

Dear 6E FUEU

*Fundamentally, many people see the need for Transformation solely as being the remedy to redressing past economic injustices but very rarely do we look at the economic benefits that come with a well thought out and adequately implemented transformation strategy.*

The harsh reality is that although some progress has been made, South Africa has statistically not made significant progress in transforming its workplaces.



When comparing the employment equity data first collected by the CEE (Commission for Employment Equity) in 2001 with the data collected in the CEE's 2017/18 report, the shift and growth of employment between the White, Black, Indian, and Coloured population groups has not been significant enough to correct the economic imbalance after 17 years. The representation of the various population groups is largely out of sync with the national EAP by population group. The EAP (Economically Active Population) includes people from 15 to 64 years of age who are either employed or unemployed and are seeking employment.

The most notable shift from the White population to the Black population has been at the top and senior management levels across the private sector where the White population at top management level has decreased by 20% while at senior management level it has decreased by 24.9% respectively. At face value, these numbers seem significant, however over the same period the Black population group has only increased at around 0.8% year on year in the top management and senior management categories, way below Government's targets and expectation. This discrepancy is partly due to the increase of Foreign Nationals holding top and senior management positions in the private sector.

We should not lose sight of the fact that transformation isn't just a story of race but also of gender, age, training and development. After 20 years of employment equity, the representation of women in the workplace remains low. The highest increase in the representation of women is at the top management level which had a rise of 18,8%. The representation of females is at approximately half their EAP at the top management level.

The CEE say their findings show that there is "simply no real political will and commitment to

transform." Also, "the statistics indicate that the intended beneficiaries of the Employment Equity Act are overlooked in training and promotions." The irony is a well thought out and properly implemented transformation strategy has tremendous economic benefit to companies, some of which we highlight below.

### *Stimulation of the Economy*

- The extension of wealth outside of the traditional base leads to an increased tax base and an increase in the disposable income in circulation.

### *It's Good PR: Customers love companies that look like them.*

- A legitimate change can be beneficial in the public perception of the entity and also comes with the benefit of the extensional goodwill it garners from the community it supports.
- It also helps in the crafting of PR communication strategies as well as perspectives on how to engage with different stakeholders in crisis.

### *Target Market Penetration*

- A company that looks like its target market better understands the target market and evolving cultural nuances that exist in the evolving societies it serves.

### *A diverse leadership instils loyalty and enhances productivity*

- When a company's leadership demographic mimics its community, it inspires staff to develop and reach for the upper echelons of the business.

### *Our experience and culture shape our thinking*

- Leadership teams with the right mix of diverse cultures and genders perform better and develop more innovative and inclusive strategies.
- When diversity is encouraged in our leadership and operational teams we create a robust company culture that embraces debate and the interrogation of strategy which all leads to better decision making.
- Diverse leadership brings a diverse network. The broader the historical diversity, the broader the diversity of people that the leadership team will know and will be able to reach to the benefit the business.

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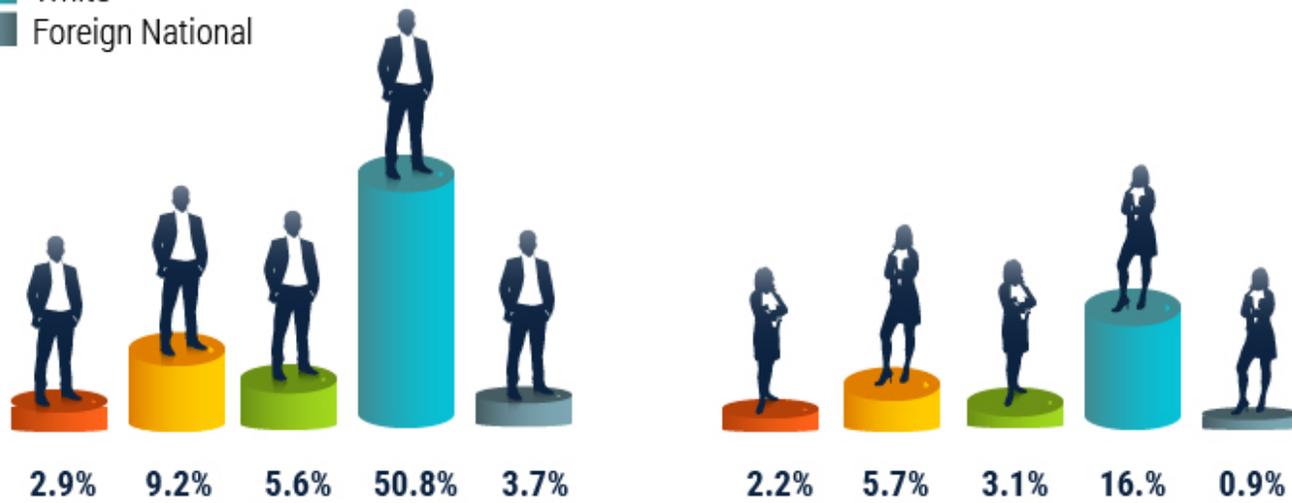
## The Pace of Transformation in the Financial and Business Services Sector



