaries followed by African females, thus improving their representation status, in the professionally qualified occupational level. White females benefitted significantly in promotion opportunities. These gains for the designated groups have been at the expense of males, especially white and Indian males whose representation has decreased at this level.

However, the gains made with recruitment and promotions are nullified by terminations, as most of the terminations recorded at this level are people from designated groups. As reflected in the statistics, one can see that the designated groups are leaving the company at more or less the same rate that they are recruited, speculating fears of exodus. The explanation given for this was the high demand for skills from the designated groups who are usually poached by competitors in order to address their diversity profiles. The failure to train and fear of investing in employees from designated groups, leads to competitors poaching from each other in return for slightly higher salaries, thereby resulting in the recycling employees from designated groups. This practice is driven by claims that companies were taking a short-cut to fulfil organizational transformation goals. What this means, is that instead of developing the skills of their own employees, companies rather recruit within the sector and thus the pool of skilled employees in these occupational categories do not increase.

Table 4.11: Workforce movement at skilled technical occupational level

	Gender	Race group	Reporting years						
			2008	2009	2010	2011	2012	2013	2014
	Male	African	12 18.8%	24 24.0%	28 25.9%	10 11.5%	**298 39.8%**	16 26.2%	15 25.4%
		Coloured	3 4.7%	3 3.0%	5 4.6%	4 4.6%	**37 4.9%**	0 0.0%	3 5.1%
		Indian	3 4.7%	7 7.0%	5 4.6%	7 8.0%	**29 3.9%**	2 3.3%	5 8.5%
		White	9 14.1%	5 5.0%	4 3.7%	3 3.4%	**3 0.4%**	4 6.6%	2 3.4%
	Female	African	18 28.1%	33 33.0%	38 35.2%	25 28.7%	**207 27.7%**	26 42.6%	23 39.0%
		Coloured	4 6.3%	8 8.0%	4 3.7%	8 9.2%	**133 17.8%**	3 4.9%	3 5.1%
		Indian	8 12.5%	12 12.0%	7 6.5%	12 13.8%	**12 1.6%**	5 8.2%	0 0.0%
		White	7 10.9%	8 8.0%	17 15.7%	18 20.7%	**28 3.7%**	5 8.2%	8 13.6%
Recruitment	**TOTAL**		**64**	**100**	**108**	**87**	**748**	**61**	**59**
	Male	African	0 0.0%	1 4.8%	1 5.3%	10 11.5%	4 50.0%	3 30.0%	0 0.0%
		Coloured	0 0.0%	0 0.0%	1 5.3%	4 4.6%	0 0.0%	2 20.0%	0 0.0%
		Indian	0 0.0%	2 9.5%	2 10.5%	7 8.0%	0 0.0%	0 0.0%	0 0.0%
		White	0 0.0%	4 19.0%	2 10.5%	3 3.4%	1 12.5%	1 10.0%	0 0.0%
	Female	African	2 40.0%	3 14.3%	6 31.6%	25 28.7%	1 12.5%	4 40.0%	1 100.0%
		Coloured	0 0.0%	3 14.3%	1 5.3%	8 9.2%	0 0.0%	0 0.0%	0 0.0%
		Indian	2 40.0%	3 14.3%	2 10.5%	12 13.8%	2 25.0%	0 0.0%	0 0.0%
		White	1 20.0%	5 23.8%	4 21.1%	18 20.7%	0 0.0%	0 0.0%	0 0.0%
Promotions	**TOTAL**		**5**	**21**	**19**	**87**	**8**	**10**	**1**
	Male	African	9 18.0%	12 17.4%	17 27.9%	2 4.8%	32 20.6%	6 18.2%	10 15.6%
		Coloured	1 2.0%	2 2.9%	2 3.3%	2 4.8%	11 7.1%	2 6.1%	1 1.6%
		Indian	6 12.0%	3 4.3%	3 4.9%	2 4.8%	16 10.3%	4 12.1%	4 6.3%
		White	10 20.0%	11 15.9%	7 11.5%	3 7.1%	15 9.7%	0 0.0%	8 12.5%
	Female	African	8 16.0%	12 17.4%	15 24.6%	11 26.2%	39 25.2%	11 33.3%	19 29.7%
		Coloured	3 6.0%	0 0.0%	3 4.9%	4 9.5%	12 7.7%	2 6.1%	2 3.1%
		Indian	4 8.0%	6 8.7%	1 1.6%	3 7.1%	7 4.5%	5 15.2%	8 12.5%
		White	9 18.0%	23 33.3%	13 21.3%	15 35.7%	23 14.8%	3 9.1%	12 18.8%
Terminations	**TOTAL**		**50**	**69**	**61**	**42**	**155**	**33**	**64**

Source: Employment Equity Reports, Department of Labour * (totals include figures for foreign nationals)

Despite the claims of poaching of skilled personnel, what one does see when looking at the figures in Table 4.11, is that there is a slight increase in the workforce at the skilled technical level continues, which shows a positive trend in favour of employees from designated groups. The recruitment at this level has favoured Africans, especially females. African females are at the top in terms of representation at the skilled technical occupational level, followed by their male counterparts. White females also continue to benefit from appointments in the company, making their representation the third highest at this level.

Interesting, is that when looking at the figures it appeas as if females are the most preferred for promotions at this level throughout the period under review. This has been the case since 2010, when one sees an increase in their representation in line with the numerical goals that were set by the company in terms of employment equity. However, once again when looking at resignations, most of these were from the designated groups. The question that one can ask is whether this is due to poaching, or due to other factors such as the organizational culture?

The report from the Department of Labour Inspector, who conducted a review of the company also atest to the fact that the recruitment and promotion of designated groups only took place from the lower levels up to the professionally qualified occupational level (Director-General Review Report, November 2011).

4.5.4   Numerical Goals

The numerical goals reflect the workforce profile that Medco projected to have by the end of each employment equity plan cycle i.e. at the end of 2011 and 2014. These goals are operationalised with equity targets, which reflect the company's projected workforce profile on an annual basis. The numerical goals of retaining white males at the top management level remained constant in the company as there were no anticipated changes in the staus quo throughout the period under review. Despite the resignation of the previous CEO, the status quo was mantained as he was replaced by another white male.

In setting the numerical goals for the EE plan ending in 2011, the company was cautious in its goal setting at the senior management occupational level as they matched the workforce profile at the beginning of the EE plan in 2008 at this level. By the end of the EE plan in 2011 none of the numerical goals were met, save for an additional African male. By the end of the second EE plan cycle in 2014, only the goals for the representation of whites were met. It should be noted that although there were plans to have nine whites who would have constituted 37,1% by the end of the first EE Plan cycle, the seven white males who remained in fact represented 46,7% effectively surpassing the target in terms of percentage representation as a result of the reduced total. In the employment equity reports submitted to the Department of Labour, Medco acknowledged having not met its set goals. The reason provided for this was the unbundling from the holding company necessitating restructuring, which to some extent resulted in staff turn-over of critical positions. Interestingly this reason was advanced for every reporting year.

As with the previous occupational level, the targets for the representation of whites especially white females have been met and surpassed in both head count and percentages at the professionally qualified level. By the end of the first EE plan cycle (2011) the projected goal of a head count of 44 white males was surpassed although it falls just short in terms of percentage. Concerning females, the goals for all other designated groups with the exception of African females were attained although with reduced representation.

Although there has been fluctuations in the representaton of designated groups at the skilled technical occupational level, the company only met its goals for the representation of African and white females by the end of the first EE plan cycle. This has been attained at the backdrop of a massive reduction in the representation of white males over the years. At the end of the second cycle, the company had surpassed its numerical goals for most of the racial groups, except for Coloured males and white females. Blacks in general and women were the biggest beneficiaries at this level.

From the workforce profile and representation at the end of each employment equity plan cycle, generally the company does not seem to have achieved its goals. It is only at the top management level with only 2 individuals that Medco has been able to reach its goals.

At other occupational levels, the overall goals were not reached although the goals for certain groups have been surpassed. The reasons for this situation have been attributed to the business constraints such as unbundling from the holding company during the first employment equity plan cycle (between 2008 and 2011), which was accompanied by restructuring and the re-direction of priorities. The reasons provided by the end of the second EE plan cycle were uncertainies for the future in the company due to difficult market conditions.

However, when I enquired into this, the GIWUSA union representative (Black male) had a different view on the issue. He claimed that resistance to change in the company was the cause for not attaining the goals set. Instead, he mentioned that the equity targets were decided arbitrarily without any basis and consideration in terms of the provincial economically active population (EAP). This is a benchmark used by the Department of Labour to gauge how far the representation of a particular race group within a company from the general workforce. He mentioned the irregular representation of blacks in management and that challenges to this phenomenon were met with excuses of lack of skills from the designated groups.

