

# Managers still getting **Employment Equity** wrong

The purpose of the Employment Equity Act (EEA) is to achieve equity in the workplace by promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination practices, but Employment Equity managers are still getting it wrong.

**E**mployment Equity goes beyond simply ticking boxes and submitting Employment Equity plans. It is about following due process and ensuring organisations transform not only on paper, but in the actual company by being inclusive of designated groups at all levels, including management. Senior management often does not give the EEA and its implementation the gravitas it deserves.

## Flawed submissions

Audits by the Department of Labour found that most

companies assigned junior managers who do not have the necessary authority or resources to execute their mandate as Employment Equity managers.

Another mistake organisations often make, is to simply submit what their current staff composition looks like and then submit the same report for their targeted goals going forward. Meaning no change is projected.

In order for employers to conduct a successful Employment Equity exercise, consultative forums need to be properly constituted. Ideally, employers should involve a representative from each designated group (based on race, gender, disability and occupational level) in the consultative process. However, this doesn't often happen because employers don't want to disrupt the operations of the business.

## International entities

Many listed companies prefer to pay penalties than comply because they are often international entities with a relatively static head-count.

Failure to comply with the provisions laid out in the EEA could lead to a company being fined – up to 10% of its annual turnover and being barred from doing business with the government.

Unfortunately, there are international companies listed on the Johannesburg Stock Exchange that fail to comprehend the purpose of even having Employment Equity practices. To them, this country's past has no bearing on their business. The people enlisted

to fulfil top management positions are often sourced from an international pool.

According to the Employment Equity Report for 2018, foreign nationals made up 3.4% of top management in companies listed on the Johannesburg Stock Exchange. The report further stated that white people made up 67,7% of senior management, whilst women occupying the same roles only constituted 22.9%.

## Transformation imperative

What management in these companies is failing to understand, is the power of a properly transformed entity and how they can leverage diversity to grow their organisations' bottom line. Companies should not be pleaded with to be more inclusive, they should from an ethical business acumen transform to be reflective of the varying demographics in which they operate.

Studies conducted by McKinsey firm have shown that having women in top management increases productivity by up to 15%, and the organisation itself is more likely to experience above-average profitability. Whilst companies with a diverse ethnicity saw a 35% likelihood of outperformance when compared to similar companies.

Companies wishing to get Employment Equity right could outsource, leveraging on the expertise of transformation/equity experts who are specialists in the field. There are benefits to complying with the legislation. We have six clients which have received R10m in skills development funding, thanks to its financial initiative and compliance exercises. ■