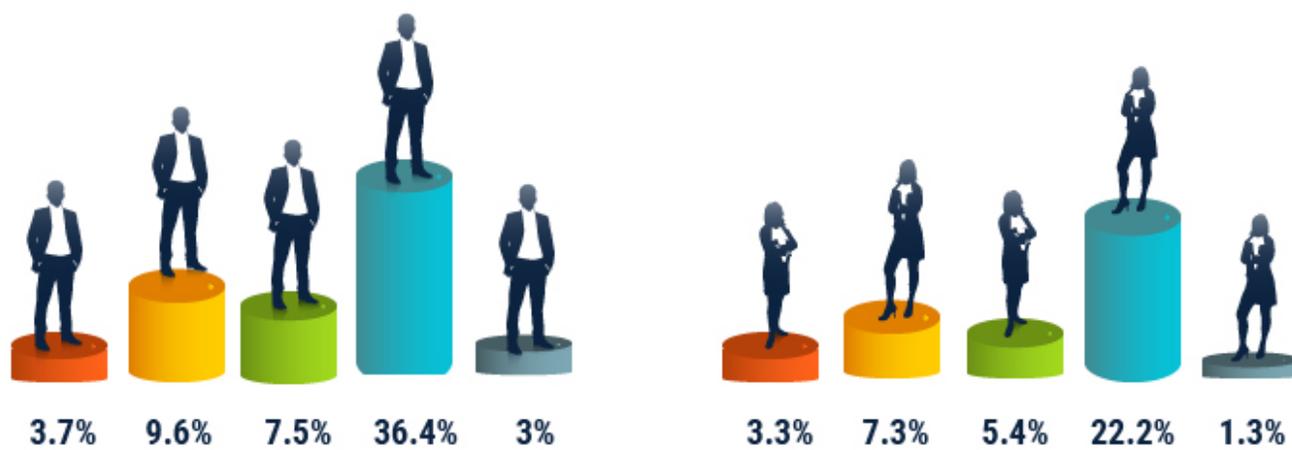
The 2017/18 CEE report shows the current state of transformation in the Financial Services Sector. The distribution of employment among the population groups remain largely out of sync. The representation of Africans and Coloureds in the top & senior management positions are low while the White and Indian groups are at more than double their EAP levels.

- Coloured
- African
- Indian
- White
- Foreign National

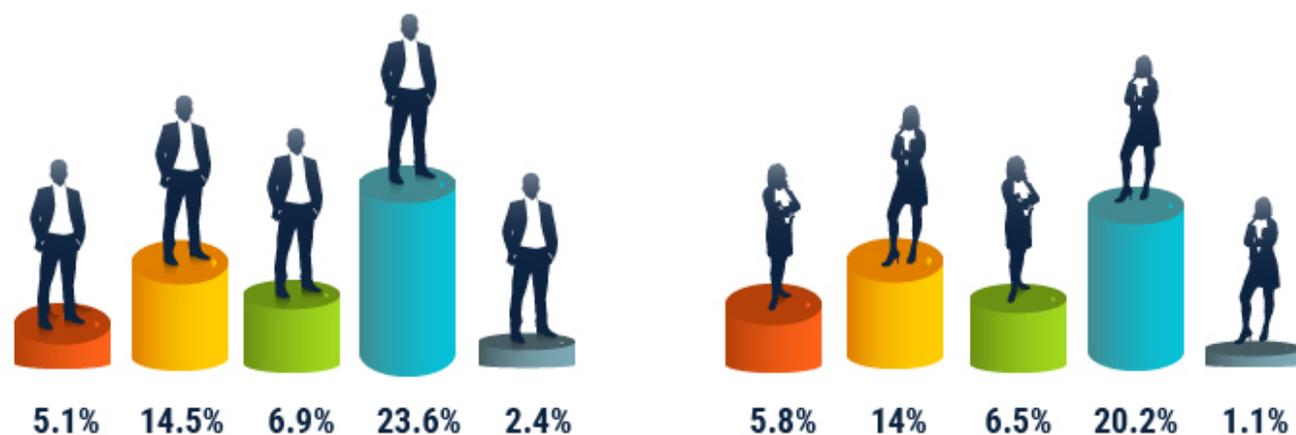
### Top Management



### Senior Management



### Professionally Qualified, Experienced Specialists & Middle Management



### Junior Management, Skilled Technically & Academically Qualified



Source: Commission for Employment Equity Annual Report 2017 - 2018 Publisher: Department of Labour



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