The substantive compliance report from the Labour Inspector also points to the shortcoming of representation of designated groups in relation to the EAP (DG Review Report, 2011). When speaking to the HRM (black male) he mentioned that there is a perception from the African employees that the implementation of employment equity is not going very well in the company. According to an the GIWUSA employee representative *"transformation is not happening at [Medco]"*. The management was perceived as not being genuine in their efforts to transformation, but only paying lip service to the issue. Another employee at the factory made the observation that *"even managers didn't buy in equity" (machine operator 1, factory)*

This is contrary to a claim made by the HCE that the performance deliverables of line managers include employment equity as part of the scorecard and that these are linked to performance bonuses. This was due to the realisation that if an incentive is attached to the

attainment of EE targets, then there is a better chance of attainment of those targets and the results were positive.

4.5.5   Transformation and Employment Equity Practices in the company

Transformation at Medco involves a holistic approach encompassing B-BBEE as defined by the Department of Trade and Industry which employment equity is a component. It is stated in the company Human Capital Strategy that the success of the business is transformation in order to leverage the competitive advantage and harness diversity. Diverse talent is seen as a business growth strategy, which enhances a competitive advantage for the company (Medco Graduate Development Programme, 2010). The company recognises and values diversity, but employees should put the company's needs above their own in whatever they do and should always think "*the [Medco] way*" (Medco Graduate Development Programme, 2010). Therefore new recruits are expected to assimilate to the company culture based on values instilled during the learning process. Approval and retention into the company is based on the display of these values.

The main thrust of Medco's transformation strategy revolves around black economic empowerment, more so the maintenance of its B-BBEE rating. The company has emphasized its "*commitment to transformation through the introduction of broad-based BEE equity partners into its business to add to the significant progress it has made in the areas of inter alia employment equity, skills development preferential procurement, socio-economic development and enterprise development*" (Medco Diversity, 2013). Black economic empowerment is seen as a "business imperative whose aim is to realise the country's economic potential whilst accelerating the development of previously disadvantaged communities" (Medco B-BBEE in Action, 2013). According to Medco the company does not only stress looking at transformation as a business strategy, but a commitment to the development of South Africa and achieve a free society (Human Capital Executive, 2014). This is evidently captured in the company's transformation objectives which are;

In embracing broad-based BEE equity participation as a key transformation initiative, [Medco] is guided by the following key objectives in structuring and implementing the transaction:

i.   Positioning [Medco] as South Africa's leading empowered healthcare company
ii.   Support [Medco's] market position and growth strategies (in both public and private sectors)
iii. Enhancing [Medco's] commitment to broad-based empowerment and transformation
iv.   Enhancing healthcare in South Africa
v.   Maximising [Medco's] equity ownership scorecard (in terms of the Codes), and satisfy regulatory requirements (Medco B-BBEE in Action, 2013).

It is clear from the above statement that empowerment deals, which enhance the company's position as a market leader, are a key element of the company's transformation strategy. The company subscribed to among its values of non-discrimination and equal opportunities to its entire staff. In the statement employment equity is mentioned as one of the critical elements of B-BBEE scorecard. The company in its Transformation Strategic Document has committed to provide equal focus on all elements of the scorecard (which employment equity is a component of) to ensure sustainable transformation. In doing so it is committed to the following values:

- Committed to providing Quality products and services
- Act with integrity at all times
- Believe in transparency and open communication
- Believe in empowerment of our people, thus encouraging entrepreneurship, innovation and accountability
- Practise non-discrimination and offer equal opportunity
- Have respect for people, society and the environment. (Medco Transformation Strategy, n.d.)

[Medco] Recruitment Policy which was approved in March 2009, applies to the staffing of all permanent positions in the company. The policy aims;

> "to eliminate all forms of unfair discrimination in the recruitment and selection of candidates … thus supporting practices that are free from direct or indirect discrimination any person on grounds including (but not limited) race, gender, sex, pregnancy, marital status, family responsibility, ethnic or social origin, colour, sexual orientation age, disability, religion, HIV status, conscience belief, political opinion, culture and language". (Medco Recruitment Policy, 2009)

A conscious decision was made by the company to employ people from designated groups, which the company calls '*employment equity candidates*'. The policy classifies positions as either 'nominated' or 'open'. Positions classified as nominated are mainly reserved for designated groups, excluding white females, despite them being classified as a designated group in the EEA. Anyone can be appointed to the open positions, although preference is given to internal candidates according to the policy. The recruitment process at [Medco] commences two weeks after a post has become vacant with the line manager submitting a staff requisition form (*Annexure E*) for the approval of the CEO through the Human Capital (HC) division. This is to ensure that the line managers adhere to the EE plan, B-BBEE scorecard and transformation requirements in the recruitment.

> *We are committed to Employment Equity when recruiting internally and externally. It is company policy to promote from within wherever possible. Therefore, please be aware that internal candidates will be considered first before reviewing external applicants, provided that this supports achievement of our Employment Equity goals.* (HR Manager)

If no candidates from the designated groups are found, the HC division is required to draft a strong motivation for the approval of the CEO providing reasons for deviating from the guidelines in terms of why a suitable candidate from non-designated group should be appointed. This is often the case for the pharmacists, engineers or plasticians posts which require tertiary education, with a background in mathematics and science.

According to the HR manager, the challenge arises when a member of the non-designated group presents him/herself very strongly during an interview and a decision has to be made taking into consideration competence over equity requirements. It was reported that the staff requisition form with a motivation for deviations from equity targets has been effective in facilitating the entry of designated groups in the company. The HR manager commented that, *"that's what has made us to get where were are, otherwise a person would just simply employ who-ever they want"* (HR Manager).

The company's Employment Equity Policy was also approved in March 2009. The policy, asserts top management commitment to driving employment equity as a "key business strategy, such that the business practices in the company are aligned with the employment equity plan". The purpose of the policy is spelled out as:"*…to empower the stakeholders involved in Employment Equity planning and implementation and it provides the necessary framework for monitoring and evaluation to ensure the successful achievement of Employment Equity objectives*" (Medco Employment Equity Policy, 2009).

The policy mentions that "*employment equity is the primary responsibility of line managers, although the development and the implementation of employment equity plans is the responsibility of the functional Directors who are accountable for their areas of responsibility*" (Medco EE Policy, 2009). It further mentions that the company is committed to achieving both procedural and substantive compliance with the EEA. This means that in implementing EE, the company will undertake not only to fullfil the legally prescribed duties of designated employer as prescribed in the Act, but go beyond and to achieve the spirit of the law. This statement seemed to be only a talkshop as it became clear that in its 'business case' model, the company places an emphasis on the business imperatives as the main driver of the company and the focus is on profits and share pricing. This is captured in the statement in one of the company notice boards which state that: "*if you do not look after your customers, somebody else will*"

The business case is a subtle response to the need for diversity, with an economic connotation looking beyond race (Herring & Henderson, 2012). According to Nkomo and

Stewart (2006) the 'business case' for diversity and employment equity is based on the need to appease white male managers to make diversity appeal to them and push the business rationale as a motivation of bringing a diverse workforce as a business imperative. Herring & Henderson (2012) claims that the business case promises a committment to transfromation, while in fact spells inaction. A confirmation of this was made by the HCE when a mention was made of the importance of the workforce profile when bidding for government tenders. This is also important in the sense that blacks make up the majority of the company's consumer base because they are in the majority in the country.

The company philosophy that is captured in the EE policy has not been translated to the EE plans as the documents have not been crafted properly. The Director-General Review report from the Department of Labour points to some shortcomings with regards to the documents. Similarities were detected between the two EE plans save for the dates, prompting the Labour Inspector to also come to the conclusion that the company failed to implement the previous EE plan, hence the same action plans. The barriers identified in the EE plans were not informed by a proper analysis of workplace challenges confronting the organization as required by the Employment Equity Act. As a result there is dissatisfaction among employees on the pace of transformation in the company resulting in doubts about the commitment of management towards transformation.

On the contrary the Human Capital Executive indicated the presence of a programme to respond to the challenge of transformation in the company. She mentioned the emphasis on employment equity and skills development as the main components of this strategy, despite documents pointing towards direct and indirect empowerment elements of the B-BBEE scorecard while ignoring the human resources elements, which encompass employment equity and skills development. A structure known as the EE steering committee was set up at top management level to respond to the challenges of transformation in Medco. This structure reports to the Transformation Committee, which is a sub-committee of the Board.

The role of the EE Steerco was to identify the roles that are very critical for the organization and if they are very critical for the organization we said there should be succession for those roles and if there are succession we mandate everybody to say one successor must either be a female, which is an EE component and also black, particularly African. We started by appointing black people at senior level. (HCE on the success of the strategy).

Although the company has managed to employ people from designated groups, the HCE claimed that they leave the company soon after they are employed as they are poached by their competitors. She puts the reasons for this as the "war of talent and we deal with highly skilled individuals so we tend to poach from one another … so that affects our numbers in terms of EE". Another thing what affected our numbers we had restructuring. (Human Capital Executive)

This is contrary to the statistics above, which show that until recently she has been the only designated person save for the white females and that designated groups were mostly afforded opportunities at the lower levels i.e. skilled technical level. From the professionally qualified level and above, most recruitment and promotion opportunities were afforded to white females and they also have the highest percentage terminations compared to their black counterparts. The Department of Labour manager has noted that when conducting Director-General Reviews many employers in the private sector have been found not to comply with the legislation. The same excuse of non-availability of suitably qualified designated groups especially black women has always been advanced as the reason by employers. According to the manager at the Department, this was not necessarily the case as statistics submitted by companies were pointing to opportunities being provided to white women who were being more advantaged than other designated groups. There were claims that in the private sector black women were finding it harder than their white counterparts to secure employment opportunities due to perceptions of poor performance resulting from their poor educational background. She indicated that employers, "*were not seeing the benefits of recruiting designated groups, they are putting 'artificial barriers' to employment equity, by appointing few black people into executive positions as tokens*" (Department of Labour Manager).

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Herring and Henderson (2012:637) make the point that employers often create boundaries for some and not other because they often fail to recognise the challenges those coming from disadvantaged backgrounds face and the factors that continue to perpetuate inequalities. Another indication is that the few black managers who have advanced are being set-up for failure, especially where they are placed in posts where they do not have the necessary qualifications or experience. The inadequate training opportunities provided to black employees often leave them with few mentors and role models to look up to (Booysen, 2007). Nicole Katz, who is a Managing Director of Envisage, which is a recruitment company once came under severe criticism for her statement that she will not consider hiring black executives. When confronted about the statement she argued that, "blacks leave once they're head-hunted after considerable personal and professional investment, time and expense, for a marginally higher salary" (Mantshantsha, 2008).

It was mentioned that to develop a pool of talented employees from the designaged groups, Medco runs various programmes to ensure that suitably qualified employees are recruited into the company (HCE, 2014). Among the programmes mentioned are the graduate development programme (GDPR), as well as learnerships and internships that aim to develop graduates from previously disadvantaged backgrounds. The GDPR is an opportunity for unemployed graduates to gain work experience and to increase the talent pool of the company. The programme has managed to place approximately 8 graduates into the company since inception in 2008. The opportunities that have been provided thusfar are in supply chain, IT and marketing. To ensure that the company recruits and appoints skilled and talented employees, in welcoming graduates to the company, the former CEO in his welcoming speech stated: "… *business continously needs the supply of talent to grow and become competitive. We value and develop talent to create our competitive capacity and capability. To surge ahead of the competition, we need the right people, with right skills in right positions*" (Medco Graduate Develoment Programme presentation, 2010).

The GDPR is but one of the mechanisms for developing talent within the organization. Other strategies include successsion planning, which provides the supply of talent for critical positions and talent development, which is harnessed through coaching and

mentoring (Medco Human Capital Strategy, n.d). Challenges that employees face in the company and solutions thereof (refferred to as barriers and affirmative measures respectively in EE terminology) should be channelled through representatives to the EE forums.

The EE policy stipulates that each senior manager is supposed to establish an employment equity consultative forum for its respective workplace. These consultative forums represent the views of different constituencies in the National Transformation Forum (NTF), which is a formal structure with representatives from various sites (factories & business units) to drive transformation in the company. The structure meets on a monthly basis to discuss employment equity and skills development issues within the company. The NTF only came into existence after the promulgation of the Act as there was no structure before.

According to the Constitution and operating rules of the NTF, the objectives of the forum are that '*it will act as a body which seeks consensus through discussion with respect to the planning, implementation, monitoring and evaluation of employment equity and skills development, by developing policies through discussion and consensus within the forum for*':

The emploment equity plan through:

- The implementation of affirmative action through the establishment of targets for employment equity purposes.
- The eradication of discrimination.
- The recruitment, appointment and development of employees from designated groups.

Skills development, education and training through:

- The education and training of employees according to processes and procedures

Address and challenge discriminatory thinking through:

- Establishment of an effective and clear communication strategy
- Development and implementation of clear and reasonable goals pertaining to the objectives of the Employment Equity Plan

- ▪ Implementation of diversity programs to create understanding of cultural differences between all stakeholders. (National Transformation Forum Constitution, Medco)

The NTF Constitution states that the national forum "will support and drive Board approved transformation strategy". This together with the provision of *developing policies through discussion and consensus* as stated above pratically renders the NTF as an advisory rather than a decision making body. This implies that the forum only implements decisions, which are taken by the company executive structure, which explains the claims of the NTF acting as a rubber stamp for decisions taken by the board. The Management Board at Medco is comprised of some members at the senior and top management and are mainly white male. Therefore they set the agenda for transformation in the organization, hence the claims of rubber stamping management decisions by the union representative.

According to the HCE: *the National Transformation Forum where champions of EE from the sites, from the factories will gather and talk about progress made against EE, progress made against transformation, so I guess I get to go there once a quarter just to presen*t (Human Capital Executive). The lack of direct involvement and oversight by the HCE has contributed to the forum not playing a meaningful role in terms of ensuring employment equity implementation. Although the NTF was correctly constituted according to the requirements of the Act, it clearly lacked guidance on its role and deliverables at specific times of its members' term of office. This led to the dwindling membership and state of hopelessness.

An observation was made to the effect that although the company operates throughout the country, the NTF mainly comprises of representatives of business units and site forums from the Gauteng area. Costs were mentioned as the reason for this situation. This can be a constraint on the representitivity of the forum and not regarded as a best practice of employment equity effectivenes. The members of the forum occupy positions from middle management and lower levels with the HR Manager being the only person with a

higher position. The membership came from a diverse group in terms of race although blacks were in the majority and representative of different occupations.

Initially the forum was functioning well, but later the attendance dropped. According to the meeting minutes most of time was spent on discussions about training issues and some meetings would be cancelled due to quorum not being met. According to the HRM, the forum lacks an understanding of its role. The National Transformation Forum, in Medco is currently said to be paralysed (HRM, 2014). Although the members as listed in the EE plan represent a diverse workforce, the reality is that the employees who attend meetings are all black Africans and mostly male. The attendance in meetings have led to one member commenting that "…*the forum is is not supported … whites feel employment equity is a 'black thing'* (member of the National Transformation Forum).

Some of the site forums are also not functioning well. Report back at NTF meetings have pointed to repeated attempts to find a solution to the problem. A marketing strategy was once proposed at an NTF meeting to attempt to garner support for the functioning of EE structures. It was reported in the focus group that productivity takes precedence and blame was laid on management. Meetings of the site forums are mostly called when a sign off for the workplace skills plan is required. A machine operator commented that "*if there is a need of something for them to submit wsp (workplace skills plan), then they call the site forum in order for them to submit*". The dysfunctionality of the forum was confirmed by most interviewees I approached in this study as well as the former HR Manager, who made the following comment: "… *the forum is not moving forward, [I] have decided to step back and give it to young blood*. [referring to a junior HR manager] *I have done my stint*" (HRM, white male).

This can be seen as a feeling of despair from the manager, in that he has nothing to offer anymore. Unions in turn view the forum as not fulfilling its intended mandate. According to one union representative meetings were not really a vehicle to drive transformation within the organization, but merely exists to rubber stamp decisions already taken at the executive level. The following analogy by a union representative was used to illustrate the point: "…*the forum is a dog without teeth, … it is supposed to be taking major*

decision[s] affecting the employment profile of the company but does not have influence. The statement can be attributed to a misunderstanding of the role of the forum by its members who seem frustrated by its inability to make a meaningful contribution to company decisions as far as transformation is concerned.

What also became obvious from the interviews is that the work of the forum is hampered by conflicts between the union representatives and the employer. This can be explained by the traditional power relationship that exist between the employer and workers in the workplace, which is accompanied by mistrust and perceptions of non-commitment from management. But this is not the only problem. Another manager mentioned the fact that the reason that the forum is not functioning as it should is because people don't understand its mandate. This was expressed as follows by the HR Manager:

> *Training by officials from the Department of Labour was organised to empower the members of the forum on its role and mandate, but the training turned into chaos, because it turned political and they brought company issues to the session and were ranting about management commitment. The forum members want to be involved in recruitment and selection of employees, which is an HR function. When there is a vacancy the section head and HR knows the requirements and when interviews are held they select the best suitable candidate.*

There were accounts of few training opportunities given to employees as consideration for productivity was given priority. When union shop stewards demand training of staff they are told about lack of funding (male factory worker). The majority of the staff at Medco is black and many were retrenched when the company restructured due to the fall in the share price and its profit margins. This uncertainty also led to many skilled employees leaving, but also prompted the development of certain privatisation initiatives. In this regard, Medco instituted the enterprise development programme in order to assist aspiring entrepreneurs with training, operational, and/or financial support in order for them to either establish and/or grow their own businesses in the healthcare industry. Company documents indicate that, "this undertaking is an effective way of creating market access for young Black entrepreneurs who wish to acquire business skills or

pursue and/or expand their business activities within the healthcare sector" (Medco Enterprise Development Programme, 2010).

Among the objectives of Medco's Enterprise Supplier Development programme are:

- to develop and grow an economic base for young black healthcare professionals;
- to cultivate an entrepreneurship culture amongst young black healthcare professionals; and
- to assist with training, transfer of skills and technology to young black healthcare professionals.

Medco has also implemented the owner-driver scheme for six owners who were assisted in setting up their own companies. It was reported by the company that this initiative resulted in the creation of employment opportunities for 34 people who were operating 17 vehicles. The company has identified a need for a support programme to provide management skills to these drivers for the next five years in order to equip them with management skills. As it stated in the company website after the conclusion of the owner-driver share scheme that:

> *The company is committed to transformation through the introduction of broad-based BEE equity partners into its business to add to the significant progress it has made in the areas of, inter alia, employment equity, skills development, preferential procurement, socio-economic development and enterprise development.*

The above-mentioned programmes are primarily aimed at improving the company's B-BBEE scorecard and place it in a favourable position when bidding for government tenders of providing supplies to hospitals and clinics.

4.5.6 Organizational Culture

The racial fault lines existing in Medco became apparent, and translated as a distance between some black and white employees in the factory (Booysen, 2007). The whiteness narrative played itself in the exercise of power as there were perceptions of preference for

whites by some line managers due to the view that black people are not good enough. For example, a black female worker stated that "*…whenever a black person makes a point in a meeting that would not matter, but when a point is made by a white person that would be taken seriously.*"

Not everyone held this view. For example, the HCE stated that although she has been a minority in management for quite a long time she has never experienced racism in the company at her level. She further explained this as possibly "*due to her personality and professional backing*". It appears as if racism and issues of white superiority is more prominent at the lower levels of the company where an 'us and them' situation exists at the factory level. One the one hand there is the situation where in some cases whites consider themselves superior, but in other cases they feel disadvantaged given the emphasis placed on the advancement of blacks in the company. This victim mentality while enjoying power and privilege has been identified especially in Afrikaner whiteness discourse in South Africa as a response to a changing racial order (Steyn, 2009:148). For example, when the company conducted road shows to explain the employee share scheme, the majority of white people did not attend as they felt that they were discriminated against as the scheme was specifically meant for Blacks. This has had an effect on their sense of belonging as according to Steyn (2001:3) are faced with a, "reframing of their social identities" built on automatic privilege accruing from being white. According to the HCE, they sometimes make the assertion that, "*as a Black it is easy to get a job as EE is favouring them*" (HCE).

It is evident that in conducting an analysis of policies and practices for employment equity within the organization, organizational culture and issues of underlying racism have not been addressed. The perception still exists that most white employees work at the head office, while Black employees work in the factories which perpetuates a kind of racial division of labour. Even for those who work at the factories, there is a feeling of exclusivity, as some jobs are perceived to be reserved for whites only. Another case in point is the claim made by some Black workers that whites do not attend transformation forum meetings as they view employment equity as a '*black thing*', which does not concern them.

There was a tendency by some white employees at the factories to insist on addressing and being addressed by their colleagues in Afrikaans. A mention was made of a particular employee in the factory who is specifically inclined towards this practice. The view is that the said employee had a general dislike for Black employees and that managers ignore this behaviour while constantly promising to deal with it. The GIWUSA union representative mentioned that racism in the company is somewhat subtle and manifests itself in positions and salaries. This as many black workers feel stuck in their positions and opt to leave the company in search of better opportunities for advancement.

An element of mistrust between management and employees also emerged where some employees viewed management as not being serious about transformation issues in the company. The HR manager mentioned that employees complain about preference for whites and women in recruitment, such that some members of the forum indicated the desire to be present during the selection interviews.

There were different views about the company when talking to the different people. Managers view the company in high regard although there was acknowledgment that there is still room for improvement on transformation in the company. Ordinary employees on the other hand bemoaned the slow pace of change in the company and their impatience with management commitment towards transformation, which was only concerned with numbers. Booysen, Kelly, Nkomo and Steyn (2007) argue that this is due to the fact that with the entry of designated groups in many organizations which were traditionally populated by whites the issues of 'whiteness' are rarely tackled and this leads to the continuation of marginalisation of the designated groups who feel left out.

4.5.7. Challenges in implementing equity in Medco

Among the obstacles that the company faces in implementing equity is the continuous cycle of having to review its structure and employment equity plans because of new businesses emanating from mergers and acquisitions, and constant realignment of the company's goals and targets in order to maintain its competitiveness within the industry.

It appears as if the company not only experiences difficulties in finding suitably qualified applicants from the designated groups to recruitment, but also in terms of retention. High levels of attrition among blacks after the company has invested in their training affects both the equity figures, and possibly also commitment to equity. This is because they are poached by their competitors by offering them attractive packages.

The other challenge with this drive is that there are limited students following the chemistry and pharmacy career path due to the quality of education of black students. There is an over concentration of pharmacists and students from the Indian community. According to the HRM (black female) the company has realised the opportunity of working closely with institutions of higher learning. One of these, which have made tremendous effort in producing pharmacists, is the University of KwaZulu-Natal (UKZN) which may explain why there are so many Indians as the highest concentration of Indians in the country is in Durban.

The development of new brands and aggressive marketing are envisaged to contribute in regaining this lost ground. Medco has recently undergone a restructuring process with a new CEO at the helm. The company has adopted a new focus on customers, services, and products. Because of the many challenges, the company cannot really be said to be a success story in terms of employment equity implementation, but can be said to be on the right path.

4.5.8. Unique factors affecting the sub-sector

Due to the high technical nature of the pharmaceutical sub-sector a high proportion of employees are sales representatives. They are mainly involved in the marketing of manufactured drugs. There is constant innovation required by the manufacturing companies in order to have leverage over their competitors, with an upward trend observed in the number of manufacturing pharmacies (SAPC, 2013).

While the pharmaceutical sector has since the advent of democracy been faced with changes, to address inequalities and policy gaps (Matsebula, Goudge & Gilson, 2005), it

has been subjected to regulatory interventions. New regulations relating to pricing were introduced to curb the escalating prices of medicines to make them affordable. Government introduced legislation pertaining to the pricing of medicines known as the single exit price, whose aim is to promote the affordability of drugs. The pressure for the sector to transform has been met with challenges from powerful actors who were opposed to the changes (Matsebula *et al.,* 2005).

The change in legislation from 2003 that allowed non-professionals to own a pharmacy provided it is run by a pharmacist paved the way for the growth of retail pharmacies (Lowe & Montagu, 2009). The growth of pharmacy chains such as Dischem and retail store based pharmacies (operating from stores such as Clicks, Checkers and Pick n Pay) also contributed to the demand for experienced pharmacists. According to Lowe & Montagu (2009), the SA Pharmacy Council has reported a 15% increase in the number of registered pharmacies since the de-regulation. Parallel importation and manufacture of generic medicine were also allowed to promote competition (Gerber, 2006).

The cost of drugs is a function of the active ingredients used in the process of manufacturing. The ingredients used in the manufacture of medicines are to a large extent imported from overseas. They are subject to foreign exchange and volatility in foreign currency has a major impact on the prices of input costs.

4.6   Conclusion

Although this company has shown tremendous improvement in improving its diversity profile in terms of race and gender, generally, the company has not managed to achieve its overall goals in terms or representation of designated groups at the senior management and professionally qualified occupational levels. The workforce profile at these levels has remained predominantly white and mostly male for the period under review, but there are interesting demographic shifts. For example, Indian males have received better chances than other designated groups in the company possibly due to the investment of the company in tertiary education at Kwa-Zulu Natal University (UKZN), which attracts a

large pool of Indian students. This has translated in their over-representation at the top levels compared to other designated groups.

The representation of whites, notably white males has decreased slightly over the years as a result of AA and the appointment of employees from other designated groups. In this regard, equity targets are improving but the greatest beneficiaries have been women. Nonetheless, the representation of Africans in the company has remained minimal at the senior management level with only a single female over the years and an additional female only appointed during the previous year. In terms of promotion opportunities at the senior management occupational level, there is a tendency to favour males, as there were no females from any population group who received promotion opportunities during the period under study. Of particular concern is the absence of employment opportunities offered to Coloured people (both male and female) at the top levels in the company, but this may be due to its geographic location.

Besides the quantitative measures, there are a number of qualitative factors that influence the attainment of EE goals. There appears to be no common understanding about how employment equity should be implemented in the company. The focus on black economic employment as the transformation strategy is supposed to be a holistic process, which includes employment equity consideration. However the company does not pay equal attention to all elements in the balanced scorecard as it gives more emphasis to certain aspects of the scorecard.

It would appear that there is no integration between the different races and that a culture of us and them exists within the organization. This is a mirror of the general society which we live in. Another factor that has influenced the ability to meet EE targets is organizational restructuring. The structural changes which occurred in the company have contributed to the uncertainities, which led to the inability to retain suitably qualified designated groups as they left the company in search of job security. The difficulties posed by competition for market dominance in the pharmaceutical sub-sector also requires multi-skilled employees who are versatile and are able to adapt to global changes.

CHAPTER FIVE: DISCUSSION AND CONCLUSION

5.1.   Introduction

The introduction of employment equity has evoked many reactions ranging from complete approval, based on the need to address past injustices, to negative reception in terms of the impact this policy has on business. This is largely due to the shortage of skilled employees in the country particularly among the Black population, who are the intended beneficiaries of the policy. South Africa has a vast supply of labour, which is generally inadequately skilled for the demands of the economy. These challenges are as a result of our history that deprived Black people of quality education. Many employers have pointed to the lack of skills presently experienced in the country as the reason for the slow pace of transformation. This often results in employers competing for the limited number of available skills to meet their equity targets in order to comply with the Employment Equity Act. This is even more so for companies such as Medco, which operates in the pharmaceutical sector that requires specialized skills with a background in mathematics and science. The challenges of globalization also contribute to the problem as the company has to compete with other multi-national companies for market dominance.

This chapter attempts to make sense of the findings, by examining how Medco has implemented employment equity using the various theoretical frameworks outlined in Chapter Two. The results of the study revealed three main themes related to employment equity and transformation practices in the company and the factors that have an effect on the company's ability to meet its set equity targets. Aspects of difference on perceptions about diversity practices in the company are discussed as well as the implications. Before doings so, the different approaches to affirmative action and employment equity are presented. This informs the type of approach that Medco adopted and influences how transformation manifests itself within the company.

5.2.   The challenge of meeting equity targets in Medco

As indicated in Chapter two, there are various ways to achieve employment equity. Thomas, (1991) proposes three approaches namely passive, pipeline and upward mobility. Briefly to recap, the passive approach is where employers respond to the compliance issues of affirmative action by removing barriers relating to sexism and racism with the hope that this will lead to equality. The pipeline approach is more proactive in that it acknowledges that the need to increase the representation of the previously disadvantaged groups requires some investment. This is due to the poor educational background of these groups, which is an impediment to their development. The third, upward mobility approach recognizes the advancement of Blacks and women as a moral right and embarks on an active drive to recruit and expose them to special developmental programs for meaningful roles through goal setting and monitoring.

If one analyses these different approaches in relation to Medco, one can say that it has adopted a more or less pipeline approach to achieve employment equity. Medco clearly acknowledges the problem of finding suitably qualified people from previously disadvantaged background in order to meet equity targets. This is reflected in their inability to meet equity targets in the senior management and professional qualified occupational levels. Accordingly, it has realized that it needs to not just be passive, but invest in the education, training and development of potential candidates and employees. For example, Medco embarked on the Graduate Recruitment Programme (GDPR), which is a learning opportunity for unemployed graduates to be exposed to the world of work and gain experience to increase the pool of talent for the organization. Medco has also forged ties with the University of KwaZulu-Natal for the supply of pharmacists, which explains why the targets for Indians have been surpassed at the professional level. Although these initiatives have not brought about any fundamental change in the demographic profile of the company as yet, these initiatives are at least a more active attempt to empower employees from the designated groups. They have not yielded any significant benefits due to the limited number of opportunities generated and that employees need some time and nurturing to be able to move up the organization.

One of the challenges identified in this study is that employees are often poached by other companies and this can discourage employers from investing in the skills development and education of employees (Bezuidenhout *et al*., 2008; Khoele & Daya, 2014). They rather pay premium fees for designated employees to win them over as a quick fix solution to make their workforce profiles to look better than their competitors. Although the problem of inadequate skills in certain sectors of the economy is a real one, there is growing evidence that skilled Black people do not leave organizations only for more money. In a study conducted by Khoele & Daya (2014:4) on the reasons for turnover of middle and senior managers in the pharmaceutical sector, they found a variety of reasons which among them are industry related, organizational and personal. Industry related reasons refer to the economic climate, skills shortages, transformation and regulatory environment. The organizational reasons relate to the relationship between the manager and the subordinate, organizational culture, diversity, gap between management and employees and an unfavourable work environment. Personal reasons were given as money, career advancement and distance between place of work and home. Human (2005) identified personal and organizational issues, which matter more as some of the reasons for staff turnover and are often ignored while the emphasis is on external factors. She points to "the lack of an inclusive and supportive diversity climate, individual career development opportunities and management style" (Human, 2005a:21). She makes the point that employers who are fixated on numerical representation often have "lower levels of retention at professional and managerial levels" (Human, 2005a:21).

What this means is that one needs to look beyond the numbers when investigating the reasons why companies fail to meet equity targets, but to other factors that may influence the pace of transformation. In this regard, one has to look not only at the approach to affirmative action and employment equity, but also how the process is managed. To reflect on this it necessary to engage with some of the theories that highlight the complexities of this process in order to grasp the underlying discourse and power dynamics that affect employment equity and the transformation practices in companies like Medco.

5.3.   Transformation and Employment Equity Practices in Medco

In Medco, employment equity is implemented within the framework of Broad-Based Black Economic Empowerment (B-BBEE). The emphasis on B-BBEE (which employment equity is a component of) ensures the constant monitoring of the Medco B-BBEE rating on the scorecard. The scorecard rating is an important factor favouring a company's chances when bidding for state contracts. This means that the focus in Medco is on its market share and the maintenance of its B-BBEE rating as the main thrust. Unfortunately this has been mainly on the ownership component of the scorecard by providing Black employees with the share scheme and owner driver scheme. Although share ownership is considered in B-BBEE terms as an element of direct empowerment, the ratio of their ownership is so insignificant to enable them to exert control of the company. This effectively assists in improving the company's B-BBEE rating, but has not led to the promotion of Black employees into the higher echelons of the company.

Share ownership improves the rating on the B-BBEE scorecard in that this becomes important when bidding for government tenders. Hence, Medco realized the importance of appointing people from the designated groups not based only on moral and goal based arguments, but because it made business sense. However, according to Steyn (quoted in Grant, 2006:94) this creates the impression of change, but in fact does little to change the existing status quo and serves merely to drive empowerment deals in order to position itself as a market leader and maximize profits. This appears to be the case in Medco, where whites are still in control and serve as the gatekeepers in the company given their over representation at senior management levels.

While this is gradually changing, what one sees is a racial division of labour with most whites represented at top and senior management levels, while Black employees and women in particular who are supposed to benefit from affirmative action for equitable representation in the company are concentrated at the lower levels. The perception still exists that most whites are placed at the head office, while Blacks and mostly males are concentrated in the production factories.

Although there has been a slight improvement in the representation of Black employees and females in general at the upper echelons of the organization, they are still in the minority. According to Kanter (1977) for minority groups to have a voice, they need to be equitably represented in organizations for them not to be regarded as tokens. A critical mass of at least 35% is suggested to bring about any significant kind of organizational change for minorities (Kanter, 1977). Goal setting at Medco, has ensured that Black employees and females at the senior management level remained below this level except for 2009, when the representation of females reached 39,1%, owing to an increase in the number of White and Indian females, but decreased again in the following years. Surprisingly, this is despite the Recruitment Policy (2009) at Medco not classifying white women as qualifying for nominated positions, which are exclusively reserved for designated groups, whereas they are part of the designated group in terms of the EEA.

The hierarchical grouping of the employees at Medco according to the race group and gender is a form of pecking order, which serves to perpetuate racism. One can understand this more fully if one examines this through the lens of critical diversity theory. Critical diversity seeks to uncover and confront the underlying power dynamics on existing societal differences (such as race, gender, disability, heterosexuality, nationality, ethnicity etc.). These intersect in defining inequality, disadvantage and oppression. Critical diversity literature is used to understand these power issues in organizations as they are a reflection of the broader society.

Those at the top, still hold the most power, which can be used to determine access and distribution of resources that perpetuate privilege. According to critical diversity literature, these institutionalized hierarchies of oppression pay lip service to transformation by bringing in a few Black people at the top as tokens, who often lack a voice and then claim commitment to transformation by parading them as proof of success (Steyn, 2010). Torchia, Calabro` and Huse, (2011:308) make the point that, "when there is only one woman, she conforms to the majority group's ideas and behaviours". This means that when a member of a designated group remains in the minority, it does not necessarily translate into the realization of opportunities for more designated groups.

Medco expressed its commitment to achieve both procedural and substantive compliance with the Employment Equity Act. This means that as a designated employer the company will not only fulfill the legally prescribed mandate according to the Act, but go beyond this as it views it as a moral obligation to transform. However, Medco has not moved towards substantive compliance to identify and interrogate the internal issues affecting the under-representation of Black employees and women in significant positions of authority in the company. Nor have they addressed the reasons why employees would opt to leave the organization and join their competitors. The study revealed different views about the progress that the company has made on employment equity when talking to different people. On the one hand managers view the company in high regard although there is acknowledgment that more could be done about transformation in the company. On the other hand ordinary Black employees bemoan the slow pace of change in the company and their impatience with management commitment towards transformation. The impatience results in mistrust between management and employees. An employee from the factory mentioned that, "*even managers didn't buy in equity* (machine operator). These comments come while the company emphasizes its commitment towards the advancement of designated groups (excluding white women) but is constrained by scarce skills from this group in the labour market.

Management commitment to employment equity has been highlighted by many authors, who notice the piecemeal approach to transformation as a way to ensure that the status quo continues, while purporting to be committed to change (Human, 1993). According to Oosthuizen & Naidoo (2010) most employers are still skeptical about employment equity resulting in them reducing the policy to just legal compliance. They have not begun attending to the substantive issues affecting the functioning of designated groups in the workplace. Leornard and Grobler (2006:391) agree that affirmative action policies are "often viewed with skepticism [by whites] as they are regarded controversial since they legally enforce the preferential employment and advancement of non-whites and other previously disadvantaged groups".

This is in contrast to how employment equity was envisaged, which is not only concerned about the numerical representation of designated groups but also gives consideration to

organizational issues, which have an effect on the recruitment, retention, promotion, and training of the designated groups (Jain *et al*., 2003). Nkomo (2011) is of the view that the obsession with statistics on the racial representation of the workforce is a distraction from the real issues, which are discrimination and inequality. She provides the reason for this as due to the fact that organizations in South Africa "have not moved from the letter of the law to the spirit of the law" (Nkomo, 2011:122). This means that in implementing employment equity, organizations are stuck on the legislative requirements of the Employment Equity Act, with a consideration for statistical representation of the designated groups without regard for the true intentions of the law.

By only focusing on the racial representation of designated groups and not touch on the issues affecting them, Medco is concentrating on the shell while ignoring the core (Khalfani, 2006). The shell/core embedded conflict theory states that at the heart of the conflict about affirmative action are the core societal values of liberty, equality and justice, but those real issues are not talked about as they are hidden (Khalfani, 2006). The company has not addressed issues affecting its diverse workforce. The organizational reasons for the under-representation of Black employees in significant positions in the company are not tackled as the union representative mentions all that they hear is the excuse about skills shortages in the pharmaceutical sector. The lack of career path for Blacks and women has often been cited as a contributing factor within the sector (CHIETA, 2014). By ignoring the aspirations of these groups and the issues affecting their development has the potential to undermine the effectiveness of the organization.

The accounts of racism from some employees provide a glimpse of some of these issues affecting Medco's diverse workforce. However, the shell/core theory does not assist us in understanding organizational culture and how this impacts on the implementation of employment equity.

5.4.   Organisational Culture

Organizational culture refers to the values, norms, and behaviour that influence the way of doing things in an organization. Although Medco does among its values subscribe to the "practice of non-discrimination and offer equal opportunity" (Medco Transformation Strategy, n.d.), the culture of valuing whiteness as superior came across as dominant in the company.

In Medco black employees especially in the factories expressed concerns about managers giving preference to whites due to perceptions that Black people are not good enough. This is reflected in the comment made by a [black female worker] that … *whenever a black person makes a point in a meeting that would not matter, but when a point is made by a white person that would be taken seriously*. This attitude is described by critical diversity literature as a result of learned identities from the socialization process. The notion of whiteness has taught [whites] that they are a superior race and blacks to be intellectually inferior, whose performance is below par. Subtle racism has the likelihood to have an effect on the performance of the designated groups if they feel that their contribution is of little significance. Human (1993) indicates the expectations that a manager has of his/her sub-ordinates is likely to define how they perform on the job. This becomes a self-fulfilling prophecy of lower than expected performance of Black employees, which becomes a vicious cycle of perpetuated discrimination and overlooking for growth and advancement prospects.

According to Khalfani (2006) the real issues are clouded by the shell in the name of meritocracy, which emphasizes skills. This is while power is used to define access to resources and perpetuate privilege. As we are aware education is one of the instruments used by the apartheid system to deny Black people the right to equality. The institutional racism still prevailing in South Africa despite the end of apartheid manifests itself by the difference in treatment. This means that Blacks have to constantly prove their competence in order to receive recognition.

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The insistence by one white employee in Medco to use Afrikaans when communicating with co-workers is another aspect that affects work relations. This is where one sees how power is embodied in language, but also where language can also perpetuate racism. It was mentioned that a particular white employee in the factory is inclined to this practice and that this employee has a general dislike for Black employees. The tendency is for line managers (most of whom are also Black) to ignore this behaviour. By doing this they failed to address the negative consequences this behavior has on employee morale and relations. This can be explained by the fear of reprisal themselves as they operate in an environment which promotes the white male culture, which emphasizes that employees have to do things "*the Medco way*" (Graduate Development Programme, 2010) and employees have to assimilate to this culture. Clearly, these types of incidences perpetuate discrimination and racism, especially where it is perceived that this is not being addressed. This seems to be exacerbated by claims that some jobs still appear to be reserved for whites. This created quite a lot of tension. Black male employees who make up the majority in the factories complained about the preference for whites and women, so much so that some members of the forum indicated the desire to be present during the selection interviews.

The difference between the values that Medco subscribes to in relation to the actual experience by Black employees is likely to affect the implementation of employment equity in the company. Black managers will find it difficult to operate in a non-supportive environment, which will perpetuate turnover. The anxiety about employment equity favouring Blacks over whites prompted by fear of loss of privilege should be alleviated by communicating a shared vision about the need and rationale of employment equity to all employees (Oosthuizen & Naidoo, 2010:2).

The required commitment and leadership to promote transformation practices was lacking. The manner in which diversity is managed can make or break the organization. Effective management of diversity has the opportunity to yield benefits for the organization. Human (2005b) makes the point that some organizations have seen the benefits of capitalizing on diversity to respond to external challenges. She however stresses that the organization should retain, "competent and motivated employees who are

committed to transformation than employees who support the status quo (and who then marginalize non-dominant group members and tarnish the company's image" (Human, 2005b:43). What is important is to communicate the rationale for the change to all employees clearly (Human, 2005b). Leadership becomes crucial in this regard, to demonstrate a real commitment to change. When the CEO takes charge and communicates transformation imperatives, employees who wish to maintain the status quo begin to see that their wishes do not have a room in the organization. They are left with two choices of whether to leave or adapt to the situation.

5.5.   Challenges of Implementing Equity in Medco

As a competitive business, the ability of Medco to meet employment equity targets is affected to some extent by the environment in which it operates. To remain competitive and become a market leader, Medco constantly looks for business opportunities and new partners to increase its dominance. This has an impact on the company's employment equity goals, as it affects the workforce profile of the company, necessitating constant realignment of the EE plans. The institutionalized oppressions that ensure that employees are categorized in hierarchies come to play as most of the newly acquired companies incorporated into Medco are most of the time predominantly white. This is to be expected as the pharmaceutical sector is dominated by white people.

The company also reported loses of Black employees due to staff turnover. The competition for the few available skilled black employees was given as the main reason with competitors offering employees slightly higher salaries to attract them due to them being well sought after to boost the workforce profile of these organizations for compliance purposes. This is compounded by the already shortages of black graduates in the market, although figures of registered pharmacists indicate that women and blacks are now in the majority. Although there have been reported increases in the number of pharmacy graduates, the market requirements indicate that these are inadequate due to the limited number of spaces available at higher education institutions to train pharmacists (Mabope & Meyer, 2014). Although there are concerns of high staff turn-over among designated groups, there are different explanations as to why this is happening. For

example, Human (2005a:21) refutes the claims of poaching as a myth and points to the lack of attention to other internal issues such as lack of developmental opportunities, lack of diversity inclusive climate and management style. Khoele & Daya (2014) have discovered a number of reasons (both personal and organizational) why black employees who are considered highly skilled leave organizations, contrary to the popular belief of money being the main reason. Among the reasons mentioned were, "negative organizational factors and appealing industry factors" (Khoele & Daya, 2014:4).

Due to competition in the market the company's profits have decreased. This has resulted in a change of leadership and the re-organization of the business to recapture the lost market share. The new leadership has adopted a change in strategy with a focus on customers, services, and products. The strategy places an emphasis on the external issues, while internal issues affecting the employees who develop the products and provide the services are still ignored. This is likely to maintain the status quo until there is a realization of the importance these issues have on the company's competitive ability.

Rising input costs did not make it easier either for the sector. The ingredients used in the manufacture of medicines are imported from overseas and subject to foreign exchange. The volatility in foreign currency has a major impact on the price of these products. The recently introduced regulatory interventions relating to medicine pricing not only affects the supply of professional pharmacists, but also the price of medicines.

The technological changes affecting the sector globally requiring technical innovation has necessitated a change in the skilling of employees, and a demand for employees with multi-skills. This is in order to remain ahead of the competitors and obtain greater market share. According to Pretorius (2005) as business leaders respond to external changes in the business environment, they should not lose sight of the internal environment. Issues of company culture have a bearing on the retention of staff in many organizations. This as Khoele & Daya (2014:6) point that, "high potential candidates from under-represented groups are more likely to join companies that are known to embrace diversity than those that do not". The dominance and hegemony of whites continues to influence

organizational culture and contributes to feelings of alienation among many black employees.

What we thus see, is that there are numerous internal and external issues facing companies like Medco that affect how EE is implemented and how those experience it are affected. Medco should go beyond the consideration of numbers and embark on true transformation, where the differences of its diverse workforce are valued. The company should interrogate itself to identify practices that have an adverse effect on its assets which are the employees. It will be required of the company to respond to and change these experiences of discrimination if it is to remain relevant. Depending on how this is handled will contribute to employees feeling being part of a common vision of growing the company for sustainability.

5.6.   Research Implications

The study revealed that the company is still stuck in the business case for diversity and has failed to move beyond the numerical representation of designated employees, particularly Blacks. It assisted in revealing the reasons why white males are still dominant in Medco despite 17 years since the introduction of the Employment Equity Act. The fixation of the company on profits and market capitalization made it to overlook internal issues that have an impact on employee relations and morale. The variety of reasons advanced for failure to meet its numerical goals and targets is advanced as a smokescreen for the real reasons behind the lack of transformation. Issues of power and privilege between management and employees as well as between black and white employees continue. The company has not been able to tackle these effectively because its equity forums established to interrogate these issues have faltered. Diversity best practices involve valuing people while cultivating a climate where cultural awareness, sensitivity, fairness and integrity prosper while promoting a sense of self-belief for the employees where they can be the best they can be (Reichenberg, 2001).

For the country to begin to see significant change in employment equity, both government and the private sector should increase the investment in training and skills

development. The short-cut that employers are taking by poaching from one another is self-defeating. The training of employees and specifically people from designated groups is crucial to enable them to function effectively in the organization. They become a pool from which they can be selected for higher roles. Philander (2009:173) makes the point that students from designated groups possess the mental ability and talent, for them to succeed they need support and encouragement. Mentoring becomes an important aspect of training in order to provide support.

Since Medco placed an emphasis on its market share and thus placed more emphasis on maintaining its B-BBEE rating level, synergy is needed between the various legislation, which are components of the Broad-Based Black Economic Empowerment Act. This is because employers fail to see the bigger picture of balancing the focus between these policy instruments. The tendency is to pay attention on B-BBEE, which is seen to yield financial benefits to the organization than Employment Equity Act and Skills Development Act, which are viewed as a burden to business imperatives, such that they tend to take a back seat. The failure by employers to develop their workforce and opt to poach from one another can be a self-defeating exercise as it hampers the very economic growth that they aspire to maximize their profits.

5.7. Summary and Conclusion

This qualitative single case study set out to investigate how employment equity is implemented in the company and the factors that played a role in that regard. This was to be achieved by examining the changes in the workforce profile of the company and employment equity practices in Medco. The results indicate that the company is still white male dominated. Even the few Black employees in management positions are unable to effect any change in the organization as they lack a voice and are expected to assimilate to the dominant culture for approval and survival. As with many organizations in the sector and in the private sector in general it is still dominated and led by white males.

Medco has failed to meet its employment equity targets and the participants interviewed in this study, revealed differences in the interpretation of such failures. The management has attributed the failure to achieve equity targets in Medco as largely due to external factors (inadequate skills and business environment). Employees pointed to the internal organizational issues of inability to manage its diverse workforce and the expectations of the designated groups. They were disillusioned with the manner in which employment equity is implemented in the company which led them to question management commitment to the EEA. Despite the claims of commitment to transformation and employment equity in the company, there was no real visible commitment from company executives and management as the situation remained the same for the period under study. The situation appears to have been deliberate planning and continued throughout both EE plan cycles. The company's white male dominated management ensured that things remained the same. This was in order to ensure the dominant white male culture continues unabated. Both environmental and internal issues affected the inability to attain equity targets in the company, but the emphasis from management was on the external environment as it affected the business more in terms of revenue. Human (1993:158) has noted the lack of management commitment towards affirmative action, which is largely affected by other strategic imperatives especially in times of economic downturn.

The company has not moved beyond the notion of legislative compliance, which is only concerned with the numerical representation of designated groups and ignores the substantial issues concerned with those groups. By fixating on legal compliance ensures that the core issues affecting diversity at Medco remained uncovered (Khalfani, 2006). Clearly, the power dynamics at play within the organization have not been addressed, such as the effect that a white dominated organization tends to have on organizational culture. Medco has not really tackled or began to talk about the issues which affect its diverse workforce, to comply with how employment equity was envisaged. It is concerned with providing a supportive organizational climate for the development, advancement and retention of designated groups (Jain *et al*., 2003).

Concentration on profits and market share took centre stage and Medco has failed to recognize the contribution of diverse employees to the very quest for market dominance it

aspires. There is a racial division of labour, with white employees placed at head office, while the majority of blacks are situated in the factories, which themselves are an extension of the racism experienced by Black employees in the company. Reports of discrimination have gone unattended; this is while the company professes non-tolerance to such behavior in its values. Medco has adopted a piecemeal approach to employment equity and diversity as there has not been any consideration to the issues affecting diverse groups in the company. It is apparent that the company's strategy of inclusion of previously disadvantaged groups has been incremental rather than transformative (Jain *et al*, 2012). By not adopting transformation practices, Steyn (2001) argues that whites fear losing the only thing that they have left in their possession, which is the economic power. Holding on to power ensures that white males continue to dominate in organizations in order to maintain the white male culture, which uses dominance and alliances to dictate the discourse in organizations. The failure of Medco to engage in transformation practices meant overlooking the issues affecting its diversity for competitiveness (Khoele & Daya, 2014).

It appears that the company's difficulty in attracting suitably qualified employees from designated groups is not necessarily due to a lack of skills among these groups, but due to a general scarcity in the profession. The interventions undertaken by the company such as graduate development were inadequate to accelerate the pace of transformation. Instead of putting more efforts on training and developing employees from designated groups, employers were taking a short-cut by luring employees from their competitors and offering them more money to deal with the short-term statistics need to comply with B-BBEE requirements of their companies (Khoele & Daya, 2014).

It is a commonly held view that a skilled workforce is an asset to an organization. By not investing in the training and development of the designated groups, which are in the majority, employers are pushing the country deeper into the skills crisis. These are the skills needed to boost the country's productive capacity, which ultimately results in economic growth. Economic growth results in increased consumption and a demand for more products and services. By ignoring the benefits brought about by a diverse workforce, the company is denying itself opportunities for growth and innovation. The

more involvement of designated groups especially women the better the advantage the company can have towards its competitors as more innovative ideas can contribute towards market capitalization (Torchia *et al.*, 2011).

In this regard Pretorius (2005) propose that business leaders should embrace change and transformation that has been brought about by the change in the political landscape of the country and not see it as an enemy. Nkomo (2011) makes the point that there is a need for leaders to commit themselves and their organizations to the intentions of the Employment Equity Act. Transformational leadership has been suggested to manage changes that face business leaders. The change Medco requires is that while it is navigating its way out of the murky business waters, consideration should be also given to the strengths of all its employees regardless of their characteristics. The creation of an inclusive company culture cannot be over emphasized, where everybody feels important and has a sense of belonging. Medco should embark on an aggressive succession planning exercise to ensure that these employees see the worth of remaining in the company. However, what one also sees in this case study is that it is often difficult to achieve equity where those currently in positions of power feel threatened.

The manner which the company has approached the implementation of employment equity (or rather not) has partly contributed to it losing skilled employees from the designated groups. This has had an effect on the company not attaining its set targets. I argue that it is these experiences, which have led to the designated groups feeling despondent with development and advancement opportunities in the company. Talent management becomes crucial in this regard as talented employees would chose to stay if they feel that their contribution is valued and recognized or leave for better opportunities elsewhere. By moving from one company to the next designated groups constantly face the same problems of a dominant white culture, whose main objective is to hold on to the status quo and ensure that things remain the same.

Judging from the slow pace of transforming the South African labour market, it suffices to say that it will take many years to overcome the effects of past discrimination and reach the ideal of equality in the workplace. This implies that employment equity

legislation will still be with us for a very long time. The piecemeal approach adopted by employers will not rid the country of its historical past, making it difficult for social cohesion and the creation of a common identity.

The recent fees must fall campaign started by students most of who are Black and regarded as bornfrees[3] has highlighted the effects of discrimination. It has brought the undebated issue of exclusion from academic participation on the basis of economic background and institutional racism prevalent in the educational institutions into the public domain (Disemelo, 2015). With the graduation of some of them looming and the subsequent exposure to the realities of discrimination, power dynamics and privilege (core) at work, the campaign brings a glimmer of hope that it will spark the debate for organizational change in these institutions which is likely to spread to other sectors.

5.8. Suggestions for Further Research

It is necessary that further research goes beyond the employees directly involved in the implementation of EE and involve all employees in Medco to investigate their experiences with diversity in the company. Such research should aim to investigate the employment equity and diversity practices in the company. The research should deepen the understanding of diversity issues affecting employees as the country is grappling with the issues of representation of previously disadvantaged groups in sectors, which were previously white male dominated.

It would be interesting to also investigate how the entire pharmaceutical sector is responding to challenges confronting the sector, such as globalization and skills shortages. Challenges affecting the sector are likely to be unique because of the professional demands related to the sector. The challenges brought about by globalization should be adding more pressure to the present woes of skills shortages, which will have an effect on their competitiveness.

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[3] A term that is used to refer to the youth who were born after the demise of apartheid.

Another issue, which was raised by the employees in the focus group, is that of equal remuneration for work of equal value, which was not reported on, as it was not related to the research aim. This is an issue that is likely to have a discrimination connotation and needs to be investigated as to how it plays itself in Medco.

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APPENDICES

Appendix A: Interview schedule-Semi-structured questions

- What is the view of the company on employment equity?

- What are some of the strategies that the company put in place in implementing EE?

- What are some of the success s stories associated with these strategies?

- What is the process followed in meeting transformation targets within the company?

- How do different members of your company view employment equity? (Blacks, Whites)

- What are the challenges that the company is facing in implementing EE?

- What are the unique factors affecting the sector in general, and the company specifically in meeting transformation targets?

- How does the company deal with diversity issues?

**Appendix B: Framework of questions for the focus group**

- What is your understanding of employment equity implementation in the company?

- How does the local EE forum operate in relation to the National Forum?

- How do workers relate to each other in the factory

Appendix C: Occupational levels and description of responsibilities

OCCUPATIONAL LEVELS	DESCRIPTION OF RESPONSIBILITIES
Top Management/ Executives	Controls the functional integration of the business. Determines the overall strategy and objectives of the business. Directs the company into the future. The nature of the work and focus is long-term. Sign-off on policy or strategy.
Senior Management	Knowledge of entire business area/BU/company or group. Provide inputs for/formulation of the overall Organizational strategy. Translates the overall strategy into business plans for BU/Functional Unit, thereby operationalizing organizational strategy. Implements and manages business plan, goals and objectives and ensures the achievement of overall key Organizational/BU/Functional outputs. Manages the development of innovation and change.
Professionally Qualified & experienced specialists/mid-management	Professional knowledge of sub-discipline or discipline. Provide input in the formulation of Organizational/Functional Unit business plans. Formulate and implement departmental/team plans that will support the BU business plans. Optimisation of resources (finances, people, material, information and technology) to achieve given objectives in most productive and cost effective way.
Skilled Technical & Academically Qualified/ Junior Management/ Supervisors/ Foremen/ Superintendents	Applies broad knowledge of products, techniques and processes. Evaluates procedures and applies previous experience. A good solution can usually be found. Determines own priorities. What has to be done is stipulated; but may require initiative in terms of how it should be done
Semi-Skilled & discretionary decision-making	Accountable for direct product, process or service quality. Incremental improvement of existing processes and procedures according to clear guidelines. Choosing of correct action on the basis of set standards, training procedures and past experience.
Unskilled & defined decision-making	Steps to accomplish work or processes are clearly defined and understood. Tasks are sometimes repetitive and uncomplicated and the work cycle is short.

Adapted from Department of Labour, 2014 Employment Equity Regulations

Appendix D: Corporate Governance Structure-Medco
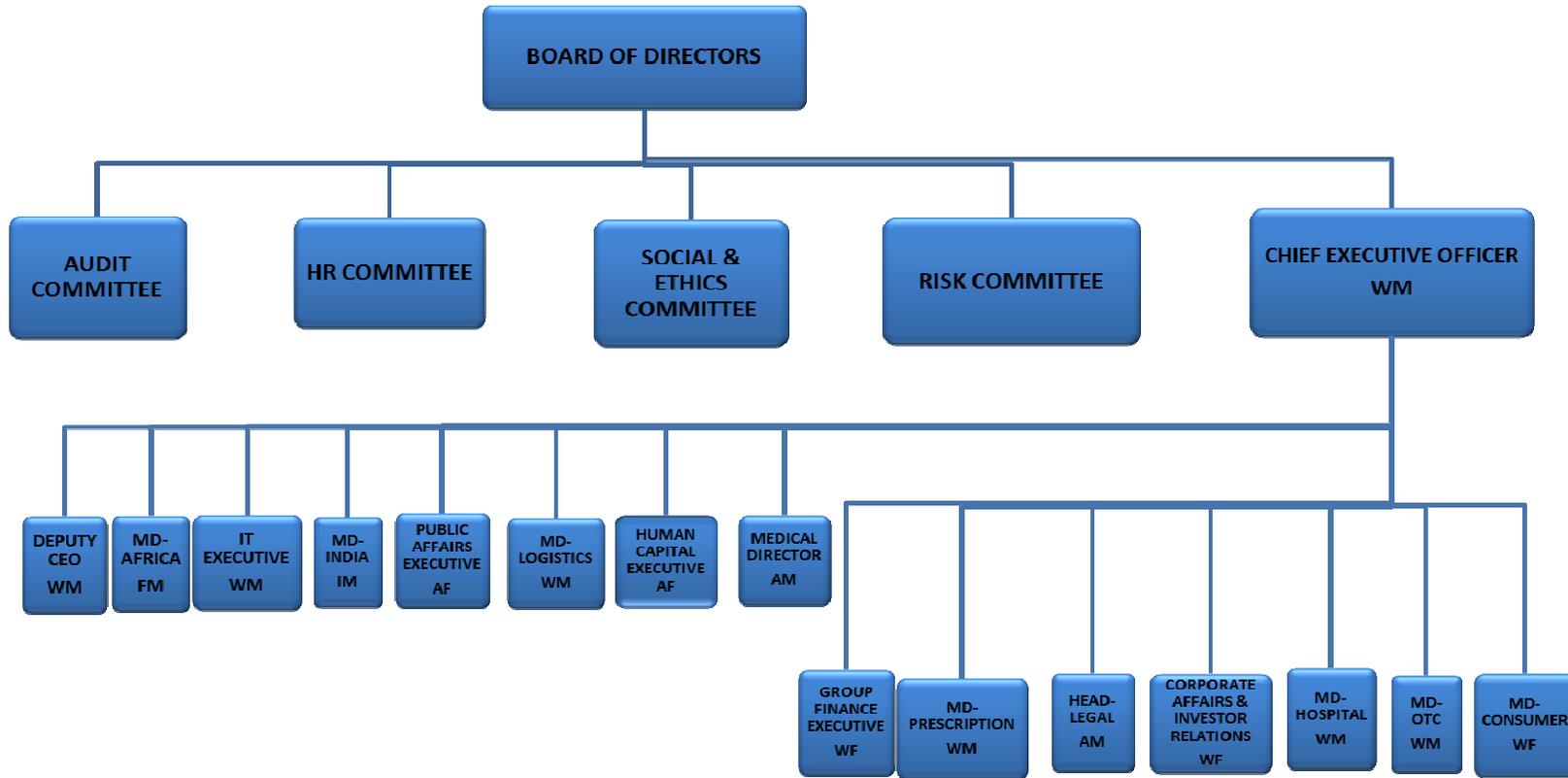
LEGEND:

AM- African Male   FM-Foreign Male
AF-African Female   WF-White Female
IM- Indian Male   WM- White Male

Appendix E: Medco –Staff requisition form

Date: **Position Number:**

Title of Position		Number of current/previous incumbent		
Site (place of work)		Report to (Title)		
Cost code(must be filled in)		Job Grade		Organogram (Authorized by CEO)
Critical (Attach critical skills list)	Yes/No	Package (50th/75th)		
Job Profile	Yes/No	Budgeted	Yes/No	
New Position	Yes/No	EE Candidate (Motivation required for non-EE)	Yes/No	

Previous incumbent: (Please mark with an X)

☐ Transferred   ☐ Permanent

☐ Promoted   ☐ Temporary

☐ Terminated   ☐ Fixed Term Contract

COMMENTS (please incl. details such as intended contract period)

Pay scale: Please obtain range from Total Rewards Department-Note car allowance is included in CTC

TRP	Market Percentile	Compa-Ratio@80%	Compa-Ratio@100%	Compa-Ratio@120%
BARGAINING UNIT	Salary Rates:			

JOB GRADE AUTHORITY	AUTHORITY'S DESIGNATION	DEPARTMENT	SIGNATURE	DATE
All positions	Head of Human Resources			
All positions	Managing Director			
All positions	Group Executive Human Resources			
All positions	Chief Executive Officer			

Appendix F: Medco Transformation Governance Model